BELMONT COLLEGE

BELMONT COUNTY, OHIO

SINGLE AUDIT

FOR THE FISCAL YEAR ENDED
JUNE 30, 2022

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, 2021 through June 30, 2022. Based upon this review, we have accepted these reports in lieu of the audit required by Section 117.11, Revised Code. The Auditor of State did not audit the accompanying financial statements and, accordingly, we are unable to express, and do not express an opinion on them.

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

Keith Faber
Auditor of State
Columbus, Ohio

January 17, 2023

This page intentionally left blank.

BELMONT COLLEGE
BELMONT COUNTY, OHIO
JUNE 30, 2022

TABLE OF CONTENTS

This page intentionally left blank.

Rea & associates a brighter way

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, 2022, and the related notes to the financial statements, which collectively comprise the College's basic financial statements as listed in the table of contents.

In our opinion, the accompanying financial statements referred to above present fairly, in all material respects, the respective financial position of the business-type activities and the aggregate discretely presented component unit of the College as of June 30, 2022, and the respective changes in financial position and cash flows thereof for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinions

We conducted our audit in accordance with auditing standards generally accepted in the United States of America (GAAS) and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States (*Government Auditing Standards*). Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the College and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Responsibilities of Management for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with accounting principles generally accepted in the United States of America, and for 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.

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the College's ability to continue as a going concern for twelve months beyond the financial statement date, including any currently known information that may raise substantial doubt shortly thereafter.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinions. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with GAAS and *Government Auditing Standards* will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with GAAS and *Government Auditing Standards*, we

- exercise professional judgment and maintain professional skepticism throughout the audit.

- identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.

- obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the College's internal control. Accordingly, no such opinion is expressed.

- evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.

- conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the College's ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control-related matters that we identified during the audit.

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 is the responsibility of management and, 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 GAAS, 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.

Supplementary 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 Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*, is presented for purposes of additional analysis and is not a required part of the basic financial statements. Such information 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. The 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 GAAS. 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, 2022 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 solely 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 the College's internal control over financial reporting and compliance.

Rea & Associates, Inc.

Rea & Associates, Inc.
New Philadelphia, Ohio
December 20, 2022

This page intentionally left blank

Belmont College
Belmont County, Ohio
Management Discussion and Analysis
For the Year Ended June 30, 2022
UNAUDITED

The discussion and analysis of Belmont College's financial statements provides an overview of the College's financial activities for the year ending June 30, 2022, with comparative information from fiscal year 2021. 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

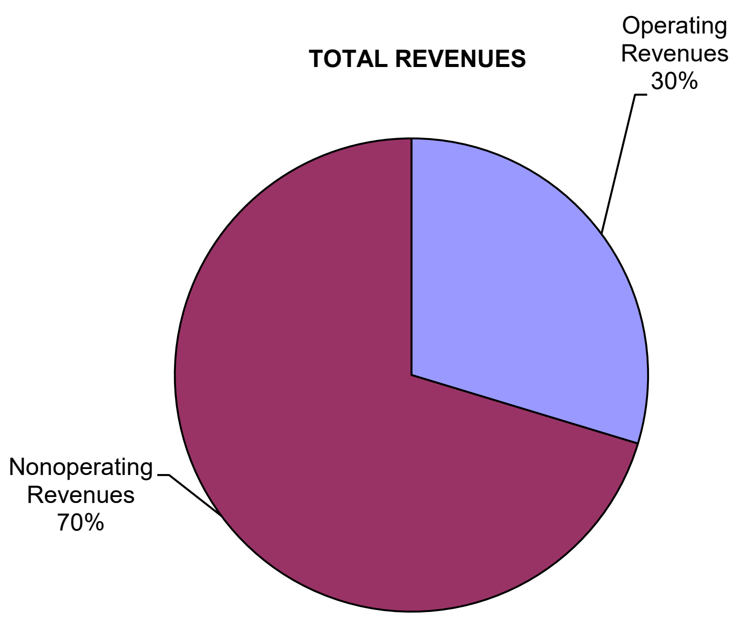
Belmont College is a two year college offering programs in business, engineering, allied health, and public service technologies. The College was chartered in 1971, allowing it to serve the three county areas of Belmont, Harrison, and Monroe Counties.

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, 2022. Its combined net position increased $394,472 from the previous year.

The following chart provides a graphic breakdown of revenues by category for the fiscal year ending June 30, 2022:



In the fiscal year ending June 30, 2022, revenues and other support exceeded expenses, creating the increase in net position of $394,472 (compared to a $908,402 increase last year).

Using the Annual Report

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

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

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

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

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

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

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

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

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

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

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

Condensed Financial Information
Statement of Net Position

	2022	2021
Assets		
Current Assets	$ 8,615,341	$ 8,573,391
Capital assets, net of accumulated depreciation	18,697,963	19,455,054
Other noncurrent assets	596,042	570,044
Total assets	27,909,346	28,598,489
Deferred Outflows of Resources		
Total deferred inflows of resources	2,048,261	1,976,637
Liabilities		
Current Liabilities	577,239	628,278
Noncurrent Liabilities	5,220,258	9,414,981
Total liabilities	5,797,497	10,043,259
Deferred Inflows of Resources		
Total deferred inflows of resoureces	5,572,777	2,339,006
Net Position		
Investment in capital assets	18,697,963	19,455,054
Restricted		
Nonexpendable	56,510	56,510
Expendable	1,178,798	1,490,166
Unrestricted	(1,345,938)	(2,808,869)
Total Net Position	$ 18,587,333	$ 18,192,861

The net pension liability (NPL) is the largest single liability reported by the College at June 30, 2022 and is reported pursuant to GASB Statement 68, *Accounting and Financial Reporting for Pensions—an Amendment of GASB Statement 27*. In a prior period, the College also adopted GASB Statement 75, *Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions*. For reasons discussed below, many end users of this financial statement will gain a clearer understanding of the College's actual financial condition by adding deferred inflows related to pension and OPEB, the net pension liability and the net OPEB liability to the reported net position and subtracting deferred outflows related to pension and OPEB and the net OPEB asset.

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

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

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

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

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

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

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

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

A review of the College's statement of net position at June 30, 2022 shows that the College continues to build a strong financial foundation.

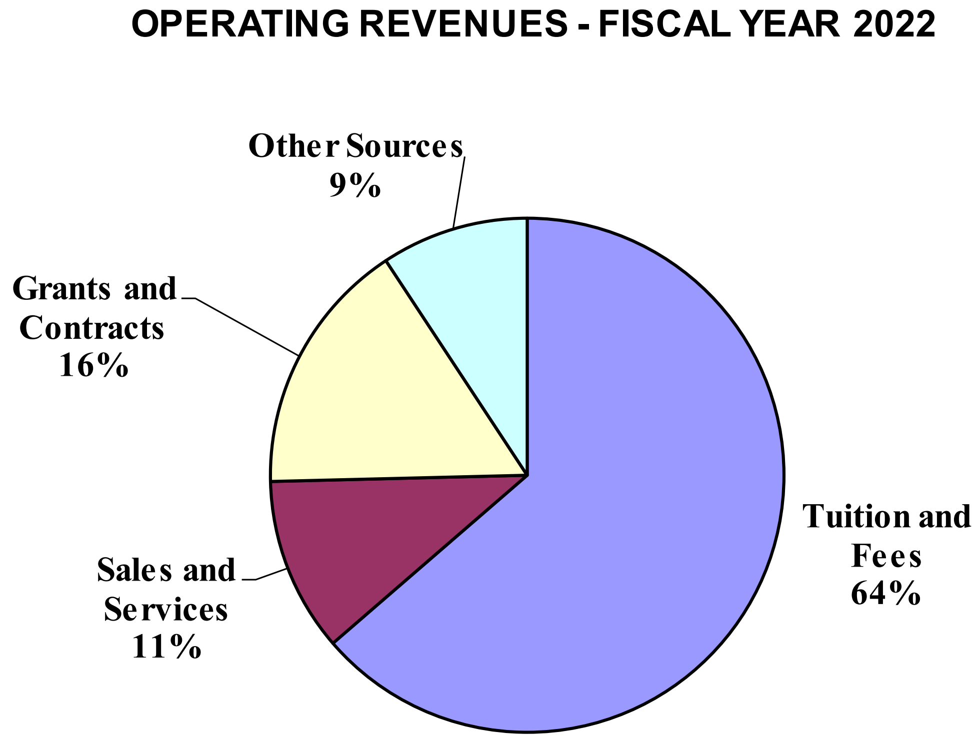
Assets and deferred outflows of resources: As of June 30, 2022, the College's total assets and deferred outflows of resources amount to $29,957,607. Capital assets totaled $18,697,963, or 62 percent, cash and cash equivalents represented $1,056,323, or 4 percent, of total assets and deferred outflows of resources and investments represented $6,565,675, or 22 percent of total assets and deferred outflows of resources. Deferred outflows of resources totaled $2,048,261, or 7 percent, of total assets and deferred outflows of resources.

Liabilities and deferred inflows of resources: At June 30, 2022, the College's liabilities and deferred inflows of resources totaled $11,370,274. Current liabilities represented $577,239 or 5 percent, and net pension/OPEB liability totaled $5,168,756 or 45 percent. Other long-term liabilities totaled $51,502 or 0.5 percent and deferred inflows of resources totaled $5,572,777 or 49 percent of total liabilities and deferred inflows of resources.

Net Position: Net position at June 30, 2022 totaled $18,587,333. Net investment in capital assets totaled $18,697,963, restricted net position totaled $1,235,308 and unrestricted net position totaled ($1,345,938).

Statement of Revenues, Expenses, and Changes in Net Assets

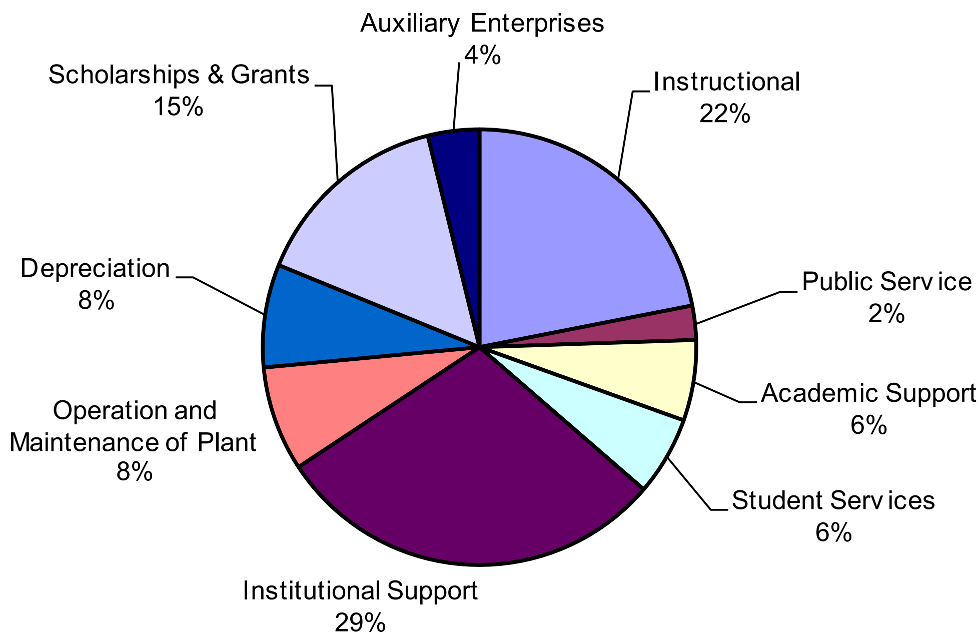
	2022	2021	Change
Operating Revenues:			
Tuition and fees	$ 2,242,521	$ 2,248,617	$ (6,096)
Grants and contracts	567,492	480,496	86,996
Auxiliary services	385,850	382,932	2,918
Other	326,795	228,370	98,425
Total operating revenues	3,522,658	3,340,415	182,243
Operating Expenses:			
Education and General	10,158,373	9,847,956	310,417
Depreciation	876,286	910,332	(34,046)
Auxiliary enterprises	440,111	427,481	12,630
Total operating expenses	11,474,770	11,185,769	289,001
Net operating revenues (expenses)	(7,952,112)	(7,845,354)	(106,758)
Nonoperating Revenues (Expenses):			
State appropriations	3,828,391	4,216,554	(388,163)
Other nonoperating revenues (expenses)	4,356,778	4,375,787	(19,009)
Net nonoperating revenues (expenses)	8,185,169	8,592,341	(407,172)
Income before other revenues	233,057	746,987	(513,930)
Capital appropriations	161,415	161,415	0
Increase in net position	394,472	908,402	(513,930)
NET POSITION, beginning of year	18,192,861	17,284,459	908,402
NET POSITION, end of year	$ 18,587,333	$ 18,192,861	$ 394,472



Total operating revenues were $3,522,658 for the year ended June 30, 2022. The most significant sources of operating revenue for the College are net tuition and fees which comprise 64 percent of total operating revenues, grants and contracts comprise 16 percent and auxiliary enterprises (bookstore) comprises 11 percent of total operating revenues.

There are other significant recurring sources of revenues essential to the operation of the College, including state appropriations, Federal 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, 2022, amounted to $3,828,391 and Federal grant awards amounted to $4,336,363. Federal nonoperating grants increased significantly in fiscal year 2022 due to additional funding received via the CARES Act: Coronavirus Response and Relief Supplemental Appropriations Act (CRRSAA), American Rescue Plan (ARP), and Strengthening Institutions Program (SIP).
.

OPERATING EXPENSES - FISCAL YEAR 2022



Operating expenses, including $876,286 of depreciation, totaled $11,474,770. As depicted in the chart above, the majority of the College's operating funds are expended for instructional (22 percent), institutional support (29 percent), scholarships and grants (15 percent), and academic support (6 percent). One of the College's core values is to provide students' access to the College with the opportunity to succeed. The College's continued investment in student financial aid programs and student support services reflects this commitment.

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

	2022	2021	Change
Cash provided by (used by):			
Operating activities	$ (8,073,080)	$ (7,252,721)	$ (820,359)
Noncapital financing activities	8,164,754	7,293,302	871,452
Capital and related financing activities	37,547	(143,303)	180,850
Investing activities	(630,963)	74,240	(705,203)
Net increase (decrease) in cash	(501,742)	(28,482)	(473,260)
Cash, beginning of year	1,558,065	1,586,547	(28,482)
Cash, end of year	$ 1,056,323	$ 1,558,065	$ (501,742)

Major cash sources of funds included in operating activities are student tuition and fees of $2,337,844, grants and contracts of $567,492 and auxiliary services of $371,314. 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.

Capital and Debt Administration

Capital Assets

At June 30, 2022, the College had $18,697,963 invested in capital assets, net of accumulated depreciation of $12,519,331. Depreciation charges totaled $876,286 for the current fiscal year. Details of these assets for the two years are shown below:

	2022	2021	Change
Capital Assets			
Land and land improvements	$ 380,545	$ 400,582	$ (20,037)
Buildings and improvements	17,492,764	18,046,867	(554,103)
Machinery and equipment	750,663	981,189	(230,526)
Vehicles	71,187	19,546	51,641
Library books and materials	2,804	6,870	(4,066)
Totals	$ 18,697,963	$ 19,455,054	$ (757,091)

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

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.

In an announcement earlier this year, Governor DeWine announced that Intel, a great American company, is partnering with the state of Ohio to bring a revolutionizing investment in semiconductor (or "chip") manufacturing to the state—a brand new, vital industry to Ohio and the Midwest that will supercharge Ohio's economy. This project reverses decades of offshoring of American manufacturing, which has contributed to a shortage of domestically produced chips and left the U.S. vulnerable to supply chain disruptions.

As a community and technical college, Belmont is well prepared to provide the training and education needed for the jobs that will be coming to the state. This project will have a tremendous impact at the national, state, and local levels. The job prospects created by Intel, and support industries, will need essential highly trained employees and we are prepared to assist with that training. At Belmont, we offer programs in Computer and Information Technology, including Cisco Networking, Engineering Technology, Business and Accounting, Industrial Trades, and Health Sciences, to name a few. We are perfectly positioned to help prepare our local workforce and are thrilled for this incredible opportunity for the residents of our state. This project will undoubtably provide a positive impact on our economy.

According to the Governor's DeWine's office, this investment in the state will generate more than 20,000 jobs:

- 3,000 Intel jobs earning an average of $135,000 per year (plus benefits)
- 7,000 construction jobs over the course of the build
- Tens of thousands of additional support jobs including electricians, engineers, supplier jobs, and jobs in restaurants, healthcare, housing, entertainment and more.

In addition, Belmont College will serve as a partner institution in the Appalachian Semiconductor Education and Technical (ASCENT) Ecosystem through grant funding, awarded by Intel to the lead institution, Ohio University. The ASCENT program will create an inclusive workforce development and training program to cultivate the next generation of skilled technical professionals for Ohio's emerging semiconductor industry.

The funding is part of the Intel ®Semiconductor Education and Research Program for Ohio that was announced conjunction with Intel's groundbreaking ceremony for its leading-edge semiconductor manufacturing plant in New Albany, Ohio.

Furthermore, the College is on track to build a Live Burn Training Facility to support the Fire/EMS (Emergency Medical Services) programs. The purpose of this facility will be to provide local first responders with live fire training for structure fires, flammable gas, and flammable liquids, as well as confined space instruction, search and rescue operations and rope rescue education. Currently, there are no approved burn building structures within a 10-county radius of Belmont County. This facility will provide much needed training for local fire departments, many of which are volunteer based.

Additionally, Belmont continues to grow the Radiology program with the addition of more students this year. This program is relatively 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.

The Radiology program is continuing to expand with the addition of a Computed Tomography (CTC) certificate. The entire certificate program is one semester in length and includes both classroom and clinical components. Locally, Wheeling Hospital, Reynolds Memorial Hospital, and East Ohio Regional Hospital have all agreed to be clinical sites for the CTC certificate program.

Moreover, Belmont College maintains two nursing programs: the Associate Degree Nursing (ADN) program and the Practical Nursing (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.

The College continues to offer the Commercial Driver's License (CDL) Truck Driving Academy program. 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, licensed by the Ohio Division of Public Safety. Belmont now runs this program independently, which allows the College more flexibility with program offerings. The College has purchased four trailers and two truck cabs, while renting a third cab, and will continue to add more equipment as the class sizes increase.

Additionally, Belmont offers HVAC-R graduates 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.

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 improvements 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.

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.

Belmont College is conscientious of the financial implications regarding the national and local 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, 2022

	Belmont College	Component Unit Belmont College Foundation
ASSETS		
Current Assets:		
Cash and cash equivalents	$ 935,413	$ 20,995
Investments	6,565,675	838,458
Interest receivable	3,842	0
Accounts receivable, net	1,026,517	0
Supplies inventory, at cost	83,894	0
Total current assets	8,615,341	859,453
Noncurrent Assets:		
Restricted cash and cash equivalents	120,910	0
Restricted investments	0	389,779
Net OPEB Assets (see notes)	475,132	0
Capital assets, non-depreciable	276,000	0
Capital assets, net of accumulated depreciation	18,421,963	0
Total noncurrent assets	19,294,005	389,779
TOTAL ASSETS	27,909,346	1,249,232
DEFERRED OUTFLOWS OF RESOURCES		
Pension:		
STRS	1,268,306	0
SERS	410,505	0
OPEB:		
STRS	47,267	0
SERS	322,183	0
TOTAL DEFERRED OUTFLOWS OF RESOURCES	2,048,261	0
LIABILITIES		
Current Liabilities:		
Accrued liabilities	255,624	0
Accrued vacation/sick leave	190,983	0
Deferred fees income	130,632	0
Total current liabilities	577,239	0
Noncurrent Liabilities:		
Accrued vacation/sick leave	51,502	0
Net Pension Liabilities (see notes)	4,409,185	0
Net OPEB Liabilities (see notes)	759,571	0
Total noncurrent liabilities	5,220,258	0
TOTAL LIABILITIES	5,797,497	0
DEFERRED INFLOWS OF RESOURCES		
Pension:		
STRS	3,597,840	0
SERS	826,520	0
OPEB:		
STRS	579,425	0
SERS	568,992	0
TOTAL DEFERRED INFLOWS OF RESOURCES	5,572,777	0
NET POSITION		
Investment in Capital Assets	18,697,963	0
Restricted:		
Nonexpendable:		
Scholarships	56,510	320,755
Expendable:		
Scholarships	74,745	306,249
Instructional Department uses	147,243	0
Capital projects	956,810	0
Unrestricted	(1,345,938)	622,228
TOTAL NET POSITION	$ 18,587,333	$ 1,249,232

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

BELMONT COLLEGE
BELMONT COUNTY, OHIO
STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN NET POSITION
For the Fiscal Year Ended June 30, 2022

	Belmont College	Component Unit Belmont College Foundation
REVENUE:		
Operating Revenues:		
Student tuition and fees (net of scholarship allowances of $1,354,251)	$ 2,242,521	$ 0
State grants and contracts	424,209	0
Federal grants and contracts	143,283	0
Private gifts and contracts	0	593,134
Auxiliary Enterprises:		
Sales and services	385,850	0
Other sources	326,795	0
Total revenues	3,522,658	593,134
EXPENSES:		
Operating Expenses:		
Educational and General:		
Instructional	2,517,137	0
Public service	290,912	0
Academic support	686,797	0
Student services	673,293	0
Institutional support	3,373,626	28,915
Operation and maintenance of plant	893,601	0
Depreciation	876,286	0
Scholarships and grants	1,723,007	135,800
Total Educational and General	11,034,659	164,715
Auxiliary Enterprises	440,111	-
Total Expenses	11,474,770	164,715
Operating Loss	(7,952,112)	428,419
NONOPERATING REVENUES (EXPENSES):		
State appropriations	3,828,391	0
Federal Grants & Contracts	4,336,363	0
Investment income	25,088	82,734
Unrealized gain on Investments	0	(305,736)
Gain/(Loss) on disposal of assets	(4,673)	0
Net nonoperating revenues (expenses)	8,185,169	(223,002)
Income before other revenues, expenses, gains or losses	233,057	205,417
Capital appropriations	161,415	0
Total other revenues	161,415	0
Increase in Net Position	394,472	205,417
Net Position, Beginning of Year	18,192,861	1,043,815
Net Position, End of Year	$ 18,587,333	$ 1,249,232

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

BELMONT COLLEGE
STATEMENT OF CASH FLOWS
For the Fiscal Year Ended June 30, 2022

	Belmont College	Component Unit Belmont College Foundation
INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS		
Cash Flows from Operating Activities:		
Tuition and fees	$ 2,337,844	$ 0
Grants and contracts	567,492	593,134
Payments to suppliers	(3,268,144)	(28,915)
Payments for utilities	(249,290)	0
Payments to employees	(4,947,153)	0
Payments for benefits	(1,488,931)	0
Payments for scholarships and grants	(1,723,007)	(135,800)
Auxiliary Enterprises:		
Book Store	371,314	0
Other receipts	326,795	0
Net cash used by operating activities	(8,073,080)	428,419
Cash Flows from Non-Capital and Related Financing Activities:		
State appropriations	3,828,391	0
Federal Grants (Pell Grant - Non Operating)	1,205,681	0
Other Federal Non-Operating Grants	3,130,682	0
Net cash provided by non-capital and related financing activities	8,164,754	0
Cash Flows from Capital and Related Financing Activities:		
Purchase of capital assets	(123,868)	0
Capital Appropriations	161,415	0
Net cash used by capital and related financing activities	37,547	0
Cash Flows from Investing Activities:		
Interest on investments	36,529	(223,002)
Purchase of investments	(667,492)	(278,238)
Net cash used by noncapital financing activities	(630,963)	(501,240)
Net decrease in cash and cash equivalents	(501,742)	(72,821)
Cash and Cash Equivalents, beginning of year	1,558,065	93,816
Cash and Cash Equivalents, end of year	1,056,323	20,995
RECONCILIATION OF OPERATING LOSS TO NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES:		
Operating loss	(7,952,112)	428,419
Adjustments to reconcile operating loss to net cash provided (used) by operating activities:		
Depreciation	876,286	0
(Increase)/Decrease in Assets and Deferred Outflows of Resources:		
Receivables, net	108,849	0
Inventories	20,247	0
Deferred Outflows Pension: STRS	(273,412)	0
Deferred Outflows Pension: SERS	206,569	0
Deferred Outflows OPEB: STRS	2,732	0
Deferred Outflows OPEB: SERS	(7,513)	0
Increase/(Decrease) in Liabilities and Deferred Inflows of Resources:		
Accrued liabilities	(13,543)	0
Net Pension Liabilities	(4,130,210)	0
Net OPEB	(96,188)	0
Deferred Inflows Pension: STRS	2,406,642	0
Deferred Inflows Pension: SERS	805,032	0
Deferred Inflows OPEB: STRS	(20,485)	0
Deferred Inflows OPEB: SERS	42,582	0
Compensated absences	(20,494)	0
Deferred revenue	(28,062)	0
Net cash used by operating activities	$ (8,073,080)	$ 428,419

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

NOTE 1 - DESCRIPTION OF THE REPORTING ENTITY

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

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

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

NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A. Basis of Presentation

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

Pursuant to the provisions of GASB Statement No. 34, *Basic Financial Statements – and Management's Discussion and Analysis – for State and Local Governments,* as amended by GASB Statement No. 35, *Basic Financial Statements – and Management's Discussion and Analysis – For Public Colleges and Universities* the full scope of the College's activities is considered to be a single business-type activity (BTA) and accordingly, is reported within a single column in the basic financial statements.

B. Basis of Accounting

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

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

NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

C. Cash and Cash Equivalents

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

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

D. Investments

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

During fiscal year 2022, 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 2022, 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.

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.

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 net 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 10 and 11.

In addition to liabilities, the statements of net 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 10 and 11.

M. Pensions and Other Postemployment Benefits (OPEB)

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

This space intentionally left blank

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.

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, 2022, the College has implemented Governmental Accounting Standards Board (GASB) Statement No. 87, *Leases,* Statement No. 89, *Accounting for Interest Cost Incurred before the End of a Construction Period,* Statement No. 92*, Omnibus 2020* and certain provisions of GASB Statement No. 97*, Certain Component Unit Criteria, and Accounting and Financial Reporting for Internal Revenue Code Section 457 Deferred Compensation Plans—an amendment of GASB Statements No. 14 and No. 84, and a supersession of GASB Statement No. 32.*

GASB Statement No. 87 requires recognition of certain lease assets and liabilities for leases that previously were classified as operating leases and recognized as inflows of resources or outflows of resources based on the payment provisions of the contract. It establishes a single model for lease accounting based on the foundational principle that leases are financings of the right to use an underlying asset. These changes were incorporated in the College's financial statements; however, there was no effect on beginning net position/fund balance.

GASB Statement No. 89 requires that interest costs incurred before the end of a construction period be recognized as an expense in the period in which the cost is incurred for financial statements prepared using the economic resources measurement focus. As a result, interest cost incurred before the end of a construction period will not be included in the historical cost of a capital asset reported in a business-type activity or enterprise fund. The implementation of GASB Statement No. 89 did not have an effect on the financial statements of the College.

GASB Statement No. 92 enhances comparability in accounting and financial reporting and to improve the consistency of authoritative literature by addressing practice issues that have been identified during implementation and application of certain GASB Statements. The implementation of GASB Statement No. 92 did not have an effect on the financial statements of the College.

GASB Statement No. 97 requirements that are related to a) the accounting and financial reporting for Section 457 plans and b) determining whether a primary government is financially accountable for a potential component unit were implemented for fiscal year 2022. The implementation of GASB Statement No. 97 did not have an effect on the financial statements of the College.

NOTE 3 – STATE SUPPORT

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

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

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

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.

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);

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.

NOTE 4 – DEPOSITS AND INVESTMENTS (CONTINUED)

Deposits - At year-end, $748,329 of the College's bank balance of $1,184,760 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, 2022, the College had the following investments and maturities:

S & P Global Rating	Investment Type	Measurment Amount	Investment Maturities 12 Months or Less	Percent of Total
	Net Asset Value (NAV):			
AAAm	STAR Ohio	3,667,279	3,667,279	55.86%
	Fair Value:			
N/A	Negotiable Certificates of Deposit	2,898,396	2,898,396	44.14%
	Total	$ 6,565,675	$ 6,565,675	100.00%

The College categorizes its fair value measurements within the fair value hierarchy established by generally accepted accounting principles. The hierarchy is based on the valuation inputs used to measure the fair value of the asset. Level 1 inputs are quoted prices in active markets for identical assets. Level 2 inputs are significant other observable inputs. Level 3 inputs are significant unobservable inputs. The above table identifies the College's recurring fair value measurements as of June 30, 2022. The College's investments measured at fair value are valued using methodologies that incorporate market inputs such as benchmark yields, reported trades, broker/dealer quotes, issuer spreads, two-sided markets, benchmark securities, bids, offers, and reference data including market research publications. Market indicators and industry and economic events are also monitored which could require the need to acquire further market data (Level 2 inputs).

NOTE 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, 2022, is 35 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 on June 30, 2022, were as follows:

	Gross Receivables	Allowance for Doubtful Accounts	Net Receivables
Current Receivables:			
Students	$ 1,601,568	$ (921,214)	$ 680,354
Interest	3,842	0	3,842
Other	346,163	0	346,163
Total Current Receivables	$ 1,951,573	$ (921,214)	$ 1,030,359

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, 2022, there was no net appreciation on donor restricted assets available to be spent.

NOTE 7 – CAPITAL ASSETS

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

	Balance June 30, 2021	Additions	Reductions	Balance June 30, 2022
Capital Assets, Non Depreciable:				
Land	$ 276,000	$ 0	$ 0	$ 276,000
Total Non-depreciable	276,000	0	0	276,000
Capital Assets, Depreciable:				
Land Improvements	898,947	0	0	898,947
Buildings and improvements	26,502,423	59,868	0	26,562,291
Machinery and Equipment	3,323,798	0	311,762	3,012,036
Motor Vehicles	161,881	64,000	36,537	189,344
Library books and materials	293,343	0	14,667	278,676
Total Depreciable	31,180,392	123,868	362,966	30,941,294
Less Accumulated Depreciation:				
Land Improvements	774,365	20,037	0	794,402
Buildings and improvements	8,455,556	613,971	0	9,069,527
Machinery and Equipment	2,342,609	225,853	307,089	2,261,373
Motor Vehicles	142,335	12,359	36,537	118,157
Library books and materials	286,473	4,066	14,667	275,872
Total Accumulated Depreciation	12,001,338	876,286	358,293	12,519,331
Total Capital Assets, Depreciable, net	19,179,054	(752,418)	4,673	18,421,963
Capital Assets, net	$ 19,455,054	$ (752,418)	$ 4,673	$ 18,697,963

This space intentionally left blank

NOTE 8 – LONG-TERM LIABILITIES

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

	Balance July 1, 2021	Additions	Reductions	Balance June 30, 2022	Current Portion
Net Pension Liability:					
SERS	$ 2,586,289	$ 0	$ 1,058,428	$ 1,527,861	$ 0
STRS	5,953,106	0	3,071,782	2,881,324	0
Total Net Pension Liability	8,539,395	0	4,130,210	4,409,185	0
Net OPEB Liability:					
SERS	813,024	0	53,453	759,571	0
Total Net OPEB Liability	813,024	0	53,453	759,571	0
Compensated Absences	262,979	0	20,494	242,485	190,983
Total Long-Term Liabilities	$ 9,615,398	$ 0	$ 4,204,157	$ 5,411,241	$ 190,983

This space intentionally left blank

NOTE 9 – OPERATING EXPENSES BY FUNCTION AND NATURAL CLASS

	Salaries and Benefits	Scholarships and Fellowships	Utilities	Supplies and Other Services	Depreciation	Total
Instruction & departmental research	$ 2,159,069	$ 0	$ 0	$ 358,068	$ 0	$ 2,517,137
Public service	88,936	0	0	201,976	0	290,912
Academic support	510,173	0	0	176,624	0	686,797
Student services	623,968	0	0	49,325	0	673,293
Institutional support	1,541,091	0	0	1,832,535	0	3,373,626
Operations and maintenance	246,936	0	249,290	397,375	0	893,601
Scholarships & grants	0	1,723,007	0	0	0	1,723,007
Auxiliary enterprises	67,459	0	0	372,652	0	440,111
Depreciation	0	0	0	0	876,286	876,286
Totals	$ 5,237,632	$ 1,723,007	$ 249,290	$ 3,388,555	$ 876,286	$ 11,474,770

NOTE 10 - 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.

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

NOTE 10 - DEFINED BENEFIT PENSION PLANS (CONTINUED)

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 11 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 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, may 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.

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. 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. The COLA is indexed to the percentage increase in the CPIW, not to exceed 2.5 percent and with a floor of 0 percent. A three-year COLA suspension was in effect for all benefit recipients for calendar years 2018, 2019, and 2020. SERS approved a 0.5 percent COLA for calendar year 2021.

NOTE 10 - DEFINED BENEFIT PENSION PLANS (CONTINUED)

Funding Policy – Plan members are required to contribute 10 percent of their annual covered salary and the College is required to contribute 14 percent of annual covered payroll. The contribution requirements of plan members and employers are established and may be amended by the SERS' Retirement Board up to statutory maximum amounts of 10 percent for plan members and 14 percent for employers. The Retirement Board, acting with the advice of the actuary, allocates the employer contribution rate among four of the System's funds (Pension Trust Fund, Death Benefit Fund, Medicare B Fund, and Health Care Fund). For the fiscal year ended June 30, 2022, 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 2022.

The College's contractually required contribution to SERS was $198,957 for fiscal year 2022.

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 in until 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, 2026, when retirement eligibility will be five years of qualifying service credit and age 60, or 30 years of service credit at any age.

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 lifetime monthly annuity or a lump sum withdrawal.

NOTE 10 - DEFINED BENEFIT PENSION PLANS (CONTINUED)

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 2022 contribution rates were equal to the statutory maximum rates.

The College's contractually required contribution to STRS was $379,956 for fiscal year 2022. Of this amount, $23,094 is reported as accrued liabilities.

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

The net pension liability was measured as of June 30, 2021, 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:

	SERS	STRS	Total
Proportion of the Net Pension Liability:			
Current Measurement Date	0.04140870%	0.02253517%	
Prior Measurement Date	0.03910200%	0.02460323%	
Change in Proportionate Share	0.00230670%	-0.00206806%	
Proportionate Share of the Net Pension Liability	$ 1,527,861	$ 2,881,324	$ 4,409,185
Pension Expense	$ 152,130	$ (558,596)	$ (406,466)

NOTE 10 - DEFINED BENEFIT PENSION PLANS (CONTINUED)

Other than contributions made subsequent to the measurement date and differences between projected and actual earnings on investments; deferred inflows/outflows of resources are recognized in pension expense beginning in the current period, using a straight line method over a closed period equal to the average of the expected remaining services lives of all employees that are provided with pensions, determined as of the beginning of the measurement period. Net deferred inflows/outflows of resources pertaining to the differences between projected and actual investment earnings are similarly recognized over a closed five year period.

At June 30, 2022, the College reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	SERS	STRS	Total
Deferred Outflows of Resources			
Differences between Expected and Actual Experience	$ 147	$ 89,019	$ 89,166
Changes of Assumptions	32,172	799,331	831,503
Changes in Proportion and Differences between College Contributions and Proportionate Share of Contributions	179,229	-	179,229
College Contributions Subsequent to the Measurement Date	198,957	379,956	578,913
Total Deferred Outflows of Resources	$ 410,505	$ 1,268,306	$ 1,678,811
Deferred Inflows of Resources			
Differences between Expected and Actual Experience	$ 39,624	$ 18,060	$ 57,684
Net Difference between Projected and Actual Earnings on Pension Plan Investments	786,896	2,483,149	3,270,045
Changes in Proportion and Differences between College Contributions and Proportionate Share of Contributions	-	1,096,631	1,096,631
Total Deferred Inflows of Resources	$ 826,520	$ 3,597,840	$ 4,424,360

$578,913 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, 2023. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pension will be recognized in pension expense as follows:

	SERS	STRS	Total
Fiscal Year Ending June 30:			
2023	$ (46,911)	$ (827,337)	$ (874,248)
2024	(139,435)	(726,276)	(865,711)
2025	(187,096)	(569,328)	(756,424)
2026	(241,530)	(586,549)	(828,079)
Total	$ (614,972)	$ (2,709,490)	$ (3,324,462)

NOTE 10 - DEFINED BENEFIT PENSION PLANS (CONTINUED)

Actuarial Assumptions - SERS

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

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 2132.

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, 2021, are presented below:

Actuarial Cost Method	Entry Age Normal (Level Percentage of Payroll, Closed)
Inflation	2.40 percent
Future Salary Increases, including inflation	3.25 percent to 13.58 percent
Investment Rate of Return	7.00 percent, net of investment expense, including inflation
COLA or Ad Hoc COLA	2.00 percent, on and after April 1, 2018, COLA's for future retirees will be delayed for three years following commencement

Mortality rates were based on the PUB-2010 General Employee Amount Weight Below Median Healthy Retiree mortality table projected to 2017 with ages set forward 1 year and adjusted 94.20 percent for males and set forward two years and adjusted 81.35 percent for females. Mortality among disabled members were based upon the PUB-2010 General Disabled Retiree mortality table projected to 2017 with ages set forward five years and adjusted 103.3 percent for males and set forward three years and adjusted 106.8 percent for females. Future improvement in mortality rates is reflected by applying the MP-2020 projection scale generationally.

The most recent experience study was completed for the five year period ended June 30, 2020.

NOTE 10 - DEFINED BENEFIT PENSION PLANS (CONTINUED)

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:

Asset Class	Target Allocation	Long-Term Expected Real Rate of Return
Cash	2.00 %	(0.33) %
US Equity	24.75	5.72
Non-US Equity Developed	13.50	6.55
Non-US Equity Emerging	6.75	8.54
Fixed Income/Global Bonds	19.00	1.14
Private Equity	11.00	10.03
Real Estate/Real Assets	16.00	5.41
Multi-Asset Strategies	4.00	3.47
Private Debt/Private Credit	3.00	5.28
Total	100.00 %	

Discount Rate Total pension liability was calculated using the discount rate of 7.00 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 23-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 (7.00 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. The annual money-weighted rate of return, calculated as the internal rate of return on pension plan investments was 28.18 percent.

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 7.00 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 (6.00 percent), or one percentage point higher (8.00 percent) than the current rate.

	1% Decrease	Current Discount Rate	1% Increase
College's Proportionate Share of the Net Pension Liability	$ 2,541,985	$ 1,527,861	$ 672,605

NOTE 10 - DEFINED BENEFIT PENSION PLANS (CONTINUED)

Actuarial Assumptions - STRS

Key methods and assumptions used in the latest actuarial valuation, reflecting experience study results used in the June 30, 2021, actuarial valuation, are presented below:

Inflation	2.50 percent
Acturial 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	7.00 percent, net of investment expenses, including inflation
Payroll Increases	3.00 percent
Cost-of-Living Adjustments	0.00 percent

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, 2021 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. An actuarial experience study is done on a quinquennial basis.

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 7.00 percent as of June 30, 2021. The projection of cash flows used to determine the discount rate assumes that employer and

NOTE 10 - DEFINED BENEFIT PENSION PLANS (CONTINUED)

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, 2021. Therefore, the long-term expected rate of return on investments of 7.00 percent was applied to all periods of projected benefit payments to determine the total pension liability as of June 30, 2021.

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 measured as of June 30, 2021, calculated using the current period discount rate assumption of 7.00 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 (6.00 percent) or one percentage point higher (8.00 percent) than the current assumption:

	1% Decrease	Current Discount Rate	1% Increase
College's Proportionate Share of the Net Pension Liability	$ 5,395,642	$ 2,881,324	$ 756,731

Assumption and Benefit Changes since the Prior Measurement Date The discount rate was adjusted to 7.00 percent from 7.45 percent for the June 30, 2021 valuation.

NOTE 11 - DEFINED BENEFIT OPEB PLANS

See Note 10 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 Annual Comprehensive 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

NOTE 11 - DEFINED BENEFIT OPEB PLANS (CONTINUED)

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, 2022, 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 2022, this amount was $25,000. 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 2022, the College's surcharge obligation was $17,724.

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 partial premium reimbursements will be continued indefinitely. 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, 2022, STRS did not allocate any employer contributions to post-employment health care.

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, 2021, 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:

NOTE 11 - DEFINED BENEFIT OPEB PLANS (CONTINUED)

	SERS	STRS
Proportion of the Net OPEB Liability (Asset):		
Current Measurement Date	0.04013400%	0.02253500%
Prior Measurement Date	0.03740900%	0.02460300%
Change in Proportionate Share	0.00272500%	-0.00206800%
Proportionate Share of the Net OPEB Liability (Asset)	$ 759,571	$ (475,132)
OPEB Expense	$ (660)	$ (60,488)

At June 30, 2022, the College reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

	SERS	STRS	Total
Deferred Outflows of Resources			
Differences between Expected and Actual Experience	$ 8,095	$ 16,919	$ 25,014
Changes of Assumptions	119,158	30,348	149,506
Changes in Proportion and Differences between College Contributions and Proportionate Share of Contributions	177,206	-	177,206
College Contributions Subsequent to the Measurement Date	17,724	-	17,724
Total Deferred Outflows of Resources	$ 322,183	$ 47,267	$ 369,450
Deferred Inflows of Resources			
Differences between Expected and Actual Experience	$ 378,299	$ 87,053	$ 465,352
Net Difference between Projected and Actual Earnings on OPEB Plan Investments	16,502	131,697	148,199
Changes of Assumptions	104,015	283,452	387,467
Changes in Proportion and Differences between College Contributions and Proportionate Share of Contributions	70,176	77,223	147,399
Total Deferred Inflows of Resources	$ 568,992	$ 579,425	$ 1,148,417

$17,724 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, 2023. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to OPEB will be recognized in OPEB expense as follows:

	SERS	STRS	Total
Fiscal Year Ending June 30:			
2023	$ (70,367)	$ (157,077)	$ (227,444)
2024	(70,479)	(153,780)	(224,259)
2025	(65,486)	(138,284)	(203,770)
2026	(41,269)	(63,831)	(105,100)
2027	(12,001)	(19,441)	(31,442)
Thereafter	(4,931)	255	(4,676)
Total	$ (264,533)	$ (532,158)	$ (796,691)

NOTE 11 - 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, 2021, are presented below:

Inflation	2.40 percent
Salary Increases, including inflation	3.25 percent to 13.58 percent
Investment Rate of Return	7.00 percent net of investment expense, including inflation
Municipal Bond Index Rate	
Measurement Date	1.92 percent
Prior Measurement Date	2.45 percent
Single Equivalent Interest Rate	
Measurement Date	2.27 percent, net of plan investment expense, including price inflation
Prior Measurement Date	2.63 percent, net of plan investment expense, including price inflation
Health Care Cost Trend Rate	
Pre-Medicare	6.750 percent - 4.40 percent
Medicare	5.125 percent - 4.40 percent

Mortality rates were based on the PUB-2010 General Employee Amount Weight Below Median Healthy Retiree mortality table projected to 2017 with ages set forward 1 year and adjusted 94.20 percent for males and set forward two years and adjusted 81.35 percent for females. Mortality among disabled members were based upon the PUB-2010 General Disabled Retiree mortality table projected to 2017 with ages set forward five years and adjusted 103.3 percent for males and set forward three years and adjusted 106.8 percent for females. Future improvement in mortality rates is reflected by applying the MP-2020 projection scale generationally.

NOTE 11 - DEFINED BENEFIT OPEB PLANS (CONTINUED)

The most recent experience study was completed for the five year period ended June 30, 2020.

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 2016 through 2020, and was adopted by the Board on April 15, 2021. 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, 7.00 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, 2020 five-year experience study, are summarized as follows:

Asset Class	Target Allocation	Long-Term Expected Real Rate of Return
Cash	2.00 %	(0.33) %
US Equity	24.75	5.72
Non-US Equity Developed	13.50	6.55
Non-US Equity Emerging	6.75	8.54
Fixed Income/Global Bonds	19.00	1.14
Private Equity	11.00	10.03
Real Estate/Real Assets	16.00	5.41
Multi-Asset Strategies	4.00	3.47
Private Debt/Private Credit	3.00	5.28
Total	100.00 %	

Discount Rate The discount rate used to measure the total OPEB liability at June 30, 2021, was 2.27 percent. The discount rate used to measure total OPEB liability prior to June 30, 2021 was 2.63 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 all projected future benefit payments of current System members by SERS actuaries. The Municipal Bond Index Rate is used in the determination of the SEIR for both the June 30, 2020 and the June 30, 2021 total OPEB liability. The Municipal Bond Index rate is 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. The Municipal Bond Index Rate is 1.92 percent at June 30, 2021 and 2.45 percent at June 30, 2020.

NOTE 11 - 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 (1.27 percent) and higher (3.27 percent) than the current discount rate (2.27 percent). Also shown is what the net OPEB liability would be based on health care cost trend rates that are one percentage point lower (5.75 percent decreasing to 3.40 percent) and higher (7.75 percent decreasing to 5.40 percent) than the current rate (6.75 percent decreasing to 4.40 percent).

	1% Decrease	Current Discount Rate	1% Increase
College's Proportionate Share of the Net OPEB Liability	$ 941,198	$ 759,571	$ 614,471
	1% Decrease	**Current Trend Rate**	**1% Increase**
College's Proportionate Share of the Net OPEB Liability	$ 584,806	$ 759,571	$ 992,999

Actuarial Assumptions – STRS

Key methods and assumptions used in the latest actuarial valuation, reflecting experience study results used in the June 30, 2021, 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	7.00 percent, net of investment expenses, including inflation	
Discount Rate of Return	7.00 percent	
Health Care Cost Trend Rates		
Medical	Initial	Ultimate
Pre-Medicare	5.00 percent	4.00 percent
Medicare	-16.18 percent	4.00 percent
Prescription Drug		
Pre-Medicare	6.50 percent	4.00 percent
Medicare	29.98 percent	4.00 percent

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

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

NOTE 11 - DEFINED BENEFIT OPEB PLANS (CONTINUED)

The actuarial assumptions used in the June 30, 2021 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 7.00 percent as of June 30, 2021. 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 7.00 percent was applied to all periods of projected benefit payments to determine the total OPEB liability as of June 30, 2021.

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 measured as of June 30, 2021, calculated using the current period discount rate assumption of 7.00 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 (6.00 percent) or one percentage point higher (8.00 percent) than the current assumption. Also shown is the net OPEB asset as of June 30, 2021, 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.

	1% Decrease	Current Discount Rate	1% Increase
College's Proportionate Share of the Net OPEB Liability (Asset)	$ (400,938)	$ (475,132)	$ (537,110)

	1% Decrease	Current Trend Rate	1% Increase
College's Proportionate Share of the Net OPEB Liability (Asset)	$ (534,599)	$ (475,132)	$ (401,596)

NOTE 11 - DEFINED BENEFIT OPEB PLANS (CONTINUED)

Assumption Changes Since the Prior Measurement Date The discount rate was adjusted to 7.00 percent from 7.45 percent for the June 30, 2021 valuation.

Benefit Term Changes Since the Prior Measurement Date The non-Medicare subsidy percentage was increased effective January 1, 2022 from 2.055 percent to 2.100 percent. The non-Medicare frozen subsidy base premium was increased effective January 1, 2022. The Medicare Part D subsidy was updated to reflect it is expected to be negative in current year 2022. The Part B monthly reimbursement elimination date was postponed indefinitely.

NOTE 12 – 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 2022, the College contracted with Marsh USA Inc.as part of the OACC insurance consortium. Commercial property insurance is contracted with Travelers Indemnity Company. The policy includes a $25,000 deductible.

Professional and general liability is protected by American Family Home Insurance Company with a $1,000,000 single occurrence limit, $3,000,000 annual aggregate limit and no deductible. Vehicles are also covered by American Family Home 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 13 – CONTRACTUAL COMMITMENTS

As of June 30, 2022, the College has no contractual commitments.

NOTE 14 – 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, 2022.

NOTE 15 – 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, 2022, the carrying amount of the Foundation's deposits was $20,995 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, 2022:

Investment Type	Fair Value
Cash and Money Market Funds	$ 36,380
Equities	660,429
Fixed Income	531,428
Total	$ 1,228,237

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, 2022. 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, 2022, the Foundation provided $135,800 to or on behalf of the College for scholarships and other purposes.

NOTE 16 – COVID-19

During fiscal year 2022, the College received Coronavirus Aid, Relief, and Economic Security (CARES) Act funding: Coronavirus Response and Relief Supplemental Appropriations Act (CRRSAA), American Rescue Plan (ARP), and Strengthening Institutions Program (SIP) due to the COVID-19 pandemic.

NOTE 17 – SUBSEQUENT EVENT

On September 27, 2022, the College was awarded a $5,000,000 grant from the U.S. Department of Commerce's department of Economic Development Administration (EDA) for the construction of a new building to house the construction trades program. This grant will support regional workforce development in the construction trades, preparing students for good-paying, in-demand jobs in building preservation and restoration, HVAC repair, and related safety programs. The EDA investment will be matched with $3.2 million in state and local funds and is expected to create 100 jobs and generate $200,000 in private investment, according to grantee estimates.

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

	2022	2021	2020	2019
School Employees Retirement System (SERS)				
College's Proportion of the Net Pension Liability	0.04140870%	0.03910200%	0.03226370%	0.03425880%
College's Proportionate Share of the Net Pension Liability	$ 1,527,861	$ 2,586,289	$ 1,930,394	$ 1,962,065
College's Covered Payroll	$ 1,429,321	$ 1,421,600	$ 1,106,830	$ 1,122,104
College's Proportionate Share of the Net Pension Liability as a Percentage of its Covered Payroll	106.89%	181.93%	174.41%	174.86%
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	82.86%	68.55%	70.85%	71.36%
State Teachers Retirement System (STRS)				
College's Proportion of the Net Pension Liability	0.02253517%	0.02460323%	0.02701058%	0.03177750%
College's Proportionate Share of the Net Pension Liability	$ 2,881,324	$ 5,953,106	$ 5,973,227	$ 6,987,159
College's Covered Payroll	$ 2,660,500	$ 2,841,571	$ 3,024,886	$ 3,452,879
College's Proportionate Share of the Net Pension Liability as a Percentage of its Covered Payroll	108.30%	209.50%	197.47%	202.36%
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	87.80%	77.50%	77.40%	77.31%

(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 Proportionate Share of the Net Pension Liability
Last Nine Fiscal Years (1) (continued)

2018	2017	2016	2015	2014
0.03583860%	0.03969220%	0.04896900%	0.05953000%	0.05953000%
$ 2,141,277	$ 2,905,103	$ 2,794,219	$ 3,012,779	$ 3,540,058
$ 1,181,993	$ 1,229,171	$ 1,565,941	$ 1,839,646	$ 1,997,637
181.16%	236.35%	178.44%	163.77%	177.21%
69.50%	62.98%	69.16%	71.70%	65.52%
0.03262272%	0.03438499%	0.03860959%	0.04587075%	0.04587075%
$ 7,749,597	$ 11,509,693	$ 10,670,561	$ 11,157,354	$ 13,290,567
$ 3,475,229	$ 3,850,879	$ 3,943,907	$ 4,991,715	$ 5,530,862
223.00%	298.88%	270.56%	223.52%	240.30%
75.30%	66.80%	72.10%	74.70%	69.30%

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

	2022	2021	2020	2019	2018
School Employees Retirement System (SERS)					
Contractually Required Contribution	$ 198,957	$ 200,105	$ 191,916	$ 149,422	$ 151,484
Contributions in Relation to the Contractually Required Contribution	(198,957)	(200,105)	(191,916)	(149,422)	(151,484)
Contribution Deficiency (Excess)	$ 0	$ 0	$ 0	$ 0	$ 0
College's Covered Payroll	$ 1,421,121	$ 1,429,321	$ 1,421,600	$ 1,106,830	$ 1,122,104
Pension Contributions as a Percentage of Covered Payroll	14.00%	14.00%	13.50%	13.50%	13.50%
State Teachers Retirement System (STRS)					
Contractually Required Contribution	$ 379,956	$ 372,470	$ 397,820	$ 423,484	$ 483,403
Contributions in Relation to the Contractually Required Contribution	(379,956)	(372,470)	(397,820)	(423,484)	(483,403)
Contribution Deficiency (Excess)	$ 0	$ 0	$ 0	$ 0	$ 0
College's Covered Payroll	$ 2,713,971	$ 2,660,500	$ 2,841,571	$ 3,024,886	$ 3,452,879
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

2017	2016	2015	2014	2013
$ 165,479	$ 172,084	$ 206,391	$ 254,975	$ 276,473
(165,479)	(172,084)	(206,391)	(254,975)	(276,473)
$ 0	$ 0	$ 0	$ 0	$ 0
$ 1,181,993	$ 1,229,171	$ 1,565,941	$ 1,839,646	$ 1,997,637
14.00%	14.00%	13.18%	13.86%	13.84%
$ 486,532	$ 539,123	$ 552,147	$ 648,923	$ 719,012
(486,532)	(539,123)	(552,147)	(648,923)	(719,012)
$ 0	$ 0	$ 0	$ 0	$ 0
$ 3,475,229	$ 3,850,879	$ 3,943,907	$ 4,991,715	$ 5,530,862
14.00%	14.00%	14.00%	13.00%	13.00%

See accompanying notes to the required supplementary information.

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

	2022	2021	2020	2019	2018	2017
School Employees Retirement System (SERS)						
College's Proportion of the Net OPEB Liability	0.04013400%	0.03740920%	0.03106200%	0.03406310%	0.03554160%	0.03906673%
College's Proportionate Share of the Net OPEB Liability	$ 759,571	$ 813,024	$ 781,154	$ 945,002	$ 953,843	$ 1,113,546
College's Covered Payroll	$ 1,429,321	$ 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	53.14%	57.19%	70.58%	84.22%	80.70%	90.59%
Plan Fiduciary Net Position as a Percentage of the Total OPEB Liability	24.08%	18.17%	15.57%	13.57%	12.46%	11.49%
State Teachers Retirement System (STRS)						
College's Proportion of the Net OPEB Liability/(Asset)	0.02253500%	0.02460300%	0.02701100%	0.03177750%	0.03262272%	0.03438499%
College's Proportionate Share of the Net OPEB Liability/(Asset)	$ (475,132)	$ (432,397)	$ (447,367)	$ (510,632)	$ 1,272,818	$ 1,838,918
College's Covered Payroll	$ 2,660,500	$ 2,841,571	$ 3,024,886	$ 3,452,879	$ 3,475,229	$ 3,850,879
College's Proportionate Share of the Net OPEB Liability/(Asset) as a Percentage of its Covered Payroll	-17.86%	-15.22%	-14.79%	-14.79%	36.63%	47.75%
Plan Fiduciary Net Position as a Percentage of the Total OPEB Liability/(Asset)	174.73%	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

	2022	2021	2020	2019	2018
School Employees Retirement System (SERS)					
Contractually Required Contribution (1)	$ 17,724	$ 13,946	$ 9,054	$ 15,113	$ 21,160
Contributions in Relation to the Contractually Required Contribution	(17,724)	(13,946)	(9,054)	(15,113)	(21,160)
Contribution Deficiency (Excess)	$ 0	$ 0	$ 0	$ 0	$ 0
College's Covered Payroll	$ 1,421,121	$ 1,429,321	$ 1,421,600	$ 1,106,830	$ 1,122,104
OPEB Contributions as a Percentage of Covered Payroll (1)	1.25%	0.98%	0.64%	1.37%	1.89%
State Teachers Retirement System (STRS)					
Contractually Required Contribution	$ 0	$ 0	$ 0	$ 0	$ 0
Contributions in Relation to the Contractually Required Contribution	0	0	0	0	0
Contribution Deficiency (Excess)	$ 0	$ 0	$ 0	$ 0	$ 0
College's Covered Payroll	$ 2,713,971	$ 2,660,500	$ 2,841,571	$ 3,024,886	$ 3,452,879
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

2017	2016	2015	2014	2013
$ 15,549	$ 14,804	$ 35,297	$ 30,069	$ 32,842
(15,549)	(14,804)	(35,297)	(30,069)	(32,842)
$ 0	$ 0	$ 0	$ 0	$ 0
$ 1,181,993	$ 1,229,171	$ 1,565,941	$ 1,839,646	$ 1,997,637
1.32%	1.20%	2.25%	1.63%	1.64%
$ 0	$ 0	$ 0	$ 49,917	$ 55,309
0	0	0	(49,917)	(55,309)
$ 0	$ 0	$ 0	$ 0	$ 0
$ 3,475,229	$ 3,850,879	$ 3,943,907	$ 4,991,715	$ 5,530,862
0.00%	0.00%	0.00%	1.00%	1.00%

See accompanying notes to the required supplementary information.

NOTE 1 - NET PENSION LIABILITY

There were no changes in assumptions or benefit terms for the fiscal years reported unless otherwise stated below:

Changes in Assumptions - SERS

For fiscal year 2022, the SERS Board adopted the following assumption changes:

- Assumed rate of inflation was reduced from 3.00 percent to 2.40 percent
- Assumed real wage growth was reduced from 0.50 percent to 0.85 percent
- Discount rate was reduced from 7.50 percent to 7.00 percent
- Rates of withdrawal, retirement and disability were updated to reflect recent experience.
- Mortality among active members, service retirees and beneficiaries, and disabled members were updated.

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

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

Changes in Benefit Terms - SERS

For fiscal year 2021, cost-of-living adjustments was reduced from 2.50 percent to 2.00 percent.

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

Changes in Assumptions – STRS

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

Changes in Benefit Terms - STRS

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

NOTE 2 - NET OPEB 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 2022	1.92 percent
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 2022	2.27 percent
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 Trend Assumption

Fiscal year 2022	6.75 percent initially, decreasing to 4.40 percent
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 Trend Assumption

Fiscal year 2022	5.125 percent initially, decreasing to 4.40 percent
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 Benefit Terms - SERS

There have been no changes to the benefit provisions.

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

Changes in Benefit Terms – STRS

For fiscal year 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, 2022, 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, 2022.

Report on 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 and therefore, material weaknesses or significant deficiencies may exist that were not identified. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. We identified a certain deficiency in internal control, described in the accompanying *Schedule of Findings and Questioned Costs* as item 2022-001 that we consider to be a significant deficiency.

Report on 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*.

College's Response to Finding

Government Auditing Standards requires the auditor to perform limited procedures on the College's response to the findings identified in our audit and described in the accompanying *Corrective Action Plan*. The College's response was not subjected to the other auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion on the response.

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, 2022

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

Opinion on Each Major Federal Program

We have audited Belmont College's, Belmont County, Ohio (the "College") compliance with the types of compliance requirements identified as subject to audit in the *OMB Compliance Supplement* that could have a direct and material effect on each of College's major federal programs for the year ended June 30, 2022. 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.*

In our opinion, the College complied, in all material respects, with the 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, 2022.

Basis for Opinion on Each Major Federal Program

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America (GAAS); the standards applicable to financial audits contained *in Government Auditing Standards* issued by the Comptroller General of the United States *(Government Auditing Standards*); and the audit requirements of Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Our responsibilities under those standards and the Uniform Guidance are further described in the Auditor's Responsibilities for the Audit of Compliance section of our report.

We are required to be independent of the College and to meet our other ethical responsibilities, in accordance with relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion on compliance for each major federal program. Our audit does not provide a legal determination of the College's compliance with the compliance requirements referred to above.

Responsibilities of Management for Compliance

Management is responsible for compliance with the requirements referred to above and for the design, implementation, and maintenance of effective internal control over compliance with the requirements of laws, statutes, regulations, rules and provisions of contracts or grant agreements applicable to the College's federal programs.

Auditor's Responsibilities for the Audit of Compliance

Our objectives are to obtain reasonable assurance about whether material noncompliance with the compliance requirements referred to above occurred, whether due to fraud or error, and express an opinion on the College's compliance based on our audit. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with GAAS, *Government Auditing Standards*, and the Uniform Guidance will always detect material noncompliance when it exists. The risk of not detecting material noncompliance resulting from fraud is higher than for that resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Noncompliance with the compliance requirements referred to above is considered material, if there is a substantial likelihood that, individually or in the aggregate, it would influence the judgment made by a reasonable user of the report on compliance about the College's compliance with the requirements of each major federal program as a whole.

In performing an audit in accordance with GAAS, *Government Auditing Standards*, and the Uniform Guidance, we

- exercise professional judgment and maintain professional skepticism throughout the audit.

- identify and assess the risks of material noncompliance, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the College's compliance with the compliance requirements referred to above and performing such other procedures as we considered necessary in the circumstances.

- obtain an understanding of the College's internal control over compliance relevant to the audit in order to design audit procedures that are appropriate in the circumstances and to test and report on internal control over compliance in accordance with the Uniform Guidance, but not for the purpose of expressing an opinion on the effectiveness of the College's internal control over compliance. Accordingly, no such opinion is expressed.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and any significant deficiencies and material weaknesses in internal control over compliance that we identified during the audit.

Report on 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 a 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 Auditor's Responsibilities for the Audit of Compliance section above and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies in internal control over compliance. Given these limitations, during our audit we did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses, as defined above. However, material weaknesses or significant deficiencies in internal control over compliance may exist that were not identified.

Our audit was not designed for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, no such opinion is expressed.

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, 2022

BELMONT COLLEGE
BELMONT COUNTY, OHIO

SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
For Fiscal Year Ended June 30, 2022

	Assistance Listing Number	Federal Disbursements	Passed Through to Subrecipients
U.S. Department of Education			
Direct Awards			
Student Financial Aid Cluster			
Federal Pell Grant	84.063	$ 1,205,681	$ 0
Federal Work Study	84.033	7,465	0
Federal Direct Student Loans	84.268	706,153	0
Supplemental Educational Opportunity Grant	84.007	89,948	0
Total Student Financial Aid Cluster		2,009,247	0
Education Stabilization Fund			
COVID-19: Higher Education Emergency Relief Fund - Student	84.425E	1,363,498	0
COVID-19: Higher Education Emergency Relief Funds - Institution	84.425F	1,448,173	0
COVID-19: Higher Education Emergency Relief Funds - SIP	84.425M	130,416	0
Passed Through Ohio Department of Higher Education			
COVID-19: GEER Mental Health Support	84.425C	14,149	0
COVID-19: GEER Co-Requisite Remediation	84.425C	106,495	0
Total Educational Stabilization Fund		3,062,731	0
Passed Through Ohio Department of Education:			
Passed through Washington State Community College:			
Vocational Education - Basic Grants to States	84.048A	45,870	0
Total U.S. Department of Education		5,117,848	0
Total Federal Awards		$ 5,117,848	$ 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, 2022

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, 2022. 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	$ 222,447
Federal Unsubsidized Loans	483,706
Total Federal Direct Student Loans	$ 706,153

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)?	Yes
(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: COVID-19: Higher Education Emergency Relief Funds – Student COVID-19: Higher Education Emergency Relief Funds – Institution COVID-19: Higher Education Emergency Relief Funds – SIP COVID-19: GEER Mental Health Support COVID-19: GEER Co-Requisite Remediation	Assistance Listing #'s: 84.425E 84.425F 84.425M 84.425C 84.425C
(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

Finding Number: 2022-001

Significant Deficiency – Internal Controls over Payroll

Criteria: Payroll is the largest expense incurred by the College. The College's management is responsible for designing, implementing and maintaining sound internal controls over the payroll process to ensure that net pay disbursements are being deposited into the correct bank accounts.

Condition: In fiscal year 2022, the College identified a situation in which one employee's semi-annual supplemental wages were erroneously deposited into another employee's bank account. There were four pays over the course of two years that were deposited into the incorrect account.

Cause: The College's internal controls over the assignment of direct deposit account details failed to prevent or detect the issue in a timely manner.

Effect: There was a total of $7,661.68 in wages over the course of two years that were deposited into the wrong employee's bank account. Corrective action was taken by College management as soon as they became aware of the issue.

Recommendation: We recommend the College re-evaluate the design, implementation and maintenance of internal controls over the payroll process. Internal controls should be sufficient to ensure that payroll is deposited into the proper bank accounts.

Management's Response: See Corrective Action Plan.

3. FINDINGS AND QUESTIONED COSTS FOR FEDERAL AWARDS

None noted.

BELMONT
COLLEGE

Belmont College
Belmont County, Ohio

CORRECTIVE ACTION PLAN
2 CFR § 200.511(c)
June 30, 2022

Finding Number:	2022-001
Planned Corrective Action:	With the implementation of ADP, employees now enter and/or update their direct deposit information on the ADP website. Having the employee enter the information as opposed to having Human Resources or Payroll enter the information, reduces the likelihood of mis-keying account information and payroll funds being directly deposited into an incorrect account.
Anticipated Completion Date:	Immediately, upon discovery
Responsible Contact Person:	Judi McMullen

belmontcollege.edu
68094 Hammond Road | St. Clairsville, Ohio 43950 | tel: 740 695 9500 | fax: 740 695 9501

This page intentionally left blank.

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 1/31/2023

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