OHIO AUDITOR OF STATE
KEITH FABER

EASTERN GATEWAY COMMUNITY COLLEGE
JEFFERSON COUNTY
JUNE 30, 2023

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OHIO AUDITOR OF STATE
KEITH FABER

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INDEPENDENT AUDITOR'S REPORT

Eastern Gateway Community College
Jefferson County
4000 Sunset Boulevard
Steubenville, Ohio 43952

To the Governance Authority:

Report on the Audit of the Financial Statements

Unmodified and Disclaimer of Opinions

We have audited the discretely presented component unit and we were engaged to audit the business-type activities of the Eastern Gateway Community College, Jefferson County, Ohio (the College), as of and for the year ended June 30, 2023, and the related notes to the financial statements, which collectively comprise the College's basic financial statements as listed in the table of contents.

Summary of Opinions

Opinion Unit	Type of Opinion
Business-Type Activities	Disclaimer
Discretely Presented Component Unit	Unmodified

Disclaimer of Opinion on Business-Type Activities

We do not express an opinion on the accompanying financial statements of the Eastern Gateway Community College. Because of the significance of the matter described in the Basis for Disclaimer of Opinion section of our report, we have not been able to obtain sufficient appropriate audit evidence to provide a basis for an audit opinion on the financial statements.

Unmodified Opinion on the Discretely Presented Component Unit

In our opinion, the accompanying financial statements referred to above present fairly, in all material respects, the respective financial position of the discretely presented component unit of the Eastern Gateway Community College, Jefferson County, Ohio as of June 30, 2023 for the year then ended in accordance with the accounting principles generally accepted in the United States of America.

Basis for Disclaimer of Opinion on Business-Type Activities

Management has not provided certain written representations required by Auditing Standard Section AU-C Section 580, Written Representations, including but not limited to, management's responsibility for preparing the financial statements in conformity with the College's financial reporting framework, the availability of original financial records and related data, the completeness and availability of all minutes of the legislative or other bodies and committee meetings; management's responsibility of the College's compliance with laws and regulations; the identification and disclosure of all laws, regulations, and provisions of contracts and grant agreements directly and materially affecting the determination of financial statement amounts and; the presence or absence of fraud involving management or employees with significant roles in internal control; compliance with laws, regulations, and provisions of contracts and grant agreements, including budget laws, compliance with any debt covenants, the identification of all Federal assistance programs, and compliance with Federal grant requirements.

Additionally, during the course of our audit, we were unable to obtain sufficient appropriate audit evidence to support material balances and disclosures due to pervasive deficiencies in recordkeeping and concerns regarding the integrity and reliability of underlying data. Specifically, documentation supporting key transactions, account reconciliations, and grant compliance was either incomplete, inconsistent, or unavailable. These limitations prevented us from performing necessary audit procedures to obtain reasonable assurance about whether the financial statements are free from material misstatement.

Basis for Unmodified Opinion

We conducted our audit of the financial statements of the discretely presented component unit 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. 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 unmodified audit opinion.

Emphasis of Matters

As discussed in Note 17 to the financial statements, on July 28, 2024 the College offered its last day of instruction and ended its accreditation with the Higher Learning Commission on November 1, 2024. As also discussed in Note 17 to the financial statements, the College closed effective September 30, 2025. Our opinion is not modified with respect to these matters.

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

Auditor's Responsibilities for the Audit of Business-Type Activities

Our responsibility is to conduct an audit of the College's financial statements in accordance with GAAS and *Government Auditing Standards* and to issue an auditor's report. However, because of the matter described in the *Basis for Disclaimer of Opinion on Business-Type Activities* section of our report, we were not able to obtain sufficient appropriate audit evidence to provide a basis for an audit opinion on the financial statements of the Business-Type Activities.

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.

Auditor's Responsibilities for the Audit of the Discretely Presented Component Unit

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 schedules of net pension and other post-employment benefit liabilities and pension and other post-employment benefit contributions 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 auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements.

Supplementary information

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

Because of the significance of the matter described in the Basis for Disclaimer of Opinion paragraph above, we are not able to obtain sufficient evidence to provide a basis for an opinion and accordingly we do not opine on the Schedule of Expenditures of Federal Awards.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated October 22, 2025, on our consideration of the College's internal control over financial reporting and 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.

KEITH FABER
Ohio Auditor of State

Tiffany L Ridenbaugh

Tiffany L Ridenbaugh, CPA, CFE, CGFM
Chief Deputy Auditor

October 22, 2025

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, 2023, with selected comparative information for the year ended June 30, 2022. 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 was fully accredited by the Higher Learning Commission and holds numerous programmatic accreditations. The College voluntarily surrendered its accreditation through the Higher Learning Commission and it expired on November 1, 2024,

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.

For fiscal year 2023, the College implemented Governmental Accounting Standards Board (GASB) No. 91, *Conduit Debt Obligations,* Statement No. 94, *Public-Private and Public-Public Partnerships and Availability Payment Arrangements,* GASB Statement No. 96, *Subscription-Based Information Technology Arrangements,* and GASB Statement No. 99, *Omnibus 2022.*

GASB 91 clarifies the existing definition of a conduit debt obligation; establishing that a conduit debt obligation is not a liability of the issuer; establishing standards for accounting and financial reporting of additional commitments and voluntary commitments extended by issuers and arrangements associated with conduit debt obligations; and improving required note disclosures. The College did not have any debt that met the definition of conduit debt.

GASB Statement 94 improves financial reporting by addressing issues related to public-private and public- public partnership arrangements (PPPs). This Statement also provides guidance for accounting and financial reporting for availability payment arrangements (APAs). The College did not have any arrangements that met the GASB 94 definition of a PPP or an APA.

GASB Statement 96 provides guidance on the accounting and financial reporting for subscription-based information technology arrangements (SBITAs) for government end users (governments). These changes were incorporated in the College's 2023 financial statements. The College did not have any long-term contracts that met the GASB 96 definition of a SBITA.

GASB Statement 99 addresses various issues including items related to leases, PPPs, and SBITAs. The requirements related to PPPs and SBITAs were incorporated with the corresponding GASB 94 and GASB 96 changes identified above.

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.

	2023	2022
Assets and Deferred Outflows		
Cash, cash equivalents, and investments	$ 4,032,705	$ 29,343,400
Accounts receivable - Net	167,856,460	189,504,247
Other assets	5,145,633	5,287,437
Capital assets - Net	28,063,500	31,619,241
Total assets	205,098,298	255,754,325
Deferred outflows	27,216,669	28,573,894
Total assets and deferred outflows	**232,314,967**	**284,328,219**
Liabilities and Deferred Inflows		
Accounts payable and accrued expenses	$ 110,994,280	$ 88,924,615
Unearned revenue	24,151,097	81,997,003
Long-term liabilities – current	1,899,672	3,698,212
Long-term liabilities	71,875,600	49,858,750
Total liabilities	208,920,649	224,478,580
Deferred inflows	12,650,075	29,423,062
Total liabilities and deferred inflows	221,570,724	253,901,642
Net Position		
Net investment in capital assets	$ 14,711,281	$ 14,285,709
Restricted	1,773,796	1,754,718
Unrestricted	(5,740,834)	14,386,150
Total net position	10,744,243	30,426,577
Total liabilities, deferred inflows, and net position	**$ 232,314,967**	**$ 284,328,219**

Assets

Cash and cash equivalents, restricted cash, and investments make up 1.7% and 10.3% of total assets and deferred outflows at June 30, 2023 and 2022, 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 decreased $25.3 million at June 30, 2023 from June 30, 2022. This was primarily due to Heightened Cash Management Two (HCM2) process instituted by the Federal Department of Education.

Accounts receivable make up 72.2 percent and 66.6 percent of the total assets and deferred outflows at June 30, 2023 and 2022, respectively. The decrease in fiscal year 2023 was attributable primarily to reduced student enrollment time allowed by the Department of Education during the program review.

Accounts receivable at June 30 include:

	2023	2022
Grants	$ 464,000	$ 1,048,057
Other	1,585,617	1,022,645
Tuition and Other	162,499,596	186,616,668
Property Taxes	1,448,183	1,440,470
Financial Aid	230,000	390,220
Allowance for Doubtful Accounts	(526,000)	(1,013,813)
	$ 165,701,396	$ 189,504,247

Capital assets, net of depreciation, make up 12.1 percent and 11.1 percent of the total assets and deferred outflows at June 30, 2023 and 2022, 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 $32.3 million decrease for fiscal year 2023 in total liabilities and deferred inflows was primarily due to the following: an increase of $22.0 million in accrued liabilities for OLC scholarship waivers, a decrease of $57.8 million in unearned revenue due to low fall, spring/summer 2023 enrollment and a $16.9 million decrease of Pell reimbursement under HCM2 review by the Department of Education ($7.2 million was received in October 2023), and an increase of $22.0 million in long term liabilities primarily resulting from increases in the pension liabilities.

Long-term liabilities at June 30 include:

	2023	2022
Bonds:		
OAQDA 2014 Series A	$ 33,773	$ 166,211
OAQDA 2014 Series B	820,236	820,236
Improvement Bonds	13,107,637	13,131,628
Total Bonds	13,961,646	14,118,075
Other Long-Term Liabilities:		
Loans Payable	-	24,101
ORACLE Payable	85,000	1,845,768
Tax Anticipation Notes	725,000	1,430,000
Lease Liabilities	2,253,669	2,486,237
Net Pension Liabilities	52,204,660	28,328,982
Net OPEB Liabilities	3,157,479	3,515,708
Compensated Absences	1,387,818	1,808,091
Total Other Long-Term Liabilities	59,813,626	39,438,887
Total Long-Term Liabilities	$ 73,775,272	$ 53,556,962

Net Position

Net position for the following fiscal years ended:

	2023	2022
Net Investment in Capital Assets	$ 14,711,281	$ 14,285,709
Restricted Non-Expendable:		
Scholarships	67,289	66,814
Restricted Expendable:		
Scholarships	478,507	467,581
Capital	174,495	167,724
Student Activities	143,602	135,925
Educational	909,903	916,674
Unrestricted	(5,740,834)	14,386,150
Total Net Position	$ 10,744,243	$ 30,426,577

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 represent various grant funds that have been received but not yet expended.

For fiscal year ended June 30, 2023, the total net position decreased $10,846,343. The decrease for fiscal 2023 is primarily attributable to increased Pension/OPEB expense and a loss of $3,761,484 due to decreased enrollment and HCM2 identifying ineligible (un-reimbursable) Pell students.

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:

	2023	2022
Operating Revenues:		
Tuition and Fees, net	7,943,416	9,447,947
Grants and Contracts	2,536,112	5,645,327
Auxiliary Services	268,213	381,415
Other Operating Revenues	399,627	1,128,970
Total Operating Revenues	**11,147,368**	**16,603,659**
Operating Expenses:		
Educational and General	40,508,755	35,087,288
Public Service	999,228	773,546
Academic Support	2,422,592	1,720,578
Student Services	10,034,152	8,868,637
Institutional Support	7,729,711	26,590,809
Operations and Maintenance of Plant	729,068	696,956
Depreciation and Amortization	2,212,225	2,780,170
Scholarships	2,798,379	1,745,847
Auxiliary Services	903,067	403,562
Total Operating Expenses	**68,337,177**	**78,667,393**
Operating Income/(Loss)	**(57,189,809)**	**(62,063,734)**
Total Non-Operating Revenues/(Expenses)	**37,507,475**	**74,920,734**
Change in Net Position	**(19,682,334)**	**12,857,000**
Net Position - Beginning of year	**30,426,577**	**17,569,577**
Net Position - End of year	**10,744,243**	**30,426,577**

Revenues

Operating Revenues for fiscal year 2023 decreased by $5.5 million or 32.9 percent over fiscal year 2022. The change derives primarily from the United States Department of Education (DOE) Program Review and from an overall reduction of students attending the College.

Non-operating Revenues decreased by $37.4 million, or 49.9 percent, primarily due to the HCM2 process identifying ineligible (un-reimbursable) Pell students.

Expenses

Operating expenses for fiscal year 2023 decreased by $10.3 million, or 13.1 percent, over fiscal year 2022. The change derives primarily from the following functional categories of expense:

1. Institutional support expenses decreased by $18.9 million, or 70.9 percent, over fiscal year 2022, This was primarily the result of the suspension of payroll and profit-sharing payments to the Student Resource Center (SRC).

2. Education and general expenses increased by $5.4 million or 15.4 percent, over fiscal year 2022, 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:

	2023	2022
Net Cash Provided by/(Used in) Operating Activities	(67,826,510)	(62,566,385)
Net Cash Provided by Non-Capital Financing Activities	45,773,699	74,895,081
Net Cash Used in Capital and Related Financing Activities	(2,856,810)	(3,506,171)
Net Cash Provided by/(Used in) Investing Activities	10,879,013	(14,321,848)
Net (Decrease) Increase in Cash and Cash Equivalents	(14,030,608)	(5,499,323)
Cash and Cash Equivalents - Beginning of year	15,969,910	21,469,233
Cash and Cash Equivalents - End of year	1,939,302	15,969,910

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 $30.2 million and $31.6 million at June 30, 2023 and 2022, respectively, a decrease of $1.4 million in fiscal year 2023. The decrease was due to capital asset acquisitions being less than disposals and depreciation expense.

Capital asset balances (net of depreciation) for fiscal year 2023 compared with 2022:

	2023	2022
Land	$ 679,144	$ 679,144
Building Improvements	20,851,291	21,593,539
Equipment	3,279,334	4,203,243
Construction in Progress	3,253,731	2,706,751
Right to Use Assets	2,155,124	2,436,564
Total Capital Assets and Right to Use Assets	$ 30,218,624	$ 31,619,241

Factors Impacting Future Operations

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 $8.34 million, or 75.5%, over the past four fiscal years. The preliminary SSI allocation for FY24 increased $2.2 million, or 11.1%.

Because of the Department of Education Program Review and settlement with the U.S. Department of Justice, beginning the Spring 2024 semester, EGCC will change its business model to a low-tuition student pay model. The Free College Program ends on December 31, 2023.

Higher Learning Commission

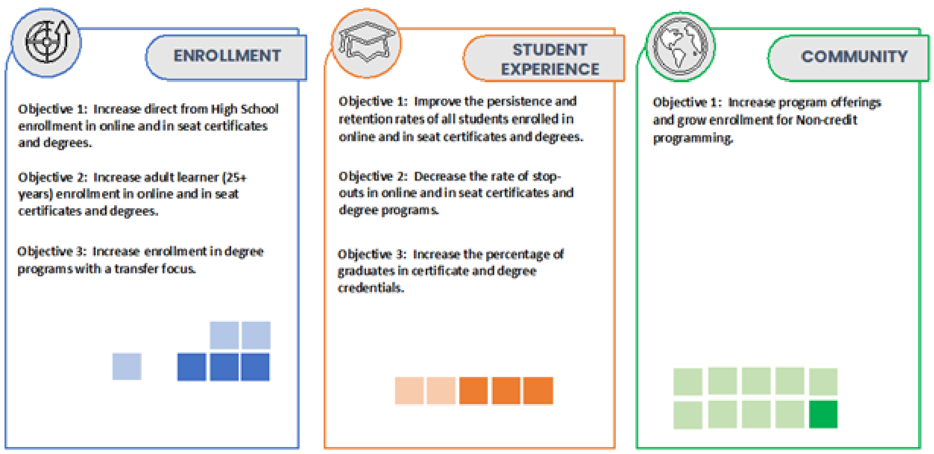
On November 8, 2021, the College was placed on probation by the Higher Learning Commission (HLC). In late December 2021, the Office of Institutional Effectiveness (OIE) worked with the Executive Leadership Team of the Union to put together five criteria teams to begin working on gathering evidence to support the assurance argument which was submitted February 27, 2023. Each team was led by co-chairs, a faculty member, and a member of the President's Cabinet. Teams consist of staff, faculty and administrators who all volunteered to help. The Criterion Team members participated in a workshop on how to write evidentiary statements and worked together to gather evidence to support the Criteria and Core Components.

EGCC made much progress for the areas of concern stated in the 2020 Peer Team Report and in the Institutional Actions Council (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 was established consisting of faculty members, Deans, 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 reviewing course learning outcomes and program learning outcomes to make sure they were measurable and aligned with assignments for assessment. Eight plus programs have completed curriculum mapping, and two programs have assessment plans and reports in Nuventive. Many programs are on their way to finishing curriculum mapping and completing the assessment plan and report form in Nuventive.
- The college is in its second year of using an updated form for the Academic Program Review. The new form became available to all faculty in late February2022 with 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 for AY2020-2021 and AY2021-2022. A subcommittee is working on a comprehensive 3–5-year Academic Program Review versus an annual Academic Program Review process.
- Faculty have been asked to assess one general education outcome per course. 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. The General Education Outcomes Committee have developed a timeline for the assessment of all General Education Outcomes and have assessed six General Education Outcomes to date.
- 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. The team and Assessment Committee created 16 goals as part of the project. EGCC just recently submitted its third project update to the Assessment Academy.
- The Strategic Enrollment Management (SEM) plan and a resolution for approval was presented to the Executive Board of the Faculty Union on July 14, 2023, and to EGCC's Board of Trustees on July 19, 2023. The board approved the SEM plan unanimously. The existing Steering Committee that drove the development of the SEM plan is now the implementation committee. EGCC's SEM plan includes seven objectives, as well as multiple strategies and tactics to achieve the objectives. The committees are currently developing the framework for each tactic. The seven objectives are grouped into three categories, as shown below: Enrollment, Student Experience, and Community.

Strategic Enrollment Management Plan at EGCC

Overall Goal of 10,000 Students by 2025



EGCC submitted its assurance argument in February 2023 and hosted the Peer Team on April 24th and 25th, 2023. Based on the assurance argument and the site visit the Peer Team recommended an extension of probation. EGCC then completed a report for HLC's Institutional Actions Council (IAC) submitted August 7, 2023, and then four members from EGCC traveled to Chicago to meet with the IAC on August 21, 2023. The IAC interacted with the four EGCC members and recommended an extension of probation.

Academics

The 2022-2023 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 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 <u>2020-2025 Balanced Strategic Plan</u>. 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.

A few adjustments to the strategic plan for FY 2023 were:

1) The Unaudited FY 2023 Senate Bill 6 Composite Score is 4.0.
2) With the adoption of the Low Tuition Student Pay Plan, the initial enrollment goal for FY 2024 is 10,000 students.
3) The estimated FY 2024 Foundation contribution for EGCC Scholarships is $5,000.

Enrollment and Retention

The College has seen decreased enrollment due to the Cease-and-Desist letter regarding the Free College Benefit program in July 2022, and the subsequent sunsetting of the program in August 2023. Fall 2023 enrollment as of the 15th day of courses demonstrated a 48.9% decrease in enrollment from the Fall 2022 term. We have seen a 53.6% decrease at our Online campus, a 42.9% decrease at our Steubenville campus, and a 40.3% decrease at our Youngstown Campus. Our College Credit Plus population has seen an 18.2% increase over the same period.

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 for $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 the 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 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 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 Azure in the cloud. This is to provide a higher level of access and a 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

Strategic Goal 2: 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 were deployed in early 2018.
- For Academics, we will launch 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 students 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 was completed in 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 reduce 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, focuses 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 scheduled 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, we 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 the 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 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 of 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.

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 to develop 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 a 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 of Cybersecurity. Technology Services completes the assessments of all primary systems, 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.

Contacting the College's Financial Management

This financial report is designed to provide our citizens, taxpayers, investors and creditors with a general overview of the College's finances and to show the College's accountability for the money it receives. If you have any questions about this report or need additional financial information, contact Michael Abouserhal, Chief Financial Officer, Eastern Gateway Community College, 4000 Sunset Blvd., Steubenville, Ohio 43952.

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EASTERN GATEWAY COMMUNITY COLLEGE
Statement of Net Position
June 30, 2023

	EGCC 2023	Component Unit Foundation 2023
Assets		
Current assets		
Cash and cash equivalents	$ 726,140	$ 173,059
Short-term investments	2,367,055	-
Student accounts receivable, net	161,973,536	-
Property tax receivable	1,448,183	-
Other receivables	2,019,760	-
Lease receivables	64,198	-
Prepaid expenses	400,682	-
Inventory	180,811	-
Total current assets	169,180,365	173,059
Non-current assets		
Restricted cash and cash equivalents	667,073	-
Endowment investments	272,436	1,063,582
Leases receivables	195,659	
Leases, net	2,155,124	
Capital assets, net	28,063,500	-
OPEB	4,564,141	
Total non-current assets	35,917,933	1,063,582
Total assets	205,098,298	1,236,641
Deferred Outflow of Resources		
Pension	24,284,160	
OPEB	2,932,509	
Total deferred outflow of resources	27,216,669	-
Liabilities		
Current liabilities		
Accounts payable and accrued liabilities	109,794,015	65,300
Accrued wages	1,200,265	-
Unearned revenue	24,151,097	-
Compensated absences - current portion	462,143	-
Long-term leases - current portion	242,043	-
Long-term debt - current portion	1,195,486	-
Total current liabilities	137,045,049	65,300
Non-current liabilities		
Bonds payable	13,576,160	-
Leases	2,011,626	
Net pension liability	52,204,660	-
Net OPEB liability	3,157,479	-
Compensated absences	925,675	-
Total non-current liabilities	71,875,600	-
Total liabilities	208,920,649	65,300
Deferred Inflows of Resources		
Leases	250,868	
Property taxes	932,512	-
Pension	4,219,331	
OPEB	7,247,364	
Total deferred inflows of resources	12,650,075	-
Net Position		
Net investments in capital assets	14,711,281	-
Restricted for		
Non-expendable		
Scholarships	67,289	316,414
Expendable		
Scholarships	478,507	818,225
Capital	174,495	-
Education and General	909,903	-
Student Activities	143,602	-
Unrestricted	(5,740,834)	36,702
Total net position	$ 10,744,243	$ 1,171,341

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, 2023

	EGCC 2023	Component Unit Foundation 2023
Revenues		
Operating revenues		
Tuition and student fees, net of Pell and Scholarship allowances	$ 7,943,416	$ -
Federal grants and contracts	767,021	-
Auxiliary enterprises revenue	268,213	-
State grants and contracts	1,677,567	-
Local grants and contracts	91,524	-
Other operating revenue	399,627	-
Donations	-	105,479
Total operating revenue	11,147,368	105,479
Expenses		
Operating expenses:		
Education and general	40,508,755	9,629
Public services	999,228	-
Academic support	2,422,592	-
Student services	10,034,152	-
Institutional support	7,729,711	-
Operation and maintenance of plant	729,068	-
Scholarships and fellowships	2,798,379	119,523
Auxiliary enterprises	903,067	-
Depreciation and amortization expense	2,212,225	-
Total operating expenses	68,337,177	129,152
Operating (loss) income	(57,189,809)	(23,673)
Non-operating revenue(expenses)		
Capital funds	271,400	-
State grants and contracts	19,386,075	-
Federal grants and contracts	16,980,279	-
Investment income (loss)	(31,331)	86,900
Interest expense	(433,299)	-
Property taxes	1,334,351	-
Total non- operating revenue (expenses)	37,507,475	86,900
Change in net position	(19,682,334)	63,227
Net position		
Net Position, begining of the year	30,426,577	1,108,114
Net Position, end of year	$ 10,744,243	$ 1,171,341

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, 2023

	EGCC 2023	Component Unit Foundation 2023
Cash flow from operating activities		
Student tuition and fees	$ (11,087,241)	$ -
Grants and contracts	2,536,112	
Payments to suppliers	(12,391,686)	(9,629)
Employee and related payments	(43,850,089)	
Auxiliary enterprise	(634,854)	
Gifts and endowments received	-	105,479
Payments for scholarships	(2,798,379)	(54,223)
Other Income (loss)	399,627	-
Net cash provided by/(used in) operating activities	(67,826,510)	41,627
Cash flows from non-capital financing activities		
State appropriations	19,386,075	-
Local property tax receipts	1,334,351	-
Grants and contracts	25,816,270	-
Principal paid on debt	(729,101)	-
Interest paid on debt	(33,896)	-
Net cash provided by non-capital financing activities	45,773,699	-
Cash flows from capital and related financing activities		
Capital grants received	271,400	-
Purchases of capital assets	(811,609)	-
Principal payments on bond and ORACLE payable	(1,917,198)	-
Principal payments on lease liabilities	0	-
Interest payments on bond payable & leases	(399,403)	-
Net cash used in capital and related financing activities	(2,856,810)	-
Cash flows from investing activities		
Net purchase of investments	10,910,344	(9,637)
Investment income	(31,331)	19,447
Net cash provided by investing activities	10,879,013	9,810
Net (decrease) increase in cash	(14,030,608)	51,437
Cash and cash equivalents, beginning of year	15,969,910	121,622
Cash and cash equivalents, end of year	**$ 1,939,302**	**$ 173,059**
Reconciliation of operating (loss) income to net cash used by operating activities:		
Operating (loss) income	$ (57,189,809)	$ 63,227
Adjustments to reconcile operating (loss) income to net cash used by operating activities:		
Depreciation and amortization	2,212,225	-
Unrealized gain on investments		(67,453)
Investment income classified as cash flows from investing activities		(19,447)
Net pension/OPEB activity	7,084,859	-
(Increase) decrease in assets:		
Receivables, net	23,710,371	0
Inventories	198,920	-
Prepaid expense	1,048,017	-
Leases	373,980	-
(Decrease) increase in liabilities:		
Accounts payable and accrued liabilities	22,069,665	65,300
Unearned revenue	(66,681,897)	-
Compensated absences	(420,273)	-
Leases	(232,568)	-
Net cash provided by/(used in) operating activites	$ (67,826,510)	$ 41,627

The accompanying notes are an integral part of these financial statements

NOTE 1 – DESCRIPTION OF THE REPORTING ENTITY

Eastern Gateway Community College (the "College") 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

NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

include auxiliary enterprises, which are substantially self-supporting activities that provide services for students, faculty, and staff.

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) certain 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, property taxes and certain federal and state grants.

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 expenses made pursuant to the College's grants and contracts. Accounts receivables are recorded net of estimated uncollectible amounts. Property taxes receivable include estimated amounts due at June 30, 2023.

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 includes 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, 2023, but which were levied to finance fiscal year 2024 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 fiscal year 2023, the College implemented Governmental Accounting Standards Board (GASB) No. 91, *Conduit Debt Obligations,* Statement No. 94, *Public-Private and Public-Public Partnerships and Availability Payment Arrangements,* GASB Statement No. 96, *Subscription-Based Information Technology Arrangements,* and GASB Statement No. 99, *Omnibus 2022.*

GASB 91 clarifies the existing definition of a conduit debt obligation; establishing that a conduit debt obligation is not a liability of the issuer; establishing standards for accounting and financial reporting of additional commitments and voluntary commitments extended by issuers and arrangements associated with conduit debt obligations; and improving required note disclosures. The College did not have any debt that met the definition of conduit debt.

NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

GASB Statement 94 improves financial reporting by addressing issues related to public-private and public-public partnership arrangements (PPPs). This Statement also provides guidance for accounting and financial reporting for availability payment arrangements (APAs). The College did not have any arrangements that met the GASB 94 definition of a PPP or an APA.

GASB Statement 96 provides guidance on the accounting and financial reporting for subscription-based information technology arrangements (SBITAs) for government end users (governments). These changes were incorporated in the College's 2023 financial statements. The College did not have any long-term contracts that met the GASB 96 definition of a SBITA.

GASB Statement 99 addresses various issues including items related to leases, PPPs, and SBITAs. The requirements related to PPPs and SBITAs were incorporated with the corresponding GASB 94 and GASB 96 changes identified above.

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.

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, 2023, the College had the following cash and cash equivalents:

Description	Carrying Amount	Bank Balance
Checking and savings account	$ 726,140	$ 409,320
Restricted cash	667,073	667,073
Total cash and cash equivalents	$ 1,393,213	$ 1,076,393

Custodial Credit Risk: Of the June 30, 2023, bank balance of $1,076,393, the Federal Depository Insurance Corporation insured $500,000 and the balance of $576,393 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.

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

Investments

As of June 30, 2023, the College had the following investments and maturities:

Investment Type	Measurement Value	12 Months or Less	12 to 36 Months	More Than 36 Months	Percent of Total
Mutual Funds	2,468,240			2,468,240	93.51%
Corporate Bonds	124,562			124,562	4.72%
Stocks	46,689			46,689	1.77%
Total Investments	$ 2,639,491	$ -	$ -	$ 2,639,491	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 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, 2023 consisted of accounts (tuition and other fees), leases receivable, property tax 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 2023 includes unearned revenue of $15,315,106.

Other receivables consisted of the following:

Grant receivables	$	464,028
State of Ohio - College Credit Plus		951,406
Third parties		77,592
Workplace traing		296,183
Financial aid		230,551
Total other receivables	$	2,019,760

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, 2023 was $180,811.

NOTE 6 – CAPITAL ASSETS

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

Description	Balance at 7/1/2022	Increase	Adjustments & Deductions	Balance at 6/30/2023
Capital Assets, Non-Depreciable:				
Land	$ 679,144	$ -	$ -	$ 679,144
Construction in progress	2,706,751	546,980		3,253,731
Total Capital Assets, Non-Depreciable	3,385,895	546,980	-	3,932,875
Capital Assets, Depreciable:				
Intangible Right to Use				-
Buildings	2,073,116	-	-	2,073,116
Land	644,887	-	-	644,887
Total Intangible Right to Use	2,718,003			2,718,003
Buildings and improvements	35,411,949	-	-	35,411,949
Equipment and furniture	11,919,058	264,629	-	12,183,687
Total Capital Assets, Being Depreciated/Amortized	50,049,010	264,629	-	50,313,639
Less Accumulated Depreciation/Amortization:				
Intangible Right to Use				
Buildings	101,687	101,688	-	203,375
Equipment	179,752	179,752	-	359,504
Total Intangible Right to Use	281,439	281,440		562,879
Buildings and Improvements	13,818,410	742,248	-	14,560,658
Equipment and furniture	7,715,815	1,188,538	-	8,904,353
Total Accumulated Depreciation/Amortization	21,815,664	2,212,226	-	24,027,890
Total Capital Assets, Depreciable, Net	28,233,346	(1,947,597)	-	26,285,749
Capital Assets, Net	$ 31,619,241	$ (1,400,617)	-	$ 30,218,624

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

NOTE 7 – STATE SUPPORT (continued)

formula devised by the Ohio Board of Regents, adjusted to state resources available. The College received $19,386,075 of student-based subsidy in fiscal year 2023.

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 2023 represents collections of calendar year 2022 taxes. Real property taxes received in calendar year 2023 were levied after April 1, 2022, on the assessed value listed as of January 1, 2022, 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 2023 represent collections of calendar year 2022 taxes. Public utility real and tangible personal property taxes received in calendar year 2023 became a lien December 31, 2021, were levied after April 1, 2022, and collected in 2023 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.

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 measurable as of June 30, 2022, 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 2023 were as follows:

	Balance at July 1, 2022	Additions	Reductions	Balance at June 30, 2023	Due Within One Year
Bonds:					
OAQDA 2014 Series A	$ 166,211	-	$ (132,438)	$ 33,773	$ 33,773
OAQDA 2014 Series B	820,236	-	-	820,236	101,713
Improvement Bonds					
Serial Bonds	4,037,042	-	12,958	4,050,000	250,000
Term Bonds	8,060,000	-	-	8,060,000	-
Unamoritized Premium	1,034,586	-	(36,950)	997,636	-
Total Bond	14,118,075	-	(156,430)	13,961,645	385,486
Direct Borrowings and Placements:					
Equipment Loan	24,101	-	(24,101)	-	-
Tax Anticipation Notes	1,430,000	-	(705,000)	725,000	725,000
ORACLE	1,845,768	-	(1,760,768)	85,000	85,000
Total Direct Borrowings	3,299,869	-	(2,489,869)	810,000	810,000
Net Pension and OPEB Liability:					
Pension	28,328,982	23,875,678	-	52,204,660	-
OPEB	3,515,708	-	(358,229)	3,157,479	-
Total Net Pension and OPEB Liability	31,844,690	23,875,678	(358,229)	55,362,139	-
Other Long-Term Liabilites:					
Compensated Absences	1,808,091	-	(420,373)	1,387,818	462,143
Total Other Long-Term Liabilities	1,808,091		(420,273)	1,387,818	462,143
Total Long-Term Liabilites	$ 51,070,725	$ 23,875,678	$ (3,424,801)	$ 71,521,602	$ 1,657,629

On December 19, 2014, the College issued $1,011,000 of Series A Ohio Air Quality Development Authority ("OAQDA") Bonds for the purpose of assisting the College in financing 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 $820,236 of Series B Ohio Air Quality Development Authority ("OAQDA") Bonds for the purpose of assisting the College in financing 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

NOTE 9 – LONG-TERM LIABILITIES (continued)

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 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.

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 ranging from 2 to 4 percent are payable on June 1 and 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 are 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 right 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, 2023 are as follows:

NOTE 9 – LONG-TERM LIABILITIES (continued)

Fiscal Year	OAQDA Series A		OAQDA Series B		Equipment Loan		ORACLE	
Ending June 30,	Principal	Interest	Principal	Interest	Principal	Interest	Principal	Interest
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	-	-	146,439	14,845	-	-	-	-
2029-2033	-	-	149,279	7,494	-	-	-	-
2034-2038	-	-	-	-	-	-	-	-
2039-2043	-	-	-	-	-	-	-	-
2044-2048	-	-	-	-	-	-	-	-
2049-2052	-	-	-	-	-	-	-	-
	$ 33,773	$ 782	$ 820,236	$ 150,771	$ -	$ -	$ 85,000	$ -

Fiscal Year	Tax Anticipation Notes		Improvement Bonds		Total	
Ending June 30,	Principal	Interest	Principal	Interest	Principal	Interest
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	-	-	285,000	400,575	431,439	415,420
2029-2033	-	-	1,595,000	1,837,675	1,744,279	1,845,169
2034-2038	-	-	1,950,000	1,488,750	1,950,000	1,488,750
2039-2043	-	-	2,380,000	1,057,350	2,380,000	1,057,350
2044-2048	-	-	2,890,000	543,450	2,890,000	543,450
2049-2052	-	-	1,965,000	89,625	1,965,000	89,625
	$ 725,000	$ 14,660	$ 12,110,000	$ 7,117,050	$ 13,774,009	$ 7,283,263

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.

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.

NOTE 10 – LEASES (continued)

The total amount of inflows of resources recognized for the period ending June 30, 2023 is as follows:

Inflows:	
Interest revenue leases	$ 12,412
Lease revenue	92,540
	$ 104,952

Lease balance summary:	
Leases receivable	$ 259,857
Accrued interest receivable	8,989
Deferred inflow leases	250,868

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

As of June 30, 2023	Principal	Interest	Total
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	29,653	347	30,000
	259,857	23,381	283,238

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, 2023 are as follows:

	Beginning Balance	Additions	Reductions	Ending Balance	Current Portion	Noncurrent Portion
Equipment	$ 473,322	$ -	$(177,082)	$ 296,240	$181,105	$ 115,135
Buildings	2,012,915	-	(55,486)	1,957,429	60,938	1,896,491
	$2,486,237	$ -	$(232,568)	$2,253,669	$242,043	$2,011,626

NOTE 10 – LEASES (continued)

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

As of June 30, 2023	Principal	Interest	Total
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	54,064	65,936	120,000
2029-2033	331,601	320,899	652,500
2034-2038	476,539	239,711	716,250
2039-2043	631,577	129,673	761,250
2044-2045	257,266	13,670	270,936
	2,253,669	1,079,300	3,332,969

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)

The net pension liability and the net OPEB liability (asset) reported on the statement of net position represent liabilities to employees for pensions and OPEB, respectively. Pensions/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 obligation to sacrifice resources for pensions is a present obligation because it was created as a result of employment exchanges that already have occurred.

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

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

NOTE 11 - DEFINED BENEFIT PENSION PLANS (continued)

GASB 68/75 assumes the liability is solely the obligation of the employer, because (1) they benefit from employee services; and (2) State statute requires funding to come from these employers. All pension contributions to date have come solely from these employers (which also includes pension costs paid in the form of withholdings from employees). The retirement systems may allocate a portion of the employer contributions to provide for these OPEB benefits. In addition, health care plan enrollees pay a portion of the health care costs in the form of a monthly premium. State statute requires the retirement systems to amortize unfunded pension liabilities within 30 years. If the pension amortization period exceeds 30 years, each retirement system'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 *net OPEB asset* or long-term *net pension/OPEB liability* on the accrual basis of accounting. Any liability for the contractually-required pension/OPEB contribution outstanding at the end of the fiscal year is included in *intergovernmental payable* on both the accrual and modified accrual bases 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 cost-sharing multiple-employer defined benefit pension plan administered by SERS. SERS provides retirement, disability and survivor benefits, and death benefits to plan members and beneficiaries. Authority to establish and amend benefits is provided by Ohio Revised Code Chapter 3309. SERS issues a publicly available, stand-alone financial report that includes financial statements, required supplementary information and detailed information about SERS' fiduciary net position. That report can be obtained by visiting the SERS website at www.ohsers.org under Employers/Audit Resources.

Age and service requirements for retirement are as follows:

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

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

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

NOTE 11 - DEFINED BENEFIT PENSION PLANS (continued)

An individual whose benefit effective date is before April 1, 2018, is eligible for a cost-of-living adjustment (COLA) on the first anniversary date of the benefit. 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 CPI-W, 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 the years 2018, 2019, and 2020. The Retirement Board approved a 2.5 percent COLA for calendar year 2023.

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, 2023, the allocation to pension, death benefits, and Medicare B was 14.0 percent. For fiscal year 2023, the Retirement Board did not allocate any employer contribution to the Health Care Fund.

The College's contractually required contribution to SERS was $1,472,257 for fiscal year 2023. Of this amount, $0 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.

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.

NOTE 11 - DEFINED BENEFIT PENSION PLANS (continued)

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 2023 employer and employee contribution rate of 14 percent was equal to the statutory maximum rates. For 2023, the full employer contribution was allocated to pension.

The College's contractually required contribution to STRS was $2,964,043 for fiscal year 2023. Of this amount, $0 is reported as an accrued liability.

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

The net pension liability was measured as of June 30, 2022, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of that date. The College's proportion of the net pension liability was based on the College's share of contributions to the pension plan relative to the contributions of all participating entities. Following is information related to the proportionate share and pension expense:

NOTE 11 - DEFINED BENEFIT PENSION PLANS (continued)

	SERS	STRS	Total
Proportion of the Net Pension Liability:			
Current Measurement Date	0.24072480%	0.17626706%	
Prior Measurement Date	0.19927780%	0.16405737%	
Change in Proportionate Share	0.04144700%	0.01220969%	
Proportionate Share of the Net Pension Liability	$13,020,270	$39,184,390	$52,204,660
Pension Expense	$2,286,025	$9,753,296	$12,039,321

At June 30, 2023, 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	$ 527,331	$ 501,611	$ 1,028,942
Changes of assumptions	128,474	4,689,194	4,817,668
Net difference between projected and actual earnings on pension plan investments	-	1,363,531	1,363,531
Charges in proportionate share and difference between College contributions and proportionate share of contributions	1,950,747	10,686,972	12,637,719
College contrtibutions subsequent to the measurement date	1,472,257	2,964,043	4,436,300
Total Deferred Outflows of Resources	$ 4,078,809	$ 20,205,351	$24,284,160
Deferred Inflows of Resources			
Differences between expected and actual experience	$ 85,475	$ 149,893	$ 235,368
Changes of assumptions	-	3,529,615	3,529,615
Net difference between projected and actual earnings on pension plan investments	454,348	-	454,348
Total Deferred Inflows of Resources	$ 539,823	$ 3,679,508	$ 4,219,331

$4,436,300 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, 2024. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pension will be recognized in pension expense as follows:

NOTE 11 - DEFINED BENEFIT PENSION PLANS (continued)

	SERS	STRS	Total
Fiscal Year Ending June 30:			
2024	$1,246,587	$4,862,656	$6,109,243
2025	714,135	3,447,943	4,162,078
2026	(649,045)	1,277,269	628,224
2027	755,052	3,973,932	4,728,984
Total	$2,066,729	$13,561,800	$15,628,529

Actuarial Assumptions - SERS

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

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

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

Key methods and assumptions used in calculating the total pension liability in the latest actuarial valuation, prepared as of June 30, 2022, are presented below:

	June 30, 2022
Inflation	2.4 percent
Future Salary Increases, including inflation	3.25 percent to 13.58 percent
COLA or Ad Hoc COLA	2.0 percent, on or after April 1, 2018, COLAs for future retirees will be delayed for three years following commencement
Investment Rate of Return	7.00 percent net of System expenses
Actuarial Cost Method	Entry Age Normal (Level Percent of Payroll)

NOTE 11 - DEFINED BENEFIT PENSION PLANS (continued)

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 2 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 5 years and adjusted 103.3 percent for males and set forward 3 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 Pension Plan Investments has been determined by using a building-block approach and assumes a time horizon, as defined in SERS' *Statement of Investment Policy*. A forecasted rate of inflation serves as the baseline for the return expectation. Various real return premiums over the baseline inflation rate have been established for each asset class. The long-term expected nominal rate of return has been determined by calculating an arithmetic weighted average of the expected real return premiums for each asset class, adding the projected inflation rate, and adding the expected return from rebalancing uncorrelated asset classes.

The 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 %	(0.45) %
US Equity	24.75	5.37
Non-US Equity Developed	13.50	6.22
Non-US Equity Emerging	6.75	8.22
Fixed Income/Global Bonds	19.00	1.20
Private Equity	11.00	10.05
Real Estate/Real Assets	16.00	4.87
Multi-Asset Strategy	4.00	3.39
Private Debt/Private Credit	3.00	5.38
Total	100.00 %	

Discount Rate The total pension liability was calculated using the discount rate of 7.00 percent. The projection of cash flows used to determine the discount rate assumed the contributions from employers and from the members would be computed based on contribution requirements as stipulated by State statute. Projected inflows from investment 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 pension plan investments was applied to all periods of projected benefits to determine the total pension liability.

Sensitivity of the College's Proportionate Share of the Net Pension Liability to Changes in the Discount Rate Net pension liability is sensitive to changes in the discount rate, and to illustrate the potential impact the following table presents the net pension liability calculated using the discount rate of 7.00 percent, as well as what each plan's net pension liability would be if it were calculated using a discount rate that is one percentage point lower (6.00 percent), or one percentage point higher (8.00 percent) than the current rate:

NOTE 11 - DEFINED BENEFIT PENSION PLANS (continued)

	1% Decrease (6.00%)	Current Discount Rate (7.00%)	1% Increase (8.00%)
College's proportionate share of the net pension liability	$19,165,215	$13,020,270	$7,843,236

Actuarial Assumptions – STRS

Key methods and assumptions used in the June 30, 2022, actuarial valuation are presented below:

	June 30, 2022
Inflation	2.50 percent
Salary increases	From 2.5 percent to 12.5 percent based on age
Investment Rate of Return	7.00 percent, net of investment expenses, including inflation
Discount Rate of Return	7.00 percent
Payroll Increases	3.00 percent
Cost-of-Living Adjustments (COLA)	0.0 percent, effective July 1, 2017

For 2022, post-retirement mortality rates are based on the Pub-2010 Teachers Healthy Annuitant Mortality Table, adjusted 110 percent for males, projected forward generationally using mortality improvement scale MP-2020. Pre-retirement mortality rates are based on Pub-2010 Teachers Employee Table adjusted 95 percent for females, projected forward generationally using mortality improvement scale MP-2020. Post-retirement disabled mortality rates are based on Pub-2010 Teachers Disable Annuitant Table projected forward generationally using mortality improvement scale MP-2020.

For 2021, post-retirement mortality rates are based on RP-2014 Annuitant Mortality Table with 50 percent of rates through age 69, 70 percent of rates between ages 70 and 79, 90 percent of rates between ages 80 and 84, and 100 percent of rates, thereafter, projected forward generationally using mortality improvement scale MP-2016. Pre-retirement mortality rates are based on RP-2014 Employee Mortality Table, projected forward generationally using mortality improvement scale MP-2016. 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.

Actuarial assumptions used in the June 30, 2022, valuation are based on the results of an actuarial experience study for the period July 1, 2015, through June 30, 2021. 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:

NOTE 11 - DEFINED BENEFIT PENSION PLANS (continued)

Asset Class	Target Allocation *	Long-Term Expected Rate of Return **
Domestic Equity	26.00%	6.60%
International Equity	22.00	6.80
Alternatives	19.00	7.38
Fixed Income	22.00	1.75
Real Estate	10.00	5.75
Liquidity Reserves	1.00	1.00
Total	100.00%	

* Target allocation percentage is effective July 1, 2022. Target weights were phased in over a 3 month period concluding on October 1, 2022
** 10 year annualized geometric nominal returns, which include the real rate of return and inflation of 2.25 percent, and is net of 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, 2022. The projection of cash flows used to determine the discount rate assumes that member and employer contributions will be made at the statutory contribution rates in accordance with rate increases described above. For this purpose, only employer contributions that are intended to fund benefits of current plan members and their beneficiaries are included. 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, 2022. Therefore, the long-term expected rate of return on pension plan investments of 7.00 percent was applied to all periods of projected benefit payment to determine the total pension liability as of June 30, 2022.

Sensitivity of the College's Proportionate Share of the Net Pension Liability to Changes in the Discount Rate The following table presents the College's proportionate share of the net pension liability 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 rate:

	1% Decrease (6.00%)	Current Discount Rate (7.00%)	1% Increase (8.00%)
College's proportionate share of the net pension liability	$59,193,348	$39,184,390	$22,263,006

NOTE 11 - DEFINED BENEFIT PENSION PLANS (continued)

Social Security System

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

NOTE 12 - DEFINED BENEFIT OPEB PLANS

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

Plan Description - School Employees Retirement System (SERS)

Health Care Plan Description - The College contributes to the SERS Health Care Fund, administered by SERS for non-certificated retirees and their beneficiaries. For GASB 75 purposes, this plan is considered a cost-sharing other postemployment benefit (OPEB) plan. SERS' Health Care Plan provides healthcare benefits to eligible individuals receiving retirement, disability, and survivor benefits, and to their eligible dependents. Members who retire after June 1, 1986, need 10 years of service credit, exclusive of most types of purchased credit, to qualify to participate in SERS' health care coverage. The following types of credit purchased after January 29, 1981, do not count toward health care coverage eligibility: military, federal, out-of-state, municipal, private school, exempted, and early retirement incentive credit. 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. SERS' Retirement Board reserves the right to change or discontinue any health plan or program. Active employee members do not contribute to the Health Care Plan. The SERS Retirement Board established the rules for the premiums paid by the retirees for health care coverage for themselves and their dependents or for their surviving beneficiaries. Premiums vary depending on the plan selected, qualified years of service, Medicare eligibility, and retirement status.

Funding Policy - State statute permits SERS to fund the health care benefits through employer contributions. Each year, after the allocation for statutorily required pensions and benefits, the Retirement Board may allocate the remainder of the employer contribution of 14 percent of covered payroll to the Health Care Fund in accordance with the funding policy. For fiscal year 2023, no allocation was made to health care. An additional health care surcharge on employers is collected for employees earning less than an actuarially determined minimum compensation amount, pro-rated if less than a full year of service credit was earned. For fiscal year 2023, this amount was $25,000. Statutes provide that no employer shall pay a health care surcharge greater than 2 percent of that employer's SERS-covered payroll; nor may SERS collect in aggregate more than 1.5 percent of the total statewide SERS-covered payroll for the health care surcharge. For fiscal year 2023, the College's surcharge obligation was $28,025.

NOTE 12 - DEFINED BENEFIT OPEB PLANS (continued)

The surcharge, added to the allocated portion of the 14 percent employer contribution rate is the total amount assigned to the Health Care Fund. The College's contractually required contribution to SERS was $28,025 for fiscal year 2023. Of this amount $28,025 is reported as an accrued liability.

Plan Description - State Teachers Retirement System (STRS)

Plan Description – The State Teachers Retirement System of Ohio (STRS) administers a cost-sharing Health Plan administered for eligible retirees who participated in the defined benefit or combined pension plans offered by STRS. Ohio law authorizes STRS to offer this plan. Benefits include hospitalization, physicians' fees, prescription drugs and partial reimbursement of monthly Medicare Part B premiums. 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. All benefit recipients 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, 2023, 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, 2022, 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:

	SERS	STRS	Total
Proportion of the Net OPEB Liability (Asset):			
Current Measurement Date	0.22489000%	0.17626706%	
Prior Measurement Date	0.18576300%	0.16405700%	
Change in Proportionate Share	0.03912700%	0.01221006%	
Proportionate Share of the:			
Net OPEB Liability	$3,157,479	$0	$3,157,479
Net OPEB (Asset)	$0	($4,564,141)	($4,564,141)
OPEB Expense	$212,265	($702,463)	($490,198)

At June 30, 2023 the College reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

NOTE 12 - DEFINED BENEFIT OPEB PLANS (continued)

	SERS	STRS	Total
Deferred Outflows of Resources			
Differences between expected and actual experience	$26,543	$66,164	$92,707
Changes of assumptions	502,237	194,417	696,654
Net difference between projected and actual earnings on OPEB plan investments	16,411	79,451	95,862
Changes in proportionate Share and difference between School District contributions and proportionate share of contributions	1,755,263	263,998	2,019,261
School District contributions subsequent to the measurement date	28,025	0	28,025
Total Deferred Outflows of Resources	$2,328,479	$604,030	$2,932,509
Deferred Inflows of Resources			
Differences between expected and actual experience	$2,019,755	$685,447	$2,705,202
Changes of assumptions	1,296,168	3,236,415	4,532,583
Changes in Proportionate Share and Difference between School District contributions and proportionate share of contributions	0	9,579	9,579
Total Deferred Inflows of Resources	$3,315,923	$3,931,441	$7,247,364

$28,025 reported as deferred outflows of resources related to OPEB resulting from College contributions subsequent to the measurement date will be recognized as a reduction of the net OPEB liability in the year ending June 30, 2024. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to OPEB will be recognized in OPEB expense as follows:

	SERS	STRS	Total
Fiscal Year Ending June 30:			
2024	($207,081)	($926,801)	($1,133,882)
2025	(261,084)	(936,282)	(1,197,366)
2026	(252,118)	(461,965)	(714,083)
2027	(105,389)	(194,730)	(300,119)
2028	(63,010)	(264,660)	(327,670)
Thereafter	(126,787)	(542,973)	(669,760)
Total	($1,015,469)	($3,327,411)	($4,342,880)

NOTE 12 - DEFINED BENEFIT OPEB PLANS (continued)

Actuarial Assumptions - SERS

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

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

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

Key methods and assumptions used in calculating the total OPEB liability in the latest actuarial valuation date of June 30, 2022, are presented below:

	June 30, 2022
Inflation	2.40 percent
Future Salary Increases, including inflation	
Wage Increases	3.25 percent to 13.58 percent
Investment Rate of Return	7.00 percent net of investment expense, including inflation
Fiduciary Net Position is Projected to be Depleted	2044
Municipal Bond Index Rate:	
Measurement Date	3.69 percent
Prior Measurement Date	1.92 percent
Single Equivalent Interest Rate, net of plan investment expense, including price inflation	
Measurement Date	4.08 percent
Prior Measurement Date	2.27 percent
Health Care Cost Trend Rate	
Medicare	5.125 to 4.40 percent
Pre-Medicare	6.75 to 4.40 percent
Medical Trend Assumption	7.00 to 4.40 percent

NOTE 12 - DEFINED BENEFIT OPEB PLANS (continued)

Mortality rates among healthy retirees were based on the PUB-2010 General Employee Amount Weighted 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 2 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 5 years and adjusted 103.3 percent for males and set forward 3 years and adjusted 106.8 percent for females. Mortality rates for contingent survivors were based on PUB-2010 General Amount Weighted Below Median Contingent Survivor mortality table projected to 2017 with ages set forward 1 year and adjusted 105.5 percent for males and adjusted 122.5 percent for females. Mortality rates for actives is based on PUB-2010 General Amount Weighted Below Median Employee mortality table.

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 in 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 long-normal distribution analysis in which best-estimate ranges of expected future real rates of return were developed by the investment consultant for each major asset class. These ranges were combined to produce the long-term expected rate of return, 7.00 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 timeframe. The assumption is intended to be a long-term assumption and is not expected to change absent a significant change in the asset allocation, a change in the inflation assumption, or a fundamental change in the market that alters expected returns in future years.

The SERS health care plan follows the same asset allocation and long-term expected real rate of return for each major asset class as the pension plan, see Note 10.

Discount Rate The discount rate used to measure the total OPEB liability at June 30, 2022, was 4.08 percent. The discount rate used to measure total OPEB liability prior to June 30, 2021, was 2.27 percent. The projection of cash flows used to determine the discount rate assumed that contributions will be made from members and the System at the contribution rate of 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, 2022, 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 3.69 percent at June 30, 2022, and 1.92 percent at June 30, 2021.

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 of SERS, what SERS' net OPEB liability would be if it were calculated using a discount rate that is 1 percentage point lower (3.08%) and higher (5.08%) than the current discount rate (4.08%). Also shown is what SERS' net OPEB liability would be

NOTE 12 - DEFINED BENEFIT OPEB PLANS (continued)

based on health care cost trend rates that are 1 percentage point lower (6.00% decreasing to 3.40%) and higher (8.00% decreasing to 5.40%) than the current rate:

	1% Decrease (3.08%)	Current Discount Rate (4.08%)	1% Increase (5.08%)
College's proportionate share of the net OPEB liability	$3,921,637	$3,157,479	$2,540,596

	1% Decrease (6.00% decreasing to 3.40%)	Current Trend Rate (7.00% decreasing to 4.40%)	1% Increase (8.00% decreasing to 5.40%)
College's proportionate share of the net OPEB liability	$2,434,983	$3,157,479	$4,101,176

Actuarial Assumptions – STRS

Key methods and assumptions used in the June 30, 2022, actuarial valuation are presented below:

	June 30, 2022	June 30, 2021
Projected salary increases	Varies by service from 2.5 percent to 8.5 percent	Varies by age from 2.5 percent to 12.50 percent
Investment Rate of Return	7.00 percent, net of investment expenses, including inflation	7.00 percent, net of investment expenses, including inflation
Payroll Increases	3 percent	3 percent
Discount Rate of Return	7.00 percent	7.00 percent
Health Care Cost Trends		
Medical		
Pre-Medicare	7.50 percent initial 3.94 percent ultimate	5.00 percent initial 4 percent ultimate
Medicare	-68.78 percent initial 3.94 percent ultimate	-16.18 percent initial 4 percent ultimate
Prescription Drug		
Pre-Medicare	9.00 percent initial 3.94 percent ultimate	6.50 percent initial 4 percent ultimate
Medicare	-5.47 percent initial 3.94 percent ultimate	29.98 percent initial 4 percent ultimate

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

NOTE 12 - DEFINED BENEFIT OPEB PLANS (continued)

For 2022, healthy retirees post-retirement mortality rates are based on the Pub-2010 Teachers Healthy Annuitant Mortality Table, adjusted 110 percent for males, projected forward generationally using mortality improvement scale MP-2020; pre-retirement mortality rates are based on Pub-2010 Teachers Employee Table adjusted 95 percent for females, projected forward generationally using mortality improvement scale MP-2020. For disabled retirees, mortality rates are based on the Pub-2010 Teachers Disabled Annuitant Table projected forward generationally using mortality improvement scale MP-2020.

For 2021, healthy retirees the mortality rates are based on the RP-2014 Annuitant Mortality Table with 50 percent of rates through age 69, 70 percent of rates between ages 70 and 79, 90 percent of rates between ages 80 and 84, and 100 percent of rates thereafter, projected forward generationally using mortality improvement scale MP-2016. For disabled retirees, mortality rates are based on the RP-2014 Disabled Mortality Table with 90 percent of rates for males and 100 percent of rates for females, projected forward generationally using mortality improvement scale MP-2016.

Actuarial assumptions used in the June 30, 2022, valuation are based on the results of an actuarial experience study for the period July 1, 2015, through June 30, 2021. An actuarial experience study is done on a quinquennial basis.

The STRS health care plan follows the same asset allocation and long-term expected real rate of return for each major asset class as the pension plan, see Note 11.

*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, 2022. 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 these assumptions, the OPEB plan's fiduciary net position was projected to be available to make all projected future benefit payments to current plan members as of June 30, 2022. Therefore, the long-term expected rate of return on health care plan investments of 7.00 percent was applied to all periods of projected health care costs to determine the total OPEB liability as of June 30, 2022.

Sensitivity of the College's Proportionate Share of the Net OPEB Asset to Changes in the Discount and Health Care Cost Trend Rate The following table represents the net OPEB asset as of June 30, 2022, 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 if it were calculated using health care cost trend rates that are one percentage point lower or one percentage point higher than the current health care cost trend rates:

NOTE 12 - DEFINED BENEFIT OPEB PLANS (continued)

	1% Decrease (6.00%)	Current Discount Rate (7.00%)	1% Increase (8.00%)
College's proportionate share of the net OPEB asset	($4,219,428)	($4,564,141)	($4,859,417)

	1% Decrease	Current Trend Rate	1% Increase
College's proportionate share of the net OPEB asset	($4,734,124)	($4,564,141)	($4,349,578)

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, 2022 to June 30, 2023

	PPO
Single Coverage	$ 505.57
Employee/Spouse	1,050.66
Employee/Child	818.62
Family Coverage	1,455.20

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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 2023, 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

Student Resource Center (SRC)

On August 23, 2022, the United States District Court for the Southern District of Ohio, ordered the College to pay the Student Resource Center ("SRC") $2,357,153 related to profit sharing from fiscal year 2022 and previous years in connection with a breach of contract lawsuit filed by SRC. This amount was recorded as an accrued liability on the financial statements at the time. On January 6, 2025, the Court affirmed its prior order and granted SRC judgment in the previously paid amount of $2,357,153. This lawsuit was settled in fiscal year 2025.

United States Department of Education

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. 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 court granted the College's motion on October 21, 2022, which enjoined ED from enforcing its July 18, 2022 Cease-and-Desist Letter or taking other actions to limit the College's participation in federal financial aid, without first affording due process.

On April 20, 2023, ED issued the College a draft program review report related to the College's administration of federal financial aid. The confidential report was placed under federal court seal due to its preliminary nature.

In July 2023, the College reached a preliminary settlement agreement with ED. Under the terms of this settlement, the College agreed to wind down the FCB Program and ED agreed to seek authority for a compromise of the liability amount arising out of ED's program review based on the College's ability to pay. In addition, ED agreed not to take any action that would cause the College to go insolvent, and the College agreed to voluntarily dismiss the lawsuit against ED, which it did on August 2, 2023.

On June 5, 2024, the attorney for ED sent a settlement demand to fully resolve the program review. This demand was brought to the College's Board of Trustees and the Ohio Department of Higher Education, but it was determined to exceed what the College had financially available. Effective August 1, 2024, Fred Ransier was appointed Conservator, and subsequently Executive Director, of the College. In September 2024, a five-member Governance Authority took over the management of the College to oversee its dissolution and closure process. In October 2024, Mr. Ransier and the Governance Authority chair, Kim Murnieks, met with ED officials to discuss a zero-dollar settlement of the program review. Accordingly, it is unclear how much liability, if any, will result from the program review.

The Auditor of State is conducting an investigation, which is on-going as of the date of this report. Dependent on the outcome of the investigation, results may be reported on at a later date.

NOTE 15 – RELATED PARTIES

- In October 2023, the U.S. Department of Education (ED) amended 34 CFR Part 668 Student Assistance General Provisions - Related Party Disclosure Requirement, which establishes general rules that apply to all institutions of higher education (institutions) that participate in financial assistance programs authorized under Title IV of the Higher Education Act. The amended regulations went into effect on July 1, 2024, and are effective for all audits submitted on or after that date. The amended regulations include expanded related party disclosure requirements, that exceed what is required under U.S. Generally Accepted Accounting Principles (GAAP) to include all related parties and a level of detail that would enable ED to readily identify the related party. They are as follows:

    - Name: EdFinancial Services, LLC/Higher Education Solutions
      Location: Knoxville, TN 37922
      Description: Edfinancial Services is a student loan servicer. They provide customer service on behalf of the lender, including answering questions, helping with repayment plans, and processing student loan payments. They've been in the student loan industry for over 30 years and strive to deliver exceptional student loan servicing for students and families nationwide.
      Payment Info: $383,806 total payments from April 2014 – August 2024 towards "Cohort Data Management Services" provided related to loans. Of the total payments, $3,329 represents fiscal year 2023.

    - Name: National Student Clearinghouse
      Location: Herndon, VA 20171
      Description: The National Student Clearinghouse is an educational nonprofit that provides educational reporting, verification, and research services to North American colleges and universities. NSC has a nationwide network of 3,600 colleges, representing 97 percent of postsecondary enrollment.
      Payment Info: No transactions.

    - Name: Student Resource Center (SRC)
      Location: Chicago, IL 60611
      Description: Prior to fiscal year 2023, the SRC was involved with EGCC in the following functions both directly or indirectly through its subcontractors: (a) assist in the development and marketing of online course and/or program offerings to members of state and national entities along with necessary services in support of student success inclusive of addressing the development needs of some students; (b) accelerate growth of Eastern Gateway's online offerings through strategies specific to attracting adult learners interested in online learning options; (c) identify additional online offerings not currently available through Eastern Gateway that meet unmet needs within defined markets; (d) provide professional development opportunities for full-time and adjunct faculty related to online teaching, learning, and student success; (e) provide 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); and (f) provide up-start investment strategy for launching the online initiative with no upfront capital investment by Eastern Gateway, but with a contractual agreement specific to addressing profit and losses.

NOTE 15 – RELATED PARTIES (continued)

Also prior to fiscal year 2023, a newly formed SRC assumed all the contractual responsibilities from prior ownership. As of March 2022, EGCC ended the relationship with SRC.
Payment Info: $55,114,909 total payments from 2017 – October 2023 towards collaboration expenses and lawsuits settlement. Of the total payments, $4,190,970 represent fiscal year 2023.

In addition, the college notes that the following positions of control disclosed no related third-party transactions:

- The Board of Trustees
- College President
- Chief Financial Officer
- Chief Operations Officer

As it pertains to the Board of Trustees, the prior process of identifying related parties was unidentifiable for fiscal year 2023 but was identifiable for fiscal year 2024. Therefore, this response is based on the fiscal year 2024 disclosures forms.

NOTE 16 – DISCRETELY PRESENTED COMPONENT UNIT

SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The financial statements of the Eastern Gateway Community College Foundation, Inc. (the "Foundation") have been prepared on the accrual basis of accounting in accordance with accounting principles generally accepted in the United States of America. The following significant accounting policies are described below to enhance the usefulness of the financial statements to the reader.

Organization and Purpose
Eastern Gateway Community College Foundation, Inc. (the "Foundation") is a legally separate, tax-exempt organization supporting Eastern Gateway Community College (the "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.

Affiliates
Affiliates exist when an entity has the ability to directly or indirectly control another enterprise. Control includes the direct or indirect power to direct or cause the direction of the management and policies of a specified party, whether through ownership, by contract, or otherwise.

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.

NOTE 16 – DISCRETELY PRESENTED COMPONENT UNIT (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.

Revenue and Support Recognition

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

Contributions
Contributions are recognized when cash, securities or other assets; an unconditional promise to give; or a notification of a beneficial interest is received. Conditional promises to give – that is, those with a measurable performance or other barrier and right of return – are not recognized until the conditions on which they depend have been met.

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.

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 $130,931 for the year ended June 30, 2023.

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.

NOTE 16 – DISCRETELY PRESENTED COMPONENT UNIT (continued)

Pledges Receivable
Unconditional promises to give that are expected to be collected within one year are recorded at their 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, 2023.

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, 2023. 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, 2023.

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.

NOTE 16 – DISCRETELY PRESENTED COMPONENT UNIT (continued)

Subsequent Events
Continuation of Mission to Help Our Communities: In spite of the tragic closing of Eastern Gateway Community College (EGCC), the Eastern Gateway Community College Foundation (EGCC Foundation) will continue in its mission of serving the educational scholarship needs of our communities. The intention is to continue to assist individuals within our community that are looking to further their education – the Board is working on these guidelines. We are hopeful that another community college might become available in our region, and then a focus will be made toward meeting the needs of these students. In the absence of a local community college, the Foundation will still continue to identify and help individuals with community-college-level educational pursuits. The EGCC Foundation is currently in the process of changing its name to Eastern Ohio Community College Foundation (EOCC Foundation).

As a result of the pending closure of EGCC, a transfer of $303,482 of remaining endowment/scholarship funds was made to the EGCC foundation in July 2025.

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 $116,033 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.

INVESTMENTS

The following summarizes the fair value of investments held at June 30:

Equity Mutual Fund	$ 729,487
Fixed Income and Corporate Bonds	310,699
Real Estate Investment Trust	23,396
Total	$1,063,582

NOTE 16 – DISCRETELY PRESENTED COMPONENT UNIT (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 of the 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, 2023, in valuing the Foundation's investments carried at fair value:

	Level 1	Level 2	Level 3
Equity Mutual Funds	$ 729,487	$ -	$ -
Fixed Income	310,699	-	-
Real Estate Investment Trust	23,396	-	-
Total	$1,063,582	$ -	$ -

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

ENDOWMENT COMPOSITION
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 these net assets as donor restricted net assets (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.

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NOTE 16 – DISCRETELY PRESENTED COMPONENT UNIT (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

The Foundation's endowment fund activity was as follows for the year ended June 30, 2023:

	With Donor Restrictions
Endowment Net Assets, end of 2022	$ 450,025
Investment returns:	
Interest, dividends and realized gains (losses)	5,323
Net unrealized gains (losses)	31,953
Reclassification and transfers out	
Endowment Net Assets, end of 2023	$ 487,301

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 2023.

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.

NOTE 16 – DISCRETELY PRESENTED COMPONENT UNIT (continued)

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 interest earnings and dividends.

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

NET ASSETS WITH DONOR RESTRICTIONS

Net assets with donor restrictions as of June 30 were restricted for scholarships, other student needs and certain building and equipment needs.

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, 2023 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 expenses are as follows:

Financial assets:	
Cash and cash equivalents	$173,059
Investments	1,063,582
Financial assets, at year-end	1,236,641
Less those unavailable for general expenses within one year, due to:	
Contractual or donor-imposed restrictions:	
Donor-restricted contributions (excludes time restrictions)	1,134,639
Due to primary government	65,300
Financial assets available to meet cash needs for general expenses within one year	$36,702

NOTE 16 – DISCRETELY PRESENTED COMPONENT UNIT (continued)

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 expenses, liabilities, and other obligations come due.

RESTATEMENT OF WITH AND WITHOUT DONOR RESTRICTIONS

In 2023, the Foundation re-evaluated all donor contributions as it pertains to with and without donor restrictions. As a result of this re-evaluation, the beginning balance of without donor restriction changed from $150,520 to $35,048 or a decrease of $115,472. With donor restrictions changed from $957,594 to $1,073,066 or an increase of $115,472.

NOTE 17 – SUBSEQUENT EVENTS

On July 28, 2024, the College offered its last day of instruction. The College ended its accreditation with the Higher Learning Commission on November 1, 2024.

Defeasance of 2020 General Improvement Bonds: In August 2025, the College utilized $11,703,896 of unencumbered funds and $551,349 of remaining bond proceeds to complete a legal defeasance of the various remaining term and serial bonds in the aggregate amount of $11,605,000 and to pay the costs of issuance. The unencumbered funds and the remaining bond proceeds were deposited into an irrevocable escrow account. The funds are invested in direct obligations of the U.S. government. The funds and interest earnings will provide enough dollars for the future debt service payments on the defeased bonds.

On August 30, 2024, representatives of Jefferson County, Ohio filed two declaratory judgment lawsuits in the Court of Common Pleas of Jefferson County, Ohio. These lawsuits seek a court order determining (1) whether the College's Jefferson County campus, currently subject to a pre-judgment attachment in SRC lawsuit and a reversionary interest held by Jefferson County, has ceased to be used for an educational purpose and reverted back to Jefferson County by operation of law and (2) whether Jefferson County is required to continue to collect on a tax levy for the benefit of the College in future tax years. As of December 19, 2024, both Jefferson County lawsuits were stayed pending resolution or further court order from the United States District Court for the Southern District of Ohio in the SRC lawsuit.

Mr. Ransier and the Governance Authority continue to work towards the final dissolution and closure of the College.

The College closed effective September 30, 2025.

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EASTERN GATEWAY COMMUNITY COLLEGE

Required Supplementary Information

Schedule of the College's Proportionate Share of the Net Pension Liability

Last Ten Fiscal Years

	2023	2022	2021
School Employees Retirement System (SERS)			
College's Proportion of the Net Pension Liability	0.24072480%	0.19927780%	0.17003780%
College's Proportionate Share of the Net Pension Liability	$ 13,020,270	$ 7,352,773	$ 11,246,658
College's Covered Payroll	$ 8,598,343	$ 6,878,557	$ 5,961,150
College's Proportionate Share of the Net Pension Liability as a Percentage of its Covered Payroll	151.43%	106.89%	188.67%
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	75.82%	82.86%	68.55%
State Teachers Retirement System (STRS)			
College's Proportion of the Net Pension Liability	0.17626706%	0.16405737%	0.12294115%
College's Proportionate Share of the Net Pension Liability	$ 39,184,390	$ 20,976,209	$ 29,747,384
College's Covered Payroll	$ 22,915,557	$ 20,243,607	$ 14,837,079
College's Proportionate Share of the Net Pension Liability as a Percentage of its Covered Payroll	170.99%	103.62%	200.49%
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	78.90%	87.80%	75.50%

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

2020	2019	2018	2017	2016	2015	2014
0.15550970%	0.13863130%	0.11379980%	0.09685110%	0.08650800%	0.09305400%	0.09305400%
$ 9,304,418	$ 7,939,671	$ 6,799,287	$ 7,088,607	$ 4,936,248	$ 4,709,410	$ 5,533,622
$ 5,400,911	$ 4,518,570	$ 2,685,600	$ 3,040,136	$ 2,743,096	$ 2,907,684	$ 2,850,600
172.27%	175.71%	253.18%	233.17%	179.95%	161.96%	194.12%
70.85%	71.36%	69.50%	62.98%	69.16%	71.70%	65.52%
0.09288574%	0.06177467%	0.05019882%	0.04687207%	0.05784400%	0.05759500%	0.05759500%
$ 20,541,123	$ 13,582,863	$ 11,924,837	$ 15,689,495	$ 15,986,307	$ 14,009,163	$ 16,687,623
$ 10,905,143	$ 7,025,264	$ 5,520,986	$ 4,931,843	$ 6,064,386	$ 5,781,554	$ 5,954,508
188.36%	193.34%	215.99%	318.13%	263.61%	242.31%	280.25%
77.40%	77.31%	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

	2023	2022	2021	2020	2019
School Employees Retirement System (SERS)					
Contractually Required Contribution	$ 1,472,257	$ 1,203,768	$ 962,998	$ 834,561	$ 729,123
Contributions in Relation to the Contractually Required Contribution	(1,472,257)	(1,203,768)	(962,998)	(834,561)	(729,123)
Contribution Deficiency (Excess)	$ 0	$ 0	$ 0	$ 0	$ 0
College's Covered Payroll	$ 10,516,121	$ 8,598,343	$ 6,878,557	$ 5,961,150	$ 5,400,911
Pension Contributions as a Percentage of Covered Payroll	14.00%	14.00%	14.00%	14.00%	13.50%
State Teachers Retirement System (STRS)					
Contractually Required Contribution	$ 2,964,043	$ 3,208,178	$ 2,834,105	$ 2,077,191	$ 1,526,720
Contributions in Relation to the Contractually Required Contribution	(2,964,043)	(3,208,178)	(2,834,105)	(2,077,191)	(1,526,720)
Contribution Deficiency (Excess)	$ 0	$ 0	$ 0	$ 0	$ 0
College's Covered Payroll	$ 21,171,736	$ 22,915,557	$ 20,243,607	$ 14,837,079	$ 10,905,143
Pension Contributions as a Percentage of Covered Payroll	14.00%	14.00%	14.00%	14.00%	14.00%

2018		2017		2016		2015		2014	
$	610,007	$	375,984	$	425,619	$	361,540	$	403,005
	(610,007)		(375,984)		(425,619)		(361,540)		(403,005)
$	0	$	0	$	0	$	0	$	0
$	4,518,570	$	2,685,600	$	3,040,136	$	2,743,096	$	2,907,684
	13.50%		14.00%		14.00%		13.18%		13.86%
$	983,537	$	772,938	$	690,458	$	849,014	$	751,602
	(983,537)		(772,938)		(690,458)		(849,014)		(751,602)
$	0	$	0	$	0	$	0	$	0
$	7,025,264	$	5,520,986	$	4,931,843	$	6,064,386	$	5,781,554
	14.00%		14.00%		14.00%		14.00%		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 Seven Fiscal Years (1)

	2023	2022	2021	2020	2019	2018	2017
School Employees Retirement System (SERS)							
College's Proportion of the Net OPEB Liability	0.22489000%	0.18576300%	0.15898300%	0.14282000%	0.13142310%	0.10850390%	0.09608201%
College's Proportionate Share of the Net OPEB Liability	$ 3,157,479	$ 3,515,708	$ 3,455,217	$ 3,628,384	$ 3,646,032	$ 2,911,960	$ 2,738,693
College's Covered Payroll	$ 8,598,343	$ 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	37.60%	51.11%	57.96%	67.18%	80.69%	108.43%	90.08%
Plan Fiduciary Net Position as a Percentage of the Total OPEB Liability	30.34%	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)	0.17626706%	0.16405700%	0.12294100%	0.09288600%	0.06177467%	0.05019882%	0.04687207%
College's Proportionate Share of the Net OPEB Liability/(Asset)	$ (4,564,141)	$ (3,459,007)	$ (2,160,686)	$ (1,538,415)	$ (992,656)	$ 1,958,573	$ 2,506,730
College's Covered Payroll	$ 22,915,557	$ 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	-19.92%	-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)	230.70%	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

	2023	2022	2021	2020
School Employees Retirement System (SERS)				
Contractually Required Contribution (1)	$ 28,025	$ 38,162	$ 28,289	$ 19,528
Contributions in Relation to the Contractually Required Contribution	(28,025)	(38,162)	(28,289)	(19,528)
Contribution Deficiency (Excess)	$ 0	$ 0	$ 0	$ 0
College's Covered Payroll	$ 10,516,121	$ 8,598,343	$ 6,878,557	$ 5,961,150
OPEB Contributions as a Percentage of Covered Payroll (1)	0.27%	0.44%	0.41%	0.33%
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	$ 21,171,736	$ 22,915,557	$ 20,243,607	$ 14,837,079
OPEB Contributions as a Percentage of Covered Payroll	0.00%	0.00%	0.00%	0.00%

(1) Includes surcharge

2019	2018	2017	2016	2015	2014
$ 44,373	$ 52,653	$ 26,867	$ 39,754	$ 16,847	$ 36,571
(44,373)	(52,653)	(26,867)	(39,754)	(16,847)	(36,571)
$ 0	$ 0	$ 0	$ 0	$ 0	$ 0
$ 5,400,911	$ 4,518,570	$ 2,685,600	$ 3,040,136	$ 2,743,096	$ 2,907,684
0.82%	1.17%	1.00%	1.31%	0.61%	1.26%
$ 0	$ 0	$ 0	$ 0	$ 0	$ 57,816
0	0	0	0	0	(57,816)
$ 0	$ 0	$ 0	$ 0	$ 0	$ 0
$ 10,905,143	$ 7,025,264	$ 5,520,986	$ 4,931,843	$ 6,064,386	$ 5,781,554
0.00%	0.00%	0.00%	0.00%	0.00%	1.00%

See accompanying notes to the required supplementary information.

NOTE 1 - NET PENSION LIABILITY

Changes in Assumptions – SERS

Beginning in fiscal year 2018, on each anniversary of the initial retirement, the allowance of all retirees and survivors may be increased by the annual rate of increase in the CPI-W measured as of the June preceding the beginning of the applicable calendar year. The annual rate of increase shall not be less than 0 percent nor greater than 2.5 percent. The COLA was suspended for 2018-2020. Prior to 2018, an assumption of 3 percent was used.

Amounts reported in 2022 incorporate changes in assumptions used by SERS in calculating the total pension liability in the latest actuarial valuation. These assumptions compared with those used in prior years are presented below:

Beginning in 2022, amounts reported use mortality rates 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 2 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 5 years and adjusted 103.3 percent for males and set forward 3 years and adjusted 106.8 percent for females. Future improvement in mortality rates is reflected by applying the MP-2020 projection scale generationally.

Amounts report for 2017 through 2021 use mortality rates that are based on the RP-2014 Blue Collar Mortality Table with fully generational projection and a five year age set-back for both males and females. Amounts reported for fiscal year 2016 and prior, use mortality assumptions that are based on the 1994 Group Annuity Mortality Table set back one year for both men and women. Special mortality tables were used for the period after disability retirement.

Changes in Assumptions - STRS

Beginning with fiscal year 2022, amounts reported incorporate changes in assumptions and changes in benefit terms used by STRS in calculating the total pension liability in the latest actuarial valuation. These new assumptions compared with those used in fiscal years 2018-2021 and fiscal year 2017 and prior are presented below:

Beginning with fiscal year 2022, post-retirement mortality rates are based on the Pub-2010 Teachers Healthy Annuitant Mortality Table, adjusted 110 percent for males, projected forward generationally using mortality improvement scale MP-2020. Pre-retirement mortality rates are based on Pub-2010 Teachers Employee Table adjusted 95 percent for females, projected forward generationally using mortality improvement scale MP-2020. Post-retirement disabled mortality rates are based on Pub-2010 Teachers Disable Annuitant Table projected forward generationally using mortality improvement scale MP-2020.

Beginning with fiscal year 2018, post-retirement mortality rates for healthy retirees were 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. 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. Pre-retirement mortality rates are based on RP-2014 Employee Mortality Table, projected forward generationally using mortality improvement scale MP-2016.

For fiscal year 2017 and prior actuarial valuation, mortality rates were based on the RP-2000 Combined Mortality Table (Projection 2022—Scale AA) for Males and Females. Males' ages are set-back two years through age 89 and no set-back for age 90 and above. Females younger than age 80 are set back four years, one year set back from age 80 through 89, and no set back from age 90 and above.

Changes in Benefit Term – STRS Pension

For fiscal year 2023, the Board approved a one-time 3 percent COLA effective on the anniversary of a benefit recipient's retirement date for those eligible during fiscal year 2023 and eliminated the age 60 requirement to receive unreduced retirement that was scheduled to go into effect August 1, 2026.

Note 2-Net OPEB Liability

Changes in Assumptions – SERS

Beginning with fiscal year 2022, amounts reported incorporate changes in assumptions and changes in benefit terms used by SERS in calculating the total OPEB liability in the latest actuarial valuation. These new assumptions compared with those used in fiscal year 2021 and prior are presented below:

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

Changes in Assumptions – STRS

For fiscal year 2018, the discount rate was increased from 3.26 percent to 4.13 percent based on the methodology defined under GASB Statement No. 74, Financial Reporting for Postemployment Benefit Plans Other Than Pension Plans (OPEB) and the long term expected rate of return was reduced from 7.75 percent to 7.45 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.

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.

For fiscal year 2022, the discount rate was decreased from 7.45 percent to the long-term expected rate of return of 7.00.

For fiscal year 2023, the projected salary increases were changed from age based (2.5 percent to 12.50 percent) to service based (2.5 percent to 8.5 percent.)

Changes in Benefit Terms – STRS OPEB

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 2020.

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 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 2021, there was no change to the claims costs process. Claim curves were updated to reflect the projected fiscal year ending June 30, 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 2.1 percent for the AMA Medicare plan. The Medicare Part B monthly reimbursement elimination date was postponed indefinitely.

For fiscal year 2022, there was no change to the claims costs process. Claim curves were updated to reflect the projected fiscal year ending June 30, 2022 premium based on June 30, 2021 enrollment distribution. The non-Medicare subsidy percentage was increased effective January 1, 2022 from 2.055 percent to 2.1 percent per year of service. 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 CY 2022. The Part B monthly reimbursement elimination date was postponed indefinitely.

For fiscal year 2023, healthcare trends were updated to reflect emerging claims and recoveries experience.

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EASTERN GATEWAY COMMUNITY COLLEGE
JEFFERSON COUNTY

SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE YEAR ENDED JUNE 30, 2023

FEDERAL GRANTOR ***Pass Through Grantor*** **Program / Cluster Title**	**Federal AL Number**	**Pass Through Entity Identifying Number**	**Total Federal Expenditures**
U.S. DEPARTMENT OF EDUCATION			
Direct Programs			
Student Financial Assistance Cluster			
Federal Pell Grant Program	84.063		16,980,279
Federal Direct Student Loans	84.268		303,307
Total Student Financial Assistance Cluster			17,283,586
TRIO Cluster			
TRIO Student Support Services - 84.042	84.042		251,588
TRIO Upward Bound - 84.047	84.047		311,714
TRIO Educational Opportunity Centers - 84.066	84.066		274,065
Total TRIO Cluster			837,367
COVID-19: Education Stablilization Fund - Higher Education Emergency Relief Funds	84.425F		115,138
Passed Through Ohio Department of Education and Workforce			
Adult Education - Basic Grants to States - Aspire Instructional	84.002A	2023	1,063,321
Adult Education - Basic Grants to States - IELCE/IET	84.002A	2023	32,152
Total Adult Education - Basic Grants to States			1,095,473
Career Technical Education - Basic Grants to States - Perkins V	84.048A	2023	293,074
Total U.S. Department of Education			19,624,638
Appalachian Regional Commission			
Direct Program			
Appalachian Regional Commission	23.001		30,000
Total Appalachian Regional Commission			30,000
Total Expenditures of Federal Awards			$19,654,638

The accompanying notes are an integral part of this schedule.

EASTERN GATEWAY COMMUNITY COLLEGE
JEFFERSON COUNTY

NOTES TO THE SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
2 CFR 200.510(b)(6)
FOR THE YEAR ENDED JUNE 30, 2023

NOTE A - BASIS OF PRESENTATION

The accompanying Schedule of Expenditures of Federal Awards (the Schedule) includes federal award activity of Eastern Gateway Community College (the College) under programs of the federal government for the year ended June 30, 2023. 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 B - 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 Uniform Guidance wherein certain types of expenditures may or may not be allowable or may be limited as to reimbursement.

NOTE C – INDIRECT COST RATE

The College has elected not to use the 10-percent de minimis indirect cost rate as allowed under the Uniform Guidance.

NOTE D - 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. The new amount of loans to the College's students and parents during the fiscal year ended June 30, 2023 are as follows:

Federal Subsidized Loans	$ 176,546
Federal Unsubsidized Loans	123,408
Federal Plus Loans	3,353
Total Federal Direct Student Loans	$ 303,307

OHIO AUDITOR OF STATE
KEITH FABER

65 East State Street
Columbus, Ohio 43215
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800-282-0370

INDEPENDENT AUDITOR'S REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER MATTERS REQUIRED BY *GOVERNMENT AUDITING STANDARDS*

Eastern Gateway Community College
Jefferson County
4000 Sunset Boulevard
Steubenville, Ohio 43952

To the Governance Authority:

We were engaged to audit, 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 we have audited the discretely presented component unit of the Easten Gateway Community College, Jefferson County, Ohio (the College) as of and for the year ended June 30, 2023, and the related notes to the financial statements, which collectively comprise the College's basic financial statements and have issued our report thereon dated October 22, 2025, wherein we noted on July 28, 2024 the College offered its last day of instruction and ended its accreditation with the Higher Learning Commission on November 1, 2024. In addition, the College closed effective September 30, 2025. Finally, we did not opine on the business-type activities because management did not provide the Auditor of State with certain representations as required by Auditing Standards AU-C Section 580, Written Representations, and we were unable to obtain sufficient appropriate audit evidence to support material balances and disclosures due to pervasive deficiencies in recordkeeping and concerns regarding the integrity and reliability of underlying data.

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 College's financial statements will not be prevented, or detected and corrected, on a timely basis. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that were not identified. We identified certain deficiencies in internal control, described in the accompanying schedule of findings and questioned costs as items 2023-001, 2023-002, and 2023-005 through 2023-015 that we consider to be material weaknesses.

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 instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards* and which are described in the accompanying schedule of findings and questioned costs as items 2023-001 through 2023-004. Additionally, if the scope of our work had been sufficient to enable us to express opinions on the business-type activities, other instances of noncompliance or other matters may have been identified and reported herein.

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 College'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 College's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

KEITH FABER
Ohio Auditor of State

Tiffany L Ridenbaugh

Tiffany L Ridenbaugh, CPA, CFE, CGFM
Chief Deputy Auditor

October 22, 2025

OHIO AUDITOR OF STATE
KEITH FABER

65 East State Street
Columbus, Ohio 43215
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INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE WITH REQUIREMENTS APPLICABLE TO EACH MAJOR FEDERAL PROGRAM AND ON INTERNAL CONTROL OVER COMPLIANCE REQUIRED BY THE UNIFORM GUIDANCE

Eastern Gateway Community College
Jefferson County
4000 Sunset Boulevard
Steubenville, Ohio 43952

To the Governance Authority:

Report on Compliance for Each Major Federal Program

Opinion on Each Major Federal Program

Disclaimer of Opinion

We were engaged to audit Eastern Gateway Community College's, Jefferson County, (the College) compliance with the types of compliance requirements identified as subject to audit in the U.S. Office of Management and Budget (OMB) *Compliance Supplement* that could have a direct and material effect on Eastern Gateway Community College's major federal programs for the year ended June 30, 2023; and we were engaged to audit Eastern Gateway Community College's compliance with the types of compliance requirements identified as subject to audit in the OMB *Compliance Supplement* that could have a direct and material effect on Eastern Gateway Community College's major federal programs (Student Financial Assistance Cluster, TRIO Cluster, and Adult Education – Basic Grants to States) for the year ended June 30, 2023. Eastern Gateway Community College's major federal programs are identified in the *Summary of Summary of Opinions* section of our report.

Summary of Opinions

Major Federal Program	***Type of Opinion***
Student Financial Assistance Cluster	Disclaimer
TRIO Cluster	Disclaimer
Adult Education – Basic Grants to States	Disclaimer

Disclaimer of Opinion on Student Financial Assistance Cluster, TRIO Cluster, and Adult Education – Basic Grants to States Major Federal Programs

We do not express an opinion on the College's compliance with the types of compliance requirements identified as subject to audit in the OMB *Compliance Supplement* that could have a direct and material effect on the Student Financial Assistance Cluster, TRIO Cluster, and Adult Education – Basic Grants to States major federal programs. Because of the significance of the matters described in the *Basis for Disclaimer of Opinion on Student Financial Assistance Cluster, TRIO Cluster, and Adulted Education – Basic Grants to State Major Federal Programs* section of our report, we have not been able to obtain sufficient appropriate audit evidence to provide a basis for an audit opinion on compliance with the types of compliance requirements described in the OMB *Compliance Supplement* that could have a direct and material effect on the *Student Financial Assistance Cluster, TRIO Cluster, and Adult Education – Basic Grants to States Major Federal Programs*.

Basis for Disclaimer of Opinion on Student Financial Assistance Cluster, TRIO Cluster, and Adult Education – Basic Grants to States Major Federal Programs

As described in findings 2023-016 through 2023-044 in the accompanying schedule of findings and questioned costs, we were unable to obtain audit evidence supporting the College's compliance with applicable federal requirements for these programs. Specifically:

- For the Student Financial Aid Cluster, documentation related to allowable costs, cash management, student eligibility, disbursement records, reconciliation of federal funds, and satisfactory academic progress was incomplete or inconsistent due to a lack of written policies and procedures and unreliable data systems.
- For the TRIO program, required performance reporting and participant eligibility records were either missing or lacked adequate support.
- For the Adult Education program, we were unable to verify allowable costs and programmatic expenditures due to inadequate documentation and unreliable data systems.

As a result, we were unable to obtain audit evidence supporting the College's compliance with the following:

Finding #	Assistance Listing #	Program (or Cluster) Name	Compliance Requirement
2023-016	84.063 and 84.268; and 84.042, 84.047, and 84.666	Student Financial Assistance Cluster and TRIO Cluster	Reporting
2023-017	84.063 and 84.268; 84.042, 84.047, and 84.666; and 84.002A	Student Financial Assistance Cluster, TRIO Cluster, and Adult Education – Basic Grants to States	Activities Allowed or Unallowed, Allowable Costs/Cost Principles, Eligibility, Special Tests and Provisions
2023-018	84.002A	Adult Education – Basic Grants to States	Activities Allowed or Unallowed, Allowable Costs/Cost Principles
2023-019	84.002A	Adult Education – Basic Grants to States	Eligibility

Finding #	Assistance Listing #	Program (or Cluster) Name	Compliance Requirement
2023-020	84.042, 84.047, and 84.066	TRIO Cluster	Cash Management
2023-021	84.042, 84.047, and 84.066	TRIO Cluster	Activities Allowed or Unallowed, Allowable Costs/Cost Principles
2023-022	84.042, 84.047, and 84.066	TRIO Cluster	Eligibility
2023-023	84.063 and 84.268	Student Financial Assistance Cluster	Eligibility
2023-024	84.063 and 84.268	Student Financial Assistance Cluster	Special Tests and Provisions – Disbursements to or on Behalf of Students
2023-025	84.063 and 84.268	Student Financial Assistance Cluster	Reporting
2023-026	84.063 and 84.268	Student Financial Assistance Cluster	Eligibility
2023-027	84.063 and 84.268	Student Financial Assistance Cluster	Eligibility
2023-028	84.063 and 84.268	Student Financial Assistance Cluster	Eligibility
2023-029	84.063 and 84.268	Student Financial Assistance Cluster	Eligibility
2023-030	84.063 and 84.268	Student Financial Assistance Cluster	Special Tests and Provisions – Satisfactory Academic Progress
2023-031	84.063 and 84.268	Student Financial Assistance Cluster	Special Tests and Provisions – Return of Title IV Funds
2023-032	84.063 and 84.268	Student Financial Assistance Cluster	Special Tests and Provisions – Disbursements to or on Behalf of Students
2023-033	84.063 and 84.268	Student Financial Assistance Cluster	Special Tests and Provisions – Disbursements to or on Behalf of Students
2023-034	84.063 and 84.268	Student Financial Assistance Cluster	Special Tests and Provisions – Additional Locations

Finding #	Assistance Listing #	Program (or Cluster) Name	Compliance Requirement
2023-035	84.063 and 84.268	Student Financial Assistance Cluster	Eligibility and Special Tests and Provisions – Enrollment Reporting
2023-036	84.063 and 84.268	Student Financial Assistance Cluster	Reporting
2023-037	84.063 and 84.268	Student Financial Assistance Cluster	Special Tests and Provisions – Verification
2023-038	84.063 and 84.268	Student Financial Assistance Cluster	Special Tests and Provisions – Disbursements to or on Behalf of Students
2023-039	84.063 and 84.268	Student Financial Assistance Cluster	Special Tests and Provisions – Enrollment Reporting
2023-040	84.063 and 84.268	Student Financial Assistance Cluster	Special Tests and Provisions – Program Eligibility
2023-041	84.063 and 84.268	Student Financial Assistance Cluster	Special Tests and Provisions – Gramm-Leach-Bliley Act – Student Information Security
2023-042	84.063 and 84.268	Student Financial Assistance Cluster	Cash Management
2023-043	84.063 and 84.268	Student Financial Assistance Cluster	Cash Management
2023-044	84.063 and 84.268	Student Financial Assistance Cluster	Eligibility

As a result of these matters, we were unable to determine whether the College complied with those requirements applicable to that the identified programs.

Responsibilities of Management for Compliance

The College's 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

Auditor's Responsibilities for the Audit of Compliance for the Student Financial Assistance Cluster, TRIO Cluster, and Adult Education – Basic Grants to States Major Federal Programs

Our responsibility is to conduct an audit of compliance in accordance with GAAS, *Government Auditing Standards*, and the Uniform Guidance and to issue an auditor's report. However, because of the matters described in the *Basis for Disclaimer of Opinion on Student Financial Assistance Cluster, TRIO Cluster, and Adult Education – Basic Grants to States Major Federal Programs* section of our report, we were not able to obtain sufficient appropriate audit evidence to provide a basis for an audit opinion on compliance.

We are required to be independent of Eastern Gateway Community College and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit.

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 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 2023-016 through 2023-044 to be material weaknesses.

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

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

KEITH FABER
Ohio Auditor of State

Tiffany L Ridenbaugh

Tiffany L Ridenbaugh, CPA, CFE, CGFM
Chief Deputy Auditor

October 22, 2025

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EASTERN GATEWAY COMMUNITY COLLEGE
JEFFERSON COUNTY

SCHEDULE OF FINDINGS AND QUESTIONED COSTS
2 CFR § 200.515
JUNE 30, 2023

1. SUMMARY OF AUDITOR'S RESULTS

(d)(1)(i)	**Type of Financial Statement Opinion**	Disclaimer
(d)(1)(ii)	**Were there any material weaknesses in internal control reported at the financial statement level (GAGAS)?**	Yes
(d)(1)(ii)	**Were there any significant deficiencies in internal control reported at the financial statement level (GAGAS)?**	No
(d)(1)(iii)	**Was there any reported material noncompliance at the financial statement level (GAGAS)?**	Yes
(d)(1)(iv)	**Were there any material weaknesses in internal control reported for major federal programs?**	Yes
(d)(1)(iv)	**Were there any significant deficiencies in internal control reported for major federal programs?**	No
(d)(1)(v)	**Type of Major Programs' Compliance Opinion**	Disclaimer
(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 TRIO Cluster Adult Education – Basic Grants to States	 AL #84.063 and #84.268 AL #84.042, #84.047, and #84.066 AL #84.002A
(d)(1)(viii)	**Dollar Threshold: Type A\B Programs**	Type A: > $ 750,000 Type B: all others
(d)(1)(ix)	**Low Risk Auditee under 2 CFR § 200.520?**	No

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

FINDING NUMBER 2023-001

Noncompliance and Material Weakness

No Amended Official Certificate

Ohio Rev. Code § 5705.36(A)(1) provides, in part, on or about the first day of each fiscal year, the fiscal officer of each subdivision and other taxing unit shall certify to the county auditor the total amount from all sources available for expenditures from each fund set up in the tax budget or, if adoption of a tax budget was waived under section 5705.281 of the Revised Code, from each fund created by or on behalf of the taxing authority.

The budget commission, taking into consideration the balances and revenues derived from taxation and other sources, shall revise its estimate of the amounts that will be credited to each fund from such sources, and shall certify to the taxing authority of each subdivision an amended official certificate of estimated resources.

The Former Chief Financial Officer did not certify to the county auditor the total amount from all sources available for expenditures from each fund or obtain a certificate of estimated resources from the Budget Commission for fiscal year 2023. This was not detected by the College due to deficiencies in the budgetary compliance and monitoring control policies and procedures. Without certification, the Former Board of Trustees could not legally adopt appropriations or monitor its spending of available and committed funds. This condition limited the effectiveness of monitoring by management and those charged with governance, contributing to the College's cash flow crisis and permanent closure.

The Former Chief Financial Officer should have, on or about the first day of each fiscal year, certified to the county auditor the total amount from all sources available for expenditures from each fund and obtained the approved amended certificate of estimated resources.

FINDING NUMBER 2023-002

Noncompliance and Material Weakness

Restrictions on Appropriating and Spending Money

Ohio Rev. Code § 5705.38(A) requires that on or about the first day of each fiscal year, the taxing authority of each subdivision or other taxing unit shall pass an appropriation measure. If the taxing authority desires to postpone the passage of the annual appropriation measure until an amended certificate is received from the county budget commission based upon the actual year end balances, it may pass a temporary appropriation measure for meeting the ordinary expenses of the taxing unit until no later than April 1st.

Although the College's Former Board of Trustees adopted an operating budget, they failed to adopt a formal appropriation measure in accordance with the Ohio Revised Code. This is the result of the College's management and those charged with governance failing to establish policies and procedures over this area and reviewing the Ohio Revised Code.

As a result of not adopting an annual appropriations measure, all expenses the College's Former Chief Finance Officer and Former Controller made were in violation of Ohio Rev. Code § 5705.41(D).

The College should have reviewed the Ohio Revised Code Sections above and ensured compliance with the requirements.

FINDING NUMBER 2023-003

Noncompliance

Public Records Commission

Ohio Rev. Code § 149.412 provides, in part, that a special taxing district records commission shall be composed of, at a minimum, the chairperson, a fiscal representative, and a legal representative of the governing board of the special taxing district. The commission shall meet at least once every twelve months and upon the call of the chairperson.

The College failed to form a records commission. Public records were improperly maintained as a result of the deficiency.

The College's Former Board of Trustees should have formed the required records commission and monitored the scheduling of records commission meetings in order to help ensure meetings were held as required by Ohio Rev. Code Chapter 149.

FINDING NUMBER 2023-004

Noncompliance

Public Records Policy

Ohio Rev. Code § 149.43(E)(2) requires all public offices take certain actions with regard to their public record policy. Public offices must distribute their Public Records Policy to the employee who is the records custodian/manager or otherwise has custody of the records of that office and have that employee acknowledge receipt of the Public Records Policy; create and display in a conspicuous place in all locations where the public office has branch offices a poster describing the public records policy; and, if the public office has a manual or handbook of its general policies and procedures for all employees, include the public records policy in that manual or handbook.

The College's Former Board of Trustees failed to display the public records policy in a conspicuous place in all locations where they had offices. In addition, the College failed to provide written documentation the public records policy was provided to the public records custodian. This resulted in records not being maintained in accordance with the records retention schedule.

The policy should have been distributed to the records custodian/manager and the College should have obtained a written acknowledgement of receipt from the records custodian/manager. In addition, a poster describing the public records policy should have been conspicuously displayed in all of the College's branch offices and the public records policy should have been included in the policy manual.

The College's Former Board of Trustees should have provided a copy of the public records policy to the public records custodian and obtained written acknowledgement the policy was received.

FINDING NUMBER 2023-005

Material Weakness

IT – Disaster Recovery Planning and Testing

Disaster recovery planning requires management to identify arrangements for the continuation of data processing on compatible hardware and software in the event of an emergency. Contingency planning includes the evaluation and implementation of a written plan defining the actions to be taken in the event of various disaster situations. A comprehensive plan removes as much time-consuming decision making as possible from the period immediately following the disaster. Testing of the plan helps to ensure the plan is functioning as designed.

Although the College's Former Board of Trustees created a preliminary disaster recovery plan, the written plan did not detail restoring the College's Active Directory and PowerFAIDs hosted environments and annual formal disaster recovery testing was not performed. In addition, a formal document was not created to address how the College would operate if one of their vendor hosted systems were to have a prolonged outage.

Without an up to date, tested plan, there is a greater risk of loss of data, and an increased risk that computer operations important for the functioning of the College and its user entities would not be restored in a timely, cost effective manner.

The College should have updated their disaster recovery plan and ensure it included, at a minimum, the following:

- Emergency telephone numbers for staff.
- Prioritization of applications to restore operations.
- Documentation of the steps necessary to restore operations.
- Manual user procedures, which may need to be followed.
- Insurance and vendor information.
- Recovery site scenarios and reciprocal agreements.

In addition, the College should have periodically tested the plan, formally addressed the results of the test, and updated the plan based on the results.

Finally, the College should have created a formal document to detail how they would function if a vendor hosted environment were to have a prolonged outage. Effective September 30, 2025, the college is permanently closed and it is unclear if the records in the college's critical financial and academic systems will be transferrable or successfully preserved.

FINDING NUMBER 2023-006

Material Weakness

IT – Lack of SOC 1 Audit (Campus Cloud)

Sound accounting practices require public officials to design and operate a system of internal control that is adequate to provide reasonable assurance over the reliability of financial reporting, effectiveness and efficiency of operations, compliance with applicable laws and regulations, and safeguarding of assets against unauthorized acquisition, use or disposition.

The College used the Campus-Cloud vendor hosted application to record student billing, student financial assistance, student payments and student refunds. The software was completely hosted and the vendor was responsible for maintaining controls over the server level (e.g. physical security, direct user access to servers and the database, firewall restrictions to restrict outside access to the database, etc.) and data backup controls. When using a service organization, it is critical the appropriate controls are designed and implemented to help ensure the service organization has adequate controls to achieve management's goals and objectives. Additionally, when using a software as a service, built-in application controls may not be readily accessible to be changed to meet the security needs of EGCC.

Attestation standard (AT-C 320) Reporting on an Examination of Controls at a Service Organization Relevant to User Entities' Internal Control Over Financial Reporting, prescribes standards for reporting on service organizations. Service Organization Controls reports, known as SOC reports, help user organizations monitor their outsourced relationships and manage the associated risks. SOC-1, Type 2 examinations, conducted in accordance with the American Institute of Certified Public Accountants' Attestation Standards, are performed to provide management, and auditors who rely on the SOC-1, Type 2 report, with critical information over the service organization's internal control environment. Type 2 reports include a description of the service organization's internal controls and conclusions about whether controls are suitably designed to achieve the control objectives and are operating effectively. An unmodified Type 2 Report on Management's Description of a Service Organization's System and a Service Auditor's Report on that Description and on the Suitability of the Design and Operating Effectiveness of Controls in accordance with AT-C 320 should have provided the College with assurances that certain general IT controls had been implemented and were operating effectively over the cloud based software, such as security management, system level access, and data backup controls.

For the audit period, a SOC-1 Type 2 report over the Campus-Cloud software was not performed by the service organization. As a result, the College did not have sufficient information to evaluate whether controls were designed properly, implemented, and operating effectively to help ensure the integrity of the IT infrastructure and services used to run the Campus-Cloud software.

The College should have required a Type 2 SOC-1 report in its contract with the third-party administrator and should have reviewed the SOC-1 report timely. The report should follow the American Institute of Certified Public Accountants' Attestation Standards and be performed by a firm registered and in good standing with the Accountancy Board of the respective state. If the third-party administrator refused to furnish the College with a Type 2 SOC-1 report, the College should have contracted with a third-party administrator that provided this report.

FINDING NUMBER 2023-007

Material Weakness

Debt Covenant and Other Violations

Sound accounting practices over the debt expenses cycle include, but are not limited to, approval of all debt issuances by the Board, posting amounts to the accounting system in a timely manner and in accordance with the amortization schedule, inclusion in the notes to the financial statements, and compliance with debt covenants.

The College's debt cycle was not accurately accounted for and overseen by the appropriate College personnel and resulted in the following:

- The debt schedule as presented in the filed notes to the financial statements did not agree to the debt payments as recorded in the general ledger;

- An accurate debt amortization schedule for the Oracle ERP system was not available. In addition, the amounts reported in the payment schedule provided by the former Controller did not agree to the amounts paid per the invoices that were provided to the College to pay from. The following variances were noted:

Debt Issue	Amount Paid Per Invoice	Amount Paid Per Payment Schedule	Variance
Non-Oracle Consulting 92505	$438,458	$463,142	$24,684
NetSuite Cloud	374,864	405,339	30,475
Non-Oracle Consulting 92099	184,811	862,135	677,324
Oracle Cloud	321,228	0	321,228

- Principal due per the amortization schedule prepared by the Former Controller for the 2020 Improvement Serial Bonds was $240,000 and actual principal payments made were $260,444, the variance was $20,444. Interest due per the amortization schedule was $445,200 while actual interest payments made were $480,453 for a variance of $35,253. Upon inquiry with the former Controller, the College was not making its principal and interest payments timely, resulting in the College inadvertently duplicating payments in an effort to bring its payments up to date. As a result, it is clear that the former Controller and former Chief Financial Officer did not accurately monitor the status of outstanding principal and interest or its compliance with required amortization payments;

- In addition, testing of the 2020 Improvement Serial Bonds identified debt payments were not being posted to the ledgers in a timely manner. A payment in the amount of $172,124 was made in September of 2021 but the former Controller did not identify it as being unrecorded in the accounting system until September of 2022. This is a violation of the debt covenant as it requires: The Trust Agreement establishes the Debt Service Account, a special fund held by the Trustee, for the payment of Debt Service Charges on General Receipts Obligations. The First Supplemental Agreement requires the College to make equal fractional monthly deposits to the Series 2020 Debt Service Account and, in the event that any monthly deposit is not made on or before the first day of the applicable calendar month, the Trustee is required to notify the Chancellor of the deficiency. Moreover, as a result of prior year errors in reporting the principal and interest payments not previously identified or reconciled by the former Controller or former Chief Financial Officer, the former Controller adjusted the debt schedule by $252,958 to force it to reconcile with the fiscal year 2023 ending principal balance without investigation into or documentation to support the reason for the adjusted difference. Finally, $565,630 was paid out to vendors for construction projects, however support was only provided for $190,178 in expenditures. As a result, support was not provided for $375,452 in expenditures. As a result, it is clear that the former Controller and former Chief Financial Officer did not accurately perform a College-wide bank to book reconciliation for fiscal years 2022 or 2023 or accurately monitor its compliance with debt covenants and amortization requirements;

- For the Series 2020 Improvement Serial Bonds Debt Service account the College received correspondence from the Trustee once a year indicating the principal and interest payments due for the year. Aside from that correspondence, the former Controller and former Chief Finance Officer did not perform monitoring of the 2020 Improvement Serial Bonds Debt Service account activity;

- According to the Official Statement, the $13.6 million in 2020 Improvement Serial Bonds were taken out in part for the "purpose of: (i) paying Costs of Issuer Facilities (as defined in the General Bond Resolution) including the acquisition, construction, renovation, equipping and furnishing of new and existing facilities for the District's campuses located in Youngstown and Steubenville, Ohio, or at other locations within the College's service district…" The College pledged general receipts as security for repayment of the bonds, including but not limited to participation in the Ohio Community and Technical College Credit Enhancement Program pursuant to Ohio Rev. Code 3333.59. Under this program, all or a portion of the state Share of Instruction payments to be paid to the College may be transferred by the Chancellor of Higher Education to the Trustee to provide for payments on the Bonds under certain circumstances. Based on a review of the Official Statement and College's minute records, it appears the former Chief Financial Officer did not provide Bond Counsel or the College's Former Board of Trustees with an accurate appraisal of the parking garage facility located in Youngstown. As a result, the College's Former Board of Trustees and Bond Counsel authorized issuance of $13.6 million in bonded debt that was used, in part, for the acquisition of a parking garage for which the cost of demolition exceeded the estimated land value; and

- A payment in the amount of $132,878 on the College's OAQDA 2014 Series A bonds was not recorded timely in the College's accounting system as the payment was an automatic ACH payment out of the bank account in January of 2022, however, it was not recorded in the check register until July of 2022. As a result, it is clear that the former Controller and former Chief Financial Officer did not accurately perform a College-wide bank to book reconciliations for fiscal years 2022 or 2023.

Based on the items above, the College did not have adequate controls over Debt and Debt Covenants in place to help prevent and detect errors in a timely manner, contributing to the College's cash flow crisis and the College not being reconciled.

FINDING NUMBER 2023-008

Material Weakness

Management Plan

Management's evaluation of the College's ability to continue as a going concern for a reasonable period of time involves making a judgment, at a particular point in time, about inherently uncertain future outcomes of conditions or events.

The following conditions were identified:

- The notes to the financial statements reflect significant litigation against the College;
- The College was placed on HCM2 status as further described in Finding 2023-025, which resulted in a cash flow crisis due to the significant reduction in available Title IV revenue;
- At June 30, 2023, the College's general operating fund had a deficit fund balance in the accrual-based accounting system of $738,329; and
- The College transferred $10,889,443 from the investment account to the general checking account to cover operating expenses from October 7, 2022 through June 13, 2023.

When a possible going concern exists, management must evaluate the conditions sufficiently to support the continued use of the going concern assumption and disclosure adequacy. A management plan addressing how the College will overcome the conditions leading to the Going Concern Assumption was not established.

Management and those charged with governance should have implemented procedures to regularly monitor the College's financial position, cash reconciliations, budgetary reports, and available cash flow to identify, prevent, and address potential operating losses before deficits were incurred. The College's lack of a Certificate of Estimated Resources and approved appropriations as described above in Findings 2023-001 and 2023-002 further contributed to this condition. When deficiencies were identified, the College's management and Former Board of Trustees should have formally adopted a plan to immediately remedy noncompliance matters and address negative financial conditions The failure to react timely to these conditions resulted in the College ceasing operations and closing effective September 30, 2025.

FINDING NUMBER 2023-009

Material Weakness

Establishment of Policies

Sound accounting practices over financial transactions include, but are not limited to, establishment of policies over areas such as taxable fringe benefits, credit cards, travel, and financial statement line items such as capital assets, accounts payable, accounts receivable, etc.

The College's current policies fail to adequately address several areas regarding purchasing.

- The College held credit cards and was able to provide a policy, however, no evidence was provided the policy was approved by the Former Board of Trustees. In addition, the College failed to provide a list of authorized users for credit cards;
- The College travel policy did not address the use of car rentals, which was a significant part of the College's travel expenses;
- The College opened a PayPal account in June of 2023 and did not adopt a policy over this activity. Additionally, there is no evidence that the Former Chief Financial Officer and former Controller approved or otherwise knew about College's PayPal account;
- The College had an Amazon account used to make purchases and did not adopt a policy over this activity;
- Certain College employees received payroll allowances, including an incentive for waiving medical insurance, phone, business, and internet. While the College included these taxable fringe benefits on the employees' W-2 forms, policies were not in place to govern these allowances and ensure they were appropriately implemented; and
- The College financial statements reported material line items related to account receivable and accounts payable. The College did not have a policy in place regarding how these amounts will be documented, supported, and reported. Refer to Finding 2023-015 for more information.

The lack of policies and subsequent financial controls led to unauthorized expenses and financial reporting errors. This was due to a lack of controls established by the College.

The College should have adopted policies and procedures over the areas included above. In addition, the credit card policy should have included language over the use of credit cards maintained in the College's name and the policy should have included, at a minimum:

- designated a person to authorize and approve credit card transactions;
- listed the names and job titles of officers and employees authorized to use the cards;
- set a spending limit for each card user;
- included a clear directive the credit card may be used only for official business and for the benefit of the College;
- required itemized receipt for each credit card purchase;
- outlined disciplinary action for the misuse of the credit card;
- included a list of the documents that are to be maintained to create an appropriate audit trail;
- a statement signed by each card user acknowledging that he/she has read the credit card policy and will abide by it;
- included a list of expenditures that are strictly prohibited (e.g. entertainment, alcoholic beverages, personal services, and cash advances); and
- a system for recovery of costs associated with the improper use of the credit card.

FINDING NUMBER 2023-010

Material Weakness

Cash Reconciliation Process Errors

Sound accounting practices require that when designing the public office's system of internal control and the specific control activities, management should ensure adequate security of assets and records, and verify the existence and valuation of assets and liabilities and periodically reconcile them to the accounting records.

The reconciliation of cash (bank) balances to accounting system records (book) is the most basic and primary control process performed. Lack of completing an accurate and timely reconciliation may allow for accounting errors, theft and fraud to occur without timely detection.

The Chief Financial Officer and Controller are responsible for reconciling the book (fund) balance to the total bank balance on a monthly basis, and the Board and/or other administrator are responsible for reviewing the reconciliations and related support.

Auditor of State, Management Advisory Services (MAS) Bulletin 91-11 addresses the accounting procedures to follow regarding outstanding, stale dated checks issued by governmental entities. Section 9.39 of the Ohio Rev. Code provides that unclaimed money shall be deposited to the credit of a trust fund and shall be retained there until claimed by its lawful owner. If not claimed within a period of five years, the money shall revert to the General fund of the Public Office.

Testing identified the following:

- The former Chief Financial Office and Former Controller of the College did not prepare a College-wide reconciliation of all accounts; rather, only a reconciliation over the operating accounts was performed. The reconciliation did not include investments in the Certificate of Deposit of $10,000, Meeder (US Bank) of $2,365,538, and Endowments of $81,500;

- The cash reconciliation did not include the First National Bank Parking Garage account of $21,292 and the Huntington 2020 General Receipts Improvement Bonds sinking fund of $182,172;
- The limited monthly cash reconciliations that were performed were prepared by the Former Controller and were not reviewed or approved by any other College personnel;
- The outstanding check list included 45 stale-dated checks totaling $24,043, dating back to July 12, 2022. In addition, the outstanding check list included check 129035 in the amount of $80 twice;
- The amount reported in the balance sheet for the Meeder Investment account was $8,483 less than the amount confirmed by the financial institution;
- Testing of the debt and credit cards disclosed many instances where payments were made and debited from the College's bank statements but not recorded in the General ledger until months later. As further described in Finding 2023-007 above, this included one debt payment in the amount of $172,124 which was made in September of 2021 and not recorded in the College's accounting system until September of 2022 and a second debt payment in the amount of $132,878 which was an ACH out of the College's account in January 2022 and not recorded in the College's accounting system until July of 2022. Additionally, there were 19 credit card transactions totaling $149,651 which were ACH payments out of the College depository which were not recorded in the ledgers timely. There was a range of 2-12 months in the posting of these payments. The Former Controller did not include these items as outstanding reconciling items on the cash reconciliation;
- The Former Controller's reconciliation reports the Steubenville Bookstore and Youngstown Bookstore accounts as part of fund balances but not as part of cash balances. Each of these accounts had a balance of $750 at June 30, 2023;
- The general ledger included numerous unsupported manual adjustments labeled as "Spreadsheet A, Cash Management A, Balance Fund Manual, and Reconcile Cash". For fiscal year 2023, Balance Fund Manual debits in the General Ledger totaled $981,706 and credits totaled $981,506. The Former Controller acknowledged posting these manual adjustments in the accounting system; however, except for indicating that there were problems with the College's Oracle accounting system not integrating properly with the payroll system, he could not provide specific explanations or any supporting documents for any of the manual adjustments;
- The investment listing maintained by the College includes the McClellan Scholarship trust with a balance of $190,936 at June 30, 2023. It was determined this trust should not have been reported by the College and needed to be removed from their investment schedule and financial statements as the College did not have rights to the principal balance;
- The College had investments with First Energy Corporation and Textron Incorporated totaling $6,037 and $4,380, however, the Former Controller was unable to provide statements for these accounts; and
- The College reconciliation prepared by the Former Controller included the Workforce Safety County account with a balance of $54,864. It was determined these funds do not belong to the College and should not have been included on the reconciliation.

As a result of the Former Controller's and Former Chief Financial Officer's failure to reconcile monthly, the College was unable to identify, assemble, analyze, classify, and record its transactions correctly or to document compliance with finance related legal and contractual requirements. Further, the lack of accurate monthly reconciliations increases the risk of theft/fraud over the cash cycle and led to inaccurate reporting in the annual financial statements. Collectively, these items contributed to the College's cash flow crisis and eventual closure, effective September 30, 2025.

The former Controller should have recorded all transactions and prepared monthly bank to book cash reconciliations, which should have included all bank accounts and all fund balances. Variances should have been investigated, documented and corrected. In addition, the Former Chief Financial Officer and Former Board of Trustees should have reviewed the monthly cash reconciliations including the related support (such as reconciling items) and documented the reviews. In addition, the College should have reviewed the outstanding check list for any stale dated checks and then placed these checks in an unclaimed money fund as provided for in MAS Bulletin 91-11.

FINDING NUMBER 2023-011

Material Weakness

Financial Reporting

In our audit engagement letter, as required by AU-C Section 210, Terms of Engagement, paragraph .06, management acknowledged its responsibility for the preparation and fair presentation of their financial statements; this responsibility includes designing, implementing and maintaining internal control relevant to preparing and fairly presenting financial statements free from material misstatement, whether due to fraud or error as discussed in AU-C Section 210 paragraphs .A14 & .A16. Governmental Accounting Standards Board (GASB) Cod. 1100 paragraph .101 states a governmental accounting system must make it possible both: (a) to present fairly and with full disclosure the funds and activities of the governmental unit in conformity with generally accepted accounting principles, and (b) to determine and demonstrate compliance with finance-related legal and contractual provisions.

In addition, GASB 96 provided guidance on the accounting and financial reporting for subscription-based information technology arrangements (SBITAs). A SBITA as defined by GASB 96 refers to a contract where a government entity subscribes to IT services such as cloud-based software rather than purchasing them outright. Under this statement, a government generally should recognize a right-to-use subscription intangible asset and a corresponding subscription long-term liability.

The following was identified:

Management's Discussion and Analysis:

- Comparative information was presented within the Management's Discussion and Analysis for fiscal year 2023 and 2022, however, also included fiscal year 2021 figures, and fiscal year 2023 figures did not agree to the financial statements and notes to the financial statements. As a result, percentages listed did not properly recalculate.

Financial Statements:

- The College failed to provide a data point nexus between the check register and the Oracle General Ledger. For example, while the check register reported check numbers and dates for each amount, the Oracle General Ledger did not. As a result, expenditures could not be traced to the general ledger and ultimately the financial statements and it could not be determined if expenses were properly classified and reported;
- Amounts reported for the College's discretely presented component unit, the Eastern Gateway Community College Foundation (the Foundation), did not agree to the fiscal year

financial statements of the Foundation and the June 30, 2022, audited financial statements;

- The Higher Education Distribution transaction listing included $95,436 in revenue that was not able to be traced into the College's General Ledger. Of this amount, only $82,900 was able to be traced into the College's bank statement, while the College failed to provide evidence when the remaining monies were deposited;
- Confirmable receipt testing disclosed $2,383,819 in unsupported manual debit adjusting entries and $2,440,647 in unsupported manual credit adjusting entries;
- The amount reported in the trial balance for the Student Financial Aid Cluster funding was $17,815,262 higher than the amount confirmed as distributed to the College by the U.S. Department of Education. Despite inquiry with the Former Controller and remaining Student Financial Aid employees, the College could not support or explain the variance;
- The College failed to provide supporting details for the original amount reported as Tuition and Fees of $7,943,416, net of $251,456,330 in Pell and Scholarship allowances. In addition, the total of the summary data for Tuition and Fees, net was $161,986,293 while the trial balance reported $153,989,412 for a variance of $7,996,881. Despite inquiry with the Former Controller and remaining Student Financial Aid employees, the College could not support or explain the variance;
- The initial Net Investment in Capital Assets amount of $14,711,281 included cash and cash equivalents and accounts payable; however, the former Controller could not provide support for $3,604,002 of Accumulated Amortization that was part of the calculation. As a result, we were not able to recalculate the amount reported on the filed financial statements;
- The Former Controller failed to provide supporting documentation for the Restricted and Expendable Net Position amounts listed in the Statement of Net Position;
- The Investment schedule prepared and provided by the Former Controller included an investment account in the amount of $190,936 which was determined to not belong the College and should have been excluded from the investment schedule and the filed financial statements;
- The Former Controller failed to provide complete and accurate support for $161,973,536 in student accounts receivable, net reported in the filed financial statements after numerous requests, and detailed testing could not be performed. Additionally, for the amounts that were provided, 8,654 student accounts were listed as having Receivables that significantly exceeded the College’s allowable time period to claim Title IV funding from U.S. Department of Education. An additional 6,639 students were listed, however, a last payment date was not recorded in Campus-Cloud. The College should have at least $41,854,899 as uncollectible or invalid many years earlier due to incomplete or missing records and the College’s own noncompliance with Title IV requirements (See Finding 2023-015 for more information);
- The Former Controller failed to provide adequate support for $109,794,015 in accounts payable reported in the filed financial statements after numerous requests, and detailed testing could not be performed;
- The Former Controller failed to provide detailed support for $15,315,108 in unearned revenue reported in the filed financial statements after numerous requests, and detailed testing could not be performed;
- The Former Controller failed to provide an accurate Statement of Cash Flows; for example Cash and Cash Equivalents, end of year, of $1,939,302 did not agree to the Statement of Net Position amount of $1,393,212; and

- The Former Controller failed to report Net Position Restricted for OPEB in the amount of $4,564,141.

Notes to the Financial Statements:

- Within the Summary of Significant Accounting Policies Note, the Changes in Accounting Principles language included prior year information and was not updated by the Former Chief Financial Officer or Former Controller for the pronouncements in effect for the financial statements reporting period;
- The College had four SBITAs in place which were not reported on the financial statements filed by the Former Controller. The amount required to be booked as a restatement to net position, beginning of year, due to the implementation would have been $2,374,690, and payments not recorded totaled $804,611. The beginning balance was material to the financial statements, however, the College declined to make the adjustments to the accompanying financial statements;
- The Accounts Receivable information as of June 30, 2023, in the filed report did not agree to the Statement of Net Position. In addition, the Accounts Receivable information as of June 30, 2022 did not agree to the prior year audited financial statements;
- The Debt Note schedule column Due Within One Year did not properly foot. In addition, a description of a previously paid off debt issue was included, and a description of an outstanding debt issue was not included. Finally, future payment schedules were not in the proper format, which is individual payments for the next five years, and then five year increments; and
- The Former Chief Financial Officer and Former Controller did not update the Discretely Presented Component Unit Endowment information.

The Former Chief Financial Officer and Controller did not have procedures in place to record transactions properly or procedures in place to include updated disclosures.

To help ensure the College's financial statements were accurate, the College should have adopted policies and procedures to help identify and correct errors and omissions. In addition, the former Board of Trustees should have adopted a policy/procedure to perform a review of the financial statement report prior to filing with the Auditor of State’s Office. Finally, the College should have reviewed the new GASB pronouncements and compared them to those in the filed financial statement report to help ensure they were properly implemented and shown in the financial statements.

FINDING NUMBER 2023-012

Material Weakness

Data Integrity Deficiencies

Ohio Administrative Code 117-2-02 (D) states in part that all local public offices may maintain accounting records in a manual or computerized format. The records used should be based on the nature of operations and services the public office provides and should consider the degree of automation and other factors. Such records should include the following:

(1) Cash journal, which typically contains the following information: the amount, date, receipt number, check or electronic fund transfer number, account code, purchase order number, and all other information necessary to properly classify the transaction.
(2) Receipts ledger, which typically assembles and classifies receipts into separate accounts for each type of receipt of each fund the public office uses. The amount, date, name of the payor,

purpose, receipt number, and other information required for the transactions can be recorded on this ledger.
(3) Appropriation ledger, which may assemble and classify disbursements or expenditure/expenses into separate accounts for, at a minimum, each account listed in the appropriation resolution. The amount, fund, date, check or electronic fund transfer number, purchase order number, encumbrance amount, unencumbered balance, amount of disbursement, uncommitted balance of appropriations and any other information required may be entered in the appropriate columns.

The College records financial transactions using the Oracle accounting system. The system was unable to generate a cash journal, receipts ledger and appropriations ledger meeting the criteria listed above. This was due to a lack of policies and procedures and controls at the College.

During the course of our audit, several data integrity issues were identified across multiple financial accounting, financial aid, and learning management systems. The College changed its accounting software, student information system, financial aid system, and learning management system multiple times over roughly a five-year period. Additionally, the College failed to implement plans to ensure data properly migrated to new systems and/or to maintain required back-up records to identify and prevent data loss.

Strong internal control standards over data integrity help management maintain accurate, complete, and reliable information to support financial reporting, operations, and compliance objectives.

Data maintained in the college's Financial Aid system, PowerFAIDS, and the Student Information System, Campus-Cloud, was not integrated. As a result, the two systems contained inconsistent information. For example, the Title IV Pell awards and Direct Loan assistance did not match between the two systems. As a result, as of June 30, 2023, the College could not reconcile its Student Financial Aid activity to amounts owed to the U.S. Department of Education, amounts owed to students, or amounts owed from students.

Moreover, the College's payroll system was not integrated into the financial accounting system, Oracle. When payroll was auto-posted into Oracle, the posting failed, causing the former Controller and Chief Financial Officer to post and reverse payroll transactions manually in Oracle. However, the former Controller and Chief Financial Officer did not maintain supporting documentation to validate the accuracy or completeness of the many manual postings. As of June 30, 2023, the College's accounting system did not reconcile to its bank accounts.

Over the course of several years, and despite management's apparent awareness of these problems, these systems operated independently without automated integration or synchronization, and no formal process to ensure data consistency between them.

The lack of consistency between the systems contributed to inaccurate reporting, delayed recognition of cash flow concerns, potential errors in decision-making, and compliance issues. Manual reconciliations were required, which increased inefficiency and the risk of human error.

Management should have implemented either (1) system integration to ensure automated and consistent data across both systems, or (2) compensating controls such as regular reconciliations, exception reporting, and documented review procedures to ensure accuracy and completeness of information.

After facing significant financial and academic challenges in recent years, the Eastern Gateway Board of Trustees voted to formally withdraw their accreditation from the Higher Learning Commission and dissolve the college in 2024.

The lack of appropriate accounting reports led to various issues resulted in errors on the filed financial statements and a disclaimer of opinion on the financial statements.

The College should have taken the necessary steps to ensure the accounting system produced the required reports.

FINDING NUMBER 2023-013

Material Weakness

Internal Controls

Sound accounting practices require that when designing the system of internal control and the specific control activities, management should ensure adequate security of assets and records, and verify the existence and valuation of assets and liabilities and periodically reconcile them to the accounting records.

The Former Board of Trustees appointed the Former Chief Financial Officer to also serve (simultaneously and throughout the duration of the period under audit) as the Chief Executive Officer. Combining these roles eliminates a basic internal control of segregation of duties and increases the risk for the College due to a lack of oversight and division of responsibilities of strategic direction and financial oversight. The Chief Financial Officer is responsible for financial reporting and oversight, while the Chief Executive Officer sets strategic direction and evaluates performance – including financial performance. When one person holds both roles, it undermines the control environment and the Board of Trustees loses its ability to ensure unbiased oversight.

Additionally, a review of the College's internal controls under the Former Chief Financial Officer and Former Controller identified the following material weaknesses:

- The former Controller prepared the financial report and sent it to the Former Chief Financial Officer and no evidence was provided he reviewed the report prior to submission. In addition, no evidence was provided the Former Finance Committee instituted a review process for the financial report prior to submission. Finally, no evidence was provided appropriate College personnel reviewed the financial report prior to submission to the Auditor of State as certain information did not agree to the fiscal year 2022 released report, and included information from fiscal year 2021;
- No evidence was provided the Former Board of Trustees reviewed federal and state information;
- Failure to produce sufficient, appropriate audit evidence to support financial statement line items including Accounts Receivable, Accounts Payable, and Unearned Revenue;
- Failing to complete and provide the Former Board of Trustees with a College-wide reconciliation monthly and failing to provide an accurate fund balance report for all funds;
- The Former Controller was not able to provide the detail which made up Tuition and Fees receipts. The gross amount of Tuition and Fees totaled $251,456,330 with a net amount of $7,943,416. In addition, a breakdown was provided, however, it did not agree to Campus-Cloud reports or the Trial Balance. The variance between the Campus-Cloud report and the Trial Balance was $7,996,881;
- The College entered into agreements with vendors to provide consulting services. A review of the contracts identified instances where a contract was not signed by both

parties, and language requiring itemized invoices and a progress update with each invoice, however, these items were not provided; and

- The College failed to provide support for a payment made to Union Education Trust in the amount of $17,260. Without supporting documentation, it could not be determined if the expenditure was for a proper public purpose. This has been referred to the Special Investigations Unit as part of their investigation.

This was the result of an ineffective control environment and an overall lack of established policies and procedures or monitoring. Failure to implement effective internal controls increased the possibility the College would not be able to identify, assemble, analyze, classify, and record its transactions correctly or document compliance with finance-related legal and contractual requirements, increased the risk of theft/fraud and led to inaccurate reporting in the annual financial statements. Further, these weaknesses contributed to the College's cash flow crisis and permanent closure.

FINDING NUMBER 2023-014

Material Weakness

Capital Asset Procedures

Governmental Accounting Standards Board (GASB) Implementation Guide 34 (Q145) states that it is not appropriate to report capital assets that are still in active service as "fully depreciated" if the amounts involved are significant: assets still in use should not be reported as fully depreciated. Instead, management should periodically reevaluate asset lives. If an asset will outlive its expected life, management should increase the asset life. This should be treated as a change in accounting estimate. These changes require allocating the remaining undepreciated life over the new estimate of remaining life.

These changes require allocating the remaining undepreciated life over the new estimate of remaining life. In addition, sound accounting practices require that when designing the public office's system of internal control and the specific control activities, management should ensure adequate security of assets and records and verify the existence and valuation of assets and periodically reconcile them to the accounting records.

Ohio Administrative Code 117-2-02(E) states that each public office should establish a capitalization threshold, so that, at a minimum, eighty percent of the local public office's non-infrastructure assets are identified, classified and recorded on the local public office's financial records. It is management's responsibility to implement internal accounting control policies and procedures to reasonably ensure the College's assets are safeguarded and recorded. Specifically, these control procedures should include the maintenance of adequate documentation to support the accuracy and completeness of capital asset records.

A review of the College's capital assets identified the following:

- The College established a capitalization threshold of $5,000 for capital assets. Based on this threshold, the College's capital asset listing should only include capital assets with a cost of $5,000 or more. However, the College's capital asset listing maintained by the Former Controller included 946 items with a cost of less than $5,000 and a net book value of $11,146;
- The College did not perform an annual review of assets and there was no communication with department heads to ensure that items on the listing are still in possession of the College;

- The College's capital asset listing included 1,059 fully depreciated assets with a net book value of $0 and management could not determine how many of those were still in use by the College and still in possession of the College;
- The College's process for recording additions was limited to only reviewing items that were part of an ongoing capital project and there was not a formal process in place to monitor or review activity to ensure that all purchases which should have been included as capital asset additions were included in the College's capital asset listing. Any items purchased over the capitalization threshold that were not deemed to be part of a capital project were deemed to be a replacement or repair and were not evaluated as a current year addition. This includes any new equipment. The College had one project relating to the bond issuance for capital improvements and the funds were held by a trustee. Invoices were submitted to the Trustee for review and payment. Construction in Progress (CIP) expenses per the report provided by the Trustee totaled $565,629 while actual CIP recorded by the Former Controller was $546,980 for a variance of $18,649;
- The Capital Asset note prepared by the Former Chief Finance Officer and Former Controller and presented in the notes to the financial statements did not agree to the amounts recorded in the College's capital asset software reports. The following variances were identified during audit:

Asset Category	Amount Per Note	Amount Per System	Variance
Land Improvements Accumulated Depreciation	$0	$49,944	$49,944
Buildings & Improvements Accumulated Depreciation	14,560,658	14,585,014	24,356
Equipment & Furniture Accumulated Depreciation	8,904,353	5,193,941	3,710,412
Vehicles Accumulated Depreciation	0	32,109	32,109
Buildings & Improvements, Net Asset Balance	20,851,291	20,850,016	1,275
Equipment & Furniture Net Asset Balance	3,279,334	6,869,778	3,590,444
Vehicle Net Asset Balance	0	64,777	64,777

The following items should have been capital asset additions, however, were not included by the Former Controller in the College's Capital Asset listing:

- Hewlett Packard Enterprise DL360G10 2 Server totaling $37,896;
- Two Full Body X-Ray and Radiographic Position Manikin totaling $15,246;
- Sentury Security System for Library totaling $11,604;
- Tube Notcher and Bender on Utility Cart totaling $9,040; and
- Pipe Cutting Machine and Plasma Torch Holder totaling $5,930.

The amounts were not material and management decided not to make the adjustments in the accompanying financial statements.

- The College's procedures over capital assets did not include adequate segregation of duties as the Associate Vice President of Special Projects, Facilities, and Maintenance had duties in the areas of record keeping, authorizing, and asset custody and no compensating controls were established to offset this;
- The Former Controller failed to calculate and report depreciation expense by function;
- The College did not have procedures over completeness or existence of Capital Assets;

- The College's Capital Asset listing included items that were not able to be located on site at the College's campuses;
- The College's Capital Asset schedule presented in the notes to the financial statements did not report any deletions. As part of verifying there were no deletions, it is standard procedure for management to review the receipts ledger for the miscellaneous receipts line item to identify any receipts related to the sale/disposition of assets. Auditors attempted to reperform this step during the audit; however, despite numerous requests, the Former Controller failed to provide a receipts ledger to perform this procedure;
- The College failed to provide a current GASB 87 lease schedule. As a result, no testing was able to be performed over capital leases and right to use assets. The GASB 87 schedule as of June 30, 2022 reported the following leases/right to use assets:

    - Equipment Leases with a balance of $473,322;
    - Real Estate Leases with a balance of $2,012,915;
    - Equipment Right to Use asset with a balance of $465,135; and
    - Real Estate Right to Use asset with a balance of $1,971,429;

- The College failed to properly implement Governmental Accounting Standards Board Statement 96 over subscriptions. The College had four SBITAs in place which were not reported on the filed financial statements. The amount required to be booked as restatement due to the implementation would have been $2,374,690, and payments not recorded totaled $804,611. The beginning balance was not material to the financial statements, and the College declined to make the adjustments to the accompanying financial statements.

As a result of the deficiencies above, a capital asset observation was performed which resulted in the following additional weaknesses:

- Seven out of 15 assets selected from the College’s asset listing on the Steubenville campus could not be located and an additional four assets did not have a tag. In addition, two of 15 assets selected on the Youngstown campus could not be located and an additional two assets were discarded and should have been removed from the capital asset listing;
- Twelve out of 31 assets selected while on-site of the Steubenville campus and 14 out of 18 assets selected while on-site of the Youngstown campus were not included on the College’s capital asset listing;
- Twenty-eight tagged welding booth assets were observed on the Steubenville campus which were not included in the capital asset listing. Only the welding booths in Youngstown were on the capital asset listing;
- A walkthrough of the nursing, respiratory therapy labs/classroom and nursing labs revealed that no assets in these rooms were tagged; and
- A walkthrough of the dental lab revealed there were three dental chairs and two x-ray machines that were not tagged.

As a result of the items above, we were not able to fully quantify the dollar amount of the errors and the impact on the College's financial statements. Due to these issues and the reasons articulated in the remaining findings, we have disclaimed our opinion over the financial statements.

The items identified above were the result of the College not having a capital asset policy and established procedures. Failed implementation of the items listed above could have resulted in adjustments to the financial statements and future opinion modifications. Fully depreciated assets that are still in use are an indicator that assets are being used beyond their estimated useful lives which results in more depreciation expense being taken early in the life of the asset. In addition, failing to perform a physical inventory of capital assets resulted in assets missing from the asset listing or previously disposed assets remaining.

The College should have created and approved a comprehensive written policy governing the identification, disposition, and depreciation of general capital assets. The policy should have also included application and monitoring controls over the purchase, sale, and movement of capital assets within the College and periodic inventory requirements. This policy may have then provided a consistent approach needed by management to exercise proper control over the acquisition, disposal, and maintenance of the College's property, plant, and equipment. For assets that outlived their expected life, management should have increased the asset life and allocate any remaining undepreciated life of similar assets over the new estimated life. Finally, the College should have reviewed the current procedures in place regarding the useful lives practices when preparing the financial statements.

FINDING NUMBER 2023-015

Material Weakness

Overstated Accounts Receivables and Payables

The College used the Oracle system, an accounting system that tracks day-to-day financial accounting activity in accordance with Generally Accepted Accounting Principles (GAAP). During its testing of Title IV and the College’s financial statements for fiscal year 2022-23, AOS noted the College was unable to support $162,499,693 in Accounts Receivable related to Title IV Pell and Amounts Owed from Students for Tuition and Fees, $15,315,106 in Unearned Revenue and $109,794,015 in Accounts Payable. Many of the outstanding student Accounts Receivable amounts the College provided as supporting documentation for the inflated Receivable were from one to fourteen years old (these amounts totaled $16,308,007), well beyond the allowable timeframe of 120 days after the end of a payment period (i.e., a semester) to submit disbursement records and claim Title IV reimbursement. $25,546,893 represents accounts for which no date was provided to support the account and was defined by the College as “undisbursed Pell”. Undisbursed Pell represents amounts the College drew down from the United States Department of Education’s grant management (G5) but never posted to an individual student account. Instead, the College used the undisbursed Pell for its operating expenses.

As a result, AOS believes additional errors exist and questions the completeness and accuracy of the College’s financial statements.

The documentation AOS obtained establishes the College was well aware of the fiscal, reconciliation and audit trail issues. For example, the College was notified of these issues by the U.S. Department of Education in its April 19, 2023, Program Review report and in February 2019 by a former consultant hired by the former College Chief Financial Officer. Further, the College’s prior audit performed by an outside accounting firm encountered issues in attempting to trace and reconcile Pell funds received by the College.

For these reasons and because the College could not provide accurate information to support legitimate Accounts Receivable and Account Payable amounts, contributed to the issuance of a disclaimer of opinion on the College’s financial statements.

3. FINDINGS AND QUESTIONED COSTS FOR FEDERAL AWARDS

Schedule of Expenditures of Federal Awards

Finding Number:	**2023-016**
Assistance Listing Number and Title:	**AL #84.063 and AL #84.268 Student Financial Assistance Cluster** **AL #84.042, AL #84.047, and AL #84.066 TRIO Cluster**
Federal Award Identification Number / Year:	**2023**
Federal Agency:	**United States Department of Education**
Compliance Requirement:	**Reporting**
Repeat Finding from Prior Audit?	**No**

Noncompliance and Material Weakness

2 C.F.R. § 3474.1 gives regulatory effect to the Office of Management and Budget Guidance in 2 C.F.R. part 200. **2 CFR § 200.510(b)** requires the auditee to prepare a Schedule of Expenditures of Federal Awards (the Schedule) for the period covered by the College's financial statements which must include the total federal awards expended as determined in accordance with § 200.502.

At a minimum, the schedule must:

(1) List individual Federal programs by Federal agency.

(2) For Federal awards received as a subrecipient, the name of the pass-through entity and identifying number assigned by the pass-through entity must be included.

(3) Provide total Federal awards expended for each individual Federal program and the AL number or other identifying number when the AL information is not available.

(4) Include the total amount provided to subrecipients from each Federal program.

(5) For loan or loan guarantee programs described in § 200.502 Basis for determining Federal awards expended, paragraph (b), identify in the notes to the schedule the balances outstanding at the end of the audit period.

(6) Include notes that describe the significant accounting policies used in preparing the schedule, and note whether or not the auditee has elected to use the 10 percent de minimis cost rate as covered in § 200.414 Indirect (F&A) costs.

The following errors were noted in the Schedule of Expenditures of Federal Awards as of June 30, 2023 due to a lack of internal control procedures regarding the completion of the Schedule.

AL #	Description	Variance
84.063	Reduce Pell Grant Expenditures	$8,835,991
84.033	Reduce Pell Work Study Expenditures	85,499
84.268	Reduce Pell Direct Loan Expenditures	713,353
84.042	Reduce TRIO Student Support Services Expenditures	40,743
84.047	Reduce TRIO Upward Bound Expenditures	48,495
84.066	Reduce TRIO Educational Opportunity Expenditures	44,484
84.048A	Reduce Career & Technical Education Expenditures	9,048
84.425F	Record Higher Education Emergency Relief Expenditures	115,138
23.001	Record Appalachian Regional Commission Expenditures	30,000

Errors and omissions on the Schedule of Expenditures of Federal Awards (the Schedule) could have adversely affected future grant awards in addition to causing an inaccurate assessment of major federal programs that would be subjected to audit. Adjustments above, to which management has agreed, are reflected in the Schedule. Other adjustments were identified, however, were not material and are not reflected in the Schedule.

College management should have implemented a system to review the Schedule for errors and omissions. This would have helped ensure the Schedule was complete and accurate and major federal programs were then correctly identified for reporting purposes.

Uniform Guidance Written Policies

Finding Number:	**2023-017**
Assistance Listing Number and Title:	**AL #84.063 and AL #84.268 Student Financial Assistance Cluster** **AL #84.042, AL #84.047, and AL #84.066 TRIO Cluster** **AL #84.002A Adult Education – Basic Grants to States**
Federal Award Identification Number / Year:	**2023**
Federal Agency:	**United States Department of Education**
Compliance Requirement:	**Activities Allowed or Unallowed, Allowable Costs/Cost Principles, Eligibility, Special Tests and Provisions**
Pass-Through Entity:	**Ohio Department of Education and Workforce**
Repeat Finding from Prior Audit?	**No**

Noncompliance and Material Weakness

2 C.F.R. § 3474.1 gives regulatory effect to the Office of Management and Budget Guidance in 2 CFR part 200. **Uniform Guidance (2 CFR Part 200)** mandates that non-federal entities establish and maintain written policies to support consistent application of federal requirements and to mitigate risk of noncompliance with grant terms and conditions.

The College did not maintain comprehensive written policies and procedures to ensure compliance with the requirements of Uniform Guidance, particularly in areas such as procurement, eligibility, allowable costs, and time and effort reporting. The College also lacked written policies and procedures over significant compliance requirements related to Title IV, Student Financial Aid, including but not limited to Satisfactory Academic Progress, minimizing the time elapsing between transfer of funds, allowability of compensation costs, payment of fringe benefits, reimbursement of relocation costs to employees, and travel reimbursement.

Uniform Guidance mandates that non-federal entities establish and maintain written policies to support consistent application of federal requirements and to mitigate risk of noncompliance with grant terms and conditions.

The absence of formal documentation may have been due to reliance on informal practices or legacy procedures that were not updated to reflect current federal standards. Additionally, the lack of formal written policies and procedures over Student Financial Aid may have been due to the College's use of third party servicers to administer and provide significant services in the areas of admission/enrollment, financial aid, and course content.

Without documented policies, the college was exposed to increased risk of noncompliance with federal grant requirements, which resulted in the Heightened Cash Monitoring 2 status, audit findings, questioned costs, and the closure of the College.

The College should have developed and implemented written policies and procedures aligned with Uniform

Guidance requirements. These policies and procedures should have been reviewed periodically and communicated to relevant staff to ensure consistent and compliant grant administration.

Adult Education Unallowable Costs/Cost Principles and Allowable Activities

Finding Number:	**2023-018**
Assistance Listing Number and Title:	**AL # 84.002A Adult Education – Basic Grants to States**
Federal Award Identification Number / Year:	**2023**
Federal Agency:	**United States Department of Education**
Compliance Requirement:	**Activities Allowed or Unallowed, Allowable Costs/Cost Principles**
Pass-Through Entity:	**Ohio Department of Education and Workforce**
Repeat Finding from Prior Audit?	**No**

Noncompliance, Material Weakness, and Questioned Cost

2 C.F.R. § 3474.1 gives regulatory effect to the Office of Management and Budget Guidance in 2 CFR part 200. **2 CFR § 200.430(g)(1)** states, in part, that costs of compensation are allowable to the extent that they satisfy the specific requirements of this part, and that the total compensation for individual employees is reasonable for the services rendered and conforms to the established written policy of the non-Federal entity consistently applied to both Federal and non-Federal activities. In addition, charges to Federal awards for salaries and wages must be based on records that accurately reflect the work performed. These records must be supported by a system of internal control which provides reasonable assurance that the charges are accurate, allowable, and properly allocated; be incorporated into the official records of the recipient or subrecipient; and reasonably reflect the total activity for which the employee is compensated by the recipient or subrecipient. Furthermore, **2 C.F.R. § 200.430(g)(1)** provides that charges to these records must:

- Be supported by a system of internal controls which provide reasonable assurance that the charges are accurate, allowable, and properly allocated;
- Be incorporated into official records;
- Reasonably reflect total activity for which the employee is compensated, not exceeding 100% of compensated activities;
- Encompass both federally-assisted and all other activities compensated by the agency on an integrated basis;
- Comply with the established accounting policies and practices of the entity;
- Support the distribution of the employee’s salary or wages among specific activities or cost objectives if the employee works on more than one Federal award; and
- Support the distribution of the employee's salary or wages among specific activities or cost objectives if the employee works on more than one Federal award; a Federal award and non-Federal award; an indirect cost activity and a direct cost activity; two or more indirect activities allocated using different allocation bases; or an unallowable activity and a direct or indirect cost activity.

Forty payroll transactions totaling $54,979 were sampled. The following exceptions were identified:

- 28 out of 40 payroll transactions totaling $48,379, failed to meet federal time and effort requirements as listed above; and
- One out of 40 transactions totaling $86 where an employee was not paid the proper rate.

The unallowable activities and costs paid with these Federal grant monies is in excess of $25,000 and therefore considered questioned costs under 2 CFR § 200.516.

2 CFR 200.475 states the following:

(a) General. Travel costs include transportation, lodging, subsistence, and related items incurred by employees who are in travel status on official business of the recipient or subrecipient. These costs may be charged on an actual cost basis, on a per diem or mileage basis, or on a combination of the two, provided the method used is applied to an entire trip and not to selected days of the trip. The method used must be consistent with those normally allowed in like circumstances in the recipient's or subrecipient's other activities and in accordance with the recipient's or subrecipient's established written policies. Notwithstanding the provisions of § 200.444, travel costs of officials covered by that section are allowable with the prior written approval of the Federal agency or pass-through entity when they are specifically related to the Federal award.

(b) Lodging and subsistence. Costs incurred by employees and officers for travel, including costs of lodging, other subsistence, and incidental expenses, must be considered reasonable and otherwise allowable only to the extent such costs do not exceed charges normally allowed by the recipient or subrecipient in its regular operations as the result of the recipient's or subrecipient's established written policy. In addition, if these costs are charged directly to the Federal award documentation must justify that:

(1) Participation of the individual is necessary for the Federal award; and

(2) The costs are reasonable and consistent with the recipient's or subrecipient's established written policy.

Fifteen non-payroll transactions totaling $34,011 were sampled. Two of the 15 were travel reimbursements totaling $529 and lacked proper supporting documentation, including a purchase order/requisition, and a projected noncompliant amount of $5,198.

College management should have reviewed all grant award documents in order to execute policies and procedures which would have helped ensure compliance with grant requirements. The College should have thoroughly reviewed all grant documentation to ensure all expenditures spent using Federal funds were in compliance with requirements.

Adult Education Eligibility

Finding Number:	**2023-019**
Assistance Listing Number and Title:	**AL # 84.002A Adult Education – Basic Grants to States**
Federal Award Identification Number / Year:	**2023**
Federal Agency:	**United States Department of Education**
Compliance Requirement:	**Eligibility**
Pass-Through Entity:	**Ohio Department of Education and Workforce**
Repeat Finding from Prior Audit?	**No**

Noncompliance, Material Weakness, and Questioned Cost

The Workforce Innovation and Opportunity Act (WIOA), Title II, Adult Education and Family Literacy Act defines the term "adult education" to include educational services or academic instruction below the postsecondary level that increases an individual's ability to (A) read, write, and speak in English and perform mathematics or other activities necessary for the attainment of a secondary school diploma or its recognized equivalent; (B) transitions to postsecondary education and training; and (C) obtained employment. 29 U.S.C. § 3272. Furthermore, the WIOA defines eligible individuals as individuals who (A) have attained sixteen years of age; (B) are not enrolled or required to be enrolled in secondary school under state law; and (C) (i) lack basic skills; (ii) do not have a secondary school diploma or its recognized equivalent, and have not achieved an equivalent level of education; or (iii) are unable to speak, read, or write the English language. In addition to the federal Adult Education and Literacy Program, the Ohio Department of Higher

Education expanded overage under the program to individuals sixteen, seventeen, and eighteen years who meet the General Requirements. For eligible individuals to participate in the Ohio Department of Higher Education program, the individual must:

(A) Provide documentation of official withdrawal from school on official school letterhead signed by superintendent or designee, or
(B) Provide written evidence of a high school diploma.

Documentation of official withdrawal or a copy of the diploma must be verified prior to enrollment and must be kept on file with other required student records (i.e., standardized assessment and other test records).

Testing identified the following:

- For 5 out of 40 participants (12%) selected that were 16, 17, or 18, the College was unable to provide documentation of official withdrawal from a school or official school letterhead signed by the superintendent or designee, or written evidence of a high school diploma that was verified prior to enrollment; and
- 4 out of 40 participants (10%) selected were reported to the Ohio Department of Higher Education as having a postsecondary or professional degree and should have been considered ineligible.

The control deficiencies led to unallowable activities/costs paid being paid with these Federal grant monies in excess of $25,000 and therefore considered questioned costs under 2 CFR § 200.516.

The Adult Education Program Coordinator, Former Controller, and Former Chief Financial Officer should have reviewed all grant award documents in order to execute policies and procedures which would have helped ensure compliance with grant requirements. The Adult Education Program Coordinator should have also thoroughly reviewed all grant documentation to ensure all documentation was properly maintained and students enrolled were in compliance with requirements.

TRIO Cluster Cash Management

Finding Number:	**2023-020**
Assistance Listing Number and Title:	**AL #84.042, AL #84.047, AL #84.066 TRIO Cluster**
Federal Award Identification Number / Year:	**2023**
Federal Agency:	**United States Department of Education**
Compliance Requirement:	**Cash Management**
Repeat Finding from Prior Audit?	**No**

Noncompliance, Material Weakness, and Questioned Cost

2 CFR § 3474.1 provides the Department of Education adopts the Office of Management and Budget (OMB) Guidance in **2 CFR part 200**, except for 2 CFR § 200.102(a) and 2 CFR § 200.207(a). Thus, this part gives regulatory effect to the OMB guidance and supplements the guidance as needed for the DOE.

2 CFR 200.302 states, in part, the non-Federal entity's financial management systems, including records documenting compliance with Federal statutes, regulations, and the terms and conditions of the Federal award, must be sufficient to permit the preparation of reports required by general and program-specific terms and conditions; and the tracing of funds to a level of expenditures adequate to establish that such funds have been used according to the Federal statutes, regulations, and the terms and conditions of the Federal award. **2 CFR 200.302(b)(2)** further provides, in part, that the financial management system of each non-Federal entity must provide for accurate, current, and complete disclosure of the financial results of each Federal award or program in accordance with the reporting requirements set forth in §§ 200.328 and 200.329.

2 CFR § 200.302(b)(6) provides, in part, the financial management system of each non-Federal entity must provide written procedures to implement the requirements for section 200.305 payment.

The TRIO Program Coordinator and Former Controller were unable to provide supporting documentation for five out of five (100%) project cash requests. Due to the lack of support, it could not be determined if the expenditures were incurred prior to the date of the reimbursement request. This is the result of the College not having a cash management policy.

The control deficiencies led to unallowable activities/costs paid being paid with these Federal grant monies in excess of $25,000 and therefore considered questioned costs under 2 CFR § 200.516 and included in Finding 2023-018.

The College should have implemented procedures to ensure that program expenditures incurred prior to the date of the reimbursement request.

TRIO Cluster Unallowable Costs/Cost Principles and Allowable Activities

Finding Number:	**2023-021**
Assistance Listing Number and Title:	**AL #84.042, AL #84.047, and AL #84.066 TRIO Cluster**
Federal Award Identification Number / Year:	**2023**
Federal Agency:	**United States Department of Education**
Compliance Requirement:	**Activities Allowed or Unallowed, Allowable Costs/Cost Principles**
Repeat Finding from Prior Audit?	**No**

Noncompliance, Material Weakness, and Questioned Cost

2 C.F.R. § 3474.1 gives regulatory effect to the Office of Management and Budget Guidance in 2 C.F.R. part 200. **2 CFR § 200.430** states, in part, that costs of compensation are allowable to the extent that they satisfy the specific requirements of this part, and that the total compensation for individual employees is reasonable for the services rendered and conforms to the established written policy of the non-Federal entity consistently applied to both Federal and non-Federal activities. In addition, charges to Federal awards for salaries and wages must be based on records that accurately reflect the work performed. These records must be supported by a system of internal control which provides reasonable assurance that the charges are accurate, allowable, and properly allocated; be incorporated into the official records of the recipient or subrecipient; and reasonably reflect the total activity for which the employee is compensated by the recipient or subrecipient. The reporting and documentation requirements in this section also apply to the costs of scholarships, fellowships, and student aid programs at Institutions of Higher Education (IHEs), which are allowable only when the purpose of the Federal award is to provide training to participants, and the Federal agency approves the cost. Furthermore, **2 CFR § 200.430(g)(1)** provides that these records must:

- Be supported by a system of internal controls which provide reasonable assurance that the charges are accurate, allowable, and properly allocated;
- Be incorporated into official records;
- Reasonably reflect total activity for which the employee is compensated, not exceeding 100% of compensated activities;
- Encompass both federally-assisted and all other activities compensated by the agency on an integrated basis;
- Comply with the established accounting policies and practices of the entity;

- Support the distribution of the employee’s salary or wages among specific activities or cost objectives if the employee works on more than one Federal award; and
- Support the distribution of the employee's salary or wages among specific activities or cost objectives if the employee works on more than one Federal award; a Federal award and non-Federal award; an indirect cost activity and a direct cost activity; two or more indirect activities allocated using different allocation bases; or an unallowable activity and a direct or indirect cost activity.

2 CFR § 200.403(g) states, in part, that costs must be adequately documented to be allowable under Federal awards. In addition, see §§ 200.300 through 200.309.

40 payroll transactions totaling $55,617 were sampled and 22 transactions totaling $45,328 failed to meet federal time and effort requirements as listed above.

40 nonpayroll transactions were sampled for control testing and the following was identified:

- Six expenditures did not have a purchase order/requisition or invoice maintained as support; and
- Four expenditures did not have an approved purchase order.

40 nonpayroll transactions totaling $43,237 were sampled and the following was identified:

- Two expenditures totaling $600 were documented as payment for fuel for the Upward Bound Program, however, receipts supporting the charges were not provided;
- One expenditure totaling $133 was to a vendor with the credit card, however, an invoice was not provided;
- One expenditure totaling $1,942 was to an employee to cover an Upward Bound trip. Of this amount, $302 was for arcade cards and an additional $80 was an extra cash gratuity. The College failed to provide supporting documentation for the arcade cards and the cash gratuity was in addition to a tip already provided; and
- One expenditure totaling $40 was identified as a stipend paid to a student for Saturday College, however the support showed the student did not attend Saturday College, and no additional support was provided to validate the payment.

The unallowable activities/costs paid with these Federal grant monies is in excess of $25,000 and therefore considered questioned costs under 2 CFR § 200.516.

Finally, as a result of Eligibility testing, AOS scanned Upward Bound Stipends for students which documentation was not provided to support the requirements and determined the College paid those students stipends in the amount of $1,460.

The TRIO Program Coordinator, Former Controller and Former Chief Financial Officer should have reviewed all grant award documents in order to execute policies and procedures which would have helped ensure compliance with grant requirements. The TRIO Program Coordinator should have also thoroughly reviewed all grant documentation to ensure all expenditures spent using Federal funds were in compliance with requirements.

TRIO Cluster Eligibility

Finding Number:	**2023-022**
Assistance Listing Number and Title:	**AL #84.042, AL #84.047, and AL #84.066 TRIO Cluster**
Federal Award Identification Number / Year:	**2023**
Federal Agency:	**United States Department of Education**
Compliance Requirement:	**Eligibility**
Repeat Finding from Prior Audit?	**No**

Noncompliance and Material Weakness

34 CFR 644.3, 645.3, 646.3, and 646.7 outlines various criteria for determining student eligibility for participation in the TRIO Cluster Educational Opportunity Centers, Upward Bound, and Student Support Services programs.

Due to a lack of appropriate program oversight and adoption of applicable policies and procedures, the following was identified:

For 30 out of 40 (75%) students tested, the TRIO Program Coordinator and Former Controller were not able to provide a student application or other supporting documentation to prove the students met eligibility requirements. Therefore, program eligibility was not able to be determined and we disclaimed our opinion on the TRIO program as a whole as well as the individual compliance requirements.

The College should have taken the necessary steps, including but not limited to, updating and implementing policies and procedures to ensure the College complied with the TRIO Cluster regulations over student eligibility.

Disparate Charges Between Title IV and Non-Title IV Recipients Non-Compliance

Finding Number:	**2023-023**
Assistance Listing Number and Title:	**AL #84.063 and AL #84.268 Student Financial Assistance Cluster**
Federal Award Identification Number / Year:	**2023**
Federal Agency:	**United States Department of Education**
Compliance Requirement:	**Eligibility**
Repeat Finding from Prior Audit?	**No**

Noncompliance, Material Weakness, and Questioned Cost

20 U.S.C. § 1087ll (cost of attendance) provides, in part, that an institution must use an amount that is "normally assessed a student carrying the same academic workload" when establishing the tuition and fee component for Title IV recipients under the Higher Education Act of 1965. In implementing this statutory provision, pursuant to the U.S. Department of Education *2022-23 Student Financial Aid Handbook,* Vol. 3, Chapter 2, the U.S. Department of Education (the Department) requires that a recipient of Title IV assistance cannot be assessed charges that are higher than what is charged to a student not receiving Title IV aid.

All students enrolled at the College under the Free College Benefit Program are charged for tuition, fees, and books. Students who receive Pell Grant funds have their Pell disbursements credited to their accounts to reduce total charges. The remainder of the charges are then reduced to zero by applying a “last dollar scholarship" to the remaining balance. If a student also received a grant, the "scholarship" was applied after both Pell and the state grant funds. Students who do not receive Pell/grant funds have their entire tuition, fee and book charges reduced to zero. The notations on student ledger cards make it appear that there is truly a "scholarship" being funded by one of many outside entities.

However, upon inquiry with College leadership, including but not limited to the Interim President, Controller/Interim Chief Finance Officer, and Financial Aid Office employees as well as upon review of student accounts in the PowerFAIDS and Student Information System as well as review of the college's financial statements, AOS determined the student account notations marked "last dollar scholarship" or with specific entities' names are not actually funds being provided for student's tuition. Rather, the College merely wrote off all non-Pell/FSEOG and in some case state grant charges on student accounts, and improperly made it appear that the students are being funded by outside entities. Essentially, under this program, students who receive Pell funding were charged for the program, but students not receiving Pell were not. Additionally, upon review of the College's waiver requests on file with the Ohio Department of Higher Education, the College obtained approved waivers of tuition for students in Ohio public service unions (in-or-out of state) and students who were residents of Mahoning, Trumbull, Columbiana, and Jefferson counties. This is in direct violation of the Title IV statute.

As described in the U.S. Department of Education *2022-23 Student Financial Aid Handbook*, Vol. 3, Chapter 2, institutions are prohibited from charging Title IV students more for tuition and fees than non-Title IV students. This results in the Title IV students enrolled in the Free College Benefit Program as well as certain in-person students within the Youngstown and Steubenville campuses being ineligible for Title IV aid. Further, providing discounts or waivers of tuition and fees to students requires an adjustment to such students' cost of attendance.

Testing identified student account information within the Financial Aid PowerFAIDS system and Student Information System did not agree. Upon inquiry with management, no explanation could be provided for the discrepancies. Additionally, College leadership noted that recent reviews of student account information by the U.S. Department of Education as well as a consultant hired by the Former Board of Trustees noted similar widespread concerns. As a result, we are questioning 100 percent of Eastern Gateway's Title IV Pell disbursements during fiscal year 2022-23 totaling $17,283,586.

Lack of Administrative Capability

Finding Number:	**2023-024**
Assistance Listing Number and Title:	**AL #84.063 and AL #84.268 Student Financial Assistance Cluster**
Federal Award Identification Number / Year:	**2023**
Federal Agency:	**United States Department of Education**
Compliance Requirement:	**Special Tests and Provisions – Disbursements to or on Behalf of Students**
Repeat Finding from Prior Audit?	**No**

Noncompliance and Material Weakness

34 C.F.R. § 668.16(a), (b), in part, requires an institution to comply with all Title IV statutory and regulatory requirements, and to designate a capable individual responsible for administering and coordinating all Title IV programs with federal and non-federal programs of student financial assistance for which the institution participates. To continue participation in Title IV programs, an institution must demonstrate that it is capable of adequately administering those programs. An institution must employ an adequate number of qualified persons, evaluated by the Department of Education, based on factors including the number and type of programs, financial aid assistance, number of students receiving financial aid, technological/automated systems, financial aid staff, and reliance on third-party servicers. Further, as described in **34 C.F.R. § 668.16(c),** an institution must administer the Title IV programs in which it participates with adequate checks and balances in its system of internal controls and must divide the functions of authorizing payments and disbursing or delivering funds so that no office has responsibility for both functions. As indicated in **34 C.F.R. §§ 668.16(d) and 668.24**, this requirement includes maintaining accurate and complete records, including source documents supporting the institution’s compliance with all Title IV requirements and supporting Title IV payments made to each student. An institution’s maintenance and submission of accurate records, including institutional and student eligibility, attendance, financial, and accounting records, is critical for determining an institution’s compliance with Title IV requirements.

34 C.F.R. § 668.25 (a) indicates an institution is eligible to enter into a written contract with a third-party servicer for the administration of any aspect of the institution's participation in any Title IV, Higher Education Act (HEA) program only to the extent that the servicer's eligibility to contract with the institution has not been limited, suspended, or terminated. In contracts with an institution, a third-party servicer shall agree to comply with all statutory provisions applicable to Title IV, all regulatory provisions prescribed under that statutory authority, and all special arrangements, agreements, limitations, suspensions, and terminations entered into under the authority of Title IV. As described in **34 C.F.R. § 668.25(c)(1)**, this includes the requirement to use any funds that the servicer administers under any Title IV program, and any interest or other earnings, solely for the purposes of that program.

34 C.F.R. §§ 668.82(a),(b)(2) indicates that while an institution can enter into a written contract with a third-party servicer to perform one or more functions on behalf of the institution, the institution cannot contract out its fiduciary responsibilities and obligations under the HEA. Both the institution and the servicer act in the capacity of a fiduciary and are subject to the highest standard of care and diligence in administering the programs and accounting for any funds administered. The institution must ensure that its third-party servicers comply with applicable Title IV regulations and program requirements and must ensure that all third-party servicer contracts contain the required language outlined in **34 C.F.R. § 668.25(c)**.

An institution’s responsibility with regard to its compliance with Title IV requirements does not terminate with the execution of a servicing contract. Rather, the institution and the servicer become partners with the shared responsibility of ensuring that all aspects of Title IV compliance are met. Under the administrative capability regulations, institutions are required to designate a capable individual to administer and coordinate the Title IV programs with the institution’s other federal and non-federal programs of student financial assistance. Institutions must use an adequate number of qualified persons to administer the programs and require other institutional offices to communicate relevant student eligibility information to the individual designated responsible for administering the Title IV programs. Institutions must have written procedures that indicate the responsibilities of the various offices and its third-party servicers with respect to the approval, disbursement, and delivery of Title IV program assistance and the preparation and submission of reports to the Department.

In order to be administratively capable, an institution must show that it administers Title IV programs with adequate checks and balances in its system of internal controls. The College failed to meet this standard. For example, during testing it was determined the College failed to establish and maintain policies and records that were required to support its receipt of Title IV funds, including accurate fiscal records, financial aid records, and attendance records. The College also failed to perform required reconciliations of Title IV funds received, to an maintain adequate audit trail, and ensure the information and data in all of its internal systems were consistent.

Failure to Maintain Complete and Accurate Fiscal Records and Failure to Perform Timely Reconciliation

Finding Number:	**2023-025**
Assistance Listing Number and Title:	**AL #84.063 and AL #84.268 Student Financial Assistance Cluster**
Federal Award Identification Number / Year:	**2023**
Federal Agency:	**United States Department of Education**
Compliance Requirement:	**Reporting**
Repeat Finding from Prior Audit?	**No**

Noncompliance, Material Weakness, and Questioned Cost

34 C.F.R. § 668.16(c)(1) requires an institution to administer Title IV programs with adequate checks and balances in its system of internal controls. Consistent with this principle, **34 C.F.R. § 668.24** indicates that an institution shall account for the receipt and expenditure of Title IV funds in accordance with generally accepted accounting principles. Further, **34 C.F.R. § 668.24(b)** states that an institution shall establish and maintain on a current basis financial records that reflect each Title IV transaction, and general ledger control accounts and related subsidiary accounts that identify each Title IV transaction and separate those transactions from all other institutional financial activity. For any student who receives Title IV funds, **34 C.F.R. § 668.24(c)(1)(iv)** requires the institution to maintain student specific documentation that clearly identifies the date and amount of each transaction, including returns and overpayments, and documentation supporting the calculation of any awards or returns.

In order to comply with this requirement, an institution must maintain, among other documents, the following:

(1) Records of all Title IV transactions;
(2) Bank statements for all accounts containing Title IV funds;
(3) Records of student ledger accounts, including each student's institutional charges, cash payments, Title IV payments, cash disbursements, refunds, returns, and overpayments required for each enrollment period;
(4) General ledger control accounts and related subsidiary ledgers that identify each Title IV transaction. Title IV transactions must be separate from the institution's other financial transactions;
(5) Records that support data appearing on required reports, such as Federal Pell Grant Statements of Accounts, G5 cash requests and quarterly or monthly reports, monthly Title IV program reconciliation reports, Audit reports and institution responses, state grant and scholarship award rosters and reports, as well as Accrediting and licensing agency reports as described in the U.S. Department of Education 2022-23 Federal Student Aid Handbook, Vol. 4 and Appendix A.

Further, as described in the U.S. Department of Education 2022-23 Federal Student Aid Handbook, Vol. 4, Appendix B and **34 C.F.R. §§ 675.19(b)(2), 676.19(b)(2), 685.300(b)(5)**, consistent with generally accepted accounting principles, and the various Title IV program requirements, all records must be reconciled to ensure accuracy.

During testing, AOS noted the College failed to maintain critical documentation necessary to support its receipt and disbursement of Title IV funds. On August 8, 2022, the U.S. Department of Education notified the College that it had transferred the College from the Advance method of payment to the Heightened Cash Monitoring 2 (HCM2) method of payment as authorized by the General Education Provisions Act, 20 U.S.C. § 1226a-1, and the Title IV Cash Management Provisions, 34 C.F.R. §668.162. As described in its notice, the following issues contributed to the Department's decision to place the College on HCM2 status:

- The College was unable to reconcile its Title IV drawdowns to individual student accounts for the period under review, meaning that the school could not properly document that specific students were the beneficiaries of Title IV assistance received by the institution;
- The College's general accounting records contained serious discrepancies as further described in Finding 2023-012; and
- The College had inadequate internal controls, including employees in key roles who were being paid by both the institution and its servicer, an unusually high turnover of staff, and a clear lack of training and/or experience of individuals involved in various Title IV functions.

Under the HCM2 method of payment, the College could continue to obligate funds under the federal student financial assistance programs authorized by Title IV of the Higher Education Act of 1965, as amended. The College could disburse institutional funds to eligible students. If the College disbursed institutional funds, the Department would reimburse it for properly documented expenditures. However, subsequent to being placed on HCM2 status, the College was able to submit limited successful claims for Title IV funding to the Department due to the college's inability to pass the Department's compliance checks and inadequate supporting documentation for disbursements. For the 22-23 Pell Grant, the College submitted reimbursement for $31,239,361 and successfully drew down $16,980,279, resulting in $14,259,082, which was requested and not awarded. The College submitted $644,381 for reimbursement and drew down $303,307 for the 22-23 Direct Loan Program. This left $341,074 that was requested and not approved for payment. Subsequently, the College hired a consulting firm to submit the required information to obtain draws, however, due to the College failing to maintain complete and accurate records, and failing to perform timely reconciliation resulted in those requests being denied. During testing, AOS found the College was unable to provide U.S. Department of Education's Common Origination Disbursement (COD) reports for individual drawdowns of Title IV funds that reconciled to the underlying student financial aid and information systems. In addition, the student account cards provided for students in the sample were not organized in a manner which permitted the AOS to easily track charges and student aid applied to the account to pay those charges. Many ledger cards had charges entered and reversed, adjustments made without explanation, and notations that funds were moved to other accounts. In addition, AOS noted inconsistencies between ledger cards for the same student that were contained in two different systems. AOS was told the financial aid information was initially housed in the PowerCampus System and then it was moved to Campus-Cloud. The account information for students in the two systems should be consistent; however, AOS was informed that it was not. Additionally, AOS identified inconsistencies between the student aid posted in Campus Cloud and the aid posted in the College's financial aid system, PowerFAIDS. The inconsistencies and issues found by AOS call into question the validity of the account cards as a whole. Further, a review of the COD Users report identified report identified former employees which still had access to the system, one employee which had the email address of a different employee, and one employee who had an email address listed from another organization. Finally, without complete and accurate ledgers, it is virtually impossible for the AOS to determine whether Title IV funds were properly spent.

As a result, AOS was unable to complete compliance testing over the Title IV requirements for Allowability, Eligibility, certain Special Tests & Provisions, and the College's fiscal records. To further compound the problem, the College was unable to provide documentation to substantiate reconciliation of its Title IV Direct Loan, Pell Grant, Supplemental Educational Opportunity Grant (SEOG), and Federal Work Study (FWS) program funds. The College's Financial Aid Office was unable to provide documentation to demonstrate reconciliation of disbursements between PowerFAIDS and the COD system. The College was unable to provide documentation to demonstrate that staff also compared disbursements between PowerFAIDs and the business office's Campus-Cloud system, which contains student accounts, and between the student accounts, G5 drawdowns, and the institution's banking records. Similarly, the College was also unable to provide documentation to support it completes reconciliation of Pell, SEOG, and FWS funds. Despite turnover in many of the key College leadership positions, remaining College staff confirmed that the institution was not conducting complete reconciliation of all Title IV funds.

For these reasons, a questioned cost of $17,283,586, or 100 percent of the Title IV program are hereby issued for fiscal year 2022-23.

Failure to Commence Attendance

Finding Number:	**2023-026**
Assistance Listing Number and Title:	**AL #84.063 and AL #84.268 Student Financial Assistance Cluster**
Federal Award Identification Number / Year:	**2023**
Federal Agency:	**United States Department of Education**
Compliance Requirement:	**Eligibility**
Repeat Finding from Prior Audit?	**No**

Noncompliance, Material Weakness, and Questioned Cost

34 C.F.R. § 668.21(a) requires that an institution return Title IV funds disbursed for a student if that student does not begin attendance in a payment period or period of enrollment. In accordance with **34 C.F.R. § 668.21(a),(c)** the U.S. Department of Education considers that a student has not begun attendance in a payment period or period of enrollment if the institution is unable to document the student's attendance at any class during that payment period or period of enrollment. **34 C.F.R. § 668.21(b)** requires an institution to return those funds for which it is responsible to return to the respective Title IV program as soon as possible, but no later than 30 days after the date that the institution becomes aware that the student will not, or has not, begun attendance.

The Registrar was unable to provide a specific explanation of how the attendance was to be reported to the college. Based on inquiry with the Registrar, faculty and adjuncts were required to update both daily attendance and overall attendance; however, the Registrar and other college employees indicated this policy was not being followed or monitored by the institution.

Additionally, the College's remaining student financial aid office and Bursar office employees could not provide AOS with complete and accurate documentation, including payment rosters that reflect each disbursement and return by student and other required reconciliation documents, that would establish these ineligible disbursements were actually returned or that the student ledger activity within the Financial Aid and Student Information Systems was accurate.

For these reasons, a questioned cost of $17,283,586, or 100 percent of the Title IV program are hereby issued for fiscal year 2022-23.

Failure to Properly Calculate Pell Awards

Finding Number:	**2023-027**
Assistance Listing Number and Title:	**AL #84.063 and AL #84.268 Student Financial Assistance Cluster**
Federal Award Identification Number / Year:	**2023**
Federal Agency:	**United States Department of Education**
Compliance Requirement:	**Eligibility**
Repeat Finding from Prior Audit?	**No**

Noncompliance, Material Weakness, and Questioned Costs

34 C.F.R. § 690.62(a) indicates the amount of a student's Pell Grant for an academic year is based upon the payment and disbursement schedules published by the Secretary for each award year. **34 C.F.R. § 690.2** defines the Disbursement Schedule as a table showing the annual awards that three-quarter, half-time, and less-than-half-time students at term-based institutions using credit hours would receive for an academic year while a Payment Schedule is defined as a schedule establishing the maximum amount of Pell a full-time student is entitled to receive based on the student's Expected Family Contribution (EFC) and the student's cost of attendance. **34 C.F.R. § 690.80(b)(2)(ii)** requires an institution to recalculate the student's Pell award to reflect only those classes for which the student actually began attendance if a student's projected enrollment status changes during a payment period before the student begins attendance in all his or her classes for that payment period.

During testing, AOS noted the College's student level data did not agree across the college's financial aid system and student information system. Additionally, the College lacked appropriate supporting documentation for Pell calculations related to 60 students selected for testing. Due to these data integrity issues, it is likely there are additional students whose Pell Grants were not properly calculated.

For 20 of the 60 (33%) students selected for testing, the annual award was not properly calculated based on the cost of attendance (COA) and the estimated family contribution. Due to the annual award not being properly calculated, the payment for the corresponding payment period was also not correctly calculated. The net effect of these errors was $3,615.

For 60 of the 60 (100%) students tested, the COA could not be determined to be reasonable and appropriate due to the fact that the College was unable to provide support for the following items that are part of the cost of attendance calculation:

- Tuition
- Housing and meals
- Books and supplies
- Other
- Fees

During the school year, the College waived Tuition and certain Fees for more than 90% of the enrolled students. These waivers were approved by the Former Board of Trustees and Ohio Department of Higher Education with the understanding that they would be implemented in accordance with Title IV regulations. However, in the College's calculation of the COA for 60 (100%) students in our sample, it included Tuition and Fees that did not reflect the approved waivers. To comply with COA requirements described in the U.S. Department of Education *2022-23 Student Financial Aid Handbook*, Vol. 3, Chapter 2, the College should have reflected $0 as Tuition and waived Fees in the COA calculation.

In addition, for 2 students tested (3%), there were adjustments to the COA in the PowerFAIDS system that were not supported and 1 student (1.6%) where the COA was calculated using the incorrect cost per credit hour.

For 18 out of 60 (30%) students tested, the payment for the payment period was not accurately calculated based on the student's enrollment status, COA, and estimated family contributions.

For these reasons, a questioned cost of $17,283,586 or, 100 percent of the federal expenditures are hereby issued against the Title IV for fiscal year 2022-23.

Failure to Properly Package Federal Direct Loans

Finding Number:	**2023-028**
Assistance Listing Number and Title:	**AL #84.063 and AL #84.268 Student Financial Assistance Cluster**
Federal Award Identification Number / Year:	**2023**
Federal Agency:	**United States Department of Education**
Compliance Requirement:	**Eligibility**
Repeat Finding from Prior Audit?	**No**

Noncompliance, Material Weakness and Questioned Cost

34 C.F.R. §§ 685.203(a), (d), (e), (h) set forth the annual and aggregate Direct Subsidized and Unsubsidized loan limits that an undergraduate student may receive for an academic year. As detailed in **34 C.F.R. § 685.203(a)(c)**, a student's maximum annual loan limit increases as the student progresses to higher grade levels. Furthermore, in accordance with **34 C.F.R. § 685.203(j)** a student's total Direct Subsidized, Direct Unsubsidized, or Direct PLUS loan amount may not exceed the student's estimated cost of attendance for the period of enrollment for which the loan is intended, less the student's estimated financial assistance for that period, and in the case of a Subsidized Loan, the borrower's expected family contribution for that period.

The loan period is the period for which a Direct Loan is intended and must coincide with the academic period established by the school for which institutional charges are generally assessed. This may be a semester, academic year, or the length of the student's program. For credit-hour programs with standard terms, the minimum loan period is a single academic term. If a single academic term is used for the loan period, the Direct Loan amount must be based on the reduced cost of attendance and Expected Family Contribution (EFC) for that term, rather than for a full academic year.

The annual maximum loan amount an undergraduate student may receive must be prorated when the borrower is enrolled in a program that is shorter than a full academic year or enrolled in a program that is one academic year or more in length but is in the remaining period of the program that is shorter than a full academic year. 34 C.F.R. §§ 685.203(a)(1)(ii),(iii) make clear that loans can only be prorated in these two situations.

As described in the U.S. Department of Education *2022-23 Student Financial Aid Handbook*, Volume 3, Chapter 7 and 8, financial aid administrators must package Direct Subsidized Loans before Direct Unsubsidized Loans. In addition, a student may not receive a Direct Unsubsidized Loan unless the student has received a Direct Subsidized Loan for the maximum amount. Direct Subsidized loans are need-based, and the interest subsidy is advantageous to the student borrower. The disbursement of unsubsidized loan funds to a student who is eligible for subsidized loan funds causes unnecessary expenses to the student in repayment due to the loss of the federal interest subsidy.

According to correspondence the college received from the U.S. Department of Education, the College failed to properly package Direct Loans in the HCM2 packages submitted on October 4, 2022 and April 10, 2023. Specifically, the College failed to fully package subsidized loans prior to packaging unsubsidized loans, failed to apply a reduced cost of attendance and Estimated Family Contribution (EFC) to determine eligible loan amounts when a single academic term is used for the loan period, and it was unclear how loan amounts were calculated.

Due to the systemic nature of this finding, there is significant risk the College disbursed incorrect amounts of subsidized and unsubsidized loans to students. As a result, AOS questioned costs of $303,707 or 100 percent of the federal expenditures are hereby issued against the Title IV program for 2022-23.

Failure to Maintain Distance Education Documentation

Finding Number:	**2023-029**
Assistance Listing Number and Title:	**AL #84.063 and AL #84.268 Student Financial Assistance Cluster**
Federal Award Identification Number / Year:	**2023**
Federal Agency:	**United States Department of Education**
Compliance Requirement:	**Special Tests and Provisions – Program Eligibility**
Repeat Finding from Prior Audit?	**No**

Noncompliance, Material Weakness, and Questioned Cost

34 C.F.R. § 668.24(a) requires an institution participating in the Title IV programs to establish and maintain on a current basis all records necessary to establish its proper administration of the Title IV program and its application for any Title IV, HEA funds. In addition, **34 C.F.R. §§ 668.24(b), (c)** require an institution to maintain all records needed to properly account for its receipt and expenditure of Title IV, HEA funds including all source documents used to support Title IV disbursements. Pursuant to **34 C.F.R. § 668.24(e)**, records must generally be maintained for three years from the end of the award year in which they were created. Further, if the records are the subject of a program review, they must be retained until the resolution of that review as required by 34 C.F.R. § 668.24(e)(3).

At the beginning and throughout the course of the audit, AOS requested records and source documentation of the institution's distance education programs for the 2022-23 award year. The AOS relies on institutional records to review such things as the elements of regular and substantive interaction, commencement of attendance, last date of attendance and/or academic activity used in Return of Title IV Funds (R2T4) calculations.

The College was unable to produce source documentation for its distance education or online Free Union College Benefit programs from Fall 2022 through Spring 2023. Various college employees informed AOS that the lack of adequate documentation and missing records was partly attributable to the college's changes in online Learning Management System (LMS) and Student Information System (SIS) platforms between 2017 and 2019. The College also failed to retain complete back-up copies of the online LMS. College employees also indicated the college did not provide clear communication of policies to or perform adequate monitoring of the faculty and adjunct faculty.

Additionally, the SIS, which generally houses enrollment and some academic documentation, is not the same as an LMS, which is an institution's distance education platform. The SIS system does not provide for the review of the source documentation of regular and substantive interaction between instructors and students and academic activity of students which is essential for determining whether a student actually started a class or for determining students' last date of attendance if they withdraw.

An institution's recordkeeping practices are paramount to ensuring the proper administration of Title IV programs. The College failed to provide adequate source documentation to AOS, hindering a thorough review of the college's distance education programs including evidence that students commenced attendance, and source documentation for withdrawal dates utilized in Return calculations for the 2022-23 and earlier award years. As a result, questioned costs of $17,283,586, or 100% of the federal expenditures are hereby issued against the Title IV program for fiscal year 2022-23.

Failure to Implement Compliance Satisfactory Academic Progress Policies

Finding Number:	**2023-030**
Assistance Listing Number and Title:	**AL #84.063 and AL #84.268 Student Financial Assistance Cluster**
Federal Award Identification Number / Year:	**2023**
Federal Agency:	**United States Department of Education**
Compliance Requirement:	**Special Tests and Provisions – Satisfactory Academic Progress**
Repeat Finding from Prior Audit?	**No**

Noncompliance and Material Weakness

34 C.F.R. §§ 668.34(a)(3)-(6) requires an institution to establish a reasonable Satisfactory Academic Progress (SAP) policy for determining whether an otherwise eligible student is making SAP in his or her educational program in order to continue receiving Title IV funding. The regulations set forth the various requirements that must be included an institution's SAP policy in order to determine if it's reasonable. Among other things, the policy must include both cumulative quantitative and qualitative measurements of a student's progress and must establish that a student's progress is evaluated at the end of each payment period if the program length is one year or shorter, or at least annually for all other programs. Additionally, **34 C.F.R. §§ 668.34(a)(8)-(11)** require that the SAP policy also set forth the consequences to a student who is not meeting SAP standards. SAP policies are a critical component of Title IV administration to ensure that students who receive funding are progressing towards an intended degree or credential.

34 C.F.R. § 668.34(a)(5)(i) require an institution's SAP policy to specify the pace at which a student must progress through his or her educational program to ensure the student will complete the program within the maximum timeframe. **34 C.F.R. § 668.34(b)** defines the maximum time frame for an undergraduate program measured in credit hours as a period that is no longer than 150 percent of the published length of the educational program, as measured in credit hours. The SAP policy must describe how a student's GPA and pace of completion are impacted by incomplete courses, withdrawals, course repeats, and transfers of credit from other institutions. **34 C.F.R. § 668.34(a)(6)** requires credit hours accepted from another institution toward the student's educational program be counted as both attempted and completed hours.

34 C.F.R. § 668.34(c)(2) indicates, if it is determined that a student is not meeting the SAP policy during a given payment period, the institution may disburse Title IV funds so long as it takes action to provide the student a financial aid warning or place the student on financial aid probation. **34 C.F.R. §§ 668.34(c)(3),(4)** indicate a student on financial aid probation for a payment period may not receive Title IV funds for the subsequent payment period unless the student makes SAP or the institution determines that the student met the requirements specified by the institution in the academic plan for the student that, if followed, will ensure that the student is able to meet the institution's satisfactory academic progress standards by a specific point in time.

The Federal Student Aid (FSA) program regulations described in the U.S. Department of Education, *2022-23 Student Financial Aid Handbook*, Volume 1, Chapter 1 do not include provisions for the concept of academic amnesty or academic renewal. Therefore, a school must always include courses applicable to a student's major in evaluating both qualitative and quantitative components of a student's satisfactory academic progress.

The College was unable to document compliance with Title IV SAP requirements. During testing, AOS noted an unusual number of students that switched academic programs during the course of their time at the college. When students switch programs, their SAP restarts. Under the institution's policy, students failing SAP must submit an appeal to switch programs and restart SAP. The College was unable to provide the required appeals and written documentation establishing that students actually requested the changes in programs.

Additionally, the College's former Controller explained that dashes in Canvas, the college's LMS, can indicate that the instructor has not graded the assignment or that the assignment was missing. The former Controller further explained that all dashes must be resolved to make sure grades are entered and show up correctly. During the course of past external reviews of the College's LMS system, the former Controller indicated that instances were identified where the dash was not resolved or substituted with a numerical value and the denominator of the grade fraction was missing the possible points that the dash replaced. For example, if a student earned 100/100 on one assignment and did not submit the second assignment that was also worth 100 points which had been marked with a dash, the student's total grade would incorrectly be calculated by dividing 100/100 instead of 100/200. This inflates the student's grade for the class and may ultimately affect SAP determinations. This may also result in inconsistent grading among students.

Furthermore, the College's SAP policy in the institutional catalog stated students were required to complete at least 66.67% of all credit hours attempted each term to maintain SAP. The policy did not contain any language dictating a requirement for cumulative quantitative standards. While an institution's SAP policy may include a payment period-based standard, it is also required to include a cumulative standard.

The College's academic probation policy states that if a student fails courses while on academic probation and is unable to demonstrate successful academic progress, the student will be terminated and must sit out of the college for a minimum of one year. After one year, the student may re-apply to return on probation. This is inconsistent Title IV requirements. A student can only regain Title IV eligibility by completing courses that bring her/him back into compliance with the institution's quantitative and qualitative SAP standards. Students cannot regain eligibility by simply sitting out for any period of time.

The College was also unable to provide sufficient documentation to substantiate it had provided the necessary notifications to students who were moved to an SAP Warning or SAP Termination status during the award year.

Return of the Title IV Calculation Errors and Late Return of Title IV Funds

Finding Number:	**2023-031**
Assistance Listing Number and Title:	**AL #84.063 and AL #84.268 Student Financial Assistance Cluster**
Federal Award Identification Number / Year:	**2023**
Federal Agency:	**United States Department of Education**
Compliance Requirement:	**Special Tests and Provisions – Return of Title IV Funds**
Repeat Finding from Prior Audit?	**Yes**
Prior Audit Finding Number:	**2022-002**

Noncompliance and Material Weakness

34 C.F.R. § 668.22(a)(1) requires an institution to perform a R2T4 calculation to determine the amount of Title IV grant or loan assistance the student earned as of the student's withdrawal date when a recipient of Title IV grant or loan assistance withdraws from an institution during a payment period or period of enrollment in which the recipient began attendance. **34 C.F.R. § 668.22(b)(1)** indicates the withdrawal date for a student who withdraws from an institution, such as the College, that is required to take attendance is the last date of academic attendance based on the institution's attendance records. **34 C.F.R. § 668.22(b)(3)(i)(B)** requires an institution to take attendance for Title IV purposes if the institution itself has a requirement that its instructors take attendance. The College communicated the requirement to take attendance to instructors.

As described in **34 C.F.R. §§ 668.22(f)(1),(2)**, the percentage of the payment period completed by a student is determined, in the case of a program that is measured in credit hours, by dividing the total number of calendar days in the payment period or period of enrollment into the number of calendar days in that period as of the student's withdrawal date. The total number of calendar days in a payment period or period of enrollment includes all days within the period that the student was scheduled to complete, except for scheduled breaks of at least five consecutive calendar days. Pursuant to **34 C.F.R. § 668.22(j)(1)**, the institution must return the unearned funds as soon as possible but no later than 45 days after the date of the institution's determination that the student withdrew.

As described in the U.S. Department of Education, *2022-23 Student Financial Aid Handbook*, Volume 5, Chapter 2 (the Handbook), indicates that for programs offered in modules, a student is considered to have withdrawn for Title IV purposes if the student ceases attendance at any point prior to completing the payment period or period of enrollment, unless the institution obtains written confirmation from the student at the time of the withdrawal that he or she will attend a module that begins later in the same payment period or period of enrollment. If a school obtains written confirmation of future attendance but the student does not return as scheduled, the student is considered to have withdrawn from the payment period or period of enrollment. The student's withdrawal date and the total number of calendar days in the payment period or period of enrollment are the withdrawal date and total number of calendar days as of the student's last day of attendance.

Further, the Handbook indicates that the written confirmation must be obtained at the time of withdrawal, even if the student has already registered for subsequent courses. "At the time of withdrawal" means close to the date the student ceased attendance and before the time when the institution was required to return Title IV funds, offer a post-withdrawal disbursement of loan funds, or take any other action under the return requirements. Without confirmation of future attendance, an institution must assume a student who has ceased attendance is a withdrawal and begin the return process. A school is expected to begin the process immediately upon its determination that a student has withdrawn in order to perform actions in a timely manner and may not delay the process in hopes that a student might return.

Additionally, the Handbook indicates adjustments to a student's enrollment status made after the student has begun attendance in the payment period have no bearing on the return requirements. For example, if a student who is scheduled to attend all three modules in a payment period or period of enrollment drops all future classes after beginning the first module, the days in all modules in the payment period are included in the return calculation. The days in the remaining modules are included whether the student's future enrollment is cancelled by the student or by the school.

34 C.F.R. § 690.80(b)(2)(ii) and the Handbook require the institution to recalculate the student's eligibility for those funds based on a revised cost of attendance and enrollment status before performing the required return calculation if a student withdraws before beginning attendance in the number of credit hours for which the Pell Grant and Campus-Based funds are awarded.

A student's aid is included as aid disbursed in the calculation if it is disbursed as of the date of the institution's determination that the student withdrew, except when it is an "inadvertent overpayment." Inadvertent overpayments are disbursements made to a student after the student ceased attendance, but prior to the date of the institution's determination that the student withdrew. These funds are included in the return calculation as aid that could have been disbursed, rather than aid disbursed as described in the Handbook. The incorrect placement of these funds in the calculation can result in an incorrect amount retained by the institution.

AOS identified several systemic issues with the institution's identification and processing of return calculations for students who had withdrawn from the institution. These systemic issues include a failure to provide adequate and reliable documentation for students' last date of attendance, failure to perform Pell Grant recalculations prior to performing return calculations, failure to properly identify total days in payment period for students who withdrew from credit-hour programs offered in modules, failure to utilize the proper percentage of the payment period completed, failure to identify withdrawals and perform a return calculations, failure to resolve conflicting information needed for return calculations, and failure to identify inadvertent overpayments. In addition to the calculation issues, the College consistently failed to perform return calculations in a timely manner.

Failure to Return Undeliverable Title IV Credit Balances to Title IV Programs

Finding Number:	**2023-032**
Assistance Listing Number and Title:	**AL #84.063 and AL #84.268 Student Financial Assistance Cluster**
Federal Award Identification Number / Year:	**2023**
Federal Agency:	**United States Department of Education**
Compliance Requirement:	**Special Tests and Provisions – Disbursements to or on Behalf of Students**
Repeat Finding from Prior Audit?	**No**

Noncompliance and Material Weakness

Notwithstanding any state law, **34 C.F.R. § 668.164(d)** requires an institution to return to the Secretary, lender, or guaranty agency, any Title IV program funds, except Federal Work Study (FWS) program funds, that it attempts to disburse directly to a student or parent, but the student or parent does not receive or negotiate those funds. For FWS program funds, the institution is required to return only the Federal portion of the payroll disbursement. If an institution attempts to disburse the funds by check and the check is not cashed, the institution must return the funds to the Department no later than 240 days after the date it issued that check. If a check is returned to the institution, or an Electronic Funds Transfer (EFT) is rejected, the institution may make additional attempts to disburse the funds, provided that those attempts are made not later than 45 days after the funds were returned or rejected. In cases where the institution does not make another attempt, the funds must be returned before the end of this 45-day period pursuant to 34 C.F.R. § 668.164(l)(2).

The College was unable to provide its policy and procedures for identifying outstanding credit balance checks.

Late and Unpaid Title IV Credit Balances

Finding Number:	**2023-033**
Assistance Listing Number and Title:	**AL #84.063 and AL #84.268 Student Financial Assistance Cluster**
Federal Award Identification Number / Year:	**2023**
Federal Agency:	**United States Department of Education**
Compliance Requirement:	**Special Tests and Provisions – Disbursements to or on Behalf of Students**
Repeat Finding from Prior Audit?	**No**

Noncompliance and Material Weakness

34 C.F.R.§ 668.164(h) requires the institution to pay a resulting credit balance (i.e., the total amount of all Title IV funds credited exceeds the amount of tuition and fees, room and board, and other authorized charges the institution assessed the student) directly to the student or parent as soon as possible but no later than 14 days after the balance occurred if the credit balance occurred after the first day of class of a payment period or no later than 14 days after the first day of class of a payment period if the credit balance occurred on or before the first day of class of that payment period.

34 C.F.R. § 668.165(b) indicates an institution is permitted to hold credit balances if it obtains a voluntary authorization from the student. In obtaining the student's authorization, an institution may not require or coerce the student or parent to provide that authorization, must allow the student or parent to cancel or terminate that authorization at any time, and must clearly explain how it will carry out that activity. 34 C.F.R. § 668.165(b)(4)(iii) requires the institution to pay those funds directly to the student or parent as soon as possible but no later than 14 days after the institution receives that notice if a student cancels an authorization to hold Title IV funds. Notwithstanding any authorization obtained by the institution, 34 C.F.R. § 668.165(b)(5)(iii) requires the institution pay any remaining balance on loan funds by the end of the loan period and any remaining other Title IV, HEA program funds by the end of the last payment period in the award year for which they were awarded.

When an institution, like the College, is receiving Title IV funds under the Heightened Cash Monitoring 2 (HCM2) method of payment, **34 C.F.R. § 668.162(c)(1)** requires it must pay any credit balances owed students prior to seeking reimbursement for the disbursement to those students. 34 C.F.R. § 668.165(b)(2) indicates an institution on HCM2 may not hold funds for subsequent charges even if it had previously obtained a student authorization to do so. The College was placed on the HCM2 method of payment on August 8, 2022, and submitted its first payment request on October 4, 2022. The U.S. Department of Education requested a list of all students in the HCM2 package that were owed a credit balance and documentation establishing that the credit balances for those students had been paid.

The U.S. Department of Education indicated the College failed to issue Title IV credit balances to five sampled students within the required timeframe.

In addition, AOS noted the College failed to comply with the requirements of HCM2 by paying Title IV credit balances to students prior to requesting funds from the U.S. Department of Education.

Unreported Additional Locations

Finding Number:	**2023-034**
Assistance Listing Number and Title:	**AL #84.063 and AL #84.268 Student Financial Assistance Cluster**
Federal Award Identification Number / Year:	**2023**
Federal Agency:	**United States Department of Education**
Compliance Requirement:	**Special Tests and Provisions – Additional Locations**
Repeat Finding from Prior Audit?	**No**

Noncompliance and Material Weakness

34 C.F.R. § 668.32(a)(1) requires a student to be enrolled in an eligible Title IV program at a Title IV-eligible institution in order for students to be eligible to receive Title IV funds. **34 C.F.R. § 600.10(b)** indicates that when an institution receives initial Title IV eligibility, that certification extends to those locations identified and approved at the time the U.S. Department of Education certifies the school. If an institution wishes to extend Title IV eligibility to locations that are added after the initial eligibility certification, **34 C.F.R. § 600.21(a)** requires the institution to notify the Department of those additional locations if the school offers, or plans to offer, 50% or more of students' educational programs at that location. These additional locations must be licensed and accredited as required by 34 C.F.R. § 600.10(b)(3)(ii). Further, an institution may not disburse Title IV funds to students at the additional location until it notifies the Department of that additional location as required by 34 C.F.R. § 600.21(d).

The College failed to notify the U.S. Department of Education (the Department) that it was offering 50% or more of a program at Choffin Career and Technical Center located at 200 East Wood Street, Youngstown, Ohio 44503. In an email dated February 22, 2022, the College confirmed that it began offering more than 50% of the Welding program at this location starting on January 4, 2016. Additionally, the College was offering 100% of the Machining classes at the Excellence Training Center, 360 W. Commerce Street, Youngstown Ohio 44503, which was not reported to the Department.

Failure to Properly Report Student Enrollment Status

Finding Number:	**2023-035**
Assistance Listing Number and Title:	**AL #84.063 and AL #84.268 Student Financial Assistance Cluster**
Federal Award Identification Number / Year:	**2023**
Federal Agency:	**United States Department of Education**
Compliance Requirement:	**Eligibility and Special Tests and Provisions – Enrollment Reporting**
Repeat Finding from Prior Audit?	**No**

Noncompliance and Material Weakness

34 CFR 690.8 sets forth requirements for determining enrollment status based on the number of credit hours being taken by students.

Due to a lack of appropriate program oversight and adoption of applicable policies and procedures, numerous errors were noted regarding enrollment status.

For 24 of the 60 (40%) students tested, the enrollment status reported in the College PowerFaids system which was used to complete reports in the Common Origination and Disbursement (COD) system, did not agree to the enrollment status per the student transcripts in the Campus-Cloud system.

The College should have taken the necessary steps, including but not limited to, updating and implementing policies and procedures to ensure that it complied with the Title IV regulations governing the determination of enrollment status.

Failure to Accurately Report in the Common Origination and Disbursement System (COD)

Finding Number:	**2023-036**
Assistance Listing Number and Title:	**AL #84.063 and AL #84.268 Student Financial Assistance Cluster**
Federal Award Identification Number / Year:	**2023**
Federal Agency:	**United States Department of Education**
Compliance Requirement:	**Reporting**
Repeat Finding from Prior Audit?	**No**

Noncompliance and Material Weakness

34 CFR 690.83 states in part that:

(a)

(1) An institution may receive either a payment from the Secretary for an award to a Federal Pell Grant recipient, or a corresponding reduction in the amount of Federal funds received in advance for which it is accountable, if—

(i) The institution submits to the Secretary the student's Payment Data for that award year in the manner and form prescribed in paragraph (a)(2) of this section by September 30 following the end of the award year in which the grant is made, or, if September 30 falls on a weekend, on the first weekday following September 30; and

(ii) The Secretary accepts the student's Payment Data.

(2) The Secretary accepts a student's Payment Data that is submitted in accordance with procedures established through publication in the Federal Register, and that contains information the Secretary considers to be accurate in light of other available information including that previously provided by the student and the institution.

(3) An institution that does not comply with the requirements of this paragraph may receive a payment or reduction in accountability only as provided in paragraph (d) of this section.

(b)

(1) An institution shall report to the Secretary any change in the amount of a grant for which a student qualifies including any related Payment Data changes by submitting to the Secretary the student's Payment Data that discloses the basis and result of the change in award for each student. The institution shall submit the student's Payment Data reporting any change to the Secretary by the reporting deadlines published by the Secretary in the Federal Register.

(2) 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.

(3) An institution that timely submits, and has accepted by the Secretary, the Payment Data for a student in accordance with this section shall report a reduction in the amount of a Federal Pell Grant award that the student received when it determines that an overpayment has occurred, unless that overpayment is one for which the institution is not liable under § 690.79(a).

Due to a lack of appropriate program oversight and adoption of applicable policies and procedures, the information submitted in the Common Origination and Disbursement System (COD) was not accurate.

The information submitted in the COD system did not agree to information in the College's Campus-Cloud and PowerFaids systems for the enrollment date (errors in 3 out of 60 tested), Cost of Attendance (errors in 57 out of 60 tested), and award amount (errors in 46 out of 60 tested). In addition, the COD information provided did not include Academic Start Date, Academic End Date, Verification Status, and Transaction number for any students.

For 3 of 60 (5%) students tested, the information reported in the COD disbursement records did not agree to amounts recorded in PowerFaids. All errors were related to Direct Loans.

Finally, the College failed to provide any support for the information presented in key line items for the FY23 Fiscal Operations Report and Application to Participate (FISAP).

The College should have taken the necessary steps, including but not limited to, updating and implementing policies and procedures to ensure that it complied with the Title IV regulations.

Lack of a Verification Policy

Finding Number:	**2023-037**
Assistance Listing Number and Title:	**AL #84.063 and AL #84.268 Student Financial Assistance Cluster**
Federal Award Identification Number / Year:	**2023**
Federal Agency:	**United States Department of Education**
Compliance Requirement:	**Special Tests and Provisions - Verification**
Repeat Finding from Prior Audit?	**No**

Noncompliance and Material Weakness

34 CFR 668.53 requires that:

(a) An institution must establish and use written policies and procedures for verifying an applicant's Free Application for Federal Student Aid (FAFSA) information in accordance with the provisions of this subpart. These policies and procedures must include—

(1) The time period within which an applicant must provide any documentation requested by the institution in accordance with § 668.57;
(2) The consequences of an applicant's failure to provide the requested documentation within the specified time period;
(3) The method by which the institution notifies an applicant of the results of its verification if, as a result of verification, the applicant's EFC changes and results in a change in the amount of the applicant's assistance under the title IV, HEA programs;
(4) The procedures the institution will follow itself or the procedures the institution will require an applicant to follow to correct FAFSA information determined to be in error; and
(5) The procedures for making referrals under § 668.16(g).

(b) An institution's procedures must provide that it will furnish, in a timely manner, to each applicant whose FAFSA information is selected for verification a clear explanation of —

(1) The documentation needed to satisfy the verification requirements; and
(2) The applicant's responsibilities with respect to the verification of FAFSA information, including the deadlines for completing any actions required under this subpart and the consequences of failing to complete any required action.

(c) An institution's procedures must provide that an applicant whose FAFSA information is selected for verification is required to complete verification before the institution exercises any authority under section 479A(a) of the HEA to make changes to the applicant's cost of attendance or to the values of the data items required to calculate the award.

Due to a lack of appropriate program oversight the College failed to adopt a FAFSA information verification policy.

The College also failed to provide documentation to support the required verification was performed for 14 of the 60 (23%) students selected for testing.

The College should have taken the necessary steps, including but not limited to, updating and implementing policies and procedures to ensure that it complied with the Title IV regulations.

Notification Letter Does Not Meet Requirements

Finding Number:	**2023-038**
Assistance Listing Number and Title:	**AL #84.063 and AL #84.268 Student Financial Assistance Cluster**
Federal Award Identification Number / Year:	**2023**
Federal Agency:	**United States Department of Education**
Compliance Requirement:	**Special Tests and Provisions – Disbursements to or on Behalf of Students**
Repeat Finding from Prior Audit?	**No**

Noncompliance and Material Weakness

34 CFR 668.165(a)(1) states that before an institution disburses Title IV, HEA program funds for an award year, the institution must notify a student of the amount of funds that the student or his or her parents can expect to receive under each Title IV, HEA program, and how and when those funds will be disbursed. If those funds include Direct Loan program funds, the notice must indicate which funds are from subsidized loans, which are from unsubsidized loans, and which are from PLUS loans.

Due to a lack of appropriate program oversight and adoption of applicable policies and procedures, the College's notification letter does not meet the requirements set forth above.

The College Student notification letter did not include notification regarding how and when Title IV fund disbursements would be made. As a result, 60 out of 60 (100%) students selected for testing did not receive the proper notification.

The College should have taken the necessary steps, including but not limited to, updating and implementing policies and procedures to ensure that it complied with the Title IV regulations governing the notification of disbursements.

Failure to Submit Enrollment Reports

Finding Number:	**2023-039**
Assistance Listing Number and Title:	**AL #84.063 and AL #84.268 Student Financial Assistance Cluster**
Federal Award Identification Number / Year:	**2023**
Federal Agency:	**United States Department of Education**
Compliance Requirement:	**Special Tests and Provisions – Enrollment Reporting**
Repeat Finding from Prior Audit?	**Yes**
Prior Audit Finding Number:	**2022-001**

Noncompliance and Material Weakness

34 CFR Section 690.83(b)(2) states that an institution shall submit, in accordance with deadline dates established by the Secretary, through publication in the Federal Registrar, other reports and information the Secretary requires and shall comply with the procedures the Secretary finds necessary to ensure that the reports are correct.

Institutions are required to report enrollment information under the Pell grant and the Direct and Federal Family Education (FFEL) loan programs via the National Student Loan Data System (NSLDS).

Due to a lack of appropriate program oversight and adoption of applicable policies and procedures, the College failed to submit enrollment reports as required.

The College should have taken the necessary steps, including but not limited to, updating and implementing policies and procedures to ensure that it complied with the Title IV regulations governing Enrollment Reporting.

Failure to Calculate Completion Rate and Placement Rate

Finding Number:	**2023-040**
Assistance Listing Number and Title:	**AL #84.063 and AL #84.268 Student Financial Assistance Cluster**
Federal Award Identification Number / Year:	**2023**
Federal Agency:	**United States Department of Education**
Compliance Requirement:	**Special Tests and Provisions – Program Eligibility**
Repeat Finding from Prior Audit?	**No**

Noncompliance and Material Weakness

34 CFR 668.8(f) states that an institution shall calculate its completion rate for an educational year for any award year as follows:

(1) Determine the number of regular students who were enrolled in the program during the award year.
(2) Subtract from the number of students determined under paragraph (f)(1) of this section, the number of regular students who, during that award year, withdrew from, dropped out of, or were expelled from the program and were entitled to and actually received, in a timely manner a refund of 100 percent of their tuition and fees.
(3) Subtract from the total obtained under paragraph (f)(2) of this section the number of students who were enrolled in the program at the end of that award year.
(4) Determine the number of regular students who, during that award year, received within 150 percent of the published length of the educational program the degree, certificate, or other recognized educational credential awarded for successfully completing the program.
(5) Divide the number determined under paragraph (f)(4) of this section by the total obtained under paragraph (f)(3) of this section.

Additionally, **34 CFR 668.8(g)(1)** states that an institution shall calculate its placement rate for an educational program for any award year as follows:

(i) Determine the number of students who, during the award year, received the degree, certificate, or other recognized educational credential awarded for successfully completing the program.

(ii) Of the total obtained under paragraph (g)(1)(i) of this section, determine the number of students who, within 180 days of the day they received their degree, certificate, or other recognized educational credential, obtained gainful employment in the recognized occupation for which they were trained or in a related comparable recognized occupation and, on the date of this calculation, are employed, or have been employed, for at least 13 weeks following receipt of the credential from the institution.

(iii) Divide the number of students determined under paragraph (g)(1)(ii) of this section by the total obtained under paragraph (g)(1)(i) of this section.

Due to a lack of appropriate program oversight and adoption of applicable policies and procedures, the College failed to calculate the completion and placement rates for their short-term programs.

The College should have taken the necessary steps, including but not limited to, updating and implementing policies and procedures to ensure that it complied with the Title IV regulations governing the program eligibility.

Failure to Meet Requirement of the Gramm-Leach-Bliley Act

Finding Number:	**2023-041**
Assistance Listing Number and Title:	**AL #84.063 and AL #84.268 Student Financial Assistance Cluster**
Federal Award Identification Number / Year:	**2023**
Federal Agency:	**United States Department of Education**
Compliance Requirement:	**Special Tests and Provisions – Gramm-Leach-Bliley Act – Student Information Security**
Repeat Finding from Prior Audit?	**No**

Noncompliance and Material Weakness

16 CFR 314.4 (c) (1)-(8), 16 CFR 314.4(e)(1), 16 CFR 314.4 (f), 16 CFR 314.4 (g)

The Gramm-Leach-Bliley Act (Pub. L. No. 106-102) (GLBA) requires financial institutions to explain their information-sharing practices to their customers and to safeguard sensitive data (16 CFR 314). The Federal Trade Commission considers Title IV-eligible institutions that participate in Title IV Educational Assistance Programs as "financial institutions" and subject to the Gramm- Leach-Bliley Act because they appear to be significantly engaged in wiring funds to consumers (16 CFR 313.3(k)(2)(vi)). Institutions agree to comply with GLBA in their Program Participation Agreement with the United States Department of Education.

Due to a lack of appropriate program oversight and adoption of applicable policies and procedures, the College's Data Security and Cybersecurity Systems and Procedures failed to meet all of the requirements of the Gramm-Leach-Bliley Act. The policy failed to meet the following requirements:

16 CFR 314.14.4(c)(1) through (8) sets forth the minimum safeguards that the written information security program must address.

16 CFR 314.4(e)(1) provides for the implementation of policies and procedures to ensure that personnel are able to enact the information security program.

16 CFR 314.4(f) addresses how the institution will oversee the information system providers.

16 CFR 314.4(g) provides for the evaluation and adjustment of its information security program in light of the results of the required testing and monitoring; any material changes to its operations or business arrangements; the results of required risk assessments; or any other circumstances that is known or has to know may have a material impact on the institutions security program.

The College should have taken the necessary steps, including but not limited to, updating and implementing policies and procedures to ensure that it complied with the Gramm-Leach-Bliley Act.

Failure to Maintain the Required Records for Education Grant Programs

Finding Number:	**2023-042**
Assistance Listing Number and Title:	**AL #84.063 and AL #84.268 Student Financial Assistance Cluster**
Federal Award Identification Number / Year:	**2023**
Federal Agency:	**United States Department of Education**
Compliance Requirement:	**Cash Management**
Repeat Finding from Prior Audit?	**No**

Noncompliance, Material Weakness, and Questioned Cost

34 CFR 668.24 sets forth the requirements regarding the required records for education grant programs.

(a) Program records. An institution shall establish and maintain, on a current basis, any application for title IV, HEA program funds and program records that document—

(1) Its eligibility to participate in the title IV, HEA programs;
(2) The eligibility of its educational programs for title IV, HEA program funds;
(3) Its administration of the title IV, HEA programs in accordance with all applicable requirements;
(4) Its financial responsibility, as specified in this part;
(5) Information included in any application for title IV, HEA program funds; and
(6) Its disbursement and delivery of title IV, HEA program funds.

(b) Fiscal records.

(1) An institution shall account for the receipt and expenditure of title IV, HEA program funds in accordance with generally accepted accounting principles.
(2) An institution shall establish and maintain on a current basis—
(i) Financial records that reflect each HEA, title IV program transaction; and
(ii) General ledger control accounts and related subsidiary accounts that identify each title IV, HEA program transaction and separate those transactions from all other institutional financial activity.

(c) Required records.

(1) The records that an institution must maintain in order to comply with the provisions of this section include but are not limited to—
(i) The Student Aid Report (SAR) or Institutional Student Information Record (ISIR) used to determine eligibility for title IV, HEA program funds;
(ii) Application data submitted to the Secretary, lender, or guaranty agency by the institution on behalf of the student or parent;
(iii) Documentation of each student's or parent borrower's eligibility for title IV, HEA program funds;
(iv) Documentation relating to each student's or parent borrower's receipt of title IV, HEA program funds, including but not limited to documentation of—
(A) The amount of the grant, loan, or FWS award; its payment period; its loan period, if appropriate; and the calculations used to determine the amount of the grant, loan, or FWS award;
(B) The date and amount of each disbursement or delivery of grant or loan funds, and the date and amount of each payment of FWS wages;
(C) The amount, date, and basis of the institution's calculation of any refunds or overpayments due to or on behalf of the student, or the treatment of title IV, HEA program funds when a student withdraws; and
(D) The payment of any overpayment or the return of any title IV, HEA program funds to the title IV, HEA program fund, a lender, or the Secretary, as appropriate;
(v) Documentation of and information collected at any initial or exit loan counseling required by applicable program regulations;
(vi) Reports and forms used by the institution in its participation in a title IV, HEA program, and any

records needed to verify data that appear in those reports and forms; and
(vii) Documentation supporting the institution's calculations of its completion or graduation rates under §§ 668.46 and 668.49.

(d) General.
(1) An institution shall maintain required records in a systematically organized manner.
(2) An institution shall make its records readily available for review by the Secretary or the Secretary's authorized representative at an institutional location designated by the Secretary or the Secretary's authorized representative.
(3) An institution may keep required records in hard copy or in microform, computer file, optical disk, CD-ROM, or other media formats, provided that—
(i) Except for the records described in paragraph (d)(3)(ii) of this section, all record information must be retrievable in a coherent hard copy format or in other media formats acceptable to the Secretary;
(ii) An institution shall maintain the Student Aid Report (SAR) or Institutional Student Information Record (ISIR) used to determine eligibility for title IV, HEA program funds in the format in which it was received by the institution, except that the SAR may be maintained in an imaged media format;
(iii) Any imaged media format used to maintain required records must be capable of reproducing an accurate, legible, and complete copy of the original document, and, when printed, this copy must be approximately the same size as the original document;
(iv) Any document that contains a signature, seal, certification, or any other image or mark required to validate the authenticity of its information must be maintained in its original hard copy or in an imaged media format; and
(v) Participants in the Federal Perkins Loan Program shall follow procedures established in 34 CFR 674.19 for maintaining the original promissory notes and repayment schedules for that program.
(4) If an institution closes, stops providing educational programs, is terminated or suspended from the title IV, HEA programs, or undergoes a change of ownership that results in a change of control as described in 34 CFR 600.31, it shall provide for—
(i) The retention of required records; and
(ii) Access to those records, for inspection and copying, by the Secretary or the Secretary's authorized representative, and, for a school participating in the FFEL Program, the appropriate guaranty agency.

(e) Record retention. Unless otherwise directed by the Secretary—
(1) An institution shall keep records relating to its administration of the Federal Perkins Loan, FWS, FSEOG, Federal Pell Grant, ACG, National SMART Grant, or TEACH Grant Program for three years after the end of the award year for which the aid was awarded and disbursed under those programs, provided that an institution shall keep—
(i) The Fiscal Operations Report and Application to Participate in the Federal Perkins Loan, FSEOG, and FWS Programs (FISAP), and any records necessary to support the data contained in the FISAP, including “income grid information,” for three years after the end of the award year in which the FISAP is submitted; and
(ii) Repayment records for a Federal Perkins loan, including records relating to cancellation and deferment requests, in accordance with the provisions of 34 CFR 674.19;
(2)
(i) An institution shall keep records relating to a student or parent borrower's eligibility and participation in the FFEL or Direct Loan Program for three years after the end of the award year in which the student last attended the institution; and
(ii) An institution shall keep all other records relating to its participation in the FFEL or Direct Loan Program, including records of any other reports or forms, for three years after the end of the award year in which the records are submitted; and
(3) An institution shall keep all records involved in any loan, claim, or expenditure questioned by a title IV, HEA program audit, program review, investigation, or other review until the later of—
(i) The resolution of that questioned loan, claim, or expenditure; or
(ii) The end of the retention period applicable to the record.

(f) Examination of records.
(1) An institution that participates in any title IV, HEA program and the institution's third-party

servicer, if any, shall cooperate with an independent auditor, the Secretary, the Department of Education's Inspector General, the Comptroller General of the United States, or their authorized representatives, a guaranty agency in whose program the institution participates, and the institution's accrediting agency, in the conduct of audits, investigations, program reviews, or other reviews authorized by law.

(2) The institution and servicer must cooperate by—

(i) Providing timely access, for examination and copying, to requested records, including but not limited to computerized records and records reflecting transactions with any financial institution with which the institution or servicer deposits or has deposited any title IV, HEA program funds, and to any pertinent books, documents, papers, or computer programs; and

(ii) Providing reasonable access to personnel associated with the institution's or servicer's administration of the title IV, HEA programs for the purpose of obtaining relevant information.

(3) The Secretary considers that an institution or servicer has failed to provide reasonable access to personnel under paragraph (f)(2)(ii) of this section if the institution or servicer—

(i) Refuses to allow those personnel to supply all relevant information;

(ii) Permits interviews with those personnel only if the institution's or servicer's management is present; or

(iii) Permits interviews with those personnel only if the interviews are tape recorded by the institution or servicer.

(4) Upon request of the Secretary, or a lender or guaranty agency in the case of a borrower under the FFEL Program, an institution or servicer promptly shall provide the requester with any information the institution or servicer has respecting the last known address, full name, telephone number, enrollment information, employer, and employer address of a recipient of title IV funds who attends or attended the institution.

Due to a lack of appropriate program oversight and applicable policies and procedures there were numerous deficiencies in the records provided for audit by the College.

The following deficiencies were noted with the records the College provided:

- The student records maintained in the College's various systems were not consistent between the systems. Data reported in the PowerFAIDS system in regards to award data, disbursement data, enrollment data, amount requested, and cost of attendance did not agree to data reported in Campus-Cloud for the same student;
- Support was not available for all amounts required for HCM2 submissions. The report provided to support data submitted in HCM2 did not include Academic Start Date, Academic End Date, Verification Status, and Transaction Number;
- The College failed to provide support for amounts reported in the Fiscal Operations Report and Application to Participate (FISAP);
- The College failed to provide records to support that verification results were provided to the United States Department of Education and that verification results were properly reported in COD;
- The College failed to provide support for their calculation of the fees, books and supplies, room and board, or miscellaneous charges used to calculate the Cost of Attendance;
- The College failed to provide support for the amount drawn for one student regarding what time period (semester) the funds were drawn for; and
- For one student tested, the Fall 2022 payment was recorded in Campus-Cloud for two different amounts on two different dates.

As a result, we are questioning 100 percent of the College's Title IV Pell disbursements during fiscal year 2022-23 totaling $17,283,586.

Lack of Cash Management Policy

Finding Number:	**2023-043**
Assistance Listing Number and Title:	**AL #84.063 and AL #84.268 Student Financial Assistance Cluster**
Federal Award Identification Number / Year:	**2023**
Federal Agency:	**United States Department of Education**
Compliance Requirement:	**Cash Management**
Repeat Finding from Prior Audit?	**No**

Noncompliance and Material Weakness

2 CFR 200.302(b)(6) states, in part, the recipient's financial management system must provide for written procedures to implement the requirements of section 200.305 which includes minimizing the time elapsing between the transfer of funds and disbursement by the recipient.

Due to a lack of appropriate program oversight the College failed to adopt required polices. The College failed to provide a cash management policy that meets the above requirements.

The College should have established and implemented a policy as required.

Failure to Provide Adequate Documentation to Support Student Eligibility

Finding Number:	**2023-044**
Assistance Listing Number and Title:	**AL #84.063 and AL #84.268 Student Financial Assistance Cluster**
Federal Award Identification Number / Year:	**2023**
Federal Agency:	**United States Department of Education**
Compliance Requirement:	**Eligibility**
Repeat Finding from Prior Audit?	**No**

Noncompliance, Material Weakness, and Questioned Cost

2 CFR 668.32 outlines various criteria for determining student eligibility for participation in the Title IV program.

Due to a lack of appropriate program oversight and adoption of applicable policies and procedures, numerous errors were noted during the testing of student eligibility.

For 60 out of 60 (100%) students selected for testing, adequate documentation was not provided to support the students met eligibility requirements. Therefore, program eligibility was not able to be determined and as a result, questioned costs of $17,283,586, or 100 percent of the federal expenditures are hereby issued against the Title IV program for fiscal year 2022-23.

The College should have taken the necessary steps, including but not limited to, updating and implementing policies and procedures to ensure that it complied with the Title IV regulations regarding determining and documenting student eligibility.

Official's Response: We did not receive a response from Officials to the findings reported above.

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SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS
2 CFR 200.511(b)
JUNE 30, 2023

Finding Number	Finding Summary	Status	Additional Information
2021-002	The College did not accurately, or timely report campus level and program level data as required under for the Pell and Direct Student Loan program	Not Corrected	Since this was a recurring finding from 2021, it was anticipated as a continuation of previous years' issues. The matter was being addressed through the National Clearinghouse and was expected to be updated accordingly. However, due to unforeseen delays, the update was not completed in a timely manner. This has now been corrected to ensure that all students are appropriately marked in NSLDS as either graduates or withdrawn from the institution. The update was finalized in October 2024. Given the school's closure, no further actions regarding policy or procedural changes are planned.
2021-001	The College did not comply with the required timeline in returning Title IV funds	Not Corrected	As this was a recurring issue dating back to 2021, it was anticipated as a continuation of previous findings. The college implemented a new policy and procedure aimed at improving the accuracy and completeness of Return to Title IV submissions. However, the institution was placed on Heightened Cash Monitoring (HCM) and was unable to fully execute these procedures as specified in the new policy. The policy was adopted in July 2022, and the school was placed on HCM in August 2022. Due to the increased workload associated with providing documentation for the HCM2 process, these requirements were not fully met.

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CORRECTIVE ACTION PLAN
2 CFR § 200.511(c)
JUNE 30, 2023

Finding Number: 2023-001
Planned Corrective Action: No corrective action plan was provided. The College closed as of September 30, 2025.
Anticipated Completion Date: N/A
Responsible Contact Person: N/A

Finding Number: 2023-002
Planned Corrective Action: No corrective action plan was provided. The College closed as of September 30, 2025.
Anticipated Completion Date: N/A
Responsible Contact Person: N/A

Finding Number: 2023-003
Planned Corrective Action: No corrective action plan was provided. The College closed as of September 30, 2025.
Anticipated Completion Date: N/A
Responsible Contact Person: N/A

Finding Number: 2023-004
Planned Corrective Action: No corrective action plan was provided. The College closed as of September 30, 2025.
Anticipated Completion Date: N/A
Responsible Contact Person: N/A

Finding Number: 2023-005
Planned Corrective Action: No corrective action plan was provided. The College closed as of September 30, 2025.
Anticipated Completion Date: N/A
Responsible Contact Person: N/A

Finding Number: 2023-006
Planned Corrective Action: No corrective action plan was provided. The College closed as of September 30, 2025.
Anticipated Completion Date: N/A
Responsible Contact Person: N/A

Finding Number: 2023-007
Planned Corrective Action: No corrective action plan was provided. The College closed as of September 30, 2025.
Anticipated Completion Date: N/A
Responsible Contact Person: N/A

Finding Number: 2023-008
Planned Corrective Action: No corrective action plan was provided. The College closed as of September 30, 2025.
Anticipated Completion Date: N/A
Responsible Contact Person: N/A

Finding Number: 2023-009
Planned Corrective Action: No corrective action plan was provided. The College closed as of September 30, 2025.
Anticipated Completion Date: N/A
Responsible Contact Person: N/A

Finding Number: 2023-010
Planned Corrective Action: No corrective action plan was provided. The College closed as of September 30, 2025.
Anticipated Completion Date: N/A
Responsible Contact Person: N/A

Finding Number: 2023-011
Planned Corrective Action: No corrective action plan was provided. The College closed as of September 30, 2025.
Anticipated Completion Date: N/A
Responsible Contact Person: N/A

Finding Number: 2023-012
Planned Corrective Action: No corrective action plan was provided. The College closed as of September 30, 2025.
Anticipated Completion Date: N/A
Responsible Contact Person: N/A

Finding Number: 2023-013
Planned Corrective Action: No corrective action plan was provided. The College closed as of September 30, 2025.
Anticipated Completion Date: N/A
Responsible Contact Person: N/A

Finding Number: 2023-014
Planned Corrective Action: No corrective action plan was provided. The College closed as of September 30, 2025.
Anticipated Completion Date: N/A
Responsible Contact Person: N/A

Finding Number: 2023-015
Planned Corrective Action: No corrective action plan was provided. The College closed as of September 30, 2025.
Anticipated Completion Date: N/A
Responsible Contact Person: N/A

Finding Number: 2023-016
Planned Corrective Action: No corrective action plan was provided. The College closed as of September 30, 2025.
Anticipated Completion Date: N/A
Responsible Contact Person: N/A

Finding Number: 2023-017
Planned Corrective Action: No corrective action plan was provided. The College closed as of September 30, 2025.
Anticipated Completion Date: N/A
Responsible Contact Person: N/A

Finding Number: 2023-018
Planned Corrective Action: No corrective action plan was provided. The College closed as of September 30, 2025.
Anticipated Completion Date: N/A
Responsible Contact Person: N/A

Finding Number: 2023-019
Planned Corrective Action: No corrective action plan was provided. The College closed as of September 30, 2025.
Anticipated Completion Date: N/A
Responsible Contact Person: N/A

Finding Number: 2023-020
Planned Corrective Action: No corrective action plan was provided. The College closed as of September 30, 2025.
Anticipated Completion Date: N/A
Responsible Contact Person: N/A

Finding Number: 2023-021
Planned Corrective Action: No corrective action plan was provided. The College closed as of September 30, 2025.
Anticipated Completion Date: N/A
Responsible Contact Person: N/A

Finding Number: 2023-022
Planned Corrective Action: No corrective action plan was provided. The College closed as of September 30, 2025.
Anticipated Completion Date: N/A
Responsible Contact Person: N/A

Finding Number: 2023-023
Planned Corrective Action: No corrective action plan was provided. The College closed as of September 30, 2025.
Anticipated Completion Date: N/A
Responsible Contact Person: N/A

Finding Number: 2023-024
Planned Corrective Action: No corrective action plan was provided. The College closed as of September 30, 2025.
Anticipated Completion Date: N/A
Responsible Contact Person: N/A

Finding Number: 2023-025
Planned Corrective Action: No corrective action plan was provided. The College closed as of September 30, 2025.
Anticipated Completion Date: N/A
Responsible Contact Person: N/A

Finding Number: 2023-026
Planned Corrective Action: No corrective action plan was provided. The College closed as of September 30, 2025.
Anticipated Completion Date: N/A
Responsible Contact Person: N/A

Finding Number: 2023-027
Planned Corrective Action: No corrective action plan was provided. The College closed as of September 30, 2025.
Anticipated Completion Date: N/A
Responsible Contact Person: N/A

Finding Number: 2023-028
Planned Corrective Action: No corrective action plan was provided. The College closed as of September 30, 2025.
Anticipated Completion Date: N/A
Responsible Contact Person: N/A

Finding Number: 2023-029
Planned Corrective Action: No corrective action plan was provided. The College closed as of September 30, 2025.
Anticipated Completion Date: N/A
Responsible Contact Person: N/A

Finding Number: 2023-030
Planned Corrective Action: No corrective action plan was provided. The College closed as of September 30, 2025.
Anticipated Completion Date: N/A
Responsible Contact Person: N/A

Finding Number: 2023-031
Planned Corrective Action: No corrective action plan was provided. The College closed as of September 30, 2025.
Anticipated Completion Date: N/A
Responsible Contact Person: N/A

Finding Number: 2023-032
Planned Corrective Action: No corrective action plan was provided. The College closed as of September 30, 2025.
Anticipated Completion Date: N/A
Responsible Contact Person: N/A

Finding Number: 2023-033
Planned Corrective Action: No corrective action plan was provided. The College closed as of September 30, 2025.
Anticipated Completion Date: N/A
Responsible Contact Person: N/A

Finding Number: 2023-034
Planned Corrective Action: No corrective action plan was provided. The College closed as of September 30, 2025.
Anticipated Completion Date: N/A
Responsible Contact Person: N/A

Finding Number: 2023-035
Planned Corrective Action: No corrective action plan was provided. The College closed as of September 30, 2025.
Anticipated Completion Date: N/A
Responsible Contact Person: N/A

Finding Number: 2023-036
Planned Corrective Action: No corrective action plan was provided. The College closed as of September 30, 2025.
Anticipated Completion Date: N/A
Responsible Contact Person: N/A

Finding Number: 2023-037
Planned Corrective Action: No corrective action plan was provided. The College closed as of September 30, 2025.
Anticipated Completion Date: N/A
Responsible Contact Person: N/A

Finding Number: 2023-038
Planned Corrective Action: No corrective action plan was provided. The College closed as of September 30, 2025.
Anticipated Completion Date: N/A
Responsible Contact Person: N/A

Finding Number: 2023-039
Planned Corrective Action: No corrective action plan was provided. The College closed as of September 30, 2025.
Anticipated Completion Date: N/A
Responsible Contact Person: N/A

Finding Number: 2023-040
Planned Corrective Action: No corrective action plan was provided. The College closed as of September 30, 2025.
Anticipated Completion Date: N/A
Responsible Contact Person: N/A

Finding Number: 2023-041
Planned Corrective Action: No corrective action plan was provided. The College closed as of September 30, 2025.
Anticipated Completion Date: N/A
Responsible Contact Person: N/A

Finding Number: 2023-042
Planned Corrective Action: No corrective action plan was provided. The College closed as of September 30, 2025.
Anticipated Completion Date: N/A
Responsible Contact Person: N/A

Finding Number: 2023-043
Planned Corrective Action: No corrective action plan was provided. The College closed as of September 30, 2025.
Anticipated Completion Date: N/A
Responsible Contact Person: N/A

Finding Number:	2023-044
Planned Corrective Action:	No corrective action plan was provided. The College closed as of September 30, 2025.
Anticipated Completion Date:	N/A
Responsible Contact Person:	N/A

OHIO AUDITOR OF STATE
KEITH FABER

EASTERN GATEWAY COMMUNITY COLLEGE

JEFFERSON COUNTY

AUDITOR OF STATE OF OHIO CERTIFICATION

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

Certified for Release 11/25/2025