

BELMONT COLLEGE
BELMONT COUNTY, OHIO

SINGLE AUDIT

FOR THE FISCAL YEAR ENDED
JUNE 30, 2021



Rea & associates

www.reacpa.com

OHIO AUDITOR OF STATE
KEITH FABER



88 East Broad Street
Columbus, Ohio 43215
IPAReport@ohioauditor.gov
(800) 282-0370

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, 2020 through June 30, 2021. Based upon this review, we have accepted these reports in lieu of the audit required by Section 117.11, Revised Code. The Auditor of State did not audit the accompanying financial statements and, accordingly, we are unable to express, and do not express an opinion on them.

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

A handwritten signature in black ink that reads "Keith Faber".

Keith Faber
Auditor of State
Columbus, Ohio

December 30, 2021

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BELMONT COLLEGE
BELMONT COUNTY, OHIO
JUNE 30, 2021

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Independent Auditor's Report

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

Report on the Financial Statements

We have audited the accompanying financial statements of the business-type activities and the discretely presented component unit of Belmont College, Belmont County, Ohio (the College), as of and for the year ended June 30, 2021, and the related notes to the financial statements, which collectively comprise the College's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

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

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

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

Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the business-type activities and the discretely presented component unit of the College, as of June 30, 2021, 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* and *pension and other post-employment benefit schedules* as listed in the table of contents, be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Other Information

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

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

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated December 20, 2021, on our consideration of the College's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the College's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering College's internal control over financial reporting and compliance.

Rea & Associates, Inc.

Rea & Associates, Inc.
New Philadelphia, Ohio
December 20, 2021

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Belmont College
Belmont County, Ohio
Management Discussion and Analysis
For the Year Ended June 30, 2021

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, 2021, with comparative information from fiscal year 2020. Management has prepared the financial statements and the related footnote disclosures along with the discussion and analysis. Responsibility for the completeness and fairness of this information rests with the preparers. The discussion and analysis contains financial activities of Belmont College.

About Belmont College

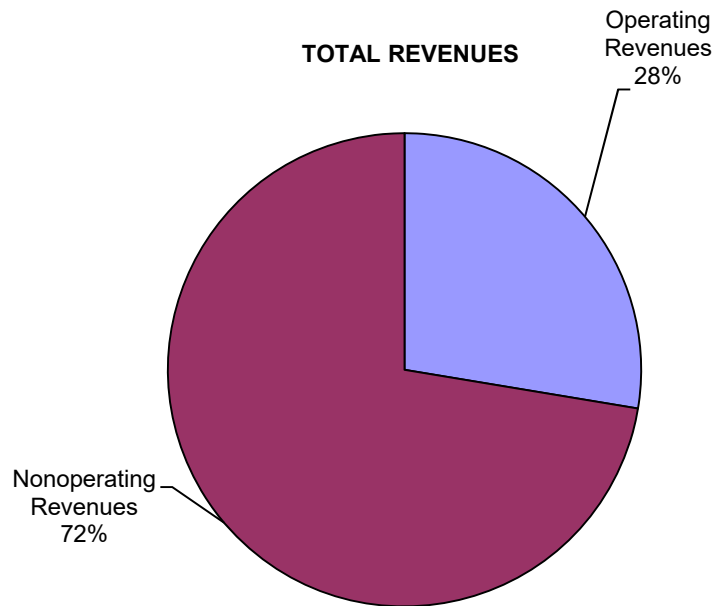
Belmont College is a two year college offering programs in business, engineering, allied health, and public service technologies. The College was chartered in 1971, allowing it to serve the three county areas of Belmont, Harrison, and Monroe Counties.

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

Financial Highlights

Belmont College’s financial position, as a whole, improved during the fiscal year ending June 30, 2021. Its combined net position increased \$908,402 from the previous year.

The following chart provides a graphic breakdown of revenues by category for the fiscal year ending June 30, 2021:



In the fiscal year ending June 30, 2021, revenues and other support exceeded expenses, creating the increase in net position of \$908,402 (compared to a \$463,668 increase last year).

Belmont College
Belmont County, Ohio
Management Discussion and Analysis
For the Year Ended June 30, 2021

Using the Annual Report

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

- **Primary Institution (College):** Most of the programs and services generally associated with a university fall into this category, including instruction, research, public service, and support services.
- **Component Unit (Foundation):** The Foundation is a legally separate, tax-exempt organization supporting the College, is considered a component unit of the College, and is discretely presented in the College’s financial statements.

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

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

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

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

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

Belmont College
Belmont County, Ohio
Management Discussion and Analysis
For the Year Ended June 30, 2021

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 and liabilities 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>2021</u>	<u>2020</u>
<u>Assets</u>		
Current Assets	\$ 8,573,391	\$ 8,461,381
Capital assets, net of accumulated depreciation	19,455,054	20,312,572
Other noncurrent assets	570,044	583,027
Total assets	<u>28,598,489</u>	<u>29,356,980</u>
 <u>Deferred Outflows of Resources</u>		
Total deferred inflows of resources	1,976,637	1,518,400
 <u>Liabilities</u>		
Current Liabilities	628,278	830,040
Noncurrent Liabilities	9,414,981	9,965,878
Total liabilities	<u>10,043,259</u>	<u>10,795,918</u>
 Total deferred inflows of resources	 2,339,006	 2,795,003
 <u>Net Position</u>		
Net Investment in Capital Assets	19,455,054	20,186,620
Restricted		
Nonexpendable	56,510	56,510
Expendable	1,490,166	1,345,201
Unrestricted	<u>(2,808,869)</u>	<u>(4,303,872)</u>
Total Net Position	<u>\$ 18,192,861</u>	<u>\$ 17,284,459</u>

Belmont College
Belmont County, Ohio
Management Discussion and Analysis
For the Year Ended June 30, 2021

The net pension liability (NPL) is the largest single liability reported by the College at June 30, 2021 and is reported pursuant to GASB Statement 68, *Accounting and Financial Reporting for Pensions—an Amendment of GASB Statement 27*. In a prior period, the College also adopted GASB Statement 75, *Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions*. For reasons discussed below, many end users of this financial statement will gain a clearer understanding of the College’s actual financial condition by adding deferred inflows related to pension and OPEB, the net pension liability and the net OPEB liability to the reported net position and subtracting deferred outflows related to pension and OPEB and the net OPEB asset.

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

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

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

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

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

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For the Year Ended June 30, 2021

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

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

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

A review of the College's statement of net position at June 30, 2021 shows that the College continues to build a strong financial foundation.

Assets and deferred outflows of resources: As of June 30, 2021, the College's total assets and deferred outflows of resources amount to \$30,575,126. Capital assets totaled \$19,455,054, or 64 percent, cash and cash equivalents represented \$1,558,065, or 5 percent, of total assets and deferred outflows of resources and investments represented \$5,898,183, or 19 percent of total assets and deferred outflows of resources. Deferred outflows of resources totaled \$1,976,637, or 6 percent, of total assets and deferred outflows of resources.

Liabilities and deferred inflows of resources: At June 30, 2021, the College's liabilities and deferred inflows of resources totaled \$12,382,265. Current liabilities represented \$628,278 or 5 percent, and net pension/OPEB liability totaled \$9,352,419 or 76 percent. Other long-term liabilities totaled \$62,562 or 0.5 percent and deferred inflows of resources totaled \$2,339,006 or 19 percent of total liabilities and deferred inflows of resources.

Net Position: Net position at June 30, 2021 totaled \$18,192,861. Net investment in capital assets totaled \$19,455,054, restricted net position totaled \$1,546,676 and unrestricted net position totaled (\$2,808,869).

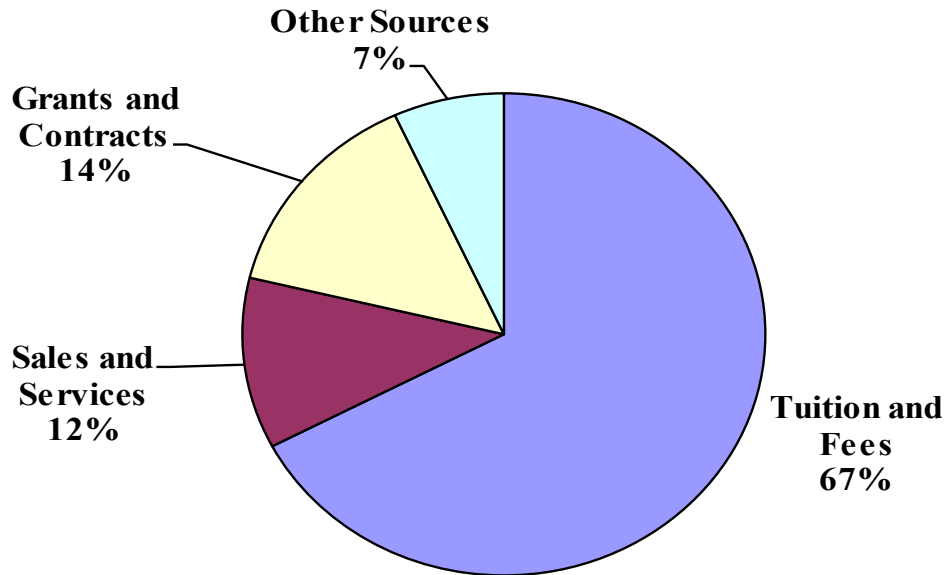
Belmont College
Belmont County, Ohio
Management Discussion and Analysis
For the Year Ended June 30, 2021

Statement of Revenues, Expenses, and Changes in Net Assets

	<u>2021</u>	<u>2020</u>	<u>Change</u>
Operating Revenues:			
Tuition and fees	\$ 2,248,617	\$ 2,278,276	\$ (29,659)
Grants and contracts	480,496	490,654	(10,158)
Auxiliary services	382,932	390,057	(7,125)
Other	228,370	103,559	124,811
Total operating revenues	<u>3,340,415</u>	<u>3,262,546</u>	<u>77,869</u>
Operating Expenses:			
Education and General	9,847,956	7,940,378	1,907,578
Depreciation	910,332	1,035,333	(125,001)
Auxiliary enterprises	427,481	428,284	(803)
Total operating expenses	<u>11,185,769</u>	<u>9,403,995</u>	<u>1,781,774</u>
Net operating revenues (expenses)	<u>(7,845,354)</u>	<u>(6,141,449)</u>	<u>(1,703,905)</u>
Nonoperating Revenues:			
State appropriations	4,216,554	4,250,338	(33,784)
Other nonoperating revenues	4,375,787	2,156,428	2,219,359
Net nonoperating revenues	<u>8,592,341</u>	<u>6,406,766</u>	<u>2,185,575</u>
Income before other revenues	746,987	265,317	481,670
Capital appropriations	161,415	153,344	8,071
Capital grants and gifts	<u>0</u>	<u>45,007</u>	<u>(45,007)</u>
Increase in net position	908,402	463,668	444,734
NET POSITION, beginning of year	<u>17,284,459</u>	<u>16,820,791</u>	<u>463,668</u>
NET POSITION, end of year	<u><u>\$ 18,192,861</u></u>	<u><u>\$ 17,284,459</u></u>	<u><u>\$ 908,402</u></u>

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Belmont County, Ohio
Management Discussion and Analysis
For the Year Ended June 30, 2021

OPERATING REVENUES - FISCAL YEAR 2021

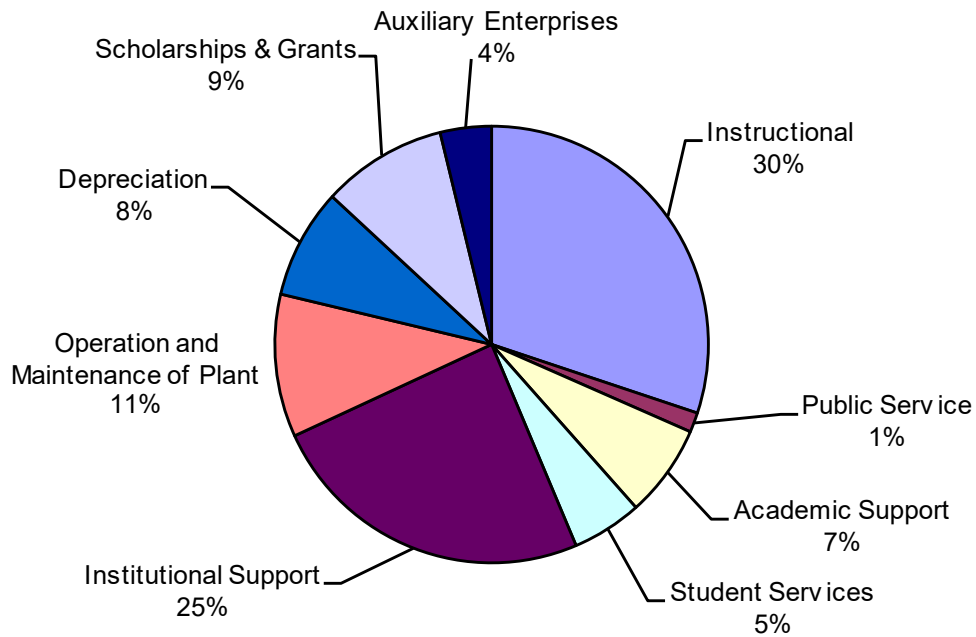


Total operating revenues were \$3,340,415 for the year ended June 30, 2021. The most significant sources of operating revenue for the College is net tuition and fees which comprise 67 percent of total operating revenues, grants and contracts comprise 14 percent and auxiliary enterprises (bookstore) comprises 12 percent of total operating revenues.

There are other significant recurring sources of revenues essential to the operation of the College, including state appropriations, Federal grants and contracts, and investment income, which are considered nonoperating revenues as defined by GASB 35. The College's state appropriations for the year ended June 30, 2021, amounted to \$4,216,554 and Federal grant awards amounted to \$3,062,583. Federal nonoperating grants increased significantly in fiscal year 2021 due to additional funding received via the CARES Act and Coronavirus Response and Relief Supplemental Appropriations Act (CRRSAA). In addition, the College received forgiveness for loans in the amount of \$1,231,594 in fiscal year 2021.

Belmont College
Belmont County, Ohio
Management Discussion and Analysis
For the Year Ended June 30, 2021

OPERATING EXPENSES - FISCAL YEAR 2021



Operating expenses, including \$910,332 of depreciation, totaled \$11,185,769. As depicted in the chart above, the majority of the College's operating funds are expended for instructional (30 percent), institutional support (25 percent), plant operation (11 percent), and academic support (7 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, 2021

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

	2021	2020	Change
Cash provided by (used by):			
Operating activities	\$ (7,252,721)	\$ (5,942,853)	\$ (1,309,868)
Noncapital financing activities	7,293,302	7,511,677	(218,375)
Capital and related financing activities	(143,303)	(520,247)	376,944
Investing activities	74,240	(109,735)	183,975
Net increase (decrease) in cash	(28,482)	938,842	(967,324)
Cash, beginning of year	1,586,547	647,705	938,842
Cash, end of year	\$ 1,558,065	\$ 1,586,547	\$ (28,482)

Major cash sources of funds included in operating activities are student tuition and fees of \$2,257,430, grants and contracts of \$480,496 and auxiliary services of \$373,544. 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 subsidy appropriation from the State of Ohio.

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Belmont County, Ohio
Management Discussion and Analysis
For the Year Ended June 30, 2021

Capital and Debt Administration

Capital Assets

At June 30, 2021, the College had \$19,455,054 invested in capital assets, net of accumulated depreciation of \$12,007,256. Depreciation charges totaled \$910,331 for the current fiscal year. Details of these assets for the two years are shown below:

	<u>2021</u>	<u>2020</u>	<u>Change</u>
<u>Capital Assets</u>			
Land and land improvements	\$ 400,582	\$ 385,769	\$ 14,813
Buildings and improvements	18,046,867	18,693,163	(646,296)
Machinery and equipment	981,189	1,196,612	(215,423)
Vehicles	19,546	25,506	(5,960)
Library books and materials	6,870	11,522	(4,652)
	<u>6,870</u>	<u>11,522</u>	<u>(4,652)</u>
Totals	<u>\$ 19,455,054</u>	<u>\$ 20,312,572</u>	<u>\$ (857,518)</u>

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

Debt

In fiscal year 2020, the College issued debt in the amount of \$1,231,594 to be used for general operating expenditures at an interest rate of 1%. In fiscal year 2021, notice of forgiveness payment for this loan was provided by the Small Business Administration as of 12/14/2020.

Economic Factors that will Affect the Future

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

Belmont College is pleased to announce that HVAC-R graduates, beginning Fall 2021, will have the option to receive a “warranty,” with their degree, which means their education has prepared them with the knowledge base, competencies, and skills necessary for employment in the HVAC-R field. If within 12 months of graduating from the HVAC-R program, a student has a deficiency in a specific area, they can be further instructed, in that specific area of competency, at no cost.

Thanks to grant money from RAPIDS (Regionally Aligned Priorities in Delivering Skills), Belmont recently purchased new HVAC-R and energy efficiency equipment for the purpose of training students in the Mechanical Technology Center (MTC) which is the former Northstar Polaris Dealership building that the College purchased in 2011. The 5,000-square foot MTC is the home to Belmont’s Heating Ventilation and Air Conditioning (HVAC) program which was formally housed in the Science and Engineering Building on the property of Ohio University Eastern. Some of the state-of-the-art equipment in the

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HVAC-R learning laboratories include Reznor Rooftop Packaged Units with advanced technology, rolling industrial lab tables, a Building Management Trainer used to teach building automation, as well as a mini split A/C area that has new residential and commercial Inverter Technology and a water source heat pump training area.

The MTC, originally built in 1998, is connected to the 54 acres of property that Belmont College owns between Hammond Road and State Route 331 in St. Clairsville. As a result of the renovation, the MTC now has classroom space for instruction in geothermal, solar, smart-technologies, and traditional HVAC technologies. The College plans to use 1,000 square feet of additional space in the building for Heavy Equipment Technology workforce training.

Belmont continues to grow the Radiology Program with the addition of more students this year. This program is new to Belmont, as it is the former Ohio Valley Medical Center (OVMC) Program of Radiologic Technology, which was known for its program excellence from its inception in 1954. Graduates have had a 100% pass rate on the national board exam for more than 20 years. On campus classrooms have been renovated to allow for the donated radiology equipment and include all the necessary required safety measures. This year the program entered into an articulation agreement with University of Cincinnati (UC) that will benefit Belmont Radiology transfer students. This agreement allows for transition from two years at Belmont College with a completion of an Applied Science (AAS) / Radiologic Technology and then completion at UC with a Bachelor of Radiation Science Technology (Online).

Moreover, the College's Nursing programs were restored to full approval status in March 2021. Previously, the Associate Degree Nursing (ADN) program had been acting under "provisional approval" due to licensure exam first time pass rates less than 95 percent of the national average of graduates who took the exam within six months of completion of the program. In addition to completing college coursework, nursing graduates are required to pass the NCLEX exam to work in American health care facilities. The Ohio Board of Nursing considers first-time passing rates when approving college programs, requiring a 95 percent of the national average NCLEX passing rate.

The graduating classes from 2019 and 2020 scored above state and national passing averages. Nursing programs must achieve a 95 percent pass rate for two consecutive years to be moved from provisional approval status to full approval status. Furthermore, Belmont's Practical Nursing (PN) Program 2020 NCLEX testers achieved a 100% pass rates and is also on full approval by the Ohio Board of Nursing.

At Belmont College two nursing programs are maintained: the ADN program and the PN certificate program. These programs are designed to provide an educational opportunity in which students develop a scientific basis of nursing practice and master technical skills. Under direct supervision of qualified instructors, Belmont College nursing students experience patient interactions, in-class lectures, and hospital clinical experiences which all foster caring and empathetic approaches to nursing care.

Additionally, in September of 2020, the ADN program underwent a virtual survey visit by the Ohio Board of Nursing whereas the program was found to be 100% compliant with all laws and rules for conducting a nursing program. The PN program's next scheduled review will be in 2023.

More exciting news at the College includes the addition of a Commercial Driver's License (CDL) Truck Driving Academy program that is fully offered at Belmont's Main Campus location. The Truck Driving Academy offers students a wide-ranging curriculum and training process to prepare them to pass the CDL exam. Training consists of classroom and behind-the-wheel training from state-certified instructors,

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licensed by the Ohio Division of Public Safety. Belmont is no longer partnering with a third-party organization, which allows the College more flexibility with program offerings. The College has purchased four trailers and two truck cabs and will continue to add more equipment as the class sizes increase.

Also important to note, due to the uncertainty caused by the pandemic and the challenges of responding to quickly evolving logistical concerns, Belmont opted to use CARES Act Funding to provide a MacBook Air to every student enrolled in six or more credit hours for Fall 2021. This allows faculty the ability to work through Canvas, a learning management system, when needed to meet the needs of online instruction. With the unknown of the pandemic ongoing, this allowed students and faculty the ability to switch to all online instruction, should the need arise. The enrollment and advising offices work closely with marketing to implement increased email and texting options to maintain communication with students, applicants and inquiries through Constant Contact and Signal Vine.

As a follow up to efforts, put in place in May of 2020 due to COVID-19, to implement additional safety precautions at the College, the following is a list of procedures in place currently (this list has been approved by the Board of Health Belmont County General Health District):

- Additional signage, including posters and floor decals, across campus reminding all to maintain social distancing, facemasks requirements and symptoms to be aware of (posters provided by the State of Ohio COVID website).
- Sign-in of all individuals entering the campus and health questions reviewed at each building.
- Health questions posted in all classrooms.
- Mandatory facemasks/coverings for all individuals on campus. Facemasks have been purchased and supplied to all employees. Facemasks are also available in the College Bookstore for purchase.
- Face shields have been purchased for those who medically cannot wear a mask.
- Café is open with limited menu allowing for more rapid service and less preparation.
- Hand sanitizers placed in every classroom.
- Classrooms wiped down between classes.
- Sneeze guards are provided in classrooms where students can't social distance while seated.
- Common areas are regularly sanitized. Furniture in these areas has been rearranged to allow for 6-foot of distance.
- Allowance of certain classes to be moved to larger spaces, when available, for improved social distancing.
- Continued remote work, for those who can perform their jobs successfully off campus.

Belmont College continues to receive CARES Act funding under the Higher Education Emergency Relief Fund (HEERF) to provide emergency grants to students impacted by COVID-19. The newer grants have provided an element of funding to not only our students, but to the institution to be used for anything related to COVID. To receive the grant, enrolled students must complete the Emergency Financial Grant Application, have demonstrated eligibility for federal financial aid, and not be enrolled solely in an online program when courses were changed to remote delivery. The grant can be used for: expenses related to the disruption of campus operations as a result of the coronavirus such as: food, housing, course materials, technology, health and child/dependent care expenses.

To determine which current students would receive emergency funding and how much they would receive under Section 18004(a)(1) of the CARES Act, the College reviewed completed 2019-2020 or

Belmont College
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2020-2021 FAFSAs to determine eligibility. Students must have had enrollment as of March 13, 2020, of the Spring 2020 semester. To apply, must complete a Belmont College Emergency Grant application and have completed the 2019-2020 and/or the 2020-2021 Free Application for Federal Student Aid (FAFSA).

Additionally, the College is continuing to work with Apple to run and manage an Authorized Apple Campus Shop out of the Campus Bookstore. This allows Belmont students and employees the ability to purchase Apple products at an educational discount such as iPads, MacBooks, and Apple Watches as well as Apple accessories including AirPods, adaptors, etc. The Authorized Apple Campus Shop opened in Spring 2021.

Regarding Human Resources (HR) at Belmont, the College entered a partnership with ADP, and has begun to utilize their performance management tools, the benefits portal, and the recruitment module. This allows the College to have a more complete HR system and all employee information in now one place.

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

The overall financial health of Belmont College is strong, having more than adequate cash flow and reserves. Though the business of higher education is rapidly changing, Belmont College is strategically positioned to adapt to the emerging paradigms and continues to look at new programs to initiate, as well as outdated or low enrollment programs that have outlived their purpose.

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 Judith McMullen, Vice President Organizational Effectiveness, at Belmont College, 68094 Hammond Road, St. Clairsville, Ohio 43950.

BELMONT COLLEGE
BELMONT COUNTY, OHIO
STATEMENT OF NET POSITION
As of June 30, 2021

	Belmont College	Component Unit Belmont College Foundation
<u>ASSETS</u>		
<i>Current Assets:</i>		
Cash equivalents	\$ 1,503,268	\$ 93,816
Investments	5,815,333	489,383
Interest receivable	15,283	0
Accounts receivable, net	1,135,366	0
Supplies inventory, at cost	104,141	0
Total current assets	8,573,391	583,199
<i>Noncurrent Assets:</i>		
Restricted cash and cash equivalents	54,797	0
Restricted investments	82,850	460,616
Net OPEB Assets (see notes)	432,397	0
Capital assets, non-depreciable	276,000	0
Capital assets, net of accumulated depreciation	19,179,054	0
Total noncurrent assets	20,025,098	460,616
TOTAL ASSETS	28,598,489	1,043,815
<u>DEFERRED OUTFLOWS OF RESOURCES</u>		
<i>Pension:</i>		
STRS	994,894	0
SERS	617,074	0
<i>OPEB:</i>		
STRS	49,999	0
SERS	314,670	0
TOTAL DEFERRED OUTFLOWS OF RESOURCES	1,976,637	0
<u>LIABILITIES</u>		
<i>Current Liabilities:</i>		
Accrued liabilities	269,167	0
Accrued vacation/sick leave	200,417	0
Deferred fees income	158,694	0
Total current liabilities	628,278	0
<i>Noncurrent Liabilities:</i>		
Accrued vacation/sick leave	62,562	0
Net Pension Liabilities (see notes)	8,539,395	0
Net OPEB Liabilities (see notes)	813,024	0
Total noncurrent liabilities	9,414,981	0
TOTAL LIABILITIES	10,043,259	0
<u>DEFERRED INFLOWS OF RESOURCES</u>		
<i>Pension:</i>		
STRS	1,191,198	0
SERS	21,488	0
<i>OPEB:</i>		
STRS	599,910	0
SERS	526,410	0
Total deferred inflows of resources	2,339,006	0
<u>NET POSITION</u>		
Net Investment in Capital Assets	19,455,054	0
<i>Restricted:</i>		
<i>Nonexpendable:</i>		
Scholarships	56,510	320,756
<i>Expendable:</i>		
Scholarships	91,588	246,111
Instructional Department uses	763,155	0
Capital projects	635,423	0
Unrestricted	(2,808,869)	476,948
TOTAL NET POSITION	\$ 18,192,861	\$ 1,043,815

The accompanying notes are in integral part of these financial statements. 18

BELMONT COLLEGE
BELMONT COUNTY, OHIO
STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN NET POSITION
For the Fiscal Year Ended June 30, 2021

	<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 \$459,427 & \$1,071,543)	\$ 2,248,617	\$ 0
State grants and contracts	346,840	0
Federal grants and contracts	133,656	0
Private gifts and contracts	0	66,547
Auxiliary Enterprises:		
Sales and services	382,932	0
Other sources	228,370	0
Total revenues	<u>3,340,415</u>	<u>66,547</u>
<u>EXPENSES:</u>		
<i>Operating Expenses:</i>		
Educational and General:		
Instructional	3,365,810	0
Public service	163,753	0
Academic support	767,505	0
Student services	583,489	0
Institutional support	2,740,938	22,182
Operation and maintenance of plant	1,183,181	0
Depreciation	910,332	0
Scholarships and grants	1,043,280	155,711
Total Educational and General	<u>10,758,288</u>	<u>177,893</u>
Auxiliary Enterprises	427,481	0
Total Expenses	<u>11,185,769</u>	<u>177,893</u>
Operating Loss	(7,845,354)	(111,346)
<u>NONOPERATING REVENUES (EXPENSES):</u>		
State Appropriations	4,216,554	0
Federal Grants & Contracts	3,062,583	0
Loan Forgiveness Revenue	1,231,594	
Gifts	14,165	0
Investment Income	67,445	167,566
Net nonoperating revenues	<u>8,592,341</u>	<u>167,566</u>
Income before other revenues, expenses, gains or losses	746,987	56,220
Capital appropriations	161,415	0
Total other revenues	<u>161,415</u>	<u>0</u>
Increase in Net Assets	<u>908,402</u>	<u>56,220</u>
Net Position, Beginning of Year	<u>17,284,459</u>	<u>987,595</u>
Net Position, End of Year	<u>\$ 18,192,861</u>	<u>\$ 1,043,815</u>

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

BELMONT COLLEGE
BELMONT COUNTY, OHIO
STATEMENT OF CASH FLOWS
For the Fiscal Year Ended June 30, 2021

	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	\$ 2,257,430	\$ 0
Grants and contracts	480,496	66,547
Payments to suppliers	(2,808,725)	(22,182)
Payments for utilities	(219,354)	0
Payments to employees	(5,092,102)	0
Payments for benefits	(1,429,100)	0
Payments for scholarships and grants	(1,043,280)	(155,711)
Auxiliary Enterprises:		0
Book Store	373,544	0
Other receipts	228,370	0
Net cash used by operating activities	(7,252,721)	(111,346)
<i>Cash Flows from Non-Capital and Related Financing Activities:</i>		
State appropriations	4,216,554	0
Federal Grants	3,062,583	0
Gifts and grants	14,165	0
Net cash provided by non-capital and related financing activities	7,293,302	0
<i>Cash Flows from Capital and Related Financing Activities:</i>		
Purchase of capital assets	(178,766)	0
Principal Paid on Leases	(125,952)	0
Capital Appropriations	161,415	0
Net cash used by capital and related financing activities	(143,303)	0
<i>Cash Flows from Investing Activities:</i>		
Interest on investments	134,801	167,566
Purchase of investments	(60,561)	(5,625)
Net cash used by noncapital financing activities	74,240	161,941
Net increase/(decrease) in cash and cash equivalents	(28,482)	50,595
Cash and Cash Equivalents, beginning of year	1,586,547	43,221
Cash and Cash Equivalents, end of year	1,558,065	93,816
<u>RECONCILIATION OF OPERATING LOSS TO NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES:</u>		
Operating loss	(7,845,354)	(111,346)
Adjustments to reconcile operating loss to net cash provided (used) by operating activities:		
Depreciation	910,332	0
(Increase)/Decrease in Assets and Deferred Outflows of Resources:		
Receivables, net	11,124	0
Inventories	(34,446)	0
Deferred Outflows Pension: STRS	153,231	0
Deferred Outflows Pension: SERS	(376,209)	0
Deferred Outflows OPEB: STRS	(37)	0
Deferred Outflows OPEB: SERS	(235,222)	0
Increase/(Decrease) in Liabilities and Deferred Inflows of Resources:		
Accrued liabilities	(56,090)	0
Net Pension Liabilities	635,774	0
Net OPEB	46,840	0
Deferred Inflows Pension: STRS	(430,479)	0
Deferred Inflows Pension: SERS	(133,740)	0
Deferred Inflows OPEB: STRS	(67,481)	0
Deferred Inflows OPEB: SERS	175,703	0
Compensated absences	5,032	0
Deferred revenue	(11,699)	0
Net cash used by operating activities	\$ (7,252,721)	\$ (111,346)

NONCASH TRANSACTIONS:

Loan forgiveness in fiscal year 2021 in the amount of \$1,231,594.

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, 2021**

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, 2021

NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

C. Cash and Cash Equivalents

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

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

D. Investments

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

During fiscal year 2021, the College invested in STAR Ohio. STAR Ohio (the State Treasury Asset Reserve of Ohio), is an investment pool managed by the State Treasurer's Office which allows governments within the State to pool their funds for investment purposes. STAR Ohio is not registered with the SEC as an investment company, but has adopted Governmental Accounting Standards Board (GASB), Statement No. 79, Certain External Investment Pools and Pool Participants. The College measures their investment in STAR Ohio at the net asset value (NAV) per share provided by STAR Ohio. The NAV per share is calculated on an amortized cost basis that provides an NAV per share that approximates fair value.

For the fiscal year 2021, there were no limitations or restrictions on any participant withdrawals due to redemption notice periods, liquidity fees, or redemption gates. However, notice must be given 24 hours in advance of all deposits and withdrawals exceeding \$25 million. STAR Ohio reserves the right to limit the transaction to \$100 million, requiring the excess amount to be transacted the following business day(s), but only to the \$100 million limit. All accounts of the participant will be combined for these purposes.

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.

**BELMONT COLLEGE
BELMONT COUNTY, OHIO
NOTES TO THE FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2021**

NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

G. Inventories

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

H. Capital Assets

Capital assets are stated at cost at date of acquisition or acquisition 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.

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

I. Restricted Assets

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

J. 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, 2021**

NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

K. Noncurrent Long-Term Liabilities

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

L. Deferred Outflows/Inflows of Resources

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

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

M. Pensions and Other Postemployment Benefits (OPEB)

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

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BELMONT COLLEGE
BELMONT COUNTY, OHIO
NOTES TO THE FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2021

NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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.

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.

**BELMONT COLLEGE
BELMONT COUNTY, OHIO
NOTES TO THE FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2021**

NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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.

T. Implementation of New Accounting Policies

For the fiscal year ended June 30, 2021, the College has implemented Governmental Accounting Standards Board (GASB) Statement No. 84, *Fiduciary Activities*, GASB No. 90, *Majority Equity Interests an amendment of GASB Statements No. 14 and No. 61*, and certain provisions of GASB Statement No. Statement No. 93, *Replacement of Interbank Offered Rates*.

GASB Statement No. 84 establishes specific criteria for identifying activities that should be reported as fiduciary activities and clarifies whether and how business type activities should report their fiduciary activities. The implementation of GASB Statement No. 84 did not have an effect on the financial statements of the College.

GASB Statement No. 90 improves the consistency and comparability of reporting a government's majority equity interest in a legally separate organization and improves the relevance of financial statement information for certain component units. The implementation of GASB Statement No. 90 did not have an effect on the financial statements of the College.

GASB Statement No. 93 addresses accounting and financial reporting effects that result from the replacement of interbank offered rates (IBORs) with other reference rates in order to preserve the reliability, relevance, consistency, and comparability of reported information. The implementation of certain provisions (all except for paragraphs 13 and 14, which are effective for fiscal years beginning after June 15, 2021), of GASB Statement No. 93 did not have an effect on the financial statements of the College.

**BELMONT COLLEGE
BELMONT COUNTY, OHIO
NOTES TO THE FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2021**

NOTE 3 – STATE SUPPORT

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

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

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

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

- A. Construction in progress for any portion of the facilities being financed by state agencies for use by the College should be recorded on the College's books of account until such time as the facility is completed.
- B. Outstanding debt issued by OPFC is not included on the College's balance sheet. In addition, the appropriations by the General Assembly to the Board of Regents for payment of debt service are not reflected as appropriation revenue received by the College, and the related debt service payments are not recorded in the College's accounts.

NOTE 4 – DEPOSITS AND INVESTMENTS

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

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

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

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

**BELMONT COLLEGE
BELMONT COUNTY, OHIO
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NOTE 4 – DEPOSITS AND INVESTMENTS (CONTINUED)

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

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

1. United States Treasury Notes, Bills, Bonds, or any other obligation or security issued by the United States Treasury or any other obligation guaranteed as to principal and interest by the United States;
2. Bonds, notes, debentures, or any other obligations or securities issued by any federal government agency or instrumentality, including but not limited to, the Federal National Mortgage Association, Federal Home Loan Bank, Federal Farm Credit Bank, Federal Home Loan Mortgage Corporation, Government National Mortgage Association, and Student Loan Marketing Association. All federal agency securities shall be direct issuances of federal government agencies or instrumentalities;
3. Written repurchase agreements in the securities listed above provided that the market value of the securities subject to the repurchase agreement must exceed the principal value of the agreement by at least two percent and be marked to market daily, and that the term of the agreement must not exceed thirty days;
4. Bonds and other obligations of the State of Ohio;
5. No-load money market mutual funds consisting exclusively of obligations described in division (1) or (2) of this section and repurchase agreements secured by such obligations, provided that investments in securities described in this division are made only through eligible institutions;
6. The State Treasurer's investment pool (STAR Ohio and STAR Plus);
7. Certain bankers' acceptances and commercial paper notes for a period not to exceed one hundred and eighty and two hundred and seventy days, respectively, in an amount not to exceed forty percent of the interim moneys available for investment at any on time; and,
8. Under limited circumstances, corporate debt interests rated in either of the two highest rating classifications by at least two nationally recognized rating agencies.

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

**BELMONT COLLEGE
BELMONT COUNTY, OHIO
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FOR THE FISCAL YEAR ENDED JUNE 30, 2021**

NOTE 4 – DEPOSITS AND INVESTMENTS (CONTINUED)

Deposits - At year-end, \$1,224,886 of the College's bank balance of \$1,737,499 was exposed to custodial credit risk. Although the securities were held by the pledging financial institutions' trust department in the College's name and all statutory requirements for the investment of money had been followed, noncompliance with Federal requirements could potentially subject the College to a successful claim by the FDIC.

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

- Eligible securities pledged to the College and deposited with a qualified trustee by the financial institution as security for repayment whose market value at all times shall be at least 105 percent of the deposits being secured; or
- Participation in the Ohio Pooled Collateral System (OPCS), a collateral pool of eligible securities deposited with a qualified trustee and pledged to the Treasurer of State to secure the repayment of all public monies deposited in the financial institution. OPCS required the total market value of the securities pledged to be 102 percent of the deposits being secured or a rate set by the Treasurer of State.

Investments:

As of June 30, 2021, the College had the following investments and maturities:

S & P Global Rating	Investment Type	Investment Maturities		
		Measurement Amount	12 Months or Less	Percent of Total
	Net Asset Value (NAV):			
AAAm	STAR Ohio	2,907,508	2,907,508	49.29%
	Fair Value:			
N/A	Negotiable Certificates of Deposit	2,990,675	2,990,675	50.71%
	Total	<u>\$ 5,898,183</u>	<u>\$ 5,898,183</u>	<u>100.00%</u>

The College categorizes its fair value measurements within the fair value hierarchy established by generally accepted accounting principles. The hierarchy is based on the valuation inputs used to measure the fair value of the asset. Level 1 inputs are quoted prices in active markets for identical assets. Level 2 inputs are significant other observable inputs. Level 3 inputs are significant unobservable inputs. The above table identifies the College's recurring fair value measurements as of June 30, 2021. The College's investments measured at fair value are valued using methodologies that incorporate market inputs such as benchmark yields, reported trades, broker/dealer quotes, issuer spreads, two-sided markets, benchmark securities, bids, offers, and reference data including market research publications. Market indicators and industry and economic events are also monitored which could require the need to acquire further market data (Level 2 inputs).

**BELMONT COLLEGE
BELMONT COUNTY, OHIO
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FOR THE FISCAL YEAR ENDED JUNE 30, 2021**

NOTE 4 – DEPOSITS AND INVESTMENTS (CONTINUED)

Interest Rate Risk. The Ohio Revised Code generally limits security purchases to those that mature within five years of the settlement date. The College’s policy indicates that the investments must be made in accordance with State statute. STAR Ohio is an investment pool operated by the Ohio State Treasurer. It is unclassified since it is not evidenced by securities that exist in physical or book entry form. Ohio law requires STAR Ohio maintain the highest rating provided by at least one nationally recognized standard rating service. The weighted average of maturity of the portfolio held by STAR Ohio as of June 30, 2021, is 54 days.

Credit Risk Ohio law requires that STAR Ohio maintain the highest rating provided by at least one nationally recognized standard rating service. The College has no investment policy that would further limit its investment choices.

Concentration of Credit Risk. The College places no limit on the amount that may be invested in any one issuer. Investments of the College are diversified to eliminate the risk of loss resulting from over concentration of assets in a specific maturity; a specific issue or a specific class of securities, strategies to achieve this are determined and revised periodically.

NOTE 5 - RECEIVABLES

Receivables at June 30, 2021 were as follows:

	Gross Receivables	Allowance for Doubtful Accounts	Net Receivables
Current Receivables:			
Students	\$ 1,798,451	\$ (928,190)	\$ 870,261
Interest	15,283	0	15,283
Other	265,105	0	265,105
Total Current Receivables	\$ 2,078,839	\$ (928,190)	\$ 1,150,649

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, 2021, there was no net appreciation on donor restricted assets available to be spent.

BELMONT COLLEGE
BELMONT COUNTY, OHIO
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NOTE 7 – CAPITAL ASSETS

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

	Balance June 30, 2020	Additions	Reductions	Balance June 30, 2021
Capital Assets, Non Depreciable:				
Land	\$ 276,000	\$ 0	\$ 0	\$ 276,000
Total Non-depreciable	<u>276,000</u>	<u>0</u>	<u>0</u>	<u>276,000</u>
Capital Assets, Depreciable:				
Land Improvements	864,097	34,850	0	898,947
Buildings and improvements	26,502,423	0	0	26,502,423
Machinery and Equipment	3,559,092	142,561	377,855	3,323,798
Motor Vehicles	194,005	0	32,124	161,881
Library books and materials	307,356	1,355	15,368	293,343
Total Depreciable	<u>31,426,973</u>	<u>178,766</u>	<u>425,347</u>	<u>31,180,392</u>
Less Accumulated Depreciation:				
Land Improvements	754,328	20,037	0	774,365
Buildings and improvements	7,809,260	646,296	0	8,455,556
Machinery and Equipment	2,362,480	232,032	251,903	2,342,609
Motor Vehicles	168,499	5,960	32,124	142,335
Library books and materials	295,834	6,007	15,368	286,473
Total Accumulated Depreciation	<u>11,390,401</u>	<u>910,332</u>	<u>299,395</u>	<u>12,001,338</u>
Total Capital Assets, Depreciable, net	<u>20,036,572</u>	<u>(731,566)</u>	<u>125,952</u>	<u>19,179,054</u>
Capital Assets, net	<u>\$ 20,312,572</u>	<u>\$ (731,566)</u>	<u>\$ 125,952</u>	<u>\$ 19,455,054</u>

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**BELMONT COLLEGE
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NOTES TO THE FINANCIAL STATEMENTS
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NOTE 8 – LONG-TERM LIABILITIES

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

	Balance July 1, 2020	Additions	Reductions	Balance June 30, 2021	Current Portion
Direct Borrowing:					
SBA Loan	\$ 1,231,594	\$ 0	\$ 1,231,594	\$ 0	\$ 0
Net Pension Liability:					
SERS	\$ 1,930,394	\$ 655,895	\$ 0	\$ 2,586,289	\$ 0
STRS	5,973,227	0	20,121	5,953,106	0
Total Net Pension Liability	<u>7,903,621</u>	<u>655,895</u>	<u>20,121</u>	<u>8,539,395</u>	<u>0</u>
Net OPEB Liability:					
SERS	781,154	31,870	0	813,024	0
Total Net OPEB Liability	<u>781,154</u>	<u>31,870</u>	<u>0</u>	<u>813,024</u>	<u>0</u>
Capital Lease Payable	125,952	0	125,952	-	-
Compensated Absences	<u>257,947</u>	<u>5,032</u>	<u>-</u>	<u>262,979</u>	<u>200,417</u>
Total Long-Term Liabilities	<u>\$ 10,300,268</u>	<u>\$ 692,797</u>	<u>\$ 1,377,667</u>	<u>\$ 9,615,398</u>	<u>\$ 200,417</u>

In fiscal year 2020, the College issued debt to be used for general operating expenditures at an interest rate of 1%. In fiscal year 2021, notice of forgiveness payment for this loan was provided by the Small Business Administration as of 12/14/2020.

NOTE 9 – CAPITAL LEASES

In fiscal year 2019, the College entered into a capital lease for IPAD's. These lease obligations meet the criteria of a capital lease and has been recorded as capital assets on the statement of net position. The assets acquired by the leases were capitalized in the amount of \$377,855, which was equal to the present value of the future minimum lease payments at the time of acquisition. A corresponding liability was recorded and is reduced for each required principal payment. As of June 30, 2021 the lease was paid in full.

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**BELMONT COLLEGE
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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	\$ 2,784,106	\$ 0	\$ 0	\$ 581,704	\$ 0	\$ 3,365,810
Public service	88,693	0	0	75,060	0	163,753
Academic support	598,362	0	0	169,143	0	767,505
Student services	577,348	0	0	6,141	0	583,489
Institutional support	1,733,739	0	0	1,007,199	0	2,740,938
Operations and maintenance	425,514	0	219,354	538,313	0	1,183,181
Scholarships & grants	0	1,043,280	0	0	0	1,043,280
Auxiliary enterprises	74,753	0	0	352,728	0	427,481
Depreciation	0	0	0	0	910,332	910,332
Totals	<u>\$ 6,282,515</u>	<u>\$ 1,043,280</u>	<u>\$ 219,354</u>	<u>\$ 2,730,288</u>	<u>\$ 910,332</u>	<u>\$ 11,185,769</u>

NOTE 11 - DEFINED BENEFIT PENSION PLANS

The Statewide retirement systems provide both pension benefits and other postemployment benefits (OPEB).

Net Pension Liability/Net OPEB Liability (Asset)

Pensions and OPEB are a component of exchange transactions—between an employer and its employees—of salaries and benefits for employee services. Pensions/OPEB are provided to an employee—on a deferred-payment basis—as part of the total compensation package offered by an employer for employee services each financial period.

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

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

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NOTE 11 - DEFINED BENEFIT PENSION PLANS (CONTINUED)

GASB 68/75 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 (assets) 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/OPEB liability (asset). Resulting adjustments to the net pension/OPEB liability (asset) would be effective when the changes are legally enforceable. The Ohio revised Code permits, but does not require the retirement systems to provide healthcare to eligible benefit recipients.

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

The remainder of this note includes the required pension disclosures. See Note 12 for the required OPEB disclosures.

Plan Description - School Employees Retirement System (SERS)

Plan Description – College non-teaching employees participate in SERS, a statewide, cost-sharing multiple-employer defined benefit pension plan administered by SERS. SERS provides retirement, disability and survivor benefits, 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 30 years of service and 2.5 percent for years of service credit over 30. Final average salary is the average of the highest three years of salary.

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NOTE 11 - DEFINED BENEFIT PENSION PLANS (CONTINUED)

An individual whose benefit effective date is before April 1, 2018, is eligible for a cost of living adjustment (COLA) on the first anniversary date of the benefit. Beginning April 1, 2018, new benefit recipients must wait until the fourth anniversary of their benefit for COLA eligibility. The COLA is added each year to the base benefit amount on the anniversary date of the benefit. A three-year COLA suspension is in effect for all benefit recipients for the years 2018, 2019, and 2020. Upon resumption of the COLA, it will be indexed to the percentage increase in the CPI-W, not to exceed 2.5 percent and with a floor of zero percent.

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, 2021, the allocation to pension, death benefits, and Medicare B was 14.0 percent. SERS did not allocate employer contributions to the Health Care Fund for fiscal year 2021.

The College's contractually required contribution to SERS was \$200,105 for fiscal year 2021.

Plan Description - State Teachers Retirement System (STRS)

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

New members have a choice of three retirement plans; a Defined Benefit (DB) Plan, a Defined Contribution (DC) Plan, and a Combined Plan. Benefits are established by Ohio Revised Code Chapter 3307.

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 is 2.2 percent of final average salary for the five highest years of earnings multiplied by all years of service. Effective August 1, 2017 – July 1, 2019, any member could retire with reduced benefits who had (1) five years of service credit and age 60; (2) 27 years of service credit and age 55; or (3) 30 years of service credit regardless of age. Effective August 1, 2019 – July 1, 2021, any member may retire with reduced benefits who has (1) five years of service credit and age 60; (2) 28 years of service credit and age 55; or (3) 30 years of service credit regardless of age. Eligibility changes will continue to be phased through August 1, 2026, when retirement eligibility for unreduced benefits will be five years of service credit and age 65, or 35 years of service credit and at least age 60. Eligibility changes for actuarially reduced benefits will be phased in until August 1, 2023, when retirement eligibility will be five years of qualifying service credit and age 60, or 30 years of service credit at any age.

**BELMONT COLLEGE
BELMONT COUNTY, OHIO
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NOTE 11 - DEFINED BENEFIT PENSION PLANS (CONTINUED)

The DC Plan allows members to place all their member contributions and 9.53 percent of the 14 percent employer contributions into an investment account. Investment allocation decisions are determined by the member. The remaining 4.47 percent of the 14 percent employer rate is allocated to the defined benefit plan unfunded liability. A member is eligible to receive a monthly retirement benefit at age 50 and termination of employment. The member may elect to receive a lump-sum withdrawal.

The Combined plan offers features of both the DB Plan and the DC Plan. In the Combined plan, 12 percent of the 14 percent member rate is deposited into the member's DC account and the remaining 2 percent is applied to the DB Plan. Member contributions to the DC Plan are allocated among investment choices by the member, and contributions to the DB Plan from the employer and the member 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 service. 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 and after termination of employment.

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

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. New members must have at least ten years of qualifying service credit to apply for disability benefits. Members in the DC plan who become disabled are entitled only to their account balance. Eligible survivors of members who die before service retirement may qualify for monthly benefits. 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 employer rate is 14 percent and the statutory member rate is 14 percent of covered payroll. The College was required to contribute 14 percent; the entire 14 percent was the portion used to fund pension obligations. The 2021 contribution rates were equal to the statutory maximum rates.

The College's contractually required contribution to STRS was \$372,470 for fiscal year 2021. Of this amount, \$25,877 is reported as accrued liabilities.

**BELMONT COLLEGE
BELMONT COUNTY, OHIO
NOTES TO THE FINANCIAL STATEMENTS
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NOTE 11 - DEFINED BENEFIT PENSION PLANS (CONTINUED)

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

The net pension liability was measured as of June 30, 2020, and the total pension liability used to calculate the net pension liability was determined by an independent actuarial valuation as of that date. The College's proportion of the net pension liability was based on the employer's share of employer contributions in the pension plan relative to the total employer contributions of all participating employers. Following is information related to the proportionate share and pension expense:

	<u>SERS</u>	<u>STRS</u>	<u>Total</u>
Proportion of the Net Pension Liability:			
Current Measurement Date	0.03910200%	0.02460323%	
Prior Measurement Date	0.03226370%	0.02701058%	
Change in Proportionate Share	<u>0.00683830%</u>	<u>-0.00240735%</u>	
Proportionate Share of the Net			
Pension Liability	\$ 2,586,289	\$ 5,953,106	\$ 8,539,395
Pension Expense	\$ 346,051	\$ 75,101	\$ 421,152

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

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NOTE 11 - DEFINED BENEFIT PENSION PLANS (CONTINUED)

At June 30, 2021 the College reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	<u>SERS</u>	<u>STRS</u>	<u>Total</u>
Deferred Outflows of Resources			
Differences between Expected and Actual Experience	\$ 5,023	\$ 13,359	\$ 18,382
Net Difference between Projected and Actual Earnings on Pension Plan Investments	164,179	289,499	453,678
Changes of Assumptions	-	319,566	319,566
Changes in Proportion and Differences between College Contributions and Proportionate Share of Contributions	247,767	-	247,767
College Contributions Subsequent to the Measurement Date	<u>200,105</u>	<u>372,470</u>	<u>572,575</u>
Total Deferred Outflows of Resources	<u>\$ 617,074</u>	<u>\$ 994,894</u>	<u>\$ 1,611,968</u>
Deferred Inflows of Resources			
Differences between Expected and Actual Experience	\$ -	\$ 38,067	\$ 38,067
Changes in Proportion and Differences between College Contributions and Proportionate Share of Contributions	21,488	1,153,131	1,174,619
Total Deferred Inflows of Resources	<u>\$ 21,488</u>	<u>\$ 1,191,198</u>	<u>\$ 1,212,686</u>

\$572,575 reported as deferred outflows of resources related to pension resulting from College contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the fiscal year ending June 30, 2022. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pension will be recognized in pension expense as follows:

	<u>SERS</u>	<u>STRS</u>	<u>Total</u>
Fiscal Year Ending June 30:			
2022	\$ 134,163	\$ (238,152)	\$ (103,989)
2023	141,482	(232,928)	(91,446)
2024	68,433	(125,964)	(57,531)
2025	<u>51,403</u>	<u>28,270</u>	<u>79,673</u>
	<u>\$ 395,481</u>	<u>\$ (568,774)</u>	<u>\$ (173,293)</u>

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

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NOTE 11 - DEFINED BENEFIT PENSION PLANS (CONTINUED)

service) and assumptions about the probability of occurrence of events far into the future (e.g., mortality, disabilities, retirements, employment terminations). Actuarially determined amounts are subject to continual review and potential modifications, as actual results are compared with past expectations and new estimates are made about the future.

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. Future benefits for all current plan members were projected through 2130.

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, 2020, are presented below:

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

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

The most recent experience study was completed for the five year period ended June 30, 2015.

The long-term return expectation for the investments has been determined by using a building-block approach and assumes a time horizon, as defined in SERS' *Statement of Investment Policy*. A forecasted rate of inflation serves as the baseline for the return expectation. Various real return premiums over the baseline inflation rate have been established for each asset class. The long-term expected nominal rate of return has been determined by calculating an arithmetic weighted average of the expected real return premiums for each asset class, adding the projected inflation rate, and adding the expected return from rebalancing uncorrelated asset classes. The target asset allocation and best estimates of arithmetic real rates of return for each major asset class are summarized in the following table:

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NOTE 11 - DEFINED BENEFIT PENSION PLANS (CONTINUED)

<u>Asset Class</u>	<u>Target Allocation</u>	<u>Long-Term Expected Real Rate of Return</u>
Cash	2.00 %	1.85 %
US Stocks	22.50	5.75
Non-US Stocks	22.50	6.50
Fixed Income	19.00	2.85
Private Equity	12.00	7.60
Real Assets	17.00	6.60
Multi-Asset Strategies	5.00	6.65
Total	<u>100.00 %</u>	

Discount Rate Total pension liability was calculated using the discount rate of 7.50 percent. The discount rate determination does not use a municipal bond rate. The projection of cash flows used to determine the discount rate assumed that employers would contribute the actuarially determined contribution rate of projected compensation over the remaining 24-year amortization period of the unfunded actuarial accrued liability. Projected inflows from investment earnings were calculated using the long-term assumed investment rate of return (7.50 percent). Based on those assumptions, the plan's fiduciary net position was projected to be available to make all future benefit payments of current plan members. Therefore, the long-term expected rate of return on investments was applied to all periods of projected benefits to determine the total pension liability.

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

	<u>1% Decrease</u>	<u>Current Discount Rate</u>	<u>1% Increase</u>
College's Proportionate Share of the Net Pension Liability	\$ 3,542,900	\$ 2,586,289	\$ 1,783,674

Actuarial Assumptions - STRS

Key methods and assumptions used in the latest actuarial valuation, reflecting experience study results used in the June 30, 2020, actuarial valuation, are presented below:

Inflation	2.50 percent
Actuarial Cost Method	Entry Age Normal (Level Percent of Payroll)
Projected Salary Increases	12.50 percent at age 20 to 2.50 percent at age 65
Investment Rate of Return	7.45 percent, net of investment expenses, including inflation
Payroll Increases	3.00 percent
Cost-of-Living Adjustments	0.00 percent

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NOTE 11 - DEFINED BENEFIT PENSION PLANS (CONTINUED)

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

The actuarial assumptions used in the June 30, 2020 valuation, were based on the results of the latest available actuarial experience study, which is for the period July 1, 2011, through June 30, 2016.

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

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

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

Discount Rate. The discount rate used to measure the total pension liability was 7.45 percent as of June 30, 2020. The projection of cash flows used to determine the discount rate assumes that employer and member contributions will be made at statutory contribution rates of 14 percent each. For this purpose, only employer contributions that are intended to fund benefits of current plan members and their beneficiaries are included. Based on those assumptions, STRS' fiduciary net position was projected to be available to make all projected future benefit payments to current plan members as of June 30, 2020. Therefore, the long-term expected rate of return on investments of 7.45 percent was applied to all periods of projected benefit payments to determine the total pension liability as of June 30, 2020.

Sensitivity of the College's Proportionate Share of the Net Pension Liability to Changes in the Discount Rate The following table represents the College's proportionate share of the net pension liability as of June 30, 2020, calculated using the current period discount rate assumption of 7.45 percent, as well as what the College's proportionate share of the net pension liability would be if it were calculated using a discount rate that is one percentage point lower (6.45 percent) or one percentage point higher (8.45 percent) than the current assumption:

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NOTE 11 - DEFINED BENEFIT PENSION PLANS (CONTINUED)

	1% Decrease	Current Discount Rate	1% Increase
College's Proportionate Share of the Net Pension Liability	\$ 8,476,187	\$ 5,953,106	\$ 3,815,006

Social Security System

Effective July 1, 1991, all employees not otherwise covered by School Employees Retirement System or State Teachers Retirement System have an option to choose Social Security. The College's liability is 6.2 percent of wages paid.

NOTE 12 - DEFINED BENEFIT OPEB PLANS

See Note 11 for a description of the net OPEB liability (asset).

Plan Description - School Employees Retirement System (SERS)

Health Care Plan Description - The College contributes to the SERS Health Care Fund, administered by SERS for non-certificated retirees and their beneficiaries. For GASB 75 purposes, this plan is considered a cost-sharing other postemployment benefit (OPEB) plan. SERS' Health Care Plan provides healthcare benefits to eligible individuals receiving retirement, disability, and survivor benefits, and to their eligible dependents. Members who retire after June 1, 1986, need 10 years of service credit, exclusive of most types of purchased credit, to qualify to participate in SERS' health care coverage. In addition to age and service retirees, disability benefit recipients and beneficiaries who are receiving monthly benefits due to the death of a member or retiree, are eligible for SERS' health care coverage. Most retirees and dependents choosing SERS' health care coverage are over the age of 65 and therefore enrolled in a fully insured Medicare Advantage plan; however, SERS maintains a traditional, self-insured preferred provider organization for its non-Medicare retiree population. For both groups, SERS offers a self-insured prescription drug program. Health care is a benefit that is permitted, not mandated, by statute. The financial report of the Plan is included in the SERS Comprehensive Annual Financial Report which can be obtained on SERS' website at www.ohsers.org under Employers/Audit Resources.

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

Funding Policy - State statute permits SERS to fund the health care benefits through employer contributions. Each year, after the allocation for statutorily required pensions and benefits, the Retirement Board may allocate the remainder of the employer contribution of 14 percent of covered payroll to the Health Care Fund in accordance with the funding policy. For the fiscal year ended June 30, 2021, SERS did not allocate any employer contributions to health care. An additional health care surcharge on employers is collected for employees earning less than an actuarially determined minimum compensation amount, prorated if less than a full year of service credit was earned. For fiscal year 2021, this amount was \$23,000.

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NOTE 12 - DEFINED BENEFIT OPEB PLANS (CONTINUED)

.Statutes provide that no employer shall pay a health care surcharge greater than 2.0 percent of that employer’s SERS-covered payroll; nor may SERS collect in aggregate more than 1.5 percent of the total statewide SERS-covered payroll for the health care surcharge. For fiscal year 2021, the College’s surcharge obligation was \$13,946, which is reported as accrued liabilities.

Plan Description - State Teachers Retirement System (STRS)

Plan Description – The State Teachers Retirement System of Ohio (STRS) administers a cost-sharing Health Plan administered for eligible retirees who participated in the defined benefit or combined pension plans offered by STRS. Ohio law authorizes STRS to offer this plan. Benefits include hospitalization, physicians’ fees, prescription drugs and partial reimbursement of monthly Medicare Part B premiums. Medicare Part B premium reimbursements were discontinued effective January 1, 2021. The Plan is included in the report of STRS which can be obtained by visiting www.strsoh.org or by calling (888) 227-7877.

Funding Policy – Ohio Revised Code Chapter 3307 authorizes STRS to offer the Plan and gives the Retirement Board discretionary authority over how much, if any, of the health care costs will be absorbed by STRS. Active employee members do not contribute to the Health Care Plan. Nearly all health care plan enrollees, for the most recent year, pay a portion of the health care costs in the form of a monthly premium. Under Ohio law, funding for post-employment health care may be deducted from employer contributions, currently 14 percent of covered payroll. For the fiscal year ended June 30, 2021, STRS did not allocate any employer contributions to post-employment health care.

Net OPEB Liability (Asset), OPEB Expense, and Deferred Outflows/Inflows of Resources Related to OPEB

The net OPEB liability (asset) was measured as of June 30, 2020, and the total OPEB liability used to calculate the net OPEB liability (asset) was determined by an actuarial valuation as of that date. The College's proportion of the net OPEB liability (asset) was based on the College's share of contributions to the respective retirement systems relative to the contributions of all participating entities. Following is information related to the proportionate share and OPEB expense:

	<u>SERS</u>	<u>STRS</u>	<u>Total</u>
Proportion of the Net OPEB Liability (Asset):			
Current Measurement Date	0.03740900%	0.02460300%	
Prior Measurement Date	<u>0.03106200%</u>	<u>0.02701100%</u>	
Change in Proportionate Share	<u>0.00634700%</u>	<u>-0.00240800%</u>	
Proportionate Share of the Net			
OPEB Liability (Asset)	\$ 813,024	\$ (432,397)	
OPEB Expense	\$ (13,703)	\$ (52,548)	\$ (66,251)

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NOTE 12 - DEFINED BENEFIT OPEB PLANS (CONTINUED)

At June 30, 2021, the College reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

	<u>SERS</u>	<u>STRS</u>	<u>Total</u>
Deferred Outflows of Resources			
Differences between Expected and Actual Experience	\$ 10,679	\$ 27,708	\$ 38,387
Net Difference between Projected and Actual Earnings on OPEB Plan Investments	9,160	15,154	24,314
Changes of Assumptions	138,591	7,137	145,728
Changes in Proportion and Differences between College Contributions and Proportionate Share of Contributions	142,294	-	142,294
College Contributions Subsequent to the Measurement Date	13,946	-	13,946
Total Deferred Outflows of Resources	\$ 314,670	\$ 49,999	\$ 364,669
Deferred Inflows of Resources			
Differences between Expected and Actual Experience	\$ 413,478	\$ 86,127	\$ 499,605
Net Difference between Projected and Actual Earnings on OPEB Plan Investments	-	-	-
Changes of Assumptions	20,479	410,707	431,186
Changes in Proportion and Differences between College Contributions and Proportionate Share of Contributions	92,453	103,076	195,529
Total Deferred Inflows of Resources	\$ 526,410	\$ 599,910	\$ 1,126,320

\$13,946 reported as deferred outflows of resources related to OPEB resulting from College contributions subsequent to the measurement date will be recognized as a reduction of the net OPEB liability in the fiscal year ending June 30, 2022. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to OPEB will be recognized in OPEB expense as follows:

	<u>SERS</u>	<u>STRS</u>	<u>Total</u>
Fiscal Year Ending June 30:			
2022	\$ (51,875)	\$ (138,496)	\$ (190,371)
2023	(51,214)	(128,239)	(179,453)
2024	(51,321)	(124,637)	(175,958)
2025	(46,392)	(108,951)	(155,343)
2026	(23,082)	(28,134)	(51,216)
Thereafter	(1,802)	(21,454)	(23,256)
	\$ (225,686)	\$ (549,911)	\$ (775,597)

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NOTE 12 - DEFINED BENEFIT OPEB PLANS (CONTINUED)

Actuarial Assumptions - SERS

The total OPEB liability is determined by SERS' actuaries in accordance with GASB Statement No. 74, as part of their annual actuarial valuation for each retirement plan. Actuarial valuations of an ongoing plan involve estimates of the value of reported amounts (e.g., salaries, credited service) and assumptions about the probability of occurrence of events far into the future (e.g., mortality, disabilities, retirements, employment terminations). Actuarially determined amounts are subject to continual review and potential modifications, as actual results are compared with past expectations and new estimates are made about the future.

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 OPEB liability in the latest actuarial valuation date of June 30, 2020, are presented below:

Inflation	3.00 percent
Salary Increases, including inflation	3.50 percent to 18.20 percent
Investment Rate of Return	7.50 percent net of investment expense, including inflation
Municipal Bond Index Rate	
Measurement Date	2.45 percent
Prior Measurement Date	3.13 percent
Single Equivalent Interest Rate	
Measurement Date	2.63 percent, net of plan investment expense, including price inflation
Prior Measurement Date	3.22 percent, net of plan investment expense, including price inflation
Health Care Cost Trend Rate	
Pre-Medicare	7.00 percent - 4.75 percent
Medicare	5.25 percent - 4.75 percent

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

The most recent experience study was completed for the five year period ended June 30, 2015.

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NOTE 12 - DEFINED BENEFIT OPEB PLANS (CONTINUED)

The long-term expected rate of return on plan assets is reviewed as part of the actuarial five-year experience study. The most recent study covers fiscal years 2010 through 2015, and was adopted by the Board on April 21, 2016. Several factors are considered in evaluating the long-term rate of return assumption including long-term historical data, estimates inherent in current market data, and a log-normal distribution analysis in which best-estimate ranges of expected future real rates of return (expected return, net of investment expense and inflation) were developed by the investment consultant for each major asset class. These ranges were combined to produce the long-term expected rate of return, 7.50 percent, by weighting the expected future real rates of return by the target asset allocation percentage and then adding expected inflation. The capital market assumptions developed by the investment consultant are intended for use over a 10-year horizon and may not be useful in setting the long-term rate of return for funding pension plans which covers a longer time frame. The assumption is intended to be a long-term assumption and is not expected to change absent a significant change in the asset allocation, a change in the inflation assumption, or a fundamental change in the market that alters expected returns in future years.

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

<u>Asset Class</u>	<u>Target Allocation</u>	<u>Long-Term Expected Real Rate of Return</u>
Cash	2.00 %	1.85 %
US Stocks	22.50	5.75
Non-US Stocks	22.50	6.50
Fixed Income	19.00	2.85
Private Equity	12.00	7.60
Real Assets	17.00	6.60
Multi-Asset Strategies	5.00	6.65
Total	<u>100.00 %</u>	

Discount Rate The discount rate used to measure the total OPEB liability at June 30, 2020 was 2.63 percent. The discount rate used to measure total OPEB liability prior to June 30, 2020 was 3.22 percent. The projection of cash flows used to determine the discount rate assumed that contributions will be made from members and the plan at the contribution rate of 1.50 percent of projected covered payroll each year, which includes a 1.50 percent payroll surcharge and no contributions from the basic benefits plan. Based on these assumptions, the OPEB plan's fiduciary net position was projected to become insufficient to make future benefit payments during the fiscal year ending June 30, 2034. However, since SERS' actuarialies indicate the fiduciary net position is projected to be depleted at a future measurement date, the single equivalent interest rate is determined as the single rate that will generate a present value of benefit payments equal to the sum of the present value determined by the long-term expected rate of return, and the present value determined by discounting those benefits after the date of depletion by the Fidelity General Obligation 20-year Municipal Bond Index rate of 2.45 percent, as of June 30, 2020 (i.e., municipal bond rate).

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NOTE 12 - DEFINED BENEFIT OPEB PLANS (CONTINUED)

Sensitivity of the College's Proportionate Share of the Net OPEB Liability to Changes in the Discount Rate and Changes in the Health Care Cost Trend Rates The net OPEB liability is sensitive to changes in the discount rate and the health care cost trend rate. The following table presents the net OPEB liability and what the net OPEB liability would be if it were calculated using a discount rate that is one percentage point lower (1.63 percent) and higher (3.63 percent) than the current discount rate (2.63 percent). Also shown is what the net OPEB liability would be based on health care cost trend rates that are one percentage point lower (6.00 percent decreasing to 3.75 percent) and higher (8.00 percent decreasing to 5.75 percent) than the current rate.

	1% Decrease	Current Discount Rate	1% Increase
College's Proportionate Share of the Net OPEB Liability	\$ 995,116	\$ 813,024	\$ 668,254
		Current Trend Rate	1% Increase
College's Proportionate Share of the Net OPEB Liability	\$ 640,191	\$ 813,024	\$ 1,044,136

Actuarial Assumptions – STRS

Key methods and assumptions used in the latest actuarial valuation, reflecting experience study results used in the June 30, 2020, actuarial valuation are presented below:

Inflation	2.50 percent	
Projected Salary Increases	12.50 percent at age 20 to 2.50 percent at age 65	
Payroll Increases	3.00 percent	
Investment Rate of Return	7.45 percent, net of investment expenses, including inflation	
Discount Rate of Return	7.45 percent	
Health Care Cost Trend Rates		
Medical	<u>Initial</u>	<u>Ultimate</u>
Pre-Medicare	5.00 percent	4.00 percent
Medicare	-6.69 percent	4.00 percent
Prescription Drug		
Pre-Medicare	6.50 percent	4.00 percent
Medicare	11.87 percent	4.00 percent

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

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NOTE 12 - DEFINED BENEFIT OPEB PLANS (CONTINUED)

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

The actuarial assumptions used in the June 30, 2020 valuation were adopted by the board from the results of an actuarial experience study for July 1, 2011, through June 30, 2016.

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

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

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

Discount Rate The discount rate used to measure the total OPEB liability was 7.45 percent as of June 30, 2020. The projection of cash flows used to determine the discount rate assumed STRS continues to allocate no employer contributions to the health care fund. Based on those assumptions, the OPEB plan's fiduciary net position was projected to be available to make all projected future benefit payments to current plan members. Therefore, the long-term expected rate of return on health care plan investments of 7.45 percent was applied to all periods of projected benefit payments to determine the total OPEB liability as of June 30, 2020.

Sensitivity of the College's Proportionate Share of the Net OPEB Asset to Changes in the Discount Rate and Health Care Cost Trend Rate The following table represents the net OPEB asset as of June 30, 2020, calculated using the current period discount rate assumption of 7.45 percent, as well as what the net OPEB asset would be if it were calculated using a discount rate that is one percentage point lower (6.45 percent) or one percentage point higher (8.45 percent) than the current assumption. Also shown is the net OPEB asset as of June 30, 2020, calculated using health care cost trend rates that are one percentage point lower and one percentage point higher than the current health care cost trend rates.

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NOTE 12 - DEFINED BENEFIT OPEB PLANS (CONTINUED)

	1% Decrease	Current Discount Rate	1% Increase
College's Proportionate Share of the Net OPEB Liability (Asset)	\$ (376,214)	\$ (432,397)	\$ (480,067)
	1% Decrease	Current Trend Rate	1% Increase
College's Proportionate Share of the Net OPEB Liability (Asset)	\$ (477,108)	\$ (432,397)	\$ (377,933)

Benefit Term Changes since the Prior Measurement Date There were no changes to the claims costs process. Claim curves were updated to reflect the projected fiscal year 2021 premium based on June 30, 2020 enrollment distribution. The non-Medicare subsidy percentage was increased effective January 1, 2021 from 1.984 percent to 2.055 percent per year of service. The non-Medicare frozen subsidy base premium was increased effective January 1, 2021. The Medicare subsidy percentages were adjusted effective January 1, 2021 to .1 percent for the AMA Medicare plan. The Medicare Part B monthly reimbursement elimination date was postponed indefinitely.

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 2021, the College contracted with Marsh USA Inc. as part of the OACC insurance consortium. Commercial property insurance is contracted with Zurich Insurance Company. The policy includes a \$25,000 deductible.

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

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

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

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

NOTE 14 – CONTRACTUAL COMMITMENTS

As of June 30, 2021, the College has no contractual commitments.

**BELMONT COLLEGE
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NOTES TO THE FINANCIAL STATEMENTS
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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, 2021.

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.

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, 2021, the carrying amount of the Foundation’s deposits was \$93,816 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, 2021:

Investment Type	Fair Value
Cash and Money Market Funds	\$ 29,049
Equities	515,741
Fixed Income	405,209
Total	\$ 949,999

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BELMONT COUNTY, OHIO
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FOR THE FISCAL YEAR ENDED JUNE 30, 2021**

NOTE 16 – COMPONENT UNIT DISCLOSURES (CONTINUED)

The Foundation categorizes its fair value measurements within the fair value hierarchy established by generally accepted accounting principles. The hierarchy is based on the valuation inputs used to measure the fair value of the asset. Level 1 inputs are quoted prices in active markets for identical assets. Level 2 inputs are significant other observable inputs; Level 3 inputs are significant unobservable inputs. The above chart identifies the Foundation's recurring fair value measurements as of June 30, 2021. All of the Foundation's investments are valued using quoted market prices (Level 1 inputs).

Support Provided to the College:

During the year ended June 30, 2021 the Foundation provided \$155,711 to or on behalf of the College for scholarships and other purposes.

NOTE 17 – COVID-19

The United States and the State of Ohio declared a state of emergency in March of 2020 due to the COVID-19 pandemic. Ohio's state of emergency ended in June of 2021 while the national state of emergency continues. During fiscal year 2021, the School District received Coronavirus Aid, Relief, and Economic Security (CARES) Act funding. Additional funding has been made available through the Consolidated Appropriations Act, 2021, passed by Congress on December 21, 2020 and/or the American Rescue Plan Act, passed by Congress on March 11, 2021.

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

	2021	2020	2019	2018	2017	2016	2015	2014
School Employees Retirement System (SERS)								
College's Proportion of the Net Pension Liability	0.03910200%	0.03226370%	0.03425880%	0.03583860%	0.03969220%	0.04896900%	0.05953000%	0.05953000%
College's Proportionate Share of the Net Pension Liability	\$ 2,586,289	\$ 1,930,394	\$ 1,962,065	\$ 2,141,277	\$ 2,905,103	\$ 2,794,219	\$ 3,012,779	\$ 3,540,058
College's Covered Payroll	\$ 1,421,600	\$ 1,106,830	\$ 1,122,104	\$ 1,181,993	\$ 1,229,171	\$ 1,565,941	\$ 1,839,646	\$ 1,997,637
College's Proportionate Share of the Net Pension Liability as a Percentage of its Covered Payroll	181.93%	174.41%	174.86%	181.16%	236.35%	178.44%	163.77%	177.21%
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	68.55%	70.85%	71.36%	69.50%	62.98%	69.16%	71.70%	65.52%
State Teachers Retirement System (STRS)								
College's Proportion of the Net Pension Liability	0.02460323%	0.02701058%	0.03177750%	0.03262272%	0.03438499%	0.03860959%	0.04587075%	0.04587075%
College's Proportionate Share of the Net Pension Liability	\$ 5,953,106	\$ 5,973,227	\$ 6,987,159	\$ 7,749,597	\$ 11,509,693	\$ 10,670,561	\$ 11,157,354	\$ 13,290,567
College's Covered Payroll	\$ 2,841,571	\$ 3,024,886	\$ 3,452,879	\$ 3,475,229	\$ 3,850,879	\$ 3,943,907	\$ 4,991,715	\$ 5,530,862
College's Proportionate Share of the Net Pension Liability as a Percentage of its Covered Payroll	209.50%	197.47%	202.36%	223.00%	298.88%	270.56%	223.52%	240.30%
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	77.50%	77.40%	77.31%	75.30%	66.80%	72.10%	74.70%	69.30%

(1) Information prior to 2014 is not available.

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

See accompanying notes to the required supplementary information.

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

	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>
<i>School Employees Retirement System (SERS)</i>					
Contractually Required Contribution	\$ 200,105	\$ 191,916	\$ 149,422	\$ 151,484	\$ 165,479
Contributions in Relation to the Contractually Required Contribution	<u>(200,105)</u>	<u>(191,916)</u>	<u>(149,422)</u>	<u>(151,484)</u>	<u>(165,479)</u>
Contribution Deficiency (Excess)	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 0</u>
College's Covered Payroll	\$ 1,429,321	\$ 1,421,600	\$ 1,106,830	\$ 1,122,104	\$ 1,181,993
Pension Contributions as a Percentage of Covered Payroll	14.00%	13.50%	13.50%	13.50%	14.00%
<i>State Teachers Retirement System (STRS)</i>					
Contractually Required Contribution	\$ 372,470	\$ 397,820	\$ 423,484	\$ 483,403	\$ 486,532
Contributions in Relation to the Contractually Required Contribution	<u>(372,470)</u>	<u>(397,820)</u>	<u>(423,484)</u>	<u>(483,403)</u>	<u>(486,532)</u>
Contribution Deficiency (Excess)	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 0</u>
College's Covered Payroll	\$ 2,660,500	\$ 2,841,571	\$ 3,024,886	\$ 3,452,879	\$ 3,475,229
Pension Contributions as a Percentage of Covered Payroll	14.00%	14.00%	14.00%	14.00%	14.00%

See accompanying notes to the required supplementary information.

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

<u>2016</u>	<u>2015</u>	<u>2014</u>	<u>2013</u>	<u>2012</u>
\$ 172,084	\$ 206,391	\$ 254,975	\$ 276,473	\$ 295,732
<u>(172,084)</u>	<u>(206,391)</u>	<u>(254,975)</u>	<u>(276,473)</u>	<u>(295,732)</u>
<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 0</u>
\$ 1,229,171	\$ 1,565,941	\$ 1,839,646	\$ 1,997,637	\$ 2,198,751
14.00%	13.18%	13.86%	13.84%	13.45%
\$ 539,123	\$ 552,147	\$ 648,923	\$ 719,012	\$ 808,600
<u>(539,123)</u>	<u>(552,147)</u>	<u>(648,923)</u>	<u>(719,012)</u>	<u>(808,600)</u>
<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 0</u>
\$ 3,850,879	\$ 3,943,907	\$ 4,991,715	\$ 5,530,862	\$ 6,220,000
14.00%	14.00%	13.00%	13.00%	13.00%

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

	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>
<i>School Employees Retirement System (SERS)</i>					
College's Proportion of the Net OPEB Liability	0.03740920%	0.03106200%	0.03406310%	0.03554160%	0.03906673%
College's Proportionate Share of the Net OPEB Liability	\$ 813,024	\$ 781,154	\$ 945,002	\$ 953,843	\$ 1,113,546
College's Covered Payroll	\$ 1,421,600	\$ 1,106,830	\$ 1,122,104	\$ 1,181,993	\$ 1,229,171
College's Proportionate Share of the Net OPEB Liability as a Percentage of its Covered Payroll	57.19%	70.58%	84.22%	80.70%	90.59%
Plan Fiduciary Net Position as a Percentage of the Total OPEB Liability	18.17%	15.57%	13.57%	12.46%	11.49%
<i>State Teachers Retirement System (STRS)</i>					
School District's Proportion of the Net OPEB Liability/(Asset)	0.02460300%	0.02701100%	0.03177750%	0.03262272%	0.03438499%
School District's Proportionate Share of the Net OPEB Liability/(Asset)	\$ (432,397)	\$ (447,367)	\$ (510,632)	\$ 1,272,818	\$ 1,838,918
College's Covered Payroll	\$ 2,841,571	\$ 3,024,886	\$ 3,452,879	\$ 3,475,229	\$ 3,850,879
School District's Proportionate Share of the Net OPEB Liability/(Asset) as a Percentage of its Covered Payroll	-15.22%	-14.79%	-14.79%	36.63%	47.75%
Plan Fiduciary Net Position as a Percentage of the Total OPEB Liability/(Asset)	182.10%	174.70%	176.00%	47.10%	37.30%

(1) Information prior to 2017 is not available.

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

See accompanying notes to the required supplementary information.

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

	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>
<i>School Employees Retirement System (SERS)</i>					
Contractually Required Contribution (1)	\$ 13,946	\$ 9,054	\$ 15,113	\$ 21,160	\$ 15,549
Contributions in Relation to the Contractually Required Contribution	<u>(13,946)</u>	<u>(9,054)</u>	<u>(15,113)</u>	<u>(21,160)</u>	<u>(15,549)</u>
Contribution Deficiency (Excess)	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 0</u>
College's Covered Payroll	\$ 1,429,321	\$ 1,421,600	\$ 1,106,830	\$ 1,122,104	\$ 1,181,993
OPEB Contributions as a Percentage of Covered Payroll (1)	0.98%	0.64%	1.37%	1.89%	1.32%
<i>State Teachers Retirement System (STRS)</i>					
Contractually Required Contribution	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0
Contributions in Relation to the Contractually Required Contribution	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>
Contribution Deficiency (Excess)	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 0</u>
College's Covered Payroll	\$ 2,660,500	\$ 2,841,571	\$ 3,024,886	\$ 3,452,879	\$ 3,475,229
OPEB Contributions as a Percentage of Covered Payroll	0.00%	0.00%	0.00%	0.00%	0.00%

(1) Includes surcharge

See accompanying notes to the required supplementary information.

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

<u>2016</u>	<u>2015</u>	<u>2014</u>	<u>2013</u>	<u>2012</u>
\$ 14,804	\$ 35,297	\$ 30,069	\$ 32,842	\$ 38,496
<u>(14,804)</u>	<u>(35,297)</u>	<u>(30,069)</u>	<u>(32,842)</u>	<u>(38,496)</u>
<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 0</u>
\$ 1,229,171	\$ 1,565,941	\$ 1,839,646	\$ 1,997,637	\$ 2,198,751
1.20%	2.25%	1.63%	1.64%	1.75%
\$ 0	\$ 0	\$ 49,917	\$ 55,309	\$ 62,200
<u>0</u>	<u>0</u>	<u>(49,917)</u>	<u>(55,309)</u>	<u>(62,200)</u>
<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 0</u>
\$ 3,850,879	\$ 3,943,907	\$ 4,991,715	\$ 5,530,862	\$ 6,220,000
0.00%	0.00%	1.00%	1.00%	1.00%

Belmont College
Belmont County, Ohio
Notes to the Required Supplementary Information
For the Fiscal Year Ended June 30, 2021

NOTE 1 - NET PENSION LIABILITY

Changes in Assumptions - SERS

Beginning in fiscal year 2018, an assumption of 2.5 percent was used for COLA or Ad Hoc COLA. Prior to 2018, an assumption of 3.0 percent was used.

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

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

Changes in Assumptions – STRS

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

Changes in Benefit Terms - SERS

With the authority granted to the Board under SB 8, the Board enacted a three-year COLA delay for future benefit recipients commencing on or after April 1, 2018.

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

Changes in Benefit Terms - STRS

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

Belmont College
Belmont County, Ohio
Notes to the Required Supplementary Information
For the Fiscal Year Ended June 30, 2021

NOTE 2 - NET OPEB LIABILITY (ASSET)

Changes in Assumptions – SERS

Amounts reported incorporate changes in key methods and assumptions used in calculating the total OPEB liability as presented as follows:

Municipal Bond Index Rate:

Fiscal year 2021	2.45 percent
Fiscal year 2020	3.13 percent
Fiscal year 2019	3.62 percent
Fiscal year 2018	3.56 percent
Fiscal year 2017	2.92 percent

Single Equivalent Interest Rate, net of plan investment expense, including price inflation:

Fiscal year 2021	2.63 percent
Fiscal year 2020	3.22 percent
Fiscal year 2019	3.70 percent
Fiscal year 2018	3.63 percent
Fiscal year 2017	2.98 percent

Pre-Medicare

Fiscal year 2021	7.00 percent initially, decreasing to 4.75 percent
Fiscal year 2020	7.00 percent initially, decreasing to 4.75 percent
Fiscal year 2019	7.25 percent initially, decreasing to 4.75 percent
Fiscal year 2018	7.50 percent initially, decreasing to 4.00 percent

Medicare

Fiscal year 2021	5.25 percent initially, decreasing to 4.75 percent
Fiscal year 2020	5.25 percent initially, decreasing to 4.75 percent
Fiscal year 2019	5.375 percent initially, decreasing to 4.75 percent
Fiscal year 2018	5.50 percent initially, decreasing to 5.00 percent

Changes in Assumptions – STRS

For fiscal year 2021, valuation year per capita health care costs were updated. Health care cost trend rates ranged from -5.20 percent to 9.60 percent initially for fiscal year 2020 and changed for fiscal year 2021 to a range of -6.69 percent to 11.87 percent, initially.

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

For fiscal year 2018, the blended discount rate was increased from 3.26 percent to 4.13 percent. Valuation year per capita health care costs were updated, and the salary scale was modified. The percentage of future retirees electing each option was updated based on current data and the percentage of future disabled retirees

Belmont College
Belmont County, Ohio
Notes to the Required Supplementary Information
For the Fiscal Year Ended June 30, 2021

and terminated vested participants electing health coverage were decreased. The assumed mortality, disability, retirement, withdrawal and future health care cost trend rates were modified along with the portion of rebated prescription drug costs.

Changes in Benefit Terms - SERS

There have been no changes to the benefit provisions.

Changes in Benefit Terms – STRS

For fiscal year 2021, there were no changes to the claims costs process. Claim curves were updated to reflect the projected fiscal year 2021 premium based on June 30, 2020 enrollment distribution. The non-Medicare subsidy percentage was increased effective January 1, 2021 from 1.984 percent to 2.055 percent per year of service. The non-Medicare frozen subsidy base premium was increased effective January 1, 2021. The Medicare subsidy percentages were adjusted effective January 1, 2021 to .1 percent for the AMA Medicare plan. The Medicare Part B monthly reimbursement elimination date was postponed indefinitely.

For fiscal year 2020, there was no change to the claims costs process. Claim curves were trended to the fiscal year ending June 30, 2020 to reflect the current price renewals. The non-Medicare subsidy percentage was increased effective January 1, 2020 from 1.944 percent to 1.984 percent per year of service. The non-Medicare frozen subsidy base premium was increased effective January 1, 2020. The Medicare subsidy percentages were adjusted effective January 1, 2021 to 2.1 percent for the Medicare plan. The Medicare Part B monthly reimbursement elimination date was postponed to January 1, 2021

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

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

**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***

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

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the business-type activities and the discretely presented component unit of Belmont College, Belmont County, Ohio (the “College”), as of and for the year ended June 30, 2021, and the related notes to the financial statements, which collectively comprise the College’s basic financial statements, and have issued our report thereon dated December 20, 2021.

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) as a basis for designing 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 financial statements. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

Purpose of this Report

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

Rea & Associates, Inc.

Rea & Associates, Inc.
New Philadelphia, Ohio
December 20, 2021

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

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

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, 2021. 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 the College’s major federal programs based on our audit of the types of compliance requirements referred to above. We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; the audit requirements of Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Those standards and Uniform Guidance require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about the College’s compliance with those requirements and performing such other procedures as we considered necessary in the circumstances.

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

Opinion on Each Major Federal Program

In our opinion, the College complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended June 30, 2021.

Report on Internal Control over Compliance

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

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

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

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

Rea & Associates, Inc.

Rea & Associates, Inc.
New Philadelphia, Ohio
December 20, 2021

BELMONT COLLEGE
BELMONT COUNTY, OHIO

SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
For Fiscal Year Ended June 30, 2021

	<u>Assistance Listing Number</u>	<u>Federal Disbursements</u>	<u>Passed Through to Subrecipients</u>
<u>U.S. Department of Education</u>			
<i>Direct Awards</i>			
Student Financial Aid Cluster			
Federal Pell Grant	84.063	\$ 1,356,129	\$ 0
Federal Work Study	84.033	7,090	0
Federal Direct Student Loans	84.268	819,030	0
Supplemental Educational Opportunity Grant	84.007	77,461	0
Total Student Financial Aid Cluster		2,259,710	0
Education Stabilization Fund - Higher Education Emergency Relief Fund - Student Allocation (COVID-19)	84.425E	606,790	0
Education Stabilization Fund - Higher Education Emergency Relief Fund - Institutional Portion (COVID-19)	84.425F	843,842	0
Total Educational Stabilization Fund		1,450,632	0
<i>Passed Through Ohio Department of Education:</i>			
<i>Passed through Washington State Community College:</i>			
Vocational Education - Basic Grants to States	84.048A	47,204	0
Total U.S. Department of Education		3,757,546	0
U.S Department of Treasury			
<i>Passed through the Ohio Department of Higher Education:</i>			
Coronavirus Relief Fund (COVID-19)	21.019	248,749	0
Total U.S. Department of Treasury		248,749	0
Total Federal Awards		\$ 4,006,295	\$ 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, 2021

NOTE 1: BASIS OF PRESENTATION

The accompanying schedule of expenditures of federal awards includes federal grant activity of Belmont College (the College) includes the federal award activity of the federal government for the year ended June 30, 2021. 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 accrual 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	\$ 274,503
Federal Unsubsidized Loans	543,569
Plus Loans	<u>958</u>
Total Federal Direct Student Loans	<u>\$ 819,030</u>

Belmont College
Belmont County, Ohio
Schedule of Findings and Questioned Costs
2 CFR Section 200.515
June 30, 2021

1. SUMMARY OF AUDITOR'S RESULTS

(d)(1)(i)	Type of Financial Statement Opinion	Unmodified
(d)(1)(ii)	Were there any material control weakness conditions reported at the financial statement level (GAGAS)?	No
(d)(1)(ii)	Were there any other significant deficiencies in internal control reported at the financial statement level (GAGAS)?	None Reported
(d)(1)(iii)	Was there any reported material non-compliance at the financial statement level (GAGAS)?	No
(d)(1)(iv)	Were there any material internal control weakness conditions reported for major federal programs?	No
(d)(1)(iv)	Were there any other significant deficiencies in internal control reported for major federal programs?	None Reported
(d)(1)(v)	Type of Major Programs' Compliance Opinion	Unmodified
(d)(1)(vi)	Are there any reportable findings under 2 CFR § 200.516(a)?	No
(d)(1)(vii)	Major Programs (list): Education Stabilization Fund – Higher Education Emergency Relief Fund (HEERF): Student Aid Portion Institutional Portion Coronavirus Relief Fund (CRF)	CFDA #'s: 84.425E 84.425F 21.019
(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.

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OHIO AUDITOR OF STATE KEITH FABER



BELMONT COLLEGE

BELMONT COUNTY

AUDITOR OF STATE OF OHIO CERTIFICATION

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



Certified for Release 1/11/2022

88 East Broad Street, Columbus, Ohio 43215
Phone: 614-466-4514 or 800-282-0370

This report is a matter of public record and is available online at
www.ohioauditor.gov