



Rea & associates a *brighter* way

Belmont College
Belmont County, Ohio

Audited Financial Statements

For the Fiscal Year Ended
June 30, 2016



Dave Yost • Auditor of State

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, 2015 through June 30, 2016. 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. Belmont College is responsible for compliance with these laws and regulations.

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

Dave Yost
Auditor of State

December 9, 2016

This page intentionally left blank.

**BELMONT COLLEGE
BELMONT COUNTY, OHIO**

TABLE OF CONTENTS

<i>TITLE</i>	<i>PAGE</i>
Independent Auditor's Report	1-3
Management's Discussion and Analysis	4-14
Basic Financial Statements:	
Statement of Net Position	15
Statement of Revenues, Expenses and Changes in Net Position	16
Statement of Cash Flows	17
Notes to the Financial Statements	18-40
Required Supplementary Information:	
Schedule of the College's Proportionate Share of the Net Pension Liability.....	41
Schedule of College Contributions.....	42-43
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.....	44-45
Independent Auditor's Report on Compliance for Each Major Federal Program and Report on Internal Control over Compliance Required by the Uniform Guidance.....	46-47
Schedule of Expenditures of Federal Awards	48
Notes to the Schedule of Expenditures of Federal Awards	49
Schedule of Findings and Questioned Costs	50

November 22, 2016

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

Independent Auditor's Report

Report on the Financial Statements

We have audited the accompanying financial statements of Belmont College, Belmont County, Ohio, (the College) and the discretely presented component unit, as of and for the year ended June 30, 2016, 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 College'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 College'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 College, and the discretely presented component unit, as of June 30, 2016, 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*, *Schedule of the College's Proportionate Share of the Net Pension Liability*, and *Schedule of College Contributions* on pages 4-14, 41 and 42-43, respectively, 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 November 22, 2016 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 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.

Hea & Associates, Inc.

New Philadelphia, Ohio

Belmont College
Belmont County, Ohio
Management Discussion and Analysis
For the Year Ended June 30, 2016
UNAUDITED

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, 2016, with comparative information from fiscal year 2015. 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

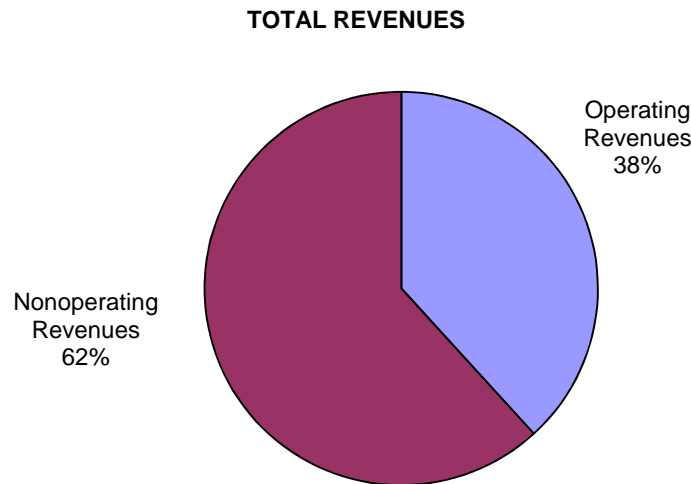
Belmont College is a two year college offering programs in business, engineering, allied health, and public service technologies. The College was chartered in 1971, allowing it to serve the three county areas of Belmont, Harrison, and Monroe Counties.

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 school districts 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, 2016. Its combined net position increased \$740,119 from the previous year.

The following chart provides a graphic breakdown of revenues by category for the fiscal year ending June 30, 2016:



In the fiscal year ending June 30, 2016, revenues and other support exceeded expenses, creating the increase in net position of \$740,119 (compared to a \$5,373,192 increase last year).

Belmont College
Belmont County, Ohio
Management Discussion and Analysis
For the Year Ended June 30, 2016
UNAUDITED

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 Position; the Statement of Revenues, Expenses, and Changes in Net Position; 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, liabilities and deferred inflows) 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, liabilities and deferred inflows. 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.

Belmont College
Belmont County, Ohio
Management Discussion and Analysis
For the Year Ended June 30, 2016
UNAUDITED

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, liabilities and deferred inflows 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

	<u>2016</u>	<u>2015</u>
<u>Assets</u>		
Current Assets	\$ 13,265,630	\$ 14,194,490
Capital assets, net of accumulated depreciation	14,824,044	13,886,714
Other noncurrent assets	<u>153,075</u>	<u>156,694</u>
Total assets	<u>28,242,749</u>	<u>28,237,898</u>
<u>Deferred Outflows of Resources</u>		
Total deferred inflows of resources	1,258,799	891,597
<u>Liabilities</u>		
Current Liabilities	1,379,215	1,822,618
Noncurrent Liabilities	<u>13,542,448</u>	<u>14,212,190</u>
Total liabilities	14,921,663	16,034,808
Total deferred inflows of resources	3,298,215	2,553,136
<u>Net Position</u>		
Net Investment in Capital Assets	14,293,639	12,865,776
Restricted		
Nonexpendable	56,510	56,510
Expendable	3,822,262	4,448,854
Unrestricted	<u>(6,890,741)</u>	<u>(6,829,589)</u>
Total Net Position	<u>\$ 11,281,670</u>	<u>\$ 10,541,551</u>

In 2015, the College adopted GASB Statement 68, *Accounting and Financial Reporting for Pensions—an Amendment of GASB Statement 27*, which significantly revises accounting for pension costs and liabilities. 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 the net pension liability to the reported net position and subtracting deferred outflows related to pension.

Belmont College
Belmont County, Ohio
Management Discussion and Analysis
For the Year Ended June 30, 2016
UNAUDITED

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

Under the new standards required by GASB 68, the net pension liability equals the College's proportionate share of each plan's collective:

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

GASB notes that pension 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. GASB noted that the unfunded portion of this pension 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 this liability. 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 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 pension system. In Ohio, there is no legal means to enforce the unfunded liability of the pension system *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 pension system is responsible for the administration of the plan.

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. As explained above, changes in pension benefits, contribution rates, and return on investments affect the balance of the net pension liability, 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 pension 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 is satisfied, this liability is separately identified within the long-term liability section of the statement of net position.

In accordance with GASB 68, the College's statements prepared on an accrual basis of accounting include an annual pension expense for their proportionate share of each plan's change in net pension liability not accounted for as deferred inflows/outflows of resources. The College is also reporting a net pension liability and deferred inflows/outflows of resources related to pension on the accrual basis of accounting.

Belmont College
Belmont County, Ohio
Management Discussion and Analysis
For the Year Ended June 30, 2016
UNAUDITED

A review of the College's statement of net position at June 30, 2016 shows that the College continues to build a strong financial foundation.

Assets: As of June 30, 2016, the College's total assets amount to \$28,242,749. Investment in capital assets totaled \$14,824,044, or 52 percent, of total assets. Cash and cash equivalents represented \$977,704, or 3 percent, of total assets. Investments represented \$10,814,866, or 38 percent of total assets.

Liabilities and deferred inflows of resources: At June 30, 2016, total liabilities and deferred inflows of resources amounted to \$18,219,878. Current liabilities represented \$1,379,215 or 8 percent, net pension liabilities totaled \$13,464,780 or 74 percent, other long-term liabilities totaled \$77,668 or .4% and deferred inflows of resources totaled \$3,298,215 or 18% of total liabilities and deferred inflows of resources.

Net Position: Net position at June 30, 2016 totaled \$11,281,670. Net investment in capital assets totaled \$14,293,639, restricted net position totaled \$3,878,772 and unrestricted net position totaled (\$6,890,741).

This space intentionally left blank

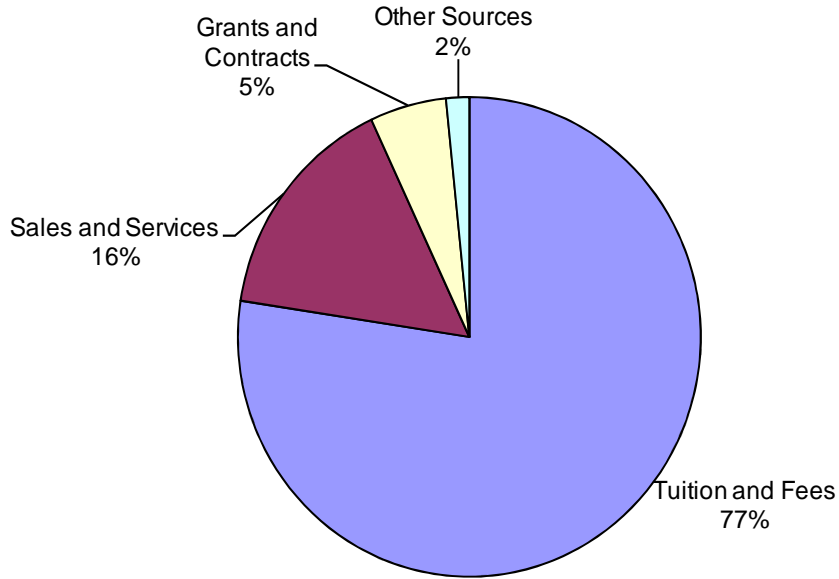
Belmont College
Belmont County, Ohio
Management Discussion and Analysis
For the Year Ended June 30, 2016
UNAUDITED

Statement of Revenues, Expenses, and Changes in Net Position

	2016	2015	Change
Operating Revenues:			
Tuition and fees	\$ 3,825,894	\$ 3,263,785	\$ 562,109
Grants and contracts	243,799	195,171	48,628
Auxiliary services	772,422	863,719	(91,297)
Other	80,145	127,628	(47,483)
Total operating revenues	4,922,260	4,450,303	471,957
Operating Expenses:			
Education and General	10,394,121	11,058,562	(664,441)
Depreciation	991,719	536,201	455,518
Auxiliary enterprises	723,958	785,576	(61,618)
Total operating expenses	12,109,798	12,380,339	(270,541)
Operating Loss	(7,187,538)	(7,930,036)	742,498
Nonoperating Revenues (Expenses):			
State appropriations	5,036,546	5,133,594	(97,048)
Interest and Fiscal Charges	(29,230)	0	(29,230)
Other nonoperating revenues	2,082,646	2,844,371	(761,725)
Net nonoperating revenues (expenses)	7,089,962	7,977,965	(888,003)
Income (loss) before other revenues	(97,576)	47,929	(145,505)
Capital appropriations	337,695	317,986	19,709
Capital grants and gifts	500,000	5,007,277	(4,507,277)
Increase in net position	740,119	5,373,192	(4,633,073)
NET POSITION, beginning of year	10,541,551	5,168,359	5,373,192
NET POSITION, end of year	\$ 11,281,670	\$ 10,541,551	\$ 740,119

Belmont College
Belmont County, Ohio
Management Discussion and Analysis
For the Year Ended June 30, 2016
UNAUDITED

OPERATING REVENUES - FISCAL YEAR 2016

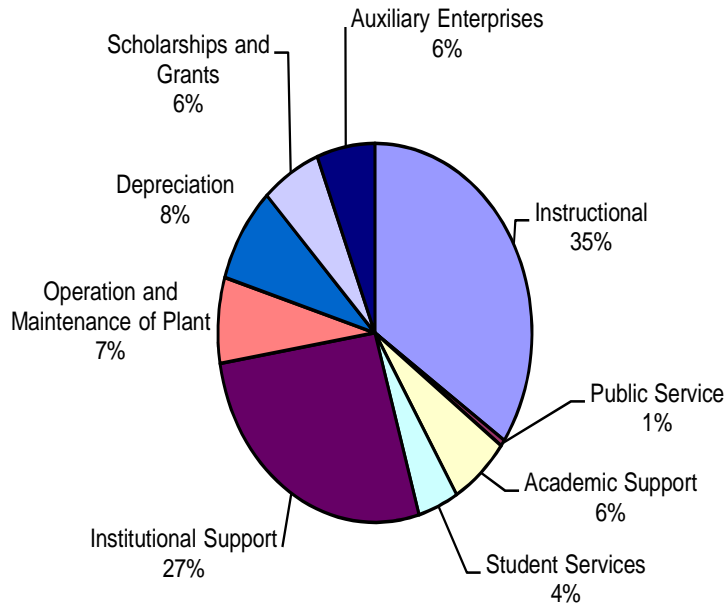


Total operating revenues were \$4,922,260 for the year ended June 30, 2016. The most significant sources of operating revenue for the College are net tuition and fees which comprise 77 percent of total operating revenues and auxiliary enterprises, which is the bookstore and it comprises 16 percent of 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, 2016, amounted to \$5,036,546 and Pell grant awards amounted to \$1,963,383.

Belmont College
Belmont County, Ohio
Management Discussion and Analysis
For the Year Ended June 30, 2016
UNAUDITED

OPERATING EXPENSES - FISCAL YEAR 2016



Operating expenses, including \$991,719 of depreciation, totaled \$12,109,798. As depicted in the chart above, the majority of the College's operating funds are expended directly for the primary mission of the College – instruction (35 percent), scholarships and grants (6 percent), institutional support (27 percent), and academic support (6 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.

Belmont College
Belmont County, Ohio
Management Discussion and Analysis
For the Year Ended June 30, 2016
UNAUDITED

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

	<u>2016</u>	<u>2015</u>	<u>Change</u>
Cash provided by (used by):			
Operating activities	\$ (6,121,193)	\$ (7,870,274)	\$ 1,749,081
Noncapital financing activities	7,026,202	7,706,905	(680,703)
Capital and related financing activities	(1,611,116)	(1,887,760)	276,644
Investing activities	<u>185,660</u>	<u>3,062,729</u>	<u>(2,877,069)</u>
Net increase (decrease) in cash	(520,447)	1,011,600	(1,532,047)
Cash, beginning of year	<u>1,498,151</u>	<u>486,551</u>	<u>1,011,600</u>
Cash, end of year	<u><u>\$ 977,704</u></u>	<u><u>\$ 1,498,151</u></u>	<u><u>\$ (520,447)</u></u>

Major cash sources of funds included in operating activities are student tuition and fees of \$3,806,788, grants and contracts of \$249,553 and auxiliary services of \$754,903. 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.

Belmont College
Belmont County, Ohio
Management Discussion and Analysis
For the Year Ended June 30, 2016
UNAUDITED

Capital and Debt Administration

Capital Assets

At June 30, 2016, the College had \$14,824,044 invested in capital assets, net of accumulated depreciation of \$8,667,785. Depreciation charges totaled \$991,719 for the current fiscal year. Details of these assets for the two years are shown below:

	<u>2016</u>	<u>2015</u>	<u>Change</u>
<u>Capital Assets</u>			
Land and land improvements	\$ 434,744	\$ 503,869	\$ (69,125)
Construction in Progress	0	7,474,580	(7,474,580)
Buildings and improvements	12,685,743	5,369,207	7,316,536
Machinery and equipment	1,619,686	439,294	1,180,392
Vehicles	62,734	76,553	(13,819)
Library books and materials	<u>21,137</u>	<u>23,211</u>	<u>(2,074)</u>
Totals	<u>\$ 14,824,044</u>	<u>\$ 13,886,714</u>	<u>\$ 937,330</u>

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, 2016.

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, the College 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.

As of the first day of classes on August 22, 2016, the number of students enrolled for the fall term has climbed 11.92 percent compared to the same time-period last year. This enrollment growth follows a recent spring 2016 headcount enrollment increase of 7.36 percent and establishes an increase for two consecutive years.

The College has begun implementing a '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. The initiative also supports the Belmont's Sustainability Program, as it greatly reduces the need/cost for books, printing and paper supplies.

Belmont College
Belmont County, Ohio
Management Discussion and Analysis
For the Year Ended June 30, 2016
UNAUDITED

In the fall of 2015, Belmont College opened the new Health Sciences Center, accommodating all Allied Health programs including: Associate Degree Nursing (ADN), Licensed Practical Nursing (LPN), and Medical Assisting Technologies. The new building houses state-of-the-art classroom and science labs for biology, anatomy, and chemistry that enhances the learning environment and provides opportunities for students to nurture collaboration and creativity. With the addition of this facility, Belmont College hopes to continue to strengthen enrollment in the health sciences sector.

In addition to the new Health Sciences Center, the Board of Trustees recently approved a plan to undertake extensive renovations to the Main Campus Building, which was built in 1971. Some of these updates include: a new bookstore and student lounge area, renovated restrooms and mechanical systems.

Belmont College is conscientious of the financial implications regarding enrollment decline. While a recent climb in enrollment has occurred, the college is prepared in case enrollment falls again. As a result, 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 of 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, 2016

	Belmont College	Component Unit Belmont College Foundation
<u>ASSETS</u>		
<i>Current Assets:</i>		
Cash and cash equivalents	\$ 967,835	\$ 78,576
Investments	10,671,660	392,518
Interest receivable	50,232	0
Accounts receivable, net	1,463,490	0
Supplies inventory, at cost	112,413	0
Total current assets	13,265,630	471,094
<i>Noncurrent Assets:</i>		
Restricted cash and cash equivalents	9,869	0
Restricted investments	143,206	306,779
Capital assets, non-depreciable	276,000	0
Capital assets, net of accumulated depreciation	14,548,044	0
Total noncurrent assets	14,977,119	306,779
TOTAL ASSETS	28,242,749	777,873
<u>DEFERRED OUTFLOWS OF RESOURCES</u>		
<i>Pension:</i>		
STRS	1,038,319	0
SERS	220,480	0
TOTAL DEFERRED OUTFLOWS OF RESOURCES	1,258,799	0
<u>LIABILITIES</u>		
<i>Current Liabilities:</i>		
Contracts payable	134,630	0
Accrued liabilities	329,758	11,825
Accrued vacation/sick leave	263,211	0
Capital lease	374,302	0
Deferred fees income	277,314	0
Total current liabilities	1,379,215	11,825
<i>Noncurrent Liabilities:</i>		
Accrued vacation/sick leave	56,195	0
Capital lease	21,473	0
Net Pension Liabilities (see notes)	13,464,780	0
Total noncurrent liabilities	13,542,448	0
TOTAL LIABILITIES	14,921,663	11,825
<u>DEFERRED INFLOWS OF RESOURCES</u>		
<i>Pension:</i>		
STRS	2,673,205	0
SERS	625,010	0
Total deferred inflows of resources	3,298,215	0
<u>NET POSITION</u>		
Net Investment in Capital Assets	14,293,639	0
<i>Restricted:</i>		
<i>Nonexpendable:</i>		
Scholarships	56,510	320,756
<i>Expendable:</i>		
Scholarships	133,305	176,598
Instructional Department uses	989,345	0
Capital projects	2,699,612	0
Unrestricted	(6,890,741)	268,695
TOTAL NET POSITION	\$ 11,281,670	\$ 766,049

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, 2016

	<u>Belmont College</u>	<u>Component Unit Belmont College Foundation</u>
<u>REVENUE:</u>		
<i>Operating Revenues:</i>		
Student tuition and fees (net of scholarship allowances of \$413,923 & \$1,355,771)	\$ 3,825,894	\$ 0
State grants and contracts	90,737	0
Federal grants and contracts	153,062	0
Private gifts and contracts	0	112,858
Auxiliary Enterprises:		
Sales and services	772,422	0
Other sources	80,145	0
Total revenues	<u>4,922,260</u>	<u>112,858</u>
<u>EXPENSES:</u>		
<i>Operating Expenses:</i>		
Educational and General:		
Instructional	4,190,158	0
Public service	66,249	0
Academic support	744,097	0
Student services	507,156	0
Institutional support	3,261,812	584,800
Operation and maintenance of plant	885,377	0
Depreciation	991,719	0
Scholarships and grants	739,272	37,349
Total Educational and General	<u>11,385,840</u>	<u>622,149</u>
Auxiliary Enterprises	723,958	0
Total Expenses	<u>12,109,798</u>	<u>622,149</u>
Operating Loss	(7,187,538)	(509,291)
<u>NONOPERATING REVENUES (EXPENSES):</u>		
State appropriations	5,036,546	0
Federal Grants & Contracts	1,963,383	0
Gifts	26,273	0
Investment income	92,990	22,590
Interest and Fiscal Charges	(29,230)	0
Unrealized gain on Investments	0	(2,322)
Net nonoperating revenues (expenses)	<u>7,089,962</u>	<u>20,268</u>
Income before other revenues, expenses, gains or losses	(97,576)	(489,023)
Capital appropriations	337,695	0
Capital grants and gifts	500,000	0
Total other revenues	<u>837,695</u>	<u>0</u>
Increase in Net Position	<u>740,119</u>	<u>(489,023)</u>
Net Position, Beginning of Year	<u>10,541,551</u>	<u>1,255,072</u>
Net Position, End of Year	<u>\$ 11,281,670</u>	<u>\$ 766,049</u>

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

BELMONT COLLEGE
STATEMENT OF CASH FLOWS
For the Fiscal Year Ended June 30, 2016

	Belmont College	Component Unit Belmont College Foundation
<u>INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS</u>		
<i>Cash Flows from Operating Activities:</i>		
Tuition and fees	\$ 3,806,788	\$ 0
Grants and contracts	249,553	125,730
Payments to suppliers	(2,101,406)	(89,470)
Payments for utilities	(317,637)	0
Payments to employees	(6,347,916)	0
Payments for benefits	(1,506,351)	0
Payments for scholarships and grants	(739,272)	(537,349)
Auxiliary Enterprises:		
Book Store	754,903	0
Other receipts	<u>80,145</u>	<u>0</u>
Net cash used by operating activities	(6,121,193)	(501,089)
<i>Cash Flows from Non-Capital and Related Financing Activities:</i>		
State appropriations	5,036,546	0
Federal Grants (Pell Grant - Non Operating)	1,963,383	0
Gifts and grants	<u>26,273</u>	<u>0</u>
Net cash provided by non-capital and related financing activities	7,026,202	0
<i>Cash Flows from Capital and Related Financing Activities:</i>		
Purchase of capital assets	(2,214,005)	0
Principal Paid on Leases	(205,576)	0
Interest paid on leases	(29,230)	0
Capital Grants	500,000	0
Capital Appropriations	<u>337,695</u>	<u>0</u>
Net cash used by capital and related financing activities	(1,611,116)	0
<i>Cash Flows from Investing Activities:</i>		
Interest on investments	153,972	20,268
Proceeds from sales and maturities of investments	121,838	364,381
Purchase of investments	<u>(90,150)</u>	<u>0</u>
Net cash used by investing activities	185,660	384,649
Net decrease in cash and cash equivalents	(520,447)	(116,440)
Cash and Cash Equivalents, beginning of year	<u>1,498,151</u>	<u>195,016</u>
Cash and Cash Equivalents, end of year	<u><u>977,704</u></u>	<u><u>78,576</u></u>
<u>RECONCILIATION OF OPERATING LOSS TO NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES:</u>		
Operating loss	(7,187,538)	(509,291)
Adjustments to reconcile operating loss to net cash provided (used) by operating activities:		
Depreciation	991,719	0
(Increase)/Decrease in Assets and Deferred Outflows of Resources:		
Receivables, net	(20,344)	12,872
Inventories	(6,969)	0
Deferred Outflows STRS	11,556	0
Deferred Outflows SERS	(378,758)	0
Increase/(Decrease) in Liabilities and Deferred Inflows of Resources:		
Accrued liabilities	363,224	(4,670)
Net Pension Liabilities	(705,353)	0
Deferred Inflows - STRS	136,027	0
Deferred Inflows - SERS	609,052	0
Compensated absences	56,847	0
Deferred revenue	<u>9,344</u>	<u>0</u>
Net cash used by operating activities	<u><u>\$ (6,121,193)</u></u>	<u><u>\$ (501,089)</u></u>

NONCASH TRANSACTIONS:

During fiscal year 2016 the College entered into capital leases amounting to \$601,351 for technology equipment.
At June 30, 2016, the College purchased \$134,630 in capital assets on account.
At June 30, 2015, the College purchased \$1,020,938 in capital assets on account.

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

**BELMONT COLLEGE
BELMONT COUNTY, OHIO
NOTES TO THE FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2016**

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.

**BELMONT COLLEGE
BELMONT COUNTY, OHIO
NOTES TO THE FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2016**

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 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 fair market value 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.

**BELMONT COLLEGE
BELMONT COUNTY, OHIO
NOTES TO THE FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2016**

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, 5 to 15 years for land improvements, 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, capital leases and net pension liabilities which will not be paid within the next fiscal year.

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.

**BELMONT COLLEGE
BELMONT COUNTY, OHIO
NOTES TO THE FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2016**

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. The deferred outflows of resources related to pension are explained in Note 11.

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 related inflows. Deferred inflows of resources related to pension are reported on the statement of net position and are explained in Note 11.

M. Pensions

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

**BELMONT COLLEGE
BELMONT COUNTY, OHIO
NOTES TO THE FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2016**

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.

**BELMONT COLLEGE
BELMONT COUNTY, OHIO
NOTES TO THE FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2016**

NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

T. Implementation of New Accounting Policies

For the fiscal year ended June 30, 2016, the College has implemented Governmental Accounting Standards Board (GASB) Statement No. 72, *Fair Value Measurement and Application*, GASB Statement No. 73, *Accounting and Financial Reporting for Pensions and Related Assets That Are Not within the Scope of GASB Statement 68*, and *Amendments to Certain Provisions of GASB Statements 67 and 68*, GASB Statement No. 76, *The Hierarchy of Generally Accepted Accounting Principles for State and Local Governments* and GASB Statement No. 79, *Certain External Investment Pools and Pool Participants*.

GASB Statement No. 72 clarifies the definition of fair value for financial reporting purposes, establishes general principles for measuring fair value, provides additional fair value application guidance, and enhances disclosures about fair value measurements. The implementation of GASB Statement No. 72 did not have an effect on the financial statements of the College.

GASB Statement No. 73 establishes requirements for defined benefit pensions that are not within the scope of GASB Statement No. 68 as well as for the assets accumulated for purposes of providing those pensions. In addition, it establishes requirements for defined contribution pensions that are not within the scope of Statement 68. It also clarifies the application of certain provisions of GASB Statements 67 and 68. The implementation of GASB Statement No. 73 did not have an effect on the financial statements of the College.

GASB Statement No. 76 reduces the GAAP hierarchy to two categories of authoritative GAAP and addresses the use of authoritative and nonauthoritative literature in the event that the accounting treatment for a transaction or other event is not specified within a source of authoritative GAAP. The implementation of GASB Statement No. 76 did not have an effect on the financial statements of the College.

GASB Statement No. 79 addresses accounting and financial reporting for certain external investment pools and pool participants. Specifically, it establishes criteria for an external investment pool to qualify for making the election to measure all of its investments at amortized cost for financial reporting purposes. The implementation of GASB Statement No. 79 did not have an effect on the financial statements of the College.

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.

**BELMONT COLLEGE
BELMONT COUNTY, OHIO
NOTES TO THE FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2016**

NOTE 3 – STATE SUPPORT (Continued)

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 statutes classify monies held by the College into three categories.

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

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

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

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;

**BELMONT COLLEGE
BELMONT COUNTY, OHIO
NOTES TO THE FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2016**

NOTE 4 – DEPOSITS AND INVESTMENTS (Continued)

3. Written repurchase agreements in the securities listed above provided that the market value of the securities subject to the repurchase agreement must exceed the principal value of the agreement by at least two percent and be marked to market daily, and that the term of the agreement must not exceed thirty days;
4. Bond and other obligations of the State of Ohio.
5. Time certificates of deposit or savings or deposit accounts including, but not limited to, pass-book accounts;
6. No-load money market mutual funds consisting exclusively of obligations described in division (1) or (2) and repurchase agreements secured by such obligations, provided that investments in securities described in this division are made only through eligible institutions;
7. The State Treasurer's investment pool (STAROhio and Star Plus);
8. Certain bankers' acceptances and commercial paper notes for a period not to exceed one hundred and eighty days in an amount not to exceed twenty-five percent of the interim monies available for investment at any one time.

Protection of the College's deposits is provided by the Federal Deposit Insurance Corporation (FDIC), by eligible securities pledged by the financial institution as security for repayment, by surety company bonds deposited with the treasurer by the financial institution or by a single collateral pool established by the financial institution to secure the repayment of all public monies deposited with the institution.

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.

According to State law, public depositories must give security for all public funds on deposit. These institutions may either specifically collateralize individual accounts in lieu of amounts insured by FDIC, or may pledge a pool of government securities valued at least 105 percent of the total value of public monies on deposit at the institution. Repurchase agreements must be secured by the specific government securities upon which the repurchase agreements are based. These securities must be obligations of or guaranteed by the United States and mature or be redeemable within 5 years of the date of the related repurchase agreement. State law does not require security for public deposits and investments to be maintained in the College's name. During 2016, the College and public depositories complied with the provisions of these statutes.

**BELMONT COLLEGE
BELMONT COUNTY, OHIO
NOTES TO THE FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2016**

NOTE 4 – DEPOSITS AND INVESTMENTS (Continued)

Cash on Hand:

At year end, the College had \$915 in undeposited cash on hand, which is included in the statement of net position of the College as part of cash and cash equivalents.

Custodial Credit Risk - Deposits:

Custodial credit risk is the risk that, in the event of a bank failure, the College’s deposits may not be returned. All deposits are collateralized with eligible securities in amounts equal to at least 105% of the carrying value of the deposits. Such collateral, as permitted by the Ohio Revised Code, is held in single financial institution collateral pools at Federal Reserve Banks, or at member banks of the Federal Reserve System, in the name of the respective depository bank and pledged as collateral against all of the public deposits it holds or as specific collateral held at the Federal Reserve Bank in the name of the College.

At fiscal year-end, the carrying amount of the College’s deposits was \$11,791,655. Based on the criteria described in GASB Statement No. 40, “Deposits and Investment Risk Disclosures,” as of June 30, 2016, none of the College’s bank balance of \$11,991,316 was exposed to custodial risk as discussed above.

Investments:

As of June 30, 2016, the College had no investments as defined by GASB Statement No.40.

NOTE 5 - RECEIVABLES

Receivables at June 30, 2016 were as follows:

	Gross Receivables	Allowance for Doubtful Accounts	Net Receivables
Current Receivables:			
Students	\$ 1,864,814	\$ (689,959)	\$ 1,174,855
Interest	50,232	0	50,232
Intergovernmental	-	0	-
Other	288,635	0	288,635
Total Current Receivables	\$ 2,203,681	\$ (689,959)	\$ 1,513,722

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, 2016, there was no net appreciation on donor restricted assets available to be spent.

**BELMONT COLLEGE
BELMONT COUNTY, OHIO
NOTES TO THE FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2016**

NOTE 7 – CAPITAL ASSETS

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

	<u>Balance</u> <u>June 30, 2015</u>	<u>Additions</u>	<u>Reductions</u>	<u>Balance</u> <u>June 30, 2016</u>
Capital Assets, Non Depreciable:				
Land	\$ 276,000	\$ 0	\$ 0	\$ 276,000
Construction/Work in Progress	7,474,580	287,439	7,762,019	0
Total Non-depreciable	<u>7,750,580</u>	<u>287,439</u>	<u>7,762,019</u>	<u>276,000</u>
Capital Assets, Depreciable:				
Land Improvements	769,652	0	0	769,652
Buildings and improvements	10,926,233	7,769,457	0	18,695,690
Machinery and Equipment	1,492,466	1,624,454	0	3,116,920
Motor Vehicles	286,462	0	0	286,462
Library books and materials	424,164	9,718	86,776	347,106
Total Depreciable	<u>13,898,977</u>	<u>9,403,629</u>	<u>86,776</u>	<u>23,215,830</u>
Less Accumulated Depreciation:				
Land Improvements	541,783	69,125	0	610,908
Buildings and improvements	5,557,026	452,921	0	6,009,947
Machinery and Equipment	1,053,172	444,062	0	1,497,234
Motor Vehicles	209,909	13,819	0	223,728
Library books and materials	400,953	11,792	86,776	325,969
Total Accumulated Depreciation	<u>7,762,843</u>	<u>991,719</u>	<u>86,776</u>	<u>8,667,786</u>
Total Capital Assets, Depreciable, net	<u>6,136,134</u>	<u>8,411,910</u>	<u>0</u>	<u>14,548,044</u>
Capital Assets, net	<u>\$ 13,886,714</u>	<u>\$ 8,699,349</u>	<u>\$ 7,762,019</u>	<u>\$ 14,824,044</u>

**BELMONT COLLEGE
BELMONT COUNTY, OHIO
NOTES TO THE FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2016**

NOTE 8 – LONG-TERM LIABILITIES

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

	<u>Balance July 1, 2015</u>	<u>Additions</u>	<u>Reductions</u>	<u>Balance June 30, 2016</u>	<u>Current Portion</u>
Net Pension Liability:					
SERS	\$ 3,012,779	\$ 0	\$ 218,560	2,794,219	\$ 0
STRS	11,157,354	0	486,793	10,670,561	0
<i>Total Net Pension Liability</i>	<u>14,170,133</u>	<u>0</u>	<u>705,353</u>	<u>13,464,780</u>	<u>0</u>
Capital Lease Payable	0	601,351	205,576	395,775	374,302
Compensated Absences	262,559	56,847	0	319,406	263,211
Total Long-Term Liabilities	<u>\$ 14,432,692</u>	<u>\$ 658,198</u>	<u>\$ 910,929</u>	<u>\$ 14,179,961</u>	<u>\$ 637,513</u>

NOTE 9 – CAPITAL LEASES

In fiscal year 2016 the College entered into two capital leases for IPAD's. These lease obligations meet the criteria of a capital lease and have been recorded as capital assets on the statement of net position. The assets acquired by the leases were capitalized in the amount of \$601,351, which was equal to the present value of the future minimum lease payments at the time of acquisition. A corresponding liability was recorded and is reduced for each required principal payment.

The following is a schedule of the future long-term minimum lease payments required under the capital leases and the present value of the minimum lease payments as of June 30, 2016:

Fiscal year ending June 30, 2017	\$445,636
Fiscal year ending June 30, 2018	<u>23,978</u>
Total Payments	469,614
Less amount representing interest	<u>73,839</u>
Present value of minimum lease payments	<u>\$395,775</u>

BELMONT COLLEGE
BELMONT COUNTY, OHIO
NOTES TO THE FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2016

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	\$ 3,996,604	\$ 0	\$ 0	\$ 193,554	\$ 0	\$ 4,190,158
Public service	35,315	0	0	30,934	0	66,249
Academic support	602,213	0	0	141,884	0	744,097
Student services	485,798	0	0	21,358	0	507,156
Institutional support	1,895,035	0	0	1,366,777	0	3,261,812
Operations and maintenance	458,312	0	317,637	109,428	0	885,377
Scholarships & grants	0	739,272	0	0	0	739,272
Auxiliary enterprises	111,291	0	0	612,667	0	723,958
Depreciation	0	0	0	0	991,719	991,719
Totals	<u>\$ 7,584,568</u>	<u>\$ 739,272</u>	<u>\$ 317,637</u>	<u>\$ 2,476,602</u>	<u>\$ 991,719</u>	<u>\$ 12,109,798</u>

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

**BELMONT COLLEGE
BELMONT COUNTY, OHIO
NOTES TO THE FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2016**

NOTE 11 – DEFINED BENEFIT PENSION PLANS (Continued)

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.

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

Plan Description - School Employees Retirement System (SERS)

Plan Description – The College’s non-teaching employees participate in SERS, a cost-sharing multiple-employer defined benefit pension plan administered by SERS. SERS provides retirement, disability and survivor benefits, annual cost-of-living adjustments, and death 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 on or 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 thirty 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.

One year after an effective benefit date, a benefit recipient is entitled to a three percent cost-of-living adjustment (COLA). This same COLA is added each year to the base benefit amount on the anniversary date of the benefit.

**BELMONT COLLEGE
BELMONT COUNTY, OHIO
NOTES TO THE FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2016**

NOTE 11 – DEFINED BENEFIT PENSION PLANS (Continued)

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, 2016, the allocation to pension, death benefits, and Medicare B was 14 percent. SERS did not allocate any employer contributions to the Health Care Fund for fiscal year 2016.

The College's contractually required contributions to SERS for fiscal years ended June 30 2016, 2015, and 2014 were \$172,087, \$206,391, and \$254,975 respectively; equal to the required contributions for each year.

Plan Description - State Teachers Retirement System (STRS)

Plan Description – The College's 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. The DB plan offers an annual retirement allowance based on final average salary multiplied by a percentage that varies based on years of service. Effective August 1, 2015, the calculation will be 2.2 percent of final average salary for the five highest years of earnings multiplied by all years of service. With certain exceptions, the basic benefit is increased each year by two percent of the original base benefit. For members retiring August 1, 2013, or later, the first two percent is paid on the fifth anniversary of the retirement benefit. Members are eligible to retire at age 60 with five years of qualifying service credit, or age 55 with 25 years of service, or 30 years of service regardless of age. Age and service requirements for retirement will increase effective August 1, 2015, and will continue to increase periodically until they reach age 60 with 35 years of service or age 65 with five years of service on August 1, 2026.

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. 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.

**BELMONT COLLEGE
BELMONT COUNTY, OHIO
NOTES TO THE FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2016**

NOTE 11 – DEFINED BENEFIT PENSION PLANS (Continued)

The Combined Plan offers features of both the DB Plan and the DC Plan. In the Combined Plan, member contributions are allocated among investment choices by the member, and employer contributions are used to fund the defined benefit payment at a reduced level from the regular DB Plan. The defined benefit portion of the Combined Plan payment is payable to a member on or after age 60 with five years of services. The defined contribution portion of the account may be taken as a lump sum payment or converted to a lifetime monthly annuity at age 50.

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.

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 that 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. The statutory maximum employee contribution rate was increased one percent July 1, 2014, and will be increased one percent each year until it reaches 14 percent on July 1, 2016. For the fiscal year ended June 30, 2016, plan members were required to contribute 13 percent of their annual covered salary. The Belmont College was required to contribute 14 percent; the entire 14 percent was the portion used to fund pension obligations. The fiscal year 2016 contribution rates were equal to the statutory maximum rates.

The College's contractually required contribution to STRS for fiscal years ended June 30 2016, 2015, and 2014 were \$539,123, \$552,147, and \$648,923 respectively; 100% has been contributed for each fiscal year.

**BELMONT COLLEGE
BELMONT COUNTY, OHIO
NOTES TO THE FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2016**

NOTE 11 – DEFINED BENEFIT PENSION PLANS (Continued)

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

The net pension liability was measured as of June 30, 2015, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of that date. The Belmont College's proportion of the net pension liability was based on the Belmont College's share of contributions to the pension plan relative to the contributions of all participating entities. Following is information related to the proportionate share and pension expense:

	<u>STRS</u>	<u>SERS</u>	<u>Total</u>
Proportionate Share of the Net Pension Liability	\$10,670,561	\$2,794,219	\$13,464,780
Proportion of the Net Pension Liability	0.0003860959%	0.0004896900%	
Pension Expense	\$282,624	\$101,107	\$383,731

At June 30, 2016, the College reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	<u>STRS</u>	<u>SERS</u>	<u>Total</u>
Deferred Outflows of Resources			
Differences between expected and actual experience	\$499,196	\$48,393	\$547,589
College contributions subsequent to the measurement date	<u>539,123</u>	<u>172,087</u>	<u>711,210</u>
Total Deferred Outflows of Resources	<u>\$1,038,319</u>	<u>\$220,480</u>	<u>\$1,258,799</u>
Deferred Inflows of Resources			
Net difference between projected and actual earnings on pension plan investments	\$1,012,476	\$157,642	\$1,170,118
Changes in proportion and differences between College's contributions and proportionate share of contributions	<u>1,660,729</u>	<u>467,368</u>	<u>2,128,097</u>
Total Deferred Inflows of Resources	<u>\$2,673,205</u>	<u>\$625,010</u>	<u>\$3,298,215</u>

**BELMONT COLLEGE
BELMONT COUNTY, OHIO
NOTES TO THE FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2016**

NOTE 11 – DEFINED BENEFIT PENSION PLANS (Continued)

\$711,210 reported as deferred outflows of resources related to pension resulting from the College contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ending June 30, 2017. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pension will be recognized in pension expense as follows:

Fiscal Year Ending June 30:	STRS	SERS	Total
2017	(\$665,798)	(\$203,480)	(\$869,278)
2018	(\$665,798)	(\$203,480)	(\$869,278)
2019	(\$665,797)	(\$203,736)	(\$869,533)
2020	(\$176,616)	\$34,080	(\$142,536)
Total	(\$2,174,009)	(\$576,616)	(\$2,750,625)

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 termination). 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.

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, 2015, are presented below:

Wage Inflation	3.25 percent
Future Salary Increases, including inflation	4.00 percent to 22 percent
COLA or Ad Hoc COLA	3 percent
Investment Rate of Return	7.75 percent net of investments expense, including inflation
Actuarial Cost Method	Entry Age Normal

**BELMONT COLLEGE
 BELMONT COUNTY, OHIO
 NOTES TO THE FINANCIAL STATEMENTS
 FOR THE FISCAL YEAR ENDED JUNE 30, 2016**

NOTE 11 – DEFINED BENEFIT PENSION PLANS (Continued)

For post-retirement mortality, the table used in evaluating allowances to be paid is the 1994 Group Annuity Mortality Table set back one year for both men and women. Special mortality tables are used for the period after disability retirement.

The most recent experience study was completed June 30, 2010.

The long-term return expectation for the Pension Plan Investments has been determined 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 a weighted averaged 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 target allocation and best estimates of arithmetic real rates of return for each major assets class are summarized in the following table:

<u>Asset Class</u>	<u>Target Allocation</u>	<u>Long Term Expected Real Rate of Return</u>
Cash	1.00 %	0.00%
US Stocks	22.50	5.00
Non-US Stocks	22.50	5.50
Fixed Income	19.00	1.50
Private Equity	10.00	10.00
Real Assets	10.00	5.00
Multi-Asset Strategies	15.00	7.50
	<u>100%</u>	

Discount Rate The total pension liability was calculated using the discount rate of 7.75 percent. The projection of cash flows used to determine the discount rate assumed the contributions from employers and from the members would be computed based on contribution requirements as stipulated by State statute. Projected inflows from investment earning were calculated using the long-term assumed investment rate of return (7.75 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.

**BELMONT COLLEGE
BELMONT COUNTY, OHIO
NOTES TO THE FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2016**

NOTE 11 – DEFINED BENEFIT PENSION PLANS (Continued)

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 net pension liability calculated using the discount rate of 7.75 percent, as well as what each plan's net pension liability would be if it were calculated using a discount rate that is one percentage point lower (6.75 percent), or one percentage point higher (8.75 percent) than the current rate.

	1% Decrease (6.75%)	Current Discount Rate (7.75%)	1% Increase (8.75%)
College's proportionate share of the net pension liability	\$3,874,577	\$2,794,219	\$1,884,468

Actuarial Assumptions - STRS

The total pension liability in the June 30, 2014, actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

Inflation	2.75 percent
Projected salary increases	2.75 percent at age 70 to 12.25 percent at age 20
Investment Rate of Return	7.75 percent, net of investment expenses
Cost-of-Living Adjustments (COLA)	2 percent simple applied as follows: for members retiring before August 1, 2013, 2 percent per year; for members retiring August 1, 2013, or later, 2 percent COLA paid on fifth anniversary of retirement date.

Mortality rates were based on the RP-2000 Combined Mortality Table (Projection 2022—Scale AA) for Males and Females. Males' ages are set-back two years through age 89 and no set-back for age 90 and above. Females younger than age 80 are set back four years, one year set back from age 80 through 89 and not set back from age 90 and above.

Actuarial assumptions used in the June 30, 2015, valuation are based on the results of an actuarial experience study, effective July 1, 2012.

The 10 year expected real rate of return on pension plan investments was determined by STRS' investment consultant by developing best estimates of expected future real rates of return for each major asset class. The target allocation and best estimates of geometric real rates of return for each major asset class are summarized as follows:

Asset Class	Target Allocation		Long Term Expected Real Rate of Return
Domestic Equity	31.00	%	8.00
International Equity	26.00		7.85
Alternatives	14.00		8.00
Fixed Income	18.00		3.75
Real Estate	10.00		6.75
Liquidity Reserves	1.00		3.00
Total	100.00	%	

**BELMONT COLLEGE
 BELMONT COUNTY, OHIO
 NOTES TO THE FINANCIAL STATEMENTS
 FOR THE FISCAL YEAR ENDED JUNE 30, 2016**

NOTE 11 – DEFINED BENEFIT PENSION PLANS (Continued)

Discount Rate The discount rate used to measure the total pension liability was 7.75 percent as of June 30, 2015. The projection of cash flows used to determine the discount rate assumes member and employer contributions will be made at the statutory contribution rates in accordance with rate increases described above. For this purpose, only employer contributions that are intended to fund benefits of current plan members and their beneficiaries are included. Projected employer contributions that are intended to fund the service costs of future plan members and their beneficiaries, as well as projected contributions from future plan members, are not 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, 2015. Therefore, the long-term expected rate of return on pension plan investments of 7.75 percent was applied to all periods of projected benefit payment to determine the total pension liability as of June 30, 2015.

Sensitivity of the College’s Proportionate Share of the Net Pension Liability to Changes in the Discount Rate The following table presents Belmont College’s proportionate share of the net pension liability calculated using the current period discount rate assumption of 7.75 percent, as well as what Belmont 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 (6.75 percent) or one-percentage-point higher (8.75 percent) than the current rate:

	1% Decrease (6.75%)	Current Discount Rate (7.75%)	1% Increase (8.75%)
College's proportionate share of the net pension liability	\$14,822,215	\$10,670,561	\$7,159,719

NOTE 12 – POST-EMPLOYMENT BENEFITS

A. School Employees Retirement System

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 45 purposes, this plan is considered a cost-sharing, multiple-employer, defined benefit other postemployment benefit (OPEB) plan. The Health Care Plan includes hospitalization and physicians’ fees through several types of plans including HMO’s, PPO’s, Medicare Advantage, and traditional indemnity plans as well as a prescription drug program. 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. Health care is financed through a combination of employer contributions and retiree premiums, copays and deductibles on covered health care expenses, investment returns, and any funds received as a result of SERS’ participation in Medicare programs. Active employee members do not contribute to the Health Care Plan. Retirees and their beneficiaries are required to pay a health care premium that varies depending on the plan selected, the number of qualified years of service, Medicare eligibility and retirement status.

**BELMONT COLLEGE
BELMONT COUNTY, OHIO
NOTES TO THE FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2016**

NOTE 12 – POST-EMPLOYMENT BENEFITS (Continued)

Funding Policy - State statute permits SERS to fund the health care benefits through employer contributions. Each year, after the allocation for statutorily required basic benefits, the Retirement Board allocates the remainder of the employer contribution of 14 percent of covered payroll to the Health Care Fund. In addition, employers pay a surcharge for employees earning less than an actuarially determined minimum compensation amount, pro-rated according to service credit earned. For fiscal year 2016, this amount was \$23,000. Statutes provide that no employer shall pay a health care surcharge greater than 2 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.

The College's contributions for health care (including surcharge) for the fiscal years ended June 30, 2016, 2015, and 2014 were \$16,425, \$35,297 and \$30,069, respectively. The full amount has been contributed for fiscal years 2016, 2015 and 2014.

B. State Teachers Retirement System

Plan Description – The College participates in the cost-sharing multiple-employer defined benefit Health Plan administered by the State Teachers Retirement System of Ohio (STRS) 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 reimbursement of monthly Medicare Part B premiums. 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 Ohio to offer the Plan and gives the Retirement Board 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. All benefit recipients, for the most recent year, pay a monthly premium. Under Ohio law, funding for post-employment health care may be deducted from employer contributions. For fiscal year 2016, STRS did not allocate any employer contributions to post-employment health care. The College's contributions for health care for the fiscal years ended June 30, 2016, 2015, and 2014 were \$0, \$0, and \$46,352, respectively. The full amount has been contributed for fiscal years 2016, 2015 and 2014.

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 2016, 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 \$10,000 deductible.

Professional and general liability is protected by Catlin Indemnity Company (Wright Specialty) with a \$1,000,000 single occurrence limit, \$3,000,000 annual aggregate limit and no deductible. Vehicles are also covered by Catlin Indemnity Company (Wright Specialty) 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 \$10,000,000 in excess of the \$1,000,000 limits over all other liability coverage.

**BELMONT COLLEGE
BELMONT COUNTY, OHIO
NOTES TO THE FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2016**

NOTE 13– RISK MANAGEMENT (Continued)

Ancillary coverage for cyber liability breach response is provided by Illinois National Insurance Company with a \$1,000,000 single occurrence limit and a \$25,000 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, 2016, the College has commitments with the following companies for various construction projects.

Contractor	Contract Amount	Amount Paid as of June 30, 2016	Amount Remaining on Contracts
<i>Health Sciences Center:</i>			
Ruscilli Construction Company, Inc. - Construction Manager	\$ 6,885,436	\$ 6,750,806	\$ 134,630

NOTE 15– 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, 2016.

NOTE 16– 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.

**BELMONT COLLEGE
 BELMONT COUNTY, OHIO
 NOTES TO THE FINANCIAL STATEMENTS
 FOR THE FISCAL YEAR ENDED JUNE 30, 2016**

NOTE 16- 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, 2016, the carrying amount of the Foundation’s deposits was \$78,576 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, 2016:

<u>Investment Type</u>	<u>Fair Value</u>
Cash and Money Market Funds	\$ 59,461
Equities	311,062
Fixed Income	<u>328,774</u>
 Total	 <u>\$ 699,297</u>

Support Provided to the College:

During the year ended June 30, 2016 the Foundation provided \$537,349 to or on behalf of the College for scholarships and other purposes.

NOTE 17- SUBSEQUENT EVENT

On September 22, 2016, the Board of Trustees approved funding in an amount not to exceed \$7,910,000 for the fiscal year 2017 main building improvement project. The planned project consists of planning and design fees, construction costs as well as furniture and fixtures for extensive renovations at the College’s main building. These planned renovations consist of a new bookstore, new student lounge area, renovated restrooms and upgrades to mechanical systems. The planned source of funding for the project is \$5,291,073 from local resources and \$2,618,927 from State appropriations.

This page intentionally left blank.

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

	<u>2015</u>	<u>2014</u>	<u>2013</u>
<i>State Teachers Retirement System (STRS)</i>			
College's Proportion of the Net Pension Liability	0.03860959%	0.04587075%	0.04587075%
College's Proportionate Share of the Net Pension Liability	\$ 10,670,561	\$ 11,157,354	\$ 13,290,567
College's Covered-Employee Payroll	\$ 3,943,907	\$ 4,991,715	\$ 5,530,862
College's Proportionate Share of the Net Pension Liability as a Percentage of its Covered-Employee Payroll	270.56%	223.52%	240.30%
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	72.10%	74.70%	69.30%
<i>School Employees Retirement System (SERS)</i>			
College's Proportion of the Net Pension Liability	0.04896900%	0.05953000%	0.05953000%
College's Proportionate Share of the Net Pension Liability	\$ 2,794,219	\$ 3,012,779	\$ 3,540,058
College's Covered-Employee Payroll	\$ 1,565,941	\$ 1,839,646	\$ 1,997,637
College's Proportionate Share of the Net Pension Liability as a Percentage of its Covered-Employee Payroll	178.44%	163.77%	177.21%
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	69.16%	71.70%	65.52%

(1) Information prior to 2013 is not available.

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

Belmont College
Belmont County, Ohio
Required Supplementary Information
Schedule of College Contributions
Last Ten Fiscal Years

	<u>2016</u>	<u>2015</u>	<u>2014</u>	<u>2013</u>
<i>State Teachers Retirement System (STRS)</i>				
Contractually Required Contribution	\$ 539,123	\$ 552,147	\$ 648,923	\$ 719,012
Contributions in Relation to the Contractually Required Contribution	<u>(539,123)</u>	<u>(552,147)</u>	<u>(648,923)</u>	<u>(719,012)</u>
Contribution Deficiency (Excess)	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 0</u>
College's Covered-Employee Payroll	\$ 3,850,879	\$ 3,943,907	\$ 4,991,715	\$ 5,530,862
Contributions as a Percentage of Covered-Employee Payroll	14.00%	14.00%	13.00%	13.00%
 <i>School Employees Retirement System (SERS)</i>				
Contractually Required Contribution	\$ 172,087	\$ 206,391	\$ 254,975	\$ 276,473
Contributions in Relation to the Contractually Required Contribution	<u>(172,087)</u>	<u>(206,391)</u>	<u>(254,975)</u>	<u>(276,473)</u>
Contribution Deficiency (Excess)	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 0</u>
College's Covered-Employee Payroll	\$ 1,229,193	\$ 1,565,941	\$ 1,839,646	\$ 1,997,637
Contributions as a Percentage of Covered-Employee Payroll	14.00%	13.18%	13.86%	13.84%

n/a - Information prior to 2008 is not available.

<u>2012</u>	<u>2011</u>	<u>2010</u>	<u>2009</u>	<u>2008</u>	<u>2007</u>
\$ 808,600	\$ 794,090	\$ 750,460	\$ 679,869	\$ 636,029	\$ 595,214
<u>(808,600)</u>	<u>(794,090)</u>	<u>(750,460)</u>	<u>(679,869)</u>	<u>(636,029)</u>	<u>(595,214)</u>
<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 0</u>
\$ 6,220,000	\$ 6,108,385	\$ 5,772,769	\$ 5,229,762	\$ 4,892,531	\$ 4,578,569
13.00%	13.00%	13.00%	13.00%	13.00%	13.00%
\$ 295,732	\$ 289,278	\$ 270,037	\$ 258,651	\$ 250,383	n/a
<u>(295,732)</u>	<u>(289,278)</u>	<u>(270,037)</u>	<u>(258,651)</u>	<u>(250,383)</u>	n/a
<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 0</u>	n/a
\$ 2,198,751	\$ 2,301,337	\$ 1,994,365	\$ 2,628,567	\$ 2,549,725	n/a
13.45%	12.57%	13.54%	9.84%	9.82%	n/a

This page intentionally left blank.

November 22, 2016

Board of Trustees
Belmont College
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 Belmont College, Belmont County, Ohio (the "College") and the discretely presented component unit, as of and for the year ended June 30, 2016, and the related notes to the financial statements, which collectively comprise the College's basic financial statements, and have issued our report thereon dated November 22, 2016.

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.

Kea & Associates, Inc.

New Philadelphia, Ohio

November 22, 2016

Board of Trustees
Belmont College
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, 2016. 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 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 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; and 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 the 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 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 College's compliance.

Opinion on Each Major Federal Program

In our opinion, Belmont College, Belmont County, Ohio 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, 2016.

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 the 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 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, 2016

	Federal CFDA Number	Federal Disbursements	Passed Through to Subrecipients
<u>U.S. Department of Education</u>			
<i>Direct Awards</i>			
Student Financial Aid Cluster			
Federal Pell Grant	84.063	\$ 1,963,383	\$ 0
Federal Work Study	84.033	40,539	0
Federal Direct Student Loans	84.268	1,861,685	0
Supplemental Educational Opportunity Grant	84.007	66,568	0
Total Student Financial Aid Cluster		3,932,175	0
 <i>Passed Through Ohio Department of Education</i>			
Vocational Education - Basic Grants to States	84.048	42,789	0
Total U.S. Department of Education		3,974,964	0
 Total Federal Awards		\$ 3,974,964	\$ 0

See accompanying notes to the schedule of expenditures of federal awards

BELMONT COLLEGE
BELMONT COUNTY, OHIO
NOTES TO THE SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
2 CFR 200.510(B)(6)
For Fiscal Year Ended June 30, 2016

NOTE 1: BASIS OF PRESENTATION

The accompanying schedule of expenditures of federal awards includes federal grant activity of Belmont College (the College) under programs of the federal government for the year ended June 30, 2016. 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	\$ 761,385
Federal Unsubsidized Loans	1,099,722
Plus Loans	<u>578</u>
Total Federal Direct Student Loans	<u>\$1,861,685</u>

**BELMONT COLLEGE
BELMONT COUNTY, OHIO**

**SCHEDULE OF FINDINGS AND QUESTIONED COSTS
2 CFR SECTION 200.515
FOR THE FISCAL YEAR ENDED JUNE 30, 2016**

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)?	No
(d)(1)(iii)	Was there any reported material non-compliance at the financial statement level (GAGAS)?	No
(d)(1)(iv)	Were there any material internal control weakness conditions reported for major federal programs?	No
(d)(1)(iv)	Were there any other significant deficiencies in internal control reported for major federal programs?	No
(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

This page intentionally left blank.



Dave Yost • Auditor of State

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
DECEMBER 22, 2016**