EASTERN GATEWAY COMMUNITY COLLEGE
JEFFERSON COUNTY, OHIO

SINGLE AUDIT

FOR THE FISCAL YEARS ENDED
JUNE 30, 2021 AND 2020

Rea & associates

www.reacpa.com

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

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

We have reviewed the *Independent Auditor's Report* of the Eastern Gateway Community College, Jefferson County, prepared by Rea & Associates, Inc., for the audit period July 1, 2020 through June 30, 2021. Based upon this review, we have accepted these reports in lieu of the audit required by Section 117.11, Revised Code. The Auditor of State did not audit the accompanying financial statements and, accordingly, we are unable to express, and do not express an opinion on them. In conjunction with the work performed by the Independent Public Accountant, the Auditor of State is issuing the following:

The Auditor of State is conducting an investigation of the College, any potential findings related to controls or compliance will be reported in a future report.

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

Keith Faber
Auditor of State
Columbus, Ohio

February 07, 2023

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EASTERN GATEWAY COMMUNITY COLLEGE
JEFFERSON COUNTY, OHIO
JUNE 30, 2021 and 2020

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Independent Auditor's Report

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

Report on the Financial Statements

We have audited the accompanying financial statements of the business-type activities and the discretely presented component unit of Eastern Gateway Community College, Jefferson County, Ohio (the College), as of and for the years ended June 30, 2021 and 2020, and the related notes to the financial statements, which collectively comprise the College's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

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

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

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

Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the business-type activities and the discretely presented component unit of the College, as of June 30, 2021 and 2020, and the respective changes in financial position and cash flows thereof for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the *Management's Discussion and Analysis and pension and other post-employment benefits schedules* as listed in the table of contents, to be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Other Information

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

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

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated March 2, 2022 on our consideration of the College's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the College's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering College's internal control over financial reporting and compliance.

Rea & Associates, Inc.

Rea & Associates, Inc.
New Philadelphia, Ohio
March 2, 2022

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, 2021 and June 30, 2020, with selected comparative information for the year ended June 30, 2019. This discussion has been prepared by management and should be read in conjunction with the financial statements and the notes thereto which follow this section.

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

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

Using the Financial Statements

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

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

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

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

Statement of Net Position

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

	2021	2020	2019
Assets and Deferred Outflows			
Cash, cash equivalents, and investments	$ 21,792	$ 14,308	$ 3,113
Accounts receivable - Net	133,531	94,295	41,675
Other assets	2,521	1,860	1,250
Capital assets - Net	29,954	29,608	21,390
Total assets	187,798	140,071	67,428
Deferred outflows	20,144	14,972	10,705
Total assets and deferred outflows	**207,942**	**155,043**	**78,133**
Liabilities and Deferred Inflows			
Accounts payable and accrued expenses	$ 19,317	$ 9,174	$ 3,356
Unearned revenue	99,716	75,465	30,903
Long-term liabilities – current	3,012	2,377	1,087
Long-term liabilities	62,953	53,890	34,101
Total liabilities	184,998	140,906	69,447
Deferred inflows	5,374	5,359	4,810
Total liabilities and deferred inflows	190,372	146,265	74,257
Net Position			
Net investment in capital assets	$ 13,857	$ 15,300	$ 15,769
Restricted	1,684	1,657	672
Unrestricted	2,028	(8,179)	(12,565)
Total net position	17,569	8,778	3,876
Total liabilities, deferred inflows, and net position	**$ 207,941**	**$ 155,043**	**$ 78,133**

Assets

Cash and cash equivalents, restricted cash, and investments make-up 10.5 percent, 9.2 percent, and 4.0 percent of total assets and deferred outflows at June 30, 2021, 2020, and 2019, respectively. Cash and cash equivalents, restricted cash, and investments include bank deposits, cash on hand, U.S. government agency securities, and Treasury notes. Cash and cash equivalents, restricted cash, and investments increased $7.5 million at June 30, 2021 from June 30, 2020. This was primarily due to revenues outpacing expenses and the results of cost saving initiatives.

Accounts receivable make up 64.3 percent, 60.8 percent, and 53.3 percent of the total assets and deferred outflows at June 30, 2021, 2020, and 2019, respectively. The increase in fiscal year 2021 was attributable primarily to an increase in current student receivables caused by increased registration for the Fall 2021 semester. Accounts receivable at June 30 include (in thousands):

	2021	**2020**	**2019**
Grants	$ 1,097	$ 606	$ 109
Other	1,121	1,073	135
Tuition and Other	132,167	89,622	41,826
Collaboration Agreement	-	8	417
Property Taxes	1,373	1,176	1,074
Financial Aid	300	3,864	169
Allowance for Doubtful Accounts	(2,525)	(2,054)	(2,056)
	$ 133,533	$ 94,295	$ 41,674

Capital assets, net of depreciation, make up 14.4 percent, 19.1 percent, and 27.4 percent of the total assets and deferred outflows at June 30, 2021, 2020, and 2019, respectively. The increase in the capital assets is due to additions exceeding disposals and depreciation expense. Other assets include prepaid expenses and other College inventories.

Liabilities

The $44.1 million increase for fiscal year 2021 in total liabilities and deferred inflows was primarily due to the following: an increase of $2.5 million in accrued liabilities to the SRC for unpaid surplus distributions, an increase of $24.3 million in unearned revenue due to high Fall 2021 enrollment, a net increase of $11.0 million in pension/OPEB liabilities and an increase of $8.1 million in accrued scholarship liabilities.

On December 19, 2014, the College issued $1,011,500 of Series A Ohio Air Quality Development Authority ("OAQDA") Bonds for the purpose of assisting The College in financing of the costs of the acquisition, construction and installation of personal property comprising "air quality facilities" to be located on the campus of EGCC. Interest payments, at a fixed rate of 2.30 percent are payable on January 1 and July 1 of each year, until the principal amount is paid. The bonds were issued for a ten-year period with a final maturity date of January 1, 2024.

On December 19, 2014, the College issued $820,236 of Series B Ohio Air Quality Development Authority ("OAQDA") Bonds for the purpose of assisting The College in financing of the costs of the acquisition, construction and installation of personal property comprising "air quality facilities" to be located on the campus of EGCC. Interest payments, at a fixed rate of 5.02 percent are payable on January 1 and July 1 of each year, until the principal amount is paid. The bonds were issued for a fifteen-year period with a final maturity date of January 1, 2029.

On February 16, 2018 the College entered into a $2.0 million Tax Anticipation Note maturing at June 1, 2022; interest is 2.55% per annum and on June 28, 2019 the College entered into another $2.0 million Tax Anticipation Note maturing at June 1, 2024; interest is 2.69% per annum.

On June 25, 2020 the College issued $12.6 million of PNC Capital Markets for the purpose of assisting the College in financing the acquisition and renovation of three buildings in Youngstown, Ohio. Interest payments, at a variable rate ranging from 2 to 4 percent are payable on December 1 each year, until the principal amount is paid. The bonds were issued for a thirty-year period with a final maturity date of December 1, 2050.

Long-term liabilities at June 30 include (in thousands:

	2021	2020	2019
Bonds:			
OAQDA 2014 Series A	296	422	546
OAQDA 2014 Series B	820	820	820
Improvement Bonds	12,468	12,585	-
Total Bonds	13,584	13,827	1,366
Other Long-Term Liabilities:			
Loans Payable	45	65	85
ORACLE Payable	3,510	3,730	4,256
Tax Anticipation Notes	2,115	2,780	3,430
Net Pension Liability - SERS	11,247	9,304	7,940
Net Pension Liability - STRS	29,747	20,541	13,583
Net OPEB Liability - SERS	3,455	3,629	3,646
Compensated Absences	1,190	1,282	883
Total Other Long-Term Liabilities	51,309	41,331	33,823
Total Long-Term Liabilities	64,893	55,158	35,189

Net Position

Net position for the following fiscal years ended (in dollars):

	2021	2020	2019
Net Investment in Capital Assets	$ 13,856,991	$ 15,299,751	$ 15,769,304
Restricted Non-Expendable:			
Scholarships	66,351	64,555	64,555
Restricted Expendable:			
Scholarships	459,310	407,943	419,839
Capital	154,180	127,093	113,550
Student Activities	99,209	35,612	12,282
Educational	905,089	1,021,713	61,905
Unrestricted	2,028,447	(8,178,708)	(12,565,622)
Total Net Position	$ 17,569,577	$ 8,777,959	$ 3,875,813

The scholarships assets are the College's Scholarship Fund, which is available for scholarships for students.
Net position restricted for capital reflects the unspent state funds received by the College that are available for future capital purchases or improvements. The College currently receives an annual allocation for these types of purchases.

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

For fiscal year ended June 30, 2020, the total net position increased $4,902,146. For fiscal year ended June 30, 2021, the total net position increased $8,791,618. The increases noted in both years is primarily attributable to continued growth in enrollment as revenues have increased at a higher rate than expenses.

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 (in thousands):

	2021	2020	2019
Operating Revenues:			
Tuition and Fees, net	$ 10,407	$ 8,231	$ 6,878
Grants and Contracts	4,221	3,506	2,382
Auxiliary Services	253	199	15
Other Operating Revenues	1,263	335	4,581
Total Operating Revenues	**16,144**	**12,271**	**13,856**
Operating Expenses:			
Educational and General	29,897	26,774	14,647
Public Service	828	882	822
Academic Support	1,327	1,058	1,272
Student Services	7,784	5,388	5,641
Institutional Support	32,901	20,000	17,619
Operations and Maintenance of Plant	625	552	983
Depreciation and Amortization	2,327	1,908	1,480
Scholarships	1,429	1,007	569
Auxiliary Services	531	26	32
Total Operating Expenses	**77,649**	**57,595**	**43,065**
Operating Income/(Loss)	**(61,505)**	**(45,324)**	**(29,209)**
Total Non-Operating Revenues/(Expenses)	**70,297**	**50,226**	**34,766**
Change in Net Position	**8,792**	**4,902**	**5,557**
Net Position - Beginning of year	**8,778**	**3,876**	**(1,681)**
Net Position - End of year	**$ 17,570**	**$ 8,778**	**$ 3,876**

Revenues

Operating Revenues for fiscal year 2021 increased by $3.9 million or 31.6 percent over fiscal year 2020. The change derives primarily from the following three functional categories of revenue:

1. Student tuition and fees are reported net of scholarship allowance. The 26.4 percent increase over fiscal year 2021 is the result of increased enrollment which was not offset by Pell grants or scholarship allowances.

2. Non-operating revenue increased by $20.1 million, or 40 percent primarily due to Federal Grants and Contracts growth of $19.1 million.

Expenses

Expenses for fiscal year 2021 increased by $20 million, or 34.8 percent, over fiscal year 2020. The change derives primarily from the following three functional categories of expense:

1. Institutional support expenses increased by $12.9 million, or 64.5 percent, over fiscal year 2020. This was primarily the result of increases due to growth in the on-line union collaboration as well as fluctuations in net pension and OPEB liabilities.

2. Education and general expenses increased by $3.1 million or 11.7 percent, over fiscal year 2020, due to enrollment growth.

3. Student services expenses increased by $2.4 million or 44.5 percent, over fiscal year 2020, due to enrollment growth.

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 (in thousands):

	2021	2020	2019
Net Cash Provided by Operating Activities	(58,026)	(42,671)	(31,869)
Net Cash Provided by Non-Capital Financing Activities	70,013	49,121	35,945
Net Cash Used by Capital and Related Financing Activities	(4,572)	4,624	(2,678)
Net Cash Provided by Investing Activities	22	137	42
Net (Decrease) Increase in Cash and Cash Equivalents	7,437	11,211	1,440
Cash and Cash Equivalents - Beginning of year	14,032	2,821	1,381
Cash and Cash Equivalents - End of year	21,469	14,032	2,821

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 $30.0 million, $29.6 million, and $21.4 million at June 30, 2021, 2020, and 2019, respectively, an increase of $.3 million and an increase of $8.2 million in fiscal years 2021 and 2020, respectively. Increases were due to capital asset acquisitions exceeding disposals and depreciation expense. Changes in capital assets during fiscal years 2021, 2020, and 2019 included (in thousands):

	2021	Net Change	2020	Net Change	2019
Land	$ 679	$ -	$ 679	$ -	$ 679
Building Improvements	35,342	1,392	33,950	8,480	25,470
Equipment	11,315	908	10,407	156	10,251
Construction in Progress	1,786	374	1,412	1,120	292
Accumulated Depreciation and Amortization	(19,169)	(2,329)	(16,840)	(1,538)	(15,302)
Total Capital Assets, net of Accumulated Depreciation	$ 29,953	$ 345	$ 29,608	$ 8,218	$ 21,390

Factors Impacting Future Operations

COVID-19

The global pandemic and ensuring economic dislocations are the most obvious factors impacting future periods. The College was in a unique position to successfully respond to the pandemic due to 88% of its academic programs already being delivered online and the fact that 90% of its financial and student support supports were cloud-based and accessible by faculty and staff from any location. The College experienced minimum disruption to academic courses in FY21 and brought back hands-on, lab courses to its two physical campuses. Both Fall 2020 and Spring 2021 semesters saw increases of 50% year-on-year both in head count and credit hours. There was no significant financial impact to the College as a result of the pandemic and FY21 ended with a surplus of $10 million.

In response to COVID-19, the Federal Coronavirus Relief and Economic Security (CARES) Act was signed into law last March 2020. The $2 trillion act included $14 billion for U.S. higher education of which $928K was allocated to the College for direct student emergency payments and to help cover extraordinary institutional costs related to COVID-19. The Higher Education Emergency Relief Fund II (HEERF II) was authorized by the Coronavirus Response and Relief Supplemental Appropriations Act, 2021 (CRRSAA), Public Law 116-260, and signed into law on Dec. 27, 2020. In total, the CRRSAA authorizes $81.88 billion in support for education, in addition to the $30.75 billion expeditiously provided last spring through the CARES Act. $6.35 million was allocated to the College for direct student emergency payments and to help cover extraordinary institutional costs related to COVID-19.

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

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

State support

The COVID-19 health pandemic and ensuing economic dislocations was initially projected to negatively impact the State of Ohio economy resulting in less resources for funding higher education and other state agencies. The State biennium operating budget (HB166) for fiscal years 2020 and 2021 had provided slight increases in funding for community colleges but, due to COVID-19, appropriations were reduced by 3.8% in FY 2020 and have been reduced by 4.4% in FY 2021. Due to improved economic outlook for the State in the Fall of 2020, the initial 4.4% reduction was restored.

The College has experienced better than average results in the allocation of dollars through the State's 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 $5.88 million, or 91.7% from FY16 when the performance- based funding formula was implemented to FY21. The SSI allocation for FY22 increased $3.24 million, or 27.4%.

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

Strategic Planning

In October 2017 the College created the 2017-2020 Strategic Plan. This plan consisted of three distinct strategic goals: 1) Eastern Gateway Community College will engage every student and provide support needed to achieve student success, 2) Eastern Gateway Community College will operate within a framework of continuous improvement, and 3) Eastern Gateway Community College will explore and implement strategies to ensure financial stability and vitality into the future. When this plan was developed, the College had an enrollment of 8,618 students. As the College experienced exponential growth over the last 3 years, the 3 goals and defined measures were too broad to properly manage the College as a whole and move it to its next level of success.

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 effort on the strategies that will lead to success. Strategic Objectives are the "DNA" of strategy and are used to decompose strategy into actionable components that can be monitored using Performance Measures. Measures allow the organization to track results against targets, and to celebrate success and identify potential problems early. Finally, Strategic Initiatives translate strategy into a set of high-priority projects that need to be implemented to ensure the success of strategy. Engaged leadership and interactive, two-way communication are the cornerstones of a successful management system. Once the strategic thinking and necessary actions are determined, annual program plans, projects and service level agreements can be developed and translated into budget requests.

Under the leadership of the President, in August of 2020, the College began working with the Balanced Scorecard Institute (BSI) on developing its 2020-2025 Balanced Strategic Plan. Using BSI's proprietary *Nine Steps to Success™* methodology, 70 representatives from throughout the College joined the twelve Strategic Teams and participated in the development of the College's 2020-2025 Balanced Strategic Plan.

The College's Balanced Strategic Plan builds on the existing Strategic Plan and strengthened or added components to bring additional clarity regarding outcomes, performance measures, strategic initiative alignment, a strategy map and a one-page summary of the College's strategy.

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

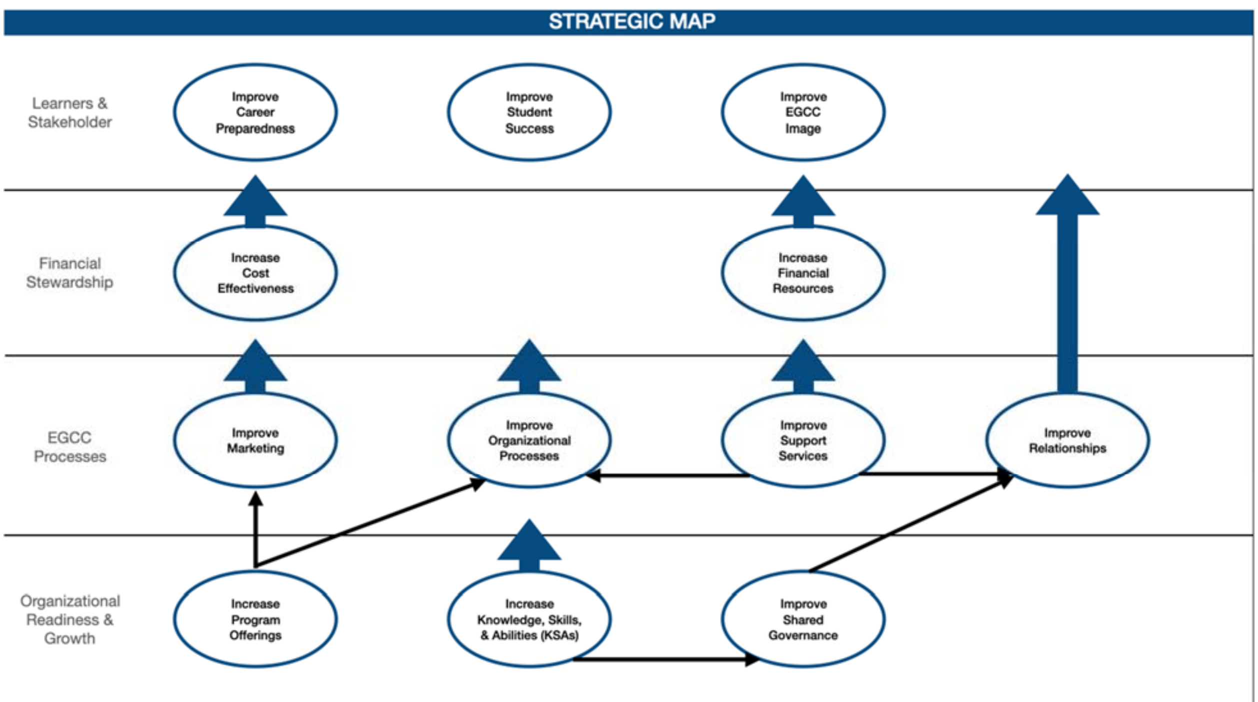
Twelve objectives outline the plan, called the Strategic Map, and are divided into 14 projects to manage the progression of the plan over the five-year period. The 12 Objectives are aligned with 4 Perspectives developed by the college.

Perspective	Objective
Organizational Readiness and Growth	Increase Program Offerings
	Increase Knowledge, Skills, and Abilities
	Improve Shared Governance
EGCC Processes	Improve Marketing
	Improve Organizational Processes
	Improve Support Services

	Improve Relationships
Financial Stewardship	Increase Cost Effectiveness
	Increase Financial Resources
Learners and Stakeholders	Improve Career Preparedness
	Improve Student Success
	Improve EGCC Image

Fourteen 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.



Academics

The 2020-2021 academic year has been a year working through the pandemic and remaining strong and encountering success with increased enrollment growth and record numbers of graduates. In March 2020, the institution worked flowed changed and adaptation followed into the next academic year. The year ended with the institution hiring a new Dean for the School of Engineering and Information Technology. The college committed to and has taken steps to implement a new 4 Dean model for the schools of: Arts, Humanities, and Social Sciences; Business and Leadership; Engineering and Information Technology; and Health, Sciences, and Public Services. One search was successfully completed toward the end of the 2020-2021 academic year. The other search will be revisited during the next academic year.

Curriculum Committee and Academic Program Review have been made more consistent, timely and adoption of new software will improve communication. 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. The goal is to build a structure for open and transparent communication and have an infrastructure that will allow the institution to meet its stated goal of 100,000 students from the EGCC (Eastern Gateway Community College) Strategic Plan.

The College had submitted a new completion plan to the state of Ohio on December 1, 2020. Implementation of the plan has begun with the selection of Student Success Coaches, adding students to several committees including the Student Success Committee, and the President inviting and engaging the President of the new Student Government Association to be actively involved in several committees. 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 also started 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 partner. The utilization of OERs (Open Education Resources) has allowed us to grow our program as K – 12 school districts realize our option is more affordable and allows for the same type of seamless transfer allowed by our sister institutions. We have a goal of expanding these offerings within the service district and reaching 2,000 students (currently 1,500+ students) in our CCP (College Credit Plus) program by the 2023 -2024 school year.

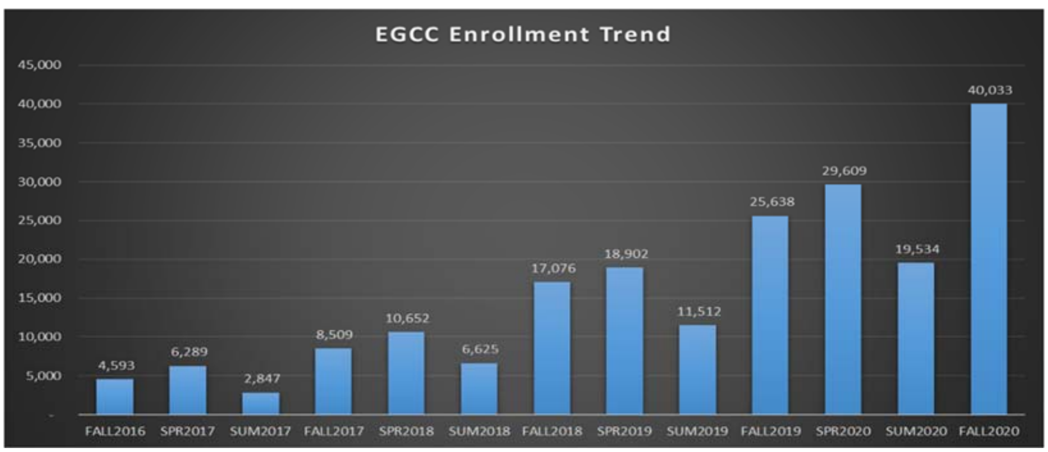
The College has been accepted to join the Assessment Academy of the Higher Learning Commission (HLC) and is eager to continue to improve in this area. We have made a strong commitment to building a culture of assessment and have a robust Academic Program Review in place. We realize that the same level of commitment and excellent work needs to be in place for the assessment of course learning outcomes, general education outcomes, and need to develop and assess co-curricular outcomes. Our new Institutional Effectiveness team 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). The upgrade within the Nuventive System will 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 Resources (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 is very substantial with over 150 courses utilizing OERs. This allows entire degree programs to be completed without any textbook costs. This also leads to savings of millions of dollars.
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

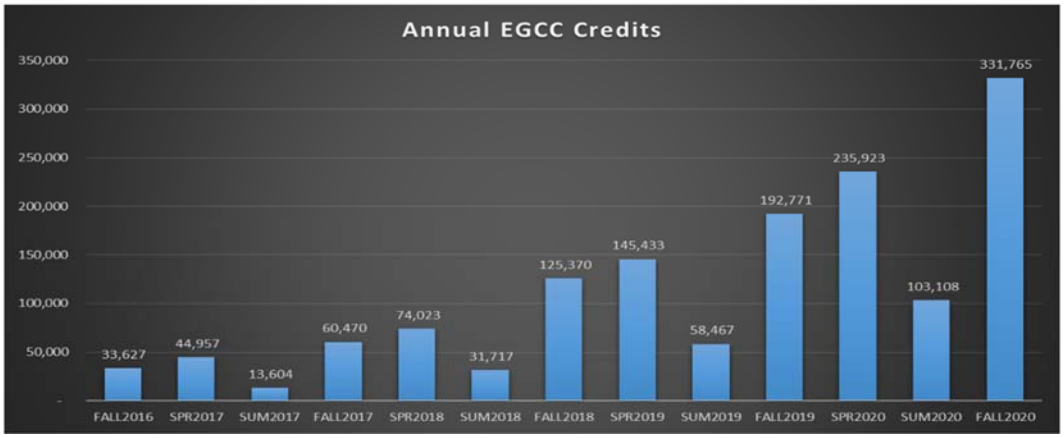
equity gaps and has helped the institution assist that it should utilize a case management approach for student advising that has an emphasis on student success coaches. These coaches, which have been mentioned in past completion plan submissions, have been overdue and are expected to increase student success for our most vulnerable populations that may not succeed without additional assistance. The approach being recommended is about equity, not equality, and allows the institution to address a challenge facing higher education in general. To reinforce this, the President has established a Vice President for Diversity, Equity and Inclusion which reinforce the commitment of the institution to this important task.

Enrollment and Retention

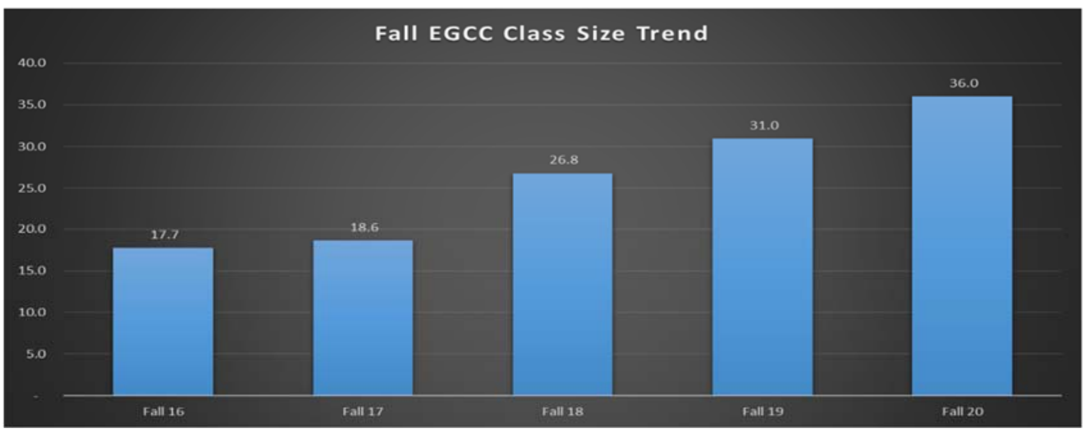
The College has continued the trend of significant enrollment growth for the Fall 2020 term with over 40,000 students enrolled, or 56.1% growth over the Fall 2019. While most campus locations are experiencing growth year over year, the primary driver is Online, which is up 63.7% over Fall 2019. This growth comes from new and continued Union partnerships through the Student Resource Center for the Free College Program. College Credit Plus enrollment has grown 4.9% and the Steubenville campus enrollment has grown 5.7%, while our Youngstown campus enrollments declined 6.5%. The College introduced 14 new in-demand degrees/certificates/foci in 2020-2021 and is on track to launch 6 more degrees/certificates in 2021-2022.



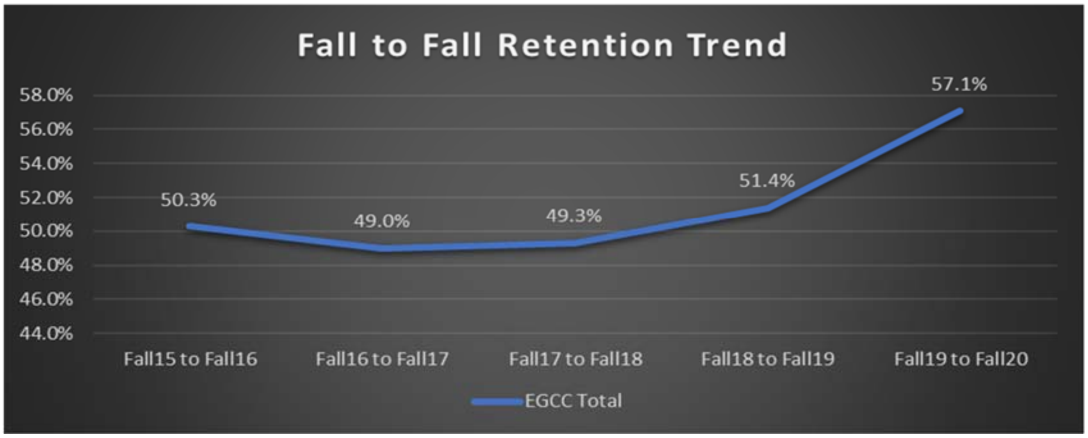
With increased enrollments, the College has also experienced an increase in average registered credit hours and FTEs. Online is driving average registered credit hour growth at 11.7% and FTE growth at 82.9% year over year for Fall 2020. The campuses had a slight dip in average registered credit hours. The campus declines are driven by the COVID-19 pandemic and moving all but hands on courses to an online modality and there were more students starting in online programs.



One of the College's continued strategic plan initiatives was to monitor and improve class sizes to positively impact online adjunct costs. With the pandemic moving most courses online and the use of video conferencing through Zoom the College has been able to again increase class sizes for the Fall 2020 term by 16.1% over Fall 2019. For Fall 2020 average class size was at 36.0.



Fall to Fall retention is up 572 basis points, or 5.72% from the prior year at 57.1%. Online is showing the most improvement at 624 basis points, or 6.24% from the prior year. This is being driven by the Student Resource Center bringing most of the services in house over the past two years. The continued hiring of experienced staff, improved training, and a Student Success Committee revamp has also contributed to improvements in retention.



Persistence from the Spring 2020 to the Fall 2020 term is up 282 basis points, or 2.82% from the prior year at 65.5%. This again is driven by Online. As mentioned above we have added more experienced staff, improved training, and revamped the College's Student Success Committee to better identify students at risk and improve persistence.

College Relations

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

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

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

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

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

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

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

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

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

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

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

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

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

Energy Management, Deferred Maintenance and Capital Projects

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

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

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

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

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

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

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

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

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

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

2019 Capital Projects (Project Type Varies, State Funded)

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

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

2020 Youngstown Property Acquisition (Real Estate, Local Funded, 2020 Bond Sale)
The project included acquisition of two properties in downtown Youngstown, both of which were currently owned by third parties and leased to EGCC for their campus buildings.
- Thomas Humphries Hall: Purchase Price of $8,300,000
- Health Workforce Building: Purchase Price of $1,391,500

Property acquisitions completed in summer 2020.

2021 HVAC Renovations Phase I, Youngstown (Energy Savings, Deferred Maintenance, Local Funded, 2020 Bond Sale)

In Humphries Hall, replaced the most outdated and troublesome HVAC equipment in 2 of the 4 quads, switched from expensive outsourced Youngstown Thermal for perimeter hot water heating and instead installed two boilers for perimeter heat supply. Installed Building Automation Controls throughout building. EGCC contracted with Jaminet Engineering for design and construction administration services for $41,000 and York Mahoning Mechanical for construction services for $675,000.

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

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

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

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

2021 HVAC Upgrades Phase I, Steubenville (Energy Savings, Deferred Maintenance, State Funded)
Project is for replacement of aged HVAC equipment that has greatly exceeded it's useful life. Additionally, project is converting majority of the internal equipment from electric heat to hot water heat by installing a gas fired boiler plant in the building. After both phase 1 and 2 are completed, an expected $136,000 in annual operating costs is projected.

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 EGCC's strategic plan.

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

In FY17 the Technology Services Department supported this effort by:
- Implementing a student portal for ease of access to all student services, along with implementing single sign on for all student services.
- An outsourced technology help desk was launched in 2017, this service assists with student support providing 24/7/365 availability.

FY18:
- 50% of the classroom PCs were purchased for the Steubenville Campus to cycle outdated equipment.
- A new LMS (Learning Management System) was deployed, this includes several programs using courseware for consistent delivery of course content. This new LMS replaced 2 antiquated systems. In addition, as part of the affordability and efficiency plan, 85% of all textbooks have been replaced with either eTextbooks or OER materials as part of this initiative.
- Bandwidth was increased from 150mbps to 500mbps at both the Steubenville and Youngstown campus. This was to improve internet performance in the classroom and help support the online student body growth accessing internal services from the college.
- Student account automation was completed to provide faster deployment of student accounts once the student is enrolled.

FY19:

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

FY20:

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

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 will be deployed in early 2018.
- For Academics, we will be launched several internally developed databases to help manage the departments' growth. These systems are: Course load and auxiliary classes, New and revised program tracker, and an Adjunct tracking system.
- An Issue Resolution system was created and launched to better manage student, faculty, and staff complaints. Ensuring that the complaint gets to the proper department and is answered in a timely manner.
- 2 new systems were integrated to our SIS system to provide enhanced services for Financial Aid. A Financial Aid Help Desk outsourced service will assist with incoming calls to the financial aid department, and an online financial aid forms system that will allow student to complete all required financial aid digital forms online.
- A new ERP system is being explored to replace several outdated systems and bring new services to the college.

FY19:

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

FY20:

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

Strategic Goal 3: The College will explore and implement strategies to ensure financial stability and vitality into the future.
In FY17 through FY20 the Technology Services Department supported this effort by:

- Several of the initiatives above are using outsourced services and internal support centers; Transcript evaluation, Technology Services Help Desk, and Financial Aid Help Desk. Being able to leverage outsource services and internal support centers to compensate for production peaks and valleys, we can properly allocate resources during high production periods and avoid overstaffing during off peak periods. A savings of $373,000.00 annually in unneeded salaries and overhead.
- Replaced 2 antiquated LMS systems with a new LMS, providing consistency in course delivery and saving $405,000 annually.
- Renegotiated our bandwidth contracts with our ISP vendor to increase the bandwidth at both campuses and reducing our overall cost for the services, saving $6,300.00 annually.
- Renegotiated our cellular contract saving $4,200.00 annually.
- Purchased and deployed a video conferencing system to reduce travel costs between campuses.
- Move to several cloud-based systems to remove outdated on-prem servers to avoid the replacement costs, licensing costs, and maintenance costs of on-prem equipment.
- Implementation of a new ERP and Budgeting and Planning system to greatly improve financial and budgeting analysis.
- In FY20, EGCC moved support services for Oracle HCM, ERP and Budge & Planning from the implementation team to Oracle support, saving $350,000 annually.

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

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

To address the objectives and initiatives of the 2020-2025 Balanced Strategic Plan, in FY20 and FY21: 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 is schedule for launch in early 2022.

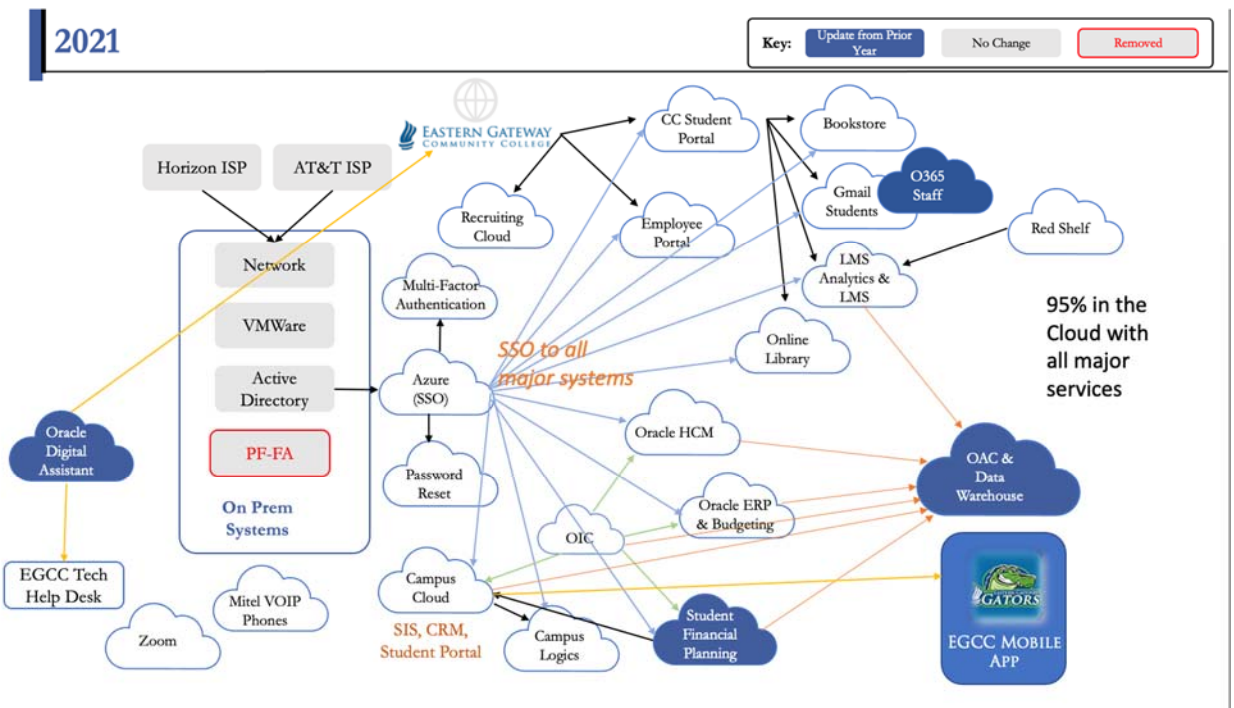
In addition to the SFP, the College has also implemented Oracle Digital Assistant (ODA), an AI based chatbot that is housed on our website, employee portal, and student portal to quickly answer common questions asked by students, staff, and faculty. We have completed the development of ODA for the Help Desk and Advising. We are continuing development of Admissions, Print Shop, and Financials 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. Two other systems that were deployed in 2021, and will be continually developed, are the EGCC Mobile app on both iOS and Android on May 1st, and our Print Center Online on May 3rd. The Print Center Online provides students with an online store to purchase printed OER class material. Although these 2 systems are not directly related to AI, they provide technology for student enrollment and support.

To support the 2 initiatives, ***"Report Creation - Data Gathering"*** and ***"Disseminating Institutional Research (IR) Data"***, the College has rolled out 2 new Oracle products this year: 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. Currently enrollment data is live in the OAC system on the Employee Portal. Financials and Retention data are currently in development and are estimated for early 2022.

To address ***"File Migration - taking docs/procedures and migrating to SharePoint for easy access (forms library)"***, the college did an evaluation on Google Enterprise Services and the costs to continue to add third party products to enhance Cybersecurity and data prevention loss (DLP) verses converting staff and faculty email to O365 (which contains the Cybersecurity compliance built-in with A5 and A3 licensing). The college made the decision to move to the Microsoft O365 platform. As part of this platform, the college used existing team developed SharePoint sites, and integrated them with Microsoft

Teams to provide a collaborative and productive environment for college departments to work seamlessly in the changing landscape of employees working in remote and hybrid roles. All departmental documents and collaboration tools are provided in a secure cloud-based environment accessible to all employees regardless of work location.

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



EASTERN GATEWAY COMMUNITY COLLEGE
Statements of Net Position
June 30, 2021 and 2020

	EGCC 2021	EGCC 2020	Component Unit Foundation 2021	Component Unit Foundation 2020
Assets				
Current assets				
Cash and cash equivalents	$ 20,998,173	$ 13,167,098	$ 244,398	$ 256,650
Short-term investments	10,000	10,000	-	-
Student accounts receivable, net	129,642,062	87,568,683	-	-
Property tax receivable	1,372,663	1,175,647	-	-
Other receivables	2,516,275	5,550,683	1,485	2,188
Prepaid expenses	191,667	120,328	-	-
Inventory	168,595	201,665	-	-
Total current assets	154,899,435	107,794,104	245,883	258,838
Non-current assets				
Restricted cash and cash equivalents	471,060	865,307	-	-
Endowment investments	313,105	265,974	960,745	688,399
Capital assets, net	29,953,993	29,608,140	-	-
OPEB:				
STRS	2,160,686	1,538,415	-	-
Total non-current assets	32,898,844	32,277,836	960,745	688,399
Total assets	187,798,279	140,071,940	1,206,628	947,237
Deferred Outflow of Resources				
Pensions:				
SERS	2,406,516	2,086,135	-	-
STRS	15,463,494	11,038,591	-	-
OPEB:				
SERS	1,537,465	1,118,137	-	-
STRS	736,182	728,959	-	-
Total deferred outflow of resources	20,143,657	14,971,822	-	-
Liabilities				
Current liabilities				
Accounts payable and accrued liabilities	17,169,406	7,266,321	1,000	7,702
Accrued wages	2,147,967	1,907,367	-	-
Unearned revenue	99,716,458	75,465,107	-	-
Compensated absences - current portion	392,847	426,914	-	-
Long-term debt - current portion	2,618,751	1,950,263	-	-
Total current liabilities	122,045,429	87,015,972	1,000	7,702
Non-current liabilities				
Bonds payable	14,407,982	14,809,392	-	-
Loans Payable	1,452,180	2,159,518	-	-
ORACLE Payable	1,845,768	2,592,120	-	-
Net pension liability - SERS	11,246,658	9,304,418	-	-
Net pension liability - STRS	29,747,384	20,541,123	-	-
Net OPEB liability - SERS	3,455,217	3,628,834	-	-
Compensated absences	797,615	855,076	-	-
Total non-current liabilities	62,952,804	53,890,481	-	-
Total liabilities	184,998,233	140,906,453	1,000	7,702
Deferred Inflows of Resources				
Property taxes	856,991	659,975	-	-
Pensions:				
SERS	-	119,433	-	-
STRS	190,214	1,717,902	-	-
OPEB:				
SERS	1,844,250	1,000,455	-	-
STRS	2,482,671	1,861,585	-	-
Total deferred inflows of recources	5,374,126	5,359,350	-	-
Net Position				
Net investments in capital assets	13,856,991	15,299,751	-	-
Restricted for				
Non-expendable				
Scholarships	66,351	64,555	365,662	365,662
Expendable				
Scholarships	459,310	407,943	713,873	441,954
Capital	154,180	127,093	-	-
Education and General	905,089	1,021,713	-	-
Student Activities	99,209	35,612	-	-
Unrestricted Fund Balance	2,028,447	(8,178,708)	126,093	131,919
Total net position	$ 17,569,577	$ 8,777,959	$ 1,205,628	$ 939,535

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, 2021

	EGCC 2021	EGCC 2020	Component Unit Foundation 2021	Component Unit Foundation 2020
Revenues				
Operating revenues				
Tuition and student fees, net of $225,759,051 and $137,861,152 in Pell and Scholarship allowances, respectively	$ 10,406,617	$ 8,231,430	$ -	$ -
Federal grants and contracts	2,509,737	1,992,194	-	-
Auxiliary enterprises revenue	252,809	198,844	-	-
State grants and contracts	1,610,049	1,398,952	-	-
Local grants and contracts	100,848	114,884	-	-
Other operating revenue	1,241,331	215,400	-	-
Donations	21,280	119,734	17,631	119,850
Total operating revenue	16,142,671	12,271,438	17,631	119,850
Expenses				
Operating expenses:				
Education and general	29,896,959	26,773,522	5,097	56,025
Public services	827,189	881,897	-	-
Academic support	1,327,092	1,058,230	-	-
Student services	7,783,888	5,388,452	-	-
Institutional support	32,900,626	19,999,718	-	-
Operation and maintenance of plant	624,764	551,689	-	-
Scholarships and fellowships	1,428,989	1,007,413	3,434	12,064
Auxiliary enterprises	531,301	25,791	-	-
Depreciation and amortization expense	2,327,357	1,908,437	-	-
Total operating expenses	77,648,165	57,595,149	8,531	68,089
Operating (loss) income	(61,505,494)	(45,323,711)	9,100	51,761
Non-operating revenue(expenses)				
Capital funds	223,343	13,543	-	-
State grants and contracts	11,956,430	11,043,511	-	-
Federal grants and contracts	57,321,648	38,210,938	-	-
Investment income (loss)	68,672	10,996	256,993	1,436
Interest expense	(497,677)	(154,842)	-	-
Property taxes	1,224,696	1,101,711	-	-
Total non- operating revenue (expenses)	70,297,112	50,225,857	256,993	1,436
Change in net position	8,791,618	4,902,146	266,093	53,197
Net position				
Net Position, begining of the year	8,777,959	3,875,813	939,535	886,338
Net Position, end of year	$ 17,569,577	$ 8,777,959	$ 1,205,628	$ 939,535

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, 2021 and 2020

	EGCC 2021	EGCC 2020	Component Unit Foundation 2021	Component Unit Foundation 2020
Cash flow from operating activities				
Student tuition and fees	$ 6,771,613	$ 4,747,713	$ -	$ -
Grants and contracts	3,941,404	3,008,614	-	-
Payments to suppliers	(31,707,790)	(20,207,029)	(5,097)	(48,323)
Employee and related payments	(36,585,866)	(29,721,784)	-	-
Auxiliary enterprise	(278,492)	173,053	-	-
Gifts and endowments received	21,280	119,734	18,334	117,662
Payments for scholarships	(1,428,989)	(1,007,413)	(10,136)	(12,064)
Other Income (loss)	1,241,331	215,400	-	-
Net cash used by operating activities	(58,025,509)	(42,671,712)	3,101	57,275
Cash flows from non-capital financiang activities				
State appropriations	11,956,430	11,043,511	-	-
Local property tax receipts	1,224,696	1,101,711	-	-
Grants and contracts	57,557,459	37,713,522	-	-
Principal paid on debt	(665,000)	(650,000)	-	-
Interest paid on debt	(60,424)	(87,297)	-	-
Net cash provided by non-capital financiang activities	70,013,161	49,121,447	-	-
Cash flows from capital and related financing activities				
Capital grants receivied	223,343	13,543	-	-
Proceeds from capital debt	425,000	13,734,324	-	-
Purchases of capital assets	(3,874,033)	(8,387,929)	-	-
Principle payments on bond and ORACLE payable	(909,422)	(668,211)	-	-
Interest payments on bond payable	(437,253)	(67,545)	-	-
Net cash provided by capital and related financiang activities	(4,572,365)	4,624,182	-	-
Cash flows from investing activities				
Net purchase of investments	-	-	(243,209)	(3,546)
Net sale of investments	-	125,572	226,792	-
Investment income	21,541	10,996	1,064	15,183
Net cash provided by investing activities	21,541	136,568	(15,353)	11,637
Net (decrease) increase in cash	7,436,828	11,210,485	(12,252)	68,912
Cash and cash equivalents, beginning of year	14,032,405	2,821,920	256,650	187,738
Cash and cash equivalents, end of year	$ 21,469,233	$ 14,032,405	$ 244,398	$ 256,650
Reconciliation of operating (loss) income to net cash used by operating activities:				
Operating (loss) income	$ (61,505,494)	$ (45,323,711)	$ 9,100	$ 51,761
Adjustments to reconcile operating (loss) income to net cash used by operating activities:				
Depreciation and amortization	2,327,357	1,908,437	-	-
Net pension/OPEB activity	4,725,538	3,941,662	-	-
(Increase) decrease in assets:				
Receivables, net	(39,038,971)	(52,519,042)	703	(2,188)
Inventories	33,070	(105,244)	-	-
Prepaid expense	(71,339)	40,310	-	-
(Decrease) increase in liabilities:				
Accounts payable and accrued liabilities	11,344,507	4,425,645	(6,702)	7,702
Unearned revenue	24,251,351	44,561,786	-	-
Compensated absences	(91,528)	398,445	-	-
Net cash used by operating activites	$ (58,025,509)	$ (42,671,712)	$ 3,101	$ 57,275

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

NOTE 1 – DESCRIPTION OF THE REPORTING ENTITY

Eastern Gateway Community College (the "College" or "EGCC") is a political subdivision established for the purpose of exercising the rights and privileges conveyed to it by the constitution and the laws of the State of Ohio. The College operates under an appointed Board of Trustees. Management believes the financial statements included in this report represent all of the funds of the College over which the College has the ability to exercise direct operating control.

NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Basis of Accounting

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

Net Position Classifications

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

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

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

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

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

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

NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

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

Classification of Revenues

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

> *Operating revenues:* Operating revenues include activities that have the characteristics of exchange transactions such as (1) student tuition and fees, net of external scholarship discounts and allowances, (2) sales and services of auxiliary enterprises, net of discounts and allowances, and (3) most federal, state and local grants and contracts and federal appropriations.
>
> *Non-operating revenues:* Non-operating revenues include activities that have the characteristics of non-exchange transactions, such as gifts and contributions, and other revenue sources that are defined as non-operating revenues by GASB No. 9, *Reporting Cash Flows of Proprietary and Non-expendable Trust Funds and Governmental Entities That Use Proprietary Fund Accounting*, and GASB No. 34, *Basic Financial Statements and Management's Discussion and Analysis for State and Local Governments*, such as state appropriations, investment income, and property taxes.

Use of Estimates

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

Cash Equivalents

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

Investments

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

Inventory

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

Accounts Receivable

Accounts receivable consists of tuition and fee charges to students and auxiliary enterprise services provided to students, faculty, and staff, the majority of each residing in the State of Ohio. Accounts receivable also include amounts due from the federal, state, and local governments, or private sources, in connection with reimbursement of allowable expenditures made pursuant to the College's grants and contracts. Accounts receivable are recorded net of estimated uncollectible amounts. Property taxes receivable include estimated amounts due at June 30, 2021 and 2020.

NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Capital Assets

Capital assets 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 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.

Unearned Revenues

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

Compensated Absences

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

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

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

Non-current Liabilities

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

Deferred Outflow/Inflow of Resources

In addition to assets, the statement of net position will sometimes report a separate section for deferred outflow of resources. Deferred outflow of resources represents a consumption of net position that applies to a future period and will not be recognized as an outflow of resource (expense/expenditure) until then. For the College, deferred outflow of resources include amounts related to pensions and OPEB plans, which are explained in Notes 10 and 11.

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, pensions and OPEB plans. Property taxes represent amounts for which there is an enforceable legal claim as of June 30, 2021, but which were levied to finance fiscal year 2022 operations. These amounts have been recorded as a deferred inflow on the statement of net position. The deferred inflow of resources related to pensions and OPEB plans are explained in Notes 10 and 11.

NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

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.

Reclassifications
Certain amounts previously reported in the June 30, 2020 financial statements have been reclassified to conform to the reporting presentation of the financial statements at June 30, 2021.

Change in Accounting Principles

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

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

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

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

NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Change in Accounting Principles – (continued)

For the fiscal year ended June 30, 2020, the College has (to the extent it applies to the cash basis of accounting) implemented Governmental Accounting Standards Board (GASB) Statement No. 95, Postponement of the Effective Dates of Certain Authoritative Guidance. GASB Statement No. 95 postpones the effective dates of certain provisions in the statements that first became effective or are scheduled to become effective for periods beginning after June 15, 2018, and later.

The following statements are postponed by one year:

- Statement No. 84, Fiduciary Activities
- Statement No. 89, Accounting for Interest Cost Incurred before the End of a Construction Period
- Statement No. 90, Majority Equity Interests
- Statement No. 91, Conduit Debt Obligations Certain provisions in the following statements are postponed by one year:
- Statement No. 92, Omnibus 2020
- Statement No. 93, Replacement of Interbank Offered Rates

The following statement is postponed by 18 months:

- Statement No. 87, Leases

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.

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

As of June 30, 2021 the College had the following cash and cash equivalents:

Description	Carrying Amount	Bank Balance
Checking and savings account	$ 18,803,099	$ 19,012,868
Restricted cash	471,060	471,060
Huntington Bank Construction Fund	2,195,074	2,195,074
Total cash and cash equivalents	$ 21,469,233	$ 21,679,002

As of June 30, 2020 the College had the following cash and cash equivalents:

Description	Carrying Amount	Bank Balance
Checking and savings account	$ 7,809,557	$ 8,025,730
Restricted cash	865,307	865,307
Huntington Bank Construction Fund	5,357,541	5,357,541
Total cash and cash equivalents	$ 14,032,405	$ 14,248,578

Credit Risk: The College does not have any exposure to credit risk.

Concentration of Credit Risk: The College does not have any exposure to concentration of credit risk.

Foreign Currency Risk: The College does not have any exposure to foreign currency risk.

Custodial Credit Risk: Of the June 30, 2021 bank balance of $21,679,002, the Federal Depository Insurance Corporation insured $500,000 and the balance of $21,179,002 was exposed to custodial credit risk because it was collateralized by U.S. Government Securities not in the College's name. Of the June 30, 2020 bank balance of $14,248,578, the Federal Depository Insurance Corporation insured $500,000 and the balance of $13,748,578 was exposed to custodial credit risk because it was collateralized by U.S. Government Securities not in the College's name.

Investments
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.

As of June 30, 2021 the College's investments had the following recurring fair value measurements:

Investment Type	Level 1	Level 2	Level 3
Negotiable Certificates of Deposit	-	10,000	-
Equity & Fixed Income	313,105	-	-
Total	313,105	10,000	-

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

As of June 30, 2020 the College's investments had the following recurring fair value measurements:

Investment Type	Level 1	Level 2	Level 3
Negotiable Certificates of Deposit	-	10,000	-
Equity & Fixed Income	265,974	-	-
Total	265,974	10,000	-

Level 1 investing include equity and fixed income mutual funds that are valued using prices quoted in active markets that the custodian and College have the ability to access.

Level 2 investments include negotiable certificates of deposit. These investments are valued by various third party pricing services using matrix pricing techniques.

NOTE 4 – ACCOUNTS RECEIVABLE

Receivables at June 30, 2020 and 2021, consisted of accounts (tuition and other fees), notes, interest, levy receivables, receivable due from the College's partner in Youngstown, Higher Education Partners 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 FY21 and FY 20 includes unearned revenue of $96,632,169 and $84,353,578, respectively.

Other receivables consisted of the following:

	2020	2021
Grant receivables	$ 606,308	$ 1,096,088
State of Ohio – College Credit Plus	852,982	971,879
Higher Education Partners (HEP) receivable	8,000	-
Third parties	146,814	-
EGCC Foundation	7,702	1,000
Workplace Training	65,125	147,801
Financial Aid	3,683,749	299,507
Interest receivable	3	-
Total other receivables	$ 5,550,683	$ 2,516,275

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, 2021 and 2020 was $168,595 and $201,665, respectively.

EASTERN GATEWAY COMMUNITY COLLEGE
Notes to Financial Statements
June 30, 2021 and 2020

NOTE 6 – CAPITAL ASSETS

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

Description	Balance at July 1, 2020	Increases	Decreases	Balance at June 30, 2021
Capital assets, non-depreciable:				
Land	$ 679,144	$ -	$ -	$ 679,144
Construction in progress	1,411,938	1,786,346	(1,411,938)	1,786,346
Total capital assets, non-depreciable	2,091,082	1,786,346	(1,411,938)	2,465,490
Capital assets, depreciable:				
Buildings and improvements	33,950,037	1,391,821	-	35,341,858
Equipment and furniture	10,408,456	906,982	-	11,615,438
Total depreciable	44,358,493	2,298,803	-	46,657,296
Less accumulated depreciation:				
Buildings and improvements	(12,244,049)	(807,313)	-	(13,051,362)
Equipment and furniture	(4,597,386)	(1,520,045)	-	(6,117,431)
Total accumulated depreciation	(16,841,435)	(2,327,358)	-	(19,168,793)
Total capital assets, depreciable, net	27,517,058	(28,555)	-	27,488,503
Capital assets, net	$ 29,608,140	$ $1,757,791	$ ($1,411,938)	$ $29,953,993

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NOTE 6 – CAPITAL ASSETS (continued)

Description	Balance at July 1, 2019	Increases	Adjustments & Decreases	Balance at June 30, 2020
Capital assets, non-depreciable:				
Land	$ 679,144	$ -	$ -	$ 679,114
Construction in progress	291,590	1,411,938	(291,590)	1,411,938
Total capital assets, non-depreciable	970,734	1,411,938	(291,590)	2,091,082
Capital assets, depreciable:				
Buildings and improvements	25,469,991	8,480,046	-	33,950,037
Equipment and furniture	10,251,399	179,356	(24,134)	10,406,621
Total depreciable	35,721,390	8,659,402	(24,134)	44,356,658
Less accumulated depreciation:				
Buildings and improvements	(11,932,733)	(578,353)	267,037*	(12,244,049)
Equipment and furniture	(3,369,123)	(1,330,084)	103,656*	(4,595,551)
Total accumulated depreciation	(15,301,856)	(1,908,437)	370,693	(16,839,600)
Total capital assets, depreciable, net	20,419,534	6,750,965	346,559	27,517,058
Capital assets, net	$ 21,390,268	$ $8,162,903	$ 54,969	$ $29,608,140

* Adjustments were required to correct an error in useful lives in accounting system conversion.

NOTE 7 – STATE SUPPORT

Eastern Gateway Community College is a state-assisted institution of higher education, which receives a student enrollment-based instructional subsidy from the State of Ohio. This subsidy is determined annually based upon a formula devised by the Ohio Board of Regents, adjusted to state resources available. The College received $11,956,430 of student-based subsidy in fiscal year 2021 and $11,043,511 in fiscal year 2020.

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 2021 represents collections of calendar year 2020 taxes. Real property taxes received in calendar year 2021 were levied after April 1, 2020, on the assessed value listed as of January 1, 2020, 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 2021 represent collections of calendar year 2020 taxes. Public utility real and tangible personal property taxes received in calendar year 2021 became a lien December 31, 2019, were levied after April 1, 2020 and collected in 2021 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 measureable as of June 30, 2020 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 2021 were as follows:

	Balance at July 1, 2020	Additions	Reductions	Balance at June 30, 2021	Due Within One Year
Bonds:					
OAQDA 2014 Series A	$ 422,220	$ -	$ (126,549)	$ 295,671	$ 129,460
OAQDA 2014 Series B	820,236	-	-	820,236	-
Improvement Bonds					
Serial Bonds	4,525,000	-	(117,500)	4,407,500	117,500
Term Bonds	8,060,000	-	-	8,060,000	-
Unamortized Premium	1,108,485	-	(36,950)	1,071,535	-
Total Bonds	14,935,941	-	(280,999)	14,654,942	246,960
Direct Borrowings and Placements:					
Equipment Loan	65,122	-	(20,604)	44,518	22,338
Tax Anticipation Notes	2,780,000	-	(665,000)	2,115,000	685,000
ORACLE	3,729,990	425,000	(644,769)	3,510,221	1,664,453
Total Direct Borrowings	6,575,112	425,000	(1,330,373)	5,669,739	2,371,791
Net Pension and OPEB Liability:					
Pension	29,845,541	11,148,501	-	40,994,042	-
OPEB	3,628,834	-	(173,617)	3,455,217	-
Total Net Pension and OPEB Liability	33,474,375	11,148,501	(173,617)	44,449,259	-
Other Long-Term Liabilities:					
Compensated Absences	1,281,990	-	(91,528)	1,190,462	392,847
Total Other Long-Term Liabilities	1,281,990	-	(91,528)	1,190,462	392,847
Total Long-Term Liabilities	$ 56,267,418	$ 11,573,501	$ (1,876,517)	$ 65,964,402	$ 3,011,598

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NOTE 9 – LONG-TERM LIABILITIES (continued)

Changes in the College's long-term liabilities during fiscal year 2020 were as follows:

	Balance at July 1, 2019	Additions	Reductions	Balance at June 30, 2020	Due Within One Year
Bonds:					
OAQDA 2014 Series A	$ 545,921	$ -	$ (123,701)	$ 422,220	$ 126,549
OAQDA 2014 Series B	820,236	-	-	820,236	-
Improvement Bonds					
Serial Bonds	-	4,525,000	-	4,525,000	-
Term Bonds	-	8,060,000	-	8,060,000	-
Unamortized Premium	-	1,108,485	-	1,108,485	-
Total Bonds	1,366,157	13,693,485	(123,701)	14,935,941	126,549
Direct Borrowings and Placements:					
Equipment Loan	84,815	-	(19,693)	65,122	20,604
Tax Anticipation Notes	3,430,000	-	(650,000)	2,780,000	665,000
ORACLE	4,254,807	-	(524,817)	3,729,990	1,137,870
Total Direct Borrowings	7,769,622	-	(1,194,510)	6,575,112	1,823,474
Net Pension and OPEB Liability:					
Pension	21,522,534	8,323,007	-	29,845,541	-
OPEB	3,646,032	-	(17,198)	3,628,834	-
Total Net Pension and OPEB Liability	25,168,566	8,323,007	(17,198)	33,474,375	-
Other Long-Term Liabilities:					
Compensated Absences	883,545	398,445	-	1,281,990	426,914
Total Other Long-Term Liabilities	883,545	398,445	-	1,281,990	426,914
Total Long-Term Liabilities	$ 35,187,890	$ 22,414,937	$ (1,335,409)	$ 56,267,418	$ 2,376,937

On December 19, 2014, the College issued $1,011,500 of Series A Ohio Air Quality Development Authority ("OAQDA") Bonds for the purpose of assisting The College in financing of the costs of the acquisition, construction and installation of personal property comprising "air quality facilities" to be located on the campus of EGCC. Interest payments, at a fixed rate of 2.30 percent are payable on January 1 and July 1 of each year, until the principal amount is paid. The bonds were issued for a ten-year period with a final maturity date of January 1, 2024.

On December 19, 2014, the College issued $820,236 of Series B Ohio Air Quality Development Authority ("OAQDA") Bonds for the purpose of assisting The College in financing of the costs of the acquisition, construction and installation of personal property comprising "air quality facilities" to be located on the campus of EGCC. Interest payments, at a fixed rate of 5.02 percent are payable on January 1 and July 1 of each year, until the principal amount is paid. The bonds were issued for a fifteen-year period with a final maturity date of January 1, 2029.

NOTE 9 – LONG-TERM LIABILITIES (continued)

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

ORACLE

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

Tax Anticipation Notes

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

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

Improvement Bonds

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

NOTE 9 – LONG-TERM LIABILITIES (continued)

Principal and interest requirements to retire the bonds and direct borrowings outstanding as of June 30, 2021 are as follows:

Fiscal Year	OAQDA Series A		OAQDA Series B		Equipment Loan		ORACLE	
Ending June 30,	Principal	Interest	Principal	Interest	Principal	Interest	Principal	Interest
2022	129,460	6,836	$ -	$ 41,176	22,338	2,130	1,664,453	$ -
2023	132,438	3,843	-	41,176	22,180	772	1,760,768	-
2024	33,773	782	101,712	41,176	-	-	85,000	-
2025	-	-	138,236	36,070	-	-	-	-
2026	-	-	140,918	29,130	-	-	-	-
2027-2031	-	-	439,370	44,395	-	-	-	-
2032-2036	-	-	-	-	-	-	-	-
2037-2041	-	-	-	-	-	-	-	-
2042-2046	-	-	-	-	-	-	-	-
2047-2051	-	-	-	-	-	-	-	-
	$ 295,671	$ 11,461	$ 820,236	$ 233,123	$ 44,518	$ 2,902	$ 3,510,221	$ -

Fiscal Year	Tax Anticipation Notes		Improvement Bonds		Total	
Ending June 30,	Principal	Interest	Principal	Interest	Principal	Interest
2022	685,000	51,806	117,500	451,150	$ 2,618,751	$ 553,098
2023	705,000	33,760	240,000	445,200	2,860,386	524,751
2024	725,000	14,660	250,000	437,850	1,195,485	494,468
2025	-	-	255,000	430,275	393,236	466,345
2026	-	-	265,000	421,150	405,918	450,280
2027-2031	-	-	1,480,000	1,950,200	1,919,370	1,994,595
2032-2036	-	-	1,800,000	1,638,750	1,800,000	1,638,750
2037-2041	-	-	2,195,000	1,240,250	2,195,000	1,240,250
2042-2046	-	-	2,680,000	754,150	2,680,000	754,150
2047-2051	-	-	3,185,000	244,425	3,185,000	244,425
	$ 2,115,000	$ 100,226	$ 12,467,500	$ 8,013,400	$ 19,253,146	$ 8,361,112

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NOTE 10 - DEFINED BENEFIT PENSION PLANS

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

Net Pension Liability/Net OPEB Liability (Asset)

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

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

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

GASB 68/75 assumes the liability is solely the obligation of the employer, because (1) they benefit from employee services; and (2) State statute requires all funding to come from these employers. All contributions to date have come solely from these employers (which also includes costs paid in the form of withholdings from employees). State statute requires the pension plans to amortize unfunded liabilities (assets) within 30 years. If the amortization period exceeds 30 years, each pension plan's board must propose corrective action to the State legislature. Any resulting legislative change to benefits or funding could significantly affect the net pension/OPEB liability (asset). Resulting adjustments to the net pension/OPEB liability (asset) would be effective when the changes are legally enforceable. The Ohio revised Code permits, but does not require the retirement systems to provide healthcare to eligible benefit recipients.

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

The remainder of this note includes the required pension disclosures. See Note 11 for the required OPEB disclosures.

Plan Description - School Employees Retirement System (SERS)

Plan Description – College non-teaching employees participate in SERS, a statewide, cost-sharing multiple-employer defined benefit pension plan administered by SERS. SERS provides retirement, disability and survivor benefits, annual cost of living adjustments and death benefits to plan members and beneficiaries. Authority to establish and amend benefits is provided by Ohio Revised Code Chapter 3309. SERS issues a publicly available, stand-alone financial report that includes financial statements, required supplementary information and detailed information about SERS' fiduciary net position. That report can be obtained by visiting the SERS website at www.ohsers.org under Employers/Audit Resources.

NOTE 10 - DEFINED BENEFIT PENSION PLANS (continued)

Age and service requirements for retirement are as follows:

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

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

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

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

Funding Policy – Plan members are required to contribute 10 percent of their annual covered salary and the College is required to contribute 14 percent of annual covered payroll. The contribution requirements of plan members and employers are established and may be amended by the SERS' Retirement Board up to statutory maximum amounts of 10 percent for plan members and 14 percent for employers. The Retirement Board, acting with the advice of the actuary, allocates the employer contribution rate among four of the System's funds (Pension Trust Fund, Death Benefit Fund, Medicare B Fund, and Health Care Fund). For the fiscal years ended June 30, 2021 and 2020, the allocation to pension, death benefits, and Medicare B was 14.0 percent. SERS did not allocate employer contributions to the Health Care Fund for fiscal years 2021 and 2020.

The College's contractually required contribution to SERS was $962,998 and $834,561 for fiscal years 2021 and 2020, respectively.

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.

NOTE 10 - DEFINED BENEFIT PENSION PLANS (continued)

The DB Plan offers an annual retirement allowance based on final average salary multiplied by a percentage that varies based on years of service. Effective August 1, 2015, the calculation is 2.2 percent of final average salary for the five highest years of earnings multiplied by all years of service. Effective August 1, 2017 – July 1, 2019, any member could retire with reduced benefits who had (1) five years of service credit and age 60; (2) 27 years of service credit and age 55; or (3) 30 years of service credit regardless of age. Effective August 1, 2019 – July 1, 2021, any member may retire with reduced benefits who has (1) five years of service credit and age 60; (2) 28 years of service credit and age 55; or (3) 30 years of service credit regardless of age. Eligibility changes will continue to be phased through August 1, 2026, when retirement eligibility for unreduced benefits will be five years of service credit and age 65, or 35 years of service credit and at least age 60. Eligibility changes for actuarially reduced benefits will be phased in until August 1, 2023, when retirement eligibility will be five years of qualifying service credit and age 60, or 30 years of service credit at any age.

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

The Combined plan offers features of both the DB Plan and the DC Plan. In the Combined plan, 12 percent of the 14 percent member rate is deposited into the member's DC account and the remaining 2 percent is applied to the DB Plan. Member contributions to the DC Plan are allocated among investment choices by the member, and contributions to the DB Plan from the employer and the member are used to fund the defined benefit payment at a reduced level from the regular DB Plan. The defined benefit portion of the Combined plan payment is payable to a member on or after age 60 with five years of service. The defined contribution portion of the account may be taken as a lump sum payment or converted to a lifetime monthly annuity at age 50 and after termination of employment.

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

A DB or Combined Plan member with five or more years of credited service who is determined to be disabled may qualify for a disability benefit. New members must have at least ten years of qualifying service credit to apply for disability benefits. Members in the DC plan who become disabled are entitled only to their account balance. Eligible survivors of members who die before service retirement may qualify for monthly benefits. If a member of the DC plan dies before retirement benefits begin, the member's designated beneficiary is entitled to receive the member's account balance.

Funding Policy – Employer and member contribution rates are established by the State Teachers Retirement Board and limited by Chapter 3307 of the Ohio Revised Code. The statutory employer rate is 14 percent and the statutory member rate is 14 percent of covered payroll. The College was required to contribute 14 percent; the entire 14 percent was the portion used to fund pension obligations. The 2021 and 2020 contribution rates were equal to the statutory maximum rates.

The College's contractually required contribution to STRS was $2,834,105 and $2,077,191 for fiscal years 2021 and 2020, respectively.

NOTE 10 - DEFINED BENEFIT PENSION PLANS (continued)

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

The net pension liability was measured as of June 30, 2019 and 2020, and the total pension liability used to calculate the net pension liability was determined by an independent actuarial valuation as of that date. The College's proportion of the net pension liability was based on the employer's share of employer contributions in the pension plan relative to the total employer contributions of all participating employers.

Following is information related to the proportionate share and pension expense measured as of June 30, 2019:

	SERS	STRS	Total
Proportion of the Net Pension Liability:			
Current Measurement Date	0.15550970%	0.09288574%	
Prior Measurement Date	0.13863130%	0.06177467%	
Change in Proportionate Share	0.01687840%	0.03111107%	
Proportionate Share of the Net Pension Liability	$ 9,304,418	$ 20,541,123	$ 29,845,541
Pension Expense	$ 2,689,388	$ 4,081,635	$ 6,771,023

Following is information related to the proportionate share and pension expense measured as of June 30, 2020:

	SERS	STRS	Total
Proportion of the Net Pension Liability:			
Current Measurement Date	0.17003780%	0.12294115%	
Prior Measurement Date	0.15550970%	0.09288574%	
Change in Proportionate Share	0.01452810%	0.03005541%	
Proportionate Share of the Net Pension Liability	$ 11,246,658	$ 29,747,384	$ 40,994,042
Pension Expense	$ 2,465,424	$ 6,117,775	$ 8,583,199

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

NOTE 10 - DEFINED BENEFIT PENSION PLANS (continued)

At June 30, 2020 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	$	235,941	$	167,239	$	403,180
Changes of Assumptions		0		2,382,951		2,382,951
Changes in Proportion and Differences between College Contributions and Proportionate Share of Contributions		1,015,633		6,411,210		7,426,843
College Contributions Subsequent to the Measurement Date		834,561		2,077,191		2,911,752
Total Deferred Outflows of Resources	$	2,086,135	$	11,038,591	$	13,124,726
Deferred Inflows of Resources						
Differences between Expected and Actual Experience	$	0	$	88,919	$	88,919
Net Difference between Projected and Actual Earnings on Pension Plan Investments		119,433		1,003,937		1,123,370
Changes in Proportion and Differences between College Contributions and Proportionate Share of Contributions		0		625,046		625,046
Total Deferred Inflows of Resources	$	119,433	$	1,717,902	$	1,837,335

At June 30, 2021 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	$	21,847	$	66,747	$	88,594
Net Difference between Projected and Actual Earnings on Pension Plan Investments		713,934		1,446,619		2,160,553
Changes of Assumptions		-		1,596,860		1,596,860
Changes in Proportion and Differences between College Contributions and Proportionate Share of Contributions		707,737		9,519,163		10,226,900
College Contributions Subsequent to the Measurement Date		962,998		2,834,105		3,797,103
Total Deferred Outflows of Resources	$	2,406,516	$	15,463,494	$	17,870,010
Deferred Inflows of Resources						
Differences between Expected and Actual Experience	$	-	$	190,214	$	190,214
Total Deferred Inflows of Resources	$	-	$	190,214	$	190,214

NOTE 10 - DEFINED BENEFIT PENSION PLANS (continued)

$3,797,103 reported as deferred outflows of resources related to pension resulting from College contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the fiscal year ending June 30, 2022. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pension will be recognized in pension expense as follows:

	SERS	STRS	Total
Fiscal Year Ending June 30:			
2022	$ 511,866	$ 4,013,588	$ 4,525,454
2023	410,546	3,309,321	3,719,867
2024	297,585	3,230,541	3,528,126
2025	223,521	1,885,725	2,109,246
	$ 1,443,518	$ 12,439,175	$ 13,882,693

Actuarial Assumptions - SERS

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

Projections of benefits for financial reporting purposes are based on the substantive plan (the plan as understood by the employers and plan members) and include the types of benefits provided at the time of each valuation and the historical pattern of sharing benefit costs between the employers and plan members to that point. The projection of benefits for financial reporting purposes does not explicitly incorporate the potential effects of legal or contractual funding limitations. Future benefits for all current plan members were projected through 2035 for fiscal year 2020 and through 2130 for fiscal year 2021.

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, 2019 and 2020, are presented below:

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

NOTE 10 - DEFINED BENEFIT PENSION PLANS (continued)

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

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

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

As measured at June 30, 2020, 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 %	1.85 %
US Stocks	22.50	5.75
Non-US Stocks	22.50	6.50
Fixed Income	19.00	2.85
Private Equity	12.00	7.60
Real Assets	17.00	6.60
Multi-Asset Strategies	5.00	6.65
Total	100.00 %	

As measured at June 30, 2019, 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	1.00 %	0.50 %
US Equity	22.50	4.75
International Equity	22.50	7.00
Fixed Income	19.00	1.50
Private Equity	10.00	8.00
Real Assets	15.00	5.00
Multi-Asset Strategies	10.00	3.00
Total	100.00 %	

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

NOTE 10 - DEFINED BENEFIT PENSION PLANS (continued)

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

Fiscal Year 2020:

	1% Decrease	Current Discount Rate	1% Increase
College's Proportionate Share of the Net Pension Liability	$ 13,038,816	$ 9,304,418	$ 6,172,658

Fiscal Year 2021:

	1% Decrease	Current Discount Rate	1% Increase
College's Proportionate Share of the Net Pension Liability	$ 15,406,549	$ 11,246,658	$ 7,756,431

Actuarial Assumptions - STRS

Key methods and assumptions used in the latest actuarial valuation, reflecting experience study results used in the June 30, 2019 and 2020, actuarial valuation, are presented below:

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

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

The actuarial assumptions used in the June 30, 2019 and 2020 valuation, were based on the results of the latest available actuarial experience study, which is for the period July 1, 2011, through June 30, 2016.

NOTE 10 - DEFINED BENEFIT PENSION PLANS (continued)

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

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

*Target weights will be phased in over a 24-month period concluding on July 1, 2019.

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

Discount Rate. The discount rate used to measure the total pension liability was 7.45 percent as of June 30, 2019 and 2020. The projection of cash flows used to determine the discount rate assumes that employer and member contributions will be made at statutory contribution rates of 14 percent each. For this purpose, only employer contributions that are intended to fund benefits of current plan members and their beneficiaries are included. Based on those assumptions, STRS' fiduciary net position was projected to be available to make all projected future benefit payments to current plan members as of June 30, 2019 and 2020. Therefore, the long-term expected rate of return on investments of 7.45 percent was applied to all periods of projected benefit payments to determine the total pension liability as of June 30, 2019 and 2020.

Sensitivity of the College's Proportionate Share of the Net Pension Liability to Changes in the Discount Rate
The following table represents the College's proportionate share of the net pension liability as of June 30, 2019 and 2020, calculated using the current period discount rate assumption of 7.45 percent, as well as what the College's proportionate share of the net pension liability would be if it were calculated using a discount rate that is one percentage point lower (6.45 percent) or one percentage point higher (8.45 percent) than the current assumption:

Fiscal Year 2020

	1% Decrease	Current Discount Rate	1% Increase
College's Proportionate Share of the Net Pension Liability	$ 30,018,562	$ 20,541,123	$ 12,517,984

Fiscal Year 2021

	1% Decrease	Current Discount Rate	1% Increase
College's Proportionate Share of the Net Pension Liability	$ 42,355,096	$ 29,747,384	$ 19,063,398

NOTE 10 - 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 11 - DEFINED BENEFIT OPEB PLANS

See Note 10 for a description of the net OPEB liability (asset).

Plan Description - School Employees Retirement System (SERS)

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

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

Funding Policy - State statute permits SERS to fund the health care benefits through employer contributions. Each year, after the allocation for statutorily required pensions and benefits, the Retirement Board may allocate the remainder of the employer contribution of 14 percent of covered payroll to the Health Care Fund in accordance with the funding policy. For the fiscal years ended June 30, 2020 and 2021, SERS did not allocate any employer contributions to health care. An additional health care surcharge on employers is collected for employees earning less than an actuarially determined minimum compensation amount, pro-rated if less than a full year of service credit was earned. For fiscal year 2021, this amount was $23,000. For fiscal year 2020, this amount was $19,600. Statutes provide that no employer shall pay a health care surcharge greater than 2.0 percent of that employer's SERS-covered payroll; nor may SERS collect in aggregate more than 1.5 percent of the total statewide SERS-covered payroll for the health care surcharge. For fiscal years 2021 and 2020, the College's surcharge obligation was $28,289 and $19,528, respectively, which is reported as *accrued liabilities*.

NOTE 11 - DEFINED BENEFIT OPEB PLANS (continued)

Plan Description - State Teachers Retirement System (STRS)

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

Funding Policy – Ohio Revised Code Chapter 3307 authorizes STRS to offer the Plan and gives the Retirement Board discretionary authority over how much, if any, of the health care costs will be absorbed by STRS. Active employee members do not contribute to the Health Care Plan. Nearly all health care plan enrollees, for the most recent year, pay a portion of the health care costs in the form of a monthly premium. Under Ohio law, funding for post-employment health care may be deducted from employer contributions, currently 14 percent of covered payroll. For the fiscal years ended June 30, 2020 and 2021, STRS did not allocate any employer contributions to post-employment health care.

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

The net OPEB liability (asset) was measured as of June 30, 2019 and 2020, and the total OPEB liability used to calculate the net OPEB liability (asset) was determined by an actuarial valuation as of those dates. 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 measured as of June 30, 2019:

	SERS	STRS	Total
Proportion of the Net OPEB Liability (Asset):			
Current Measurement Date	0.1442820%	0.0928860%	
Prior Measurement Date	0.1314230%	0.0617750%	
Change in Proportionate Share	0.0128590%	0.0311110%	
Proportionate Share of the Net OPEB Liability (Asset)	$ 3,628,384	$ (1,538,415)	
OPEB Expense	$ 352,875	$ (281,406)	$ 71,469

Following is information related to the proportionate share and OPEB expense measured as of June 30, 2020:

	SERS	STRS	Total
Proportion of the Net OPEB Liability (Asset):			
Current Measurement Date	0.15898300%	0.12294100%	
Prior Measurement Date	0.14428200%	0.09288600%	
Change in Proportionate Share	0.01470100%	0.03005500%	
Proportionate Share of the Net OPEB Liability (Asset)	$ 3,455,217	$ (2,160,686)	
OPEB Expense	$ 279,589	$ (8,408)	$ 271,181

NOTE 11 - DEFINED BENEFIT OPEB PLANS (continued)

At June 30, 2020, the College reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

	SERS	STRS	Total
Deferred Outflows of Resources			
Differences between Expected and Actual Experience	$ 53,261	$ 139,470	$ 192,731
Net Difference between Projected and Actual Earnings on OPEB Plan Investments	8,708	0	8,708
Changes of Assumptions	265,012	32,337	297,349
Changes in Proportion and Differences between College Contributions and Proportionate Share of Contributions	771,628	557,152	1,328,780
College Contributions Subsequent to the Measurement Date	19,528	0	19,528
Total Deferred Outflows of Resources	$ 1,118,137	$ 728,959	$ 1,847,096
Deferred Inflows of Resources			
Differences between Expected and Actual Experience	$ 797,132	$ 78,269	$ 875,401
Net Difference between Projected and Actual Earnings on OPEB Plan Investments	0	96,623	96,623
Changes of Assumptions	203,323	1,686,693	1,890,016
Total Deferred Inflows of Resources	$ 1,000,455	$ 1,861,585	$ 2,862,040

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

	SERS	STRS	Total
Deferred Outflows of Resources			
Differences between Expected and Actual Experience	$ 45,381	$ 138,449	$ 183,830
Net Difference between Projected and Actual Earnings on OPEB Plan Investments	38,934	75,726	114,660
Changes of Assumptions	588,996	35,668	624,664
Changes in Proportion and Differences between College Contributions and Proportionate Share of Contributions	835,865	486,339	1,322,204
College Contributions Subsequent to the Measurement Date	28,289	-	28,289
Total Deferred Outflows of Resources	$ 1,537,465	$ 736,182	$ 2,273,647
Deferred Inflows of Resources			
Differences between Expected and Actual Experience	$ 1,757,222	$ 430,378	$ 2,187,600
Net Difference between Projected and Actual Earnings on OPEB Plan Investments	-	-	-
Changes of Assumptions	87,028	2,052,293	2,139,321
Total Deferred Inflows of Resources	$ 1,844,250	$ 2,482,671	$ 4,326,921

NOTE 11 - DEFINED BENEFIT OPEB PLANS (continued)

$28,289 reported as deferred outflows of resources related to OPEB resulting from College contributions subsequent to the measurement date will be recognized as a reduction of the net OPEB liability in the fiscal year ending June 30, 2022. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to OPEB will be recognized in OPEB expense as follows:

	SERS	STRS	Total
Fiscal Year Ending June 30:			
2022	$ (36,717)	$ (437,887)	$ (474,604)
2023	(33,900)	(386,635)	(420,535)
2024	(34,359)	(368,655)	(403,014)
2025	(89,909)	(382,961)	(472,870)
2026	(102,933)	(72,940)	(175,873)
Thereafter	(37,256)	(97,411)	(134,667)
	$ (335,074)	$ (1,746,489)	$ (2,081,563)

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.

NOTE 11 - DEFINED BENEFIT OPEB PLANS (continued)

Key methods and assumptions used in calculating the total OPEB liability in the latest actuarial valuation dates of June 30, 2109 and 2020, are presented below:

Inflation	3.00 percent
Salary Increases, including inflation	3.50 percent to 18.20 percent
Investment Rate of Return	7.50 percent net of investment expense, including inflation
Municipal Bond Index Rate	
Measurement Date June 30, 2020	2.45 percent
Measurement Date June 30, 2019	3.13 percent
Measurement Date June 30, 2018	3.62 percent
Single Equivalent Interest Rate	
Measurement Date June 30, 2020	2.63 percent, net of plan investment expense, including price inflation
Measurement Date June 30, 2019	3.22 percent, net of plan investment expense, including price inflation
Measurement Date June 30, 2018	3.70 percent, net of plan investment expense, including price inflation
Health Care Cost Trend Rate	
Pre-Medicare	7.00 percent - 4.75 percent
Medicare	5.25 percent - 4.75 percent

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

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

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

NOTE 11 - DEFINED BENEFIT OPEB PLANS (continued)

As measured at June 30, 2020, the target asset allocation and best estimates of arithmetic real rates of return for each major asset class, as used in the June 30, 2015 five-year experience study, are summarized as follows:

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

As measured at June 30, 2019, the target asset allocation and best estimates of arithmetic real rates of return for each major asset class, as used in the June 30, 2015 five-year experience study, are summarized as follows:

Asset Class	Target Allocation	Long Term Expected Real Rate of Return
Cash	1.00 %	0.50 %
US Equity	22.50	4.75
International Equity	22.50	7.00
Fixed Income	19.00	1.50
Private Equity	10.00	8.00
Real Assets	15.00	5.00
Multi-Asset Strategies	10.00	3.00
Total	100.00 %	

Discount Rate The discount rate used to measure the total OPEB liability at June 30, 2019 was 3.22 percent. The discount rate used to measure total OPEB liability prior to June 30, 2019 was 3.70 percent. The projection of cash flows used to determine the discount rate assumed that contributions will be made from members and the plan at the contribution rate of 2.00 percent of projected covered payroll each year, which includes a 1.50 percent payroll surcharge and no contributions from the basic benefits plan. Based on these assumptions, the OPEB plan's fiduciary net position was projected to become insufficient to make future benefit payments during the fiscal year ending June 30, 2029. However, since SERS' actuaries indicate the fiduciary net position is projected to be depleted at a future measurement date, the single equivalent interest rate is determined as the single rate that will generate a present value of benefit payments equal to the sum of the present value determined by the long-term expected rate of return, and the present value determined by discounting those benefits after the date of depletion by the Fidelity General Obligation 20-year Municipal Bond Index rate of 3.13 percent, as of June 30, 2019 (i.e., municipal bond rate).

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 for Fiscal Year 2020 The net OPEB liability is sensitive to changes in the discount rate and the health care cost trend rate. The following table presents the net OPEB liability and what the net OPEB liability would be if it were calculated using a discount rate that is one percentage point lower (2.22 percent) and higher (4.22 percent) than the current discount rate (3.22 percent). Also shown is what the net OPEB liability would be based on health care cost trend rates that are one percentage point lower (6.00 percent decreasing to 3.75 percent) and higher (8.00 percent decreasing to 5.75 percent) than the current rate.

NOTE 11 - DEFINED BENEFIT OPEB PLANS (continued)

	1% Decrease	Current Discount Rate	1% Increase
College's Proportionate Share of the Net OPEB Liability	$ 4,404,176	$ 3,628,384	$ 3,011,547

	1% Decrease	Current Trend Rate	1% Increase
College's Proportionate Share of the Net OPEB Liability	$ 2,907,074	$ 3,628,384	$ 4,585,398

Discount Rate The discount rate used to measure the total OPEB liability at June 30, 2020 was 2.63 percent. The discount rate used to measure total OPEB liability prior to June 30, 2020 was 3.22 percent. The projection of cash flows used to determine the discount rate assumed that contributions will be made from members and the plan at the contribution rate of 2.00 percent of projected covered payroll each year, which includes a 1.50 percent payroll surcharge and no contributions from the basic benefits plan. Based on these assumptions, the OPEB plan's fiduciary net position was projected to become insufficient to make future benefit payments during the fiscal year ending June 30, 2034. However, since SERS' actuaries indicate the fiduciary net position is projected to be depleted at a future measurement date, the single equivalent interest rate is determined as the single rate that will generate a present value of benefit payments equal to the sum of the present value determined by the long-term expected rate of return, and the present value determined by discounting those benefits after the date of depletion by the Fidelity General Obligation 20-year Municipal Bond Index rate of 2.45 percent, as of June 30, 2020 (i.e., municipal bond rate).

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 for Fiscal Year 2021 The net OPEB liability is sensitive to changes in the discount rate and the health care cost trend rate. The following table presents the net OPEB liability and what the net OPEB liability would be if it were calculated using a discount rate that is one percentage point lower (1.63 percent) and higher (3.63 percent) than the current discount rate (2.63 percent). Also shown is what the net OPEB liability would be based on health care cost trend rates that are one percentage point lower (6.00 percent decreasing to 3.75 percent) and higher (8.00 percent decreasing to 5.75 percent) than the current rate.

	1% Decrease	Current Discount Rate	1% Increase
College's Proportionate Share of the Net OPEB Liability	$ 4,229,105	$ 3,455,217	$ 2,839,985

	1% Decrease	Current Trend Rate	1% Increase
College's Proportionate Share of the Net OPEB Liability	$ 2,720,724	$ 3,455,217	$ 4,437,432

NOTE 11 - DEFINED BENEFIT OPEB PLANS (continued)

Actuarial Assumptions – STRS

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

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

Key methods and assumptions used in the latest actuarial valuation, reflecting experience study results used in the June 30, 2019, actuarial valuation are presented below:

Inflation	2.50 percent	
Projected Salary Increases	12.50 percent at age 20 to 2.50 percent at age 65	
Payroll Increases	3.00 percent	
Investment Rate of Return	7.45 percent, net of investment expenses, including inflation	
Discount Rate of Return	7.45 percent	
Health Care Cost Trend Rates		
Medical	Initial	Ultimate
Pre-Medicare	5.87 percent	4.00 percent
Medicare	4.93 percent	4.00 percent
Prescription Drug		
Pre-Medicare	7.73 percent	4.00 percent
Medicare	9.62 percent	4.00 percent

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

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

The actuarial assumptions used in the June 30, 2019 and 2020 valuations were adopted by the board from the results of an actuarial experience study for July 1, 2011, through June 30, 2016.

NOTE 11 - DEFINED BENEFIT OPEB PLANS (continued)

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

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

*Target weights will be phased in over a 24-month period concluding on July 1, 2019.

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

Discount Rate The discount rate used to measure the total OPEB liability was 7.45 percent as of June 30, 2019 and 2020. The projection of cash flows used to determine the discount rate assumed STRS continues to allocate no employer contributions to the health care fund. Based on those assumptions, the OPEB plan's fiduciary net position was projected to be available to make all projected future benefit payments to current plan members. Therefore, the long-term expected rate of return on health care plan investments of 7.45 percent was applied to all periods of projected benefit payments to determine the total OPEB liability as of June 30, 2019 and 2020.

Sensitivity of the College's Proportionate Share of the Net OPEB Asset to Changes in the Discount Rate and Health Care Cost Trend Rate The following table represents the net OPEB asset as of June 30, 2019 and 2020, calculated using the current period discount rate assumption of 7.45 percent, as well as what the net OPEB asset would be if it were calculated using a discount rate that is one percentage point lower (6.45 percent) or one percentage point higher (8.45 percent) than the current assumption. Also shown is the net OPEB asset as of June 30, 2020, calculated using health care cost trend rates that are one percentage point lower and one percentage point higher than the current health care cost trend rates.

	1% Decrease	Current Discount Rate	1% Increase
College's Proportionate Share of the Net OPEB Liability (Asset)	$ (1,879,938)	$ (2,160,686)	$ (2,398,891)

	1% Decrease	Current Trend Rate	1% Increase
College's Proportionate Share of the Net OPEB Liability (Asset)	$ (2,384,105)	$ (2,160,686)	$ (1,888,529)

NOTE 11 - DEFINED BENEFIT OPEB PLANS (continued)

The following table represents the net OPEB asset as of June 30, 2019 using same assumption as above:

	1% Decrease	Current Discount Rate	1% Increase
College's Proportionate Share of the Net OPEB Liability (Asset)	$ (1,312,731)	$ (1,538,415)	$ (1,728,163)

	1% Decrease	Current Trend Rate	1% Increase
College's Proportionate Share of the Net OPEB Liability (Asset)	$ (1,744,492)	$ (1,538,415)	$ (1,286,021)

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

NOTE 12 – 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, 2020 to June 30, 2021

	PPO
Single Coverage	$ 561.75
Employee/Spouse	1,234.70
Employee/Child	948.22
Family Coverage	1,734.12

Rates – July 1, 2019 to June 30, 2020

	PPO
Single Coverage	$ 623.57
Employee/Spouse	1,370.58
Employee/Child	1,052.57
Family Coverage	1,924.96

NOTE 12 – 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 2021, 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 & 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		
CoveragePrivacy Liability	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 13 – COMMITMENTS AND CONTINGENCIES

Litigations
The College is not party to any claims or lawsuits that would, in the College's opinion, have a material effect on the financial statements. Under the terms of federal and state grants, periodic audits are required and certain costs may be questioned as not being appropriate expenditures under the terms of the grants. Such audits could lead to reimbursement to the grantor agencies. College management believes disallowances, if any, will be immaterial.

Grants
The College received financial assistance from the Department of Education 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.

Collaboration Agreement with Higher Education Partners

The College entered into a Collaboration Agreement (the "Agreement") with Higher Education Partners, LLC ("HEP") on May 1, 2012, with an initial term of 20 years. HEP financially assisted the expansion of the College's academic and degree program offerings to the Valley Center campus in Youngstown, Ohio (the "Facility"). HEP is responsible for, without reimbursement from the College, the costs and expenses related to any construction, renovation, equipment, and repairs required to be made to the Facility in order for the Facility to be used for its intended educational purposes. In FY2020 the agreement was terminated; the College paid $810,564 to settle prior liabilities.

Collaboration Agreement with Student Resource Center (SRC)

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

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

As part of this initiative, the Collaboration has partnered with Barnes and Noble Education Division (BNED) to supply the online courseware. The College and the SRC negotiated a more cost effective arrangement with RedShelf to supply the online courseware. On September 3, 2019, the College terminated the agreement with (BNED) at a one-time cost of $2,188,075. The goal of the College is to establish a free college benefit for union members but eligibility for the benefit requires the student to apply for federal financial aid (Pell Grant) and to remit any available tuition reimbursements.

NOTE 13 – COMMITMENTS AND CONTINGENCIES (continued)

The College has established a separate restricted fund to account for all collaboration revenues and expenses under the control of the Chief Financial Officer. In addition to federal Pell grants and tuition reimbursement, revenues include applicable state subsidy. Expenses include SRC operating costs, College instructional costs and applicable College operating costs. SRC will be reimbursed monthly from operating revenues for its operating expenses only after the College has recovered its costs and content costs have been paid to BNED. At the end of the year, any net operating income will be divided equally between the College and SRC. For fiscal years 2021 and 2020, the College's net income was $12,522,621 and $7,717,894, respectively.

NOTE 14 – DISCRETELY PRESENTED COMPONENT UNIT

1. DESCRIPTION OF ORGANIZATION

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

Basis of Accounting and Financial Statement Presentation

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

Financial statement presentation follows the recommendations of the Financial Accounting Standards Board in its Statement of Financial Accounting Standards ASC 958-205, *Financial Statements of Not-For-Profit Organizations*. Under those standards, the Foundation is required to report information regarding its financial position and activities according to three classes of net position:

Unrestricted – Net position is not subject to donor-imposed stipulations. This category includes net position designated by the Board.

Temporarily restricted – Net position is subject to donor imposed stipulations that may, or will be met by actions of the Board/College and/or the passage of time.

Permanently restricted – Net position is subject to donor-imposed stipulations that they be maintained permanently by the College.

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

Use of Estimates

The preparation of financial statements in conformity with U.S. generally accepted accounting principles requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates.

NOTE 14 – DISCRETELY PRESENTED COMPONENT UNIT (continued)

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Cash and Cash Equivalents
Cash and cash equivalents include cash in checking accounts and short-term investments with an original maturity of three months or less. Substantially all of the Foundation's cash and cash equivalents are composed of investments in money market funds. At times, cash on hand may exceed federally insured limits.

Investments
Investments of the unrestricted, temporarily restricted, and permanently restricted funds are pooled for making investment transactions and are carried at fair value with any realized or unrealized gains and losses reported in the statement of revenues, expenses and changes in net position.

Donations
Donations are recorded as revenue when received or by pledge when an unconditional pledge is made. All donations are considered to be available for unrestricted use unless specifically restricted by the donor. Noncash donations, if any, would be recorded at the fair value of the asset at the date of donations.

Income Taxes
The Foundation is exempt from federal income tax under Section 501(c) (3) of the Internal Revenue Code. Therefore, the Foundation has no liability for federal income taxes on exempt activities. However, the Foundation may be subjected to tax on unrelated business income. For the years ended June 30, 2018 and 2017, the Foundation earned no unrelated business income.

Generally accepted accounting principles required 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 statements of financial position along with 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.

Subsequent Events
The Foundation has evaluated subsequent events through February 28, 2022 which is the date the financial statements were available to be issued and has determined that no reporting is necessary.

3. RISKS AND UNCERTAINTIES

Uninsured Risk – Cash Deposits
The Foundation maintains its cash and cash equivalents balances at Huntington Bank in Steubenville, Ohio. Deposits in interest-bearing and non-interest-bearing accounts are insured by the Federal Deposit Insurance Corporation ("FDIC") up to a coverage limit of $250,000. Uninsured cash funds held by the institution are subject to a collateral agreement covering all public funds held by the institution. As of June 30, the Foundation had a balance of $81,367 at this institution. The difference between bank balance and carry balance represents normal reconciling items.

NOTE 14 – DISCRETELY PRESENTED COMPONENT UNIT (continued)

3. RISKS AND UNCERTAINTIES (continued)

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

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

4. INVESTMENTS

Investments consisted of the following:	2021	2020
Equity Mutual Fund	$ 761,457	$ 506,507
Fixed Income and Corporate Bonds	173,742	158,430
Real Estate Investment Trust	25,546	23,462
	$ 960,745	$ 688,399

Fair Value of Financial Instruments – The Foundation adopted applicable sections of the Financial Accounting Standards Board Accounting Standards Codification (ASC) 820: Fair Value Measurements and Disclosures for financial assets and financial liabilities. In accordance with ASC 820, fair value is defined as the price the Foundation would receive to sell an investment or pay to transfer a liability in a timely transaction with an independent buyer in the principal market, or in the absence of a principal market the most advantageous market for the investment or liability. ASC 820 establishes a three-tier hierarchy to distinguish between (1) inputs that reflect the assumptions market participants would use in pricing an asset or liability developed based on market data obtained from sources independent of the reporting entity (observable inputs) and (2) inputs that reflect the reporting entity's own assumptions about the assumptions market participants would use in pricing an asset or liability developed based on the best information available in the circumstances (unobservable inputs) and to establish classification of fair value measurements for disclosure purposes. Various inputs may be used in determining the value of the Foundation's investments. The inputs are summarized in the three broad levels below:

Level 1 – quoted prices in active markets for identical investments

Level 2 – other significant observable inputs (including quoted prices for similar investments, interest rates, credit risk, etc.)

Level 3 – significant unobservable inputs (including the Foundation's own assumptions in determining the fair value of the investments)

NOTE 14 – DISCRETELY PRESENTED COMPONENT UNIT (continued)

4. INVESTMENTS (continued)

The input or methodology used for valuing securities is not necessarily an indication of the risk associated with maintaining those investments.

The following is a summary of the inputs used as of June 30, 2021, in valuing the Foundation's investments carried at fair value:

	Level 1	Level 2	Level 3	Total
Equity mutual funds	$ 761,457	$ -	$ -	$ 761,457
Fixed Income and Corporate Bonds	173,742	-	-	173,742
Real Estate Investment Trust	25,546	-	-	25,546
	$ 960,745	$ -	$ -	$ 960,745

As of June 30, 2020:

	Level 1	Level 2	Level 3	Total
Equity mutual funds	$ 506,507	$ -	$ -	$ 506,507
Fixed Income and Corporate Bonds	158,430	-	-	158,430
Real Estate Investment Trust	23,462	-	-	23,462
	$ 688,399	$ -	$ -	$ 688,399

5. ENDOWMENT FUND

Net Position Classification of Endowment Funds

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

Distributions from the endowment funds are spent in compliance with the donor's restrictions applicable to the funds being distributed. The Foundation classifies as 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.

The 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

NOTE 14 – DISCRETELY PRESENTED COMPONENT UNIT (continued)

5. ENDOWMENT FUND (continued)

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 2021 and 2020.

The Foundation's endowment fund activity was as follows for the year ended June 30, 2020 and 2021:

	Permanently Restricted
Endowment net position, beginning of 2019	$ 375,835
Investment return:	
Interest and dividends	15,131
Net realized and unrealized gain	(13,747)
Total investment returns	1.384
Cash contributions	-
Appropriation of endowment assets for expenditure	-
Reclassifications and transfer out	-
Endowment net position, end of 2020	$ 365,662
Investment return:	
Interest and dividends	-
Net realized and unrealized gain	-
Total investment returns	-
Cash contributions	-
Appropriation of endowment assets for expenditure	-
Reclassifications and transfer out	-
Endowment net position, end of 2021	$ 365,662

NOTE 14 – DISCRETELY PRESENTED COMPONENT UNIT (continued)

5. ENDOWMENT FUND (continued)

Return Objectives and Risk Parameters

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

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

Strategies Employed for Achieving Objectives

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

Spending Policy

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

6. TEMPORARILY RESTRICTED NET ASSETS

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

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NOTE 14 – DISCRETELY PRESENTED COMPONENT UNIT (continued)

7. LIQUIDITY AND FUNDS AVAILABLE

The following reflects the Foundation's financial assets as of the statement of financial position date, reduced by amounts not available for general use within one year of June 30, 2021 and 2020 because of contractual or donor-imposed restrictions or internal designations. The Foundation's financial assets available within one year of the statements of financial position date for general expenditure are as follows:

	2021	2020
Financial assets:		
Cash and cash equivalents	$244,396	$256,650
Investments	960,745	688,399
Contributions Receivable	1,485	2,188
Financial assets, at year-end	1,206,626	947,237
Less those unavailable for general expenditure within one year, due to:		
Contractual or donor-imposed restrictions:		
Donor-restricted contributions (excludes time restrictions)	1,079,535	807,620
Financial assets available to meet cash needs for general expenditures within one year	$127,091	$139,617

Liquidity Policy

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

NOTE 15 – COVID-19

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

NOTE 16 – SUBSEQUENT EVENT

On November 4, 2021 the Higher Learning Commission placed the College's accreditation status on probation. The College remains accredited, however it was found to be out of compliance with certain criteria for accreditation. The College is currently working on the core concerns identified by the Higher Learning Commission and will be subject to a comprehensive evaluation no later than April 2023 to determine whether the College has ameliorated the findings that led to the imposition of the sanction.

EASTERN GATEWAY COMMUNITY COLLEGE

Required Supplementary Information

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

Last Eight Fiscal Years (1)

	2021	2020	2019	2018
School Employees Retirement System (SERS)				
College's Proportion of the Net Pension Liability	0.17003780%	0.15550970%	0.13863130%	0.11379980%
College's Proportionate Share of the Net Pension Liability	$ 11,246,658	$ 9,304,418	$ 7,939,671	$ 6,799,287
College's Covered Payroll	$ 5,961,150	$ 5,400,911	$ 4,518,570	$ 2,685,600
College's Proportionate Share of the Net Pension Liability as a Percentage of its Covered Payroll	188.67%	172.27%	175.71%	253.18%
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	68.55%	70.85%	71.36%	69.50%
State Teachers Retirement System (STRS)				
College's Proportion of the Net Pension Liability	0.12294115%	0.09288574%	0.06177467%	0.05019882%
College's Proportionate Share of the Net Pension Liability	$ 29,747,384	$ 20,541,123	$ 13,582,863	$ 11,924,837
College's Covered Payroll	$ 14,837,079	$ 10,905,143	$ 7,025,264	$ 5,520,986
College's Proportionate Share of the Net Pension Liability as a Percentage of its Covered Payroll	200.49%	188.36%	193.34%	215.99%
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	75.50%	77.40%	77.31%	75.30%

(1) Information prior to 2014 is not available.

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

See accompanying notes to the required supplementary information.

	2017	2016	2015	2014
	0.09685110%	0.08650800%	0.09305400%	0.09305400%
	$ 7,088,607	$ 4,936,248	$ 4,709,410	$ 5,533,622
	$ 3,040,136	$ 2,743,096	$ 2,907,684	$ 2,850,600
	233.17%	179.95%	161.96%	194.12%
	62.98%	69.16%	71.70%	65.52%
	0.04687207%	0.05784400%	0.05759500%	0.05759500%
	$ 15,689,495	$ 15,986,307	$ 14,009,163	$ 16,687,623
	$ 4,931,843	$ 6,064,386	$ 5,781,554	$ 5,954,508
	318.13%	263.61%	242.31%	280.25%
	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

	2021	2020	2019	2018	2017
School Employees Retirement System (SERS)					
Contractually Required Contribution	$ 962,998	$ 834,561	$ 729,123	$ 610,007	$ 375,984
Contributions in Relation to the Contractually Required Contribution	(962,998)	(834,561)	(729,123)	(610,007)	(375,984)
Contribution Deficiency (Excess)	$ 0	$ 0	$ 0	$ 0	$ 0
College's Covered Payroll	$ 6,878,557	$ 5,961,150	$ 5,400,911	$ 4,518,570	$ 2,685,600
Pension Contributions as a Percentage of Covered Payroll	14.00%	14.00%	13.50%	13.50%	14.00%
State Teachers Retirement System (STRS)					
Contractually Required Contribution	$ 2,834,105	$ 2,077,191	$ 1,526,720	$ 983,537	$ 772,938
Contributions in Relation to the Contractually Required Contribution	(2,834,105)	(2,077,191)	(1,526,720)	(983,537)	(772,938)
Contribution Deficiency (Excess)	$ 0	$ 0	$ 0	$ 0	$ 0
College's Covered Payroll	$ 20,243,607	$ 14,837,079	$ 10,905,143	$ 7,025,264	$ 5,520,986
Pension Contributions as a Percentage of Covered Payroll	14.00%	14.00%	14.00%	14.00%	14.00%

See accompanying notes to the required supplementary information.

	2016	2015	2014	2013	2012
	$ 425,619	$ 361,540	$ 403,005	$ 394,523	$ 398,133
	(425,619)	(361,540)	(403,005)	(394,523)	(398,133)
	$ 0	$ 0	$ 0	$ 0	$ 0
	$ 3,040,136	$ 2,743,096	$ 2,907,684	$ 2,850,600	$ 2,960,097
	14.00%	13.18%	13.86%	13.84%	13.45%
	$ 690,458	$ 849,014	$ 751,602	$ 774,086	$ 705,411
	(690,458)	(849,014)	(751,602)	(774,086)	(705,411)
	$ 0	$ 0	$ 0	$ 0	$ 0
	$ 4,931,843	$ 6,064,386	$ 5,781,554	$ 5,954,508	$ 5,426,238
	14.00%	14.00%	13.00%	13.00%	13.00%

See accompanying notes to the required supplementary information.

EASTERN GATEWAY COMMUNITY COLLEGE

Required Supplementary Information

Schedule of the College's Proportionate Share of the Net OPEB Liability/(Asset)

Last Five Fiscal Years (1)

	2021	2020	2019	2018	2017
School Employees Retirement System (SERS)					
College's Proportion of the Net OPEB Liability	0.15898300%	0.14282000%	0.13142310%	0.10850390%	0.09608201%
College's Proportionate Share of the Net OPEB Liability	$ 3,455,217	$ 3,628,384	$ 3,646,032	$ 2,911,960	$ 2,738,693
College's Covered Payroll	$ 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	57.96%	67.18%	80.69%	108.43%	90.08%
Plan Fiduciary Net Position as a Percentage of the Total OPEB Liability	18.17%	15.57%	13.57%	12.46%	11.49%
State Teachers Retirement System (STRS)					
College's Proportion of the Net OPEB Liability/(Asset)	0.12294100%	0.09288600%	0.06177467%	0.05019882%	0.04687207%
College's Proportionate Share of the Net OPEB Liability/(Asset)	$ (2,160,686)	$ (1,538,415)	$ (992,656)	$ 1,958,573	$ 2,506,730
College's Covered Payroll	$ 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	-14.56%	-14.11%	-14.13%	35.48%	50.83%
Plan Fiduciary Net Position as a Percentage of the Total OPEB Liability/(Asset)	182.10%	174.70%	176.00%	47.10%	37.30%

(1) Information prior to 2017 is not available.

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

See accompanying notes to the required supplementary information.

EASTERN GATEWAY COMMUNITY COLLEGE
Required Supplementary Information
Schedule of the College's Contributions - OPEB
Last Ten Fiscal Years

	2021	2020	2019	2018
School Employees Retirement System (SERS)				
Contractually Required Contribution (1)	$ 28,289	$ 19,528	$ 44,373	$ 52,653
Contributions in Relation to the Contractually Required Contribution	(28,289)	(19,528)	(44,373)	(52,653)
Contribution Deficiency (Excess)	$ 0	$ 0	$ 0	$ 0
College's Covered Payroll	$ 6,878,557	$ 5,961,150	$ 5,400,911	$ 4,518,570
OPEB Contributions as a Percentage of Covered Payroll (1)	0.41%	0.33%	0.82%	1.17%
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	$ 20,243,607	$ 14,837,079	$ 10,905,143	$ 7,025,264
OPEB Contributions as a Percentage of Covered Payroll	0.00%	0.00%	0.00%	0.00%

(1) Includes surcharge

See accompanying notes to the required supplementary information.

2017		2016		2015		2014		2013		2012
$	26,867	$	39,754	$	16,847	$	36,571	$	46,348	$	41,740
	(26,867)		(39,754)		(16,847)		(36,571)		(46,348)		(41,740)
$	0	$	0	$	0	$	0	$	0	$	0
$	2,685,600	$	3,040,136	$	2,743,096	$	2,907,684	$	2,850,600	$	2,960,097
	1.00%		1.31%		0.61%		1.26%		1.63%		1.41%
$	0	$	0	$	0	$	57,816	$	59,545	$	54,262
	0		0		0		(57,816)		(59,545)		(54,262)
$	0	$	0	$	0	$	0	$	0	$	0
$	5,520,986	$	4,931,843	$	6,064,386	$	5,781,554	$	5,954,508	$	5,426,238
	0.00%		0.00%		0.00%		1.00%		1.00%		1.00%

See accompanying notes to the required supplementary information.

NOTE 1 - NET PENSION LIABILITY

Changes in Assumptions - SERS

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

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

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

Changes in Assumptions – STRS

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

Changes in Benefit Terms - SERS

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

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

Changes in Benefit Terms - STRS

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

NOTE 2 - NET OPEB LIABILITY (ASSET)

Changes in Assumptions – SERS

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

Municipal Bond Index Rate:

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

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

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

Pre-Medicare

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

Medicare

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

Changes in Assumptions – STRS

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

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

For fiscal year 2018, the blended discount rate was increased from 3.26 percent to 4.13 percent. Valuation year per capita health care costs were updated, and the salary scale was modified. The percentage of future retirees electing each option was updated based on current data and the percentage of future disabled retirees and terminated vested participants electing health coverage were decreased. The assumed mortality, disability, retirement, withdrawal and future health care cost trend rates were modified along with the portion of rebated prescription drug costs.

Changes in Benefit Terms - SERS

There have been no changes to the benefit provisions.

Changes in Benefit Terms – STRS

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

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

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

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

Independent Auditor's Report on Internal Control over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance with *Government Auditing Standards*

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

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the business-type activities and the discretely presented component unit of Eastern Gateway Community College, Jefferson County, Ohio (the "College"), as of and for the year ended June 30, 2021, and the related notes to the financial statements, which collectively comprise the College's basic financial statements, and have issued our report thereon dated March 2, 2022.

Internal Control over Financial Reporting

In planning and performing our audit of the financial statements, we considered the College's internal control over financial reporting (internal control) as a basis for designing audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the College's internal control. Accordingly, we do not express an opinion on the effectiveness of the College's internal control.

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

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

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the College's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the financial statements. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

Purpose of this Report

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

Rea & Associates, Inc.

Rea & Associates, Inc.
New Philadelphia, Ohio
March 2, 2022

Independent Auditor's Report on Compliance for Each Major Federal Program and Report on Internal Control Over Compliance Required by the Uniform Guidance

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

Report on Compliance for Each Major Federal Program

We have audited Eastern Gateway Community College's, Jefferson County, Ohio (the "College") compliance with the types of compliance requirements described in the *OMB Compliance Supplement* that could have a direct and material effect on each of the College's major federal programs for the year ended June 30, 2021. The College's major federal programs are identified in the summary of auditor's results section of the accompanying *Schedule of Findings and Questioned Costs*.

Management's Responsibility

Management is responsible for compliance with the requirements of federal statutes, regulations, and the terms and conditions of its federal awards applicable to its federal programs.

Auditor's Responsibility

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

We believe that our audit provides a reasonable basis for our qualified and unmodified opinions on compliance for major federal programs. However, our audit does not provide a legal determination of the College's compliance.

Basis for Qualified Opinion on Student Financial Assistance Cluster

As described in the accompanying schedule of findings and questioned costs, The College did not comply with requirements regarding the Student Financial Assistance Cluster as described in finding number 2021-002 for enrollment reporting. Compliance with such requirements is necessary, in our opinion, for the College to comply with the requirements applicable to that program.

Qualified Opinion on the Student Financial Assistance Cluster

In our opinion, except for the noncompliance described in the Basis for Qualified Opinion paragraph, the College complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on the Student Financial Assistance Cluster for the year ended June 30, 2021.

Unmodified Opinion on Each of the Other Major Federal Programs

In our opinion, the College complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its other major federal programs identified in the summary of auditor's results section of the accompanying Schedule of Findings and Questioned Costs for the year ended June 30, 2021.

Other Matters

This report replaces a previously issued report dated March 2, 2022. A quality control review was performed by the Department of Education which indicated that certain direct and material compliance requirements were not adequately tested. Additional procedures were required to test the College's compliance with these direct and material compliance requirements identified by the Department of Education. As a result of these procedures, a qualified opinion was issued for the Student Financial Assistance Cluster and new findings 2021-001 and 2021-002 were added to the Schedule of Findings and Questioned Costs.

The results of our auditing procedures disclosed an other instance of noncompliance which is required to be reported in accordance with the Uniform Guidance and which is described in the accompanying Schedule of Findings and Questioned Costs as item 2021-001. Our opinion on each major federal program is not modified with respect to this matter.

The College's response to the noncompliance findings identified in our audit are described in the accompanying Schedule of Findings and Questioned Costs. The College's responses were not subjected to the auditing procedures applied in the audit of compliance and, accordingly, we express no opinion on the responses.

Report on Internal Control Over Compliance

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

Our consideration of internal control over compliance was for the limited purpose described in the preceding paragraph and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that have not been identified. However, as discussed below, we did identify certain deficiencies in internal control over compliance that we consider to be material weaknesses and significant deficiencies.

A *deficiency in internal control over compliance* exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, noncompliance with a type of compliance requirement of a federal program on a timely basis. A *material weakness in internal control over compliance* is a deficiency, or a combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a type of compliance requirement of a federal program will not be prevented, or detected and corrected, on a timely basis. We consider the deficiency in internal control over compliance described in the accompanying Schedule of Findings and Questioned Costs as item 2021-002 to be a material weakness.

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 deficiency in internal control over compliance described in the accompanying Schedule of Findings and Questioned Costs as item 2021-001 to be a significant deficiency.

The College's response to the internal control over compliance findings identified in our audit are described in the accompanying Corrective Action Plan. The College's responses were not subjected to the auditing procedures applied in the audit of compliance and, accordingly, we express no opinion on the responses.

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

Rea & Associates, Inc.

Rea & Associates, Inc.
New Philadelphia, Ohio
March 2, 2022, except for the Student Financial Assistance Cluster and findings 2021-001 and 2021-002, which is dated January 13, 2023

EASTERN GATEWAY COMMUNITY COLLEGE
JEFFERSON COUNTY, OHIO

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

	Federal ALN	Pass-Through/ Entity Identifying Number	Federal Disbursements	Passed Through to Subrecipients
U.S. Department of Education				
Direct Awards				
Student Financial Assistance Cluster				
Federal Pell Grant	84.063		$ 57,321,648	$ 0
Federal Work Study	84.033		62,598	0
Federal Direct Student Loans	84.268		2,171,843	0
Supplemental Educational Opportunity Grant	84.007		1,277,341	0
Total Student Financial Assistance Cluster			60,833,430	0
TRIO Cluster				
TRIO Student Support Services	84.042		231,882	0
TRIO Upward Bound	84.047		250,847	0
TRIO Educational Opportunity Centers	84.066		220,131	0
Total TRIO Cluster			702,860	0
COVID-19: Education Stabilization Fund - Higher Education Emergency Relief Funds	84.425E		434,983	0
COVID-19: Education Stabilization Fund - Higher Education Emergency Relief Funds	84.425F		1,217,968	0
Total Education Stablilization Fund - Higher Education Emergency Relief Funds			1,652,951	0
Passed Through Ohio Department of Education				
Adult Education - Basic Grants to States - Aspire Instructional	84.002A	2021	517,360	0
Adult Education - Basic Grants to States - IELCE/IET	84.002A	2021	60,657	0
Total Adult Education - Basic Grants to States			578,017	0
Career and Technical Education - Basic Grants to States	84.048A	2021	128,789	0
Total U.S. Department of Education			63,896,047	0
U.S. Department of Treasury				
Passed Through Ohio Department of Higher Education				
COVID-19: Coronavirus Relief Funds	21.019		137,046	0
Total U.S. Department of Treasury			137,046	0
Appalachian Regional Commission				
Direct Awards				
Appalachian Regional Commission	23.001		120,000	0
Total Appalachian Regional Commission			120,000	0
Total Federal Awards			$ 64,153,093	$ 0

See accompanying notes to the schedule of expenditures of federal awards

NOTES TO THE SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
2 CFR 200.510(B)(6)
For Fiscal Year Ended June 30, 2021

NOTE 1: BASIS OF PRESENTATION

The accompanying schedule of expenditures of federal awards includes federal grant activity of Eastern Gateway Community College (the College) includes the federal award activity of the federal government for the year ended June 30, 2021. The information on this Schedule is prepared in accordance with the requirements of Title 2 U.S. Code of Federal Regulations Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Because the Schedule presents only a selected portion of the operations of the College, it is not intended to and does not present the financial position, changes in net position, or cash flows of the College.

NOTE 2: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Expenditures reported on the Schedule are reported on the accrual basis of accounting. Such expenditures are recognized following the cost principles contained in Title 2 U.S. Code of Federal Regulations Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards,* wherein certain types of expenditures may or may not be allowable or may be limited as to reimbursement. The College has elected not to use the 10-percent de minimis indirect cost rate as allowed under the Uniform Guidance.

NOTE 3: FEDERAL DIRECT LOAN PROGRAM

The College participates in the William D. Ford Federal Direct Loan Program. The College originates the loans which are then funded through the U.S. Department of Education.

Federal Subsidized Loans	$1,282,303
Federal Unsubsidized Loans	876,359
Federal Plus Loans	13,181
Total Federal Direct Student Loans	$2,171,843

Eastern Gateway Community College
Jefferson County, Ohio
Schedule of Findings and Questioned Costs
2 CFR Section 200.515
June 30, 2021

1. SUMMARY OF AUDITOR'S RESULTS

(d)(1)(i)	Type of Financial Statement Opinion	Unmodified
(d)(1)(ii)	Were there any material control weakness conditions reported at the financial statement level (GAGAS)?	No
(d)(1)(ii)	Were there any other significant deficiencies in internal control reported at the financial statement level (GAGAS)?	None Reported
(d)(1)(iii)	Was there any reported material non-compliance at the financial statement level (GAGAS)?	No
(d)(1)(iv)	Were there any material internal control weakness conditions reported for major federal programs?	Yes
(d)(1)(iv)	Were there any other significant deficiencies in internal control reported for major federal programs?	Yes
(d)(1)(v)	Type of Major Programs' Compliance Opinion	Unmodified – Education Stabilization Fund Qualified – Student Financial Assistance Cluster
(d)(1)(vi)	Are there any reportable findings under 2 CFR § 200.516(a)?	Yes
(d)(1)(vii)	Major Programs (list): Student Financial Assistance Cluster: Federal Pell Grant Federal Work Study Federal Direct Student Loans Supplemental Educational Opportunity Grant Education Stabilization Fund - Higher Education Emergency Relief Fund: Student Aid Portion Institutional Portion	Assistance Listing Numbers: 84.063 84.033 84.268 84.007 84.425E 84.425F
(d)(1)(viii)	Dollar Threshold: Type A/B Programs	Type A: >$1,924,593 Type B: All others
(d)(1)(ix)	Low Risk Auditee under 2 CFR §200.520?	Yes

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

None

3. FINDINGS AND QUESTIONED COSTS FOR FEDERAL AWARDS

Finding Number: 2021-001

Federal Program: Student Financial Assistance Cluster
Federal Award Identification Number and Year: N/A
Assistance Listing Number (ALN): 84.063, 84.268, 84.007
Federal Awarding Agency: U.S. Department of Education
Pass-through Entity: None
Repeat Finding: No

Significant Deficiency and Noncompliance – Return of Title IV

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

Additionally, federal regulation 34 CFR 668.21 establishes the treatment of Title IV funds when a student does not begin attendance at the institution in a payment period or period of enrollment. Federal regulation 34 CFR 668.21(d) establishes that the timely return of Title IV funding must be made within 30 days after the date in which the institution became aware that the student will not, or has not, begun attendance.

Condition: In testing, we identified one return that was not made to the U.S. Department of Education within the timelines required by 34 CFR 668.22. It was noted that the date of determination of withdrawal for this student was not made within 30 days of the end of the period of enrollment, as required by 34 CFR 668.22(j)(2). In addition, testing identified three students that never began attendance for a period of enrollment and returns were not made to the Department of Education within 30 days when the College became aware the student did not begin attendance, as required by 34 CFR 668.21(d).

Questioned Costs: None.

Identification of How Questioned Costs Were Computed: N/A

Context: Of the 68 student returns tested for proper return of Title IV funds, we identified one return that was not made to the U.S. Department of Education within the timelines required by 34 CFR 668.22 and three returns that were not made within the timelines required by 34 CFR 668.21.

Cause and Effect: The exceptions identified in our testing were primarily due to delays in identifying students that withdrew or never attended. The College's internal control procedures failed to ensure these students were identified and funds returned within the required timelines.

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

Finding Number: 2021-001 (continued)

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

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

Finding Number: 2021-002

Federal Program: Student Financial Assistance Cluster
Federal Award Identification Number and Year: N/A
Assistance Listing Number (ALN): 84.063, 84.268
Federal Awarding Agency: U.S. Department of Education
Pass-through Entity: None
Repeat Finding: No

Material Weakness and Material Noncompliance – Enrollment Reporting

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

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

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

Questioned Costs: None.

Identification of How Questioned Costs Were Computed: N/A

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

Finding Number: 2021-002 (continued)

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

- Enrollment updates were not posted to NSLDS in a timely manner for all 60 students tested.
- The enrollment statuses for 23 students were not properly updated in NSLDS and did not agree to institutional records.
- The enrollment status effective date for 34 students per NSLDS did not agree with institutional records.
- The published program length in NSLDS did not agree with institutional records for 8 students.
- The student's program start date for 12 students in NSLDS did not agree with institutional records.
- One student which had an incorrect CIP code assigned in NSLDS.

The College provided NSLDS with monthly student roster batch updates, however, we noted there were unresolved errors in these batch updates for all months in fiscal year 2021.

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

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

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

EASTERN GATEWAY
COMMUNITY COLLEGE

Steubenville Youngstown Online

Steubenville
110 John Scott Highway
Steubenville, Ohio 43952

Youngstown
101 East Federal Street
Youngstown, OH 44503

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

Eastern Gateway Community College
Jefferson County, Ohio

CORRECTIVE ACTION PLAN
2 CFR § 200.511(c)
June 30, 2021

Finding Number:	2022-001
Planned Corrective Action:	In June of 2022, in conjunction with it's Program Review, the U.S. Department of Education identified inadequacies in EGCC's Return to Title IV Policy which were contributing factors in this finding. As a result of this identification, EGCC updated its Title IV financial aid recalculation and return policies and procedures. The updates serve to ensure that Title IV funds are returned accurately and within proper timeframes. In July of 2022, EGCC completed and approved these policy updates, as well as published a related addendum to its academic catalog.
Anticipated Completion Date:	07/21/2022
Responsible Contact Person:	Kurt Pawlak – AVP Financial Aid

Finding Number:	2022-002
Planned Corrective Action:	As of December 2022, EGCC has begun a discovery phase of investigation to determine the root cause of issues identified in this finding. Upon determination, we expect to update existing policies and procedures related to NSLDS enrollment reporting, and if necessary, re-configure Student Information System reporting which generates the data submitted for enrollment reporting. Barring unforeseen circumstances, we anticipate compliant processes to be enacted in January 2023.
Anticipated Completion Date:	01/31/2023
Responsible Contact Person:	Ken Rupert – Interim Registrar

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 2/21/2023