

**Owens State Community College**  
**(a component unit of the State of Ohio)**

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**Financial Report**  
**with Additional Information**  
**June 30, 2010 and 2009**





Mary Taylor, CPA  
Auditor of State

Board of Trustees  
Owens State Community College  
PO Box 10000  
Toledo, Ohio 43699

We have reviewed the *Independent Auditor's Report* of the Owens State Community College, Wood County, prepared by Plante & Moran, PLLC, for the audit period July 1, 2009 through June 30, 2010. 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 Owens State Community College is responsible for compliance with these laws and regulations.

*Mary Taylor*

Mary Taylor, CPA  
Auditor of State

December 3, 2010

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# Owens State Community College

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## Independent Auditor's Report

To the Board of Trustees  
Owens State Community College

We have audited the accompanying statement of net assets of Owens State Community College (the "College") and its discretely presented component unit as of June 30, 2010 and 2009 and the related statements of revenues, expenses, and changes in net assets and cash flows for the years then ended. These financial statements are the responsibility of the College's management. Our responsibility is to express an opinion on these financial statements based on our audits.

We conducted our audits in accordance with auditing standards generally accepted in the United States of America and *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audits 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 Owens State Community College and its discretely presented component unit as of June 30, 2010 and 2009 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 15, 2010 on our consideration of Owens State Community College's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide opinions on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be considered in assessing the results of our audit.

The accompanying schedule of expenditures of federal awards is presented for the purpose of additional analysis as required by U.S. Office of Management and Budget Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*, and is not a required part of the basic financial statements. Such information has been subjected to the procedures applied in the audits of the basic financial statements and, in our opinion, is fairly stated in all material respects in relation to the basic financial statements taken as a whole.

To the Board of Trustees  
Owens State Community College

The management's discussion and analysis presented on pages 3 through 13 is not a required part of the basic financial statements but is supplemental information required by the Governmental Accounting Standards Board. We have applied certain limited procedures, which consisted principally of inquiries of management, regarding the methods of measurement and presentation of the supplemental information. However, we did not audit the information and express no opinion on it.

*Plante & Moran, PLLC*

October 15, 2010

# Owens State Community College

## Management's Discussion and Analysis - Unaudited

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The following Management's Discussion and Analysis (MD&A) provides an overview of the financial position and activities of Owens State Community College for the year ended June 30, 2010 with comparative information for the years ended June 30, 2009 and 2008. The MD&A should be read in conjunction with the accompanying audited financial statements and footnotes.

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### ABOUT OWENS STATE COMMUNITY COLLEGE

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Founded in 1965, Owens Community College continues to offer an affordable, quality education to those who are seeking an associate degree, continuing education courses and professional development. The College allows you to complete the first two years of a bachelor's degree and then transfer to any four-year college or College. To enhance this process, the College has cultivated transfer agreements with over 20 area four-year colleges and universities.

The Toledo-area campus covers more than 280 acres and is located near downtown Toledo. The 60-acre Findlay-area campus is located at 3200 Bright Road on Findlay's northeast side. Between our two campuses, over 45,000 credit and non-credit students are served annually. The College is a comprehensive community college accredited by the Higher Learning Commission of the North Central Association of Colleges and Schools.

The College is governed by a board of trustees who are responsible for oversight of academic programs, budgets, general administration, and employment of faculty and staff. The College is currently governed by a 9-voting member board of trustees. The trustees are appointed to by the Governor with the advice and consent of the State Senate for staggered six-year terms.

The following financial statements reflect all assets, liabilities, and net assets of the College and its discretely present legally separate entity Owens Community College Foundation (Foundation). The Foundation's primary function is fund-raising to supplement the resources that are available to the College in support of its programs. The Foundation is governed by a separate board of trustees which is self-perpetuating and consists of graduates and friends of the College. Nearly all the assets of the Foundation are restricted by donors to activities of the College. The College does not control the timing or amount of receipts from the Foundation.

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### ABOUT THE FINANCIAL STATEMENTS

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The annual financial statements are prepared in accordance with Governmental Accounting Standards Board ("GASB") Statement No. 34, *Basic Financial Statements—and Management's Discussion and Analysis—for State and Local Governments*, as amended by GASB Statement No. 35, *Basic Financial Statements and Management's Discussion and Analysis for Public Colleges and Universities*. In addition to this MD&A section, the audited financial statements include a Statement of Net Assets; Statement of Revenues, Expenses, and Changes in Net Assets; Statement of Cash Flows; and the Notes to the Financial Statements. In accordance with GASB Statement No. 39, *Determining Whether Certain Organizations are Component Units*, which amends GASB Statement No. 14, the Foundation is discretely presented as component unit of the College.



# Owens State Community College

## Management's Discussion and Analysis - Unaudited

### Using This Annual Report

The College's annual report consists of three basic financial statements: the statement of net assets, the statement of revenues, expenses, and changes in net assets, and the statement of cash flows. These financial statements are prepared in accordance with Governmental Accounting Standards Board principles.

The financial statements report the College's net assets and changes in net assets. Increases or decreases in the College's net assets are indicative of the College's financial position. Changes of a non-financial nature are relevant as well, such as enrollment trends, program growth or decline, the functionality of facilities, and required maintenance.

The College's financial statements are prepared using the accrual basis of accounting.

Another important factor to consider when evaluating the financial viability of the College is its ability to meet financial obligations as they mature. The statement of cash flows presents the information related to cash inflows and outflows. This is broken down into four components: operating, investing, capital, and noncapital financing activities. The statement shows the College's sources and uses of cash.

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### FINANCIAL HIGHLIGHTS

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The net assets by category for fiscal years 2010, 2009, and 2008 are shown below. Net assets in the aggregate increased approximately \$9,200,000 from fiscal year 2009 and \$64,000 from fiscal year 2008.

	<b>Net Assets</b>			
	<b>Invested in Capital Assets</b>	<b>Restricted Expendable</b>	<b>Unrestricted</b>	<b>Total Net Assets</b>
FY 2010	\$ 85,051,367	\$ 4,812,504	\$ 17,589,270	\$ 107,453,141
FY 2009	78,840,707	-	19,436,379	98,277,086
FY 2008	76,855,298	-	21,357,552	98,212,850

# Owens State Community College

## Management's Discussion and Analysis - Unaudited (Continued)

Prior to fiscal year 2002, capital expenditures over \$500 were capitalized and depreciation was not calculated. Beginning with fiscal year 2002, and in compliance with GASB 34, depreciation was calculated on capitalized assets. Also, beginning in fiscal year 2002, only items costing more than \$5,000 were capitalized.

A summarization of the College's assets, liabilities, and net assets at June 30, 2010, 2009, and 2008 follows:

	June 30		
	2010	2009	2008
<b>Assets</b>			
Current assets	\$ 66,206,999	\$ 51,543,014	\$ 49,112,076
Capital assets	88,623,810	79,117,202	77,391,539
Notes receivable	35,559	35,559	35,984
Total assets	<u>154,866,368</u>	<u>130,695,775</u>	<u>126,539,599</u>
<b>Liabilities</b>			
Current liabilities	38,825,617	29,442,882	25,145,978
Noncurrent liabilities	8,587,610	2,975,807	3,180,771
Total liabilities	<u>47,413,227</u>	<u>32,418,689</u>	<u>28,326,749</u>
<b>Net Assets</b>			
Invested in capital assets - Net of debt	85,051,367	78,840,707	76,855,298
Restricted	4,812,504	-	-
Unrestricted	17,589,270	19,436,379	21,357,552
Total net assets	<u>\$ 107,453,141</u>	<u>\$ 98,277,086</u>	<u>\$ 98,212,850</u>

### 2010 Variances

Current assets increased by \$14,664,000 from 2009 to 2010 primarily due to increases in cash and cash equivalents, prepaid and deferred charges and accounts receivable. Capital assets increased \$9,500,000 due to additions funded through capital appropriations and notes payable. Current liabilities increased from 2009 to 2010 primarily due to increases in deferred revenue and accounts payable. The noncurrent liabilities increased from 2009 to 2010 primarily due to an increase in notes payable. Net assets increased due to an increase in capital assets which are described later.

### 2009 Variances

Current assets increased by \$2,430,938 in fiscal year 2009 primarily due to increases in investments, prepaid and deferred charges and accounts receivable, offset by decreases in cash and cash equivalents. Current liabilities increased in fiscal year 2009 due primarily to increases in deferred revenue. Noncurrent liabilities decreased in fiscal year 2009 due primarily to decreases in benefits payable and notes payable. Net assets increased by the amount that revenue exceeded expenses, which is described in more detail later. Changes in capital assets are also described in more detail later.

# Owens State Community College

## Management's Discussion and Analysis - Unaudited (Continued)

The following is a summary of the College's revenues, expenses, and changes in net assets for the years ended June 30, 2010, 2009, and 2008 as follows:

	2010	2009	2008
<b>Operating Revenues</b>			
Student tuition and fees	\$ 29,133,497	\$ 21,470,296	\$ 23,251,158
Grants - Federal, state, and local	6,771,399	9,279,324	7,865,146
Sales and service	66,781	118,591	99,846
Auxiliary activities	12,441,711	10,846,786	9,279,368
Other operating revenues	<u>636,572</u>	<u>1,164,276</u>	<u>815,000</u>
Total operating revenues	49,049,960	42,879,273	41,310,518
<b>Operating Expenses</b>			
Educational and general	111,317,939	95,745,782	90,916,988
Depreciation	5,124,547	4,512,307	4,494,302
Auxiliary enterprises	<u>12,774,771</u>	<u>10,151,856</u>	<u>8,363,691</u>
Total operating expenses	<u>129,217,257</u>	<u>110,409,945</u>	<u>103,774,981</u>
<b>Operating Loss</b>	(80,167,297)	(67,530,672)	(62,464,463)
<b>Nonoperating Revenues</b>			
State appropriations, including federal stabilization funds	43,266,082	44,207,728	41,388,939
Pell Grant	35,892,560	20,197,827	16,082,039
Investment income	618,460	828,744	1,081,567
Other nonoperating expense	<u>(55,392)</u>	<u>-</u>	<u>-</u>
Total nonoperating revenues	<u>79,721,710</u>	<u>65,234,299</u>	<u>58,552,545</u>
<b>Loss Before Other Revenues</b> - Before capital appropriations and grants	(445,587)	(2,296,373)	(3,911,918)
<b>Capital Appropriations and Grants</b>	<u>9,621,642</u>	<u>2,360,609</u>	<u>6,825,362</u>
<b>Increase in Net Assets</b>	9,176,055	64,236	2,913,444
<b>Net Assets</b> - Beginning of year	<u>98,277,086</u>	<u>98,212,850</u>	<u>95,299,406</u>
<b>Net Assets</b> - End of year	<u>\$ 107,453,141</u>	<u>\$ 98,277,086</u>	<u>\$ 98,212,850</u>

# Owens State Community College

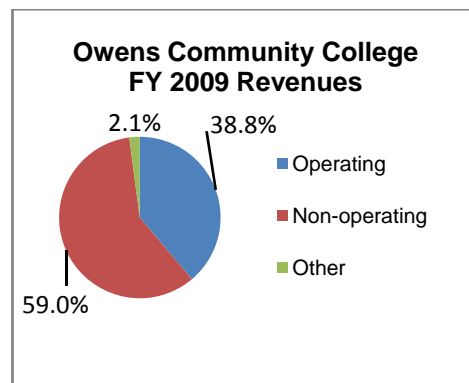
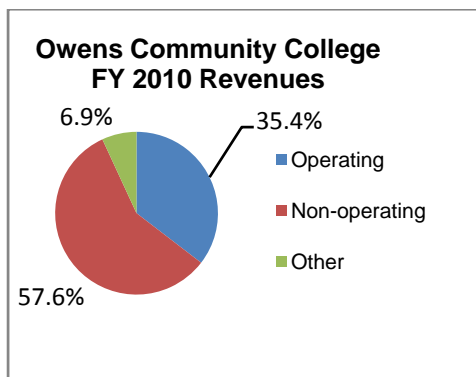
## Management's Discussion and Analysis - Unaudited (Continued)

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

The College converted from a technical college to a state community college in 1994. Since that date, enrollment has increased by 157 percent and the full-time equivalent (FTE) increased by 164 percent (an FTE is defined as a student taking 15 credit hours in a semester). For the fall semester 2009, the headcount of 23,602 represented a 9.8 percent increase; for the fall semester 2008, the headcount of 21,328 represented a 4.4 percent increase, while for the fall semester 2007, the headcount of 20,425 represented a 6.5 percent increase. The FTEs for fall 2009, 2008, and 2007 were 12,988, 11,216, and 10,866, respectively, and represented an increase of 15.8 percent in 2009 and 3.2 percent in 2008.

The College's two major sources of revenue are operating (tuition and fees) and nonoperating (the State Share of Instruction). Both types of revenue are tied to enrollment, with tuition and fees being generated via an assessment mechanism. This mechanism focuses on individual credit hours of enrollment. In contrast, the State Share of Instruction is calculated using a methodology that aggregates credit hours from similar programs into model groups referred to as Arts and Humanities (AH); Business, Education & Social Sciences (BES); and Sciences, Technology, Engineering, Mathematics and Medical (STEM 2). Each of these groupings is then assigned a value based on historical cost. This value, less an assumed charge for the College's tuition and fees, provides a net value. This net value is then factored by the College's FTE students in that program (Hours/30) to arrive at the monies due the College for the State Share of Instruction.

The charts below present total revenues by category for the fiscal years ended June 30, 2010 and 2009:

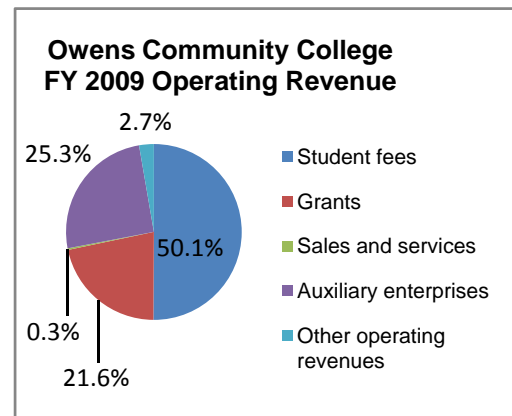
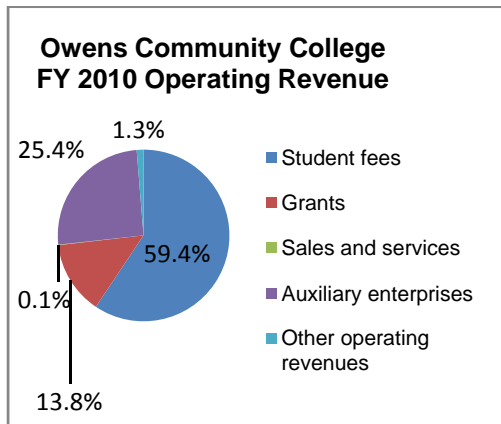


# Owens State Community College

## Management's Discussion and Analysis - Unaudited (Continued)

### Operating Revenue

The charts below reflect the College's operating revenue for the fiscal years ended June 30, 2010 and 2009:



The College fee that students were assessed on a per credit hour basis for summer 2003 (fiscal year 2004) was \$100.75. Effective for summer 2004 (fiscal year 2005), the per credit hour fee was increased to \$110, reflecting a \$6.00 per credit hour increase in the instructional fee and a \$3.25 per credit hour increase in the general fee. The general fee provides for non-instructional services such as student activities, library privileges, and technology. Presently, the College has allocated a portion of the general fees for technology initiatives. Effective for summer 2005 (fiscal year 2006), the per credit hour fee was increased to \$116, reflecting a \$6.00 per credit hour increase in the instructional fee only. For fall 2006, the per credit hour fee increased to \$122.50, reflecting a \$6.00 per credit hour increase in the instructional fee, and a \$.50 per credit hour general fee increase for student organization support. The tuition and fees per credit hour has remained at \$123 since the freeze mandated by the State of Ohio.

With the increase in FTEs over the past three fiscal years, tuition and fees revenues increased. Gross student tuition and fees revenues in fiscal years 2010, 2009, and 2008 totaled \$55,336,093, \$45,611,948, and \$43,477,282, respectively.

Scholarship allowances and scholarship dollars per FTE have also increased. In 2010, scholarship allowances totaled \$26,202,596 and scholarship dollars per FTE was \$2,017. In fiscal year 2009, scholarship allowances totaled \$24,141,652 and scholarship dollars per FTE was \$1,859. For 2008, scholarship allowances totaled \$20,226,124 and scholarship dollars per FTE was \$1,803.

Auxiliary service activities (including food services, bookstore operations, childcare services, Center for Fine and Performing Arts, advertising, communications, and copy center) increased primarily due to additional textbook sales.

# Owens State Community College

## Management's Discussion and Analysis - Unaudited (Continued)

### Non-operating Revenue

The College's largest single source of revenue is the non-operating revenue received from the State of Ohio. The College's State share of instruction and access challenge funds amounted to \$43,266,082, \$44,207,728, and \$41,388,939 in fiscal years 2010, 2009, and 2008, respectively. The State share of instruction for fiscal year 2010 included \$6,196,030 of federal stabilization funding.

Another component of non-operating revenue is investment income. In 2010, 2009 and 2008, investment earnings declined. However, because of the diversity of Owens' portfolio, we managed to have only a partial drop in investment income. The market value of the investments actually increased over the base for the first time since Owens changed the types of investments held.

Pell grants continue to increase as enrollment at the College increases.

### Operating Expense Changes

The College's revenues and operating expenses are closely linked to student enrollment changes. Instructional and departmental research expenses increased in fiscal year 2010 due to increased adjunct and faculty overload expenses. Institutional research expenses increased in fiscal year 2010 because the College's portion of a grant funded position increased. Academic support and student services expense increased with the development of a Teaching and Learning Center for academic staff and a Learning Center for students. A decline in plant investment caused plant operation and maintenance expense to decrease in fiscal year 2010. Scholarships and other student aid were higher in fiscal year 2010 due to an increase in Pell grants.

The depreciation expense for fiscal years 2010, 2009, and 2008 was \$5,124,547, \$4,512,307, and \$4,494,302, respectively.

### Capital Assets

At June 30, 2010, 2009, and 2008, the College had \$88,623,810, \$79,117,202, and \$77,391,539, respectively, invested in capital assets.

The details of the capital assets at June 30, 2010, 2009, and 2008 are shown below:

	2010	2009	2008
Land and land improvements	\$ 30,211,543	\$ 26,725,958	\$ 20,120,210
Buildings	97,296,960	90,405,201	95,252,305
Equipment	22,671,302	21,723,168	20,872,216
Leasehold improvements	488,773	231,638	223,286
Less accumulated depreciation	<u>(69,202,709)</u>	<u>(64,078,163)</u>	<u>(59,565,857)</u>
Net of depreciation	81,465,869	75,007,802	76,902,160
Construction in progress	<u>7,157,941</u>	<u>4,109,400</u>	<u>489,379</u>
Total	<u>\$ 88,623,810</u>	<u>\$ 79,117,202</u>	<u>\$ 77,391,539</u>

# **Owens State Community College**

## **Management's Discussion and Analysis - Unaudited (Continued)**

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Debt associated with capital assets relates to notes payable for two pieces of equipment and funding for the upgrade the existing infrastructure with energy efficient resources. Equipment was purchased from Caterpillar and John Deere in fiscal year 2008. Total debt still remaining at June 30, 2010 was \$184,440. The energy conservation notes were issued for \$6,250,000.

### **Capital Projects**

Fiscal year 2010 has seen the completion of the renovation for Founders Hall which began in fiscal year 2009. This renovation provided the College with more classrooms, computer labs, and faculty offices. During the fiscal year 2010 the road loop project and the Center for Emergency Preparedness were completed in additions to several small projects. The Heritage Hall phase one renovation has been completed with over 36,000 square feet, providing faculty offices and instructional space for the School of Business and the Department of Nursing.

Capital projects started during fiscal year 2010 with completion dates in fiscal year 2011 include the Campus energy conservation project, tiered classroom in Heath Technology, Welding Annex, parking lot and sidewalk repairs and campus signage.

# Owens State Community College

## Management's Discussion and Analysis - Unaudited (Continued)

### Cash Flows

The statement of cash flows for the years ended June 30, 2010, 2009, and 2008 is as follows:

	Year Ended June 30		
	2010	2009	2008
<b>Cash Flows from Operating Activities</b>			
Student tuition and fees	\$ 31,798,520	\$ 20,080,100	\$ 24,698,197
Grants - Federal, state, and local	9,217,392	9,795,896	6,962,255
Payments to employees, suppliers, students, and others	(123,440,858)	(105,578,404)	(98,740,689)
Auxiliary enterprises	12,365,155	10,838,491	9,238,615
Sales and services	703,613	118,591	99,846
Other receipts	<u>645,756</u>	<u>698,901</u>	<u>1,519,395</u>
Net cash used in operating activities	(68,710,422)	(64,046,425)	(56,222,381)
<b>Cash Flows from Noncapital Financing Activities</b>			
Pell grant	35,892,561	20,197,827	16,082,039
State appropriations	43,266,082	44,207,728	41,338,939
Agency transactions	<u>122,582</u>	<u>-</u>	<u>-</u>
Net cash provided by noncapital financing activities	79,281,225	64,405,555	57,470,978
<b>Cash Flows from Capital and Related Financing Activities</b>			
Proceeds from notes payable	6,250,000	-	349,710
Principal payments on notes payable	(109,147)	(259,746)	(214,681)
Capital appropriations and grants	9,578,691	2,256,554	6,577,797
Interest paid on notes payable	(55,392)		
Purchases of capital assets	<u>(14,888,289)</u>	<u>(6,237,970)</u>	<u>(8,720,069)</u>
Net cash provided by (used in) capital and related financ	775,863	(4,241,162)	(2,007,243)
<b>Cash Flows from Investing Activities</b>			
Interest on investments	618,460	831,732	1,091,983
Purchase of investments	(12,072,131)	(15,961,412)	(13,368,174)
Proceeds from sale and maturity of investments	<u>13,922,144</u>	<u>13,499,497</u>	<u>9,785,564</u>
Net cash provided by (used in) investing activities	<u>2,468,473</u>	<u>(1,630,183)</u>	<u>(2,490,627)</u>
<b>Net Increase (Decrease) in Cash</b>	13,815,139	(5,512,215)	(3,249,273)
<b>Cash - Beginning of year</b>	<u>4,920,942</u>	<u>10,433,157</u>	<u>13,682,430</u>
<b>Cash - End of year</b>	<u><u>\$ 18,736,081</u></u>	<u><u>\$ 4,920,942</u></u>	<u><u>\$ 10,433,157</u></u>



# Owens State Community College

## Management's Discussion and Analysis - Unaudited (Continued)

Cash used in operating activities for fiscal year 2010 increased over 2009 due primarily to an increase in operating expenses incurred by the College as well as an increase in the scholarship discount. Primary inflows of operating cash are from tuition and fees, grant revenue, and auxiliary enterprises. Primary outflows of operating cash are payments to employees and suppliers. Cash flows from noncapital financing activities increased due to the increased amount of Pell grants students received. Cash flows from capital and related financing activities increased from 2009 due to an increase in capital appropriations and issuance of note payable. Cash flows from investing activities increased during the fiscal year.

Cash used in operating activities for fiscal year 2009 increased over 2008 due primarily to an increase in operating expenses incurred by the College as well as an increase in the scholarship discount. Primary inflows of operating cash are from tuition and fees, grant revenue, and auxiliary enterprises. Primary outflows of operating cash are payments to employees and suppliers. Cash flows from noncapital financing activities increased due to the increased amount of Pell grants students received and an increase in state appropriations. Cash flows from capital and related financing activities decreased slightly from 2008 due to a decrease in capital appropriations. Cash flows from investing activities remained relatively consistent year over year.

### Initiatives

The College is committed to identifying opportunities that will strengthen our mission of serving our students and community. Our commitment has been reinforced through our energy conservation projects, the addition of classroom and service locations, renovations on existing facilities and providing help to the community.

The College has begun the first phase of an energy conservation project costing over \$6.2 million that will include renovations to existing facilities and provide the campuses with new sources of renewable energy. The project includes performance guarantees that will reduce energy costs by over \$9 million over the next 10 years. Several energy conservation projects have been designed to have a dual purpose: to contribute to the green energy within the campus and to provide a hands-on learning experience for our students. The College has installed wind turbines on the Findlay and Toledo campuses, a solar array field on the Findlay campus and is in the process of creating energy efficiencies in the current facilities through automating systems for controlling lighting and computer usage, additional insulation and air infiltration, upgrading the heating systems and replacing inefficient equipment. The wind turbines and the solar array fields will also provide an educational opportunity for our students. Programs within Workforce and Community Service and the School of Technology will use the wind turbines and the solar array panels as training facilities.

# **Owens State Community College**

## **Management's Discussion and Analysis - Unaudited (Continued)**

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The Arrowhead Park Learning Center located in Maumee opened during the Spring 2010 term and began servicing the community. The new site is home to Workforce and Community Services which is dedicated to providing customer-driven workforce development, job training and continuing education for business, industry and area residents. Training will include new classes in solar production, energy management, solar thermal and wind installation. The new location offers an array of academic courses for students pursuing their associates degree or certification. Enrollment exceeded over 1,000 registrations in the opening semester. The College has also expanded educational opportunities at The Source, Lucas County's One-Stop Employment Center in downtown Toledo, increasing e-Learning courses, building two new classrooms, and the Weekend College program.

The commitment to providing help to the community is demonstrated through scholarship programs, creation of the eBook program through the bookstore and facility usage. The destruction created from a tornado in early June to Lake High School was devastating to the area. The College pulled together resources throughout campus to provide a location for the graduation ceremony and assisted with cleanup efforts. The College is providing the use of the 55,000 square foot Center for Development and Training (CDT) to Lake High School as their temporary home while reconstruction of the high school destroyed by a tornado in early June is rebuilt. The high school will also use the College athletic facilities for basketball and other sports during the construction of their new high school facility. The CDT will probably be serving as the temporary Lake High School until June 2012.

Founders Hall, which served as the administration facility for Penta Vocational Tech, was completely renovated and open for class instruction in Spring 2010. The 35,000 square foot facility serves as the new home for English and Language Arts as well as Social and Behavior Sciences. The facility also includes 10 new classrooms and computer labs which have state-of-art technology for use in delivering instruction. The facility was completely renovated at a cost of less than \$90 per square foot.

# Owens State Community College

## Statement of Net Assets

OWENS STATE COMMUNITY COLLEGE  
(A COMPONENT UNIT of the STATE of OHIO)

		June 30	
		2010	2009
<b>Assets</b>			
<b>Current Assets</b>			
Cash and cash equivalents (Note 2)	\$	18,736,081	\$ 4,920,942
Investments (Note 3)		13,361,616	15,830,089
Accounts receivable - Net (Note 4)		25,978,432	24,183,489
Receivable from Foundation (Note 9)		69,235	78,419
Prepaid expenses and deferred charges		6,795,978	5,051,985
Deposits		23,458	23,458
Inventories		1,235,924	1,448,357
Student loans receivable - Net (Note 4)		<u>6,275</u>	<u>6,275</u>
Total current assets		66,206,999	51,543,014
<b>Noncurrent Assets</b>			
Capital assets - Net (Note 5)		88,623,810	79,117,202
Student loans receivable - Net (Note 4)		<u>35,559</u>	<u>35,559</u>
Total noncurrent assets		<u>88,659,369</u>	<u>79,152,761</u>
Total assets		<u><b>\$ 154,866,368</b></u>	<u><b>\$ 130,695,775</b></u>
<b>Liabilities and Net Assets</b>			
<b>Liabilities</b>			
Current liabilities:			
Accounts payable	\$	5,293,905	\$ 3,008,164
Notes payable (Note 6)		718,886	111,996
Salaries, wages, and fringe benefits payable		6,449,133	5,798,750
Deferred revenue		26,110,423	20,148,120
Deposits held for others		<u>253,270</u>	<u>375,852</u>
Total current liabilities		38,825,617	29,442,882
Noncurrent liabilities:			
Benefits payable (Note 6)		2,741,824	2,663,984
Notes payable (Note 6)		5,698,462	164,499
Federal student loans (Note 6)		-	-
Non-federal student loans (Note 6)		<u>147,324</u>	<u>147,324</u>
Total noncurrent liabilities		<u>8,587,610</u>	<u>2,975,807</u>
Total liabilities		47,413,227	32,418,689
<b>Net Assets</b>			
Invested in capital assets		85,051,367	78,840,707
Restricted expendable		4,812,504	
Unrestricted		<u>17,589,270</u>	<u>19,436,379</u>
Total net assets		<u>107,453,141</u>	<u>98,277,086</u>
Total liabilities and net assets		<u><b>\$ 154,866,368</b></u>	<u><b>\$ 130,695,775</b></u>

# Owens State Community College

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

	Year Ended June 30	
	2010	2009
<b>Revenues</b>		
Operating revenues:		
Student tuition and fees - Net of scholarship allowances of \$26,202,596 (2010) and \$24,141,652 (2009)	\$ 29,133,497	\$ 21,470,296
Grants - Federal, state, and local	6,771,399	9,279,324
Sales and services	66,781	118,591
Auxiliary enterprises - Net of scholarship allowances of \$591,404 (2010) and \$431,414 (2009)	12,441,711	10,846,786
Other operating revenues	<u>636,572</u>	<u>1,164,276</u>
Total operating revenues	49,049,960	42,879,273
Operating expenses:		
Educational and general:		
Instructional and departmental research	51,596,945	48,378,728
Institutional research	375,715	320,631
Public service	3,860,210	2,606,221
Academic support	4,542,064	5,244,513
Student services	10,287,094	8,876,300
Institutional support	19,053,841	16,462,048
Operation and maintenance of plant	9,883,357	9,893,338
Scholarships and other student aid	11,718,713	3,964,003
Depreciation	5,124,547	4,512,307
Auxiliary enterprises - Net of scholarship allowances	<u>12,774,771</u>	<u>10,151,856</u>
Total operating expenses	<u>129,217,257</u>	<u>110,409,945</u>
<b>Operating Loss</b>	(80,167,297)	(67,530,672)
<b>Nonoperating Revenues</b>		
State appropriations	37,070,052	44,207,728
Federal stabilization funds (ARRA)	6,196,030	
Investment income	618,460	828,744
Interest Expense	(55,392)	
Pell Grants	<u>35,892,560</u>	<u>20,197,827</u>
Net nonoperating revenues	<u>79,721,710</u>	<u>65,234,299</u>
<b>Loss Before Other Revenues</b>	(445,587)	(2,296,373)
<b>Other Revenues</b>		
Capital appropriations	9,591,642	2,330,609
Capital grants	<u>30,000</u>	<u>30,000</u>
Total other revenues	<u>9,621,642</u>	<u>2,360,609</u>
<b>Increase in Net Assets</b>	9,176,055	64,236
<b>Net Assets</b>		
Beginning of year	<u>98,277,086</u>	<u>98,212,850</u>
End of year	<u><b>\$ 107,453,141</b></u>	<u><b>\$ 98,277,086</b></u>

# Owens State Community College

## Statement of Cash Flows

	Year Ended June 30	
	2010	2009
<b>Cash Flows from Operating Activities</b>		
Student tuition and fees	\$ 31,798,520	\$ 20,080,100
Grants - Federal, state, and local	9,217,392	9,795,896
Payments to employees, suppliers, students, and others	(123,440,858)	(105,578,404)
Auxiliary enterprises	12,365,155	10,838,491
Sales and services	703,613	118,591
Other receipts	645,756	698,901
Net cash used in operating activities	(68,710,422)	(64,046,425)
<b>Cash Flows from Noncapital Financing Activities</b>		
Pell grant	35,892,561	20,197,827
State appropriations	43,266,082	44,207,728
Agency Transactions	122,582	
Net cash provided by noncapital financing activities	79,281,225	64,405,555
<b>Cash Flows from Capital and Related Financing Activities</b>		
Proceeds from notes payable	6,250,000	-
Principal payments on notes payable	(109,147)	(259,746)
Capital appropriations and grants	9,578,691	2,256,554
Interest paid on notes payable	(55,392)	
Purchases of capital assets	(14,888,289)	(6,237,970)
Net cash provided by (used in) capital and related financing activities	775,863	(4,241,162)
<b>Cash Flows from Investing Activities</b>		
Interest on investments	618,460	831,732
Purchase of investments	(12,072,131)	(15,961,412)
Proceeds from sale and maturity of investments	13,922,144	13,499,497
Net cash provided by (used in) investing activities	2,468,473	(1,630,183)
<b>Net Increase (Decrease) in Cash</b>	13,815,139	(5,512,215)
<b>Cash - Beginning of year</b>	4,920,942	10,433,157
<b>Cash - End of year</b>	<b>\$ 18,736,081</b>	<b>\$ 4,920,942</b>

# Owens State Community College

## Statement of Cash Flows (Continued)

	Year Ended June 30	
	2010	2009
Reconciliation of operating loss to net cash from operating activities:		
Operating loss	\$ (80,167,297)	\$ (67,530,672)
Adjustments to reconcile operating loss to net cash from operating activities:		
Depreciation	5,124,547	4,512,307
Changes in assets and liabilities:		
Receivables - Net	918,173	(3,536,577)
Inventories	212,433	(399,025)
Prepaid expenses and deferred charges	(1,743,995)	(1,444,144)
Accounts payable	255,192	198,828
Salaries, wages, and benefits payable	728,222	519,460
Deferred revenue	5,962,303	3,616,276
Federal and non-federal student loans payable	-	(6,023)
Deposits held for others	-	23,145
Net cash used in operating activities	<u>\$ (68,710,422)</u>	<u>\$ (64,046,425)</u>

# Owens State Community College

## Balance Sheet Discretely Presented Component Unit - Foundation

	June 30	
	2010	2009
<b>Assets</b>		
Cash and cash equivalents	\$ 636,346	\$ 698,242
Accounts receivable	15,000	-
Investments (Note 2)	1,683,331	1,379,769
Pledges receivable	38,092	100,473
Total current assets	<u>\$ 2,372,769</u>	<u>\$ 2,178,484</u>
<b>Liabilities and Net Assets</b>		
<b>Liabilities</b>		
Due to Owens State Community College	\$ 69,235	\$ 78,419
Deferred revenue	-	3,051
Funds in custody (Agency Funds)	56,865	66,385
Total current liabilities	126,100	147,855
<b>Net Assets</b>		
Unrestricted	144,125	105,915
Temporarily restricted	903,009	815,316
Permanently restricted	1,199,535	1,109,398
Total net assets	<u>2,246,669</u>	<u>2,030,629</u>
Total liabilities and net assets	<u>\$ 2,372,769</u>	<u>\$ 2,178,484</u>

# Owens State Community College

## Statement of Revenues, Expenses, and Changes in Net Assets Discretely Presented Component Unit - Foundation

	Year Ended June 30	
	2010	2009
<b>Revenue and Support</b>		
Donations received	\$ 302,427	\$ 345,492
Other revenue	91,801	107,132
Investment income:		
Interest and dividend income	27,254	43,708
Unrealized gain (loss) on investments	165,974	(291,421)
Realized (loss) on investments	<u>(13)</u>	<u>(4,417)</u>
Total revenue and support	587,443	200,494
<b>Expenses</b>		
Program services:		
Scholarships	128,890	105,466
Equipment grant	36,000	34,997
Outside grants expense	91,801	106,158
Other program services	<u>60,742</u>	<u>31,785</u>
Total program services	317,433	278,406
Management and general	37,771	33,613
Fund-raising	<u>16,199</u>	<u>9,990</u>
Total expenses	<u>371,403</u>	<u>322,009</u>
<b>(Decrease) Increase in Net Assets</b>	216,040	(121,515)
<b>Net Assets</b>		
Beginning of year	<u>2,030,629</u>	<u>2,152,144</u>
End of year	<u>\$ 2,246,669</u>	<u>\$ 2,030,629</u>



# Owens State Community College

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## Notes to Financial Statements Years Ended June 30, 2010 and 2009

### NOTE 1 – ORGANIZATION, BASIS OF PRESENTATION, AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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#### ORGANIZATION

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Owens State Community College (the “College”) was created pursuant to Section 3357 of the Ohio Revised Code. In November 1994, the Ohio Board of Regents approved changing the status of the College from a technical college to a community college, pursuant to Section 3358 of the Ohio Revised Code. The College’s purpose is to provide instruction in post-secondary education programs to residents of the College’s district. Students who satisfactorily complete such programs receive associate degrees or certificates in liberal arts and sciences, technical, or professional fields. The College is a component unit of the State of Ohio and is discretely presented in the State of Ohio’s Comprehensive Annual Financial Report.

The College is classified as a state instrumentality under Internal Revenue Code Section 115, and is also classified as a charitable organization under Internal Revenue Code Section 501 (c) (3), and is therefore exempt from federal income taxes. Certain activities of the College may be subject to taxation as unrelated business income under Internal Revenue Code Sections 511 through 514.

The College is governed by a board of trustees who are responsible for oversight of academic programs, budgets, general administration, and employment of faculty and staff. The College is currently governed by a 9-voting member board of trustees. The trustees are appointed to by the Governor with the advice and consent of the State Senate for overlapping six-year terms.

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#### BASIS OF PRESENTATION

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The financial statements have been prepared in accordance with generally accepted accounting principles in the United States as prescribed by the GASB. The College is a public institution engaged in Business-type Activities. In accordance with GASB Statement No. 35 – *Basic Financial Statements and Management Discussion and Analysis for Public Colleges and Universities*, the University presents Management’s Discussion and Analysis; Statements of Net Assets; Statements of Revenue, Expenses, and Changes in Net Assets; Statements of Cash Flow; and Notes to the Financial Statements.

The College follows all GASB pronouncements as well as Financial Accounting Standards Board (FASB) Statements and Interpretations, Accounting Principles (APB) Opinions and Accounting Research Bulletins of the Committee on Accounting Procedures issued on or before November 30, 1989 unless those pronouncements conflict with or contradict GASB pronouncements. The University has elected not to apply FASB Statements and Interpretations issued after November 30, 1989.

# Owens State Community College

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## Notes to Financial Statements Years Ended June 30, 2010 and 2009

In the determination of whether to first apply restricted or unrestricted resources when an expense is incurred for purposes for which both restricted and unrestricted nets assets are available, it is the University's practice to use restricted first.

Governmental Accounting Standards Board (GASB) Statement No. 39 *Determining Whether Certain Organizations are Component Units*, requires the College to reflect the Foundation and as discretely presented component units in the financial statements based on the significance of the relationships with the University. The Foundation is a private nonprofit organization that report under Financial Accounting Standards Board (FASB) standards, including FASB Statement No. 117, *Financial Reporting for Not-for-Profit Organizations*. As such, certain revenue recognition criteria and presentation features are different from GASB revenue recognition criteria and presentation features. No modifications have been made to the Foundations' financial information in the College's financial reporting entity for these differences.

The Foundation is a legally separate, tax-exempt entity that acts primarily as a fund-raising organization to supplement the resources available to the College in support of its programs. The Foundation transferred \$308,433 and \$ 273,142, during fiscal year 2010 and 2009, respectively, to the College for both restricted and unrestricted purposes in support of its programs.

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### **SIGNIFICANT ACCOUNTING POLICIES**

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#### **Cash and Cash Equivalents**

Cash and cash equivalents consist of cash on hand and demand deposits with banks. All investments with maturities less than 90 days are considered cash and cash equivalents.

#### **Investments**

Investments include public traded securities reported at fair market value as of the end of the fiscal year, any change in the unrealized gain (loss) during the fiscal year are included in investment income in the statement of revenue, expenses and statement of net assets.

#### **Accounts Receivable**

Accounts receivable are for transactions relating to tuition and fees, auxiliary enterprise sales, grants and contracts, and miscellaneous sales and services. Accounts receivable are recorded net of contractual allowances and allowances for uncollectible accounts.

# Owens State Community College

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## Notes to Financial Statements Years Ended June 30, 2010 and 2009

### Inventories

Inventories are stated at the lower of cost or market (net realizable value) using the first-in, first-out (FIFO) method.

### Capital Assets

Capital assets are stated at historical cost or fair value at date of donation in the case of gifts. When capital assets are sold or otherwise disposed of, the carrying value of such assets is removed from the asset accounts, along with the related accumulated depreciation. Depreciation has been recorded in accordance with GASB.

### Deferred Revenue

Deferred revenue includes tuition and fees for summer and fall terms recorded in the current fiscal year but related to the subsequent accounting period and related expenses are shown as prepaid expenses in the Statements of Net Assets and will be recognized in the following year. Additionally, deferred revenues include mounts received from grant and contract sponsors that have not yet been earned.

### Net Assets

Net assets are classified into the three following categories:

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

**Restricted:** Nets assets subject to externally imposed constraints that they may be maintained permanently by the College, or net assets whose use by the College is subject to externally imposed constraints that can be fulfilled by actions of the College pursuant to those constraints or that expire by the passage of time. Restricted net assets are classified further as nonexpendable and expendable. Nonexpendable restricted net assets are available for investments purposes only and cannot be expended. Expendable restricted net assets are available for expenditure by the College but must be spent for purposes as determined by donors or external entities that have placed time or purpose restrictions on the use of the assets.

**Unrestricted:** Net assets available to the College for any lawful purpose of the institution. Unrestricted net assets may be designated for specific purposes by action of management or the Board of Trustees or may otherwise be limited by contractual agreements with outside parties. The College has committed unrestricted net assets to provide for identified future needs, such as debt service, contractual obligations, capital outlay, academic programming, and post employment benefits.

# Owens State Community College

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## Notes to Financial Statements Years Ended June 30, 2010 and 2009

### Operating and Nonoperating Revenues

The College's policy for defining operating activities as reported on the statement of revenues, expenses, and changes in net assets is to report those activities that generally result from exchange transactions, such as payments received for providing services and payments made for services or goods received. Nearly all of the College's expenses are from exchange transactions. Certain significant revenue streams relied upon for operations are recorded as nonoperating revenues as defined by GASB Statement No. 34, including state appropriations and investment income. Recent guidance on GASB Statement No. 34 has resulted in the reclassification of Pell revenue from operating to nonoperating revenue. Restricted and unrestricted resources are spent and tracked at the discretion of the College's department within the guidelines of donor restrictions, if any.

### Compensated Absences

College employees earn vacation and sick leave based, in part, on length of service. Vacation pay is fully vested when earned. Upon separation from service, employees are paid accumulated vacation and sick pay based upon the nature of separation (death, retirement, or termination). Certain limitations have been placed on the hours of vacation and sick leave that employees may accumulate and carry over for payment at termination, retirement, or death. Unused hours exceeding their limitation are forfeited. The liability and expense incurred are recorded at year-end as long-term and short-term liabilities in the Statements of Net Assets, and as a component of operating expense in the Statements of Revenues, Expenses, and Changes in Net Assets.

### State Subsidies

The College receives student-based subsidy and other subsidies from the State. These subsidies are determined biennially and released annually based upon allocations determined by the Ohio General Assembly and the Ohio Board of Regents.

In addition to subsidies, the State provides capital appropriations for construction of major plant facilities on the campus. The financing of construction is obtained by the State through issuance of State revenue bonds. State funds are pledged for the repayment of the revenue bonds. In the event these funds are insufficient to retire the revenue bonds, a pledge exists to assess a special student fee to students of State assisted institutions of higher education. As a result of this financing arrangement, the outstanding debt relating to the revenue bonds is not included in the College's Statement of Net Assets. State appropriations are recognized when received. Restricted funds are recognized as revenue only to the extent expended.

# Owens State Community College

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## Notes to Financial Statements Years Ended June 30, 2010 and 2009

### Use of Estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the United States 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 expenses during the reporting period. Actual results could differ from those estimates.

### Student Tuition and Fees

Student Tuition and fee revenue is reported net of scholarship allowances in the statement of revenues, expense and changes in net assets.

### Auxiliary Revenue

Auxiliary revenue represent revenues generated by the bookstore, dining services and other departmental activities that provide services to the student body, faculty and staff.

### **NOTE 2 – CASH AND CASH EQUIVALENTS**

At June 30, 2010, the carrying amount of the College's cash and cash equivalents for all funds is \$18,736,081 as compared to bank balances of \$19,401,739. The differences in carrying amount and bank balances are caused by outstanding checks and deposits in transit. Of the bank balances, \$744,000 is covered by federal deposit insurance. This reflects a temporary increase in the basic limit on federal deposit insurance coverage from \$100,000 to \$250,000 per depositor originally set to expire December 31, 2009 and since extended through June 30, 2010. The remaining balances of cash and cash equivalents are collateralized the depository institution per Ohio Revised Code 135.181B which requires that the total market value of the securities so pledged is at least equal to one hundred five percent of the total amount of all public deposits.

At June 30, 2009, the carrying amount of the College's cash and cash equivalents for all funds was \$4,920,942. The difference in the carrying amount and the bank balance of \$6,555,858 is caused by items in transit and outstanding checks. Of the bank balance, \$3,020,092 was covered by federal depository insurance and \$3,535,766 was uncollateralized (category 3). All uncollateralized deposits are covered by a pledged collateral pool.

# Owens State Community College

## Notes to Financial Statements Years Ended June 30, 2010 and 2009

### NOTE 3 – INVESTMENTS

Investments at June 30, 2010 and 2009 consist of investments in STAR Ohio of \$132,212 and \$331,980, respectively. GASB Statement No. 3 does not require STAR Ohio's assets to be categorized. Also included in investments are Freddie Mac, Fannie Mae, Ginnie Mae and US Treasury Bills with market value at June 30, 2010 and 2009 of \$12,104,440 and \$13,418,442, respectively. The governmental agency investments, other than STAR Ohio, fall under category No. 1 above for investments. Investments also include long-term certificate of with a market value at June 30, 2010 and 2009 of \$1,124,964 and \$2,079,667, respectively.

STAR Ohio is an investment pool managed by the State Treasurer's office, which allows governments within the state to pool their funds for investment purposes. STAR Ohio is not registered with the Securities and Exchange Commission as an investment company but does operate in a manner consistent with Rule 2a-7 of the Investment Company Act of 1940. Investments in STAR Ohio are valued at STAR Ohio's share price, which is the price the investment could be sold for on June 30, 2010 and 2009.

Substantially all of the College's investments have maturities less than one year. As a result, the interest rate risk is not considered significant.

Concentration of credit risk is the risk of loss attributed to the magnitude of investment in a single issuer. At June 30, 2010, 26 percent of the College's investments were invested in Federal National Mortgage Association securities, 6 percent in Federal Home Loan Bank securities, 30 percent in Government National Mortgage Association and 29 percent in US Treasury Bill with the remaining 9 percent in certificate of deposits and STAR Ohio. At June 30, 2009, 40 percent of the College's investments were invested in Federal National Mortgage Association securities and 60 percent were invested in Federal Home Loan Bank securities. All investments were rated AAA by Moody's at June 30, 2010 and 2009.

The Foundation holds certain investments for the benefit of the College. Investments valued at market value at the Foundation by major security type are as follows:

	<u>2010</u>	<u>2009</u>
Bond mutual fund	\$ 365,969	\$ 272,284
Equity mutual fund	1,317,322	1,107,445
Other	<u>40</u>	<u>40</u>
Totals	<u>\$ 1,683,331</u>	<u>\$ 1,379,769</u>

# Owens State Community College

## Notes to Financial Statements Years Ended June 30, 2010 and 2009

### NOTE 4 – ACCOUNTS AND LOANS RECEIVABLE

The composition of accounts receivable at June 30, 2010 and 2009 is summarized as follows:

	<u>2010</u>	<u>2009</u>
Student receivables for fees and auxiliary services	\$ 24,129,924	\$ 21,154,607
Allowance for doubtful accounts	(1,439,414)	(1,170,000)
Grants - Federal, state, and local	2,055,584	2,740,200
Capital appropriations	700,718	351,620
Interest receivable	10,249	15,166
Other	<u>521,371</u>	<u>1,091,896</u>
Total	<u>\$ 25,978,432</u>	<u>\$ 24,183,489</u>

Student loans consist of non-federal loans. The College is in the process of closing its Perkins Program. The College has paid the amount which was due for repayment of its federal share and purchased the loans not accepted by the DOE. The final audit of the Perkins program was submitted in June 2010 which is awaiting approval. Non-federal loan programs are funded principally with local grants to the College under these programs.

# Owens State Community College

## Notes to Financial Statements Years Ended June 30, 2010 and 2009

### NOTE 5 – CAPITAL ASSETS

Capital assets are recorded at cost or if acquired by gift at the fair market value as of the date of donation. Capital assets consist of the following as of June 30, 2010:

<u>2010</u>	Balance <u>June 30, 2009</u>	<u>Additions</u>	<u>Retirements</u>	Balance <u>June 30, 2010</u>
Nondepreciated capital assets:				
Land	\$ 10,744,583	\$ -	\$ -	\$ 10,744,583
Construction in progress	4,109,400	7,157,941	(4,109,400)	7,157,941
Total nondepreciated capital assets	14,853,983	7,157,941	(4,109,400)	17,902,524
Depreciable capital assets:				
Land improvements	15,981,375	2,530,755	954,830	19,466,960
Buildings & Improvements	90,636,839	3,994,325	3,154,570	97,785,734
Equipment	21,723,168	948,134	-	22,671,302
Total other capital assets	128,341,382	7,473,214	4,109,400	139,923,996
Less: Accumulated Depreciation	(64,078,163)	(5,124,547)	-	(69,202,710)
Total Depreciable Assets, net	64,263,219	2,348,667	4,109,400	70,721,286
Capital Assets, net	<u>79,117,202</u>	<u>9,506,608</u>	<u>-</u>	<u>88,623,810</u>

The College has several active construction projects resulting in total commitments to vendors of approximately \$2,954,000 at June 30, 2010.



# Owens State Community College

## Notes to Financial Statements Years Ended June 30, 2010 and 2009

### NOTE 5 – CAPITAL ASSETS (CONTINUED)

Capital assets consist of the following as of June 30, 2009:

<u>2009</u>	Balance June 30, 2008	Additions	Retirements	Balance June 30, 2009
Nondepreciated capital assets:				
Land	\$ 5,005,150	\$ -	\$ 5,739,433	\$ 10,744,583
Construction in progress	489,379	3,951,783	(331,762)	4,109,400
Total nondepreciated capital assets	5,494,529	3,951,783	5,407,671	14,853,983
Depreciable capital assets:				
Land improvements	15,115,060	866,315	-	15,981,375
Buildings & Improvements	95,475,591	900,681	(5,739,433)	90,636,839
Equipment	20,872,216	850,952	-	21,723,168
Total other capital assets	131,462,867	2,617,948	(5,739,433)	128,341,382
Less: Accumulated Depreciation	(59,565,857)	(4,512,306)	-	(64,078,163)
Total Depreciable Assets, net	71,897,010	(1,894,358)	(5,739,433)	64,263,219
Capital Assets, net	<u>77,391,539</u>	<u>2,057,425</u>	<u>(331,762)</u>	<u>79,117,202</u>

Assets are capitalized with a cost of \$100,000 or greater with the exception of equipment, which is capitalized at a cost of \$5,000 or greater. Depreciation and amortization are recognized on a straight-line basis over the estimated useful life of the asset, as follows:

Land improvements	5 to 20 years
Buildings	40 years
Building improvements	10 to 20 years
Equipment	3 to 5 years

# Owens State Community College

## Notes to Financial Statements Years Ended June 30, 2010 and 2009

### NOTE 6 – Debt

On March 18, 2010 the College entered into a loan agreement with the Ohio Air Quality Development Authority (Authority) totaling \$6,250,000 to finance energy conservation measures, facility improvement measures and operational efficiency improvements. The Authority financed the loan through Series A and B general receipts bonds each for \$3,125,000 which bear an interest rate of 3.48% and 6.024%, respectively and is passed onto the College through the loan. The maturity dates for Series A and Series B are March 15, 2015 and March 15, 2019, respectively.

In January 2008, the College entered into two separate lease agreements totaling \$338,885 for equipment with interest at 4.7% and 5.2%. The lease agreements mature on February 28, 2011 and December 31, 2013.

Long-term liabilities consist of the following for the years ended June 30, 2010 and 2009 as follows:

	Balance		Balance		Amount
	June 30, 2009	Increases	Decreases	June 30, 2010	Due Within One Year
Compensated Absences	\$ 2,804,194	\$ 260,724	\$ 178,594	\$ 2,886,324	\$ 144,500
Notes payable	276,495	6,250,000	109,147	6,417,348	718,886
Non-federal student loans	147,324	-	-	147,324	-
		-		-	-

	Balance		Balance		Amount
	June 30, 2008	Increases	Decreases	June 30, 2009	Due Within One Year
Compensated Absences	\$ 2,904,190	\$ 216,162	\$ 316,158	\$ 2,804,194	\$ 140,210
Notes payable	536,241	-	259,746	276,495	111,996
Non-federal student loans	147,324	-	-	147,324	-
Federal student loans	6,023	-	6,023	-	-

Schedule of maturities for the notes are as follows:

	Principal	Interest	Total
2011	\$ 718,886	\$ 175,659	\$ 894,545
2012	725,791	151,298	877,089
2013	751,897	125,329	877,226
2014	757,773	98,642	856,415
2015	761,000	70,638	831,638
2016 - 2019	2,702,000	104,900	2,806,900
Total	\$6,417,347	\$726,466	\$7,143,813

# Owens State Community College

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## Notes to Financial Statements Years Ended June 30, 2010 and 2009

### NOTE 7 – RETIREMENT BENEFITS

College employees are covered by one of two retirement systems. The College faculty is covered by the State Teachers Retirement System of Ohio (STRS). Other employees are covered by the State Employees Retirement System of Ohio (SERS). Employees may opt out of STRS or SERS and participate in the Alternative Retirement Plan (ARP) if they meet certain eligibility requirements.

A retiree of STRS or SERS is eligible for reemployment 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 a lump-sum payment in addition to the original retirement allowance. Effective April 11, 2005, a reemployed retiree may alternatively receive a refund of member contributions with interest before age 65, once employment is terminated.

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#### State Employees Retirement System of Ohio

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SERS provides retirement, disability, survivor and death benefits and annual cost-of-living adjustments to members. Authority to establish and amend benefits is provided by Chapter 3309 of the Ohio Revised Code (ORC).

The 2010 member contribution rates were 10% for members in state and local classifications. The 2010 employer contribution rate for state employees was 14% of covered payroll. The contribution requirements of plan members and employers are established and may be amended, up to statutory maximum amounts, by the SERS' Retirement Board. The Retirement Board acting with the advice of the actuary, allocates the employer contribution rate among four of the funds (Pension Trust Fund, Death Benefit Fund, Medicare B Fund, and Health Care Fund) of the System. For fiscal year ending June 30, 2010, the allocation to pension and death benefits is 12.78%. The remaining 1.22% of the 14% employer contribution rate is allocated to the Health Care and Medicare B Funds. Total required employer contributions for all plans are equal to 100% of employer charges and should be extracted from the employer's records.

The College's total employer contributions to SERS for the years ended June 30, 2010, 2009 and 2008, were \$2,865,926, \$2,648,301 and \$2,719,906, respectively.

# Owens State Community College

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## Notes to Financial Statements Years Ended June 30, 2010 and 2009

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### State Teachers Retirement System of Ohio

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STRS is a statewide retirement plan for licensed teachers and other faculty members and provides a choice of three retirement plan options.

**Defined Benefit Plan (DB Plan)** – Plan benefits are established under Chapter 3307 of the Revised Code. Any member may retire who has (i) five years of service credit and attained age 60; (ii) 25 years of service credit and attained age 55; or (iii) 30 years of service credit regardless of age. The maximum annual retirement allowance, payable for life, is the greater of the “formula benefit” or the “money-purchase benefit” calculation. Under the “formula benefit,” the retirement allowance is based on years of credited service and final average salary, which is the average of the member’s three highest salary years. The annual allowance is determined by multiplying final average salary by 2.2% for the first 30 years of credited service.

Each year over 30 years is incrementally increased by .1%, starting at 2.5% for the 31<sup>st</sup> year of contributing service up to a maximum allowance of 100% of final average salary. Upon reaching 35 years of Ohio service, the first 31 years of Ohio contributing service is multiplied by 2.5% , and each year over 31 years is incrementally increased by .1% starting at 2.6% for the 32<sup>nd</sup> year. Members retiring before age 65 with less than 30 years of service credit receive a percentage reduction in benefit amounts. Under the “money-purchase benefit” calculation, a member’s lifetime contributions plus interest at specified rates are matched by an equal amount from contributed employer funds. This total is then divided by an actuarially determined annuity factor to compute the maximum annual retirement allowance. Since the plan is tax-qualified, benefits are subject to limits established by Section 415 of the Internal Revenue Code. Benefits are increased annually by 3% of the original based amount.

**Defined Contribution Plan (DC Plan)** – Benefits are established under Sections 3307.80 to 3307.89 of the ORC. For members who select the DC Plan all member contributions and employer contributions at a rate of 10.5% are placed in an investment account. The member determines how to allocate the member and employer money among various investment choices. The remaining 3.5% of the 14% employer rate is allocated to the defined benefit unfunded liability. A member is eligible to receive a retirement benefit at age 50 and termination of employment. The member may elect to receive a lifetime monthly annuity or a lump-sum withdrawal. Employer contributions into members’ accounts are vested after the first anniversary of the first day of paid service. Members in the DC Plan who become disabled are entitled only to their account balance. If a member dies before retirement benefits begin, the member’s designated beneficiary is entitled to receive the member’s account balance.

# Owens State Community College

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## Notes to Financial Statements Years Ended June 30, 2010 and 2009

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

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

The ORC provides statutory authority for employee and employer contributions. During 2010 and 2009, STRS employees contributed 10% of their salary to the plan and the College contributed 14% of covered payrolls to the plan. The College's total employer contributions to STRS for the years ended June 30, 2010, 2009 and 2008 were \$4,709,104, \$4,611,806 and \$4,304,393, respectively.

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### Alternative Retirement Plan

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Ohio Amended Substitute House Bill 586 (Ohio Revised Code 3305.2) became effective March 31, 1998, authorizing an alternative retirement plan (ARP) for academic and administrative College employees of public institutions of higher education who are currently covered by the State Teachers Retirement System or Public Employees Retirement System. The College of Toledo board of trustees adopted such a plan effective April 1999.

Eligible employees (those who are full-time and salaried) have 120 days from their date of hire to make an irrevocable election to participate in the alternate retirement plan. Under this plan, employees who would have otherwise been required to be in STRS and who elect to participate in the alternate retirement plan must contribute their share of retirement contributions (10% STRS) to one of eight private providers approved by the State Department of Insurance. For employees who elect an ARP, employers are required to remit employer contributions to STRS Ohio at a rate of 3.5%. The employer contribution is the lower of a rate determined by independent actuarial study or the portion of the STRS Ohio DC Plan employer contribution rate that is allocated to the defined benefit unfunded liability. The College plan provides these employees with immediate plan vesting.

ARP is a defined contribution plan under IRS section 401(a). The College's total employer contribution to ARP for the years ended June 30, 2010, 2009 and 2008 were \$188,483, \$133,224 and \$141,591, respectively.

# Owens State Community College

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## Notes to Financial Statements Years Ended June 30, 2010 and 2009

### NOTE 8 – OTHER POST-EMPLOYMENT BENEFITS

In addition to the pension benefits described in note 7, the Ohio Revised Code provides the statutory authority requiring the College to fund post-retirement health care through employer contributions to SERS and STRS.

SERS provides postretirement healthcare coverage to age-and-service retirees with 10 or more years of qualifying Ohio service credit and to primary survivor recipients of such retirees. Healthcare coverage for disability recipients is available. The healthcare coverage provided by the retirement system is considered an Other Postemployment Benefit (OPEB) as described in GASB Statement No. 12. Effective January 1, 2004, all retirees and beneficiaries are required to pay a portion of their health care premium. The portion is based on years of service, Medicare eligibility, and retirement status. A safety net is in place for retirees whose household income falls below federal poverty levels. Premiums are reduced by 50 percent for those who apply. A portion of each employer's contribution to SERS is set aside for the funding of postretirement healthcare. The Ohio Revised Code provides statutory authority for employer contributions. The 2010 and 2009 employer contribution rate for state employers was 14 percent of covered payroll; 4.16 percent was the portion that was used to fund healthcare. In addition, SERS levies a surcharge to fund healthcare benefits equal to 14 percent of the difference between a minimum pay and the member's pay, pro-rated for partial service credit. For fiscal 2010, 2009 and 2008, the minimum pay was established as \$35,800.

OPEBs are financed through employer contributions and investment earnings thereon. The contributions allocated to retiree healthcare, along with investment income on allocated assets and periodic adjustments in healthcare provisions, are expected to be sufficient to sustain the program indefinitely. For the year ended June 30, 2009, expenditures for OPEBs as a whole for SERS were \$215.4 million. The number of eligible benefit recipients for SERS was 51,865.

STRS provides comprehensive healthcare benefits to retirees and their dependents. Coverage includes hospitalization, physician fees, prescription drugs, and partial reimbursement of monthly Medicare Part B premiums. All benefit recipients and sponsored dependents are eligible for healthcare coverage. Pursuant to the ORC, STRS has discretionary authority over how much, if any, of the healthcare costs will be absorbed by STRS. Most benefit recipients pay a portion of the healthcare cost in the form of a monthly premium.

By Ohio law, the cost of the coverage paid from STRS funds shall be included in the employer's contribution rate, currently 14 percent of covered payroll. The STRS board currently allocates employer contributions equal to 1.0 percent of covered payroll to the Health Care Reserve Fund, from which payments for healthcare benefits are paid. The balance in the Health Care Reserve Fund was approximately \$2.7 billion at June 30, 2009.

# Owens State Community College

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## Notes to Financial Statements Years Ended June 30, 2010 and 2009

For the year ended June 30, 2009, the net healthcare costs paid by the STRS system as a whole were \$ 332.7million. There were 129,659 eligible benefit recipients.

### NOTE 9 – RELATED ORGANIZATION

The College is affiliated with the Owens State Community College Foundation (the “Foundation”), which was established in June 1996 by the trustees of the College through signing a resolution that transferred all assets, liabilities, principal, and income from the Michael J. Owens Technical College Charitable Trust (the “Trust”) to the Foundation. The Foundation has been determined to be exempt from federal income taxes under IRC Section 501(c)(3). The Foundation also reimburses the College for certain educational expenses. Total assets of the Foundation as of June 30, 2010 and 2009 were \$2,372,769 and \$2,178,484, respectively. The College received \$308,433 and \$273,142 from the Foundation in 2010 and 2009, respectively. The Foundation owed the College \$69,235 and \$78,419 as of June 30, 2010 and 2009, respectively.

### NOTE 10 – RISK MANAGEMENT

During the normal course of operations, the College has become a defendant in various legal actions. Liabilities are reported when it is probable that a loss has occurred and the amount of that loss can be reasonably estimated. However, in the opinion of legal counsel and College management, the disposition of all pending litigation will not have a material adverse effect on the financial condition of the College.

The College carries commercial insurance to cover various general liability risks, auto liability, property and boiler, and umbrella excess liability. The College believes in minimizing its risks through the procurement of the aforementioned coverage. Liabilities exceeding the umbrella excess and deductible amounts are recorded when it is probable that a loss has occurred and the amount of that loss can be reasonably estimated. Management believes those incurred but not reported claims, if any, are immaterial.

The College maintains a split-funded health insurance program. Prevention of catastrophic losses is maintained through both individual and aggregate stop-loss coverage. Stop loss per individual is \$150,000. The College’s cost during the year for this program is for the payment of claims, third-party claims administration, and stop-loss coverage.

The College is self-insured for workers’ compensation with aggregate stop-loss coverage of \$350,000.

## **Supplemental Information**

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

To the Board of Trustees  
Owens Community College

We have audited the financial statements of Owens Community College as of and for the year ended June 30, 2010 and have issued our report thereon dated October 15, 2010. 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**

In planning and performing our audit, we considered Owens Community 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 entity's internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of the entity'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 of this section 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.

To the Board of Trustees  
Owens Community College

### **Compliance and Other Matters**

As part of obtaining reasonable assurance about whether Owens Community 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*.

This report is intended solely for the information and use of management, the board of trustees, others within the entity, 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.

*Plante & Morse, PLLC*

October 15, 2010

## Report on Compliance with Requirements Applicable to Each Major Program and on Internal Control Over Compliance in Accordance with OMB Circular A-133

To the Board of Trustees  
Owens Community College

### Compliance

We have audited the compliance of Owens Community 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, 2010. The major federal programs of Owens Community College 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 Owens Community College's management. Our responsibility is to express an opinion on Owens Community College's compliance based on our audit.

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

In our opinion, Owens Community College complied, in all material respects, with the requirements referred to above that are applicable to each of its major federal programs for the year ended June 30, 2010.

To the Board of Trustees  
Owens Community College

### **Internal Control Over Compliance**

The management of Owens Community College is responsible for establishing and maintaining effective internal control over compliance with requirements of laws, regulations, contracts, and grants applicable to federal programs. In planning and performing our audit, we considered Owens Community College's internal control over compliance with requirements that could have a direct and material effect on a major federal program in order to determine our auditing procedures for the purpose of expressing our opinion on compliance 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 entity's internal control over compliance.

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. However, we identified a certain deficiency in internal control over compliance that we consider to be a significant deficiency as described in the accompanying schedule of findings and questioned costs as item 2010-1. A significant deficiency in internal control over compliance is a deficiency, or a combination of deficiencies, in internal control over compliance with a type of compliance requirement of a federal program that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention by those charged with governance

The Owens Community College's response to the findings identified in our audit is described in the accompanying schedule of findings and questioned costs. We did not audit Owens Community College's response and, accordingly, we express no opinion on the responses.

This report is intended solely for the information and use of management, the board of trustees, others within the entity, 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.

*Plante & Morse, PLLC*

October 15, 2010

# Owens Community College

## Schedule of Expenditures of Federal Awards Year Ended June 30, 2010

Federal Grantor/Pass-through Grantor/Program Title	Federal CFDA Number	Agency or Pass-through Number	Federal Expenditures
Student Financial Aid Cluster:			
Financial Assistance:			
Federal Supplemental Educational Opportunity Program	84.007	N/A	\$ 473,514
Federal Direct Loans	84.268	N/A	72,429,949
Federal Work-Study Program	84.033	N/A	536,511
Federal Academic Competitiveness Grant	84.375	N/A	175,650
Federal Pell Grant Program	84.063	N/A	<u>36,158,934</u>
Total Student Financial Assistance Cluster			109,774,558
Workforce Investment Act Cluster			
Passed through from Lucas County Workforce Development Agency			
Short-Term Training and Job Placement			
ARRA - Green Collar	17.258	48-09-WDA-01	1,088,703
ARRA - Healthcare	17.260	48-09-WDA-02	568,526
ARRA - Pre-Apprenticeship	17.260	48-09-WDA-03	<u>154,178</u>
Total Workforce Investment Act Cluster			1,811,407
State Fiscal Stabilization Fund Cluster -			
ARRA - OH State Share of Instruction	84.394	N/A	<u>6,196,030</u>
Total State Fiscal Stabilization Fund Cluster			6,196,030
CSBG Cluster:			
U.S. Department of Health and Human Services:			
Passed through from the Ohio Dept. of Development -			
Passed through from the Economic Opportunity Planning Association of Greater Toledo, Inc.			
ARRA - Community Service Block Grant- Short-Term Job Training	93.710	N/A	<u>205,542</u>
Total CSBG Cluster			205,542
Other Federal Awards:			
U.S. Department of Education:			
Vocational Education (Perkins II)	84.048	VECPHIII-P01	376,608
Title III - Higher Education Institutional Aid-Strengthening Institutions	84.031A	N/A	358,109
Passed through the State of Ohio Department of Education -			
Adult Basic and Literacy Education (ABLE) Grants:			
Adult Basic and Literacy Education Consortium	84.002	074864-AB-S1-10	402,882
Adult Basic and Literacy Education	84.002	074864-AB-SL-09	13,881
Adult Basic and Literacy Education	84.002	074864-AB-SL-09C	1,769
Adult Basic and Literacy Education	84.002	074864-AB-SL-10	191,132
Adult Basic and Literacy Education - EL/Civics	84.002	074864-AB-S2-10	32,820
Passed through from Kent State -			
Adult Basic and Literacy Education	84.002	N/A	<u>39,760</u>
Total Adult Basic and Literacy Education Grants			682,244
Passed through from University of Toledo -			
Short-Cycle Higher Education in Europe and the United States	84.116	PI116J080023	9,193
Passed through from University of Toledo -			
Technical preparation	84.243	N/A	<u>37,520</u>
Total U.S. Department of Education			1,463,674

# Owens Community College

## Schedule of Expenditures of Federal Awards (Continued) Year Ended June 30, 2010

Federal Grantor/Pass-through Grantor/Program Title	Federal CFDA Number	Agency or Pass-through Number	Federal Expenditures
Other Federal Awards (continued):			
Passed through from HMTRI / Kirkwood Community College NIEHS Hazardous Substances Basic Research & Education	93.143	5U45ES06177-09	\$ 3,111
Passed through from Ohio Board of Regents and OARNet Third Frontier Network support of Inter-institutional Collaboration	93.211	N/A	<u>11,325</u>
Total U.S. Department of Health and Human Services			14,436
U.S. Department of Energy:			
Passed through from Ohio Department of Development- Ohio Energy Office Energy Education Energy & Environment Program	81.041	Grant Number 09-29	22,974
U.S. Department of State Bureau of Education and Cultural Affairs:			
Passed through from Community Colleges for International Development Community College Summit Initiative Program	19.009	N/A	160,602
National Science Foundation:			
Passed through from Moraine Valley Community College NSF - Center for Systems Security and Information Assurance	47.076	N/A	15,985
Passed through from Ohio State University Research Foundation NSF - Computational Science Program for Ohio Community and Technical Colleges	47.076	DUE-0703087	36,804
Passed through from Bowling Green State University NSF - SET-GO: Science, Engineering & Technology Gateway Ohio	47.076	DUE-0757001	64,171
Passed through from Bowling Green State University NSF - SET-GO Scholarships	47.076	DUE-850026	<u>14,642</u>
Total National Science Foundation			131,602
Department of Labor			
Workforce Investment Act - WIA AEFLA Incentive Grant Passed through from Ohio Board of Regents ABLE Transition Collaboratives	17.267	074864-AB-WIA-2009	7,826
Workforce Investment Act - WIA AEFLA Incentive Grant Passed through from Ohio Board of Regents ABLE Transition Collaboratives	17.267	074864-AB-WIA-2009C	42,793
Workforce Investment Act - WIA Incentive Grant Passed through from Ohio Board of Regents ABLE Transition Collaboratives	17.267	074864-AB-WIA-2010	117,000
ARRA - Ohio Area 8 Workforce Investment Act	17.267	N/A	<u>19,500</u>
Total Department of Labor			<u>187,119</u>
Total federal awards			<u>\$ 119,967,944</u>

# Owens Community College

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## Notes to Schedule of Expenditures of Federal Awards Year Ended June 30, 2010

### **Note 1 - Basis of Presentation and Significant Accounting Policies**

The accompanying schedule of expenditures of federal awards (the "Schedule") includes the federal grant activity of Owens Community College and is presented on the same basis of accounting as the basic financial statements. 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 Basic financial statements.

### **Note 2 - Adjustments and Transfers**

The current year grant award for the Federal Supplemental Education Opportunity Grant (84.007) was \$324,718. It was supplemented by a transfer from the Federal Work Study Program (84.033) of \$148,796 for a total of \$473,514.

# Owens Community College

## Schedule of Findings and Questioned Costs Year Ended June 30, 2010

### Section I - Summary of Auditor's Results

#### Financial Statements

Type of auditor's report issued: Unqualified

Internal control over financial reporting:

- Material weakness(es) identified?             Yes     No
- Significant deficiency(ies) identified that are not considered to be material weaknesses?     Yes     None reported

Noncompliance material to financial statements noted?             Yes     No

#### Federal Awards

Internal control over major program(s):

- Material weakness(es) identified?             Yes     No
- Significant deficiency(ies) identified that are not considered to be material weaknesses?     Yes     None reported

Type of auditor's report issued on compliance for major program(s): Unqualified

Any audit findings disclosed that are required to be reported in accordance with Section 510(a) of Circular A-133?             Yes     No

Identification of major program(s):

CFDA Numbers	Name of Federal Program or Cluster
84.007, 84.268, 84.033, 84.375, 84.063	Student Financial Aid Cluster
84.002	Adult Basic and Literacy Education Grants
84.048	Vocational Education
84.031A	Title III - Higher Education Institutional Aid-Strengthening Institutions
17.267, 17.258, 17.260	Workforce Investment Act Cluster
84.394	ARRA - OH State Share of Instruction

Dollar threshold used to distinguish between type A and type B programs: \$305,802

Auditee qualified as low-risk auditee?             Yes     No



# Owens Community College

## Schedule of Findings and Questioned Costs (Continued) Year Ended June 30, 2010

### Section II - Financial Statement Audit Findings

None

### Section III - Federal Program Audit Findings

#### Finding #2010-1

**Program Name** - Student Financial Aid Cluster

**Finding Type** - Noncompliance/Significant Deficiency

**Criteria** - Under the Direct Loan program, schools must complete and return within 30 days of receipt the Student Status Confirmation Reports sent by ED or a guarantee agency (OMB No. 1845-0035). The SSCR is transmitted electronically. The institution determines how often it receives the SSCR, but the minimum is twice a year. Once received, the institution must update for changes in student status, report the date the enrollment status was effective, enter the new anticipated completion date, and submit the changes electronically through the batch method or the NSLDS web site. Unless the school expects to complete its next SSCR within 60 days, the school must notify NSLDS within 30 days if it discovers that a student who received a loan either did not enroll or ceased to be enrolled on at least a half-time basis.

**Condition** - In our testing of student status changes, it was noted that these changes were not reported to NSLDS within 60 days.

**Questioned Costs** - None

**Context** - In a sample of 25 students selected, there were 21 students whose student status had not been updated within 60 days.

**Cause and Effect** - The College did not perform regularly scheduled transmissions to the NSLDS. As a result, student status changes were not updated on NSLDS timely.

**Recommendation** - We recommend monthly transmission of student enrollment information to ensure accurate and timely updates to NSLDS.

**Views of Responsible Officials and Planned Corrective Actions** - Timeliness of submissions during the year were affected by lack of staffing. Going forward, the College will implement monthly transmissions of student enrollment to improve timeliness of information.

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**Mary Taylor, CPA**  
Auditor of State

**OWENS STATE COMMUNITY COLLEGE**

**WOOD 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  
DECEMBER 16, 2010**