EASTERN GATEWAY COMMUNITY COLLEGE
JEFFERSON COUNTY, OHIO

SINGLE AUDIT

FOR THE FISCAL YEAR ENDED
JUNE 30, 2022

Rea & associates

www.reacpa.com

EASTERN GATEWAY COMMUNITY COLLEGE
JEFFERSON COUNTY, OHIO
JUNE 30, 2022

TABLE OF CONTENTS

Independent Auditor's Report

Board of Trustees
Eastern Gateway Community College
Jefferson County, Ohio
110 John Scott Highway
Steubenville, Ohio 43952

Report on the Audit of the Financial Statements

Opinions

We have audited the financial statements of the business-type activities and the discretely presented component unit of Eastern Gateway Community College, Jefferson 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 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 year 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 June 12, 2023 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
June 12, 2023

Introduction

Our discussion and analysis of Eastern Gateway Community College's (the "College") financial performance provides an overview of The College's financial activities for the year ended June 30, 2022, with selected comparative information for the year ended June 30, 2021. This discussion has been prepared by management and should be read in conjunction with the financial statements and the notes thereto which follow this section.

The College is a public, two-year community college operating under the authority of the Ohio Department of Education. Governed by a ten-member board of trustees appointed by the governor, The College offers over 70 associate degree programs and majors and numerous certificate programs. In addition to pre- baccalaureate and technical programs, the College provides many continuing education opportunities through flexibly scheduled courses, seminars, and on-site training for area businesses and industries and has one of the largest co-op education programs in the country. The College is fully accredited by the Higher Learning Commission and holds numerous programmatic accreditations.

The College serves Trumbull, Mahoning, Columbiana and Jefferson Counties in eastern Ohio and the Mahoning Valley. Educational programs and services are delivered at the main Jefferson county campus and its Valley Center site in downtown Youngstown. Distance learning courses enroll students from both outside and within the geographic region.

Using the Financial Statements

The College's financial report consists of three financial statements: the statement of net position; the statement of revenue, expenses, and changes in net position; and the statement of cash flows. These statements are prepared in accordance with Governmental Accounting Standards Board (GASB) principles. The College has adopted GASB Statement No. 35, Basic Financial Statements and Management's Discussion and Analysis for Public Colleges and Universities, as amended by additional GASB statements. These statements establish standards for external financial reporting for public colleges and universities and require that financial statements focus on The College as a whole, with resources classified for accounting and reporting purposes into three net position categories.

Under the provision of GASB Statement No. 61, The Financial Reporting Entity: Omnibus, Eastern Gateway Community College Foundation, a 501(c)(3) non-profit organization, (the "Foundation") has been determined to be a component unit of The College. Accordingly, the Foundation will be discretely presented in The College's financial statements. The discretely presented component unit has been excluded from the management's discussion and analysis.

During fiscal year 2018, the College implemented GASB Statement No. 75, Accounting and Reporting for Postemployment Benefits Other Than Pensions.

During fiscal year 2015, the College implemented GASB Statement No. 68, Accounting and Reporting for Pensions, an amendment to GASB Statement No. 27, and Statement No. 1, Pension Transition for Contributions Made Subsequent to the Measurement Date. The College is now recognizing its unfunded pension benefit obligation as a liability on the statement of net position. The statements also enhance accountability and transparency through revised note disclosures and required supplementary information. During fiscal year 2022, the College implemented GASB Statement No. 87, Leases.

Statement of Net Position

The statement of net position presents the financial position of the College at the end of the fiscal year. Net position represents the difference between total assets and deferred outflows and total liabilities and deferred inflows. Net position indicates the overall financial condition of the College, while the change in net position is an indicator of whether the overall financial condition has improved or worsened during the year. Assets and liabilities are generally measured using current values. One notable exception is capital assets, which are stated at historical cost less an allowance for depreciation. A summarized comparison of the College's assets and deferred outflows, liabilities and deferred inflows, and net position at June 30 follows:

	2022	Restated* 2021
Assets and Deferred Outflows		
Cash, cash equivalents, and investments	$ 29,343,400	$ 21,792,338
Accounts receivable - Net	189,504,247	133,531,000
Other assets	5,287,437	2,968,792
Capital assets - Net	31,619,241	32,586,323
Total assets	255,754,325	190,878,453
Deferred outflows	28,573,894	20,143,657
Total assets and deferred outflows	**284,328,219**	**211,022,110**
Liabilities and Deferred Inflows		
Accounts payable and accrued expenses	$ 88,924,615	$ 19,317,373
Unearned revenue	81,997,003	99,716,458
Long-term liabilities – current	3,698,212	3,376,663
Long-term liabilities	49,858,750	65,220,069
Total liabilities	224,478,580	187,630,563
Deferred inflows	29,423,062	5,821,970
Total liabilities and deferred inflows	253,901,642	193,452,533
Net Position		
Net investment in capital assets	$ 14,285,709	$ 13,856,991
Restricted	1,754,718	1,684,139
Unrestricted	14,386,150	2,028,447
Total net position	30,426,577	17,569,577
Total liabilities, deferred inflows, and net position	**$ 284,328,219**	**$ 211,022,110**

* Assets, liabilities and deferred inflows of resources have been restated equally with the implementation of GASB 87 "Leases".

Assets

Cash and cash equivalents, restricted cash, and investments make up 10.3% of total assets and deferred outflows at June 30, 2022 and 2021, respectively. Cash and cash equivalents, restricted cash, and investments include bank deposits, cash on hand, U.S. government agency securities, and Treasury notes. Cash and cash equivalents, restricted cash, and investments increased $7.5 million at June 30, 2022 from June 30, 2021. This was primarily due to increased PELL distribution from the On-line Collaboration student growth.

Accounts receivable make up 66.6 percent and 63.3 percent of the total assets and deferred outflows at June 30, 2022 and 2021, respectively. The increase in fiscal year 2022 was attributable primarily to an increase in current student receivables caused by changes in the registration process and timing lags in the application of financial aid. Accounts receivable at June 30 include:

	2022	**2021**
Grants	$ 1,048,057	$ 1,094,333
Other	1,022,645	1,122,435
Tuition and Other	186,616,668	132,167,012
Property Taxes	1,440,470	1,372,663
Financial Aid	390,220	299,507
Allowance for Doubtful Accounts	(1,013,813)	(2,524,950)
	$ 189,504,247	$ 133,531,000

Capital assets, net of depreciation, make up 11.1 percent and 15.4 percent of the total assets and deferred outflows at June 30, 2022 and 2021, respectively. The decrease in the capital assets is due to depreciation expense exceeding capital asset additions. Other assets include prepaid expenses and other College inventories.

Liabilities

The $63.5 million increase for fiscal year 2022 in total liabilities and deferred inflows was primarily due to the following: an increase of $70.2 million in accrued liabilities for OLC scholarship waivers, a decrease of $17.7 million in unearned revenue due to low Spring/Summer 2022 enrollment, a $2.9 million decrease in Bonds and Loans Payable, an increase of $2.8 million in liabilities and deferred inflows related to implementation of new lease standards and a net increase of $11 million in pension/OPEB liabilities and deferred inflows of resources.

Long-term liabilities at June 30 include:

Bonds:	**2022**	**2021**
OAQDA 2014 Series A	$ 166,211	$ 295,671
OAQDA 2014 Series B	820,236	820,236
Improvement Bonds	13,131,628	13,539,035
Total Bonds	14,118,075	14,654,942
Other Long-Term Liabilities:		
Loans Payable	24,101	44,518
ORACLE Payable	1,845,768	2,115,000
Tax Anticipation Notes	1,430,000	3,510,221
Lease Liabilities	2,486,237	-
Net Pension Liabilities	28,328,982	40,994,042
Net OPEB Liabilities	3,515,708	3,455,217
Compensated Absences	1,808,091	1,190,462
Total Other Long-Term Liabilities	39,438,887	51,309,460
Total Long-Term Liabilities	$ 53,556,962	$ 65,964,402

Net Position

Net position for the following fiscal years ended:

	2022	2021
Net Investment in Capital Assets	$ 14,285,709	$ 13,856,991
Restricted Non-Expendable:		
Scholarships	66,814	66,351
Restricted Expendable:		
Scholarships	467,581	459,310
Capital	167,724	154,180
Student Activities	135,925	99,209
Educational	916,674	905,089
Unrestricted	14,386,150	2,028,447
Total Net Position	$ 30,426,577	$ 17,569,577

The scholarships assets are the College's Scholarship Fund, which is available for scholarships for students.

Net position restricted for capital reflects the unspent state funds received by the College that are available for future capital purchases or improvements. The College currently receives an annual allocation for these types of purchases.

Net position restricted for educational and general represent various grant funds that have been received but not yet expended.

For fiscal year ended June 30, 2022, the total net position increased $12,857,000. The increase for fiscal 2022 is primarily attributable to an agreed upon settlement payment which included deductions for Steubenville and Youngstown Pell.

Statement of Revenue, Expenses, and Changes in Net Position

The statement of revenue, expenses, and changes in net position presents both the operating results and the non-operating revenue and expenses of the College. State appropriations, while budgeted for operations, are considered non-operating revenue.

A summarized comparison for the years ended June 30 follows:

	2022	2021
Operating Revenues:		
Tuition and Fees, net	9,447,947	10,406,617
Grants and Contracts	5,645,327	4,220,634
Auxiliary Services	381,415	252,809
Other Operating Revenues	1,128,970	1,262,611
Total Operating Revenues	**16,603,659**	**16,142,671**
Operating Expenses:		
Educational and General	35,087,288	29,896,959
Public Service	773,546	827,189
Academic Support	1,720,578	1,327,092
Student Services	8,868,637	7,783,888
Institutional Support	26,590,809	32,900,626
Operations and Maintenance of Plant	696,956	624,764
Depreciation and Amortization	2,780,170	2,327,357
Scholarships	1,745,847	1,428,989
Auxiliary Services	403,562	531,301
Total Operating Expenses	**78,667,393**	**77,648,165**
Operating Income/(Loss)	**(62,063,734)**	**(61,505,494)**
Total Non-Operating Revenues/(Expenses)	**74,920,734**	**70,297,112**
Change in Net Position	**12,857,000**	**8,791,618**
Net Position - Beginning of year	**17,569,577**	**8,777,959**
Net Position - End of year	**30,426,577**	**17,569,577**

Revenues

Operating Revenues for fiscal year 2022 increased by $.5 million or 2.9 percent over fiscal year 2021.

The change derives primarily from the following:

1. Student tuition and fees are reported net of scholarship allowance. Enrollment for Spring and Summer 2022 was significantly affected by the Department of Education's Title IV investigation into the Union Free College Program.

2. Net non-operating revenues and expense increased by $4.6 million, or 6.6 percent primarily due to Federal Grants, Contracts growth - $2.0 million and State Subsidy growth - $3.2 million, offset by a $0.5 million increase in unrealized loss on investments.

Expenses

Expenses for fiscal year 2022 increased by $1.0 million, or 1.3 percent, over fiscal year 2021. The change derives primarily from the following functional categories of expense:

1. Institutional support expenses decreased by $6.3 million, or 19.2 percent, over fiscal year 2021, This was primarily the result of decreases in the net pension and OPEB liabilities.

2. Education and general expenses increased by $5.2 million or 17.4 percent, over fiscal year 2021, due to hiring to meet the Higher Learning Commission's (HLC) counselor to student ratios.

Statement of Cash Flows

The statement of cash flows provides additional information about The College's financial results by reporting the major sources and uses of cash. A comparative summary of the statement of cash flows for the years ended June 30 follows:

	2022	2021
Net Cash Provided by/(Used in) Operating Activities	(62,566,385)	(58,025,509)
Net Cash Provided by Non-Capital Financing Activities	74,895,081	70,013,161
Net Cash Used in Capital and Related Financing Activities	(3,506,171)	(4,572,365)
Net Cash Provided by/(Used in) Investing Activities	(14,321,848)	21,541
Net (Decrease) Increase in Cash and Cash Equivalents	(5,499,323)	7,436,828
Cash and Cash Equivalents - Beginning of year	21,469,233	14,032,405
Cash and Cash Equivalents - End of year	15,969,910	21,469,233

The primary cash receipts from operating activities consist of tuition and fee revenue. Cash outlays for operating activities include payments of wages, benefits, supplies, utilities, and scholarships.

Capital Assets

Capital assets, net of accumulated depreciation & amortization, totaled $31.6 million and $32.6 million at June 30, 2022 and 2021, respectively, a decrease of $1 million in fiscal year 2022. The decrease was due to capital asset acquisitions being less than disposals and depreciation expense.

Capital asset balances (net of depreciation) for fiscal year 2022 compared with 2021:

	2022	Restated 2021
Land	$ 679,144	$ 679,144
Building Improvements	21,593,539	22,290,496
Equipment	4,203,243	5,198,007
Construction in Progress	2,706,751	1,786,346
Right to Use Assets	2,436,564	2,632,330
Total Capital Assets and Right to Use Assets	$ 31,619,241	$ 32,586,323

Factors Impacting Future Operations

COVID-19

The global pandemic and ensuring economic dislocations remain the most challenging factors impacting future periods. The College was in a unique position to successfully respond to the pandemic due to 88% of its academic programs already being delivered online and the fact that 90% of its financial and student support supports were cloud-based and accessible by faculty and staff from any location. The College experienced minimum disruption to academic courses in FY21 and brought back hands-on, lab courses to its two physical campuses. Both Fall 2020 and Spring 2021 semesters saw increases of 50% year-on-year both in head count and credit hours. Fall 2021 experienced a 12% year-over-year increase and Spring 2022 saw a decrease of 5.5% as enrollment began reverting to pre-pandemic levels. There was no significant impact to the College because of the pandemic and FY22 ended with a budget surplus of $15 million.

The Higher Education Emergency Relief Fund III (HEERF III) was authorized by the American Rescue Plan (ARP), Public Law 117-2, signed into law on March 11, 2021, providing $39.6 billion in support to institutions of higher education to serve students and ensure learning continues during the COVID-19 pandemic. The ARP funds were in addition to funds authorized by the CRRSAA Act, 2021, Public Law 116-260 and the CARES Act, Public Law 116-136. Emergency funds available to institutions and their students under all emergency funds totaled $76.2 billion. $9.17 million was allocated to the College for direct student emergency payments and to help cover extraordinary institutional costs related to COVID-19.

The College has taken extraordinary steps to protect the health and safety of students and employees as guided by Centers for Disease Control (CDC), State Board of Health in conjunction with local counties boards of health.

State support

The COVID-19 health pandemic and ensuing economic dislocations was initially projected to negatively impact the State of Ohio economy resulting in less resources for funding higher education and other state agencies. The State biennium operating budget (Amended Substitute House Bill 110) for fiscal years 2022 and 2023 provided slight increases in funding for community colleges.

The College has experienced better than average results in the allocation of dollars through the State's Share of Instruction (SSI) performance-based funding model due to its aggressive efforts to increase the number of students successfully completing courses, attaining intermediate milestones, and earning degrees/certificates and/or transferring to baccalaureate institutions.

The College's share of SSI has increased $6.45 million, or 91.7%, over the past five fiscal years. The preliminary SSI allocation for FY23 increased $5.14 million, or 32.4%.

The future for the College looks very promising as it expands it free-college online program both regionally and nationally in its partnership with the Ohio and national labor unions. Funded with Pell grants, the College has constructed a business and operating model that has allowed it to scale with the significant enrollment growth yet continue to serve its students with a laser focus on their success.

Higher Learning Commission

On November 8, 2021, the College was placed on probation by the Higher Learning Commission (HLC). In late December 2021, the Office of Institutional Effectiveness (OIE) worked with the Executive Leadership Team of the Union to put together five criteria teams to begin working on gathering evidence to support the assurance argument which is due January 30, 2023. Each team is led by co-chairs, a faculty member, and a member of the President's Cabinet. Teams consist of staff, faculty and administrators which all volunteered to help. In February, the Criterion Team members participated in a workshop on how to write evidentiary statements. Teams have worked over the past ten months to gather evidence to support the Criteria and Core Components and all 18 Core Components have draft statements that are being refined.

EGCC has made good progress for the areas of concern stated in the 2020 Peer Team Report and in the IAC Report and some are highlighted below:

- A committee was established and looked at best practices to determine what is best for admissions standards at the College. The decision has been made to eliminate placement testing as an admissions requirement for all students except for College Credit Plus (CCP). Per the Ohio Revised Code, CCP students must complete placement testing. Other students have the option to "opt-in" and complete placement testing if they so desire. This was implemented with the start of the 2022 fall semester. The institution created and approved a procedure to reflect this in the enrollment process.
- An Assessment Committee has been established consisting of Faculty member, Dean, the Senior Vice President of Academic Affairs, and Vice President of OIE. Sub-committees include Academic Program Review (APR), General Education Outcomes, Program Learning Outcomes, Course Learning Outcomes, Co-Curricular Outcomes. The committee held its first meeting on April 29, 2022, and some of the work for the Assessment Committee began in 2021 in smaller group settings such as the update to the Academic Program Review form and its change in the Nuventive software. Feedback has been gathered from the APR Committee and was gathered from all faculty on January 5, 2022. The new form

became available to all faculty in late February with additional training provided by OIE throughout March 2022. All APRs have been reviewed by the Dean and Senior Vice President of Academic Affairs and President's Cabinet will soon be finished with their review.

- Faculty have been asked to assess one general education outcome per course and OIE is creating the general education matrix to be sure students meet each general education outcome by graduation. This work will continue in the Assessment Committee through the General Education sub-committee. The General Education Outcomes reviewed and updated the general education outcomes during the Spring of 2022. They were presented to all faculty on May 6, 2022 and were approved by the Curriculum Committee on May 10, 2022.
- Over the summer, General Education Outcome 1 was assessed in almost fifty courses. A timeline has been created and approved so that all thirteen outcomes will be assessed in two academic years and 1 semester.
- The College was selected to participate in HLC's Assessment Academy and eight members of the institution traveled to the first roundtable session in June 2022. At the roundtable, the team began to draft the goals of the project with direction from the academy. Once the eight-member team returned, they presented the action to the Assessment Committee for approval and progress being made on the four year project.
- The College has qualified faculty based on requirements of HLC, the Ohio Department of Higher Education and any specialized accreditor requirements. During the summer of 2021, HR and the Dean of Online reviewed all faculty files and requested any missing documents needed for employment. A faculty qualifications matrix was created and for each course offered at the College the needed credentials/minimal qualifications as well as preferred qualifications to teach the course are provided on the matrix. An additional component that needs added is "tested experience" for courses where a master's degree is not needed. Academics and the Deans are working to establish documentation for tested experience as well as making sure the hiring process for full-time faculty and adjuncts is documented and regularly audited. Academics is currently reviewing/documenting the evaluation process of full-time faculty and adjuncts. This process will be reviewed for accuracy and a procedure developed to include a regular review of the process. HR is currently conducting its second audit of files.
- The College is also working with The American Association of Collegiate Registrars and Admission Officers (AACRAO) to develop a Strategic Enrollment Management Plan (SEM). The group will be looking at the creation of a plan to provide consistent support regardless of modality prior to enrollment and as students progress in their academic programs to be sure equitable access regardless of modality. Services include but are not limited to advising, tutoring, accessibility services, financial aid assistance and career services. A kickoff call occurred in April 2022 and the consultants completed an assessment by meeting with various departments across the college as well as faculty in May 2022. The consultant presented the overall findings at the Student Success Retreat in July 2022. A Steering Committee has been established and is working to develop four to six goals. Once the goals are finalized (mid November/early December 2022), Strategy Teams/Ad Hoc Committees will be created to lead the efforts to write the strategies to meet the goals.

Each month, an HLC update is provided to the institution during the First Friday meetings hosted by the President. Members of the institution are encouraged to ask questions during this time as well as welcome to participate in any of the Criteria Team meetings. An HLC Update is also a standing agenda item as the Board of Trustees meetings. Over the past year, the institution has worked to increase transparency and communication on its progress of the writing and evidence gathering for the assurance argument. In addition, a team of Cabinet members and faculty and staff will work together to draft the Introduction of the Assurance Argument. EGCC has made great strides in showing improvements for all five HLC Criteria as some were highlighted above, but realizes much work needs to continue even after the submission of the assurance argument and Peer Team visit in late March 2023 to show it continued efforts of continuous improvement across the institution.

Academics

The 2021-2022 academic year has been a year where we are progressing back to pre-covid normality. Eastern Gateway Community College (EGCC) has encountered success while experiencing dramatic fluctuations in enrollment, coupled with successive years of record numbers of graduates. The College has attempted to stabilize its academic leadership and has reverted back to a two-dean model. The College still requires annual academic review of all degree and certificate programs. The current review has included consideration of sunsetting a few programs and certificates because of low enrollment and poor projections of job opportunities in these fields.

The Curriculum Committee and Academic Program Review processes have been made more consistent, timely and with the adoption of an upgrade in the existing software (Nuventive) has resulted in improvement of communication and results. The College has also continued Faculty Forums that augment and mirror the President's First Friday initiative of creating more transparency, better communication, and a location for faculty to ask the administration the "challenging questions in an environment that should result in strengthened shared governance". Continuing the goal to build a structure for open and transparent communication is being achieved as part of the EGCC Strategic Plan.

The College submitted a new completion plan to the state of Ohio on June 30, 2022. Implementation of the plan has begun with the utilization of Student Success Coaches in an attempt to create greater success in populations that struggle to succeed. The College has also embraced the utilization of students serving on several committees including the Student Success Committee and HLC Criterion teams. The President has been engaging with the new Student Government Association to keep students apprised of the affairs of the College. This step has elevated the importance of student involvement as internal stakeholders and created opportunities for greater collaboration between students and faculty/staff.

Additional Elements of the completion plan provide strategies that are focused on key aspects of Entry, Progress, Completion, and Workforce. The President has continued to build concepts and organizational structure for a better cooperation and collaboration between workforce (non-credit) and academics (credit).

The College maintains a desire to build and strengthen relationships with our K – 12 school district partners. Our growth in College Credit Plus continues and is a result of commitment to service, eliminating textbook costs to our partners (through the adoption of Open Education Resources), and providing the delivery model of instruction requested by our K -12 partners. The utilization of OERs (Open Education Resources) has allowed us to grow our programs as K – 12 school districts realize our option is more affordable and allows for the same type of seamless transfer allowed by our sister state institutions. We are expanding these offerings within the service district and contiguous counties and have a goal of reaching 2,000 students (currently 1,600+ students) in our CCP (College Credit Plus) program by the 2024 -2025 school year.

The College has started its participation in the Assessment Academy offered by the Higher Learning Commission (HLC) and is eager to continue to improve in this area. We have made a strong commitment to building a culture of assessment and currently have a robust Academic Program Review in place where all programs are reviewed annually. We realize that the same level of commitment needs to be in place for the assessment of course learning outcomes, program learning outcomes, general education outcomes, as has been shown in the academic program review process. The institution is aware of the need to develop and assess co-curricular outcomes as well.

The Office of Institutional Effectiveness is reviewing strategies to utilize our course management system (CANVAS) to make this a system that is faculty friendly and should include high participation rates for all faculty (full-time and adjunct) in the assessment of learning outcomes. The upgrade within the Nuventive System should increase the power and utilization of data within the assessment work done by faculty.

Academic leadership continues to work collaboratively with faculty and academic leaders throughout the institution to focus on improvements to curriculum by embedding Open Educational Resource (OER) materials wherever possible, expanding quality course offerings for the College, and addressing the need for creating a culture of assessment across the curriculum. This work has resulted in over 150 courses utilizing OERs. This allows entire degree programs to be completed without any textbook costs. This has led to millions of dollars of savings for our students.

The College continues to look at student success and is creating means to measure success across all demographics. The creation and utilization of an equity score card has helped the institution determine equity gaps. The institution has developed an advising approach which is focused on meta-majors. These advisors with a specific understanding and focus of a particular discipline, has been overdue and should result in increases in student success, particularly our most vulnerable populations. The goal of the institution is to remain student focused and help all students complete their academic goals.

Strategic Planning

To meet the demands resulting most effectively from the increased growth of the College, senior leadership decided to use a structured approach to the development of a balanced strategic plan that would address the continual growth, lay out a clear path to guide the institution and manage the College's performance and progress toward its vision and mission. The plan needed to clearly communicate goals and expectations to the students, staff, faculty, community, the Board, and stakeholders.

The strategic components of the balanced strategic plan started at a high "strategic altitude". Mission (or business purpose), Vision, and Core Values were then translated into desired Strategic Results. The organization's "Pillars of Excellence," or Strategic Themes, were selected to focus efforts on the strategies that will lead to success. Strategic Objectives are the "DNA" of strategy and are used to decompose strategy into actionable components that can be monitored using Performance Measures. Measures allow the organization to track results against targets, and to celebrate success and identify potential problems early. Finally, Strategic Initiatives translate strategy into a set of high-priority projects that need to be implemented to ensure the success of strategy. Engaged leadership and interactive, two-way communication are the cornerstones of a successful management system. Once the strategic thinking and necessary actions are determined, annual program plans, projects and service level agreements can be developed and translated into budget requests.

Under the leadership of the President, in August of 2020, the College began working with the Balanced Scorecard Institute (BSI) on developing its 2020-2025 Balanced Strategic Plan. Using BSI's proprietary *Nine Steps to Success*™

methodology, 70 representatives from throughout the College joined the twelve Strategic Teams and participated in the development of the College's 2020-2025 Balanced Strategic Plan. The College's Balanced Strategic Plan builds on the existing Strategic Plan and strengthened or added components to bring additional clarity regarding outcomes, performance measures, strategic initiative alignment, a strategy map and a one-page summary of the College's strategy.

In September 2020, the 2020-2025 Balanced Strategic Plan was finalized. Management and strategy execution of the five-year plan can be represented by a house, where the key elements are depicted as parts of the house. Vision, Mission, Customer Value and Enablers and Challenges fit in the roof of the house, Strategic Themes and Results (the "pillars of excellence") make up the load bearing walls. The "floors" of the house are the Perspectives, and the Core Values are the foundation.

Twelve objectives outline the plan, called the Strategic Map, and are divided into 14 projects to manage the progression of the plan over the five-year period. The 12 Objectives are aligned with 4 Perspectives developed by the college.

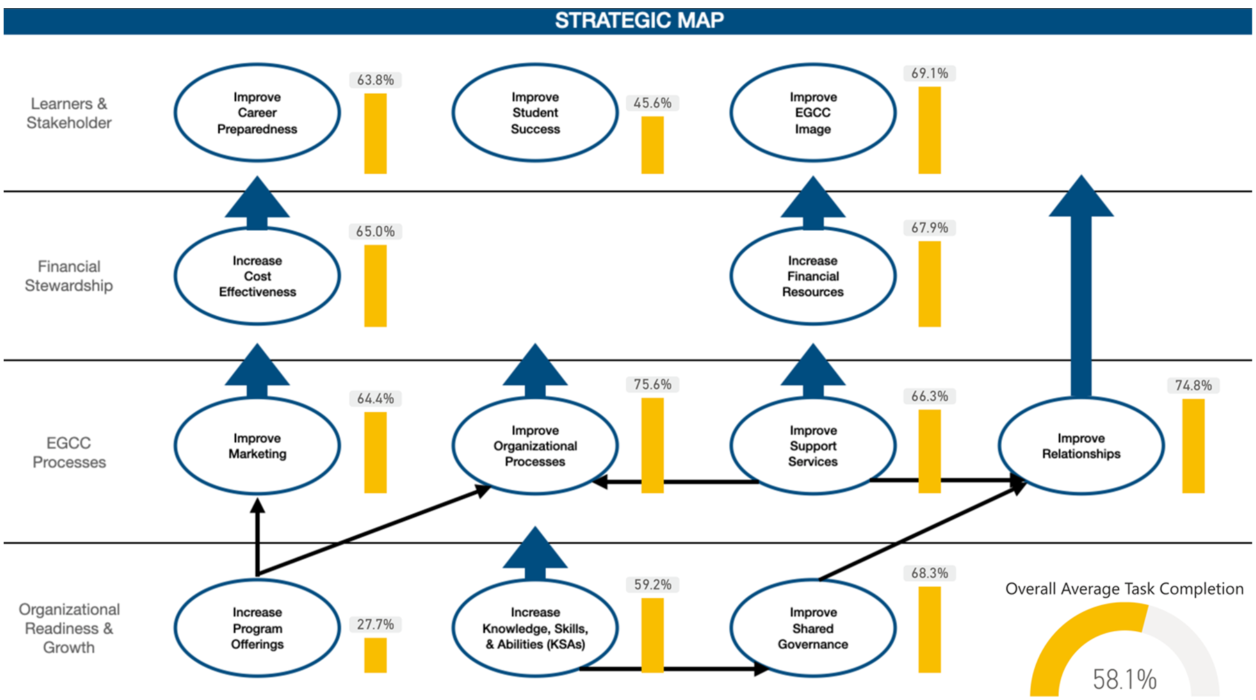
Perspective	Objective
Organizational Readiness and Growth	Increase Program Offerings
	Increase Knowledge, Skills, and Abilities
	Improve Shared Governance
EGCC Processes	Improve Marketing
	Improve Organizational Processes
	Improve Support Services
	Improve Relationships
Financial Stewardship	Increase Cost Effectiveness
	Increase Financial Resources
Learners and Stakeholders	Improve Career Preparedness
	Improve Student Success
	Improve EGCC Image

Fourteen (14) Strategic Project Managers control the projects and report on the progress at quarterly meeting to ensure the plan is progressing; analytics (KPIs) are being evaluated, and recommendations made for areas of improvement. The quarterly meetings for 2021 were scheduled for, March 12th, June

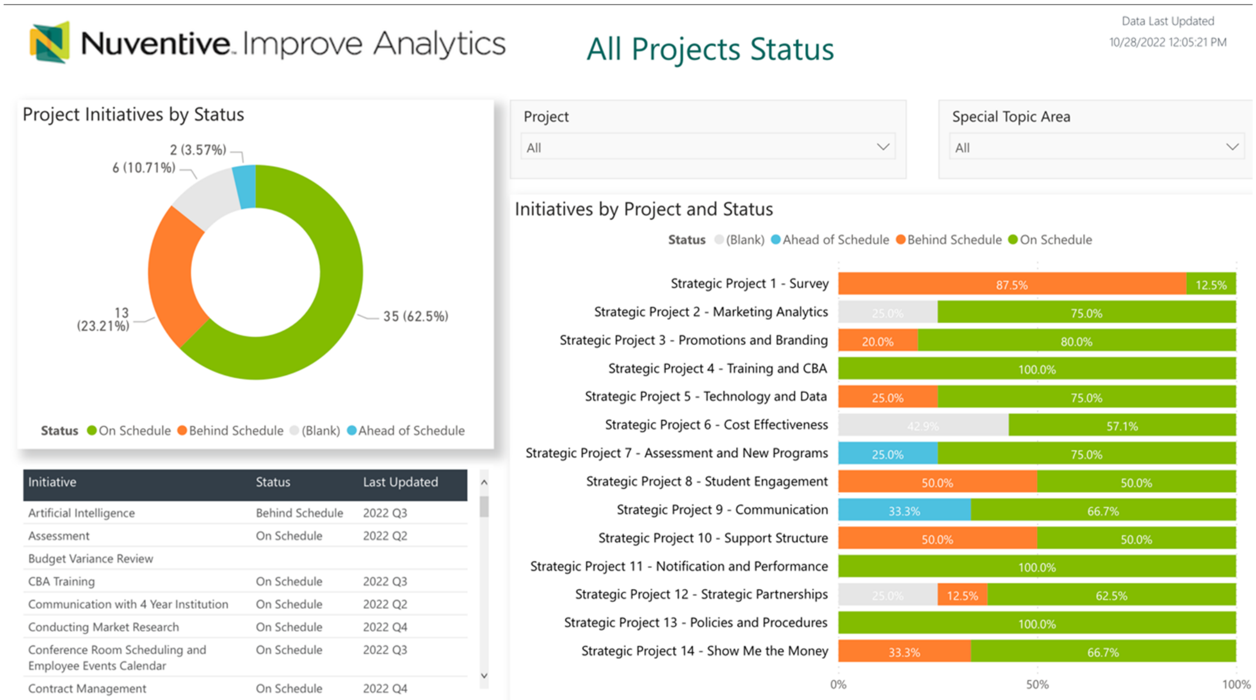
15th, August 18th, and November 10th. The College has invested in an online system to help manage and track the progression of the Strategic Plan.

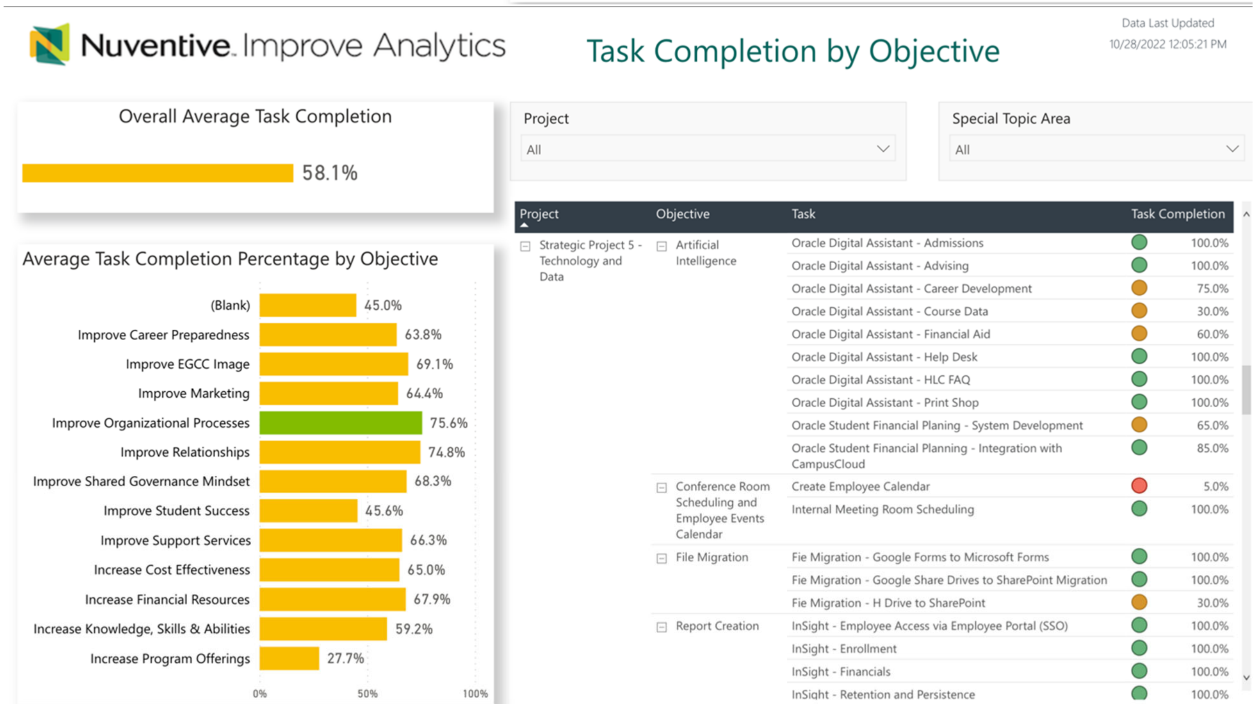
The system was developed throughout 2021 and will launch with the quarterly meeting on November 10, 2021. The system, Nuventive Solutions, will provide a project management area to track the 14 projects and several dashboards to provide a visual depiction of the plans progression.

As of the February 23, 2022, quarterly meeting, the new online dashboards were made available. The new dashboards are posted on EGCC's Employee Portal for all employees to be able to view the status of the 2020-2025 strategic plan. Examples of the strategic plan dashboards are below:



Eastern Gateway Community College
Jefferson County
Management Discussion and Analysis
For the Fiscal Year Ended June 30, 2022
(Unaudited)





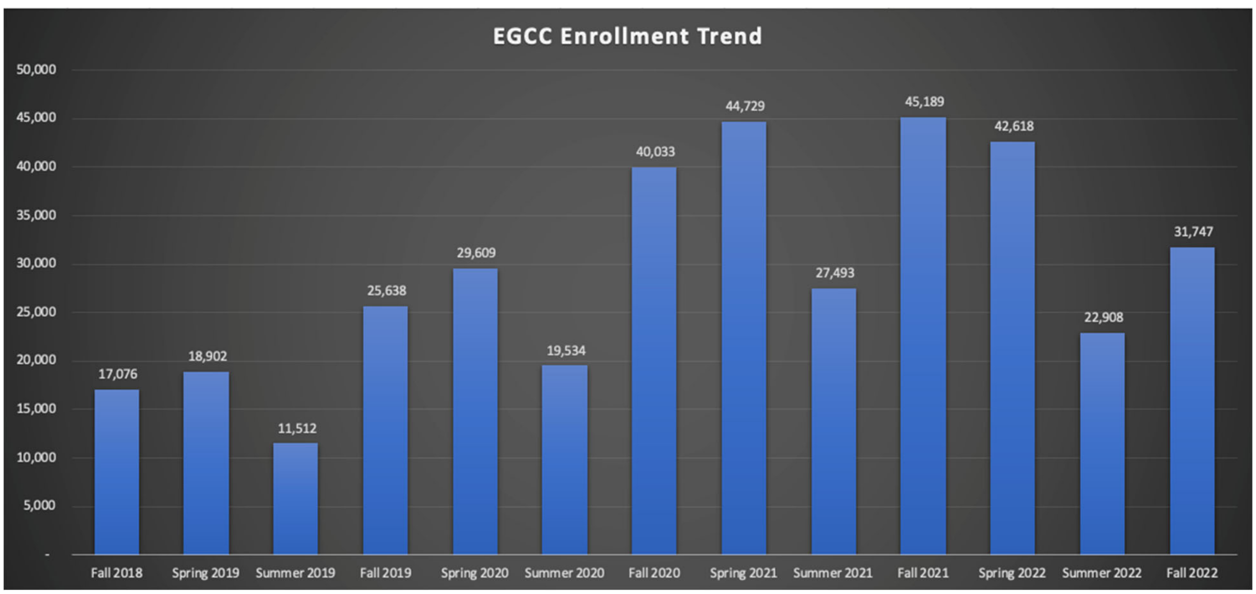
The 2022 Strategic Plan quarterly meetings were held on: February 23, June 15, September 14. The final meeting for 2022 is scheduled for December 7, 2022.

A few adjustments to the strategic plan this year were:

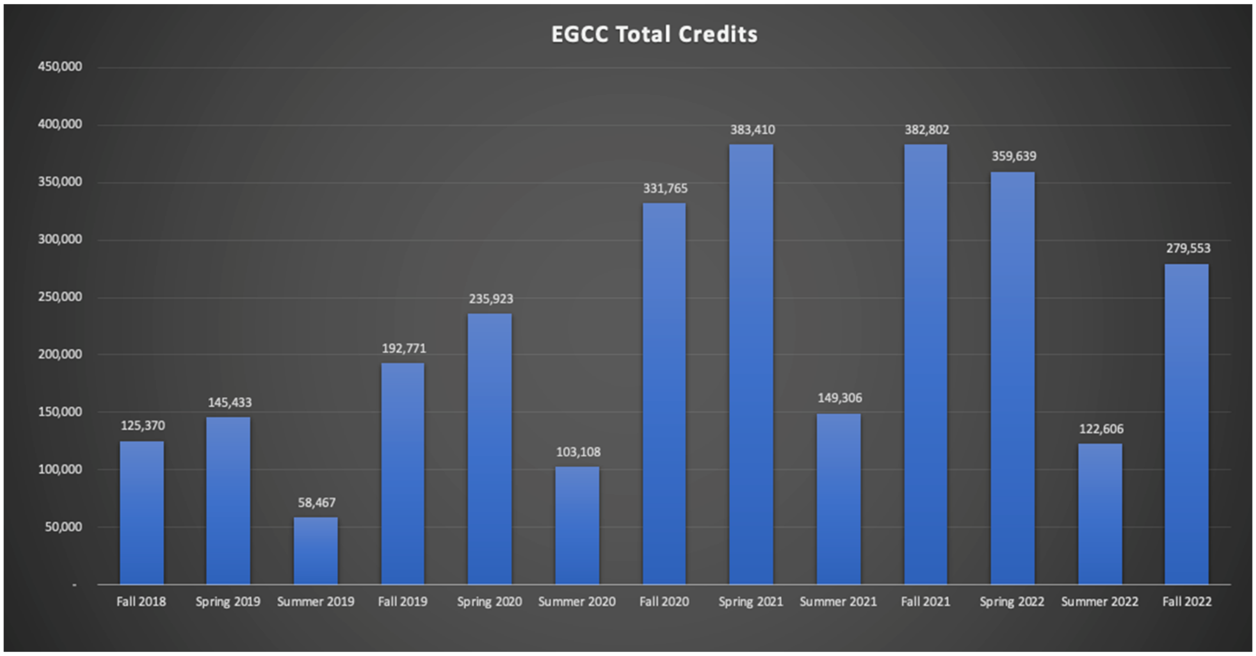
1) Two Initiatives were added: SB6 Score should not fall below 4.0 and Total costs are never greater than 80% of gross revenues
2) The target of 100,000 students by the end of the strategic plan was changed to 35,000.
3) The Foundation amount of $5,000,000 by the end of the strategic plan was changed to $2,500,000.

Enrollment and Retention

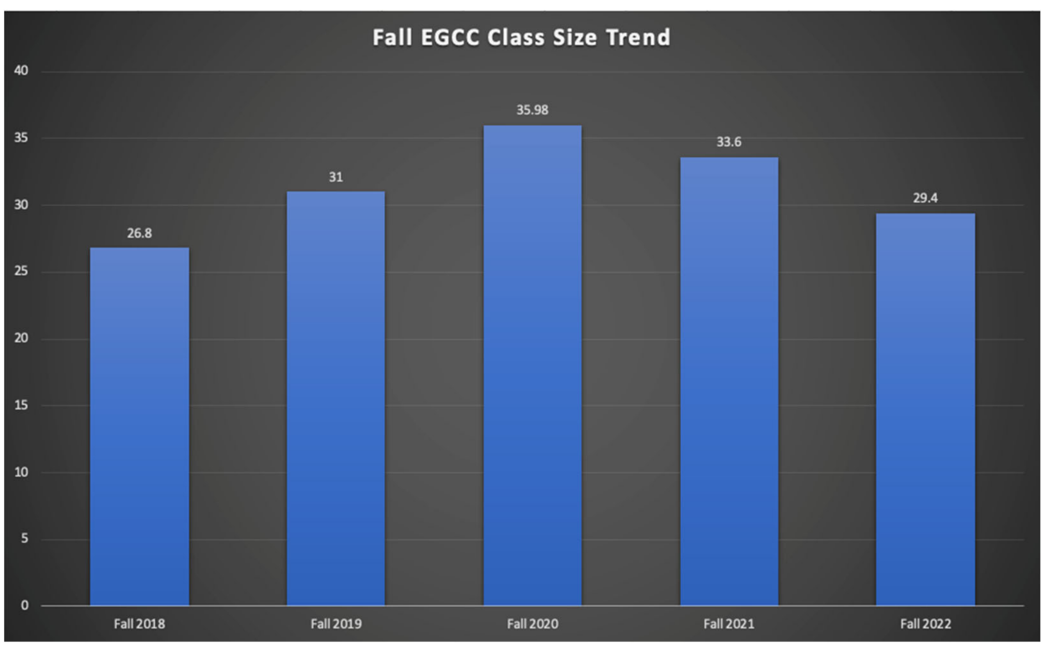
The College has continued the trend of significant enrollment growth for the Fall 2021 term with over 40,000 students enrolled, or 12.9% growth over the Fall 2020. While most campus locations are experiencing growth year over year, the primary driver is Online, which is up 13.2% over Fall 2020. This growth comes from new and continued Union partnerships through the Student Resource Center for the Free College Program. College Credit Plus enrollment has grown 21.6% and the Steubenville campus enrollment had decrease of 1%, while our Youngstown campus had an increase of 2.7%.



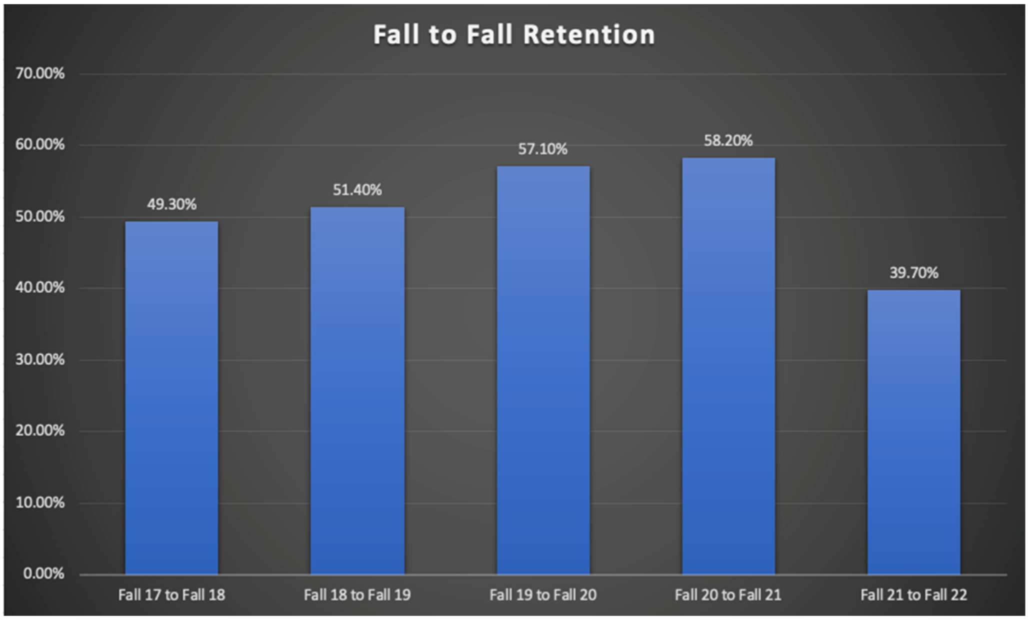
With increased enrollments, the College has also experienced an increase in average registered credit hours and FTEs. Online is driving average registered credit hour growth at 15.4 year over year for Fall 2021. The campuses had a slight dip in average registered credit hours. The campus declines are driven by the COVID-19 pandemic and moving all but hands on courses to an online modality and there were more students starting in online programs.



One of the College's continued strategic plan initiatives was to monitor and adjust class sizes to positively impact academic outcomes. Class sizes decreased by 6.6% from Fall 2020 to Fall 2021.



Fall to Fall retention is up 1.1% from the prior year at 58.2%. This is being driven by the College bringing most of the services in house over the past two years. The continued hiring of experienced staff, improved training, and a Student Success Committee revamp has also contributed to improvements in retention.



Persistence from the Fall 2020 to the Spring 2021 term is up 11.7%, at a rate 77.28%, from the prior year at 65.5%. This again is driven by Online. As mentioned above we have added more experienced staff, improved training, and revamped the College's Student Success Committee to better identify students at risk and improve persistence.

Energy Management, Deferred Maintenance and Capital Projects

State of Ohio Higher Education Capital Projects are categorized as 1) Energy Savings, 2) Deferred Maintenance, 3) Safety & Security or 4) Basic Renovation. Energy Savings projects result in an annual operating cost savings. Deferred Maintenance are building components that have a finite expected useful life cycle and must be repaired or replaced at end of expected life cycle. Safety & Security investments are projects that enhance safety of students, faculty and staff and security of facilities and assets. Basic Renovation are all other projects that enhance facility and operations to achieve strategic objectives and outcomes such as increased student success, student retention, facility modernization, and the like.

Projects are funded through 1) State of Ohio Higher Education Capital Appropriations or 2) Local Funds raised by the college through sale of taxable or non-taxable bonds, or combination thereof, depending on type of improvements. State of Ohio Higher Education Capital is a line item on the State of Ohio budget and is generally awarded on a bi-annual basis in conjunction with the State of Ohio Budget Cycle. Local Funds raised through Bond Sales occur on an as needed basis and require prior approval from the EGCC Board of Trustees. The most recent Bond Sales include the 2013 Bond Sale of $2M for the Energy Conservation Project and the 2020 Bond Sale of $12.6M for purchase of Youngstown Real Estate and associated Capital Improvements.

This major Capital Improvement report will identify the year, name, category, and funding source for each project in the heading. The following paragraph will elaborate on the details of the captioned project.

2013 Energy Conservation Project (Energy Management, Local Fund, 2013 Bond Sale)

In 2013, EGCC implemented a performance based, competitive campus wide energy efficiency project required by the Ohio Task Force on Affordability and Efficiency and as detailed in HB 251 and HB 7. After a very competitive RFP process, and analysis of proposals, the College entered into contract with The Efficiency Network (TEN) of Pittsburgh Pennsylvania for $1,759,014 to implement energy improvements that would result in a guaranteed annual cost saving of $132,956.

Work was substantially completed in November 2015. Per contract, three years following the project completion, the contractor submitted measurement and verification reports to show proof of meeting or exceeding the performance contract guarantee of $132,956 in annual cost saving.

- 2016 M&V Report: $143,407 Cost Saving: Exceeding guarantee by $10,451
- 2017 M&V Report: $134,076 Cost Saving: Exceeding guarantee by $1,120
- 2018 M&V Report: $134,423 Cost Saving: Exceeding guarantee by $1,367

2014 Roof Replacement Project, Steubenville (Deferred Maintenance, State Funded)
In 2014, the College replaced approximately 85% of the aged roof system on the Jefferson Campus. THE COLLEGE contracted with ES Architecture for design and construction administration for $76,000 and Kalkreuth Roofing for $1,117, 853 for construction services.

2014 Pugliese Parking Lot Replacement (Deferred Maintenance, State Funded)
The College replaced the deteriorated asphalt pavement of the Pugleise Center Parking Lot. The College contracted with Karl Rhorer and Associates for design and construction administration services for $12,995 and Lash Paving for construction services for $137,685.

2016 Main Academic Building Renovation Project (Basic Renovation, State Funded)
This project included the renovation of the Nursing Laboratory, The Welding Laboratory and the General Science Laboratory. This project was funded with the College’s 2013-2014 State of Ohio capital appropriation. The College contracted with Hasenstab Architects$107,187 for design and construction administration services and DeSalvo Construction for $1,114,100 for construction services

2018 Student Success Center Project (Basic Renovation, State Funded)
This project was to renovate the existing computer wing and relocate departments that are critical for a students’ journey through the College, from first time campus tours, financial aid, placement testing, guidance counseling, tutoring and Bookstore. This project was funded with the College’s 2015-2016 State of Ohio capital appropriation and Barnes and Noble capital contribution. The College contracted with BHDP for $130,000 for design and construction administration services and Beaver Constructors for $1,623,100 for construction services. Construction was completed in September 2018.

2019 Capital Projects (Project Type Varies, State Funded)

In 2019 the College was awarded $1,500,000 in State of Ohio capital appropriations. This funding was used for 3 projects. The college contracted with MS Consultants for $91,000 and three prime contractors for each project totaling $1,300,000.

- Project 1: **2019 Roof Replacement** (Deferred Maintenance, State Funded)
  - The remainder of the 15% of the roof was replaced, that was not replaced in 2014 project. This was completed in October 2019.
- Project 2: **2019 Driveway Project** (Basic Renovation, State Funded)
  - Add a driveway and landscaping to the entrance of the renovation project from 2018. This was to complete the exterior of the renovation project that could not be funded in 2018. In addition, this portion of the project also replaced all external and internal signage for the main campus. This was completed in October of 2019.
- Project 3: **2019 Safety and Security Project** (Safety and Security, State Funded)
  - Installation of security cameras and a door access system, to increase security on campus. This project is scheduled to be completed by December 2019.

2020 Youngstown Property Acquisition (Real Estate, Local Funded, 2020 Bond Sale)
The project included acquisition of two properties in downtown Youngstown, both of which were currently owned by third parties and leased to EGCC for their campus buildings.

- Thomas Humphries Hall: Purchase Price of $8,300,000
- Health Workforce Building: Purchase Price of $1,391,500

Property acquisitions completed in summer 2020:

2021 HVAC Renovations Phase I, Youngstown (Energy Savings, Deferred Maintenance, Local Funded, 2020 Bond Sale) In Humphries Hall, replaced the most outdated and troublesome HVAC equipment in 2 of the 4 quads, switched from expensive outsourced Youngstown Thermal for perimeter hot water heating and instead installed two boilers for perimeter heat supply. Installed Building Automation Controls throughout building. EGCC contracted with Jaminet Engineering for design and construction administration services for $41,000 and York Mahoning Mechanical for construction services for $675,000.

2021 Security System, Youngstown (Safety and Security, Local Funded, 2020 Bond Sale)
New security system for the two new Youngstown buildings: $250,000

2021 Sidewalk Reconstruction, Youngstown (Safety and Security, Local Funded, 2020 Bond Sale)
Replace trip hazards around campus. Declan Construction contracted for $50,500

2021 Exterior Lighting Improvements, Youngstown (Energy Saving, Safety and Security, Local Funded, 2020 Bond Sale)
Upgrade interior and exterior lighting to LED. Tri-Area Electric contracted for $40,000

2021 Radiation Technology Program, Youngstown (Basic Renovation, Local Funded, 2020 Bond Sale)
EGCC expanded Radiation Technology course offering locations to the Campbell County Community & Literacy Center in Campbell Ohio. EGCC contracted with Jaminet Engineering for design and construction administration services for $3,000, Declan Construction for construction services for $67,000 and MedServ for Radiation Equipment for $126,000.

2021 HVAC Upgrades Phase I, Steubenville (Energy Savings, Deferred Maintenance, State Funded)
Project is for replacement of aged HVAC equipment that has greatly exceeded it's useful life. After both phases 1 and 2 are completed, an expected $136,000 in annual operating costs is projected. Phase 1 of the project is scheduled to be completed in December 2022.

2021 Radiology Lab Upgrade, Steubenville (Basic Renovation, Local Funded)
Project is for replacement of aged Radiology equipment that has exceeded its useful life. EGCC contracted with Wright Engineering for design and construction administration services for $7,900, Declan Construction for general trades construction services for $121,086, Lead Glass Pro for material supply of lead lined entry door and observation window for $15,410, Unistrut of Ohio Service Company for engineered design and material supply of ceiling support structure for ceiling mounted radiology equipment, and MedServPlus Inc for Radiology equipment and installation of new Ceiling Mounted System for $92,950.

2021 Master Academics and Facilities Plan (Basic Renovation, Local and State Funded)
Project is to evaluate building space utilization, grounds utilization, and Academic requirements/needs, to showcase key academic programs, for both the Steubenville and Youngstown campuses. The project has started and the vendor, DRAW, has begun evaluation of facilities and academic review. This will be a proposed 5–10-year plan, based on the funding required, that will use both State and local funding to complete the plan. This is charted to for a final proposal plan in Q2 2023.

2022 HVAC Upgrades Phase 2, Steubenville (Energy Savings, Deferred Maintenance, State Funded)
Project is for replacement of aged HVAC equipment that has greatly exceeded its useful life. This is to complete the replacement of remaining from the phase 1 project. It is slated for $1,000,000 in State funding. RFP and Bids are complete, and an Engineer has been assigned.

2022 HVAC Upgrades Phase 2, Youngstown (Energy Savings, Deferred Maintenance, State Funded)
Project is for replacement of aged HVAC equipment that has greatly exceeded its useful life. This is to complete the replacement of remaining from the phase 1 project. It is slated for $350,000 in State funding. RFP and Bids are complete, and an Engineer has been assigned.

Technology Services

Technology Services projects for fiscal years 2017 through 2020 were designed to implement improvements for all students and departments to compensate for extreme growth and to meet the objectives of prior EGCC's strategic plan.

Strategic Goal 1: The College will engage every student and provide the support needed to achieve student success.

In FY17 the Technology Services Department supported this effort by:

- Implementing a student portal for ease of access to all student services, along with implementing single sign on for all student services.
- An outsourced technology help desk was launched in 2017, this service assists with student support providing 24/7/365 availability.

FY18:

- 50% of the classroom PCs were purchased for the Steubenville Campus to cycle outdated equipment.
- A new LMS (Learning Management System) was deployed, this includes several programs using courseware for consistent delivery of course content. This new LMS replaced 2 antiquated systems. In addition, as part of the affordability and efficiency plan, 85% of all textbooks have been replaced with either eTextbooks or OER materials as part of this initiative.
- Bandwidth was increased from 150mbps to 500mbps at both the Steubenville and Youngstown campus. This was to improve internet performance in the classroom and help support the online student body growth accessing internal services from the college.
- Student account automation was completed to provide faster deployment of student accounts once the student is enrolled.

FY19:

- The technology help desk was brought internal to enhance and provide a higher level of support for our students.
- 50% of the classroom PCs were purchased for the Youngstown Campus to cycle outdated equipment.
- Active Directory services are being moved to the Azure in the cloud. This is to provide a higher level of access and single sign for students. This will also provide a new student portal for students in early 2020.
- All computers were updated to Windows 10 to provide both students and staff with better security and performance at the College.
- The College switched to a new online eTextbook provider to lower the costs of eTextbooks for students and the Ohio Affordability and Efficiency project. 87% of the textbooks at the College are now eTextbooks.

FY20:

- CrowdStrike was implemented to provide AI Cybersecurity on all desktops and servers.
- Many courses have been converted to OER (Open Educational Resources) to provide zero-dollar textbooks for students.
- A new student services area was added to the student portal as part of the CampusCloud (SIS) launch

<u>Strategic Goal 2:</u> The College will operate within a framework of continuous improvement.

In FY17 the Technology Services Department supported this effort by:

- An online transcript review system was internally developed and partnered with an outsource provider to review and qualify student transfer credits into the college more efficiently.
- A new College website was created and deployed, replacing a very dated and difficult to navigate site.

For FY18:

- Implemented a CRM system to better manage inquiries and allow the Admissions Department a better way to communicate with prospective students. This system will go live for the Spring 2018 start.
- 4 new servers and SAN were purchased to upgrade the college's database servers and VMWare services. These will be deployed in early 2018.

- For Academics, we will be launched several internally developed databases to help manage the departments' growth. These systems are: Course load and auxiliary classes, New and revised program tracker, and an Adjunct tracking system.
- An Issue Resolution system was created and launched to better manage student, faculty, and staff complaints. Ensuring that the complaint gets to the proper department and is answered in a timely manner.
- 2 new systems were integrated to our SIS system to provide enhanced services for Financial Aid. A Financial Aid Help Desk outsourced service will assist with incoming calls to the financial aid department, and an online financial aid forms system that will allow student to complete all required financial aid digital forms online.
- A new ERP system is being explored to replace several outdated systems and bring new services to the college.

FY19:

- Oracle HCM (Human Capital Management), ERP (Enterprise Resource Planning) and Budgeting and Planning system were launched.
- A new VOIP (Voice over IP) system was installed to increase call capacity and call management.
- An Employee Portal was created as a company intranet to provide a single point of access for all employees to all College digital services.
- Implementation of a new SIS (Student Information System) was started in 2019, the project is to complete early 2020.

FY20:

- CampusCloud, the college's new SIS launched in 2020.
- OIC (Oracle Integration Cloud) was launched to provide integration with the Oracle cloud service and other cloud vendors, such as the SIS.
- OAC (Oracle Analytics Cloud) was launched to provide BI (Business Intelligence). This allows the college to pull data from all primary systems and display the information via online dashboards.
- KnowBe4 was implemented to provide Cybersecurity by training staff on phishing campaigns.

Strategic Goal 3: The College will explore and implement strategies to ensure financial stability and vitality into the future.

In FY17 through FY20 the Technology Services Department supported this effort by:

- Several of the initiatives above are using outsourced services and internal support centers; Transcript evaluation, Technology Services Help Desk, and Financial Aid Help Desk. Being able to leverage outsource services and internal support centers to compensate for production peaks and valleys, we can properly allocate resources during high production periods and avoid overstaffing during off peak periods. A savings of $373,000.00 annually in unneeded salaries and overhead.
- Replaced 2 antiquated LMS systems with a new LMS, providing consistency in course delivery and saving $405,000 annually.
- Renegotiated our bandwidth contracts with our ISP vendor to increase the bandwidth at both campuses and reducing our overall cost for the services, saving $6,300.00 annually.
- Renegotiated our cellular contract saving $4,200.00 annually.
- Purchased and deployed a video conferencing system to reduce travel costs between campuses.
- Move to several cloud-based systems to remove outdated on-prem servers to avoid the replacement costs, licensing costs, and maintenance costs of on-prem equipment.

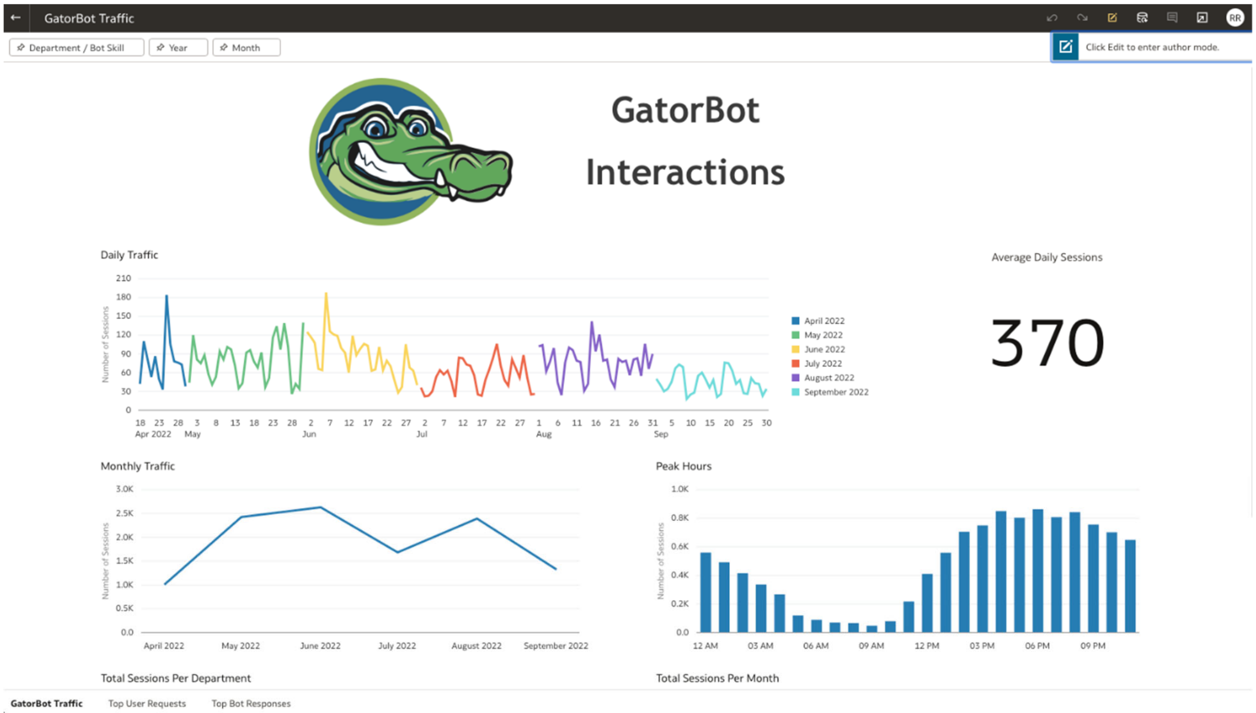
- Implementation of a new ERP and Budgeting and Planning system to greatly improve financial and budgeting analysis.
- In FY20, EGCC moved support services for Oracle HCM, ERP and Budge & Planning from the implementation team to Oracle support, saving $350,000 annually.

With the development of the 2020-2025 Balanced Strategic Plan (defined in the Strategic Planning section of the report), 14 projects were created to align with the 12 objectives outlined in the plan. Project 5, Technology and Data, focus on several of the college's objectives to improve technology and move the strategic plan forward.

Project 5 – Technology and Data	
Objective	**Initiative**
Increase Financial Resources	How We Integrate A.I. Into Student Enrollment / Student Support
Improve Organizational Processes	Report Creation - Data Gathering
Improve Relationships	Process to create an employee events calendar - merge with process of scheduling meetings between depts.
Increase Program Offerings	Disseminating Institutional Research (IR) Data
Improve Organizational Processes	File Migration - taking docs/procedures and migrating to SharePoint for easy access (forms library)

To address the objectives and initiatives of the 2020-2025 Balanced Strategic Plan, in FY20 through FY22: To support the Initiative ***"How We Integrate A.I. Into Student Enrollment and Support"***, the decision was made to move forward with Oracle Student Financial Planning (SFP) to replace our on-premises Financial Aid system. This system provides artificial intelligence (AI) which will help decrease the need to add additional staff as the college grows and to provide online resources to students via the system in the student portal. Implementation of SFP has started and was schedule for launch in early 2022, however this project was been paused by the Department of Education's Program Review.

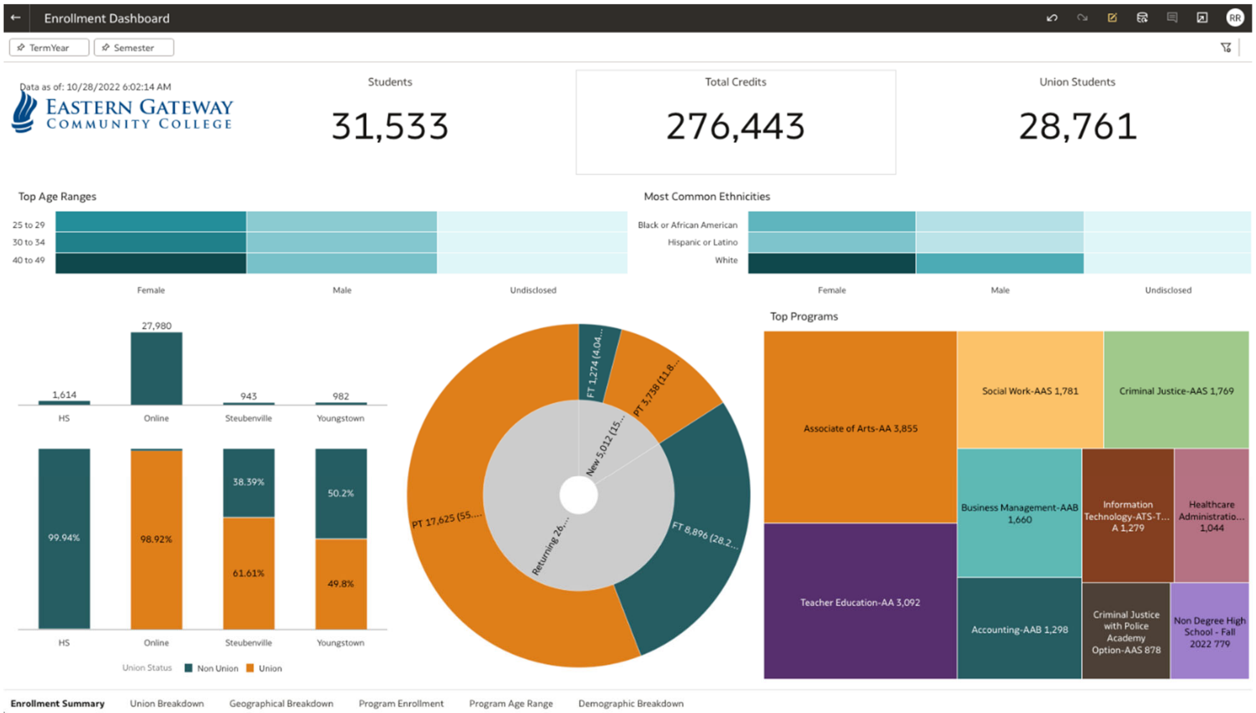
In addition to the SFP, the College has also implemented Oracle Digital Assistant (ODA), an AI based chatbot that is housed on our website, employee portal, and student portal to quickly answer common questions asked by students, staff, and faculty. In FY22 have completed the development of ODA for Technology Support, Admissions, Billing, Career Development, Financial Aid, Library Services, and Registrar's Office. We are continuing development for Print Shop, through 2022. The justification of this system is to cut back on calls to the college for common questions, and quickly provide support to students and staff directly from the college's online systems. Also using Oracle Analytics Cloud, we have developed an online dashboard, for ODA to allow all departments view statistics from the chatbot, in order to continuously make improvements to questions and answers provided by the chatbot.

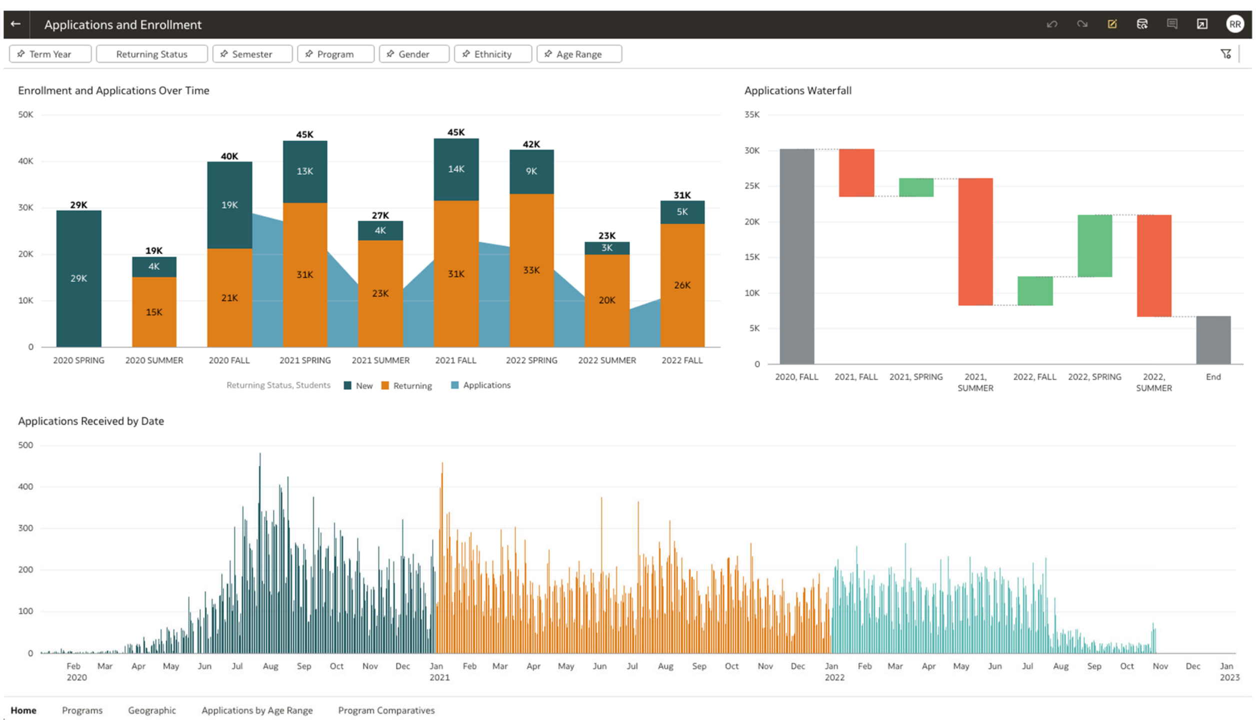


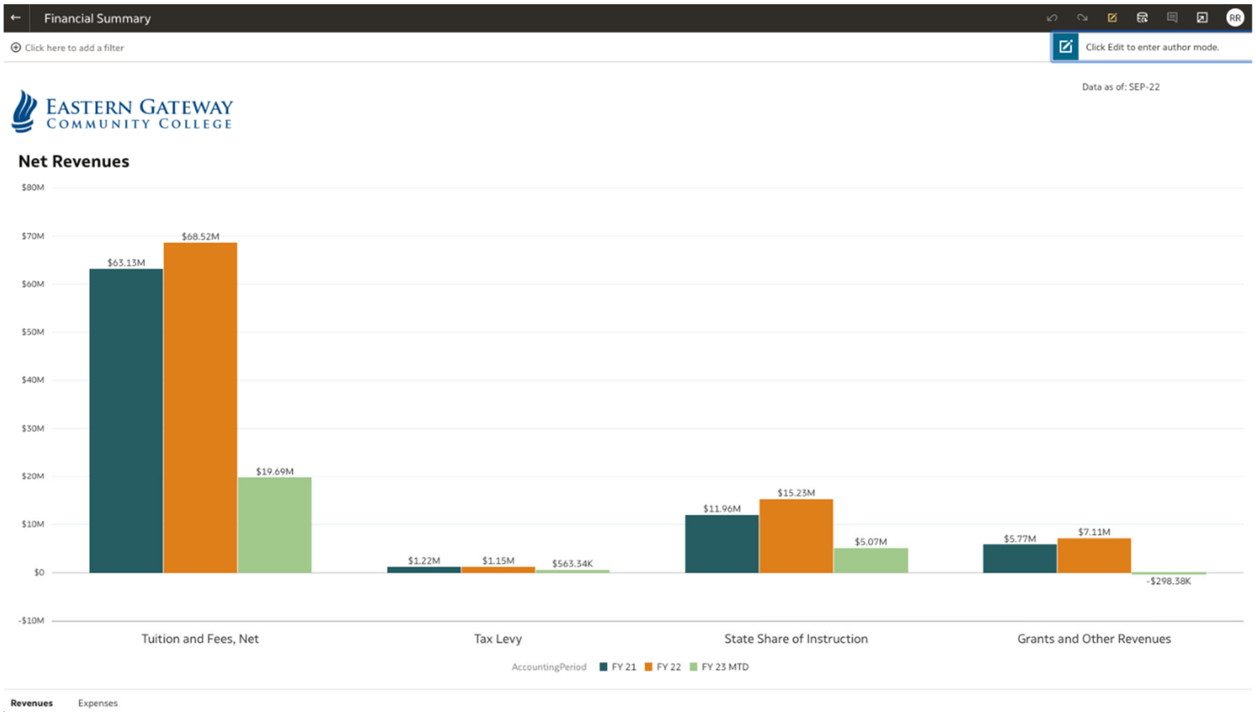
Two other systems that were deployed in 2021, and will be continually developed, are the EGCC Mobile app on both iOS and Android on, and our Print Center Online. The Print Center Online provides students with an online store to purchase printed OER class material. Although these 2 systems are not directly related to AI, they provide technology for student enrollment and support.

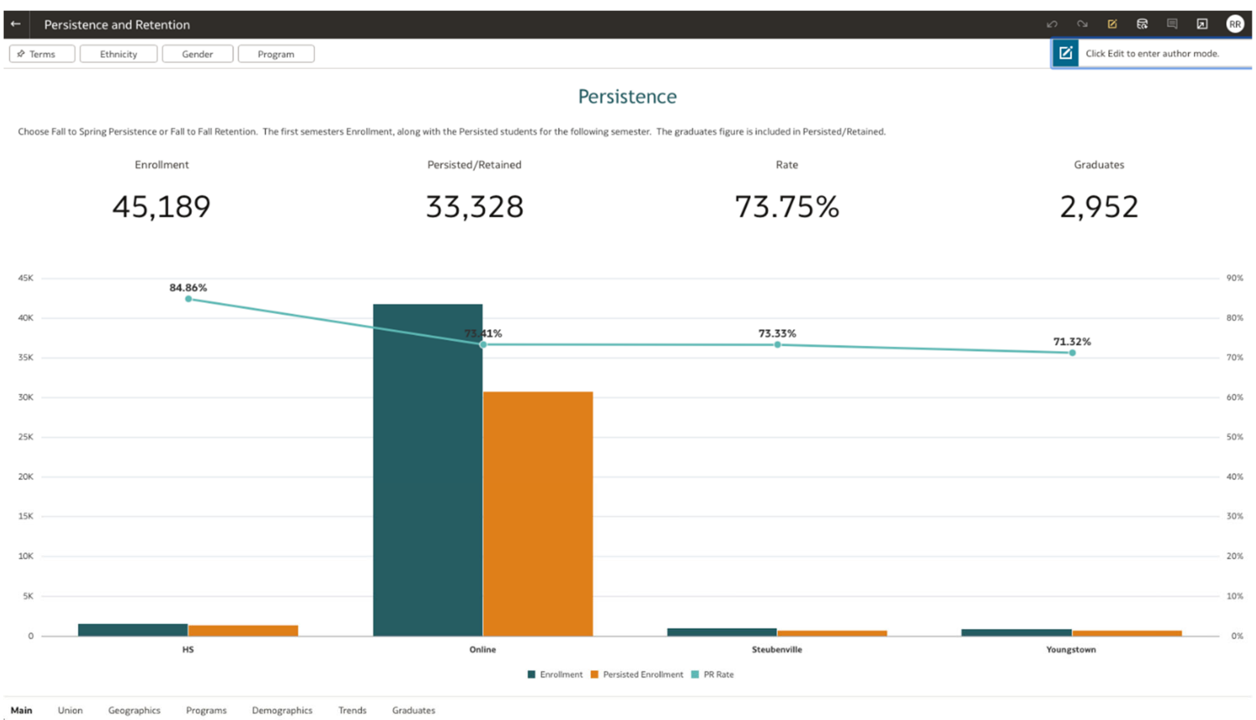
To support the 2 initiatives, ***"Report Creation - Data Gathering"*** and ***"Disseminating Institutional Research (IR) Data"***, the College has rolled out 2 new Oracle products in FY21: Oracle Analytics Cloud (OAC), and Oracle's Autonomous Data Warehouse (ADW). OAC will provide the college with a cloud dashboard of institutional data. We have started development of OAC with manual data pushes from our SIS and completed a soft launch on May 15, 2021. OAC will be tied directly to ADW, this data warehouse will allow us to bring data from all major systems into a cloud database and create cross-platform reports. The ADW project launched in September 2021. In FY22 we completed the integration the SIS and delivering real-time data between the systems. Also, in FY22 several dashboards have been created, and posted to the EGCC Employee Portal, with data being automatically updated from ADW. These dashboards include Enrollment Data, Application Data, Financial Summary, and Retention and Persistence data (see screenshots below).

Eastern Gateway Community College
Jefferson County
Management Discussion and Analysis
For the Fiscal Year Ended June 30, 2022
(Unaudited)





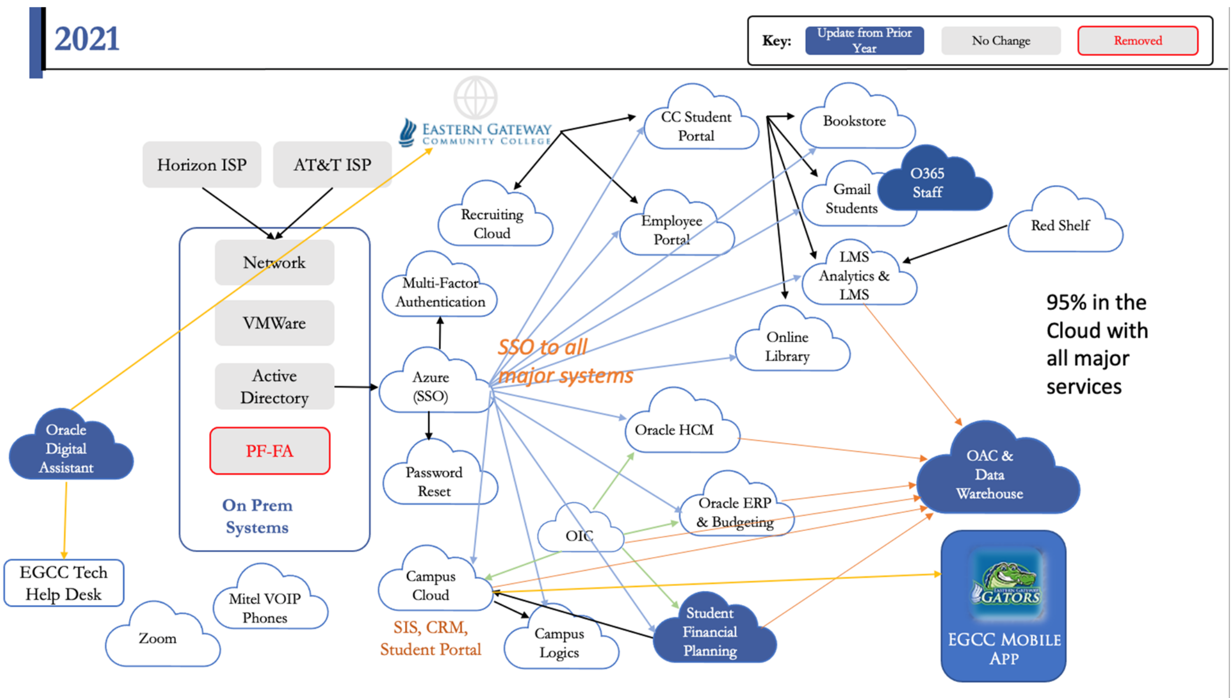




To address ***"File Migration - taking docs/procedures and migrating to SharePoint for easy access (forms library)"***, the college did an evaluation on Google Enterprise Services and the costs to continue to add third party products to enhance Cybersecurity and data prevention loss (DLP) verses converting staff and faculty

email to O365 (which contains the Cybersecurity compliance built-in with A5 and A3 licensing). The college made the decision to move to the Microsoft O365 platform.
As part of this platform, the college used existing team developed SharePoint sites, and integrated them with Microsoft Teams to provide a collaborative and productive environment for college departments to work seamlessly in the changing landscape of employees working in remote and hybrid roles. All departmental documents and collaboration tools are provided in a secure cloud-based environment accessible to all employees regardless of work location.

Other technology initiatives will be addressed as we continue to move through the five-year strategic plan.



One of the primary initiatives in FY21 was to increase the college's Cybersecurity. This is directly related to the rise in cybercrime, Cybercrime is a rapidly growing industry. The FBI reports nearly $7 billion was lost to cybercriminals in 2021. As part of this initiative EGCC has implemented many new defenses in our Cybersecurity portfolio. To achieve this, we have done network penetration testing and implemented GLBA practices. We are using system called Isora which allows the college to measure its systems against GLBA guidelines.

Not only does the system allow Technology Services to evaluate the systems, but also educates departments that use the systems on the importance Cybersecurity. Technology Services completes the assessments of all primary system, and then the system requires the department head to review and approve the evaluation. This system evaluation was conducted for systems used in Student Information, Technology Services, Financial Aid, Academics, Book Store, Business Office, and Human Resources. Below is an example of the Isora report.

Human Resources Include child org units

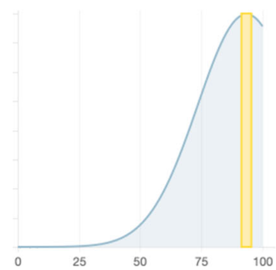
HRES 21-22

Summary

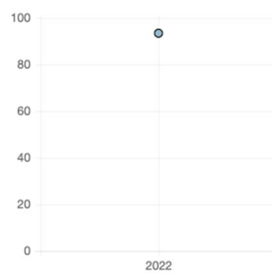
Assessment Score

93.4% This unit scored 142.5 out of a maximum 152.5 points, resulting in a assessment score of 93.4%.

0 The z-score for this survey is 0. The z-score represents how many standard deviations above or below the mean the score is. An acceptable z-score is greater than -1; most surveys will tend toward 0.



The blue Gaussian curve signifies the distribution of assessment scores across the organization, and the vertical yellow line denotes how the unit scored relative to the rest of the organization.

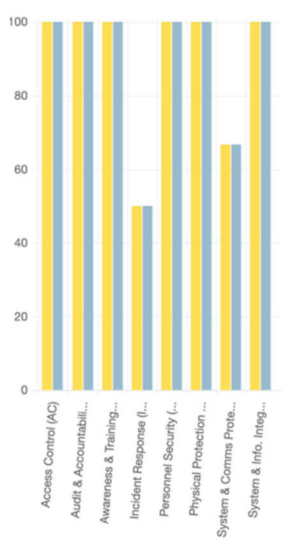


The yellow line shows the trend of this unit's score over several surveys, and the blue line shows the organizations's average.

This space intentionally left blank

Org Unit Questions

CSV



Access Control (AC)	100%
Audit & Accountability (AU)	100%
Awareness & Training (AT)	100%
Incident Response (IR)	50%
Personnel Security (PS)	100%
Physical Protection (PE)	100%
System & Comms Protection (SC)	66.7%
System & Info. Integrity (SI)	100%

Risk Map

	Overall	Access Control...	Audit & Accoun...	Awareness & T...	Incident Respo...	Personnel Sec...	Physical Prote...	System & Com...	System & Info....
Organization	93.4%	100.0%	100.0%	100.0%	50.0%	100.0%	100.0%	66.7%	100.0%
Human Resources	93.4%	100.0%	100.0%	100.0%	50.0%	100.0%	100.0%	66.7%	100.0%

College Relations

The College successfully concluded it collective bargaining negotiations with the Eastern Gateway Community College Association, a chapter of the Ohio Education Association, in 2021 and signed a new three -year agreement effective July 1, 2021. The new agreement included the following:

1. Base Pay Increase for Faculty and Staff
    a. Faculty base pay will increase each year of the contract
    b. Faculty increase will be a 10% base pay increase the first year, followed by 5% base pay increase each of the two (2) subsequent years
    c. Minimum hourly rate for staff increases from $12.68/hour to $15.25/hour

2. Administration and the Union agree to an updated academic calendar with 2 twenty (20) week terms which include the 2-week semester extension and commencement ceremonies

3. Blackout dates are limited to 75 working days per year and will be communicated prior to the holiday break for the following year. Departments have sole control over which days will be blackout

4. Faculty will be required to maintain engagement hours based upon the following metrics: 1-hour office time per week for each 8-week section being taught and 30 min office time per week for each 16-week section being taught

5. Professional Staff will be eligible for a 50% payout of unused personal days each academic year (maximum of two days)

6. All supplemental pay will be included in bi-weekly pay throughout the semester instead of being paid following the end of the semester

7. Class size – verbiage within the existing CBA was not changed regarding class size. This gives the Chief Academic Officer the authority to make the final determination if a consensus cannot be reached.

8. Auxiliary pay will increase to $675 during the first year of the agreement, and then to $700 for the following year.

9. The probationary period performance reviews have been updated in the following manner:
   a. Support staff bargaining unit members will receive a performance evaluation after 90 days
   b. Professional staff bargaining unit members will receive a performance evaluation after 1 academic year. This provides both professional and support staff the opportunity to make any corrections to their performance prior to the end of the probationary periods

10. Release time has been updated in the following manner:
    a. Lead Faculty – 4 credit hours per semester
    b. Program Director – 6 credit hours per semester
    c. Program Chair – 3 or 6 credit hours per semester, based upon program enrollment
    d. Division Chair – 6 credit hours per semester

Faculty are more engaged with the College Leadership and taking an active leadership role in academic committees:

- Restructuring of the Academic Program Review Committee makes it a faculty driven committee with faculty leadership in place.
- The President has established regular Town Hall meetings in an effort to improve and make more transparent the communication process and operational processes of the College.
- The President has worked with the Board of Trustees to establish four subcommittees that are engaged at least four times a year in specific data review and updates, so they have a better understanding of what the College is facing and can therefore make more informed decisions as a Board.
- At least twice a year the President establishes an All-College discussion day where data elements from the Strategic Plan KPI's are discussed and reviewed. The Taskforce take at least one of the CCSSSE areas that The College is lowest scoring and they work on activities to improve those scores.

Student Resource Center

EGCC and the Student Resource Center, LLC (SRC) have been in a Collaboration Agreement since June 30, 2017. The purpose of the Agreement was to detail the duties and obligations of the parties as it related to EGCC's Free College Program. In the Spring of 2022 EGCC became aware of a change in leadership at SRC that negatively impacted the Collaboration Agreement between EGCC and SRC. Also of note, based on requested changes from EGCC's accreditor, the Higher Learning Commission (HLC), there are parts of the Agreement EGCC can no longer rely on SRC to perform. On May 10, 2022, EGCC sent SRC a letter notifying them that SRC was in breach of the Agreement and that EGCC was seeking to terminate the Agreement.

On June 30, 2022, SRC file a lawsuit in Federal Court, Southern District of Ohio against EGCC for Declaratory Judgment that SRC has not breached the Agreement and that EGCC breached the Collaboration Agreement for failure to pay amounts owed and failure to abide by the non-competition provisions of the agreement. On July 7, 2022, a PI Hearing was held. On July 11, 2022, the Court issue an Order granting the PI and thus preventing EGCC from terminating the Collaboration Agreement unilaterally.

Since the issuing of the injunction, EGCC has filed its own counterclaim against SRC for Breach of Contract and Unjust Enrichment, and SRC has amended the Complaint to include two new breach of contract claims related to 1) the current disputes over operating expenses and profit sharing; and 2) alleged contract breaches triggered by the Department of Education's actions. Additionally, thus far the Court ordered EGCC to pay SRC monies due under the Agreement in the amount of $2.85 million. Overall, EGCC is looking to work through the litigation to ultimately get to a resolution where the Agreement is terminated.

U.S. Department of Education

On February 7, 2022, the U.S. Department of Education (ED) began a review of the College to assess its compliance with Title IV and its implementing regulations. On July 18, 2022, ED issued a Cease-and-Desist letter stating that the College's Free College Benefit (FCB) Program causes disparate treatment among students based on Pell-eligibility – charging Pell-eligible students tuition and fee charges higher than what is charged student not receiving Title IV aid. The directive instructed that EGCC must not disburse funds to any new students enrolling in the FCB program until it is redesigned to charge full tuition and fees to all non-Pell eligible students. On August 8, 2022, ED placed the College on Heightened Cash Monitoring (HCM) 2 which changed the way the College disburses Title IV funds to its students from an advanced method to a reimbursement one.

On September 2, 2022, The College filed a complaint in the Southern District of Ohio Federal Court seeking injunctive relief on ED's Cease-and-Desist Order and a motion for preliminary injunction on September 6, 2022. The motion for preliminary injunction was fully briefed and a hearing held on October 21, 2022. Federal District Court Judge James Graham granted the College's Preliminary Injunction Order the same day which stated as follows:

- Defendants (ED) are enjoined (prohibited) from enforcing the July 18, 2022 Cease-and-Desist Letter's prohibition against EGCC enrolling new students in the Free College Benefit Program.
- Defendants (ED) are enjoined (prohibited) from enforcing the July 18, 2022 Cease-and-Desist Letter's prohibition against EGCC waiving tuition and fees for non-Pell students.

- Defendants (ED) are enjoined (prohibited) from taking any action limiting EGCC's access to federal student financial aid without affording EGCC notice and an opportunity to be heard as prescribed in the Higher Education Act, 20 U.S.C. § 1094 and applicable regulations, 34 C.F.R. § 668.81–99.
- Nothing in this Order shall prevent Defendants (ED) from issuing a Final Program Review Report of EGCC.
- This Order shall remain in effect until further order of the Court

ED's Title IV draft Program Review Report was issued to the College on April 20, 2023. The College was given 90 days to respond but will be requesting an additional extension. The confidential report is now under federal court seal as part of the ongoing litigation between the College and the SRC. Any monetary findings resulting from the final report are appealable. It cannot be determined at this time what liability, if any, will be assessed against the College.

EASTERN GATEWAY COMMUNITY COLLEGE
Statement of Net Position
June 30, 2022

	EGCC 2022	Component Unit Foundation 2022
Assets		
Current assets		
Cash and cash equivalents	$ 15,356,562	$ 121,622
Short-term investments	13,108,011	-
Student accounts receivable, net	185,602,855	-
Property tax receivable	1,440,470	-
Other receivables	2,108,525	-
Lease receivables	92,540	-
Prepaid expenses	1,448,699	-
Inventory	379,731	-
Total current assets	219,537,393	121,622
Non-current assets		
Restricted cash and cash equivalents	613,348	-
Endowment investments	265,479	986,492
Leases receivables	259,857	
Capital assets, net	31,619,241	-
OPEB	3,459,007	
Total non-current assets	36,216,932	986,492
Total assets	255,754,325	1,108,114
Deferred Outflow of Resources		
Pension	25,978,711	
OPEB	2,595,183	
Total deferred outflow of resources	28,573,894	-
Liabilities		
Current liabilities		
Accounts payable and accrued liabilities	87,701,287	-
Accrued wages	1,223,328	-
Unearned revenue	81,997,003	-
Compensated absences - current portion	596,670	-
Long-term leases - current portion	232,568	-
Long-term debt - current portion	2,868,974	-
Total current liabilities	174,619,830	-
Non-current liabilities		
Bonds payable	13,738,970	-
Loans Payable	725,000	-
ORACLE Payable	85,000	-
Leases	2,253,669	
Net pension liability	28,328,982	-
Net OPEB liability	3,515,708	-
Compensated absences	1,211,421	-
Total non-current liabilities	49,858,750	-
Total liabilities	224,478,580	-
Deferred Inflows of Resources		
Leases	346,827	
Property taxes	924,798	-
Pension	22,186,539	
OPEB	5,964,898	
Total deferred inflows of resources	29,423,062	-
Net Position		
Net investments in capital assets	14,285,709	-
Restricted for		
Non-expendable		
Scholarships	66,814	365,662
Expendable		
Scholarships	467,581	592,936
Capital	167,724	-
Education and General	916,674	-
Student Activities	135,925	-
Unrestricted	14,386,150	149,516
Total net position	$ 30,426,577	$ 1,108,114

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

EASTERN GATEWAY COMMUNITY COLLEGE
Statement of Revenues, Expenses and Change in Net Position
For the Twelve Months Ending June 30, 2022

	EGCC 2022	Component Unit Foundation 2022
Revenues		
Operating revenues		
Tuition and student fees, net of $251,456,330 in Pell and Scholarship allowances	$ 9,447,947	$ -
Federal grants and contracts	3,985,321	-
Auxiliary enterprises revenue	381,415	-
State grants and contracts	1,476,486	-
Local grants and contracts	183,520	-
Other operating revenue	1,128,970	-
Donations	-	253,787
Total operating revenue	16,603,659	253,787
Expenses		
Operating expenses:		
Education and general	35,087,288	186,394
Public services	773,546	-
Academic support	1,720,578	-
Student services	8,868,637	-
Institutional support	26,590,809	-
Operation and maintenance of plant	696,956	-
Scholarships and fellowships	1,745,847	1,000
Auxiliary enterprises	403,562	-
Depreciation and amortization expense	2,780,170	-
Total operating expenses	78,667,393	187,394
Operating (loss) income	(62,063,734)	66,393
Non-operating revenue(expenses)		
Capital funds	196,185	-
State grants and contracts	15,227,512	-
Federal grants and contracts	59,278,034	-
Investment income (loss)	(413,688)	(163,907)
Interest expense	(521,982)	-
Property taxes	1,154,673	-
Total non- operating revenue (expenses)	74,920,734	(163,907)
Change in net position	12,857,000	(97,514)
Net position		
Net Position, begining of the year	17,569,577	1,205,628
Net Position, end of year	$ 30,426,577	$ 1,108,114

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

EASTERN GATEWAY COMMUNITY COLLEGE
Statement of Cash Flows
For the Twelve Months Ending June 30, 2022

	EGCC 2022	Component Unit Foundation 2022
Cash flow from operating activities		
Student tuition and fees	$ 4,913,613	$ -
Grants and contracts	5,645,326	
Payments to suppliers	(30,195,041)	(19,256)
Employee and related payments	(42,291,259)	
Auxiliary enterprise	(22,147)	
Gifts and endowments received	-	87,434
Payments for scholarships	(1,745,847)	(1,000)
Other Income (loss)	1,128,970	-
Net cash provided by/(used in) operating activities	(62,566,385)	67,178
Cash flows from non-capital financiang activities		
State appropriations	15,227,512	-
Local property tax receipts	1,154,673	-
Grants and contracts	59,278,034	-
Principal paid on debt	(720,187)	-
Interest paid on debt	(44,951)	-
Net cash provided by non-capital financiang activities	74,895,081	-
Cash flows from capital and related financing activities		
Capital grants receivied	196,185	-
Purchases of capital assets	(1,785,114)	-
Principle payments on bond and ORACLE payable	(2,186,550)	-
Principle payments on lease liabilities	(365,065)	-
Interest payments on bond payable & leases	(477,031)	-
Net cash used in capital and related financiang activities	(4,617,575)	-
Cash flows from investing activities		
Net purchase of investments	(12,796,756)	(26,047)
Investment income	(413,688)	(163,907)
Net cash used in investing activities	(13,210,444)	(189,954)
Net (decrease) increase in cash	(5,499,323)	(122,776)
Cash and cash equivalents, beginning of year	21,469,233	244,398
Cash and cash equivalents, end of year	**$ 15,969,910**	**$ 121,622**
Reconciliation of operating (loss) income to net cash used by operating activities:		
Operating (loss) income	$ (62,063,734)	$ 66,693
Adjustments to reconcile operating (loss) income to net cash used by operating activities:		
Depreciation and amortization	2,780,170	-
Net pension/OPEB activity	1,301,175	-
(Increase) decrease in assets:		
Receivables, net	(55,713,390)	1,485
Inventories	(214,437)	-
Prepaid expense	(1,257,032)	-
Leases	95,447	-
(Decrease) increase in liabilities:		
Accounts payable and accrued liabilities	69,607,242	(1,000)
Unearned revenue	(17,719,455)	-
Compensated absences	617,629	-
Net cash provided by/(used in) operating activites	$ (62,566,385)	$ 67,178

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

NOTE 1 – DESCRIPTION OF THE REPORTING ENTITY

Eastern Gateway Community College (the "College" or "EGCC") is a political subdivision established for the purpose of exercising the rights and privileges conveyed to it by the constitution and the laws of the State of Ohio. 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.

NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Basis of Accounting

The financial statements have been prepared in accordance with generally accepted accounting principles ("GAAP") as prescribed by Governmental Accounting Standards Board ("GASB"). The financial statements are presented using an economic resources measurement focus and are presented on the accrual basis of accounting. Under the accrual basis of accounting, revenues are recognized when earned and expenses are recorded when an obligation has been incurred. All significant interfund transactions have been eliminated. The College reports business-type activities as required by GASB Statement No. 35, *Basic Financial Statements-and Management Discussion and Analysis-for Public Colleges and Universities*. Business-type activities are those activities that are financed in whole, or in part, by fees charged to external parties for goods and services. Pursuant to provisions of GASB Statement No. 35, the full scope of the College's activities is considered to be a single business-type activity and accordingly, is reported within a single column in the basic financial statements. Restricted grant revenue is recognized only to the extent expended.

Net Position Classifications

The accompanying financial statements have been prepared in accordance with accounting principles generally accepted in the United States of America as prescribed by GASB.

In accordance with GASB Statement No. 35, *Basic Financial Statements-and Management Discussion and Analysis-for Public Colleges and Universities*, as amended by GASB Statements No. 37 and No. 38, the College classifies their resources for accounting and reporting purposes into the following net position categories:

Net investment in capital assets: This represents the College's total investment in capital assets, net of outstanding debt obligations related to those capital assets. To the extent debt has been incurred, but not yet expended for capital assets, such amounts are not included as a component of net investment in capital assets.

Restricted net position – expendable: Restricted, expendable net position includes resources in which the College is legally or contractually obligated to spend in accordance with restrictions imposed by external third parties.

Restricted net position – non-expendable: Non-expendable, restricted net position consist of endowment and similar type funds in which donors or other outside sources have stipulated, as a condition of the gift instrument, that the principal is to be maintained inviolate and in perpetuity, and invested for the purpose of producing present and future income, which may either be expended or added to principal.

Unrestricted net position: Unrestricted net position represent resources derived from student tuition and fees, state appropriations, and sales and services of educational departments and auxiliary enterprises. These resources are used for transactions relating to the educational and general operations of the College, and may be used at the discretion of the Governing Board to meet current expenses for any purpose. These resources also include auxiliary enterprises, which are substantially self-supporting activities that provide services for students, faculty, and staff.

NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

When an expense is incurred that can be paid using either restricted or unrestricted resources, the College's policy is to first apply the expense towards restricted resources, and then towards unrestricted resources.

Classification of Revenues
The College has classified its revenues as either operating or non-operating revenues according to the following criteria:

Operating revenues: Operating revenues include activities that have the characteristics of exchange transactions such as (1) student tuition and fees, net of external scholarship discounts and allowances, (2) sales and services of auxiliary enterprises, net of discounts and allowances, and (3) most federal, state and local grants and contracts and federal appropriations.

Non-operating revenues: Non-operating revenues include activities that have the characteristics of non-exchange transactions, such as gifts and contributions, and other revenue sources that are defined as non-operating revenues by GASB No. 9, *Reporting Cash Flows of Proprietary and Non-expendable Trust Funds and Governmental Entities That Use Proprietary Fund Accounting*, and GASB No. 34, *Basic Financial Statements and Management's Discussion and Analysis for State and Local Governments*, such as state appropriations, investment income, and property taxes.

Use of Estimates
The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the amounts reported in the financial statements and accompanying notes. Actual results may differ from those estimates.

Cash Equivalents
For the purposes of the statement of cash flows, the College considers all highly liquid investments with an original maturity of three months or less to be cash equivalents.

Investments
The College accounts for its investments at fair value in accordance with GASB Statement No. 31, *Accounting and Financial Reporting for Certain Investments and for External Investment Pools,* as amended by GASB Statement No. 72, *Fair Value Measurement and Application*. Changes in unrealized gain (loss) on the carrying value of investments are reported as a component of investment income in the statements of revenues, expenses, and changes in net position.

Inventory
Inventory is valued at cost on a first-in, first-out basis.

Accounts Receivable
Accounts receivable consists of tuition and fee charges to students and auxiliary enterprise services provided to students, faculty, and staff, the majority of each residing in the State of Ohio. Accounts receivable also include amounts due from the federal, state, and local governments, or private sources, in connection with reimbursement of allowable expenditures made pursuant to the College's grants and contracts. Accounts receivable are recorded net of estimated uncollectible amounts. This also includes receivables due from our College partners, Student Resource Center (SRC). Property taxes receivable include estimated amounts due at June 30, 2022.

NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Capital Assets

Capital assets (except intangible right-to-use assets which are discussed below) are recorded at cost at the date of acquisition, or acquisition value at the date of donation in the case of gifts. For equipment, the College's capitalization policy includes all items with a unit cost of $5,000 or more, and an estimated life of greater than one year. Renovations to buildings, infrastructure, and land improvements that significantly increase the value or extend the useful life of the structure are capitalized. Routine repairs and maintenance and software are charged to operating expense in the year in which the expense was incurred.

All capital assets except land and construction in progress are depreciated. Depreciation is computed using the straight-line method over the estimated useful lives of the assets, 40 years for buildings and building improvements, 10 years for equipment and furniture other than computer equipment, and 3 years for computer equipment.

The College is reporting intangible right-to-use assets related to leased buildings and equipment. The lease asset is initially measured as the initial amount of the lease liability, adjusted for lease payments made at or before the lease commencement date, plus certain initial direct costs. Subsequently, these intangible assets are being amortized in a systematic and rational manner over the shorter of the lease term or the useful life of the underlying asset.

Unearned Revenues

Unearned revenues include amounts received for tuition and fees and certain auxiliary activities prior to the end of the fiscal year, but related to the subsequent accounting period.

Compensated Absences

The College follows the provisions of Government Accounting Standards Board Statement No. 16*, Accounting for Compensated Absences*.

Vacation benefits are accrued as a liability as the benefits are earned if the employee's rights to receive compensation are attributable to services already rendered and it is probable that the College will compensate the employees for the benefits.

Sick leave benefits are accrued as a liability using the termination method. The liability includes all employees who are currently eligible to receive termination benefits, based on the employees accumulated sick leave time, up to certain limits established by the College's policy, and the current wage rate.

Non-current Liabilities

Non-current liabilities include estimated amounts for accrued compensated absences and other liabilities that will not be paid within the next fiscal year.

Deferred Outflow/Inflow of Resources

In addition to assets, the statement of net position will sometimes report a separate section for deferred outflow of resources. Deferred outflow of resources represents a consumption of net position that applies to a future period and will not be recognized as an outflow of resource (expense/expenditure) until then. For the College, deferred outflow of resources include amounts related to pensions and OPEB plans, which are explained in Notes 11 and 12.

NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

In addition to liabilities, the statement of net position will sometimes report a separate section for deferred inflow of resources. Deferred inflow of resources represents an acquisition of net position that applies to a future period and will not be recognized as an inflow of resources (revenue) until that time. For the College, deferred inflow of resources includes property taxes, leases, pensions and OPEB plans. Property taxes represent amounts for which there is an enforceable legal claim as of June 30, 2022, but which were levied to finance fiscal year 2023 operations.

These amounts have been recorded as a deferred inflow on the statement of net position. Deferred inflows of resources for leases relate to future periods and are not recognized as revenue until the period to which they relate, see Note 10 for further information. The deferred inflow of resources related to pensions and OPEB plans are explained in Notes 11 and 12.

Pensions and Other Postemployment Benefits

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

Income Tax

The College, as a political subdivision of the State of Ohio, is excluded from federal income taxes under Section 115 (1) of the Internal Revenue Code, as amended.

Scholarship Discounts and Allowances

Student tuition and fee revenues, and certain other revenues from students, are reported net of external scholarship discounts and allowances in the statements of revenues, expenses, and changes in net position. External scholarship discounts and allowances are the difference between the stated charge for goods and services provided by the College, and the amount that is paid by students and/or third parties making payments on the students' behalf. Certain governmental grants, such as Pell grants, and other federal, state, or non-governmental programs, are recorded as either operating or non-operating revenues in the College's financial statements. To the extent that revenues from such programs are used to satisfy tuition and fees and other student charges, the College has recorded a scholarship discount and allowance.

Change in Accounting Principles

For the fiscal year ended June 30, 2022, the College has implemented Governmental Accounting Standards Board (GASB) Statement No. 87, *Leases,* GASB Statement No. 89, *Accounting for Interest Cost Incurred before the End of a Construction Period*, GASB Statement No. 92, *Omnibus 2020* and 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.*

NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Change in Accounting Principles – (continued)

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. A lessee is required to recognize a lease liability and an intangible right to use lease asset, and a lessor is required to recognize a lease receivable and a deferred inflow of resources. These changes were incorporated in the College's financial statements; however, there was no effect on beginning net position. The College recognized $453,414 in leases receivable at July 1, 2021, due to the implementation of GASB 87; however, this entire amount was offset by deferred inflows of resources for leases. The College also recognized $2,632,330 in leases payable at July 1, 2021, due to the implementation of GASB 87, that were not reported as capital leases in prior years; however, this entire amount was offset by right to use assets.

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. 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. The implementation of GASB Statement No. 89 did not have an effect on the College's financial statements.

GASB Statement No. 92 enhances comparability in accounting and financial reporting and improves 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 results in more consistent financial reporting of defined contribution pension plans, defined contribution OPEB plans, and other employee benefit plans, while mitigating the costs associated with reporting those plans. The implementation of GASB Statement No. 97 did not have an effect on the financial statements of the College.

NOTE 3 – CASH AND CASH EQUIVALENTS AND INVESTMENTS

The investment and deposit of College monies is governed by the Ohio Revised Code. In accordance with the Ohio Revised Code, only banks located in Ohio and Ohio domestic building and loan associations are eligible to hold public deposits. Also, the investment of the College's monies is restricted to certificates of deposits, savings accounts, money market accounts, obligations of the United States Government, or certain agencies thereof, and certain industrial revenue bonds issued by other governmental entities. The College may also enter into repurchase agreements with any eligible depository for a period not exceeding 30 days.

The College's Board of Trustees is responsible for selecting depositories and investing funds. Protection for the College's deposits is provided by the Federal Deposit Insurance Corporation (FDIC), by eligible securities pledged by financial institutions as a security for repayment, or by 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 the State to secure the repayment of all public monies deposited in the financial institution.

NOTE 3 – CASH AND CASH EQUIVALENTS AND INVESTMENTS (continued)

The College adopted GASB Statement No. 40, *Deposit and Investment Risk Disclosures* (an amendment of GASB Statement No. 3). Generally, this statement requires that state and local governments communicate key information about such risks in four principal areas: investment credit risks, including credit quality information issued by rating agencies; interest-related disclosures that include investment maturity information; interest rate sensitivity for investments that are highly sensitive to changes in interest rates; and foreign exchange exposures that would indicate the foreign investment's denomination.

As of June 30, 2022 the College had the following cash and cash equivalents:

Description	Carrying Amount	Bank Balance
Checking and savings account	$ 15,356,562	$ 15,495,920
Restricted cash	613,348	613,348
Total cash and cash equivalents	$ 15,969,910	$ 16,109,268

Custodial Credit Risk: Of the June 30, 2022 bank balance of $16,109,268, the Federal Depository Insurance Corporation insured $500,000 and the balance of $15,609,268 was exposed to custodial credit risk because it was collateralized by U.S. Government Securities not in the College's name. The College has no deposit policy for custodial credit risk beyond the requirements of State statute.

Investments

As of June 30, 2022, the College had the following investments and maturities:

S&P Global Ratings	Investment Type	Measurement Value	12 Months or Less	12 to 36 Months	More Than 36 Months	Percent of Total
	Net Asset Value (NAV):					
AAAm	Money Market	$ 213,608	$ 213,608	$ -	$ -	1.60%
	Amortized Cost:					
A-1	Commercial Paper	1,979,972	1,979,972	-	-	14.81%
	Fair Value:					
AA+	Federal Farm Credit Bank	573,120	-	479,419	93,701	4.29%
AA+	Federal Home Loan Banks	2,448,936	-	1,419,987	1,028,949	18.31%
AA+	Federal Home Loan Mortgage Corp.	245,617	146,810	98,807	-	1.84%
AA+	Federal National Mortgage Assoc.	97,723	97,723	-	-	0.73%
N/A	Negotiable Certificates of Deposit	657,420	-	86,382	571,038	4.92%
AA+	US Treasury Notes	1,273,111	-	491,171	781,940	9.52%
AA+	US Treasury Bonds	333,281	-	333,281	-	2.49%
AA	Municipal Securities	2,457,090	422,546	639,591	1,394,953	18.37%
A	Corporate Bonds and Issues	3,093,612	1,460,602	1,488,543	144,467	23.12%
	Total Investments	$ 13,373,490	$ 4,321,261	$ 5,037,181	$ 4,015,048	100.00%

The College categorizes its fair value measurements at fair value 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 market prices in active markets for identical assets; Level 2 inputs are significant other observable inputs; Level 3 inputs are significant unobservable inputs. 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

NOTE 3 – CASH AND CASH EQUIVALENTS AND INVESTMENTS (continued)

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).

Credit Risk: Credit risk is the risk that an issuer or other counterparty to an investment will not fulfill its obligations. Credit quality information – as commonly expressed in terms of credit ratings issued by nationally recognized statistical rating organizations such as Moody's Investors Service, Standard and Poor's, or Fitch Ratings – provides a current depiction of potential variable cash flows and credit risk.

Concentration of Credit Risk: Concentration of credit risk is the risk of loss attributed to the magnitude of investment in a single issuer. The College does not have any exposure to concentration of credit risk.

Foreign Currency Risk: Foreign currency risk is the risk that changes in exchange rates will adversely affect the fair value of investments or deposits. The College does not have any exposure to foreign currency risk.

NOTE 4 – ACCOUNTS RECEIVABLE

Receivables at June 30, 2022 consisted of accounts (tuition and other fees), notes, interest, leases receivable and levy receivables, and intergovernmental grants. All receivables, except for those considered doubtful accounts and in collections with the Ohio Attorney General, are considered collectible in full due to the stable condition of State programs and the current fiscal year guarantee of federal awards. Student accounts receivable for fiscal year 2022 includes unearned revenue of $81,997,003.

Other receivables consisted of the following:

Grant receivables	$	1,048,057
State of Ohio – College Credit Plus		568,507
Third parties		15,110
Interest Receivable		1,175
Workplace Training		85,456
Financial Aid		390,220
Total other receivables	$	2,108,525

NOTE 5 – BOOKSTORE INVENTORY

In May 2019, the College assumed ownership and operational control of the bookstores in Steubenville and Youngstown. The inventory value (lower of cost or market) at June 30, 2022 was $379,731.

NOTE 6 – CAPITAL ASSETS

Capital asset activity for the years ended June 30 was as follows:

Description	Restated Balance at July 1, 2021	Increases	Adjustments & Decreases	Balance at June 30, 2022
Capital Assets, Non-Depreciable:				
Land	$ 679,144	$ -	$ -	$ 679,144
Construction in progress	1,786,346	920,405		2,706,751
Total Capital Assets, Non-Depreciable	2,465,490	920,405	-	3,385,895
Capital Assets, Depreciable:				
Intangible Right to Use				
Buildings	2,073,116	-	-	2,073,116
Equipment	559,214	218,972	(133,299)	644,887
Total Intangible Right to Use	2,632,330	218,972	(133,299)	2,718,003
Buildings and improvements	35,341,858	93,172	(23,082)	35,411,949
Equipment and furniture	11,315,438	580,538	23,082	11,919,058
Total Capital Assets, Being Depreciated/Amortized	49,289,626	892,682	(133,299)	50,049,010
Less Accumulated Depreciation/Amortization:				
Intangible Right to Use				
Buildings	-	101,687	-	101,687
Equipment	-	313,051	(133,299)	179,752
Total Intangible Right to Use	-	414,738	(133,299)	281,439
Buildings and improvements	13,051,362	767,048	-	13,818,410
Equipment and furniture	6,117,431	1,598,384	-	7,715,815
Total Accumulated Depreciation/Amortization	19,168,793	2,780,170	(133,299)	21,815,664
Total Capital Assets, Depreciable, Net	30,120,833	(1,887,488)	-	28,233,346
Capital Assets, Net	$ 32,586,323	$ $(967,083)	$ -	$ $31,619,241

NOTE 7 – STATE SUPPORT

Eastern Gateway Community College is a state-assisted institution of higher education, which receives a student enrollment-based instructional subsidy from the State of Ohio. This subsidy is determined annually based upon a formula devised by the Ohio Board of Regents, adjusted to state resources available. The College received $15,227,512 of student-based subsidy in fiscal year 2022.

In addition to the current operating subsidies, the State of Ohio provides the funding for the construction of major plant facilities on Eastern Gateway Community College's campus. The funding is obtained from the issuance of special obligation bonds by the Ohio Public Facilities Commission (OPFC), which, in turn, initiates the construction and subsequent lease of the facility by the Ohio Board of Regents.

Such facilities are reflected as building or construction in progress in the accompanying statements of net position. Neither the obligation for the 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. Debt service is funded through appropriations to the Ohio Board of Regents by the General Assembly.

NOTE 8 – LOCAL APPROPRIATIONS

The College receives local appropriations in the form of property taxes levied against real, public utility, and tangible (used in business) personal property located in Jefferson County, Ohio. The electors within the county must approve any College property tax. The College collects property taxes for operating and capital purposes from one levy approved by the Jefferson County voters. The levy was passed for a ten-year period. The 1 mill levy was approved on November 3, 2015 and expires with the last collection in calendar year 2026.

Property taxes include amounts levied against all real, public utility, and tangible personal property (used in business) located in Jefferson County. Real property tax revenue received in calendar year 2022 represents collections of calendar year 2021 taxes. Real property taxes received in calendar year 2022 were levied after April 1, 2021, on the assessed value listed as of January 1, 2021, the lien date. Assessed values for real property taxes are established by state law at 35 percent of appraised market value. Real property taxes are payable annually or semi-annually. If paid annually, payment is due December 31; if paid semi-annually, the first payment is due December 31 with the remainder payable by June 20. Under certain circumstances, state statute permits alternate payment dates to be established.

Public utility property tax revenue received in calendar year 2022 represent collections of calendar year 2021 taxes. Public utility real and tangible personal property taxes received in calendar year 2022 became a lien December 31, 2020, were levied after April 1, 2021 and collected in 2022 with real property taxes. Public utility real property is assessed at 35 percent of true value; public utility tangible personal property currently is assessed at varying percentages of true value.

NOTE 8 – LOCAL APPROPRIATIONS (continued)

Property taxes are levied and assessed on a calendar year basis while the College fiscal year runs from July through June. The County Treasurer collects property taxes on behalf of all taxing districts in the county, including the College. First-half tax collections are received by the College in the second half of the fiscal year. Second-half tax collections occur in the first half of the following fiscal year, and are reflected in property tax receivable. The County Treasurer periodically advances to the College its portion of the taxes collected. The amount available to be advanced can vary based on the date the tax bills are sent. Accrued property taxes receivable includes real property and public utility real property and personal property taxes and outstanding delinquencies which are measureable as of June 30, 2021 and for which there is an enforceable legal claim. The remaining portion of the receivable is offset by a credit to deferred inflow of resources – property taxes.

NOTE 9 – LONG-TERM LIABILITIES

Changes in the College's long-term liabilities during fiscal year 2022 were as follows:

	Balance at July 1, 2021	Additions	Reductions	Balance at June 30, 2022	Due Within One Year
Bonds:					
OAQDA 2014 Series A	$ 295,671	$ -	$ (129,460)	$ 166,211	$ 132,438
OAQDA 2014 Series B	820,236	-	-	820,236	-
Improvement Bonds					
Serial Bonds	4,407,500	-	(370,458)	4,037,042	246,667
Term Bonds	8,060,000	-	-	8,060,000	-
Unamortized Premium	1,071,535	-	(36,949)	1,034,586	-
Total Bonds	14,654,942	-	(536,867)	14,118,075	379,105
Direct Borrowings and Placements:					
Equipment Loan	44,518	-	(20,417)	24,101	24,101
Tax Anticipation Notes	2,115,000	-	(685,000)	1,430,000	705,000
ORACLE	3,510,221	-	(1,664,453)	1,845.768	1,760,768
Total Direct Borrowings	5,669,739	-	(2,369,870)	3,299,869	2,489,869
Net Pension and OPEB Liability:					
Pension	40,994,042	-	(12,665,060)	28,328,982	-
OPEB	3,455,217	60,491	-	3,515,708	-
Total Net Pension and OPEB Liability	44,449,259	60,491	(12,665,060)	31,844,690	-
Other Long-Term Liabilities:					
Compensated Absences	1,190,462	617,629	-	1,808,091	596,670
Total Other Long-Term Liabilities	1,190,462	617,629	-	1,808,091	596,670
Total Long-Term Liabilities	$ 65,964,402	$ 678,120	$ (15,571,797)	$ 51,070,725	$ 3,465,644

NOTE 9 – LONG-TERM LIABILITIES (continued)

On December 19, 2014, the College issued $1,011 of Series A Ohio Air Quality Development Authority ("OAQDA") Bonds for the purpose of assisting The College in financing of the costs of the acquisition, construction and installation of personal property comprising "air quality facilities" to be located on the campus of EGCC. Interest payments, at a fixed rate of 2.30 percent are payable on January 1 and July 1 of each year, until the principal amount is paid. The bonds were issued for a ten-year period with a final maturity date of January 1, 2024.

On December 19, 2014, the College issued $820 of Series B Ohio Air Quality Development Authority ("OAQDA") Bonds for the purpose of assisting The College in financing of the costs of the acquisition, construction and installation of personal property comprising "air quality facilities" to be located on the campus of EGCC. Interest payments, at a fixed rate of 5.02 percent are payable on January 1 and July 1 of each year, until the principal amount is paid. The bonds were issued for a fifteen-year period with a final maturity date of January 1, 2029.

On June 8, 2017, the College issued a $122,613 equipment loan for the purpose of purchasing an International Prostar truck and a Dane trailer to start the College's Workforce CDL program. Interest payments, at a fixed rate of 6.94 percent are payable on the 8th of each month, until the principal amount is paid. The loan was issued for a six- year period with a final maturity date of May 8, 2023. In the event of default, as defined by the loan agreement, the amounts payable by the College may become due. In addition, the lender may exercise any and all rights and remedies available to a secured party as allowed by statute to recover amounts owed as well as any expenses incurred in the exercise of any right or remedy.

ORACLE

In fiscal year 2019, the College entered into a direct financing agreement for the acquisition and installation of an ORACLE ERP system. The total amount of the financing agreement was $5,150,208 with no interest payable over five years. In the event of default, as defined by the loan agreements, that is not cured within thirty days of written notice the lender may require all outstanding payments and other sums due to become immediately due and payable, the lender may terminate all rights to use the system and related services as well as pursue any other rights or remedies available by law.

Tax Anticipation Notes

On February 23, 2018, the College issued $2,000,000 of Tax Anticipation Notes for the purpose of assisting the College in working capital financing. Interest payments, at a fixed rate of 2.55 percent are payable on June 1 and December 1 of each year, until the principal amount is paid. These notes were fully retired in 2022.

On June 28, 2019, the College issued $2,000,000 of Tax Anticipation Notes for the purpose of assisting the College in working capital financing. Interest payments, at a fixed rate of 2.69 percent are payable on June 1 and December 1 of each year, until the principal amount is paid. The notes were issued for a five-year period with a final maturity date of June 1, 2024.

NOTE 9 – LONG-TERM LIABILITIES (continued)

Improvement Bonds

On June 25, 2020 the College issued $12,585,000 in serial and term bonds for the purpose of assisting the College in financing the acquisition and renovation of three buildings in Youngstown, Ohio. Interest payments, at a variable rate ranging from 2 to 4 percent are payable on December 1 each year, until the principal amount is paid. The bonds were issued for a thirty-year period with a final maturity date of December 1, 2050. The bonds were issued with a premium of $1,108,485 and is being amortized over the life of the bonds. The bonds are considered general receipt obligations and are not considered general obligation bonds backed by the full faith and credit of the College. The owners have no rights to any excises or taxes levied by the College. In the event of default, as defined by the loan agreement, the Trustee may, and upon written request of the holders of not less than 25% in aggregate outstanding amount of the affected General Receipts Obligations shall, upon being properly indemnified, take appropriate actions, in equity or at law, to protect and enforce all the rights of the Trustee and the Bondholders under the agreement. In addition, provided the conditions mentioned previously are met, the Trustee may also declare all of the outstanding bonds and accrued interest due and payable.

Principal and interest requirements to retire the bonds and direct borrowings outstanding as of June 30, 2022 are as follows:

Fiscal Year	OAQDA Series A		OAQDA Series B		Equipment Loan		ORACLE	
Ending June 30,	Principal	Interest	Principal	Interest	Principal	Interest	Principal	Interest
2023	132,438	3,843	-	41,176	24,101	772	1,760,768	-
2024	33,773	782	101,712	41,176	-	-	85,000	-
2025	-	-	138,236	36,070	-	-	-	-
2026	-	-	140,918	29,130	-	-	-	-
2027	-	-	143,652	22,056	-	-	-	-
2028-2032	-	-	295,718	22,339	-	-	-	-
2033-2037	-	-	-	-	-	-	-	-
2038-2042	-	-	-	-	-	-	-	-
2043-2047	-	-	-	-	-	-	-	-
2048-2052	-	-	-	-	-	-	-	-
	$ 166,211	$ 4,625	$ 820,236	$ 191,947	$ 24,101	$ 772	$ 1,845,768	$ -

Fiscal Year	Tax Anticipation Notes		Improvement Bonds		Total	
Ending June 30,	Principal	Interest	Principal	Interest	Principal	Interest
2023	705,000	33,760	246,667	445,200	2,868,974	524,751
2024	725,000	14,660	250,000	437,850	1,195,485	494,468
2025	-	-	255,000	430,275	393,236	466,345
2026	-	-	265,000	421,150	405,918	450,280
2027	-	-	275,000	410,350	418,652	432,406
2028-2032	-	-	1,535,000	1,895,800	1,830,718	1,918,139
2033-2037	-	-	1,875,000	1,565,250	1,875,000	1,565,250
2038-2042	-	-	2,285,000	1,150,650	2,285,000	1,150,650
2043-2047	-	-	2,785,000	647,850	2,785,000	647,850
2048-2052	-	-	2,325,375	157,875	2,325,375	157,875
	$ 1,430,000	$ 48,420	$ 12,097,042	$ 7,562,250	$ 16,383,358	$ 7,808,014

EASTERN GATEWAY COMMUNITY COLLEGE
Notes to Financial Statements
For the Fiscal Year Ended June 30, 2022

NOTE 10 - LEASES

In June 2017, the Governmental Accounting Standards Board issued Statement No. 87, Leases, which improves accounting and financial reporting for leases by governments. This statement 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. Under this statement, a lessee is required to recognize a lease liability and an intangible right-to-use lease asset, and a lessor is required to recognize a lease receivable and a deferred inflow of resources. The implementation of this statement is effective June 30, 2022.

As Lessor – The College leases land as well as retail and office space in its facility to others. These leases have variable terms with payments required monthly. In addition to lease revenues, the College receives variable payments for maintenance and utility reimbursements associated with spaces that are not included in the measurement of the lease receivable.

The total amount of inflows of resources recognized for the period ending June 30, 2022 is as follows:

Inflows:	
Interest revenue leases	$ 15,780
Lease revenue	101,017
	$ 116,797
Lease balance summary:	
Leases receivable	$ 352,397
Accrued interest receivable	1,175
Deferred inflow leases	346,827

Below is a schedule of future payments that are included in the measurement of the leases receivable:

As of June 30, 2022	Principal	Interest	Total
2023	92,540	12,412	104,952
2024	64,198	9,040	73,238
2025	53,141	6,859	60,000
2026	55,306	4,694	60,000
2027	57,559	2,441	60,000
2028-2032	29,653	347	30,000
	352,397	35,793	388,190

NOTE 10 – LEASES (continued)

As Lessee – The College leases facilities and equipment from others. These leases have variable terms and require monthly or semi-annual payments.

Lease liabilities as of June 30, 2022 are as follows:

	Restated Beginning Balance	Additions	Reductions	Ending Balance	Current Portion	Noncurrent Portion
Equipment	$ 559,214	$ 218,972	$ (304,864)	$ 473,322	$ 177,082	$ 296,240
Buildings	2,073,116	-	(60,201)	2,012,915	55,486	1,957,429
	$ 2,632,330	$ 218,972	$ (365,065)	$ 2,486,237	$ 232,568	$ 2,253,669

Below is a schedule of future payments that are included in the measurement of the leases payable:

As of June 30, 2022	Principal	Interest	Total
2023	232,568	95,216	327,784
2024	242,043	85,741	327,784
2025	112,569	78,344	190,913
2026	95,158	74,205	169,363
2027	52,852	71,121	123,973
2028-2032	331,601	320,899	652,500
2033-2037	476,539	239,711	716,250
2038-2042	631,577	129,673	761,250
2043-2047	311,330	13,670	325,000
	2,486,237	1,108,580	3,594,817

NOTE 11 - DEFINED BENEFIT PENSION PLANS

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

Net Pension Liability/Net OPEB Liability (Asset)

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

The net pension/OPEB liability (asset) represents the College's proportionate share of each pension plan's collective actuarial present value of projected benefit payments attributable to past periods of service, net of each pension plan's fiduciary net position. The net pension/OPEB liability (asset) calculation is dependent on critical long-term variables, including estimated average life expectancies, earnings on investments, cost of living adjustments and

NOTE 11 - DEFINED BENEFIT PENSION PLANS (continued)

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 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)* on the accrual basis of accounting. Any liability for the contractually-required pension contribution outstanding at the end of the year is included in *accounts payable and accrued liabilities* on the accrual basis of accounting.

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

Plan Description - School Employees Retirement System (SERS)

Plan Description – College non-teaching employees participate in SERS, a statewide, cost-sharing multiple-employer defined benefit pension plan administered by SERS. SERS provides retirement, disability and survivor benefits 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.

NOTE 11 - DEFINED BENEFIT PENSION PLANS (continued)

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.

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 $1,203,768 for fiscal year 2022. Of this amount, $152,685 is reported as an accrued liability.

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.

NOTE 11 - DEFINED BENEFIT PENSION PLANS (continued)

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

The Combined plan offers features of both the DB Plan and the DC Plan. In the Combined plan, 12 percent of the 14 percent member rate 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 $3,208,178 for fiscal year 2022. Of this amount, $633,961 is reported as an accrued liability.

NOTE 11 - DEFINED BENEFIT PENSION PLANS (continued)

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

The net pension liability was measured as of June 30, 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	0.19927780%	0.16405737%	
Prior Measurement Date	0.17003780%	0.12294115%	
Change in Proportionate Share	0.02924000%	0.04111622%	
Proportionate Share of the Net Pension Liability	$ 7,352,773	$ 20,976,209	$ 28,328,982
Pension Expense	$ 1,031,142	$ 4,603,368	$ 5,634,510

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.

This space intentionally left blank

NOTE 11 - DEFINED BENEFIT PENSION PLANS (continued)

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	$ 709	$ 648,064	$ 648,773
Changes of Assumptions	154,828	5,819,177	5,974,005
Changes in Proportion and Differences between College Contributions and Proportionate Share of Contributions	1,303,535	13,640,452	14,943,987
College Contributions Subsequent to the Measurement Date	1,203,768	3,208,178	4,411,946
Total Deferred Outflows of Resources	$ 2,662,840	$ 23,315,871	$ 25,978,711
Deferred Inflows of Resources			
Differences between Expected and Actual Experience	$ 190,687	$ 131,478	$ 322,165
Net Difference between Projected and Actual Earnings on Pension Plan Investments	3,786,896	18,077,478	21,864,374
Total Deferred Inflows of Resources	$ 3,977,583	$ 18,208,956	$ 22,186,539

$4,411,946 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	$ (40,184)	$ 1,671,515	$ 1,631,331
2024	(415,593)	1,710,024	1,294,431
2025	(900,387)	311,315	(589,072)
2026	(1,162,347)	(1,794,117)	(2,956,464)
Total	$ (2,518,511)	$ 1,898,737	$ (619,774)

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

NOTE 11 - DEFINED BENEFIT PENSION PLANS (continued)

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.

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.

NOTE 11 - DEFINED BENEFIT PENSION PLANS (continued)

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	$ 12,233,208	$ 7,352,773	$ 3,236,888

NOTE 11 - 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 member contributions

NOTE 11 - DEFINED BENEFIT PENSION PLANS (continued)

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	$ 39,280,590	$ 20,976,209	$ 5,509,048

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 12 - DEFINED BENEFIT OPEB PLANS

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

Plan Description - School Employees Retirement System (SERS)

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

NOTE 12 - DEFINED BENEFIT OPEB PLANS (continued)

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, pro-rated 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 $38,162, which is reported as accounts payable and other accrued liabilities.

Plan Description - State Teachers Retirement System (STRS)

Plan Description – The State Teachers Retirement System of Ohio (STRS) administers a cost-sharing Health Plan administered for eligible retirees who participated in the defined benefit or combined pension plans offered by STRS. Ohio law authorizes STRS to offer this plan. Benefits include hospitalization, physicians’ fees, prescription drugs and partial reimbursement of monthly Medicare Part B premiums. Medicare Part B 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 12 - DEFINED BENEFIT OPEB PLANS (continued)

	SERS	STRS	Total
Proportion of the Net OPEB Liability (Asset):			
Current Measurement Date	0.18576300%	0.16405700%	
Prior Measurement Date	0.15898300%	0.12294100%	
Change in Proportionate Share	0.02678000%	0.04111600%	
Proportionate Share of the Net OPEB Liability (Asset)	$ 3,515,708	$ (3,459,007)	
OPEB Expense	$ 236,843	$ (120,070)	$ 116,773

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	$ 37,474	$ 123,168	$ 160,642
Changes of Assumptions	551,535	220,946	772,481
Changes in Proportion and Differences between College Contributions and Proportionate Share of Contributions	1,236,666	387,232	1,623,898
College Contributions Subsequent to the Measurement Date	38,162	-	38,162
Total Deferred Outflows of Resources	$ 1,863,837	$ 731,346	$ 2,595,183
Deferred Inflows of Resources			
Differences between Expected and Actual Experience	$ 1,750,987	$ 633,758	$ 2,384,745
Net Difference between Projected and Actual Earnings on OPEB Plan Investments	76,377	958,773	1,035,150
Changes of Assumptions	481,448	2,063,555	2,545,003
Changes in Proportion and Differences between College Contributions and Proportionate Share of Contributions	-	-	-
Total Deferred Inflows of Resources	$ 2,308,812	$ 3,656,086	$ 5,964,898

$38,162 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:

NOTE 12 - DEFINED BENEFIT OPEB PLANS (continued)

Actuarial Assumptions - SERS

	SERS	STRS	Total
Fiscal Year Ending June 30:			
2023	$ (85,816)	$ (823,270)	$ (909,086)
2024	(86,351)	(799,277)	(885,628)
2025	(141,275)	(809,877)	(951,152)
2026	(145,362)	(373,176)	(518,538)
2027	(32,565)	(125,736)	(158,301)
Thereafter	8,232	6,596	14,828
Total	$ (483,137)	$ (2,924,740)	$ (3,407,877)

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.

NOTE 12 - DEFINED BENEFIT OPEB PLANS (continued)

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.

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.

NOTE 12 - DEFINED BENEFIT OPEB PLANS (continued)

The target asset allocation and best estimates of arithmetic real rates of return for each major asset class, as used in the June 30, 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.

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	$ 4,356,399	$ 3,515,708	$ 2,844,120

	1% Decrease	Current Trend Rate	1% Increase
College's Proportionate Share of the Net OPEB Liability	$ 2,706,814	$ 3,515,708	$ 4,596,163

NOTE 12 - DEFINED BENEFIT OPEB 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	
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.

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 %	

NOTE 12 - DEFINED BENEFIT OPEB PLANS (continued)

*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 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)	$ (2,918,868)	$ (3,459,007)	$ (3,910,213)

	1% Decrease	Current Trend Rate	1% Increase
College's Proportionate Share of the Net OPEB Liability (Asset)	$ (3,891,931)	$ (3,459,007)	$ (2,923,658)

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 calendar year 2022. The Part B monthly reimbursement elimination date was postponed indefinitely.

NOTE 13 – RISK MANAGEMENT

Settled claims have not exceeded commercial coverage in any of the past three years. Also, the College has not significantly reduced coverages in the past year.

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

The College does not provide vision or dental insurance. However, each employee is granted an amount of $2,500, in a Health Savings Account, to use for reimbursement of expenses for non-covered medical payments, co-payments, etc. If a full-time employee waives medical coverage, the College will pay a cash reward of $5,000 per taxable year to waive medical coverage.

Rates – July 1, 2021 to June 30, 2022

	PPO
Single Coverage	$ 561.75
Employee/Spouse	1,167.41
Employee/Child	909.57
Family Coverage	1,616.88

This space intentionally left blank

NOTE 13 – RISK MANAGEMENT (continued)

The College is exposed to various risks of loss related to torts, theft of, damage to, destruction of assets, errors and omissions, injuries to employees and natural disasters. During the fiscal year 2022, the College contracted with insurance companies for coverage of buildings and contents.

The following is a list of insurance coverages for the College and the deductibles associated with each:

Coverage:	Amount	Deductible
Commercial Property		
Commercial Property and Building (blanket)	$58,217,291	$5,000
Earthquake	6,000,000	100,000
Business Income	1,000,000	-
Commercial General Liability		
General Liability (per occurrence)	1,000,000	-
Personal & Adv Injury	1,000,000	-
General Aggregate	3,000,000	-
Damage to Property Rented by College	1,000,000	-
Products-Comp/OP Agg	3,000,000	-
Workers Compensation and Employer's Liability		
E.L. Each Accident	1,000,000	-
E.L Disease – Each Employee	1,000,000	-
E.L. Disease – Policy Limit	1,000,000	-
Commercial Umbrella	1,000,000	-
Automobile Liability	1,000,000	-
Property Liability	2,500,000	25,000
Technology-Related		
Coverage Privacy	2,000,000	25,000
Security and Privacy Liability	2,000,000	25,000
Network Interruption	2,000,000	25,000
Media Content	2,000,000	25,000
Event Management	2,000,000	25,000
Cyber Extortion	2,000,000	25,000

NOTE 14 – COMMITMENTS AND CONTINGENCIES

Grants

The College received financial assistance from the Department of Labor and other federal agencies in the form of grants. The disbursements of funds received under these programs generally require compliance with terms and conditions specified in the grant agreements and are 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.

NOTE 14 – COMMITMENTS AND CONTINGENCIES (continued)

Litigations

Collaboration Agreement with Student Resource Center (SRC)

On June 30, 2017, the College entered into a collaboration agreement with Student Resource Center, LLC located in Cranston, Rhode Island. The purpose and goals of the collaboration are to design and implement online course offerings which will include but not be limited to the following:

- Assisting in the development and marketing of high quality online courses and programs to members of state and national unions along with necessary services in support of student success inclusive of addressing the developmental needs of some students;
- Accelerating the growth of the College's online offerings through strategies specific to attracting adult learners interested in online learning options;
- Identifying additional offerings not currently available through the College that address unmet needs within available markets;
- Providing professional development opportunities for full-time and adjunct faculty related to online teaching, learning and student success; and
- Providing support of all ancillary efforts around making online products available including assistance with faculty development, marketing, recruiting, enrollment and academic support, e.g. mentoring and online tutoring.

As part of this initiative, the Collaboration has partnered with RedShelf to supply the online courseware. The goal of the College is to establish a free college benefit for union members but eligibility for the benefit requires the student to apply for federal financial aid (Pell Grant) and to remit any available tuition reimbursements.

The College has established a separate restricted fund to account for all collaboration revenues and expenses under the control of the Chief Financial Officer. In addition to federal Pell grants and tuition reimbursement, revenues include applicable state subsidy. Expenses include SRC operating costs, College instructional costs and applicable College operating costs. SRC will be reimbursed monthly from operating revenues for its operating expenses only after the College has recovered its costs and content costs have been paid to BNED. At the end of the year, any net operating income will be divided equally between the College and SRC. For fiscal years 2022, the College's net income was $17,030,215.

On May 10, 2022, EGCC sent SRC a letter notifying them that SRC was in breach of the Agreement and that EGCC was seeking to terminate the Agreement. On June 30, 2022, SRC file a lawsuit in Federal Court, Southern District of Ohio against EGCC for Declaratory Judgment that SRC has not breached the Agreement and that EGCC breached the Collaboration Agreement for failure to pay amounts owed and failure to abide by the non-competition provisions of the agreement. On July 7, 2022, a PI Hearing was held. On July 11, 2022, the Court issue an Order granting the PI and thus preventing EGCC from terminating the Collaboration Agreement unilaterally.

Since the issuing of the injunction, EGCC has filed its own counterclaim against SRC for Breach of Contract and Unjust Enrichment, and SRC has amended the Complaint to include two new breach of contract claims related to 1) the current disputes over operating expenses and profit sharing; and 2) alleged contract breaches triggered by the Department of Education's actions. Additionally, thus far the Court ordered EGCC to pay SRC monies due under the Agreement in the amount of $2,357,153, which has been recorded as an accrued liability as of June 30, 2022.

NOTE 14 – COMMITMENTS AND CONTINGENCIES (continued)

Litigation is ongoing with SRC. The College intends to defend the case and/or seek an out of court resolution with SRC, if possible. There are pending motions before the Court intended to narrow issues and claims in the SRC litigation and address the parties' position on the status of the collaboration agreement. The parties are currently engaged in written discovery and intend to take depositions in the next sixty days and potentially engage in a mediation/settlement conference in August 2023.

United States Department of Education

The College is currently under-going a program review being performed by the United States Department of Education in relation to College's federal student financial aid program. This review is ongoing and could result in financial sanctions and/or limitation, suspension or termination of the federal student financial aid program. This review has not been finalized and therefore the potential impact to the College is not known at this time.

NOTE 15 – DISCRETELY PRESENTED COMPONENT UNIT

1. DESCRIPTION OF ORGANIZATION

Eastern Gateway Community College Foundation, Inc. (the "Foundation") is a legally separate, tax-exempt organization supporting Eastern Gateway Community College. The Foundation is exempt from income taxes under Section 501(c)(3) as a non-governmental, not-for-profit entity of the Internal Revenue Code. The Foundation was established to foster excellence in teaching and learning by encouraging philanthropic support for students, faculty, programs, and facilities for the College. Because the majority of the distribution of the resources held by the Foundation is received by the College, the Foundation is considered a component unit of the College and is discretely presented in the College's financial statements.

2. SUMMARY OF SIGNIFICANT ACCOUNT POLICIES

Basis of Accounting and Financial Statement Presentation

The financial statements of the Foundation have been prepared utilizing the accrual basis of accounting and accordingly reflect all significant receivables, payables, and other liabilities. Furthermore, the accounting policies adhered to by the Foundation are generally consistent with the *Audit and Accounting Guide for Not-For-Profit Organizations* issued by the American Institute of Certified Public Accountants.

In August 2016, the Financial Accounting Standards Board ("FASB") issued Accounting Standards Update ("ASU") 2016-14, *Presentation of Financial Statements of Not-for-Profit Entities (Topic 958)*. The ASU amends the previous reporting model for not-for-profit organizations and enhances their required disclosures. The major changes relevant to the Foundation include; (a) requiring the presentation of only two classes of net assets now entitled "net assets without donor restrictions" and "net assets with donor restrictions, (b) requiring that all not-for-profit organizations present an analysis of expenses by function and nature in either the statement of activities, a separate statement, or in the notes and disclose a summary of the allocation methods used to allocate costs, (c) requiring the disclosure of quantitative and qualitative information regarding liquidity and availability of resources, presenting investment return net of external and internal investment expenses, and (e) modifying other financial statement reporting requirements and disclosures intended to increase the usefulness of not-for-profit financial statements.

NOTE 15 – DISCRETELY PRESENTED COMPONENT UNIT (continued)

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Net Assets and Financial Statement Presentation
Net assets and revenues, expenses, gains and losses are classified based on the existence or absence of donor-imposed restrictions. Accordingly, net assets of the Foundation and changes therein are classified and reported as follows:

> Net Assets Without Donor Restriction – Net assets without donor restrictions are available for use at the discretion of the Board of Directors (the "Board") and/or management for general operating purposes. From time to time, the Board may designate a portion of these net assets for specific purposes which makes them unavailable for use at management's discretion.
>
> Net Assets With Donor Restrictions – Net assets with donor restrictions consist of assets whose use is limited by donor-imposed, time and/or purpose restrictions. The Foundation reports gifts of cash and other assets as revenue with donor restrictions if they are received with donor stipulations that limit the use of the donated assets. When a donor restriction expires, that is, when a stipulated time restriction ends or purpose restriction is accomplished, the net assets are reclassified as net assets without donor restriction and reported in the statements of activities as net assets released from restrictions.

With the exceptions of the necessary presentation adjustments to conform to the College's GASB reporting format, no modifications have been made to the Foundation's financial information in the College's report.

Use of Management Estimates
The preparation of financial statements on the accrual basis of accounting in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect certain amounts and disclosures. Accordingly, actual results may differ from those estimates.

Revenue and Support Recognition
The Foundation's revenue and support recognition policies are as follows:

Contributions
Contributions received are recorded as net assets with or without restrictions, depending on the existence or nature of any donor restrictions. Support that is restricted by the donor is reported as an increase in net assets without donor restrictions if the restriction expires in the reporting period in which the support is recognized. All other donor-restricted support is reported as an increase in net assets with donor restrictions depending on the nature of the restriction. When a restriction expires, net assets with donor restrictions are reclassified to net assets without donor restrictions.

Services Received from Personnel of an Affiliate
The Foundation records as in-kind revenue and expense, the amount of services provided by personnel of an affiliate for which the Foundation is not charged. This amount is determined by either the cost recognized by the affiliate for the personnel providing the service, or the fair value of that service.

NOTE 15 – DISCRETELY PRESENTED COMPONENT UNIT (continued)

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

The College provides an annual budget for personnel and general operating expenses of the Foundation, as well as the facilities occupied by the Foundation. The College also assists the Foundation in fund-raising, gift processing and accounting. The value of this operating budget, office space, and services provided constitutes in-kind revenue that the Foundation records in the statement of activities as in-kind revenue and expense. These operating costs provided by the College were $167,838 for the year ended June 30, 2022.

Cash and Cash Equivalents
For the purposes of the statements of cash flows, the Foundation considers all demand bank deposits as cash. The Foundation considers all highly liquid investments available for current use with an initial maturity of three months or less to be cash equivalents.

Pledges Receivable
Unconditional promises to give that are expected to be collected within one year are recorded at its net realizable value. Unconditional promises to give that are expected to be collected in future years are recorded at the present value of their estimated future cash flows using a risk-free interest rate determined at the time of the pledge. The Foundation had no pledges receivable as of June 30, 2022.

Investments in Marketable Securities
Investments in equity securities with readily determinable fair values and all investments in debt securities are reported at fair value within the statements of financial position. Donated investments are recorded at fair value at the time of donation. Net realized and unrealized gains and losses are reported within the statement of activities as increases or decreases in net assets without donor restrictions, unless their use is restricted by explicit donor stipulations.

Fair Value of Financial Instruments
The carrying values of the Foundation's financial instruments in the statements of financial position approximate their respective estimated fair value at June 30, 2022. The Foundation estimates fair values of its financial instruments using available quoted market information in accordance with FASB ASC 820, *Fair Value Measurements and Disclosures*. Accordingly, the estimates presented are not necessarily indicative of the amounts that the Foundation could realize in a current market exchange. Different market assumptions might have a material effect on the estimated fair value amounts.

Donor Restricted Endowment Funds
The provisions of FASB ASC 958-205-45 provides guidance on classifying the net assets associated with donor restricted endowment funds held by organizations subject to the Uniform Prudent Management of Institutional Funds Act ("UPMIFA"). Additional disclosures about endowments for both donor-restricted funds and board designated funds for all organizations, including those that are not yet subject to an enacted version of UPMIFA, are required to enable users to understand its endowment funds' net asset classification, net asset composition, changes in net asset composition, spending policies, and related investment policies.

Income Taxes
The Foundation is exempt from federal income tax under Section 501(c)(3) of the Internal Revenue Code. However, certain unrelated business activities may be subject to federal income taxes. The Foundation had no unrelated business activities and therefore, no provision for such taxes was necessary for the years ended June 30, 2022.

NOTE 15 – DISCRETELY PRESENTED COMPONENT UNIT (continued)

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Generally accepted accounting principles require the Foundation to evaluate the level of uncertainty related to whether tax positions taken will be sustained upon examination. Any positions taken that do not meet the more-likely-than-not threshold must be quantified and recorded as a liability for unrecognized tax benefits in the accompanying statement of financial position along with any associated interest and penalties that would be payable to the taxing authorities upon examination. Management believes that none of the tax positions taken would materially impact the financial statements and no such liabilities have been recorded.

3. RISKS AND UNCERTAINTIES

Uninsured Risk – Cash Deposits

The Foundation maintains its cash and cash equivalents balances at Huntington Bank in Steubenville, Ohio. Deposits in interest-bearing and non-interest-bearing accounts are insured by the Federal Deposit Insurance Corporation ("FDIC") up to a coverage limit of $250,000. Uninsured cash funds held by the institution are subject to a collateral agreement covering all public funds held by the institution. As of June 30, the Foundation had a balance of $106,380 at this institution. The difference between bank balance and carry balance represents normal reconciling items.

Concentration of Credit Risk

Financial instruments, which potentially subject the Foundation to concentration of credit risk, consist principally of investments. Exposure to losses on pledges receivable is dependent on each donor's financial condition. The Foundation monitors the exposure for credit losses including each donor's compliance with terms of the pledge and determines allowances, if any, for anticipated losses.

Market Risk – Marketable Securities

The financial statements include investments in debt and equity securities. The underlying investment securities are exposed to various risks, such as interest rate, market and credit risks. Due to the inherent level of risk associated with certain investment securities and the level of uncertainty related to changes in the value of investment securities, it is at least reasonably possible that changes in the values of investment securities will occur in the near term and those changes could materially affect the amounts reported in the financial statements.

4. INVESTMENTS

Investments consisted of the following:

Equity Mutual Fund	$	652,231
Fixed Income and Corporate Bonds		307,513
Real Estate Investment Trust		26,748
Total	$	986,492

NOTE 15 – DISCRETELY PRESENTED COMPONENT UNIT (continued)

4. INVESTMENTS (continued)

As defined in FASB ASC 820, fair value is the price that would be received for an asset or paid to transfer a liability (an exit price) in the Foundation's principal or most advantageous market for the asset or liability in an orderly transaction between market participants on the measurement date. FASB ASC 820 establishes a fair value hierarchy which requires an entity to maximize the use of observable inputs and minimize the use of unobservable inputs when measuring fair value. The standard describes three levels of inputs that may be used to measure fair value:

Level 1 Inputs - Quoted prices (unadjusted) for identical assets or liabilities in active markets that the entity has the ability to access as ofthe measurement date.

Level 2 Inputs - Significant other observable inputs other than Level 1 quoted prices such as quoted prices for similar assets or liabilities; quoted prices in markets that are not active; or other inputs that are observable or can be corroborated by observable market data.

Level 3 Inputs - Significant unobservable inputs that reflect a reporting entity's own assumptions about the assumptions that market participants would rise in pricing an asset

The following is a summary of the inputs used as of June 30, 2022, in valuing the Foundation's investments carried at fair value:

	Level 1	Level 2	Level 3	Total
Equity mutual funds	$ 652,231	$ -	$ -	$ 652,231
Fixed Income and Corporate Bonds	307,513	-	-	307,513
Real Estate Investment Trust	26,748	-	-	26,748
	$ 986,492	$ -	$ -	$ 986,492

The Foundation's investments are valued using quoted prices in active markets for identical assets.

5. ENDOWMENT FUNDS

Net Position Classification of Endowment Funds

As required by accounting principles generally accepted in the United States of America, net position associated with endowment funds, including board-designated funds, are classified and reported based on the existence or absence of donor-imposed restrictions.

Distributions from the endowment funds are spent in compliance with the donor's restrictions applicable to the funds being distributed. The Foundation classifies as permanently restricted net position (a) the original value of the gifts donated to the permanent endowment, (b) the original value of subsequent gifts to the permanent endowment, and (c) accumulations to the permanent endowment made in accordance with the direction of the applicable donor gift instrument at the time the accumulation is added to the fund.

NOTE 15 – DISCRETELY PRESENTED COMPONENT UNIT (continued)

5. ENDOWMENT FUNDS (continued)

These amounts remain in donor restricted net assets until those amounts are appropriated for expenditure by the Foundation in a manner consistent with the standards of prudence by the Uniform Prudent Management of Institutional Funds Act (UPMIFA). In accordance with UPMIFA, the Foundation considers the following factors in making a determination to appropriate or accumulate donor-restricted endowment funds:

(1) The duration and preservation of the fund;
(2) The purpose of the Foundation and the donor-restricted endowment fund
(3) General economic conditions
(4) The expected total return from income and the appreciation of investments
(5) The investment policies of the Foundation

From time to time, the fair value of assets associated with individual donor restricted endowment funds may fall below the level that the donor or UPMIFA requires the Organization to retain as a fund of perpetual duration. When donor endowment deficits exist, they are classified as a reduction of unrestricted net position. There were no deficits of this nature during fiscal year 2022.

The Foundation's endowment fund activity was as follows for the year ended June 30, 2022:

	Permanently Restricted
Endowment net position, end of 2021	$ 365,662
Investment return:	
Interest and dividends	-
Net realized and unrealized gain	-
Total investment returns	-
Cash contributions	-
Appropriation of endowment assets for expenditure	-
Reclassifications and transfer out	-
Endowment net position, end of 2022	$ 365,662

NOTE 15 – DISCRETELY PRESENTED COMPONENT UNIT (continued)

5. ENDOWMENT FUND (continued)

Return Objectives and Risk Parameters

The Foundation has adopted investment policies for the Endowment Fund with the understanding that those assets will be prudently invested to provide a continuing source of funding for the College and its programs. Assets include those assets of donor-restricted funds that the Foundation must hold in perpetuity or for a donor-specified period. Under this policy, as approved by the Board of Trustees, the Investment Committee of the Board should direct the Fund's investment managers to achieve the maximum possible long-term total return on the Endowment Fund while maintaining prudent investment management principles and the basic tenants of preservation of capital. The Foundation conducts a quarterly monitoring of the portfolio.

Investment performance is measured against a custom benchmark consisting of the current inflation rate plus 3%.

Strategies Employed for Achieving Objectives

To satisfy its long-term rate-of-return objectives, the Foundation relies on a total return strategy in which investment returns are achieved through both capital appreciation (realized and unrealized) and current yield (interest and dividends). The Foundation targets a diversified asset allocation that places a greater emphasis on equity-based investments to achieve its long-term return objectives within prudent risk constraints.

Spending Policy

Currently, the Board of Trustees of the Foundation is in the process of adopting a spending policy for endowment funds.

6. NET ASSETS WITH DONOR RESTRICTIONS

Net assets with donor restrictions as of June 30 were designated for scholarships.

This space intentionally left blank

NOTE 15 – DISCRETELY PRESENTED COMPONENT UNIT (continued)

7. LIQUIDITY AND FUNDS AVAILABLE

The following reflects the Foundation's financial assets as of the statement of financial position date, reduced by amounts not available for general use within one year of June 30, 2022 because of contractual or donor-imposed restrictions or internal designations. The Foundation's financial assets available within one year of the statements of financial position date for general expenditure are as follows:

Financial assets:	2022
Cash and cash equivalents	$121,622
Investments	986,492
Financial assets, at year-end	1,108,114
Less those unavailable for general expenditure within one year, due to:	
Contractual or donor-imposed restrictions:	
Donor-restricted contributions (excludes time restrictions)	957,594
Financial assets available to meet cash needs for general expenditures within one year	$150,520

Liquidity Policy

As part of the Foundation's liquidity management, it maintains a sufficient level of operating cash and short-term investments to be available as its general expenditures, liabilities, and other obligations come due.

NOTE 16 – SUBSEQUENT EVENTS

On August 23, 2022, the United States District Court Southern District of Ohio Eastern Division, ordered the College to pay the Student Resource Center $2,357,153 related to profit sharing from fiscal year 2022 and previous years. This amount has been recorded as an accrued liability on the financial statements.

On July 18, 2022, the United States Department of Education (ED) issued a Cease-and-Desist letter stating that the College’s Free College Benefit (FCB) Program causes disparate treatment among students based on Pell-eligibility – charging Pell-eligible students tuition and fee charges higher than what is charged student not receiving Title IV aid. The directive instructed that EGCC must not disburse funds to any new students enrolling in the FCB program until it is redesigned to charge full tuition and fees to all non-Pell eligible students. On August 8, 2022, ED placed the College on Heightened Cash Monitoring (HCM) 2 which changed the way the College disburses Title IV funds to its students from an advanced method to a reimbursement one.

On September 2, 2022, The College filed a complaint in the Southern District of Ohio Federal Court seeking injunctive relief on ED’s Cease-and-Desist Order and a motion for preliminary injunction on September 6, 2022. The motion for preliminary injunction was fully briefed and a hearing held on October 21, 2022. The Federal District Court granted the College’s Preliminary Injunction Order the same day which stated as follows:

- Defendants (ED) are enjoined (prohibited) from enforcing the July 18, 2022 Cease-and-Desist Letter’s prohibition against EGCC enrolling new students in the Free College Benefit Program.
- Defendants (ED) are enjoined (prohibited) from enforcing the July 18, 2022 Cease-and-Desist Letter’s prohibition against EGCC waiving tuition and fees for non-Pell students.

NOTE 16 – SUBSEQUENT EVENTS (continued)

- Defendants (ED) are enjoined (prohibited) from taking any action limiting EGCC's access to federal student financial aid without affording EGCC notice and an opportunity to be heard as prescribed in the Higher Education Act, 20 U.S.C. § 1094 and applicable regulations, 34 C.F.R. § 668.81–99.
- Nothing in this Order shall prevent Defendants (ED) from issuing a Final Program Review Report of EGCC.
- This Order shall remain in effect until further order of the Court

On April 20, 2023, the US Department of Education issued the College a draft program review report. The College was given 90 days to respond but will be requesting an additional extension. The confidential report is now under federal court seal as part of the ongoing litigation between the College and the SRC. Any monetary findings resulting from the final report are appealable. It cannot be determined at this time what liability, if any, will be assessed against the College.

The College is still permitted to administer financial aid and enroll students in future semesters until the issues are fully resolved.

EASTERN GATEWAY COMMUNITY COLLEGE

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	0.19927780%	0.17003780%	0.15550970%	0.13863130%
College's Proportionate Share of the Net Pension Liability	$ 7,352,773	$ 11,246,658	$ 9,304,418	$ 7,939,671
College's Covered Payroll	$ 6,878,557	$ 5,961,150	$ 5,400,911	$ 4,518,570
College's Proportionate Share of the Net Pension Liability as a Percentage of its Covered Payroll	106.89%	188.67%	172.27%	175.71%
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	0.16405737%	0.12294115%	0.09288574%	0.06177467%
College's Proportionate Share of the Net Pension Liability	$ 20,976,209	$ 29,747,384	$ 20,541,123	$ 13,582,863
College's Covered Payroll	$ 20,243,607	$ 14,837,079	$ 10,905,143	$ 7,025,264
College's Proportionate Share of the Net Pension Liability as a Percentage of its Covered Payroll	103.62%	200.49%	188.36%	193.34%
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	87.80%	75.50%	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.

2018		2017		2016		2015		2014	
	0.11379980%		0.09685110%		0.08650800%		0.09305400%		0.09305400%
$	6,799,287	$	7,088,607	$	4,936,248	$	4,709,410	$	5,533,622
$	2,685,600	$	3,040,136	$	2,743,096	$	2,907,684	$	2,850,600
	253.18%		233.17%		179.95%		161.96%		194.12%
	69.50%		62.98%		69.16%		71.70%		65.52%
	0.05019882%		0.04687207%		0.05784400%		0.05759500%		0.05759500%
$	11,924,837	$	15,689,495	$	15,986,307	$	14,009,163	$	16,687,623
$	5,520,986	$	4,931,843	$	6,064,386	$	5,781,554	$	5,954,508
	215.99%		318.13%		263.61%		242.31%		280.25%
	75.30%		66.80%		72.10%		74.70%		69.30%

See accompanying notes to the required supplementary information.

EASTERN GATEWAY COMMUNITY COLLEGE

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	$ 1,203,768	$ 962,998	$ 834,561	$ 729,123	$ 610,007
Contributions in Relation to the Contractually Required Contribution	(1,203,768)	(962,998)	(834,561)	(729,123)	(610,007)
Contribution Deficiency (Excess)	$ 0	$ 0	$ 0	$ 0	$ 0
College's Covered Payroll	$ 8,598,343	$ 6,878,557	$ 5,961,150	$ 5,400,911	$ 4,518,570
Pension Contributions as a Percentage of Covered Payroll	14.00%	14.00%	14.00%	13.50%	13.50%
State Teachers Retirement System (STRS)					
Contractually Required Contribution	$ 3,208,178	$ 2,834,105	$ 2,077,191	$ 1,526,720	$ 983,537
Contributions in Relation to the Contractually Required Contribution	(3,208,178)	(2,834,105)	(2,077,191)	(1,526,720)	(983,537)
Contribution Deficiency (Excess)	$ 0	$ 0	$ 0	$ 0	$ 0
College's Covered Payroll	$ 22,915,557	$ 20,243,607	$ 14,837,079	$ 10,905,143	$ 7,025,264
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.

2017	2016	2015	2014	2013
$ 375,984	$ 425,619	$ 361,540	$ 403,005	$ 394,523
(375,984)	(425,619)	(361,540)	(403,005)	(394,523)
$ 0	$ 0	$ 0	$ 0	$ 0
$ 2,685,600	$ 3,040,136	$ 2,743,096	$ 2,907,684	$ 2,850,600
14.00%	14.00%	13.18%	13.86%	13.84%
$ 772,938	$ 690,458	$ 849,014	$ 751,602	$ 774,086
(772,938)	(690,458)	(849,014)	(751,602)	(774,086)
$ 0	$ 0	$ 0	$ 0	$ 0
$ 5,520,986	$ 4,931,843	$ 6,064,386	$ 5,781,554	$ 5,954,508
14.00%	14.00%	14.00%	13.00%	13.00%

See accompanying notes to the required supplementary information.

EASTERN GATEWAY COMMUNITY COLLEGE
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	0.18576300%	0.15898300%	0.14282000%	0.13142310%	0.10850390%	0.09608201%
College's Proportionate Share of the Net OPEB Liability	$ 3,515,708	$ 3,455,217	$ 3,628,384	$ 3,646,032	$ 2,911,960	$ 2,738,693
College's Covered Payroll	$ 6,878,557	$ 5,961,150	$ 5,400,911	$ 4,518,570	$ 2,685,600	$ 3,040,136
College's Proportionate Share of the Net OPEB Liability as a Percentage of its Covered Payroll	51.11%	57.96%	67.18%	80.69%	108.43%	90.08%
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)	0.16405700%	0.12294100%	0.09288600%	0.06177467%	0.05019882%	0.04687207%
College's Proportionate Share of the Net OPEB Liability/(Asset)	$ (3,459,007)	$ (2,160,686)	$ (1,538,415)	$ (992,656)	$ 1,958,573	$ 2,506,730
College's Covered Payroll	$ 20,243,607	$ 14,837,079	$ 10,905,143	$ 7,025,264	$ 5,520,986	$ 4,931,843
College's Proportionate Share of the Net OPEB Liability/(Asset) as a Percentage of its Covered Payroll	-17.09%	-14.56%	-14.11%	-14.13%	35.48%	50.83%
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.

EASTERN GATEWAY COMMUNITY COLLEGE

Required Supplementary Information

Schedule of the College's Contributions - OPEB

Last Ten Fiscal Years

	2022	2021	2020	2019
School Employees Retirement System (SERS)				
Contractually Required Contribution (1)	$ 38,162	$ 28,289	$ 19,528	$ 44,373
Contributions in Relation to the Contractually Required Contribution	(38,162)	(28,289)	(19,528)	(44,373)
Contribution Deficiency (Excess)	$ 0	$ 0	$ 0	$ 0
College's Covered Payroll	$ 8,598,343	$ 6,878,557	$ 5,961,150	$ 5,400,911
OPEB Contributions as a Percentage of Covered Payroll (1)	0.44%	0.41%	0.33%	0.82%
State Teachers Retirement System (STRS)				
Contractually Required Contribution	$ 0	$ 0	$ 0	$ 0
Contributions in Relation to the Contractually Required Contribution	0	0	0	0
Contribution Deficiency (Excess)	$ 0	$ 0	$ 0	$ 0
College's Covered Payroll	$ 22,915,557	$ 20,243,607	$ 14,837,079	$ 10,905,143
OPEB Contributions as a Percentage of Covered Payroll	0.00%	0.00%	0.00%	0.00%

(1) Includes surcharge

See accompanying notes to the required supplementary information.

2018	2017	2016	2015	2014	2013
$ 52,653	$ 26,867	$ 39,754	$ 16,847	$ 36,571	$ 46,348
(52,653)	(26,867)	(39,754)	(16,847)	(36,571)	(46,348)
$ 0	$ 0	$ 0	$ 0	$ 0	$ 0
$ 4,518,570	$ 2,685,600	$ 3,040,136	$ 2,743,096	$ 2,907,684	$ 2,850,600
1.17%	1.00%	1.31%	0.61%	1.26%	1.63%
$ 0	$ 0	$ 0	$ 0	$ 57,816	$ 59,545
0	0	0	0	(57,816)	(59,545)
$ 0	$ 0	$ 0	$ 0	$ 0	$ 0
$ 7,025,264	$ 5,520,986	$ 4,931,843	$ 6,064,386	$ 5,781,554	$ 5,954,508
0.00%	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
- Payroll growth assumption was reduced from 3.50 percent to 1.75 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 2022, the long term expected rate of return was reduced from 7.45 percent to 7.00 percent.

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.

Rea & associates a brighter way

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
Eastern Gateway Community College
Jefferson County, Ohio
110 John Scott Highway
Steubenville, OH 43952

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 (*Government Auditing Standards*), the financial statements of the business-type activities and the discretely presented component unit of Eastern Gateway Community College, Jefferson 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 June 12, 2023.

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. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses or significant deficiencies may exist that were not identified.

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*.

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
June 12, 2023

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
Eastern Gateway Community College
Jefferson County, Ohio
110 John Scott Highway
Steubenville, Ohio 43952

Report on Compliance for Each Major Federal Program

Qualified and Unmodified Opinions

We have audited Eastern Gateway Community College's, Jefferson County, Ohio (the "College") compliance with the types of compliance requirements described in the *OMB Compliance Supplement* that could have a direct and material effect on each of the College's major federal programs for the year ended June 30, 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*.

Qualified Opinion on the Student Financial Assistance Cluster

In our opinion, except for the noncompliance described in the Basis for Qualified and Unmodified Opinions section of our report, the College complied, in all material respects, with the compliance requirements referred to above that could have a direct and material effect on the Student Financial Assistance Cluster for the year ended June 30, 2022.

Unmodified Opinion on Each of the Other Major Federal Programs

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 other major federal programs identified in the summary of auditor's results section of the accompanying *Schedule of Findings and Questioned Costs* for the year ended June 30, 2022.

Basis for Qualified and Unmodified Opinions

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 qualified and unmodified opinions 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.

Matters Giving Rise to Qualified Opinion on the Student Financial Assistance Cluster

As described in the accompanying Schedule of Findings and Questioned Costs, the College did not comply with requirements regarding the Student Financial Assistance Cluster as described in finding number 2022-001 for enrollment reporting and finding number 2022-002 for return of Title IV.

Compliance with such requirements is necessary, in our opinion, for the College to comply with the requirements applicable to that program.

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.

Other Matters

Government Auditing Standards requires the auditor to perform limited procedures on the College's response to the noncompliance findings identified in our compliance audit described in the accompanying schedule of findings and questioned costs. The College's responses were not subjected to the other auditing procedures applied in the audit of compliance and, accordingly, we express no opinion on the responses.

Report on Internal Control over Compliance

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 and therefore, material weaknesses or significant deficiencies may exist that were not identified. However, as discussed below, we did identify certain deficiencies in internal control over compliance that we consider to be material weaknesses.

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. We consider the deficiencies in internal control over compliance described in the accompanying Schedule of Findings and Questioned Costs as items 2022-001 and 2022-002 to be material weaknesses.

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.

Government Auditing Standards requires the auditor to perform limited procedures on the College's responses to the internal control over compliance findings identified in our compliance audit described in the accompanying Schedule of Findings and Questioned Costs. The College's responses were not subjected to the other auditing procedures applied in the audit of compliance and, accordingly, we express no opinion on the responses.

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

Rea & Associates, Inc.
New Philadelphia, Ohio
June 12, 2023

EASTERN GATEWAY COMMUNITY COLLEGE
JEFFERSON COUNTY, OHIO

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

	Federal ALN	Pass-Through/ Entity Identifying Number	Federal Disbursements	Passed Through to Subrecipients
U.S. Department of Education				
Direct Awards				
Student Financial Assistance Cluster				
Federal Pell Grant	84.063		$ 59,278,034	$ 0
Federal Work Study	84.033		50,938	0
Federal Direct Student Loans	84.268		1,571,281	0
Supplemental Educational Opportunity Grant	84.007		1,748,583	0
Total Student Financial Assistance Cluster			62,648,836	0
TRIO Cluster				
TRIO Student Support Services	84.042		226,307	0
TRIO Upward Bound	84.047		318,390	0
TRIO Educational Opportunity Centers	84.066		227,290	0
Total TRIO Cluster			771,987	0
COVID-19: Education Stabilization Fund - Higher Education Emergency Relief Funds	84.425F		2,624,682	0
Passed Through Ohio Department of Education				
Adult Education - Basic Grants to States - Aspire Instructional	84.002A	2022	493,974	0
Adult Education - Basic Grants to States - IELCE/IET	84.002A	2022	27,700	0
Total Adult Education - Basic Grants to States			521,674	0
Career and Technical Education - Basic Grants to States	84.048A	2022	163,583	0
Total U.S. Department of Education			66,730,762	0
Appalachian Regional Commission				
Direct Awards				
Appalachian Regional Commission	23.001		120,000	0
Total Appalachian Regional Commission			120,000	0
Total Federal Awards			$ 66,850,762	$ 0

See accompanying notes to the schedule of expenditures of federal awards

EASTERN GATEWAY COMMUNITY COLLEGE
JEFFERSON 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 Eastern Gateway Community 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	$1,016,828
Federal Unsubsidized Loans	547,404
Federal Plus Loans	7,049
Total Federal Direct Student Loans	$1,571,281

Eastern Gateway Community College
Jefferson County, Ohio
Schedule of Findings and Questioned Costs
2 CFR Section 200.515
June 30, 2022

1. SUMMARY OF AUDITOR'S RESULTS

(d)(1)(i)	Type of Financial Statement Opinion	Unmodified
(d)(1)(ii)	Were there any material control weakness conditions reported at the financial statement level (GAGAS)?	No
(d)(1)(ii)	Were there any other significant deficiencies in internal control reported at the financial statement level (GAGAS)?	None Reported
(d)(1)(iii)	Was there any reported material non-compliance at the financial statement level (GAGAS)?	No
(d)(1)(iv)	Were there any material internal control weakness conditions reported for major federal programs?	Yes
(d)(1)(iv)	Were there any other significant deficiencies in internal control reported for major federal programs?	No
(d)(1)(v)	Type of Major Programs' Compliance Opinion	Unmodified – COVID:19 - Education Stabilization Fund Qualified – Student Financial Assistance Cluster
(d)(1)(vi)	Are there any reportable findings under 2 CFR § 200.516(a)?	Yes
(d)(1)(vii)	Major Programs (list): Student Financial Assistance Cluster: Federal Pell Grant Federal Work Study Federal Direct Student Loans Supplemental Educational Opportunity Grant COVID-19: Education Stabilization Fund - Higher Education Emergency Relief Fund: Institutional Portion	AL #s: 84.063 84.033 84.268 84.007 84.425F
(d)(1)(viii)	Dollar Threshold: Type A/B Programs	Type A: >$2,005,523 Type B: All others
(d)(1)(ix)	Low Risk Auditee under 2 CFR §200.520?	No

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

None

3. FINDINGS AND QUESTIONED COSTS FOR FEDERAL AWARDS

Finding Number: 2022-001

Federal Program: Student Financial Assistance Cluster
Federal Award Identification Number and Year: N/A
Assistance Listing Number (ALN): 84.063, 84.268
Federal Awarding Agency: U.S. Department of Education
Pass-through Entity: None
Repeat Finding: Yes
Prior Audit Finding Number: 2021-002

Material Weakness and Material Noncompliance – Enrollment Reporting

Criteria: Federal Pell Grant Program: An institution shall submit, in accordance with deadline dates established by the secretary, through publication in the Federal Register, other reports and information the secretary requires and shall comply with the procedures the secretary finds necessary to ensure that the reports are correct (34 CFR Section 690.83(b)(2)).

Federal Direct Student Loans—Changes in student status are required to be reported to the National Student Loan Data System (NSLDS) within 30 days of the change or included in a Student Status Confirmation Report (SSCR) sent to the NSLDS within 60 days of the status change (34 CFR Section 685.309(b)).

Condition: The College did not accurately and timely report certain campus level and program level data as required for the Pell Grant Program and Federal Direct Student Loans programs.

Questioned Costs: None.

Identification of How Questioned Costs Were Computed: N/A

Context: Of the 60 students tested for campus level and program level reporting, we noted the following:

- Enrollment updates were not posted to NSLDS in a timely manner for all 60 students tested.
- The enrollment statuses for 57 students were not properly updated in NSLDS and did not agree to institutional records.
- The enrollment status effective date for 59 students per NSLDS did not agree with institutional records.
- The student's program start date for 30 students in NSLDS did not agree with institutional records.
- 2 students which had an incorrect CIP codes assigned in NSLDS.

The College provided NSLDS with monthly student roster batch updates; however, we noted there were unresolved errors in these batch updates for all months in fiscal year 2022.

3. FINDINGS AND QUESTIONED COSTS FOR FEDERAL AWARDS (Continued)

Finding Number: 2022-001 (continued)

Cause and Effect: The College did not have a process in place to ensure all student status changes and required student information was accurately and timely reported to NSLDS. The College did not have internal controls in place to ensure all roster reporting errors in NSLDS were appropriately resolved. The unresolved errors resulted in student information not being posted to NSLDS.

Recommendation: The College should implement controls and processes to ensure that all required campus level and program level information is reported accurately and timely to NSLDS.

Views of Responsible Officials and Corrective Action Plan: See Corrective Action Plan.

Finding Number: 2022-002

Federal Program: Student Financial Assistance Cluster
Federal Award Identification Number and Year: N/A
Assistance Listing Number (ALN): 84.063, 84.268, 84.007
Federal Awarding Agency: U.S. Department of Education
Pass-through Entity: None
Repeat Finding: Yes
Prior Audit Finding Number: 2021-001

Material Weakness and Material Noncompliance – Return of Title IV

Criteria: Federal regulation 34 CFR 668.22 establishes the treatment of Title IV funds when a student withdraws. The regulations establish the required timeframe for identification of students that are no longer attending and the subsequent return of any unearned aid by the College. Returns of Title IV funds are required to be deposited or transferred into the SFA account or electronic fund transfers initiated to the Department of Education as soon as possible, but no later than 45 days after the date the institution determines the student withdrew. Furthermore, federal regulation 34 CFR 668.22(j)(2) establishes that an institution that is not required to take attendance, must determine the withdrawal date for a student that withdraws without providing notification to the institution, no later than 30 days after the earlier of the – i.) payment period or period of enrollment, ii.) academic year in which the student withdrew; or iii.) educational program from which the student withdrew.

Condition: In testing, we identified a total of 32 returns that were not made to the U.S. Department of Education within the timelines required by 34 CFR 668.22. It was noted that the date of determination of withdrawal for 21 of these students were not made within 30 days of the end of the period of enrollment, as required by 34 CFR 668.22(j)(2). In addition, testing identified 11 more students in which the date of determination of withdrawal was timely, however returns were not made to the U.S. Department of Education within 45 days of the date of determination as required by 34 CFR 668.22.

Questioned Costs: None.

Identification of How Questioned Costs Were Computed: N/A

3. FINDINGS AND QUESTIONED COSTS FOR FEDERAL AWARDS (Continued)

Finding Number: 2022-002 (continued)

Context: Of the 60 student withdrawals tested for proper return of Title IV funds, we identified 32 returns that were not made to the U.S. Department of Education within the timelines required by 34 CFR 668.22.

Cause and Effect: The exceptions identified in our testing were primarily due to delays in identifying students that unofficially withdrew. The College's internal control procedures failed to ensure these students were identified and funds returned within the required timelines.

Recommendation: We recommend that the College implement internal controls to ensure all returns of Title IV funds are made to the Department of Education within the required time frame.

Views of Responsible Officials and Corrective Action Plan: See Corrective Action Plan.

EASTERN GATEWAY
COMMUNITY COLLEGE

Steubenville Youngstown Online

Steubenville
110 John Scott Highway
Steubenville, Ohio 43952

Youngstown
101 East Federal Street
Youngstown, OH 44503

Phone: 740.264.5591
Toll Free: 800.68.COLLEGE
www.EGCC.edu

Eastern Gateway Community College
Jefferson County, Ohio

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

Finding Number:	2022-001
Planned Corrective Action:	This finding was expected, as it is a continuation of the same finding as the prior year in 2021. The 2022 year was already well underway before the issue was initially identified following the 2021 year. EGCC has determined the root cause of the issue. For unknown reasons, and without directive to do so, EGCC's previous Registrar (who is no longer employed by EGCC) stopped producing enrollment updates for NSLDS. Our current Registrar is working with The National Clearinghouse to update historical records for students who previously attended or are currently attending EGCC. As of June 2023, records up to and including the Fall 2021 semester have been updated, and updates for the Spring 2022 semester are in progress. EGCC expects to be current with enrollment updating by August 2023.
Anticipated Completion Date:	08/31/2023
Responsible Contact Person:	Ken Rupert – Registrar

Finding Number:	2022-002
Planned Corrective Action:	This finding was expected, as it is a continuation of the same finding as the prior year in 2021. The 2022 year was already well underway before the issue was initially identified following the 2021 year. In June of 2022, in conjunction with it's Program Review, the U.S. Department of Education identified inadequacies in EGCC's Return to Title IV Policy which were contributing factors in this finding. As a result of this identification, EGCC updated its Title IV financial aid recalculation and return policies and procedures. The updates serve to ensure that unofficial withdrawals are identified in a timely fashion, and that title IV funds are returned accurately and within proper timeframes. In July of 2022, EGCC completed and approved these policy updates, as well as published a related addendum to its academic catalog.
Anticipated Completion Date:	07/21/2022
Responsible Contact Person:	Kurt Pawlak – AVP Financial Aid

EASTERN GATEWAY
COMMUNITY COLLEGE

Steubenville Youngstown Online

Steubenville
110 John Scott Highway
Steubenville, Ohio 43952

Youngstown
101 East Federal Street
Youngstown, OH 44503

Phone: 740.264.5591
Toll Free: 800.68.COLLEGE
www.EGCC.edu

Eastern Gateway Community College
Jefferson County, Ohio
Schedule of Prior Audit Findings
2 CFR Section 200.511(b)
June 30, 2022

Finding Number	Finding Summary	Status	Additional Information
2021-001	Student Financial Assistance Cluster: Significant Deficiency/ Noncompliance – Return of Title IV (initially reported in 2021)	Not Corrected	Corrective actions not implemented until fiscal year 2023 due to timing of audit.
2021-002	Student Financial Assistance Cluster: Material Weakness/ Material Noncompliance – Enrollment Reporting (initially reported in 2021)	Not Corrected	Corrective actions not implemented until fiscal year 2023 due to timing of audit.