Rea & associates a brighter way

Belmont College
Belmont County, Ohio

Audited Financial Statements

For the Fiscal Year Ended
June 30, 2019

OHIO AUDITOR OF STATE
KEITH FABER

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Columbus, Ohio 43215
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Board of Trustees
Belmont College
68094 Hammond Road
St. Clairsville, Ohio 43950

We have reviewed the *Independent Auditor's Report* of the Belmont College, Belmont County, prepared by Rea & Associates, Inc., for the audit period July 1, 2018 through June 30, 2019. 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 Belmont College is responsible for compliance with these laws and regulations.

Keith Faber
Auditor of State
Columbus, Ohio

December 30, 2019

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BELMONT COLLEGE
BELMONT COUNTY, OHIO
JUNE 30, 2019

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December 11, 2019

Board of Trustees
Belmont College
Belmont County, Ohio
68094 Hammond Road
St. Clairsville, Ohio 43950

Independent Auditor's Report

Report on the Financial Statements

We have audited the accompanying financial statements of the business-type activities and the discretely presented component unit of Belmont College, Belmont County, Ohio (the College), as of and for the year ended June 30, 2019, and the related notes to the financial statements, which collectively comprise the College's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express opinions on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards,* issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the business-type activities and the discretely presented component unit of the College, as of June 30, 2019, and the respective changes in financial position and cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the *Management's Discussion and Analysis, the Schedule of the College's Proportionate Share of the Net Pension Liability, the Schedule of the College's Contributions–Pension, the Schedule of the College's Proportionate Share of the Net OPEB Liability/(Asset)* and *the Schedule of the College's Contributions-OPEB* as listed in the table of contents, be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Other Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the College's basic financial statements. The Schedule of Expenditures of Federal Awards, as required by *Title 2 U.S. Code of Federal Regulations (CFR) Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards (Uniform Guidance),* is presented for purposes of additional analysis and is not a required part of the basic financial statements.

The Schedule of Expenditures of Federal Awards is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the Schedule of Expenditures of Federal Awards is fairly stated, in all material respects, in relation to the basic financial statements as a whole.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated December 11, 2019 on our consideration of the College's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the College's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering College's internal control over financial reporting and compliance.

Rea & Associates, Inc.

New Philadelphia, Ohio

Belmont College
Belmont County, Ohio
Management Discussion and Analysis
For the Year Ended June 30, 2019

The discussion and analysis of Belmont College's financial statements provides an overview of the College's financial activities for the year ending June 30, 2019, with comparative information from fiscal year 2018. Management has prepared the financial statements and the related footnote disclosures along with the discussion and analysis. Responsibility for the completeness and fairness of this information rests with the preparers. The discussion and analysis contains financial activities of Belmont College.

About Belmont College

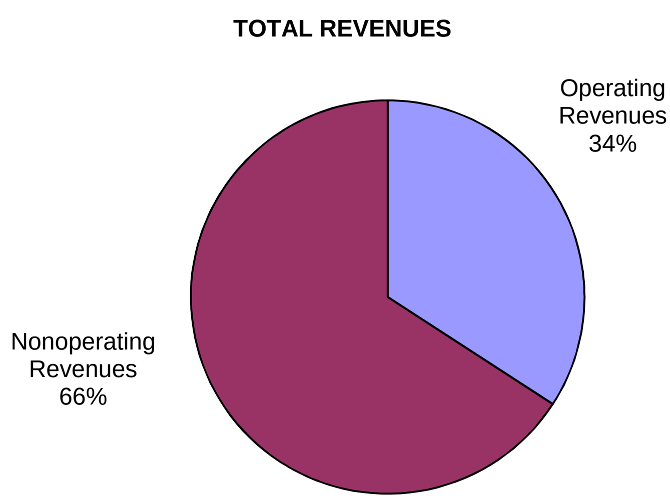
Belmont College is a two year college offering programs in business, engineering, allied health, and public service technologies. The College was chartered in 1971, allowing it to serve the three county areas of Belmont, Harrison, and Monroe Counties.

Belmont College is governed by a board of nine trustees. The Governor of Ohio appoints three members, and six members are elected by a caucus of the boards of education of the Colleges in the three counties served by the College.

Financial Highlights

Belmont College's financial position, as a whole, improved during the fiscal year ending June 30, 2019. Its combined net position increased $1,204,770 from the previous year.

The following chart provides a graphic breakdown of revenues by category for the fiscal year ending June 30, 2019:



In the fiscal year ending June 30, 2019, revenues and other support exceeded expenses, creating the increase in net position of $1,204,770 (compared to a $6,524,084 increase last year).

Using the Annual Report

This annual report consists of three basic financial statements, prepared in accordance with Governmental Accounting Standards Board (GASB) Statement No. 35, *Basic Financial Statements – and Management's Discussion and Analysis – for Public Colleges and Universities* (GASB 35). The Statement of Net Assets; the Statement of Revenues, Expenses, and Changes in Net Assets; and the Statement of Cash Flows, in a format similar to that used by corporations, provide information on the College as a whole and present a long-term view of the College's finances. The following activities are included in the College's basic financial statements:

- **Primary Institution (College):** Most of the programs and services generally associated with a university fall into this category, including instruction, research, public service, and support services.

- **Component Unit (Foundation):** The Foundation is a legally separate, tax-exempt organization supporting the College, is considered a component unit of the College, and is discretely presented in the College's financial statements.

The Statement of Net Position and the Statement of Revenues, Expenses, and Changes in Net Position

One of the most important questions asked about the College's finances is, "Is Belmont College as a whole better off or worse off as a result of the year's activities?" One key to answering this question is the financial statements of the College. The Statement of Net Position and the Statement of Revenues, Expenses, and Changes in Net Position report information on the College as a whole and on its activities in a way that helps answer this question. When revenues and other support exceed expenses, the result is an increase in net position. When the reverse occurs, the result is a decrease in net position. The relationship between revenues and expenses may be thought of as Belmont College's operating results.

These two statements report Belmont College's net position and changes in them. Belmont College's net position amount (the difference between assets, deferred outflows of resources, liabilities and deferred inflows of resources) is one way to measure the College's financial health, or financial position. Over time, increases or decreases in the College's net position are one indicator of whether its financial health is improving. However, several non-financial factors are relevant as well, such as the trend and quality of applicants, freshman class size, student retention, building condition, and campus safety, to assess the overall health of the College.

The Statement of Net Position includes all assets, deferred outflows of resources, liabilities and deferred inflows of resources. It is prepared under the accrual basis of accounting, whereby revenues and assets are recognized when the service is provided and expenses and liabilities are recognized when others provide the service, regardless of when cash is exchanged.

The Statement of Revenues, Expenses and Changes in Net Position presents the revenues earned and expenses incurred during the year. Activities are reported as either operating or nonoperating. GASB 35 requires state appropriations to be classified as nonoperating revenues. Accordingly, the College will generate a net operating loss prior to the addition of nonoperating revenues. The utilization of long-lived assets, referred to as capital assets, is reflected in the financial statements as depreciation, which amortizes the cost of an asset over its expected useful life.

Another important factor to consider when evaluating financial viability is the College's ability to meet financial obligations as they become due. The Statement of Cash Flows presents information related to cash inflows and outflows, summarized by operating, capital, financing and investing activities.

These statements include all assets, deferred outflows of resources, liabilities and deferred inflows of resources using the accrual basis of accounting, which is similar to the accounting used by most private-sector institutions. All of the current year's revenues and expenses are taken into account regardless of when cash is received or paid.

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

Condensed Financial Information
Statement of Net Position

	2019	2018
Assets		
Current Assets	$ 7,341,906	$ 8,162,773
Capital assets, net of accumulated depreciation	20,762,572	20,772,899
Other noncurrent assets	646,292	138,191
Total assets	28,750,770	29,073,863
Deferred Outflows of Resources		
Total deferred inflows of resources	2,214,545	2,926,574
Liabilities		
Current Liabilities	815,246	927,891
Noncurrent Liabilities	10,069,686	12,171,273
Total liabilities	10,884,932	13,099,164
Deferred Inflows of Resources		
Total deferred inflows of resoureces	3,259,592	3,285,252
Net Position		
Net Investment in Capital Assets	20,503,357	20,605,604
Restricted		
Nonexpendable	56,510	56,510
Expendable	1,165,266	1,532,345
Unrestricted	(4,904,342)	(6,578,438)
Total Net Position	$ 16,820,791	$ 15,616,021

The net pension liability (NPL) is the largest single liability reported by the College at June 30, 2019 and is reported pursuant to GASB Statement 68, *Accounting and Financial Reporting for Pensions—an Amendment of GASB Statement 27*. In a prior period, the College also adopted GASB Statement 75, *Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions*. For reasons discussed below, many end users of this financial statement will gain a clearer understanding of the College's actual financial condition by adding deferred inflows related to pension and OPEB, the net pension liability and the net OPEB liability to the reported net position and subtracting deferred outflows related to pension and OPEB and the net OPEB asset.

Governmental Accounting Standards Board standards are national and apply to all government financial reports prepared in accordance with generally accepted accounting principles. Prior accounting for pensions (GASB 27) and postemployment benefits (GASB 45) focused on a funding approach. This approach limited pension and OPEB costs to contributions annually required by law, which may or may not be sufficient to fully fund each plan's net pension/OPEB liability. GASB 68 and GASB 75 take an earnings approach to pension and OPEB accounting; however, the nature of Ohio's statewide pension/OPEB plans and state law governing those systems requires additional explanation in order to properly understand the information presented in these statements.

GASB 68 and GASB 75 require the net pension liability and the net OPEB asset/liability to equal the College's proportionate share of each plan's collective:

1. Present value of estimated future pension/OPEB benefits attributable to active and inactive employees' past service.
2 Minus plan assets available to pay these benefits.

GASB notes that pension and OPEB obligations, whether funded or unfunded, are part of the "employment exchange" – that is, the employee is trading his or her labor in exchange for wages, benefits, and the promise of a future pension and other postemployment benefits. GASB noted that the unfunded portion of this promise is a present obligation of the government, part of a bargained-for benefit to the employee, and should accordingly be reported by the government as a liability since they received the benefit of the exchange. However, the College is not responsible for certain key factors affecting the balance of these assets/liabilities. In Ohio, the employee shares the obligation of funding pension benefits with the employer. Both employer and employee contribution rates are capped by State statute. A change in these caps requires action of both Houses of the General Assembly and approval of the Governor. Benefit provisions are also determined by State statute. The Ohio revised Code permits, but does not require the retirement systems to provide healthcare to eligible benefit recipients. The retirement systems may allocate a portion of the employer contributions to provide for these OPEB benefits.

The employee enters the employment exchange with the knowledge that the employer's promise is limited not by contract but by law. The employer enters the exchange also knowing that there is a specific, legal limit to its contribution to the retirement system. In Ohio, there is no legal means to enforce the unfunded asset/liability of the pension/OPEB plan *as against the public employer.* State law operates to mitigate/lessen the moral obligation of the public employer to the employee, because all parties enter the employment exchange with notice as to the law. The retirement system is responsible for the administration of the pension and OPEB plans.

Most long-term liabilities have set repayment schedules or, in the case of compensated absences (i.e. sick and vacation leave), are satisfied through paid time-off or termination payments. There is no repayment schedule for the net pension liability or the net OPEB liability. As explained above, changes in benefits, contribution rates, and return on investments affect the balance of these liabilities, but are outside the control of the local government. In the event that contributions, investment returns, and other changes are insufficient to keep up with required payments, State statute does not assign/identify the responsible party for the unfunded portion. Due to the unique nature of how the net pension liability and the net OPEB liability are satisfied, these liabilities are separately identified within the long-term liability section of the statement of net position.

In accordance with GASB 68 and GASB 75, the College's statements prepared on an accrual basis of accounting include an annual pension expense and an annual OPEB expense for their proportionate share of each plan's change in net pension liability and net OPEB asset/liability, respectively, not accounted for as deferred inflows/outflows.

There was a significant change in net pension/OPEB liability/asset for the College. These fluctuations are due to changes in the retirement systems unfunded liabilities that are passed through to the College's financial statements All components of pension and OPEB accruals contribute to the fluctuations in deferred outflows/inflows and NPL/NOL/NOA and are described in more detail in their respective notes.

A review of the College's statement of net position at June 30, 2019 shows that the College continues to build a strong financial foundation.

Assets: As of June 30, 2019, the College's total assets amount to $28,750,770. Investment in capital assets totaled $20,503,357, or 71 percent, of total assets. Cash and cash equivalents represented $647,705, or 2 percent, of total assets. Investments represented $5,501,389, or 19 percent of total assets.

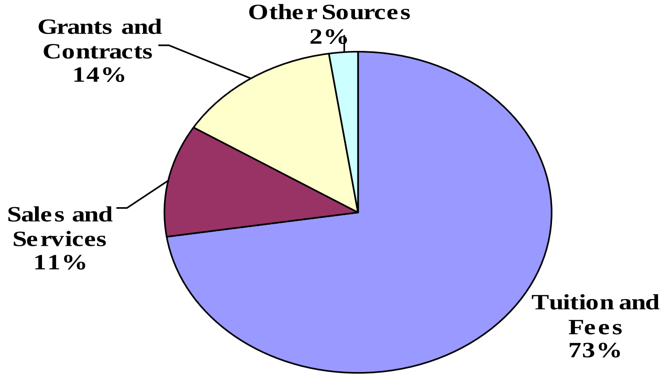
Liabilities and deferred inflows of resources: At June 30, 2019, the College's liabilities and deferred inflows of resources totaled $14,144,524. Current liabilities represented $815,246 or 6 percent, net pension/OPEB liability totaled $9,894,226 or 70 percent. Other long-term liabilities totaled $49,509 or .4 percent, long-term capital leases totaled $125,951 or .9 percent, and deferred inflows of resources totaled $3,259,592 or 23 percent of total liabilities and deferred inflows of resources.

Net Position: Net position at June 30, 2019 totaled $16,820,791. Net investment in capital assets totaled $20,503,357, restricted net position totaled $1,221,776 and unrestricted net position totaled ($4,904,342).

Statement of Revenues, Expenses, and Changes in Net Assets

	2019	2018
Operating Revenues:		
Tuition and fees	$ 2,452,747	$ 2,609,299
Grants and contracts	465,070	245,862
Auxiliary services	380,518	476,590
Other	80,528	144,728
Total operating revenues	3,378,863	3,476,479
Operating Expenses:		
Education and General	7,252,436	4,646,394
Depreciation	1,049,721	919,176
Auxiliary enterprises	388,503	463,237
Total operating expenses	8,690,660	6,028,807
Net operating income (loss)	(5,311,797)	(2,552,328)
Nonoperating Revenues:		
State appropriations	4,520,720	4,496,526
Interest and Fiscal Charges	0	(23,137)
Other nonoperating revenues	1,799,143	1,957,180
Net nonoperating revenues	6,319,863	6,430,569
Income before other revenues	1,008,066	3,878,241
Capital appropriations	161,415	243,891
Capital grants and gifts	35,289	2,401,952
Increase in net position	1,204,770	6,524,084
NET POSITION, beginning of year	15,616,021	9,091,937
NET POSITION, end of year	$ 16,820,791	$ 15,616,021

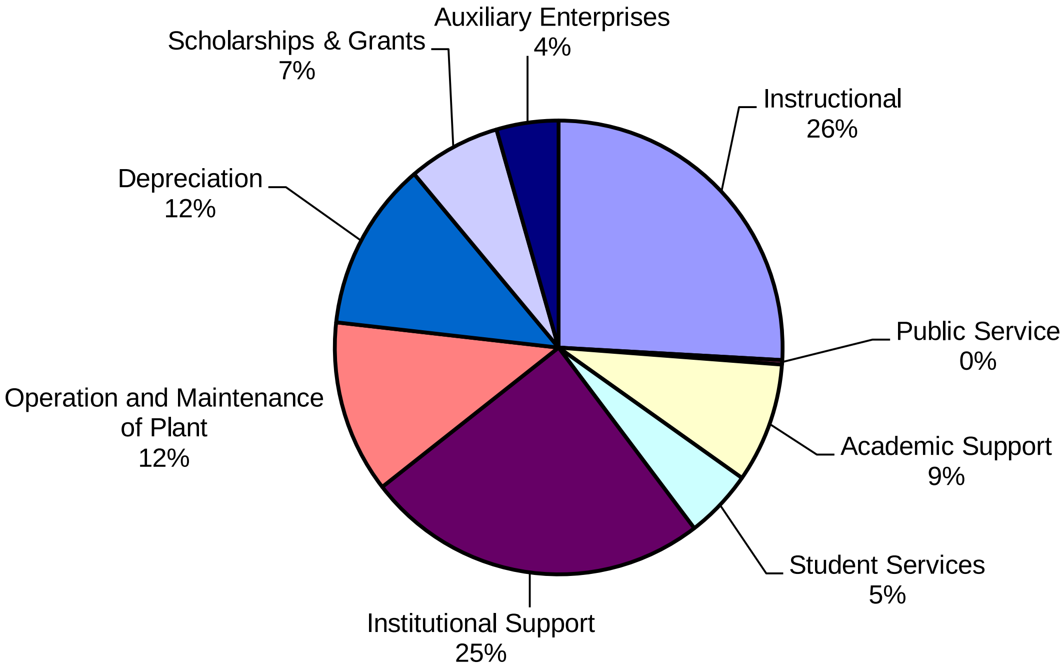
OPERATING REVENUES - FISCAL YEAR 2019



Total operating revenues were $3,378,863 for the year ended June 30, 2019. The most significant sources of operating revenue for the College are net tuition and fees which comprise 73 percent of total operating revenues, grants and contracts comprises 14% and auxiliary enterprises (bookstore) comprises 11 percent of total operating revenues.

There are other significant recurring sources of revenues essential to the operation of the College, including state appropriations, federal Pell grants, and investment income, which are considered nonoperating revenues as defined by GASB 35. The College's state appropriations for the year ended June 30, 2019, amounted to $4,520,720 and Pell grant awards amounted to $1,641,647.

OPERATING EXPENSES - FISCAL YEAR 2019



Operating expenses, including $1,049,721 of depreciation, totaled $8,690,660. As depicted in the chart above, the majority of the College's operating funds are expended for instructional (26 percent), institutional support (25 percent), plant operation (12 percent), and academic support (9 percent). One of the College's core values is to provide students' access to the College with the opportunity to succeed. The College's continued investment in student financial aid programs and student support services reflects this commitment. The increase in operating expenses is primarily due to changes to pension/OPEB accruals further explained in their respective notes.

The Statement of Cash Flows

Another way to assess the financial health of an institution is to look at the Statement of Cash Flows. Its primary purpose is to provide relevant information about the cash receipts and cash payments of an entity during a period. The Statement of Cash Flows also helps user access:

- an entity's ability to generate future net cash flows
- its ability to meet its obligations as they come due
- its need for external financing

Statement of Cash Flows

	2019	2018	Change
Cash provided by (used by):			
Operating activities	$ (6,396,202)	$ (6,665,843)	$ 269,641
Noncapital financing activities	6,191,517	6,359,671	(168,154)
Capital and related financing activities	(758,082)	(4,830,284)	4,072,202
Investing activities	1,116,584	4,743,975	(3,627,391)
Net increase (decrease) in cash	153,817	(392,481)	546,298
Cash, beginning of year	493,888	886,369	(392,481)
Cash, end of year	$ 647,705	$ 493,888	$ 153,817

Major cash sources of funds included in operating activities are student tuition and fees of $2,405,243, grants and contracts of $465,070 and auxiliary services of $377,497. The largest cash payments for operating activities were to employees for wages and benefits.

The largest cash receipts in the noncapital financing activities group are federal grants and the operating appropriation from the State of Ohio.

Capital and Debt Administration

Capital Assets

At June 30, 2019, the College had $20,762,572 invested in capital assets, net of accumulated depreciation of $10,420,438. Depreciation charges totaled $1,049,721 for the current fiscal year. Details of these assets for the two years are shown below:

	2019	2018	Change
Capital Assets			
Land and land improvements	$ 287,467	$ 326,543	$ (39,076)
Buildings and improvements	19,044,173	19,170,884	(126,711)
Machinery and equipment	1,380,592	1,213,369	167,223
Vehicles	31,465	42,970	(11,505)
Library books and materials	18,875	19,133	(258)
Totals	$ 20,762,572	$ 20,772,899	$ (10,327)

More detailed information about the College's capital assets is presented in Note 7 to the financial statements.

Debt

The College had no debt outstanding at June 30, 2019.

Economic Factors that will Affect the Future

Belmont College is committed to providing the highest quality academic opportunities possible, while simultaneously ensuring students have access to affordable higher education. As a political subdivision of the State of Ohio, Belmont receives a portion of its revenue through state support for higher education, also referred to as "state share of instruction." State funds significantly help to keep tuition rates low.

The college completed a major renovation of the Main Campus building in August 2018. The renovation of the 93,982-square foot main building included a complete roof replacement, with the exception of one section that was recently updated, as well as continued replacement and updating of the college's HVAC and lighting systems. More than 620 lights on the interior have been converted to LED lighting, as well as upgraded exterior lighting. These updates will make the building more energy efficient, as the former systems were original to the building and have been in place since 1971.

The building renovation also included adding a student services area for students. This update creates one location for students to register and enroll for classes. The following offices are now in one centralized location after the completed renovation for maximum efficiency and better service to students: advising, business, financial aid, recruiting, records, career services, and workforce development.

The complete list of building updates includes the following:

- HVAC & Lighting Phase II - The continuation of replacing portions of the Main Building's HVAC equipment and upgrading lighting throughout the building.
- Roof Replacement
- Window and Door Replacement - Windows and exterior doors that remain from the original building built in 1971 have been replaced.
- Student Services - The offices for Advising, Financial Aid, Records, Recruiting, Career Services, Receptionist, Business, and Workforce Development were reconfigured for maximum efficiency and better service for students. In conjunction, three outlying faculty offices have been relocated to the faculty suite area.
- Campus Shop/Bookstore relocation and update
- Student Lounge – An updated student lounge and gaming area have been created and centralized for student use.
- Classrooms – Many of the classrooms within the college received new flooring, fresh paint and updated technology
- Boardroom - The college boardroom has been relocated between the administration wings.
- Learning Commons – A quiet study area has been created specifically for group study and is located near the Library.
- Main Lobby – The Main Lobby has received cosmetic upgrades with new directional signage.
- Administrative Offices – Seven offices were reconfigured in the administrative hallway.
- Library - The Library has been redesigned to twenty-first century library standards in technology, design, and functionality.
- Door Hardware and Keying Replacement - The lock system upgrade has been completed for all doors, and card reader access.
- Fascia Upgrade - The exterior fascia of the building has been enhanced.
- Main Pedestrian Entrance - The addition of a main focal point to the pedestrian entrance and cosmetic changes to the main door now better define the main entrance of the building.
- Generator – A new generator has been installed to provide backup for vital areas including servers for online access, HVAC equipment and emergency lighting.
- Network Upgrade – a major upgrade to the college's networking infrastructure

As a result of the campus renovation project, Belmont College was nominated for an Excellence in Construction Award through Project BEST. Belmont also received the 2019 Community Improvement of the Year Award from the St. Clairsville Area Chamber of Commerce in recognition of the college's renovations. The renovation project represents a milestone in the development of the Belmont College campus. The impact of having these updated facilities will be felt, not only by those students who will receive their education here in the future, but the community as well.

In addition to the renovations, Belmont announced that the recently renovated Main Campus building has been renamed. The facility is now known as the Belmont College Academic Technical Center. The renaming of the main building represents and better reflects the college's recent renovation as well as updated mission to provide community leadership that promotes programs for economic development, career advancement, workforce development and community education that are responsive to business and industry.

Furthermore, the college has commenced plans to begin building renovations on their new Mechanical Technology Center (MTC). The 5,000-square foot MTC will be located in the former Northstar Polaris Dealership building which the college purchased in 2011. The building, originally built in 1998, is connected to the 54 acres of property that Belmont College owns between Hammond Road and State Route 331 in St. Clairsville. Once completed, the MTC will be the new home to Belmont's Heating Ventilation and Air Conditioning (HVAC) program which is currently housed in the Science and Engineering Building on the property of Ohio University Eastern. The center will have specialized ventilation for soldering, as well as classroom space for instruction in geothermal, solar, smart-technologies, and traditional HVAC technologies.

Another noteworthy change on campus is the reopening of the college's cafeteria. Under new management through Gatto Foods, the College Café offers a wide variety of food and beverage options for students, faculty and staff.

Additionally, the college recently held a dedication ceremony marking a new name for the auditorium area, which was built in 1988. The hall, formerly known as Horizon Hall, is now named the Thomas R. & Linda H. Dowler Hall. The hall is named for the late Mr. Thomas Dowler, former President of the Belmont College Foundation Board, and his wife Mrs. Linda Dowler. Mr. and Mrs. Dowler have played an integral part in building the Belmont College Foundation over the years. As long-time mentors, friends, and donors of the college, they have provided steadfastness and provision for legacy for well into the future.

Along with the new updates that the college has been implementing, the Ohio Department of Transportation completed the Hammond Road Connector project which created a new way to access the college's Main Campus and Health Sciences Center, as well as reducing congestion and improving safety. Traffic signals at the old intersection of State Route 331 and Hammond Road were removed and access is no longer permitted to Hammond Road from SR 331. All traffic wanting to travel on Hammond Road to Belmont College now uses the new Hammond Road Connector.

Belmont's renovations come on the heels of the opening of the college's Health Sciences Center. This facility, completed in 2015, features a two-story overlap design with state-of-the-art classroom and science labs for biology, anatomy, and chemistry. These high-tech classrooms are meant to enhance the learning environment and provide opportunities for students to nurture collaboration and creativity. The new facility is located near the Belmont College Main Campus overlooking Fox-Shannon Park.

Moreover, the college is entering into the fourth year of the 'BeConnected' initiative, which provides an iPad to every student, faculty member and the majority of staff members. The purpose of BeConnected is to encourage completion and retention, as well as to enhance the way Belmont College teaches and prepares students for the technology-driven careers that await them. An important benefit of iPad is the mobility and versatility of the device; students have the ability to use their iPad anywhere on campus, in the classroom, during internships, and in the field, providing them endless ways to learn new concepts and express their creativity. The initiative also supports the Belmont's Sustainability Program, as it is working to greatly reduce the need/cost for books, printing and paper supplies.

Moving forward, college administration has finalized a new strategic plan which has been approved by the College Board of Trustees.

Belmont College is conscientious of the financial implications regarding enrollment decline. While a recent decline in enrollment has occurred, Belmont has implemented a strategy combining calculated risk and budget adjustments to stabilize and enhance revenue where possible, and to compensate for revenue reduction where necessary.

The overall financial health of Belmont College is strong, having more than adequate cash flow and reserves. Though the business of higher education is rapidly changing, Belmont College is strategically positioned to adapt to the emerging paradigms.

Contacting the College's Financial Management

This financial report is designed to provide the Ohio Department of Education, our citizens, taxpayers, and investors and creditors with a general overview of the College's finances and to show the College's accountability for the money it received. If you have questions about this report, or need additional financial information, contact John S. Koucoumaris, Vice President Administrative Affairs, at Belmont College, 68094 Hammond Road, St. Clairsville, Ohio 43950.

BELMONT COLLEGE
BELMONT COUNTY, OHIO
STATEMENT OF NET POSITION
For the Fiscal Year Ended June 30, 2019

	Belmont College	Component Unit Belmont College Foundation
ASSETS		
Current Assets:		
Cash equivalents	$ 594,895	$ 35,212
Investments	5,418,539	600,566
Interest receivable	56,501	0
Accounts receivable, net	1,198,413	0
Supplies inventory, at cost	73,558	0
Total current assets	7,341,906	635,778
Noncurrent Assets:		
Restricted cash and cash equivalents	52,810	0
Restricted investments	82,850	364,825
Net OPEB Assets (see notes)	510,632	0
Capital assets, non-depreciable	276,000	0
Capital assets, net of accumulated depreciation	20,486,572	0
Total noncurrent assets	21,408,864	364,825
TOTAL ASSETS	28,750,770	1,000,603
DEFERRED OUTFLOWS OF RESOURCES		
Pension:		
STRS	1,823,024	0
SERS	301,340	0
OPEB:		
STRS	59,642	0
SERS	30,539	0
TOTAL DEFERRED OUTFLOWS OF RESOURCES	2,214,545	0
LIABILITIES		
Current Liabilities:		
Contracts payable	7,312	0
Accrued liabilities	301,416	1,154
Accrued vacation/sick leave	178,222	0
Capital lease	125,952	0
Deferred fees income	202,344	0
Total current liabilities	815,246	1,154
Noncurrent Liabilities:		
Accrued vacation/sick leave	49,509	0
Capital lease	125,951	0
Net Pension Liabilities (see notes)	8,949,224	0
Net OPEB Liabilities (see notes)	945,002	0
Total noncurrent liabilities	10,069,686	0
TOTAL LIABILITIES	10,884,932	1,154
DEFERRED INFLOWS OF RESOURCES		
Pension:		
STRS	1,819,468	0
SERS	338,839	0
OPEB:		
STRS	881,300	0
SERS	219,985	0
Total deferred inflows of resources	3,259,592	0
NET POSITION		
Net Investment in Capital Assets	20,503,357	0
Restricted:		
Nonexpendable:		
Scholarships	56,510	320,755
Expendable:		
Scholarships	95,028	203,477
Instructional Department uses	348,618	0
Capital projects	721,620	0
Unrestricted	(4,904,342)	475,217
TOTAL NET POSITION	$ 16,820,791	$ 999,449

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

BELMONT COLLEGE
BELMONT COUNTY, OHIO
STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN NET POSITION
For the Fiscal Year Ended June 30, 2019

	Belmont College	Component Unit Belmont College Foundation
REVENUE:		
Operating Revenues:		
Student tuition and fees (net of scholarship allowances of $341,979 & $1,192,821)	$ 2,452,747	$ 0
State grants and contracts	283,358	0
Federal grants and contracts	181,712	0
Private gifts and contracts	0	61,382
Auxiliary Enterprises:		
Sales and services	380,518	0
Other sources	80,528	0
Total revenues	3,378,863	61,382
EXPENSES:		
Operating Expenses:		
Educational and General:		
Instructional	2,249,251	0
Public service	27,207	0
Academic support	743,600	0
Student services	427,001	0
Institutional support	2,154,685	47,178
Operation and maintenance of plant	1,070,008	0
Depreciation	1,049,721	0
Scholarships and grants	580,684	0
Total Educational and General	8,302,157	47,178
Auxiliary Enterprises	388,503	0
Total Expenses	8,690,660	47,178
Operating Loss	(5,311,797)	14,204
NONOPERATING REVENUES (EXPENSES):		
State appropriations	4,520,720	0
Federal Grants & Contracts	1,641,647	0
Gifts	29,150	0
Investment income	128,346	75,316
Net nonoperating revenues	6,319,863	75,316
Income before other revenues, expenses, gains or losses	1,008,066	89,520
Capital appropriations	161,415	0
Capital grants and gifts	35,289	0
Total other revenues	196,704	0
Increase in Net Position	1,204,770	89,520
Net Position, Beginning of Year	15,616,021	909,929
Net Position, End of Year	$ 16,820,791	$ 999,449

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

BELMONT COLLEGE
STATEMENT OF CASH FLOWS
For the Fiscal Year Ended June 30, 2019

	Belmont College	Component Unit Belmont College Foundation
INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS		
Cash Flows from Operating Activities:		
Tuition and fees	$ 2,405,243	$ 0
Grants and contracts	465,070	61,382
Payments to suppliers	(2,271,864)	(58,644)
Payments for utilities	(300,949)	0
Payments to employees	(5,134,379)	0
Payments for benefits	(1,436,664)	0
Payments for scholarships and grants	(580,684)	0
Auxiliary Enterprises:		
Book Store	377,497	0
Other receipts	80,528	0
Net cash provided by (used by) operating activities	(6,396,202)	2,738
Cash Flows from Non-Capital and Related Financing Activities:		
State appropriations	4,520,720	0
Federal Grants (Pell Grant - Non Operating)	1,641,647	0
Gifts and grants	29,150	0
Net cash provided by non-capital and related financing activities	6,191,517	0
Cash Flows from Capital and Related Financing Activities:		
Purchase of capital assets	(828,834)	0
Principal Paid on Leases	(125,952)	0
Capital Grants	35,289	0
Capital Appropriations	161,415	0
Net cash used by capital and related financing activities	(758,082)	0
Cash Flows from Investing Activities:		
Interest on investments	116,703	75,316
Proceeds from sales and maturities of investments	999,881	0
Purchase of investments	0	(164,068)
Net cash used by noncapital financing activities	1,116,584	(88,752)
Net increase (decrease) in cash and cash equivalents	153,817	(86,014)
Cash and Cash Equivalents, beginning of year	493,888	121,226
Cash and Cash Equivalents, end of year	647,705	35,212
RECONCILIATION OF OPERATING GAIN (LOSS) TO NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES:		
Operating gain (loss)	(5,311,797)	14,204
Adjustments to reconcile operating loss to net cash provided (used) by operating activities:		
Depreciation	1,049,721	0
(Increase)/Decrease in Assets and Deferred Outflows of Resources:		
Receivables, net	(14,638)	0
Inventories	10,928	0
Deferred Outflows Pension: STRS	654,553	0
Deferred Outflows Pension: SERS	53,022	0
Deferred Outflows OPEB: STRS	13,833	0
Deferred Outflows OPEB: SERS	(9,379)	0
Increase/(Decrease) in Liabilities and Deferred Inflows of Resources:		
Accrued liabilities	(3,282)	(11,466)
Net Pension Liabilities	(941,650)	0
Net OPEB Liabilities/(Asset)	(1,792,291)	0
Deferred Inflows Pension: STRS	(457,179)	0
Deferred Inflows Pension: SERS	(264,237)	0
Deferred Inflows OPEB: STRS	643,585	0
Deferred Inflows OPEB: SERS	52,171	0
Compensated absences	(43,675)	0
Deferred revenue	(35,887)	0
Net cash used by operating activities	$ (6,396,202)	$ 2,738

NONCASH TRANSACTIONS:

During fiscal year 2019, the College entered into a capital lease amounting to $377,855 for technology equipment.
At June 30, 2018, the College purchased $167,295 in capital assets on account.

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

NOTE 1 - DESCRIPTION OF THE REPORTING ENTITY

Belmont College is a body politic and corporate established for the purpose of exercising the rights and privileges conveyed to it by the constitution and the laws of the State of Ohio. Belmont College is a technical college as defined by Section 3357.01 of the Ohio Revised Code. The College operates under an appointed Board of Trustees.

Management believes the financial statements included in this report represent all of the funds of the College over which the College has the ability to exercise direct operating control.

Belmont College Foundation (Foundation) is a legally separate, tax-exempt organization supporting the College. The Foundation acts primarily as a fundraising organization to supplement the resources that are available to the College in support of its programs. Although the College does not control the timing or amount of receipts from the Foundation, the majority of resources, or incomes thereon, that the Foundation holds and invests, are restricted to the activities of the College by donors. Based upon the provisions in *Governmental Accounting Standards Board* (GASB) *Statement No. 14 – Reporting Entity* and subsequent amendments in GASB Statement No. 39, the Foundation is considered a component unit of the College and is discretely presented in the College's financial statements.

NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A. Basis of Presentation

The accompanying financial statements are presented in accordance with accounting principles generally accepted in the United States of America as prescribed by the Government Accounting Standards Board (GASB).

Pursuant to the provisions of 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* the full scope of the College's activities is considered to be a single business-type activity (BTA) and accordingly, is reported within a single column in the basic financial statements.

B. Basis of Accounting

The financial statements of the College have been prepared using the economic resource measurement focus and the accrual basis of accounting. Under the accrual basis, revenues are recognized when earned, and expenses are recorded when an obligation has been incurred. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider have been met.

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

NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

C. Cash and Cash Equivalents

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

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

D. Investments

Investments, when purchased, are stated at cost and, if received through gift, at market value at the date of gift if a market value is available; otherwise, they are stated at an appraisal or nominal value. The College has invested in certificates of deposit and STAR Ohio during the fiscal year.

E. Receivables

Receivables consist of tuition and fees and charges to students and charges for auxiliary enterprises' sales and services. Receivables also include amounts due from the Federal government, state and local governments, and private sources in connections with reimbursements of allowable expenditures made pursuant to contracts and grants, and pledges that are verifiable, measurable, and expected to be collected and available for expenditures for which the resource provider's conditions have been satisfied. Receivables are recorded net of estimated uncollectible amounts.

F. Allowance for Doubtful Accounts

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

G. Inventories

Inventories, consisting of expendable supplies and merchandise for resale, are stated at the lower of cost or market value using the first-in, first-out method.

H. Capital Assets

Capital assets are stated at cost at date of acquisition or acquisition at date of donation in the case of gifts. The College capitalizes assets that have a value or cost in excess of $5,000 at the date of acquisition and an expected useful life of one or more years. Library books are significant in the aggregate and are therefore also capitalized.

NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Depreciation is computed using the straight-line method over the estimated useful lives of the assets, generally 10 to 50 years for buildings, 3 to 15 years for equipment, 10 years for vehicles and 5 years for library books and materials.

I. Restricted Assets

Restricted assets represent assets whose use is restricted by external parties or by law through constitutional provisions or enabling legislation.

J. Noncurrent Long-Term Liabilities

Noncurrent long-term liabilities include compensated absences and capital leases that will not be paid within the next fiscal year as well as the net pension and net OPEB liabilities (see Notes 11 and 12.)

K. Compensated Absences

The College has adopted GASB No. 16.

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

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

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

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

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

NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

L. Deferred Outflows/Inflows of Resources

In addition to assets, the statements of financial position will sometimes report a separate section for deferred outflows of resources. Deferred outflows of resources represent a consumption of net position that applies to a future period and will not be recognized as an outflow of resources (expense/expenditure) until then. For the College, deferred outflows of resources are reported on the statement of net position for pension and OPEB. The deferred outflows of resources related to pension and OPEB are explained in Note 11 and 12.

In addition to liabilities, the statements of financial position report a separate section for deferred inflows of resources. Deferred inflows of resources represent an acquisition of net position that applies to a future period and will not be recognized until that time. For the College, deferred inflows of resources are for pension and OPEB related inflows. Deferred inflows of resources related to pension and OPEB are reported on the statement of net position and are explained in Note 11 and 12.

M. Pensions and Other Postemployment Benefits (OPEB)

For purposes of measuring the net pension/OPEB asset/liability, deferred outflows of resources and deferred inflows of resources related to pension/OPEB, and pension/OPEB expense; information about the fiduciary net position of the pension/OPEB plans and additions to/deductions from their fiduciary net positon have been determined on the same basis as they are reported by the pension/OPEB plan. For this purpose, benefit payments (including refunds of employee contributions) are recognized when due and payable in accordance with the benefit terms. The pension/OPEB plans report investments at fair value.

N. Net Position

The College's net position is classified as follows:

Net Investment in Capital Assets – This represents the College's total investment in capital assets, net of accumulated depreciation and outstanding debt obligations related to those capital assets.

Restricted Net Position – Nonexpendable – Nonexpendable restricted net position includes endowments and similar type assets whose use is limited by donors or other outside sources and as a condition of the gift, the principal is to be maintained in perpetuity.

Restricted Net Position – Expendable – Expendable restricted net position includes resources in which the College is legally or contractually obligated to spend the resources in accordance with restrictions imposed by external parties.

Unrestricted Net Position – Unrestricted net position includes resources derived from student tuition and fees, sales and services, unrestricted gifts, and interest income.

Restricted and unrestricted resources are tracked using a fund accounting system and are spent in accordance with established fund authorities. Fund authorities provide rules for the fund activity and are separately established for restricted and unrestricted activities. When both restricted and unrestricted funds are available for expenditure, the decision for funding is transactional based within the departmental management system in place at the College.

NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

O. Scholarship Allowances

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

P. Operating Activity

The College defines operating activities, as reported on the statement of revenues, expenses, and changes in net position, as those that generally results from exchange transactions, such as payments received for providing goods and services and payments made for services and goods received. Nearly all of the College's expenses are from exchange transactions. Certain significant revenues relied upon for operations, such as state appropriations, grants, contracts and investments income, are recorded as non-operating revenues, in accordance with GASB Statement No. 35.

In addition, the GASB Implementation Guide has indicated PELL grants should be considered non-operating revenues beginning in fiscal year 2009.

Q. Budgetary Process

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

R. Income Taxes

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

S. Use of Estimates

Management of the College has made estimates and assumptions relating to the reporting of assets and liabilities to prepare these financial statements in conformity with accounting principles generally accepted in the United States of America. Actual results could differ from those estimates.

NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

T. Implementation of New Accounting Policies

For the fiscal year ended June 30, 2019, the College has implemented Governmental Accounting Standards Board (GASB) Statement No. 83, *Certain Asset Retirement Obligations* and GASB Statement No. 88, *Certain Disclosures Related to Debt, include Direct Borrowings and Direct Placements*.

GASB Statement No. 83 establishes criteria for determining the timing and pattern of recognition of a liability and a corresponding deferred outflow of resources for asset retirement obligations. The implementation of GASB Statement No. 83 did not have an effect on the financial statements of the College.

GASB Statement No. 88 establishes additional financial statement note disclosure requirements related to debt obligations of governments, including debt borrowings and direct placements. These changes were incorporated in the College's fiscal year 2019 financial statements; however, there was no effect on beginning net position.

NOTE 3 – STATE SUPPORT

The College is a state-assisted institution of higher education which receives a student-based subsidy from the State of Ohio. This subsidy is determined annually based on a formula devised by the Ohio Board of Regents.

In addition to the student subsidies, the State of Ohio provides the funding for the construction of major plant facilities on the College's campus. The funding is obtained from the issuance of special obligation bonds issued by the Ohio Public Facilities Commission (OPFC), which precedes in turn causes, the construction of subsequent lease of the facility to the Ohio Board of Regents. Upon completion of a facility, the Board of Regents turns over control to the College, which capitalizes the cost thereof.

Neither the obligation for special obligation bonds issued by OPFC, nor the annual debt service charges for principal and interest on the bonds are reflected in the College's financial statements. These costs are currently being funded through appropriations to the Board of Regents by the General Assembly.

The facilities are not pledged as collateral for the special obligation bonds. Instead, the bonds are supported by a pledge of monies in the Higher Education Bond Service Fund established in the custody of the Treasurer of State. If sufficient monies are not available from this fund, a pledge exists to assess a special student fee uniformly applicable to students in the state-assisted institutions of higher education throughout the state.

A. Construction in progress for any portion of the facilities being financed by state agencies for use by the College should be recorded on the College's books of account until such time as the facility is completed.

B. Outstanding debt issued by OPFC is not included on the College's balance sheet. In addition, the appropriations by the General Assembly to the Board of Regents for payment of debt service are not reflected as appropriation revenue received by the College, and the related debt service payments are not recorded in the College's accounts.

NOTE 4 – DEPOSITS AND INVESTMENTS

State statute classifies monies held by the College into three categories.

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

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

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

Protection of the College's deposits is provided by the Federal Deposit Insurance Corporation (FDIC), by eligible securities pledged by the financial institution as security for repayment, or by the financial institutions participation in the Ohio Pooled Collateral System (OPCS), a collateral pool of eligible securities deposited with a qualified trustee and pledged to the Treasurer of State to secure the repayment of all public monies deposited in the financial institution.

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

1. United States Treasury Notes, Bills, Bonds, or any other obligation or security issued by the United States Treasury or any other obligation guaranteed as to principal and interest by the United States;

2. Bonds, notes, debentures, or any other obligations or securities issued by any federal government agency or instrumentality, including but not limited to, the Federal National Mortgage Association, Federal Home Loan Bank, Federal Farm Credit Bank, Federal Home Loan Mortgage Corporation, Government National Mortgage Association, and Student Loan Marketing Association. All federal agency securities shall be direct issuances of federal government agencies or instrumentalities;

3. Written repurchase agreements in the securities listed above provided that the market value of the securities subject to the repurchase agreement must exceed the principal value of the agreement by at least two percent and be marked to market daily, and that the term of the agreement must not exceed thirty days;

4. Bonds and other obligations of the State of Ohio;

5. No-load money market mutual funds consisting exclusively of obligations described in division (1) or (2) of this section and repurchase agreements secured by such obligations, provided that investments in securities described in this division are made only through eligible institutions;

NOTE 4 – DEPOSITS AND INVESTMENTS (CONTINUED)

6. The State Treasurer's investment pool (STAR Ohio and STAR Plus);

7. Certain bankers' acceptances and commercial paper notes for a period not to exceed one hundred and eighty and two hundred and seventy days, respectively, in an amount not to exceed forty percent of the interim moneys available for investment at any on time; and,

8. Under limited circumstances, corporate debt interests rated in either of the two highest rating classifications by at least two nationally recognized rating agencies.

Investments in stripped principal or interest obligations, reverse repurchase agreements and derivatives are prohibited. The issuance of taxable notes for the purpose of arbitrage, the use of leverage and short selling are also prohibited. An investment must mature within five years from the date of purchase unless matched to a specific obligation or debt of the College and must be purchased with the expectation that it will be held to maturity. Investments may only be made through specified dealers and institutions. Payment for investments may be made only upon delivery of the securities representing the investments to the Treasurer or qualified trustee or, if the securities are not represented by a certificate, upon receipt of confirmation of transfer from the custodian.

Deposits **-** At year-end, $582,853 of the College's bank balance of $2,273,817 was exposed to custodial credit risk. Although the securities were held by the pledging financial institutions' trust department in the College's name and all statutory requirements for the investment of money had been followed, noncompliance with Federal requirements could potentially subject the College to a successful claim by the FDIC.

Custodial Credit Risk Custodial credit risk for deposits is the risk that in the event of a bank failure, the College will not be able to recover deposits or collateral securities that are in possession of an outside party. The College has no deposit policy for custodial risk beyond the requirements of State statute. Ohio law requires that deposits either be insured or protected by:

- Eligible securities pledged to the College and deposited with a qualified trustee by the financial institution as security for repayment whose market value at all times shall be at least 105 percent of the deposits being secured; or

- Participation in the Ohio Pooled Collateral System (OPCS), a collateral pool of eligible securities deposited with a qualified trustee and pledged to the Treasurer of State to secure the repayment of all public monies deposited in the financial institution. OPCS required the total market value of the securities pledged to be 102 percent of the deposits being secured or a rate set by the Treasurer of State.

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NOTE 4 – DEPOSITS AND INVESTMENTS (CONTINUED)

Investments:

As of June 30, 2019, the College had the following investments and maturities:

S & P Global Rating	Investment Type	Measurement Amount	Investment Maturities 12 Months or Less	Percent of Total
	Net Asset Value (NAV):			
AAAm	STAR Ohio	5,120	5,120	0.10%
	Fair Value:			
N/A	Negotiable Certificates of Deposit	5,154,270	5,154,270	99.90%
	Total	$ 5,159,390	$ 5,159,390	100.00%

The College categorizes its fair value measurements within the fair value hierarchy established by generally accepted accounting principles. The hierarchy is based on the valuation inputs used to measure the fair value of the asset. Level 1 inputs are quoted prices in active markets for identical assets. Level 2 inputs are significant other observable inputs. Level 3 inputs are significant unobservable inputs. The above table identifies the College's recurring fair value measurements as of June 30, 2019. The College's investments measured at fair value are valued using methodologies that incorporate market inputs such as benchmark yields, reported trades, broker/dealer quotes, issuer spreads, two-sided markets, benchmark securities, bids, offers, and reference data including market research publications. Market indicators and industry and economic events are also monitored which could require the need to acquire further market data (Level 2 inputs).

NOTE 5 - RECEIVABLES

Receivables at June 30, 2019 were as follows:

	Gross Receivables	Allowance for Doubtful Accounts	Net Receivables
Current Receivables:			
Students	$ 1,853,375	$ (855,000)	$ 998,375
Interest	56,501	0	56,501
Other	200,038	0	200,038
Total Current Receivables	$ 2,109,914	$ (855,000)	$ 1,254,914

NOTE 6 - DONOR RESTRICTED ENDOWMENTS

If a donor has not provided specific instructions, state law permits the Board to authorize for expenditure the new appreciation (realized and unrealized) of the investments of endowment funds. When administering its power to spend net appreciation, the Board is required to consider the College's "long- and short-term needs, present and anticipated financial requirements, expected total return on its investments, price-level trends, and general economic conditions." Any net appreciation that is spent is required to be spent for the purposes for which the endowment was established. All expenditures must be approved by the Board.

At June 30, 2019, there was no net appreciation on donor restricted assets available to be spent.

NOTE 7 – CAPITAL ASSETS

A summary of the changes in the capital assets is presented as follows:

	Balance June 30, 2018	Additions	Reductions	Balance June 30, 2019
Capital Assets, Non Depreciable:				
Land	$ 276,000	$ 0	$ 0	$ 276,000
Total Non-depreciable	276,000	0	0	276,000
Capital Assets, Depreciable:				
Land Improvements	738,647	0	0	738,647
Buildings and improvements	25,688,454	514,998	0	26,203,452
Machinery and Equipment	2,907,664	515,090	15,364	3,407,390
Motor Vehicles	234,330	0	0	234,330
Library books and materials	330,895	9,306	17,010	323,191
Total Depreciable	29,899,990	1,039,394	32,374	30,907,010
Less Accumulated Depreciation:				
Land Improvements	688,104	39,076	0	727,180
Buildings and improvements	6,517,570	641,709	0	7,159,279
Machinery and Equipment	1,694,295	347,867	15,364	2,026,798
Motor Vehicles	191,360	11,505	0	202,865
Library books and materials	311,762	9,564	17,010	304,316
Total Accumulated Depreciation	9,403,091	1,049,721	32,374	10,420,438
Total Capital Assets, Depreciable, net	20,496,899	(10,327)	0	20,486,572
Capital Assets, net	$ 20,772,899	$ (10,327)	$ 0	$ 20,762,572

NOTE 8 – LONG-TERM LIABILITIES

A summary of changes in long-term liabilities is as follows:

	Balance July 1, 2018	Additions	Reductions	Balance June 30, 2019	Current Portion
Net Pension Liability:					
SERS	$ 2,141,277	$ 0	$ 179,212	$ 1,962,065	$ 0
STRS	7,749,597	0	762,438	6,987,159	0
Total Net Pension Liability	9,890,874	0	941,650	8,949,224	0
Net OPEB Liability:					
SERS	953,843	0	8,841	945,002	0
STRS	1,272,818	0	1,272,818	0	0
Total Net OPEB Liability	2,226,661	0	1,281,659	945,002	0
Capital Lease Payable	0	377,855	125,952	251,903	125,952
Compensated Absences	271,406	0	43,675	227,731	178,222
Total Long-Term Liabilities	$ 12,388,941	$ 377,855	$ 2,392,936	$ 10,373,860	$ 304,174

NOTE 9 – CAPITAL LEASES

In fiscal year 2019, the College entered into a capital lease for IPAD's. These lease obligations meet the criteria of a capital lease and has been recorded as capital assets on the statement of net position. The assets acquired by the leases were capitalized in the amount of $377,855, which was equal to the present value of the future minimum lease payments at the time of acquisition. The lease will be paid in three equal annual installments. A corresponding liability was recorded and is reduced for each required principal payment. Capitalized lease assets are reflected net of accumulated depreciation in the amount of $251,903.

The following is a schedule of future minimum lease payments under the capital lease as of June 30, 2019.

	Amount
Fiscal Year Ending June 30, 2020	$ 125,952
2021	125,951
	251,903
Less: amount representing interest	0
Present Value of net minium lease payments	$ 251,903

NOTE 10 – OPERATING EXPENSES BY FUNCTION AND NATURAL CLASS

	Salaries and Benefits	Scholarships and Fellowships	Utilities	Supplies and Other Services	Depreciation	Total
Instruction & departmental research	$ 1,811,299	$ 0	$ 0	$ 437,952	$ 0	$ 2,249,251
Public service	9,105	0	0	18,102	0	27,207
Academic support	570,563	0	0	173,037	0	743,600
Student services	387,620	0	0	39,381	0	427,001
Institutional support	1,215,492	0	0	939,193	0	2,154,685
Operations and maintenance	425,458	0	300,949	343,601	0	1,070,008
Scholarships & grants	0	580,684	0	0	0	580,684
Auxiliary enterprises	61,324	0	0	327,179	0	388,503
Depreciation	0	0	0	0	1,049,721	1,049,721
Totals	$ 4,480,861	$ 580,684	$ 300,949	$ 2,278,445	$ 1,049,721	$ 8,690,660

NOTE 11 - DEFINED BENEFIT PENSION PLANS

Net Pension Liability

The net pension liability reported on the statement of net position represents a liability to employees for pensions. Pensions are a component of exchange transactions—between an employer and its employees—of salaries and benefits for employee services. Pensions are provided to an employee—on a deferred-payment basis—as part of the total compensation package offered by an employer for employee services each financial period. The obligation to sacrifice resources for pensions is a present obligation because it was created as a result of employment exchanges that already have occurred.

The net pension liability represents the College's proportionate share of each pension plan's collective actuarial present value of projected benefit payments attributable to past periods of service, net of each pension plan's fiduciary net position. The net pension liability calculation is dependent on critical long-term variables, including estimated average life expectancies, earnings on investments, cost of living adjustments and others. While these estimates use the best information available, unknowable future events require adjusting this estimate annually.

Ohio Revised Code limits the College's obligation for this liability to annually required payments. The College cannot control benefit terms or the manner in which pensions are financed; however, the College does receive the benefit of employees' services in exchange for compensation including pension.

GASB 68 assumes the liability is solely the obligation of the employer, because (1) they benefit from employee services; and (2) State statute requires all funding to come from these employers. All contributions to date have come solely from these employers (which also includes costs paid in the form of withholdings from employees). State statute requires the pension plans to amortize unfunded liabilities within 30 years. If the amortization period exceeds 30 years, each pension plan's board must propose corrective action to the State legislature. Any resulting legislative change to benefits or funding could significantly affect the net pension liability. Resulting adjustments to the net pension liability would be effective when the changes are legally enforceable.

NOTE 11 - DEFINED BENEFIT PENSION PLANS (CONTINUED)

The proportionate share of each plan's unfunded benefits is presented as a long-term *net pension liability*. Any liability for the contractually-required pension contribution outstanding at the end of the year is included in *accrued liabilities* on the financial statements.

Plan Description - School Employees Retirement System (SERS)

Plan Description – College non-teaching employees participate in SERS, a statewide, cost-sharing multiple-employer defined benefit pension plan administered by SERS. SERS provides retirement, disability and survivor benefits to plan members and beneficiaries. Authority to establish and amend benefits is provided by Ohio Revised Code Chapter 3309. SERS issues a publicly available, stand-alone financial report that includes financial statements, required supplementary information and detailed information about SERS' fiduciary net position. That report can be obtained by visiting the SERS website at www.ohsers.org under Employers/Audit Resources.

Age and service requirements for retirement are as follows:

	Eligible to Retire before August 1, 2017*	Eligible to Retire on or after August 1, 2017
Full Benefits	Any age with 30 years of service credit	Age 67 with 10 years of service credit; or Age 57 with 30 years of service credit
Actuarially Reduced Benefits	Age 60 with 5 years of service credit Age 55 with 25 years of service credit	Age 62 with 10 years of service credit; or Age 60 with 25 years of service credit

*Members with 25 years of service credit as of August 1, 2017, will be included in this plan.

Annual retirement benefits are calculated based on final average salary multiplied by a percentage that varies based on year of service; 2.2 percent for the first 30 years of service and 2.5 percent for years of service credit over 30. Final average salary is the average of the highest three years of salary.

Funding Policy – Plan members are required to contribute 10 percent of their annual covered salary and the College is required to contribute 14 percent of annual covered payroll. The contribution requirements of plan members and employers are established and may be amended by the SERS' Retirement Board up to statutory maximum amounts of 10 percent for plan members and 14 percent for employers. The Retirement Board, acting with the advice of the actuary, allocates the employer contribution rate among four of the System's funds (Pension Trust Fund, Death Benefit Fund, Medicare B Fund, and Health Care Fund). For the fiscal year ended June 30, 2019, the allocation to pension, death benefits, and Medicare B was 13.5 percent. SERS allocated 0.5 percent of employer contributions to the Health Care Fund for fiscal year 2019.

The College's contractually required contribution to SERS was $149,422 for fiscal year 2019. Of this amount, $0 is reported as an accrued liability.

NOTE 11 - DEFINED BENEFIT PENSION PLANS (CONTINUED)

Plan Description - State Teachers Retirement System (STRS)

Plan Description – College licensed teachers and other faculty members participate in STRS Ohio, a cost-sharing multiple-employer public employee retirement system administered by STRS. STRS provides retirement and disability benefits to members and death and survivor benefits to beneficiaries. STRS issues a stand-alone financial report that includes financial statements, required supplementary information and detailed information about STRS' fiduciary net position. That report can be obtained by writing to STRS, 275 E. Broad St., Columbus, OH 43215-3771, by calling (888) 227-7877, or by visiting the STRS Web site at www.strsoh.org.

New members have a choice of three retirement plans; a Defined Benefit (DB) Plan, a Defined Contribution (DC) Plan and a Combined Plan. Benefits are established by Ohio Revised Code Chapter 3307. For the DB Plan, from August 1, 2015–July 1, 2017, any member could retire with reduced benefits who had (1) five years of service credit and age 60; (2) 26 years of service credit and age 55; or (3) 30 years of service credit regardless of age. Effective August 1, 2017–July 1, 2019, any member may retire with reduced benefits who has (1) five years of service credit and age 60; (2) 27 years of service credit and age 55; or (3) 30 years of service credit regardless of age. Eligibility changes will continue to be phased in through August 1, 2026, when retirement eligibility for unreduced benefits will be five years of service credit and age 65, or 35 years of service credit and at least age 60. Retirement eligibility for reduced benefits will be five years of service credit and age 60, or 30 years of service credit regardless of age.

The DC Plan allows members to place all their member contributions and 9.5 percent of the 14 percent employer contributions into an investment account. Investment allocation decisions are determined by the member. The remaining 4.5 percent of the 14 percent employer rate is allocated to the defined benefit unfunded liability. Effective July 1, 2017, employer contributions of 9.53 percent are placed in the investment accounts and the remaining 4.47 percent of the 14 percent 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.

The Combined Plan offers features of both the DB Plan and the DC Plan. In the Combined Plan, 12 percent of the 14 percent member rate goes to the DC Plan and the remaining 2 percent is applied to the DB Plan. In the Combined Plan, member contributions are allocated among investment choices by the member, and employer contributions are used to fund a defined benefit payment. A member's defined benefit is determined by multiplying one percent 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 with five years of service. The DC portion of the account may be taken as a lump sum or converted to a lifetime monthly annuity at age 50 and termination of employment.

New members who choose the DC plan or Combined Plan will have another opportunity to reselect a permanent plan during their fifth year of membership. Members may remain in the same plan or transfer to another STRS plan. The optional annuitization of a member's defined contribution account or the defined contribution portion of a member's Combined Plan account to a lifetime benefit results in STRS bearing the risk of investment gain or loss on the account. STRS has therefore included all three plan options as one defined benefit plan for GASB 68 reporting purposes.

NOTE 11 - DEFINED BENEFIT PENSION PLANS (CONTINUED)

A DB or Combined Plan member with five or more years of credited service who is determined to be disabled may qualify for a disability benefit. Eligible survivors of members who die before service retirement may qualify for monthly benefits. New members on or after July 1, 2013, must have at least ten years of qualifying service credit to apply for disability benefits. Members in the DC Plan who become disabled are entitled only to their account balance. If a member of the DC Plan dies before retirement benefits begin, the member's designated beneficiary is entitled to receive the member's account balance.

Funding Policy – Employer and member contribution rates are established by the State Teachers Retirement Board and limited by Chapter 3307 of the Ohio Revised Code. For the fiscal year ended June 30, 2019, plan members were required to contribute 14 percent of their annual covered salary. The College was required to contribute 14 percent; the entire 14 percent was the portion used to fund pension obligations. The fiscal year 2019 contribution rates were equal to the statutory maximum rates.

The College's contractually required contribution to STRS was $423,484 for fiscal year 2019. Of this amount, $27,331 is reported as an accrued liability.

Pension Liabilities, Pension Expense, and Deferred Outflows/Inflows of Resources Related to Pensions

The net pension liability was measured as of June 30, 2018, and the total pension liability used to calculate the net pension liability was determined by an independent actuarial valuation as of that date. The College's employer allocation percentage of the net pension liability was based on the employer's share of employer contributions in the pension plan relative to the total employer contributions of all participating employers. Following is information related to the proportionate share and pension expense:

	SERS	STRS	Total
Proportion of the Net Pension Liability:			
Current Measurement Date	0.03425880%	0.03177750%	
Prior Measurement Date	0.03583860%	0.03262272%	
Change in Proportionate Share	-0.00157980%	-0.00084522%	
Proportionate Share of the Net Pension Liability	$ 1,962,065	$ 6,987,159	$ 8,949,224
Pension Expense	$ (241,005)	$ (141,580)	$ (382,585)

Deferred outflows/inflows of resources represent the effect of changes in the net pension liability due to the difference between projected and actual investment earnings, differences between expected and actual actuarial experience, changes in assumptions and changes in the College's proportion of the collective net pension liability. The deferred outflows and deferred inflows are to be included in pension expense over current and future periods. The difference between projected and actual investment earnings is recognized in pension expense using a straight line method over a five year period beginning in the current year. Deferred outflows and deferred inflows resulting from changes in sources other than differences between projected and actual investment earnings are amortized over the average expected remaining service lives of all members (both active and inactive) using the straight line method. Employer contributions to the pension plan subsequent to the measurement date are also required to be reported as a deferred outflow of resources.

At June 30, 2019 the College reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

NOTE 11 - DEFINED BENEFIT PENSION PLANS (CONTINUED)

	SERS	STRS	Total
Deferred Outflows of Resources			
Differences between Expected and Actual Experience	$ 107,609	$ 161,284	$ 268,893
Changes of Assumptions	44,309	1,238,256	1,282,565
Changes in Proportion and Differences between College Contributions and Proportionate Share of Contributions	0	0	0
College Contributions Subsequent to the Measurement Date	149,422	423,484	572,906
Total Deferred Outflows of Resources	$ 301,340	$ 1,823,024	$ 2,124,364
Deferred Inflows of Resources			
Differences between Expected and Actual Experience	$ 0	$ 45,631	$ 45,631
Net Difference between Projected and Actual Earnings on Pension Plan Investments	54,365	423,693	478,058
Changes in Proportion and Differences between College Contributions and Proportionate Share of Contributions	284,474	1,350,144	1,634,618
Total Deferred Inflows of Resources	$ 338,839	$ 1,819,468	$ 2,158,307

$572,906 reported as deferred outflows of resources related to pension resulting from College contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the fiscal year ending June 30, 2020. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pension will be recognized in pension expense as follows:

	SERS	STRS	Total
Fiscal Year Ending June 30:			
2020	$ (75,411)	$ (204,226)	$ (279,637)
2021	(30,448)	14,602	(15,846)
2022	(64,391)	(102,876)	(167,267)
2023	(16,671)	(127,428)	(144,099)
	$ (186,921)	$ (419,928)	$ (606,849)

Actuarial Assumptions - SERS

SERS' total pension liability was determined by their actuaries in accordance with GASB Statement No. 67, as part of their annual actuarial valuation for each defined benefit retirement plan. Actuarial valuations of an ongoing plan involve estimates of the value of reported amounts (e.g., salaries, credited service) and assumptions about the probability of occurrence of events far into the future (e.g., mortality, disabilities, retirements, employment terminations). Actuarially determined amounts are subject to continual review and potential modifications, as actual results are compared with past expectations and new estimates are made about the future.

NOTE 11 - DEFINED BENEFIT PENSION PLANS (CONTINUED)

Projections of benefits for financial reporting purposes are based on the substantive plan (the plan as understood by the employers and plan members) and include the types of benefits provided at the time of each valuation and the historical pattern of sharing benefit costs between the employers and plan members to that point. The projection of benefits for financial reporting purposes does not explicitly incorporate the potential effects of legal or contractual funding limitations.

Actuarial calculations reflect a long-term perspective. For a newly hired employee, actuarial calculations will take into account the employee's entire career with the employer and also take into consideration the benefits, if any, paid to the employee after termination of employment until the death of the employee and any applicable contingent annuitant. In many cases, actuarial calculations reflect several decades of service with the employer and the payment of benefits after termination.

Key methods and assumptions used in calculating the total pension liability in the latest actuarial valuation, prepared as of June 30, 2018, are presented below:

Wage Inflation	3.00 percent
Future Salary Increases, including inflation	3.50 percent to 18.20 percent
Investment Rate of Return	7.50 percent net of investment expense, including inflation
Actuarial Cost Method	Entry Age Normal (Level Percent of Payroll)
COLA or Ad Hoc COLA	2.50 percent, on and after April 1, 2018, COLA's for future retirees will be delayed for three years following commencement

Date of most recent experience study was June 30, 2015.

For post-retirement mortality, the table used in evaluating allowances to be paid is the RP-2014 Blue Collar Mortality Table with fully generational projection and Scale BB, with 120 percent of male rates and 110 percent of female rates used. The RP-2000 Disabled Mortality Table with 90 percent for male rates and 100 percent for female rates set back five years is used for the period after disability retirement.

The long-term return expectation for the Pension Plan Investments has been determined by using a building-block approach and assumes a time horizon, as defined in SERS' *Statement of Investment Policy*. A forecasted rate of inflation serves as the baseline for the return expectation. Various real return premiums over the baseline inflation rate have been established for each asset class. The long-term expected nominal rate of return has been determined by calculating an arithmetic weighted average of the expected real return premiums for each asset class, adding the projected inflation rate, and adding the expected return from rebalancing uncorrelated asset classes. The asset allocation, as used in the June 30, 2015 five-year experience study, is summarized as follows:

NOTE 11 - DEFINED BENEFIT PENSION PLANS (CONTINUED)

Asset Class	Target Allocation	Long Term Expected Real Rate of Return
Cash	1.00 %	0.50 %
US Equity	22.50	4.75
International Equity	22.50	7.00
Fixed Income	19.00	1.50
Private Equity	10.00	8.00
Real Assets	15.00	5.00
Multi-Asset Strategies	10.00	3.00
Total	100.00 %	

Discount Rate Total pension liability was calculated using the discount rate of 7.50 percent. The projection of cash flows used to determine the discount rate assumed that employers would contribute the actuarially determined contribution rate of projected compensation over the remaining 26-year amortization period of the unfunded actuarial accrued liability. Projected inflows from investment earnings were calculated using the long-term assumed investment rate of return (7.50 percent). Based on those assumptions, the plan's fiduciary net position was projected to be available to make all future benefit payments of current plan members. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefits to determine the total pension liability.

Sensitivity of the College's Proportionate Share of the Net Pension Liability to Changes in the Discount Rate Net pension liability is sensitive to changes in the discount rate, and to illustrate the potential impact the following table presents the College's proportionate share of the net pension liability calculated using the discount rate of 7.50 percent, as well as what the College's net pension liability would be if it were calculated using a discount rate that is one percentage point lower (6.50 percent), or one percentage point higher (8.50 percent) than the current rate.

	1% Decrease	Current Discount Rate	1% Increase
College's Proportionate Share of the Net Pension Liability	$ 2,763,716	$ 1,962,065	$ 1,289,934

Actuarial Assumptions - STRS

The total pension liability in the July 1, 2018 actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

Inflation	2.50 percent
Projected Salary Increases	12.50 percent at age 20 to 2.50 percent at age 65
Investment Rate of Return	7.45 percent, net of investment expenses, including inflation
Projected Payroll Growth	3.00 percent
Cost-of-Living Adjustments	0.00 percent

NOTE 11 - DEFINED BENEFIT PENSION PLANS (CONTINUED)

Post-retirement mortality rates are based on RP-2014 Annuitant Mortality Table with 50 percent of rates through age 69, 70 percent of rates between ages 70 and 79, 90 percent of rates between ages 80 and 84, and 100 percent of rates thereafter, projected forward generationally using mortality improvement scale MP-2016; pre-retirement mortality rates are based on RP-2014 Employee Mortality Table, projected forward generationally using mortality improvement scale MP-2016.

The actuarial assumptions used in the July 1, 2018 valuation, were adopted by the board from the results of an actuarial experience study for July 1, 2011, through June 30, 2016.

STRS' investment consultant develops an estimate range for the investment return assumption based on the target allocation adopted by the Retirement Board. The target allocation and long-term expected rate of return for each major asset class are summarized as follows:

Asset Class	Target Allocation*	Long Term Expected Real Rate of Return**
Domestic Equity	28.00 %	7.35 %
International Equity	23.00	7.55
Alternatives	17.00	7.09
Fixed Income	21.00	3.00
Real Estate	10.00	6.00
Liquidity Reserves	1.00	2.25
Total	100.00 %	

*Target weights will be phased in over a 24-month period concluding on July 1, 2019.

**Ten year annualized geometric nominal returns, which include the real rate of return and inflation of 2.25 percent and does not include investment expenses. Over a 30-year period, STRS' investment consultant indicates that the above target allocations should generate a return above the actuarial rate of return, without net value added by management.

Discount Rate The discount rate used to measure the total pension liability was 7.45 percent as of June 30, 2018. The projection of cash flows used to determine the discount rate assumes that employer and member contributions will be made at statutory contribution rates of 14 percent each. For this purpose, only employer contributions that are intended to fund benefits of current plan members and their beneficiaries are included. Based on those assumptions, STRS' fiduciary net position was projected to be available to make all projected future benefit payments to current plan members as of June 30, 2018. Therefore, the long-term expected rate of return on pension plan investments of 7.45 percent was applied to all periods of projected benefit payments to determine the total pension liability as of June 30, 2018.

Sensitivity of the College's Proportionate Share of the Net Pension Liability to Changes in the Discount Rate The following table presents the College's proportionate share of the net pension liability as of June 30, 2018, calculated using the current period discount rate assumption of 7.45 percent, as well as what the College's proportionate share of the net pension liability would be if it were calculated using a discount rate that is one-percentage-point lower (6.45 percent) or one-percentage-point higher (8.45 percent) than the current assumption:

NOTE 11 - DEFINED BENEFIT PENSION PLANS (CONTINUED)

	1% Decrease	Current Discount Rate	1% Increase
College's Proportionate Share of the Net Pension Liability	$ 10,203,826	$ 6,987,159	$ 4,264,687

NOTE 12 - DEFINED BENEFIT OPEB PLANS

Net OPEB Asset/Liability

The net OPEB asset/liability reported on the statement of net position represents an asset or liability to employees for OPEB. OPEB is a component of exchange transactions-–between an employer and its employees—of salaries and benefits for employee services. OPEB are provided to an employee—on a deferred-payment basis—as part of the total compensation package offered by an employer for employee services each financial period. The obligation to sacrifice resources for OPEB is a present obligation because it was created as a result of employment exchanges that already have occurred.

The net OPEB asset/liability represents the College's proportionate share of each OPEB plan's collective actuarial present value of projected benefit payments attributable to past periods of service, net of each OPEB plan's fiduciary net position. The net OPEB asset/liability calculation is dependent on critical long-term variables, including estimated average life expectancies, earnings on investments, cost of living adjustments and others. While these estimates use the best information available, unknowable future events require adjusting these estimates annually.

Ohio Revised Code limits the College's obligation for this liability to annually required payments. The College cannot control benefit terms or the manner in which OPEB are financed; however, the College does receive the benefit of employees' services in exchange for compensation including OPEB.

GASB 75 assumes the asset/liability is solely that of the employer, because they benefit from employee services. OPEB contributions come from these employers and health care plan enrollees, which pay a portion of the health care costs in the form of a monthly premium. The Ohio Revised Code permits, but does not require the retirement systems to provide healthcare to eligible benefit recipients. Any change to benefits or funding could significantly affect the net OPEB asset/liability. Resulting adjustments to the net OPEB asset/liability would be effective when the changes are legally enforceable. The retirement systems may allocate a portion of the employer contributions to provide for these OPEB benefits.

The proportionate share of each plan's unfunded benefits is presented as a long-term ***net OPEB asset/ liability***. Any liability for the contractually-required OPEB contribution outstanding at the end of the year is included in *accrued liabilities* on the financial statements.

Plan Description - School Employees Retirement System (SERS)

Health Care Plan Description - The College contributes to the SERS Health Care Fund, administered by SERS for non-certificated retirees and their beneficiaries. For GASB 75 purposes, this plan is considered a cost-sharing other postemployment benefit (OPEB) plan. SERS' Health Care Plan provides healthcare benefits to eligible individuals receiving retirement, disability, and survivor benefits, and to their eligible dependents. Members who retire after June 1, 1986, need 10 years of service credit, exclusive of most types of purchased credit, to qualify to participate in SERS' health care coverage. In addition to age and service retirees, disability benefit recipients and beneficiaries who are receiving monthly benefits due to the death of a member or retiree, are eligible for SERS' health care coverage. Most retirees and depend-

NOTE 12 - DEFINED BENEFIT OPEB PLANS (CONTINUED)

ents choosing SERS' health care coverage are over the age of 65 and therefore enrolled in a fully insured Medicare Advantage plan; however, SERS maintains a traditional, self-insured preferred provider organization for its non-Medicare retiree population. For both groups, SERS offers a self-insured prescription drug program. Health care is a benefit that is permitted, not mandated, by statute. The financial report of the Plan is included in the SERS Comprehensive Annual Financial Report which can be obtained on SERS' website at www.ohsers.org under Employers/Audit Resources.

Access to health care for retirees and beneficiaries is permitted in accordance with Section 3309 of the Ohio Revised Code. The Health Care Fund was established and is administered in accordance with Internal Revenue Code Section 105(e). SERS' Retirement Board reserves the right to change or discontinue any health plan or program. Active employee members do not contribute to the Health Care Plan. The SERS Retirement Board established the rules for the premiums paid by the retirees for health care coverage for themselves and their dependents or for their surviving beneficiaries. Premiums vary depending on the plan selected, qualified years of service, Medicare eligibility, and retirement status.

Funding Policy - State statute permits SERS to fund the health care benefits through employer contributions. Each year, after the allocation for statutorily required pensions and benefits, the Retirement Board may allocate the remainder of the employer contribution of 14 percent of covered payroll to the Health Care Fund in accordance with the funding policy. For fiscal year 2019, 0.5 percent of covered payroll was made to health care. An additional health care surcharge on employers is collected for employees earning less than an actuarially determined minimum compensation amount, pro-rated if less than a full year of service credit was earned. For fiscal year 2019, this amount was $21,600. Statutes provide that no employer shall pay a health care surcharge greater than 2.0 percent of that employer's SERS-covered payroll; nor may SERS collect in aggregate more than 1.5 percent of the total statewide SERS-covered payroll for the health care surcharge. For fiscal year 2019, the College's surcharge obligation was $9,579.

The surcharge, added to the allocated portion of the 14 percent employer contribution rate is the total amount assigned to the Health Care Fund. The College's contractually required contribution to SERS was $15,113 for fiscal year 2019. Of this amount $0 is reported as an accrued liability.

Plan Description - State Teachers Retirement System (STRS)

Plan Description – The State Teachers Retirement System of Ohio (STRS) administers a cost-sharing Health Plan administered for eligible retirees who participated in the defined benefit or combined pension plans offered by STRS. Ohio law authorizes STRS to offer this plan. Benefits include hospitalization, physicians' fees, prescription drugs and partial reimbursement of monthly Medicare Part B premiums. Medicare Part B premium reimbursements will be discontinued effective January 1, 2020. The Plan is included in the report of STRS which can be obtained by visiting www.strsoh.org or by calling (888) 227-7877.

Funding Policy – Ohio Revised Code Chapter 3307 authorizes STRS to offer the Plan and gives the Retirement Board discretionary authority over how much, if any, of the health care costs will be absorbed by STRS. Active employee members do not contribute to the Health Care Plan. Nearly all health care plan enrollees, for the most recent year, pay a portion of the health care costs in the form of a monthly premium. Under Ohio law, funding for post-employment health care may be deducted from employer contributions, currently 14 percent of covered payroll. For the fiscal year ended June 30, 2019, STRS did not allocate any employer contributions to post-employment health care.

NOTE 12 - DEFINED BENEFIT OPEB PLANS (CONTINUED)

OPEB Assets/Liabilities, OPEB Expense, and Deferred Outflows/Inflows of Resources Related to OPEB

The net OPEB asset/liability was measured as of June 30, 2018, and the total OPEB asset/liability used to calculate the net OPEB asset/liability was determined by an actuarial valuation as of that date. The College's proportion of the net OPEB asset/liability was based on the College's share of contributions to the respective retirement systems relative to the contributions of all participating entities. Following is information related to the proportionate share and OPEB expense:

	SERS	STRS	Total
Proportion of the Net OPEB Liability:			
Current Measurement Date	0.03406310%	0.03177750%	
Prior Measurement Date	0.03554160%	0.03262272%	
Change in Proportionate Share	-0.00147850%	-0.00084522%	
Proportionate Share of the Net OPEB Liability/(Asset)	$ 945,002	$ (510,632)	$ 434,370
OPEB Expense	$ 49,064	$ (1,126,032)	$ (1,076,968)

At June 30, 2019, the College reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

	SERS	STRS	Total
Deferred Outflows of Resources			
Differences between Expected and Actual Experience	$ 15,426	$ 59,642	$ 75,068
Changes in Proportion and Differences between College Contributions and Proportionate Share of Contributions	0	0	0
College Contributions Subsequent to the Measurement Date	15,113	0	15,113
Total Deferred Outflows of Resources	$ 30,539	$ 59,642	$ 90,181
Deferred Inflows of Resources			
Differences between Expected and Actual Experience	$ 0	$ 29,751	$ 29,751
Net Difference between Projected and Actual Earnings on OPEB Plan Investments	1,417	58,336	59,753
Changes of Assumptions	84,901	695,776	780,677
Changes in Proportion and Differences between College Contributions and Proportionate Share of Contributions	133,667	97,437	231,104
Total Deferred Inflows of Resources	$ 219,985	$ 881,300	$ 1,101,285

$15,113 reported as deferred outflows of resources related to OPEB resulting from College contributions subsequent to the measurement date will be recognized as a reduction of the net OPEB liability in the year ending June 30, 2020. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to OPEB will be recognized in OPEB expense as follows:

NOTE 12 - DEFINED BENEFIT OPEB PLANS (CONTINUED)

	SERS	STRS	Total
Fiscal Year Ending June 30:			
2020	$ (77,541)	$ (148,147)	$ (225,688)
2021	(63,495)	(148,147)	(211,642)
2022	(19,014)	(148,149)	(167,163)
2023	(18,411)	(134,897)	(153,308)
2024	(18,510)	(130,249)	(148,759)
Thereafter	(7,588)	(112,069)	(119,657)
	$ (204,559)	$ (821,658)	$ (1,026,217)

Actuarial Assumptions - SERS

The total OPEB liability was determined by an actuarial valuation as of June 30, 2018. The actuarial assumptions used in the valuation are based on results from the most recent actuarial experience study, which covered the five-year period ending June 30, 2015. The experience study report is dated April 2016. The total OPEB liability used the following assumptions and other inputs:

Wage Inflation	3.00 percent
Future Salary Increases, including inflation	3.50 percent to 18.20 percent
Investment Rate of Return	7.50 percent net of investment expense, including inflation
Municipal Bond Index Rate	
Measurement Date	3.62 percent
Prior Measurement Date	3.56 percent
Single Equivalent Interest Rate	
Measurement Date	3.70 percent, net of plan investment expense, including price inflation
Prior Measurement Date	3.63 percent, net of plan investment expense, including price inflation
Health Care Cost Trend Rate	
Medicare	5.375 percent - 4.75 percent
Pre-Medicare	7.25 percent - 4.75 percent

Mortality rates were based on the RP-2014 Blue Collar Mortality Table with fully generational projection and Scale BB, 120 percent of male rates and 110 percent of female rates. RP-2000 Disabled Mortality Table with 90 percent for male rates and 100 percent for female rates set back five years.

The long-term expected rate of return on plan factors are considered in evaluating the long-term rate of return assumption including long-term historical data, estimates inherent in current market data, and a long-normal distribution analysis in which best-estimate ranges of expected future real rates of return were developed by the investment consultant for each major asset class. These ranges were combined to produce the long-term expected rate of return, 7.50 percent, by weighting the expected future real rates of return by the target asset allocation percentage and then adding expected inflation. The capital market assumptions developed by the investment consultant are intended for use over a 10-year horizon and may not be useful in setting the long-term rate of return for funding pension plans which covers a longer timeframe. The assumption is intended to be a long-term assumption and is not expected to change absent a significant change in the asset allocation, a change in the inflation assumption, or a fundamental change in the market that alters expected returns in future years.

NOTE 12 - DEFINED BENEFIT OPEB PLANS (CONTINUED)

The target asset allocation and best estimates of arithmetic real rates of return for each major asset class, as used in the June 30, 2015 five-year experience study, are summarized as follows:

Asset Class	Target Allocation	Long Term Expected Real Rate of Return
Cash	1.00 %	0.50 %
US Equity	22.50	4.75
International Equity	22.50	7.00
Fixed Income	19.00	1.50
Private Equity	10.00	8.00
Real Assets	15.00	5.00
Multi-Asset Strategies	10.00	3.00
Total	100.00 %	

Discount Rate The discount rate used to measure the total OPEB liability at June 30, 2018 was 3.70 percent. The discount rate used to measure total OPEB liability prior to June 30, 2018 was 3.63 percent. The projection of cash flows used to determine the discount rate assumed that contributions will be made from members and the System at the contribution rate of 2.00 percent of projected covered payroll each year, which includes a 1.50 percent payroll surcharge and 0.50 percent of contributions from the basic benefits plan. Based on these assumptions, the OPEB plan's fiduciary net position was projected to become insufficient to make future benefit payments during the fiscal year ending June 30, 2026. Therefore, the long-term expected rate of return on OPEB plan assets was used to present value the projected benefit payments through the fiscal year ending June 30, 2025 and the Fidelity General Obligation 20-year Municipal Bond Index rate of 3.62 percent, as of June 30, 2018 (i.e., municipal bond rate), was used to present value the projected benefit payments for the remaining years in the projection. The total present value of projected benefit payments from all years was then used to determine the single rate of return that was used as the discount rate. The projection of future benefit payments for all current plan members was until the benefit payments ran out.

Sensitivity of the College's Proportionate Share of the Net OPEB Liability to Changes in the Discount Rate and Changes in the Health Care Cost Trend Rates The net OPEB liability is sensitive to changes in the discount rate and the health care cost trend rate. The following table presents the net OPEB liability and what the net OPEB liability would be if it were calculated using a discount rate that is one percentage point lower (2.70 percent) and higher (4.70 percent) than the current discount rate (3.70 percent). Also shown is what the net OPEB liability would be based on health care cost trend rates that are one percent lower (6.25 percent decreasing to 3.75 percent) and one percent higher (8.25 percent decreasing to 5.75 percent) than the current rate.

NOTE 12 - DEFINED BENEFIT OPEB PLANS (CONTINUED)

	1% Decrease	Current Discount Rate	1% Increase
College's Proportionate Share of the Net OPEB Liability	$ 1,146,686	$ 945,002	$ 785,307

	1% Decrease	Current Trend Rate	1% Increase
College's Proportionate Share of the Net OPEB Liability	$ 762,444	$ 945,002	$ 1,186,743

Actuarial Assumptions – STRS

Key methods and assumptions used in the latest actuarial valuation, reflecting experience study results used in the June 30, 2018, actuarial valuation are presented below:

Inflation	2.50 percent
Projected Salary Increases	12.50 percent at age 20 to 2.50 percent at age 65
Investment Rate of Return	7.45 percent, net of investment expenses, including inflation
Payroll Increases	3.00 percent
Health Care Cost Trend Rates	-5.23 percent to 9.62 percent, initial, 4.00 percent ultimate

Projections of benefits include the historical pattern of sharing benefit costs between the employers and retired plan members.

For healthy retirees the mortality rates are based on the RP-2014 Annuitant Mortality Table with 50 percent of rates through age 69, 70 percent of rates between ages 70 and 79, 90 percent of rates between ages 80 and 84, and 100 percent of rates thereafter, projected forward generationally using mortality improvement scale MP-2016. For disabled retirees, mortality rates are based on the RP-2014 Disabled Mortality Table with 90 percent of rates for males and 100 percent of rates for females, projected forward generationally using mortality improvement scale MP-2016.

Actuarial assumptions used in the June 30, 2018, valuation are based on the results of an actuarial experience study for the period July 1, 2011 through June 30, 2016.

STRS' investment consultant develops an estimate range for the investment return assumption based on the target allocation adopted by the Retirement Board. The target allocation and long-term expected rate of return for each major asset class are summarized as follows:

Asset Class	Target Allocation*	Long Term Expected Real Rate of Return**
Domestic Equity	28.00 %	7.35 %
International Equity	23.00	7.55
Alternatives	17.00	7.09
Fixed Income	21.00	3.00
Real Estate	10.00	6.00
Liquidity Reserves	1.00	2.25
Total	100.00 %	

NOTE 12 - DEFINED BENEFIT OPEB PLANS (CONTINUED)

*Target weights will be phased in over a 24-month period concluding on July 1, 2019.

**Ten year annualized geometric nominal returns, which include the real rate of return and inflation of 2.25 percent and does not include investment expenses. Over a 30-year period, STRS' investment consultant indicates that the above target allocations should generate a return above the actuarial rate of return, without net value added by management.

Discount Rate The discount rate used to measure the total OPEB asset/liability was 7.45 percent as of June 30, 2018. The projection of cash flows used to determine the discount rate assumed STRS continues to allocate no employer contributions to the health care fund. Based on those assumptions, the OPEB plan's fiduciary net position was projected to be available to make all projected future benefit payments to current plan members as of June 30, 2018. Therefore, the long-term expected rate of return on health care plan investments of 7.45 percent was applied to all periods of projected benefit payments to determine the total OPEB liability as of June 30, 2018.

Sensitivity of the College's Proportionate Share of the Net OPEB Asset/Liability to Changes in the Discount and Health Care Cost Trend Rate The following table represents the net OPEB asset/liability as of June 30, 2018, calculated using the current period discount rate assumption of 7.45 percent, as well as what the net OPEB asset/liability would be if it were calculated using a discount rate that is one percentage point lower (6.45 percent) or one percentage point higher (8.45 percent) than the current assumption. Also shown is the net OPEB liability as of June 30, 2018, calculated using health care cost trend rates that are one percentage point lower or one percentage point higher than the current health care cost trend rates.

	1% Decrease	Current Discount Rate	1% Increase
College's Proportionate Share of the Net OPEB Liability/(Asset)	$ (437,659)	$ (510,632)	$ (571,962)

	1% Decrease	Current Trend Rate	1% Increase
College's Proportionate Share of the Net OPEB Liability/(Asset)	$ (568,500)	$ (510,632)	$ (451,863)

NOTE 13 – RISK MANAGEMENT

The College is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disasters. During fiscal year 2019, the College contracted with Marsh USA Inc.as part of the OACC insurance consortium. Commercial property insurance is contracted with Lexington Insurance Company (AIG). The policy includes a $25,000 deductible.

Professional and general liability is protected by Markel Insurance Company with a $1,000,000 single occurrence limit, $3,000,000 annual aggregate limit and no deductible. Vehicles are also covered by Markel Insurance Company and hold a $500 deductible for comprehensive and collision. Automobile liability has a $1,000,000 combined single limit of liability, with no annual aggregate. An excess liability policy contracted with United Educators provides an additional $15,000,000 in excess of the $1,000,000 limits over all other liability coverage.

NOTE 13 – RISK MANAGEMENT (CONTINUED)

Ancillary coverage for cyber liability breach response is provided by Lloyd's via CFC Underwriting Ltd. (Wright Specialty) with a $1,000,000 single occurrence limit and a $2,500 deductible.

Settled claims have not exceeded this commercial coverage in any of the past three years. There have been no significant reductions in insurance coverage from last year.

The College pays the State Workers' Compensation System a premium based on a rate per $100 of salaries. This rate is calculated based on accident history and administrative costs.

NOTE 14 – CONTRACTUAL COMMITMENTS

As of June 30, 2019, the College has no contractual commitments.

NOTE 15 – OIL AND GAS LEASE

In December 2014, the College entered into an oil and gas lease with Rice Drilling D, LLC (Rice). The lease gives Rice the right to explore and drill for oil and gas on approximately 60 acres of land. Rice will pay the College lease royalty payments of 20% on any oil and gas that is recovered from the land. As of the date of the financial statements, the value of any potential royalties cannot be determined.

NOTE 16 – CONTINGENCIES

The College received financial assistance from federal and state agencies in the form of grants. The expenditure of funds received under these programs generally requires compliance with terms and a condition specified in the grant agreements and is subject to audit by the grantor agencies. Any disallowed claims resulting from such audits could become a liability of the College. However, in the opinion of management, any such disallowed claims will not have a material adverse effect on the overall financial position of the College at June 30, 2019.

NOTE 17 – COMPONENT UNIT DISCLOSURES

The Belmont College Foundation (Foundation) is a legally separate, tax-exempt component unit of Belmont College (College).

The accompanying financial statements of the Foundation have been prepared in accordance with pronouncements of the Financial Accounting Standards Board. 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 Foundation's financial information in the College's financial reporting entity for these differences.

Contributions to the Foundation are recognized and reported as revenue at fair value upon the earlier of the period in which a pledge becomes unconditional or the period in which the contribution is received. Contributions with donor-imposed restrictions are reported as temporarily or permanently restricted support while contributions without donor-imposed restrictions are reported as unrestricted support.

NOTE 17– COMPONENT UNIT DISCLOSURES (CONTINUED)

Equity in Pooled Cash and Cash Equivalents and Investments:

Deposits - Custodial credit risk is the risk of the inability to recover the value of deposits, investments, or collateral securities in the possession of an outside party in the event of a depository financial institution or counterparty failure to a transaction. The Foundation has not established a policy for deposits at this time.

As of June 30, 2019, the carrying amount of the Foundation's deposits was $35,212 and this bank balance was covered by FDIC.

Investments – Foundation investments are stated at fair value with changes in market value being recognized as gains and losses during the period in which they occur. The following summarizes the fair value of investments of the Foundation as of June 30, 2019:

Investment Type	Fair Value
Cash and Money Market Funds	$ 25,969
Equities	489,300
Fixed Income	450,122
Total	$ 965,391

The Foundation categorizes its fair value measurements within the fair value hierarchy established by generally accepted accounting principles. The hierarchy is based on the valuation inputs used to measure the fair value of the asset. Level 1 inputs are quoted prices in active markets for identical assets. Level 2 inputs are significant other observable inputs; Level 3 inputs are significant unobservable inputs. The above chart identifies the Foundation's recurring fair value measurements as of June 30, 2019. All of the Foundation's investments are valued using quoted market prices (Level 1 inputs).

Support Provided to the College:

During the year ended June 30, 2019 the Foundation did not provide any funds to or on behalf of the College for scholarships and other purposes.

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Belmont College
Belmont County, Ohio
Required Supplementary Information
Schedule of the College's Proportionate Share of the Net Pension Liability
Last Six Fiscal Years (1)

	2019	2018	2017	2016	2015	2014
School Employees Retirement System (SERS)						
College's Proportion of the Net Pension Liability	0.03425880%	0.03583860%	0.03969220%	0.04896900%	0.05953000%	0.05953000%
College's Proportionate Share of the Net Pension Liability	$ 1,962,065	$ 2,141,277	$ 2,905,103	$ 2,794,219	$ 3,012,779	$ 3,540,058
College's Covered Payroll	$ 1,122,104	$ 1,181,993	$ 1,229,171	$ 1,565,941	$ 1,839,646	$ 1,997,637
College's Proportionate Share of the Net Pension Liability as a Percentage of its Covered Payroll	174.86%	181.16%	236.35%	178.44%	163.77%	177.21%
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	71.36%	69.50%	62.98%	69.16%	71.70%	65.52%
State Teachers Retirement System (STRS)						
College's Proportion of the Net Pension Liability	0.03177750%	0.03262272%	0.03438499%	0.03860959%	0.04587075%	0.04587075%
College's Proportionate Share of the Net Pension Liability	$ 6,987,159	$ 7,749,597	$ 11,509,693	$10,670,561	$11,157,354	$ 13,290,567
College's Covered Payroll	$ 3,452,879	$ 3,475,229	$ 3,850,879	$ 3,943,907	$ 4,991,715	$ 5,530,862
College's Proportionate Share of the Net Pension Liability as a Percentage of its Covered Payroll	202.36%	223.00%	298.88%	270.56%	223.52%	240.30%
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	77.31%	75.30%	66.80%	72.10%	74.70%	69.30%

(1) Information prior to 2014 is not available.

Note: The amounts presented for each fiscal year were determined as of the measurement date, which is the prior fiscal year.

See accompanying notes to the required supplementary information.

Belmont College
Belmont County, Ohio
Required Supplementary Information
Schedule of the College's Contributions - Pension
Last Ten Fiscal Years

	2019	2018	2017	2016
School Employees Retirement System (SERS)				
Contractually Required Contribution	$ 149,422	$ 151,484	$ 165,479	$ 172,084
Contributions in Relation to the Contractually Required Contribution	(149,422)	(151,484)	(165,479)	(172,084)
Contribution Deficiency (Excess)	$ 0	$ 0	$ 0	$ 0
College's Covered Payroll	$ 1,106,830	$ 1,122,104	$ 1,181,993	$ 1,229,171
Pension Contributions as a Percentage of Covered Payroll	13.50%	13.50%	14.00%	14.00%
State Teachers Retirement System (STRS)				
Contractually Required Contribution	$ 423,484	$ 483,403	$ 486,532	$ 539,123
Contributions in Relation to the Contractually Required Contribution	(423,484)	(483,403)	(486,532)	(539,123)
Contribution Deficiency (Excess)	$ 0	$ 0	$ 0	$ 0
College's Covered Payroll	$ (3,024,886)	$ 3,452,879	$ 3,475,229	$ 3,850,879
Pension Contributions as a Percentage of Covered Payroll	14.00%	14.00%	14.00%	14.00%

See accompanying notes to the required supplementary information.

Belmont College
Belmont County, Ohio
Required Supplementary Information
Schedule of the College's Contributions - Pension (Continued)
Last Ten Fiscal Years

2015	2014	2013	2012	2011	2010
$ 206,391	$ 254,975	$ 276,473	$ 295,732	$ 289,278	$ 270,037
(206,391)	(254,975)	(276,473)	(295,732)	(289,278)	(270,037)
$ 0	$ 0	$ 0	$ 0	$ 0	$ 0
$ 1,565,941	$ 1,839,646	$ 1,997,637	$ 2,198,751	$ 2,301,337	$ 1,994,365
13.18%	13.86%	13.84%	13.45%	12.57%	13.54%
$ 552,147	$ 648,923	$ 719,012	$ 808,600	$ 794,090	$ 750,460
(552,147)	(648,923)	(719,012)	(808,600)	(794,090)	(750,460)
$ 0	$ 0	$ 0	$ 0	$ 0	$ 0
$ 3,943,907	$ 4,991,715	$ 5,530,862	$ 6,220,000	$ 6,108,385	$ 5,772,769
14.00%	13.00%	13.00%	13.00%	13.00%	13.00%

Belmont College
Belmont County, Ohio
Required Supplementary Information
Schedule of the College's Proportionate Share of the Net OPEB Liability/(Asset)
Last Three Fiscal Years (1)

	2019	2018	2017
School Employees Retirement System (SERS)			
College's Proportion of the Net OPEB Liability	0.03406310%	0.03554160%	0.03906673%
College's Proportionate Share of the Net OPEB Liability	$ 945,002	$ 953,843	$ 1,113,546
College's Covered Payroll	$ 1,122,104	$ 1,181,993	$ 1,229,171
College's Proportionate Share of the Net OPEB Liability as a Percentage of its Covered Payroll	84.22%	80.70%	90.59%
Plan Fiduciary Net Position as a Percentage of the Total OPEB Liability	13.57%	12.46%	11.49%
State Teachers Retirement System (STRS)			
College's Proportion of the Net OPEB Liability/(Asset)	0.03177750%	0.03262272%	0.03438499%
College's Proportionate Share of the Net OPEB Liability/(Asset)	$ (510,632)	$ 1,272,818	$ 1,838,918
College's Covered Payroll	$ 3,452,879	$ 3,475,229	$ 3,850,879
College's Proportionate Share of the Net OPEB Liability/(Asset) as a Percentage of its Covered Payroll	-14.79%	36.63%	47.75%
Plan Fiduciary Net Position as a Percentage of the Total OPEB Liability/(Asset)	176.00%	47.10%	37.30%

(1) Information prior to 2017 is not available.

Note: The amounts presented for each fiscal year were determined as of the measurement date, which is the prior fiscal year.

See accompanying notes to the required supplementary information.

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Belmont College
Belmont County, Ohio
Required Supplementary Information
Schedule of the College's Contributions - OPEB
Last Ten Fiscal Years

	2019	2018	2017	2016
School Employees Retirement System (SERS)				
Contractually Required Contribution (1)	$ 15,113	$ 21,160	$ 15,549	$ 14,804
Contributions in Relation to the Contractually Required Contribution	(15,113)	(21,160)	(15,549)	(14,804)
Contribution Deficiency (Excess)	$ 0	$ 0	$ 0	$ 0
College's Covered Payroll	$ 1,106,830	$ 1,122,104	$ 1,181,993	$ 1,229,171
OPEB Contributions as a Percentage of Covered Payroll (1)	1.37%	1.89%	1.32%	1.20%
State Teachers Retirement System (STRS)				
Contractually Required Contribution	$ 0	$ 0	$ 0	$ 0
Contributions in Relation to the Contractually Required Contribution	0	0	0	0
Contribution Deficiency (Excess)	$ 0	$ 0	$ 0	$ 0
College's Covered Payroll	$ 2,829,664	$ 3,452,879	$ 3,475,229	$ 3,850,879
OPEB Contributions as a Percentage of Covered Payroll	0.00%	0.00%	0.00%	0.00%

(1) Includes surcharge

Belmont College
Belmont County, Ohio
Required Supplementary Information
Schedule of the College's Contributions - OPEB (Continued)
Last Ten Fiscal Years

2015	2014	2013	2012	2011	2010
$ 35,297	$ 30,069	$ 32,842	$ 38,496	$ 36,771	$ 34,875
(35,297)	(30,069)	(32,842)	(38,496)	(36,771)	(34,875)
$ 0	$ 0	$ 0	$ 0	$ 0	$ 0
$ 1,565,941	$ 1,839,646	$ 1,997,637	$ 2,198,751	$ 2,301,337	$ 1,994,365
2.25%	1.63%	1.64%	1.75%	1.60%	1.75%
$ 0	$ 49,917	$ 55,309	$ 62,200	$ 61,084	$ 57,728
0	(49,917)	(55,309)	(62,200)	(61,084)	(57,728)
$ 0	$ 0	$ 0	$ 0	$ 0	$ 0
$ 3,943,907	$ 4,991,715	$ 5,530,862	$ 6,220,000	$ 6,108,385	$ 5,772,769
0.00%	1.00%	1.00%	1.00%	1.00%	1.00%

Note 1 - Net Pension Liability

Changes in Assumptions - SERS

For fiscal year 2017, the SERS Board adopted the following assumption changes:

- Assumed rate of inflation was reduced from 3.25 percent to 3.00 percent
- Payroll Growth Assumption was reduced from 4.00 percent to 3.50 percent
- Assumed real wage growth was reduced from 0.75 percent to 0.50 percent
- Rates of withdrawal, retirement and disability were updated to reflect recent experience.
- Mortality among active members was updated to RP-2014 Blue Collar Mortality Table with fully generational projection and a five year age set-back for both males and females.
- Mortality among service retired members, and beneficiaries was updated to RP-2014 Blue Collar Mortality Table with fully generational projection with Scale BB, 120 percent of male rates, and 110 percent of female rates.
- Mortality among disabled members was updated to RP-2000 Disabled Mortality Table, 90 percent for male rates and 100 percent for female rates, set back five years is used for the period after disability retirement.

Changes in Benefit Terms - SERS

For fiscal year 2018, the cost-of-living adjustment was changed from a fixed 3.00 percent to a cost-of-living adjustment that is indexed to CPI-W not greater than 2.50 percent with a floor of zero percent beginning January 1, 2018. In addition, with the authority granted the Board under HB 49, the Board has enacted a three-year COLA suspension for benefit recipients in calendar years 2018, 2019 and 2020.

Changes in Assumptions – STRS

For fiscal year 2018, the Retirement Board approved several changes to the actuarial assumptions in 2017. The long term expected rate of return was reduced from 7.75 percent to 7.45 percent, the inflation assumption was lowered from 2.75 percent to 2.50 percent, the payroll growth assumption was lowered to 3.00 percent, and total salary increases rate was lowered by decreasing the merit component of the individual salary increases, in addition to a decrease of 0.25 percent due to lower inflation. The healthy and disabled mortality assumptions were updated to the RP-2014 mortality tables with generational improvement scale MP-2016. Rates of retirement, termination and disability were modified to better reflect anticipated future experience.

Changes in Benefit Terms - STRS

For fiscal year 2018, the cost-of-living adjustment (COLA) was reduced to zero.

Note 2 - Net OPEB Asset/Liability

Changes in Assumptions – SERS

Amounts reported for fiscal year 2019 incorporate changes in key methods and assumptions used in calculating the total OPEB liability. The Municipal Bond Index Rate increased from 3.56 percent to 3.62

percent. Single Equivalent Interest Rate, net of plan investment expense, including price inflation, increased from 3.63 percent to 3.70 percent. The health care cost trend assumptions changed as follows:

Pre-Medicare		
	Fiscal year 2018	7.50 percent initially, decreasing to 4.00 percent
	Fiscal year 2019	7.25 percent initially, decreasing to 4.75 percent
Medicare		
	Fiscal year 2018	5.50 percent initially, decreasing to 5.00 percent
	Fiscal year 2019	5.375 percent initially, decreasing to 4.75 percent

Amounts reported for fiscal year 2018 incorporate changes in key methods and assumptions used in calculating the total OPEB liability. The Municipal Bond Index Rate increased from 2.92 percent to 3.56 percent. Single Equivalent Interest Rate, net of plan investment expense, including price inflation, increased from 2.98 percent to 3.63 percent.

Changes in Benefit Terms - SERS

There have been no changes to the benefit provisions.

Changes in Assumptions – STRS

For fiscal year 2019, the discount rate was increased from the blended rate of 4.13 percent to the long-term expected rate of return of 7.45 percent. Valuation year per capita health care costs were updated. Health care cost trend rates ranged from 6.00 percent to 11 percent initially and a 4.50 percent ultimate rate for fiscal year 2018 and changed for fiscal year 2019 to a range of -5.20 percent to 9.60 percent, initially and a 4.00 ultimate rate.

For fiscal year 2018, the blended discount rate was increased from 3.26 percent to 4.13 percent. Valuation year per capita health care costs were updated, and the salary scale was modified. The percentage of future retirees electing each option was updated based on current data and the percentage of future disabled retirees and terminated vested participants electing health coverage were decreased. The assumed mortality, disability, retirement, withdrawal and future health care cost trend rates were modified along with the portion of rebated prescription drug costs.

Changes in Benefit Terms – STRS

For fiscal year 2019, the subsidy multiplier for non-Medicare benefit recipients was increased from 1.9 percent to 1.944 percent per year of service effective January 1, 2019. The non-Medicare frozen subsidy base premium was increased effective January 1, 2019 and all remaining Medicare Part B premium reimbursements will be discontinued beginning January 1, 2020.

For fiscal year 2018, the subsidy multiplier for non-Medicare benefit recipients was reduced from 2.1 percent to 1.9 percent per year of service. Medicare Part B premium reimbursements were discontinued for certain survivors and beneficiaries and all remaining Medicare Part B premium reimbursements will be discontinued beginning January 2019. This was subsequently extended, see above paragraph.

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Rea & associates a brighter way

December 11, 2019

Board of Trustees
Belmont College
Belmont County, Ohio
68094 Hammond Road
St. Clairsville, OH 43950

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

We have audited, in accordance with the 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, the financial statements of the business-type activities and the discretely presented component unit of Belmont College, Belmont County, Ohio (the "College"), as of and for the year ended June 30, 2019, and the related notes to the financial statements, which collectively comprise the College's basic financial statements, and have issued our report thereon dated December 11, 2019.

Internal Control over Financial Reporting

In planning and performing our audit of the financial statements, we considered the College's internal control over financial reporting (internal control) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the College's internal control. Accordingly, we do not express an opinion on the effectiveness of the College's internal control.

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 a 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. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the College's financial statements are free from 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*.

Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the entity's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the entity's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

Rea & Associates, Inc.

New Philadelphia, Ohio

Rea & associates a brighter way

December 11, 2019

Board of Trustees
Belmont College
Belmont County, Ohio
68094 Hammond Road
St. Clairsville, OH 43950

Independent Auditor's Report on Compliance for Each Major Federal Program and Report on Internal Control over Compliance Required by the Uniform Guidance

Report on Compliance for Each Major Federal Program

We have audited Belmont College's, Belmont County, Ohio (the "College") compliance with the types of compliance requirements described in the *OMB Compliance Supplement* that could have a direct and material effect on each of the College's major federal programs for the year ended June 30, 2019. The College's major federal programs are identified in the summary of auditor's results section of the accompanying *Schedule of Findings and Questioned Costs*.

Management's Responsibility

Management is responsible for compliance with the requirements of federal statutes, regulations, and the terms and conditions of its federal awards applicable to its federal programs.

Auditor's Responsibility

Our responsibility is to express an opinion on compliance for each of the College's major federal programs based on our audit of the types of compliance requirements referred to above. 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; the audit requirements of Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Those standards and Uniform Guidance require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about the College's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances.

We believe that our audit provides a reasonable basis for our opinion on compliance for each major federal program. However, our audit does not provide a legal determination of the College's compliance.

CPAs and business consultants
www.reacpa.com

Opinion on Each Major Federal Program

In our opinion, the College complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended June 30, 2019.

Report on Internal Control over Compliance

Management of the College is responsible for establishing and maintaining effective internal control over compliance with the types of compliance requirements referred to above. In planning and performing our audit of compliance, we considered the College's internal control over compliance with the types of requirements that could have a direct and material effect on each major federal program to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing an opinion on compliance for each major federal program and to test and report on internal control over compliance in accordance with Uniform Guidance, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of the College's internal control over compliance.

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. 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.

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 material weaknesses or significant deficiencies. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of that testing based on the requirements of the Uniform Guidance. Accordingly, this report is not suitable for any other purpose.

Rea & Associates, Inc.

New Philadelphia, Ohio

BELMONT COLLEGE
BELMONT COUNTY, OHIO

SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
For Fiscal Year Ended June 30, 2019

	Federal CFDA Number	Federal Disbursements	Passed Through to Subrecipients
U.S. Department of Education			
Direct Awards			
Student Financial Aid Cluster			
Federal Pell Grant	84.063	$ 1,641,647	$ 0
Federal Work Study	84.033	30,008	0
Federal Direct Student Loans	84.268	1,108,267	0
Supplemental Educational Opportunity Grant	84.007	68,063	0
Total Student Financial Aid Cluster		2,847,985	0
Passed Through Ohio Department of Education			
Vocational Education - Basic Grants to States	84.048	51,207	0
Total U.S. Department of Education		2,899,192	0
Total Federal Awards		$ 2,899,192	$ 0

See accompanying notes to the schedule of expenditures of federal awards

NOTE 1: BASIS OF PRESENTATION

The accompanying schedule of expenditures of federal awards includes federal grant activity of Belmont College (the College) includes the federal award activity of the federal government for the year ended June 30, 2019. The information on this Schedule is prepared in accordance with the requirements of Title 2 U.S. Code of Federal Regulations Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Because the Schedule presents only a selected portion of the operations of the College, it is not intended to and does not present the financial position, changes in net position, or cash flows of the College.

NOTE 2: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Expenditures reported on the Schedule are reported on the cash basis of accounting. Such expenditures are recognized following the cost principles contained in Title 2 U.S. Code of Federal Regulations Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards,* wherein certain types of expenditures may or may not be allowable or may be limited as to reimbursement. The College has elected not to use the 10-percent de minimis indirect cost rate as allowed under the Uniform Guidance.

NOTE 3: FEDERAL DIRECT LOAN PROGRAM

The College participates in the William D. Ford Federal Direct Loan Program. The College originates the loans which are then funded through the U.S. Department of Education.

Federal Subsidized Loans	$ 447,044
Federal Unsubsidized Loans	661,223
Total Federal Direct Student Loans	$1,108,267

Belmont College
Belmont County, Ohio
Schedule of Findings and Questioned Costs
2 CFR Section 200.515
June 30, 2019

1. SUMMARY OF AUDITOR'S RESULTS

(d)(1)(i)	Type of Financial Statement Opinion	Unmodified
(d)(1)(ii)	Were there any material control weakness conditions reported at the financial statement level (GAGAS)?	No
(d)(1)(ii)	Were there any other significant deficiencies in internal control reported at the financial statement level (GAGAS)?	None Reported
(d)(1)(iii)	Was there any reported material non-compliance at the financial statement level (GAGAS)?	No
(d)(1)(iv)	Were there any material internal control weakness conditions reported for major federal programs?	No
(d)(1)(iv)	Were there any other significant deficiencies in internal control reported for major federal programs?	None Reported
(d)(1)(v)	Type of Major Programs' Compliance Opinion	Unmodified
(d)(1)(vi)	Are there any reportable findings under 2 CFR § 200.516(a)?	No
(d)(1)(vii)	Major Programs (list): Student Financial Assistance Cluster: Federal Pell Grant Federal Work Study Federal Direct Student Loans Supplemental Educational Opportunity Grant	 CFDA #'s: 84.063 84.033 84.268 84.007
(d)(1)(viii)	Dollar Threshold: Type A/B Programs	Type A: >$750,000 Type B: All others
(d)(1)(ix)	Low Risk Auditee under 2 CFR §200.520?	Yes

2. FINDINGS RELATING TO THE FINANCIAL STATEMENTS REQUIRED TO BE REPORTED IN ACCORDANCE WITH GAGAS

None noted.

3. FINDINGS AND QUESTIONED COSTS FOR FEDERAL AWARDS

None noted.

Belmont College
Belmont County, Ohio
Schedule of Prior Audit Findings
2 CFR Section 200.511(b)
June 30, 2019

Finding Number	Finding Summary	Status	Additional Information
2018-001	Significant Deficiency/Non-compliance The College failed to identify an enrollment change for one student which resulted in an over-award of Pell grants.	Fully Corrected	Procedures were adopted to correct the issue identified in the prior year.

www.belmontcollege.edu
68094 Hammond Rd. | St. Clairsville, Ohio 43950 | 740 695 9500

OHIO AUDITOR OF STATE
KEITH FABER

BELMONT COLLEGE

BELMONT COUNTY

CLERK'S CERTIFICATION

This is a true and correct copy of the report which is required to be filed in the Office of the Auditor of State pursuant to Section 117.26, Revised Code, and which is filed in Columbus, Ohio.

Susan Babbitt

CLERK OF THE BUREAU

CERTIFIED
JANUARY 14, 2020