Lehigh Carbon Community College

Financial Statements and Required Supplementary Information

Years Ended June 30, 2020 and 2019
with Independent Auditor's Report

MaherDuessel

LEHIGH CARBON COMMUNITY COLLEGE

YEARS ENDED JUNE 30, 2020 AND 2019

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Independent Auditor's Report

Board of Trustees
Lehigh Carbon
Community College

Report on the Financial Statements

We have audited the accompanying financial statements of the business-type activities and the discretely presented component unit of Lehigh Carbon Community College (College), as of and for the years ended June 30, 2020 and 2019, 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 audits. We conducted our audits in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audits 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, 2020 and 2019, and the respective changes in financial position and, where applicable, cash flows thereof for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Change in Accounting Principle

As described in Note 2 to the financial statements, the College's discretely presented component unit has adopted the account provisions of the Financial Accounting Standards Board (FASB) Accounting Standards Update (ASU) 2014-09, *"Revenue from Contracts with Customers (Topic 606),"* and ASU 2018-08*, "Clarifying the Scope and the Accounting Guidance for Contributions Received and Contributions Made (Topic 958)."* Our opinion is not modified with respect to these matters.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the Management's Discussion and Analysis (MD&A), the Schedule of the College's Proportionate Share of the Net Pension Liability, the Schedule of the College's Contributions, the Schedule of the College's Proportionate Share of PSERS' Net OPEB Liability and the College's Contributions to PSERS' Premium Assistance, and notes to required supplementary information, as listed in the table of contents, be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Maher Duessel

Harrisburg, Pennsylvania
November 20, 2020

LEHIGH CARBON COMMUNITY COLLEGE

MANAGEMENT'S DISCUSSION AND ANALYSIS
(UNAUDITED)

YEAR ENDED JUNE 30, 2020

This section of Lehigh Carbon Community College's (College) annual financial report presents our discussion and analysis of the financial performance of the College for the fiscal years ended June 30, 2020 and 2019. This discussion has been prepared by management and should be read in conjunction with the financial statements and accompanying notes, which follow this section.

The financial statements of the College are prepared in accordance with Governmental Accounting Standards Board (GASB) Statements No. 34, "*Basic Financial Statements-and Management Discussion and Analysis-for State and Local Governments, as amended by GASB Statement No. 35, Basic Financial Statements - and Management's Discussion and Analysis - for Public Colleges and Universities"*. For reporting purposes, the College is considered a special purpose government engaged only in business-type activities.

In accordance with Governmental Accounting Standards Board (GASB) Statements No. 61, "*The Financial Reporting Entity – Omnibus an amendment of GASB Statements No. 14 and NO. 34"*, the College has determined that the Lehigh Carbon Community College Foundation (Foundation) should be included as a discretely presented component unit in the College's financial statements. See notes 1 and 18 for further detail. Separately issued financial statements for the Foundation are available through the Foundation's office.

Financial Statements

The financial statements are designed to provide readers with a broad overview of the College's finances from all sources of revenue, in a manner similar to the private sector. The GASB reporting model is comprised of three basic statements.

The Statement of Net Position reflects the financial position of the College at June 30, 2020 and 2019. It presents information on all the College's assets and liabilities, with the difference between the two reported as net position (equity). Over time, increases or decreases in the College's net position is one indication of whether its financial health is improving or deteriorating.

The Statement of Revenues, Expenses, and Changes in Net Position presents the revenues earned and expenses incurred during the year on an accrual basis. The statement presents the various operating and non-operating revenues and expenses that reconcile the beginning net assets to the ending net assets amount, which is shown on the Statement of Net Position described above.

The Statement of Cash Flows is prepared using the direct method of cash flows. The statement shows net cash flows from operations, noncapital and capital financing and investing activities.

The notes to the financial statements provide additional information that is essential to a full understanding of the data provided in the financial statements. The notes contain details on the accounting policies that the College has adopted and further information for certain amounts reported in the financial statements.

Founded in 1966, Lehigh Carbon Community College serves more than 9,000 students from Lehigh, Carbon, Schuylkill, and surrounding counties offering more than 90 programs of study including healthcare, information technology, criminal justice, education, business administration, science, engineering, and math.

From the main campus in Schnecksville and modern satellite sites in Allentown, Tamaqua, Jim Thorpe, and Lehigh Valley International Airport, the College offers two-year associate degrees, certificate and specialized diploma programs and workforce training for students studying either fulltime, part-time or online.

Consistent with its mission of "providing high quality education that is affordable and accessible," the College offers educational, career and lifelong learning opportunities through innovation partnerships, which enhance the lives of community residents. Major funding sources supporting all functions of the College include tuition and fees, local sponsor appropriations and the Commonwealth of Pennsylvania appropriation and federal and state grants.

Financial Statement Highlights

Overall, net position increased by $1.9 million in 2020 compared to an increase of $8.8 million in 2019.

At June 30, 2020, the College assets of $88.4 million exceeded its liabilities of $24.1 million by $64.3 million.

Tuition and fee revenue increased by $0.2 million to $22.5 million compared to $22.3 million in 2019. This increase is due to an increase in credit tuition of $0.6 million, which included a small charge increase in FY20, netted with a loss of $0.4 million in non-credit revenue due to the pandemic.

Total credit full time equivalents (FTE's) were 9,967 and 9,933 in 2020 and 2019, respectively.

The fiscal year 2019-2020 credit hours were 126,294 compared to 127,892 in fiscal year 2018-2019. Based on the FTE data above coupled with this fiscal year's credit hour data, more students were taking classes, but taking less credits. This is likely a result of the College's transition to a 100% online environment due to the pandemic.

The following is a Condensed Statement of Net Position as of June 30, 2020 and 2019 (dollars are in thousands).

	2020	2019	Increase/ Decrease	Percentage Change
Assets:				
Current assets	$ 33,450	$ 31,884	$ 1,566	4.91%
Non-current assets	54,946	54,016	930	1.72%
Total assets	88,396	85,900	2,496	
Deferred outflow of resources	655	443	212	47.86%
Liabilities:				
Current liabilities	7,975	6,078	1,897	31.21%
Non-current liabilities	16,169	17,547	(1,378)	-7.85%
Total liabilities	24,144	23,625	519	2.20%
Deferred inflow of resources	886	624	262	41.99%
Net position:				
Investment in capital assets	39,588	38,186	1,402	3.67%
Unrestricted	24,433	23,909	524	2.19%
Total net position	$ 64,021	$ 62,095	$ 1,926	3.10%

The College's assets amounted to $88.4 and $85.9 million as of June 30, 2020 and 2019, respectively.

- Current assets increased by $1.6 million as a result of an increase in receivables.

- Total liabilities increased $.5 million. The majority of the increase was due to deferred revenue associated with the Amazon PRV Program.

- Deferred outflows of resources and deferred inflows of resources arise due to timing differences in investment plan earnings and pension contributions. More detailed information about the College's pension liabilities and deferred outflows and inflows of resources is presented in Note 11.

- Although the College's unrestricted net position is not subject to externally imposed restrictions, the College's $24.4 million of unrestricted net position is designated for purposes to fulfill its various fiduciary responsibilities, including maintaining reserves for capital improvements and operation projects, and a reserve for future operations.

The following is a Condensed Statement of Revenues, Expenses and Changes in Net Position as of June 30, 2020 and 2019 (dollars are in thousands):

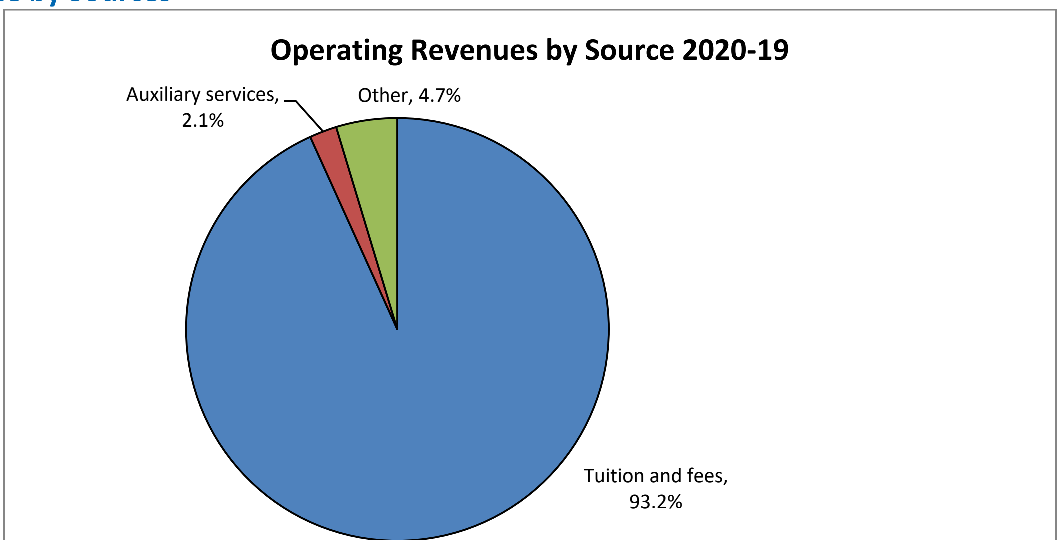
	2020	2019	Increase/ Decrease	Percentage Change
Operating revenues:				
Tuition and fees	$ 22,529	$ 22,272	$ 257	1.15%
Auxiliary services	504	490	14	2.86%
Other	1,129	1,501	(372)	-24.78%
Nonoperating revenues:				
Commonwealth and local sponsor appropriations	22,847	22,558	289	1.28%
Government/local grant and contracts	6,542	4,192	2,350	56.06%
Capital donation	-	8,000	(8,000)	0%
Investment income	506	668	(162)	-24.25%
Total revenues	54,057	59,681	(5,624)	-9.42%
Operating expenses:				
Educational and general	47,876	46,586	1,290	2.77%
Depreciation and amortization	3,555	3,563	(8)	-0.22%
Loss on disposal of capital assets	(1)	12	(13)	-50%
Auxiliary services	145	166	(21)	-12.65%
Nonoperating expenses:				
Interest on indebtedness	556	596	(40)	-6.71%
Total expenses	52,131	50,923	1,208	2.37%
Increase in net position	1,926	8,758	(6,832)	-78.01%
Net position, beginning period	62,095	53,337	8,758	16.42%
Net position, ending	$ 64,021	$ 62,095	$ 1,926	3.10%

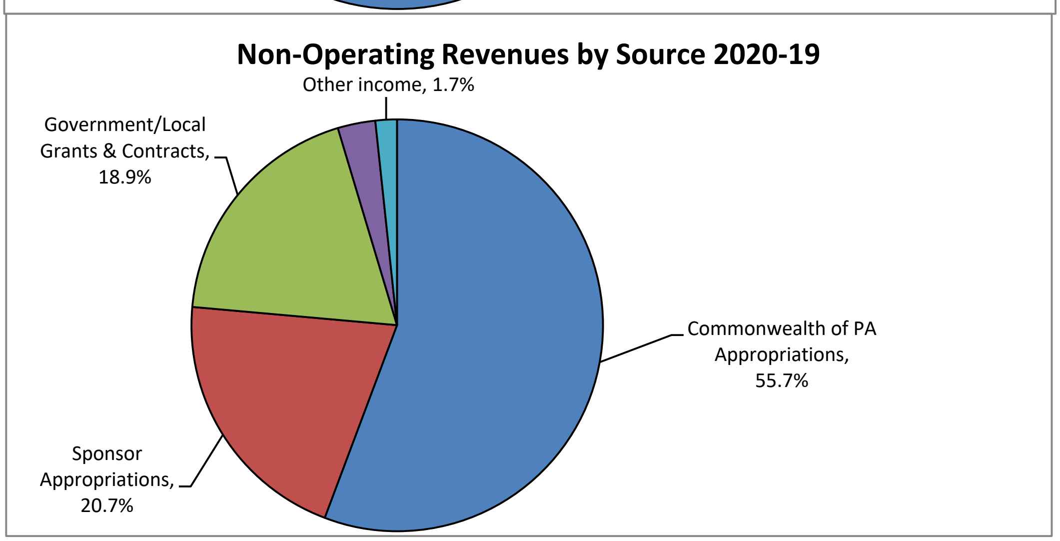
Revenue recognized from appropriations amounted to $22.8 million and $22.6 million in 2020 and 2019, respectively.

- Operating expenses increased $1.2 million or 2.5% over prior year. Net non-operating revenues decreased $5.5 million or 16% over prior year as a result of last year's data including an $8 million capital donation and the current year including $2.4 million of additional grants.

- Approximately, 60.0% of the College's total operating expenses in fiscal year 2019-2020 directly support instruction compared to 59.0% in fiscal year 2018-2019.

Revenue by Sources





- The College received student financial assistance of approximately $10.7 million from the Pell Grant and Supplemental Educational Opportunity Grant in 2019-2020 for an increase of 4% over 2018-2019.

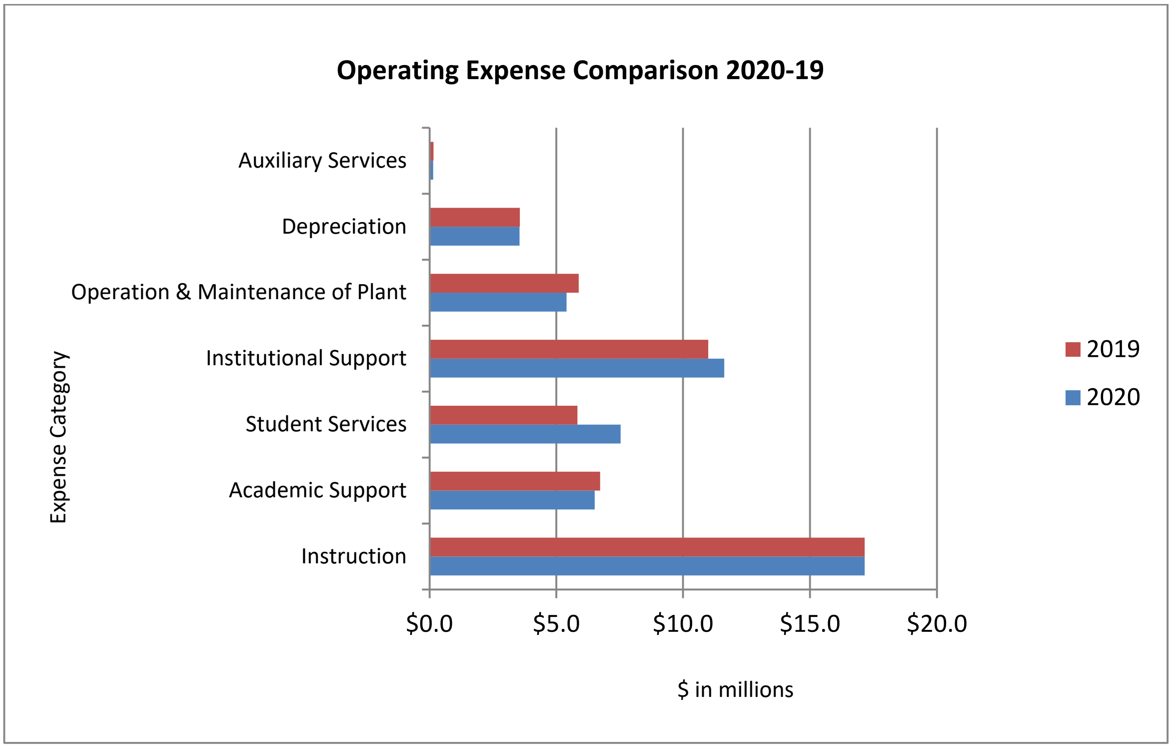
- Pennsylvania Higher Education Assistance Agency (PHEAA) awarded grants of approximately $1.0 million dollars for the year, which is consistent with the prior year.

- There were approximately 1,887 of Federal Direct Loan recipients for a total of $8.3 million disbursed in 2019-2020.

- The Commonwealth of Pennsylvania's operating appropriation for fiscal year 2019-2020 was $14,862,389. Expectations are that Commonwealth funding will remain at this level.

- The Local Sponsor operating appropriation for fiscal year 2019-2020 was $6,186,338. The 2019-2020 total appropriation is expected to remain at the same level.

Expense Comparison



- Instruction direct expenses include faculty and instructional support staff salaries, benefits and their related expenses. Instruction expenses stayed consistent from prior year.

- Academic support, student services, and public services comprise the education support activities expense. These combined support activities increased $1.3 million or 10% over prior year.

- Institutional support and operation maintenance of plant expenses consist of administrative and facility operating costs. Combined, these expenses stayed consistent from prior year.

Capital Assets

The College continues to place emphasis on the designation of funds for the Facility Master Plan and the replacement of facilities and equipment. This provides the College with a prudent strategy for equipment and facilities replacement and renewal. During the current year, the College's capital outlays totaled $3.8 million primarily due to facilities renovations and equipment replacement. Depreciation expense on capital expenditures was $3.6 million.

Noteworthy capital asset purchases/projects that took place in 2020 were as follows:

- $1.2 million – Air conditioning chillers
- $0.5 million – ARC deck replacement
- $0.8 million – Workforce training equipment
- $0.2 million – Computer servers

Additional information of the College's Capital Assets can be found in Note 5.

Debt Administration

The College refinanced the 2007 and 2010 general obligation bond issues in July 2016 resulting in a savings to the College of $1.4 million over the life of the bonds.

At June 30, 2020, the College had two general obligation bond issues totaling $12.4 million. The debt issues are funded by the Commonwealth capital appropriation, local sponsor capital appropriation and College capital funds. The fiscal year 2019-2020 debt payments were funded from the following sources:

- 45% from the Commonwealth appropriation
- 45% from the local sponsor capital appropriation
- 10% from College capital funds

In August 2019, the bond debt rating was reaffirmed as A2 stable by Moody's Investor Services. The stable outlook reflects expectations of maintained state and local support.

More detailed information about the College's long-term debt is presented in Note 6.

Economic Factors

The College's financial position is closely tied to the economy and the State's budget. Changes in the economy, unemployment rates, high school graduating yield rates, and retention efforts have all affected student enrollments.

The enrollment statistics indicate that part-time FTEs increased 8% over the prior fiscal year while the full-time FTEs stayed consistent.

Summary

Overall, the College's financial position remains strong as evidenced by the 2020 financial statements. The current College structure is aligned to streamline operations and create efficiencies to continue to provide accessible, affordable, high-quality educational programs and services to our communities.

LEHIGH CARBON COMMUNITY COLLEGE

STATEMENTS OF NET POSITION

JUNE 30, 2020 AND 2019

	2020	2019
Assets		
Current assets:		
Cash and cash equivalents	$ 11,345,092	$ 10,897,764
Certificates of deposit	17,645,574	17,580,000
Accounts receivable:		
Students, net	1,899,982	1,144,716
Other	1,033,892	806,284
Grants	776,209	748,484
Prepaid expenses and other assets	749,513	706,413
Total current assets	33,450,262	31,883,661
Noncurrent assets:		
Funds held by the Foundation	738,929	769,681
Capital assets, not being depreciated	3,288,060	3,313,002
Capital assets, net of accumulated depreciation	50,918,681	49,933,313
Total noncurrent assets	54,945,670	54,015,996
Total Assets	88,395,932	85,899,657
Deferred Outflows of Resources		
Deferred outflows of resources for pension	649,028	437,614
Deferred outflows of resources for OPEB	6,189	5,970
Total Deferred Outflows of Resources	655,217	443,584

(Continued)

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

Liabilities	2020	2019
Current liabilities:		
Accounts payable	1,208,240	1,204,785
Accrued expenses and other liabilities	2,225,576	1,729,322
Accrued interest payable	87,630	95,832
Unearned revenue	2,844,864	1,577,550
Accrued partial retirement benefits	85,443	92,265
Notes payable, current portion	1,135,000	1,085,000
Capital lease obligation, current portion	387,953	292,998
Total current liabilities	7,974,706	6,077,752
Noncurrent liabilities:		
Accrued partial retirement benefits, less current portion	207,217	258,342
Notes payable, less current portion	12,602,342	13,864,582
Capital lease obligation, less current portion	493,157	263,943
Net OPEB liability	70,000	90,000
Net pension liability	2,795,980	3,069,588
Total noncurrent liabilities	16,168,696	17,546,455
Total Liabilities	24,143,402	23,624,207
Deferred Inflows of Resources		
Deferred inflows of resources for pension	855,280	608,346
Deferred inflows of resources for OPEB	31,000	16,000
Total Deferred Inflows of Resources	886,280	624,346
Net Position		
Net investment in capital assets	40,610,657	38,186,236
Unrestricted	23,410,810	23,908,452
Total Net Position	$ 64,021,467	$ 62,094,688

(Concluded)

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

LEHIGH CARBON COMMUNITY COLLEGE

STATEMENTS OF NET POSITION - COMPONENT UNIT
LEHIGH CARBON COMMUNITY COLLEGE FOUNDATION

JUNE 30, 2020 AND 2019

	2020	2019
Assets		
Current assets:		
Cash and cash equivalents	$ 1,006,441	$ 235,056
Promise to give	26,667	53,334
Prepaid expenses	-	6,832
Total current assets	1,033,108	295,222
Noncurrent assets:		
Promise to give	23,216	32,249
Investments:		
Investments	14,052,354	14,097,202
Investments - held for College	738,928	769,681
Total investments	14,791,282	14,866,883
Land and buildings, net	5,112,947	5,204,550
Total noncurrent assets	19,927,445	20,103,682
Total Assets	$ 20,960,553	$ 20,398,904
Liabilities and Net Assets		
Liabilities:		
Current liabilities:		
Accounts payable	$ 106,464	$ 162,609
Deferred revenue	-	18,350
Total current liabilities	106,464	180,959
Noncurrent liabilities:		
Deferred rent	34,436	10,114
Funds held for College	738,928	769,681
Total noncurrent liabilities	773,364	779,795
Total Liabilities	879,828	960,754
Net Assets:		
Without donor restrictions:		
Undesignated	3,635,580	2,901,584
Invested in land and buildings	5,112,947	5,204,550
Board-designated	2,564,018	2,485,200
Total net assets without donor restrictions	11,312,545	10,591,334
With donor restrictions	8,768,180	8,846,816
Total Net Assets	20,080,725	19,438,150
Total Liabilities and Net Assets	$ 20,960,553	$ 20,398,904

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

LEHIGH CARBON COMMUNITY COLLEGE

STATEMENTS OF REVENUES, EXPENSES, AND CHANGES IN NET POSITION

JUNE 30, 2020 AND 2019

	2020	2019
Operating Revenues:		
Student tuition and fees, net of scholarship allowance of $5,614,825 in 2020 and $5,799,837 in 2019	$ 22,529,129	$ 22,271,587
Auxiliary enterprises	504,366	490,078
Other operating revenues	1,129,008	1,500,670
Total operating revenues	24,162,503	24,262,335
Operating Expenses:		
Educational and general:		
Instruction	17,011,693	17,156,369
Academic support	6,384,335	6,729,806
Student services	7,533,673	5,830,541
Institutional support	11,581,090	10,995,067
Operation and maintenance of plant	5,364,406	5,874,920
Depreciation	3,555,041	3,562,634
(Gain) loss on disposal of capital assets	(525)	12,022
Auxiliary expenses	145,035	166,039
Total operating expenses	51,574,748	50,327,398
Operating loss	(27,412,245)	(26,065,063)

(Continued)

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

	2020	2019
Non-operating Revenues (Expenses):		
Appropriations:		
Local	4,561,353	4,443,475
Commonwealth of Pennsylvania	14,862,389	14,579,219
Federal grants and contracts	4,796,917	2,791,988
Commonwealth of Pennsylvania grant and contracts	752,544	1,194,009
Local grants and contracts	105,716	206,475
Other non-operating revenues (see Footnote 5)	-	8,000,000
Investment income	506,468	668,296
Interest on indebtedness	(556,364)	(596,247)
Total non-operating revenues	25,029,023	31,287,215
Change in Net Position Before Other Revenues	(2,383,222)	5,222,152
Capital Contributions:		
Capital appropriations:		
Local	1,624,984	1,742,862
Commonwealth of Pennsylvania	1,798,713	1,792,678
Grants and contracts	886,304	-
Total capital contributions	4,310,001	3,535,540
Change in Net Position	1,926,779	8,757,692
Net Position:		
Beginning of year	62,094,688	53,336,996
End of year	$ 64,021,467	$ 62,094,688

(Concluded)

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

LEHIGH CARBON COMMUNITY COLLEGE

STATEMENTS OF ACTIVITIES - COMPONENT UNIT
LEHIGH CARBON COMMUNITY COLLEGE FOUNDATION

JUNE 30, 2020 AND 2019

	2020			2019		
	Without Donor Restrictions	With Donor Restrictions	Total	Without Donor Restrictions	With Donor Restrictions	Total
Revenues and Other Support:						
Contributions	$ 585,700	$ 411,208	$ 996,908	$ 178,482	$ 496,658	$ 675,140
Special event revenue	78,357	-	78,357	174,317	-	174,317
Rental income	565,835	-	565,835	562,145	-	562,145
Investment return, net	89,760	35,721	125,481	423,312	397,366	820,678
Net assets released from restrictions, satisfying of program restrictions	583,990	(583,990)	-	793,155	(793,155)	-
Total revenues and other support	1,903,642	(137,061)	1,766,581	2,131,411	100,869	2,232,280

(Continued)

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

	2020			2019		
	Without Donor Restrictions	With Donor Restrictions	Total	Without Donor Restrictions	With Donor Restrictions	Total
Expenses:						
Program services:						
Contracts	223	-	223	-	-	-
Awards and grants to organizations	29,475	-	29,475	2,775	-	2,775
Awards and grants to individuals	5,450	-	5,450	7,062	-	7,062
Grants to Lehigh Carbon Community College	741,936	-	741,936	1,216,364	-	1,216,364
Grants to four-year colleges	10,146	-	10,146	29,978	-	29,978
Institutional advancement grant	174,467	-	174,467	193,738	-	193,738
Total program services	961,697	-	961,697	1,449,917	-	1,449,917
Management and general:						
Professional services	10,000	-	10,000	19,811	-	19,811
Depreciation	91,603	-	91,603	91,603	-	91,603
Insurance	15,169	-	15,169	17,846	-	17,846
Miscellaneous	11,046	-	11,046	27,068	-	27,068
Total management and general	127,818	-	127,818	156,328	-	156,328
Fundraising:						
Event expenses	34,491	-	34,491	64,138	-	64,138
Total expenses	1,124,006	-	1,124,006	1,670,383	-	1,670,383
Transfers	(58,425)	58,425	-	-	-	-
Change in Net Assets	721,211	(78,636)	642,575	461,028	100,869	561,897
Net Assets, Beginning	10,591,334	8,846,816	19,438,150	10,130,306	8,745,947	18,876,253
Net Assets, Ending	$ 11,312,545	$ 8,768,180	$ 20,080,725	$ 10,591,334	$ 8,846,816	$ 19,438,150

(Concluded)

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

LEHIGH CARBON COMMUNITY COLLEGE

STATEMENTS OF CASH FLOWS

JUNE 30, 2020 AND 2019

	2020	2019
Cash Flows From Operating Activities:		
Student tuition and fees	$ 22,813,567	$ 22,292,841
Payments to employees	(25,493,925)	(25,077,501)
Payments for benefits	(7,832,455)	(7,905,608)
Payments to suppliers and utilities	(14,538,496)	(13,548,238)
Auxiliary enterprises	504,366	490,078
Other receipts	1,129,009	1,500,670
Net cash used in operating activities	(23,417,934)	(22,247,758)
Cash Flows From Non-capital Financing Activities:		
Local appropriations	4,561,353	4,443,475
Commonwealth appropriations	14,862,389	14,579,219
Grants and contracts for other than capital purposes	5,627,452	3,981,199
Net cash provided by non-capital financing activities	25,051,194	23,003,893
Cash Flows From Capital and Related Financing Activities:		
Local and commonwealth capital appropriations	3,423,697	3,535,540
Capital Contracts	886,304	-
Purchases of capital assets	(3,897,776)	(2,003,106)
Principal paid on capital debt	(1,212,240)	(1,162,140)
Interest paid on capital debt	(564,566)	(601,512)
Payments on capital lease obligation	(292,998)	(442,784)
Net cash used in capital and related financing activities	(1,657,579)	(674,002)
Cash Flows From Investing Activities:		
Sale (purchase) of certificates of deposit	(65,574)	(318,680)
Funds held by the Foundation	30,753	(42,153)
Interest on investments	506,468	668,296
Net cash provided by investing activities	471,647	307,463
Net Increase (Decrease) in Cash and Cash Equivalents	447,328	389,596
Cash and Cash Equivalents:		
Beginning of year	10,897,764	10,508,168
End of year	$ 11,345,092	$ 10,897,764

(Continued)

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

	2020	2019
Reconciliation of Operating Loss to Net Cash Used in Operating Activities:		
Operating loss	$ (27,412,245)	$ (26,065,063)
Adjustments to reconcile operating loss to net cash used in operating activities:		
Depreciation	3,555,041	3,562,634
Bad debt expense	702,042	582,074
(Gain) loss on disposal of capital assets	(525)	12,022
Effects of changes in operating assets and liabilities:		
Accounts receivable	(1,684,916)	(732,200)
Prepaid and other current assets	(43,100)	165,867
Deferred outflows - pension	(211,414)	20,100
Deferred outflows - OPEB	(219)	(1,471)
Accounts payable	3,455	105,206
Accrued expenses and other liabilities	496,254	151,867
Accrued partial retirement benefits	(57,947)	(48,753)
Net pension liability	(273,608)	(129,947)
Net OPEB liability	(20,000)	(2,000)
Deferred inflows - pension	246,934	(40,474)
Deferred inflows - OPEB	15,000	1,000
Unearned revenue	1,267,314	171,380
Net cash used in operating activities	$ (23,417,934)	$ (22,247,758)
Supplementary Disclosure of Noncash Capital, Financing Activity:		
Capital leases	$ 617,168	$ 222,003
Donation of building	$ -	$ 8,000,000

(Concluded)

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

LEHIGH CARBON COMMUNITY COLLEGE

STATEMENTS OF CASH FLOWS - COMPONENT UNIT
LEHIGH CARBON COMMUNITY COLLEGE FOUNDATION

YEARS ENDED JUNE 30, 2020 AND 2019

	2020	2019
Cash Flows From Operating Activities:		
Change in net assets	$ 642,575	$ 561,897
Adjustments to reconcile change in net assets to net cash provided by operating activities:		
Depreciation	91,603	91,603
Discount on promise to give	(967)	(2,857)
Realized gain on investments	(15,873)	(4,695)
Unrealized (gain) loss on investments	394,346	(242,348)
Contributions restricted for long-term use	(78,605)	(126,505)
(Increase) decrease in assets:		
Prepaid expenses	6,832	(581)
Deferred rent	-	3,749
Promises to give	36,667	87,250
Increase (decrease) in liabilities:		
Accounts payable	(56,145)	(75,606)
Deferred revenue	(18,350)	(12,350)
Deferred rent	24,322	10,114
Funds held for college	(30,753)	42,153
Net cash provided by operating activities	995,652	331,824
Cash Flows From Investing Activities:		
Proceeds from sales of investments	3,480,882	2,988,294
Purchases of investments	(3,783,754)	(3,886,753)
Net cash used in investing activities	(302,872)	(898,459)
Cash Flows From Financing Activities:		
Contributions restricted for long-term use	78,605	178,488
Net cash provided by financing activities	78,605	178,488
Net Increase (Decrease) in Cash and Cash Equivalents	771,385	(388,147)
Cash and Cash Equivalents:		
Beginning of year	235,056	623,203
End of year	$ 1,006,441	$ 235,056

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

1. Nature of Operations and Reporting Entity

Lehigh Carbon Community College (College) was founded in response to a need for a two-year collegiate institution to serve citizens within the Lehigh and Carbon County area of Pennsylvania who would benefit from an experience in higher education. The Board of Trustees is the College's governing body, which establishes the policies and procedures by which the College is governed. The College is funded through a diversified financial support system consisting of local school districts, the Commonwealth of Pennsylvania (Commonwealth), and the students.

In accordance with Governmental Accounting Standards Board (GASB) Statement No. 61, The Financial Reporting Entity: Omnibus - an amendment of GASB Statements No. 14 and No. 34, and GASB Statement No. 80, Blending Requirements for Certain Component Units – An Amendment of GASB Statement No. 14, the College has determined that the Lehigh Carbon Community College Foundation (Foundation) should be included in the College’s financial statements as a discretely presented component unit. A component unit is a legally separate organization for which the primary institution is closely related.

Under Section 501(c)(3) of the Internal Revenue Code, the Foundation is a legally separate tax-exempt organization. The Foundation acts primarily as a fund-raising organization to supplement the resources that are available to the College in support of its programs. Although the College does not control the timing or amount of receipts from the Foundation, the majority of resources or income thereon that the Foundation holds and invests is restricted to the activities of the College by the donors. Since these restricted resources held by the Foundation can only be used by, or for the benefit of, the College, the Foundation is considered a component unit of the College and is discretely presented in the College's financial statements as of June 30, 2020 and 2019.

Complete financial statements for the Foundation may be obtained at the College’s administrative office.

The Foundation is a private nonprofit organization that reports under Financial Accounting Standards Board (FASB) accounting standards codification. As such, certain revenue recognition criteria and presentation features are different from GASB revenue recognition criteria and presentation features. No modifications have been made to the Foundation’s financial information in the College’s financial reporting entity for these differences.

2. Summary of Significant Accounting Policies

Measurement Focus, Basis of Accounting, and Basis of Presentation

The College's financial statements have been presented using the economic resources measurement focus and the accrual basis of accounting in accordance with accounting principles generally accepted in the United States of America, as prescribed by the GASB. Revenues are recorded when earned, and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows. Grants and similar items are recognized as revenue as soon as all eligibility requirements have been met.

The College functions as a business type activity, as defined by the GASB.

Use of Estimates

The preparation of the College’s financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosures of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

Cash and Cash Equivalents

Cash and cash equivalents are defined as short-term highly liquid investments readily converted to cash with original maturities of three months or less. The College maintains its cash accounts in various commercial banks. Accounts are insured by the Federal Deposit Insurance Corporation (FDIC) to the maximum insured amount. Amounts in excess of the FDIC maximum are collateralized in accordance with Act 72 of 1971.

Investments

The College recognizes certificates of deposit with maturities of more than three months as investments. Certificates of deposit are insured by the FDIC to the maximum insured amount. Amounts in excess of the FDIC maximum are collateralized in accordance with Act 72 of 1971.

The College categorizes its fair value measurements within the fair value hierarchy established by accounting principles generally accepted in the United States of America. The hierarchy is based on the valuation inputs used to measure the fair value of the asset. Level

1 inputs are quoted prices in active markets for identical assets. Level 2 inputs are significant to other observable inputs. Level 3 inputs are significant unobservable inputs.

Accounts Receivable

Accounts receivable consists of tuition and fees charged to current and former students or third parties, amounts due from federal and state governments in connection with reimbursements of allowable expenditures made pursuant to grants and contracts and other miscellaneous sources.

Accounts receivable are reported at net realizable value. Accounts are written off when they are determined to be uncollectible based upon management's assessment of individual accounts. The allowance for doubtful accounts is estimated based upon the College's historical losses and periodic review of individual accounts. The allowance for doubtful accounts was approximately $61,000 and $91,000 as of June 30, 2020 and 2019, respectively.

Funds Held by the Foundation on Behalf of the College

The Foundation serves as custodian for the College's radio station proceeds fund. The fund is managed along with all of the Foundation's endowment accounts and is invested in accordance with the Foundation's investment policy. The College has the right to withdraw funds at any time and receives an annual disbursement from the Foundation equal to up to seventy-five (75%) percent of the investment earnings on, or five (5%) percent of, the balance of the fund principal, whichever is greater, or some other amount as determined by the College with approval of the Board of Trustees.

Capital Assets

Capital assets are stated at cost or at fair value at date of donation if received by gift. The College provides for depreciation using the straight-line method over the estimated useful lives of the related asset as follows:

	Years
Land improvements	4 - 30
Building and building improvements	3 - 50
Furniture and equipment	3 - 30
Library books	10

The College capitalizes assets with a useful life in excess of one year and an original cost exceeding $4,000.

At each statement of financial position date, management evaluates whether any property and equipment have been impaired. The College made no adjustments to carrying values of property and equipment during the years ended June 30, 2020 and 2019.

Compensated Absences

Liability for compensated absences (unused vacation leave) is accounted for in accordance with the provisions of GASB Statement No. 16, "*Accounting for Compensated Absences*", and, accordingly, the liability for employees' rights to receive compensation for future absences is recorded as a liability and is included in accrued expenses and other liabilities in the statements of net position. Total compensated absences for the years ended June 30, 2020 and 2019 totaled $729,678 and $549,972, respectively.

Unearned Revenues

Unearned revenues include: (1) amounts received for tuition and fees prior to the end of the fiscal year that are related to the subsequent fiscal year and (2) amounts received from grant and contract sponsors that have not been earned.

Deferred Cost of Refunding

The College has deferred the difference between the reacquisition price (the amount deposited into escrow to pay off the notes) and the net carrying amount of previously refunded debt. This deferred cost of refunding is being amortized into interest expense on a straight-line basis over the shorter of the life of the new and old bonds.

Long-Term Obligations

Long-term liabilities related to postemployment benefits, including pensions, health insurance, and life insurance are calculated based on actuarial valuations as described in Notes 11 through 13.

Deferred Inflows and Outflows of Resources Related to Pensions and OPEBs

In conjunction with pension and OPEB accounting requirements, differences between expected and actual experience, changes in assumptions, the effect of the change in the

College's proportion, the net difference between expected and actual investment earnings, and payments made to SERS and PSERS subsequent to the measurement date are recorded as a deferred inflow or outflow of resources related to pensions or a deferred inflow or outflow of resources related to OPEBs. These amounts are determined based on the actuarial valuations performed for the SERS and PSERS plans. Notes 11 through 13 present additional information about SERS and PSERS and the College's pension and OPEB plans.

Net Position

Accounting standards require the classification of net position into three components – net investment in capital assets; restricted; and unrestricted. These classifications are defined as follows:

Net Investment in Capital Assets - capital assets, net of accumulated depreciation and outstanding principle balances of debt, plus restricted cash, attributable to the acquisition, construction, repair, or improvement of those assets.

Unrestricted - unrestricted net position is the net amount of the assets, deferred outflows of resources, liabilities, and deferred inflows of resources that are not included in the determination of net investment in capital assets or the restricted components of net position.

When both restricted and unrestricted assets are available for expenditure, the decision as to which assets are used first is left to the discretion of the College.

Classification of Revenues

The College has classified its revenues as either operating or non-operating. Operating revenue include activities that have the characteristics of exchange transactions, such as (a) student tuition and fees, net of scholarship discounts and allowanced and (b) sales and services of auxiliary enterprises. Nonoperating revenue includes transactions related to capital and financing activities, noncapital financing activities, investing activities, and activities that have the characteristics of non-exchange transactions. Nonoperating revenues include such items as (a) local and state appropriations, (b) most federal, state, and local grants and contracts, (c) gifts and contributions, and (d) investment income.

Tuition Revenue

Tuition revenue is recognized when instruction is provided. A receivable is recognized when a student application is processed and an invoice submitted, with revenue recognition deferred until the instruction starts.

Scholarship Discounts and Allowances

Student tuition and fee revenues, and certain other revenues from students, are reported net of scholarship discounts and allowances in the statement of revenues, expenses, and changes in net position. 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 student’s behalf. Certain governmental grants 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 allowance.

Income Taxes

The College is exempt from federal and state income taxes, as it is essentially a potential subdivision of the Commonwealth. The Foundation is exempt from taxation pursuant to Internal Revenue Code Section 501(c).

Risk Management

The College is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; injuries to and illnesses of employees; and natural disasters. The college purchases commercial insurance coverage for general liability, property and casualty, workers’ compensation, environmental and antitrust liabilities, and certain employee health benefits.

Unemployment Compensation

The College has elected to use the direct reimbursement method of paying for any unemployment compensation claims charged to it. There were no outstanding claims as of June 30, 2020 and 2019.

Advertising

Advertising expenses are recorded as incurred and were approximately $369,000 and $414,000 in 2020 and 2019, respectively.

Pending Pronouncements

GASB has issued the following statements that will become effective in future years as shown below.

GASB Statement No. 84, *"Fiduciary Activities,"* is effective for the College's financial statements for the year ending June 30, 2021. The principal objective of this Statement is to enhance the consistency and comparability of fiduciary activity reporting by state and local governments. This Statement also is intended to improve the usefulness of fiduciary activity information primarily for assessing the accountability of governments in their roles as fiduciaries.

GASB Statement No. 87, *"Leases,"* is effective for the College's financial statements for the year ending June 30, 2022. The objective of this statement is to better meet the information needs of financial statement users by improving accounting and financial reporting for leases by governments.

GASB Statement No. 89 *"Accounting for Interest Costs Incurred before the End of a Construction Period," is* effective for the College's financial statements for the year ending June 30, 2022. The objectives of this statement are (1) to enhance the relevance and comparability of information about capital assets and the cost of borrowing for a reporting period and (2) to simplify accounting for interest cost incurred before the end of a construction period.

GASB Statement No. 96, "*Subscription-Based Information Technology Arrangements*," is effective for the College's financial statements for the year ended June 30, 2023. The objective of this statement is to better meet the information needs of financial statement users by (a) establishing uniform accounting and financial reporting requirements of subscription-based information technology arrangements (SBITA); (b) improving the comparability of financial statements among governments that enter into SBITA's; and (c) enhancing the understandability, reliability, relevance, and consistency of information about SBITA's.

Management has not yet determined the impact of these statements on the College's financial statements.

Subsequent Events

Subsequent events have been evaluated through the Independent Auditor's Report date, which is the date the financial statements were available to be issued.

Foundation

Basis of Presentation

The Foundation is required to report information regarding its financial position and activities according to two classes of net assets according to donor-imposed restrictions: net assets without donor restrictions and net assets with donor restrictions. Accordingly, the net assets of the Foundation and changes therein are classified and reported as follows:

Net Assets Without Donor Restrictions

Net assets that are not subject to donor-imposed stipulations. The Board periodically designates certain net assets without donor restrictions to use for specific purposes.

Net Assets With Donor Restrictions

Net assets subject to stipulations imposed by donors and grantors. Some donor restrictions are temporary in nature; those restrictions will be met by actions of the Foundation or by the passage of time. Other donor restrictions are perpetual in nature, whereby the donor has stipulated that funds be maintained permanently by the Foundation. Generally, the donors of these assets permit the Foundation to use all or part of the income earned on the related investments for general or specific purposes subject to limitations specified by Pennsylvania law.

Basis of Accounting

The financial statements of the Foundation have been prepared on the accrual basis of accounting. Consequently, revenues are generally recognized when earned and expenditures are recognized when incurred.

Use of Estimates in Preparing Financial Statements

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America (GAAP) requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from these estimates.

Cash and Cash Equivalents

Cash investments with an original maturity of three months or less are reported as cash and cash equivalents.

Financial instruments that potentially subject the Foundation to concentration of credit risk consist principally of cash and cash equivalents held with financial institutions. Accounts at financial institutions are insured by the Federal Deposit Insurance Corporation (FDIC) up to $250,000 per institution. The Foundation’s accounts at financial institutions exceeded the insurance obtained through the FDIC from time to time. The Foundation had uninsured cash balances of $257,446 and $0 for the years ended June 30, 2020 and 2019, respectively.

Promises to Give

Unconditional promises to give that are expected to be collected in future years are recorded at the present value of estimated future cash flows. The discounts on those amounts are computed using the expected rate of return of a market participant applicable to the year in which the promise is received. Amortization of the discount is included in contribution revenue. Conditional promises to give are not included as support until the conditions are substantially met.

Investments

The Foundation carries investments in mutual funds at fair value based on quoted market prices. Unrealized gains and losses are included in the change in net assets in the accompanying statements of activities.

Realized gains and losses arising from the sale of investments and ordinary income from investments are reported as changes in net assets without donor restrictions unless their use is restricted by explicit donor-imposed limitations.

Land and Buildings

Land and buildings are stated at cost or at their estimated fair value at date of donation. Depreciation is provided for buildings using the straight-line method over their estimated useful lives of 67 years.

Additions and betterments of $1,000 or more are capitalized, while maintenance and repairs that do not improve or extend the useful lives of the respective assets are expensed currently.

Impairment of Long-Lived Assets

Management reviews the carrying value of long-lived assets on an ongoing basis. When factors indicate that a long-lived asset may be impaired, management uses an estimate of the undiscounted future cash flows over the remaining life of the asset in measuring whether the long-lived asset is recoverable. If such an analysis indicates that impairment has in fact occurred, the book value of the long-lived asset is written down to its fair value, which is estimated using discounted cash flows.

Designation of Net Assets Without Donor Restrictions

It is the policy of the Board of the Foundation to review its plans for future uses of funds and to designate appropriate sums of net assets without donor restrictions for endowment and scholarship uses.

Contributions With or Without Donor Restrictions

Contributions that are restricted by the donor are reported as increases in net assets without donor restrictions if the restrictions expire (that is, when a stipulated time restriction ends or purpose restriction is accomplished) in the reporting period in which the revenue is recognized. All other donor-restricted contributions are reported as increases in net assets with donor restrictions. When a restriction expires, net assets with donor restrictions are reclassified to net assets without donor restrictions and reported in the statements of activities as net assets released from restrictions.

Revenue and Revenue Recognition

The Foundation records special events revenue equal to the fair value of direct benefits to donors, and contribution income for the excess received when the event takes place.

Rental income is recognized when the performance obligation of providing space for the tenants are satisfied.

The Foundation recognizes contributions when cash, securities, or other assets; an unconditional promise to give; or a notification of a beneficial interest is received. Conditional promises to give – that is, those with a measurable performance or other barrier and a right of return- are not recognized until the conditions on which they depend have been met. There are no conditional promises outstanding at year end.

Functional Allocation of Expense

The costs of providing various programs and other activities have been summarized on a functional basis in the statement of activities. Expenses are directly charged to a specific function.

Income Taxes

The Foundation is exempt under Section 501(c)(3) of the Internal Revenue Code (Code) and is a publicly supported organization as described in Section 509(a)(1) of the Code. Contributions to the Foundation are deductible for federal income tax purposes because it is an organization described in Section 170(b)(1)(A). The Foundation files Form 990 - Return of Organization Exempt from Income Tax, on an annual basis.

Financial Instruments and Credit Risk

The Foundation's principal financial instruments subject to credit risk are its cash, structured note investment, and receivables. The degree and concentration of credit risk varies by the type of investment. Receivables result primarily from unconditional promises to give (contributions).

Adoption of Accounting Standards

The requirements of the following Financial Accounting Standards Board (FASB) Accounting Standards Update (ASU) were adopted during the year ended June 30, 2020:

ASU 2014-09, "*Revenue from Contracts with Customers (Topic 606)*." The amendments provide guidance for revenue recognition related to contracts involving the transfer of promised goods or services to customers and the related disclosures.

ASU 2016-18, "*Statement of Cash Flows (Topic 230): Restricted Cash*." The amendments require that the statement of cash flows explain the change during the period in the total cash and cash equivalents including the changes of those amounts generally described as restricted cash or restricted cash equivalents.

ASU 2018-08, "*Non-For-Profit Entities (Topic 958): Clarifying the Scope and the Accounting Guidance for Contributions Received and Contributions Made*." The amendments provide guidance for characterizing grants and similar contracts with government agencies and others as reciprocal transactions (exchanges) or nonreciprocal transactions (contributions) and distinguishing between conditional and unconditional contributions.

Pending Standards Update

ASU 2018-13, *"Fair Value Measurement (Topic 820): Changes to the Disclosure Requirements for Fair Value Measurement,"* is effective for the Foundation's financial statements for the year ending June 30, 2021. This amendment will remove disclosure requirements from Topic 820 and will modify others. The amendments clarify the at the measurement date uncertainty disclosure and is to communicate information about the uncertainty in measurement as of the reporting date.

ASU 2016-13 and ASU 2019-05, *"Financial Instruments-Credit Losses (Topic 326): Measurement of Credit Losses on Financial Instruments,"* is effective for the financial statements for the year ending June 30, 2024. This amendment requires a financial asset (or a group of financial assets) measured at amortized cost basis to be presented at the net amount expected to be collected. This includes loans, debt securities, trade receivables, net investments in leases, off-balance-sheet credit exposures, reinsurance receivables, and any other financial assets not excluded from the scope that have the contractual right to receive cash.

Management has not yet determined the impact of these amendments on the Foundation's financial statements.

3. Cash and Certificates of Deposit

The College follows Section 440.1 of the Pennsylvania Public School Code for 1949, as amended, for investment of College funds. As such, the College is authorized to invest in U.S. Treasury bills, other short-term U.S. government obligations, short-term commercial paper issued by a public corporation, bank's acceptances, insured or collateralized time deposits, and certificates of deposit.

The book balance of the College's deposits was $11,345,092 and $10,897,764 as of June 30, 2020 and 2019, respectively. The bank balance totaled $11,452,164 and $11,138,521 as of June 30, 2020 and 2019, respectively. The difference represents outstanding checks payable and normal reconciling items.

Custodial credit risk is the risk that in the event of a bank failure, the College's deposits may not be returned to it. The College does not have a policy for custodial credit risk. Commonwealth of Pennsylvania Act 72 of 1971, as amended, allows banking institutions to satisfy the collateralization requirement by pooling eligible investments to cover public funds on deposits in excess of federal insurance. Such pooled collateral is pledged with the financial institutions' trust departments. Custodial credit risk for investments is the risk that, in the event of the failure of the counterparty, the College will not be able to recover the value of its investments of collateral securities that are in the possession of an outside party.

The balance of the College's cash deposits and certificates of deposit are categorized as follows to give an indication of the level of risk assumed by the College at year-end.

	2020	2019
Cash and cash equivalents:		
Insured	$ 476,892	$ 410,084
Collateralized, collateral held by pledging banks trust department not in the College's name	10,975,272	10,728,437
Total	$ 11,452,164	$ 11,138,521
Investments:		
Insured	$ 727,019	$ 697,896
Collateralized, collateral held by pledging banks trust department not in the College's name	16,918,555	16,882,104
Total	$ 17,645,574	$ 17,580,000

The College's investments have maturities of less than one year.

As of June 30, 2020 and 2019, the College's certificates of deposits in the amounts of $17,645,574, and $17,580,000, respectively, are classified as Level 1 investments.

4. Accounts Receivable

Accounts receivable represent amounts due for tuition fees from currently enrolled and former students and grants from other entities. The College extends unsecured credit to students and other entities in connection with their studies and other educational services provided. Accounts receivable consist of the following at June 30, 2020 and 2019:

	2020	2019
Accounts receivable, student	$ 1,961,092	$ 1,236,095
Accounts receivable, other	1,033,892	806,284
Less allowance for doubtful accounts	(61,110)	(91,379)
	2,933,874	1,951,000
Accounts receivable, grants	776,209	748,484
Total	$ 3,710,083	$ 2,699,484

5. Capital Assets, Net

	Balance July 1, 2019	Additions	Retirements and Transfers	Balance June 30, 2020
Non-depreciable assets:				
Land	$ 2,531,117	$ -	$ -	$ 2,531,117
Construction in progress	781,885	699,721	(724,663)	756,943
Total non-depreciable assets	3,313,002	699,721	(724,663)	3,288,060
Depreciable assets:				
Land improvements	8,151,618	17,850	-	8,169,468
Buildings and building improvements	71,557,912	1,763,570	541,468	73,862,950
Furniture and equipment	23,740,677	2,005,991	174,056	25,920,724
Library books	1,582,599	28,337	-	1,610,936
Total depreciable assets	105,032,806	3,815,748	715,524	109,564,078
Less: accumulated depreciation	(55,099,493)	(3,555,043)	9,139	(58,645,397)
Net Capital Assets	$ 53,246,315	$ 960,426	$ -	$ 54,206,741

As of June 30, 2020, the College has committed to approximately $3,504,798 of additional capital expenditures related to the above construction in progress.

	Balance July 1, 2018	Additions	Retirements and Transfers	Balance June 30, 2019
Non-depreciable assets:				
Land	$ 2,531,117	$ -	$ -	$ 2,531,117
Construction in progress	229,078	852,788	(299,981)	781,885
Total non-depreciable assets	2,760,195	852,788	(299,981)	3,313,002
Depreciable assets:				
Land improvements	8,134,851	16,767	-	8,151,618
Buildings and building improvements	63,157,082	8,270,227	130,603	71,557,912
Furniture and equipment	22,637,817	1,222,940	(120,080)	23,740,677
Library books	1,550,832	31,767	-	1,582,599
Total depreciable assets	95,480,582	9,541,701	10,523	105,032,806
Less: accumulated depreciation	(51,644,916)	(3,562,634)	108,057	(55,099,493)
Net Capital Assets	$ 46,595,861	$ 6,831,855	$ (181,401)	$ 53,246,315

Per the terms of a ground lease agreement with a third party entered into in 2003, the building constructed upon the leased property reverts back to the owner of the property at the end of the lease in accordance with certain terms and conditions. The ground lease terminated in December 2018 and an independent appraisal was conducted. The building was recorded as a non-operating donation and a capital asset in the amount of $8 million. It is being depreciated over its estimated remaining life of 25 years.

6. Long-Term Liabilities

Long-term liability activity for the years ended June 30, 2020 and 2019 was as follows:

	Balance July 1, 2019	Additions	Payments/ Settlements	Balance June 30, 2020	Current Portion
Accrued partial retirement benefits	$ 350,607	$ -	$ (57,947)	292,660	$ 85,443
Lease obligations	556,941	617,168	(292,999)	881,110	387,953
Notes payable, net	14,949,582	-	(1,212,140)	13,737,442	1,135,000
	$ 15,857,130	$ 617,168	$ (1,563,086)	$ 14,911,212	$ 1,608,396

	Balance July 1, 2018	Additions	Payments/ Settlements	Balance June 30, 2019	Current Portion
Accrued partial retirement benefits	$ 399,360		$ (48,753)	$ 350,607	$ 92,265
Lease obligations	777,722	222,003	(442,784)	556,941	292,998
Notes payable, net	16,111,722	-	(1,162,140)	14,949,582	1,085,000
	$ 17,288,804	$ 222,003	$ (1,653,677)	$ 15,857,130	$ 1,470,263

7. Notes Payable

Notes payable as of June 30, 2020 and 2019 consists of the following:

	2020	2019
General Obligation Note, Series of 2016, evidencing the College's obligation to pay the required debt service on the Lehigh County General Purpose Authority Bonds, Series of 2016, due serially through November 1, 2030 at interest rates ranging from 1.2% to 5.0%.	$ 9,785,000	$ 10,715,000
General Obligation Note, Series of 2013, evidencing the College's obligation to pay the required debt service on the Commonwealth of Pennsylvania State Public School Building Authority Bonds, Series of 2013, due serially through November 1, 2033 at interest rates ranging from 0.65% to 3.75%.	2,645,000	2,800,000
	12,430,000	13,515,000
Unamortized premium on notes payable	1,339,944	1,469,616
Unamortized discount on notes payable	(32,502)	(35,030)
	$ 13,737,442	$ 14,949,586

All of the above obligations require the College to pledge as collateral its unrestricted gross revenues not previously pledged.

In July 2016, the College issued College Revenue Bonds, Series of 2016 in the amount of $11,180,000 and College Revenue Bonds, Series A of 2016 in the amount of $1,735,000. The proceeds of the Series 2016 bonds were used to advance refund the outstanding College Revenue Bonds, Series of 2007 and 2010 and to pay related costs and expenses, including costs of issuing the bonds. The advanced refunding of the College’s General Obligation Notes, Series of 2007 and 2010 decreased the College’s total debt service by $1,395,051 through the year 2026 and resulted in an economic gain (difference between present values of the old and new debt service payments) in the amount of $1,371,163.

Provisions of the Community College Act require that, should the College fail to make its required debt service payment, the Secretary of Education is required to withhold from the College out of any subsidy payment of any type due the College from the Commonwealth, an amount equal to the debt service payment owed by the College.

The aggregate future principal and interest on the notes payable are as follows:

Years ending June 30:	Principal	Interest	Total
2021	$ 1,135,000	$ 499,631	$ 1,634,631
2022	1,185,000	446,059	1,631,059
2023	1,240,000	389,697	1,629,697
2024	1,305,000	330,047	1,635,047
2025	1,365,000	267,016	1,632,016
2026-2030	4,850,000	543,653	5,393,653
2031-2034	1,350,000	72,925	1,422,925
Total	$ 12,430,000	$ 2,549,028	$ 14,979,028

8. Capital Lease Obligations

The College has entered into lease agreements for equipment under noncancelable leases that are classified as capital leases. The principle balance due under capital leases amounted to $881,110 and $556,941 as of June 30, 2020 and 2019, respectively. Future minimum lease payments under capital leases are as follows:

Years ending June 30:	
2021	$ 418,631
2022	265,113
2023	164,273
2024	82,137
	930,154
Less: amounts representing interest	(49,044)
Present value of net minimum lease payments	881,110
Portion reflected as current liability	(387,953)
	$ 493,157

The cost of equipment under capital leases is $8,946,176 and $8,326,146 as of June 30, 2020 and 2019, respectively. Accumulated depreciation for equipment under capital leases is $8,138,495 and $7,826,541 as of June 30, 2020 and 2019, respectively. Depreciation for equipment under capital leases is included with depreciation expense in the statement of revenues, expenses, and changes in net position.

9. Operating Leases

The College has entered into numerous operating lease agreements for the rental of classroom space and equipment. Future minimum annual rentals are as follows:

Years ending June 30:	
2021	$ 1,015,375
2022	799,364
2023	710,000
2024	164,699
	$ 2,689,438

Rent expense for the years ended June 30, 2020 and 2019 was approximately $970,565 and $1,307,000 , respectively.

10. Related Party Transactions

The Foundation provided institutional support to the College of $916,403 and $1,410,102 for the years ended June 30, 2020 and 2019, respectively. There were no contributions to the Foundation by the College in the years ended June 30, 2020 and 2019.

The Foundation leases building space to the College under formal lease agreements. Rental expense for the College was $565,835 and $562,145 for the years ended June 30, 2020 and 2019, respectively. The following is a schedule of future minimum lease rental payments as of June 30, 2020:

Years ending June 30:	
2021	$ 604,264
2022	619,124
2023	548,731
2024	10,000
	$ 1,782,119

11. Retirement Plans

Employees of the College are required to enroll in one of three available retirement plans immediately upon employment. Employees enroll in the Teachers Insurance and Annuity Association/College Retirement and Equity Fund (TIAA/CREF) or, if eligible, may elect to enroll in the Pennsylvania State Employees' Retirement Systems (SERS) or the Public School Employees' Retirement System (PSERS).

SERS and PSERS

Summary of Significant Accounting Policies

For purposes of measuring the net pension liability, the net OPEB liability, deferred outflows of resources and deferred inflows of resources related to pensions or OPEBs, pension expense, and OPEB expense, information about the fiduciary net position of SERS and PSERS and additions to/deductions from SERS/PSERS' fiduciary net position have been determined on the same basis as they are reported by SERS and PSERS. For this purpose, benefit payments (including refunds of employee contributions) are recognized when due and payable in accordance with the benefit terms. Investments are reported at fair value.

Plan Descriptions

SERS

SERS administers a governmental cost-sharing, multiple-employer defined benefit pension plan (SERS Pension) and the State Employees' Defined Contribution Plan (SERS investment plan). The SERS investment plan was established as part of Act 2017-5 and began enrollment on January 1, 2019. Both SERS plans were established by the Commonwealth of Pennsylvania (Commonwealth) to provide pension benefits, including retirement, death, and disability benefits, for employees of state government and certain independent agencies. Membership in SERS is mandatory for most state employees. Members and employees of the Pennsylvania General Assembly, certain elected or appointed officials in the executive branch, department heads and certain employees in the field of education are not required but are given the option to participate. SERS issues a publicly available financial report that can be obtained at www.sers.pa.gov.

PSERS

PSERS administers a governmental cost-sharing, multi-employer defined benefit pension plan (PSERS Pension) and a governmental cost-sharing, multi-employer defined benefit Health Insurance Premium Assistance Program OPEB plan (Premium Assistance), to public school employees of the Commonwealth of Pennsylvania. PSERS issues a publicly available financial report that can be obtained at www.psers.pa.gov.

Employees eligible for PSERS benefits include all full-time public school employees, part-time hourly public school employees who render at least 500 hours of service in the school year, and part-time per diem public school employees who render at least 80 days of service in the school year in any of the reporting entities in Pennsylvania.

PSERS retirees can participate in the Premium Assistance if they satisfy the following criteria:

- Have 24 ½ or more years of service, or
- Are a disability retiree, or
- Have 15 or more years of service and retired after reaching superannuation age, and
- Participate in the PSERS Health Options Program or an employer-sponsored health insurance program.

TIAA-CREF

The Teachers Insurance and Annuity Association-College Retirement and Equity Fund (TIAA-CREF) is defined contribution pension plan. In a defined contribution plan, benefits depend on amounts contributed to the plan plus investment earnings. An employee is eligible for the Plan after 1,000 hours of service and completion of one year of service to the College. In addition, the employee must have attained the age of 18 and cannot be currently enrolled in the SERS or PSERS retirement plan. Employees hired after 1998 are required to contribute 3% to the plan. The College's contribution rate on June 30, 2020 and 2019 was between 3% and 9% of qualifying compensation. These contributions are vested immediately by the participant. The College's contributions to TIAA-CREF for the years ended June 30, 2020 and 2019 were $1,298,880 and $1,325,242, respectively.

Benefits Provided

SERS

SERS provides retirement, disability and death benefits. Article II of the Commonwealth's constitution assigns the authority to establish and amend the benefit provision of the SERS plan to the Pennsylvania General Assembly (Assembly). Member retirement benefits are determined by taking years of credited service, multiplied by final average salary, multiplied by 2.0%, multiplied by the class of service multiplier. Most employees who entered SERS membership prior to January 1, 2011, and who retire at age 60 with three years of service, or at any age with 35 years of service, are entitled to a full retirement benefit. Most employees who entered SERS membership after January 1, 2011, and who retire at age 65, are entitled to a full retirement benefit.

According to the State Employees’ Retirement Code (SERC), all obligations of SERS will be assumed by the Commonwealth should SERS terminate.

PSERS – Pension

Members are eligible for monthly retirement benefits upon reaching (a) age 62 with at least one year of credited service; (b) age 60 with 30 or more years of credited service; or (c) 35 or more years of service regardless of age. Act 120 of 2010 (Act 120) preserves the benefits of existing members and introduced benefit reductions for individuals who become new members on or after July 1, 2011. Act 120 created two new membership classes: Membership Class T-E (Class T-E) and Membership Class T-F (Class T-F). To qualify for normal retirement, Class T-E and Class T-F members must work until age 65 with a minimum of three years of service or attain a total combination of age and service that is equal to or greater than 92 with a minimum of 35 years of service. Benefits are generally equal to 2% or 2.5%, depending upon membership class, of the member’s final average salary (as defined in the Code) multiplied by the number of years of credited service. For members whose membership started prior to July 1, 2011, after completion of five years of service, a member’s right to the defined benefits is vested and early retirement benefits may be elected. For Class T-E and T-F members, the right to benefits is vested after ten years of service.

Participants are eligible for disability retirement benefits after completion of five years of credited service. Such benefits are generally equal to 2% or 2.5%, depending upon membership class, of the member’s final average salary (as defined in the Code) multiplied by the number of years of credited service, but not less than one-third of such salary nor greater than the benefit the member would have had at normal retirement age. Members over normal retirement age may apply for disability benefits.

Death benefits are payable upon the death of an active member who has reached age 62 with at least one year of credited service (age 65 with at least three years of credited service for Class T-E and Class T-F members) or who has at least five years of credited service (ten years for Class T-E and Class T-F members). Such benefits are actuarially equivalent to the benefit that would have been effective if the member had retired on the day before death.

PSERS – Premium Assistance

Effective January 1, 2002, under the provisions of Act 9 of 2001, participating eligible annuitants are entitled to receive PSERS Premium Assistance payments equal to the lesser of $100 per month or their eligible out-of-pocket monthly health insurance premium. As of June 30, 2020, there were no assumed future benefit increases to participating eligible retirees.

Member Contributions

SERS

Employees who participate in SERS are required to make a contribution. All employee contributions are recorded in individually identified accounts that are credited with interest, calculated at 4% per annum, as mandated by statute. Accumulated employee contributions and credited interest vest immediately and are returned to the employee upon termination of service if the employee is not eligible for other benefits.

The following illustrates the SERS' member's contribution as a percent of the member's gross pay:

- Most members of SERS and all state employees hired after June 30, 2001 and prior to January 1, 2011:
  - Membership Class AA 6.25%

- Members who enter SERS for the first time on or after January 1, 2011:
  - Membership Class A-3 6.25%
  - Membership Class A-4 (optional for A-3 members who elect within 45 days of entering SERS) 9.30%

- Members who enter SERS for the first time on or after January 1, 2019:
  - Membership Class A-5 5.00%
  - Membership Class A-6 (optional for A-5 members who elect within 45 days of entering SERS) 4.00%

PSERS

The following illustrates the PSERS' member's contribution as a percent of the member's qualifying compensation:

- Active members who joined PSERS prior to July 22, 1983:
  - Membership Class T-C 5.25%
  - Membership Class T-D 6.50%

- Members who joined PSERS on or after July 22, 1983, and who were active or inactive as of July 1, 2001:
  - Membership Class T-C 6.25%
  - Membership Class T-D 7.50%

- Members who joined PSERS after June 30, 2001, and before July 1, 2011:
  - Membership Class T-D 7.50%

- Members who joined PSERS after June 30, 2011:
  - Membership Class T-E* 7.50%
  - Membership Class T-F** 10.30%

*Shared risk program could cause future contribution rates to fluctuate between 7.50% and 9.50%.
**Shared risk program could cause future contribution rates to fluctuate between 10.30% and 12.30%.

Effective with Act 5 which was enacted on June 12, 2017, vested Class T-E and Class T-F members can now withdraw their accumulated contributions and interest from the Members' Savings Account upon their retirement.

Employer Contributions

During the years ended June 30, 2020 and 2019, the College contributed the following to each of its retirement plans:

	2020	2019
SERS	$ 162,283	$ 100,813
PSERS Pension	161,148	150,787
PSERS Premium Assistance	4,058	3,839
Total PSERS	165,206	154,626
TIAA-CREF	1,298,880	1,325,242
Total contributions	$ 1,626,369	$ 1,580,681

SERS

Section 5507 of the State Employees' Retirement Code (SERC) (71 Pa. C.S. §5507) requires that all SERS-participating employers make contributions to the fund on behalf of all active members and annuitants necessary to fund the liabilities and provide the annuity reserves required to pay benefits. SERS funding policy, as set by the SERS board, provides for periodic active member contributions at statutory rates. The SERS funding policy also provides for periodic employer contributions at actuarially determined rates based on SERS funding valuation, expressed as a percentage of annual retirement covered payroll, such that they, along with employee contributions and an actuarially determined rate of investment return, are adequate to accumulate assets to pay benefits when due.

Employer rates are computed based on SERS fiscal year end of December 31 and differ depending on membership class. For the College's years ended June 30, 2020 and 2019, the employer required contribution rates were as follows:

	2020	2019
Membership Class AA	36.84%	34.63%
Membership Class A-3	25.47%	23.94%
Membership Class A-4	25.47%	23.94%

The College remits contributions to SERS on a quarterly basis. Approximately $42,000 and $25,000, respectively, is owed to SERS as of June 30, 2020 and 2019, which represents the College's required contribution for the end of year payroll.

PSERS

The College's contractually required PSERS contribution rate for fiscal years ended June 30, 2020 and 2019 was 34.29% and 33.43%, respectively, of covered payroll, actuarially determined as an amount that, when combined with employee contributions, is expected to finance the costs of benefits earned by employees during the year, with an additional amount to finance any unfunded accrued liability. This rate is composed of a 33.36% rate for the Pension Plan and a 0.84% rate for the Premium Assistance for fiscal year ended June 30, 2020. This rate is composed of a 32.60% rate for the Pension Plan and a 0.83% rate for the Premium Assistance for fiscal year ended June 30, 2019.

The combined rate for the fiscal year ended June 30, 2020 was an increase from the fiscal year ended June 30, 2019 combined rate of 33.43%. The combined rate for the fiscal year ended June 30, 2019 was an increase from the fiscal year ended June 30, 2018 combined rate of 32.57%. The combined contribution rate will increase to 34.51% in fiscal year 2021 and is projected to grow to 36.30% by fiscal year 2024.

The College remits contributions to PSERS on a quarterly basis. Approximately $44,000 and $40,000, respectively, is owed to PSERS as of June 30, 2020 and 2019, which represents the College's required contribution for the end of year payroll.

Commonwealth Contributions

SERS

No Commonwealth contributions are made on behalf of the College's participation in SERS.

PSERS

The Commonwealth of Pennsylvania pays approximately one-half of contributions directly to PSERS on behalf of the College. These contributions qualify as a special funding situation. The PSERS net pension liability recorded by the College reflects a reduction for the Commonwealth's support. The total of the collective net pension liability relative to PSERS that is associated with the College is as follows:

	2019	2019
College's proportionate share of PSERS net pension liability	$ 1,544,000	$ 2,064,000
Commonwealth's proportionate share of PSERS net pension liability associated with the College	1,568,000	2,069,277
Total	$ 3,112,000	$ 4,133,277

Proportionate Share

SERS

The College's proportion of SERS' net pension liability was calculated utilizing the projected-contribution method. This methodology applies the most recently calculated contribution rates for the Commonwealth's fiscal year 2020, from the December 31, 2019 valuation, to the expected funding payroll.

At December 31, 2019 (measurement date for the net pension liability reported at June 30, 2020), the College's proportion for SERS was 0.00689%, which was an increase of 0.0020% from its proportion measured as of December 31, 2018. At December 31, 2018 (measurement date for the net pension liability reported at June 30, 2019), the College's proportion for SERS was .00483%, which was a decrease of .0008% from its proportion measured as of December 31, 2017.

PSERS

The College's proportion of PSERS' net pension liability and PSERS' net OPEB liability were calculated utilizing the College's one-year reported covered payroll as it relates to PSERS' total one-year reported covered payroll.

At June 30, 2019 (measurement date for PSERS' net pension liability and net OPEB liability reported at June 30, 2020), the College's proportion for PSERS was 0.0033%, which was a decrease of 0.0001% from its proportion measured as of June 30, 2018. At June 30, 2019 (measurement date for PSERS' net pension liability and net OPEB liability reported at June 30, 2017), the College's proportion for PSERS was 0.0043%, which was a decrease of 0.0002% from its proportion measured as of June 30, 2018.

12. Net Pension Liability, Pension Expense, and Deferred Outflows and Inflows of Resources Related to Pensions

At June 30, 2020 and 2019, the College reported a liability for its proportionate share of SERS' and PSERS' net pension liabilities as follows:

	2020	2019
SERS	$ 1,251,980	$ 1,005,588
PSERS	1,544,000	2,064,000
Total	$ 2,795,980	$ 3,069,588

The SERS net pension liability reported at June 30, 2020 was measured as of December 31, 2019 and was determined by an actuarial valuation as of that date, and includes a restatement of $47,964,000 as of January 1, 2018 to its net position restricted for pensions due to the adoption of GASB Statement No. 75, *"Accounting and Financial Reporting for Postemployment Benefits Other than Pensions"*. The SERS net pension liability reported at June 30, 2018 was measured as of December 31, 2017 and was determined by an actuarial valuation as of that date.

The PSERS net pension liability reported at June 30, 2020 was measured as of June 30, 2019, and the total pension liability used to calculate the net pension liability was determined by rolling forward PSERS' total pension liability as of June 30, 2018 to June 30, 2019. The PSERS net pension liability reported at June 30, 2019 was measured as of June 30, 2018, and the total pension liability used to calculate the net pension liability was determined by rolling forward PSERS' total pension liability as of June 30, 2017 to June 30, 2018.

For the years ended June 30, 2020 and 2019, the College recognized pension expense as follows:

	2020	2019
SERS	$ 113,917	$ 183,498
PSERS	180,787	257,950
Total	$ 294,704	$ 441,448

At June 30, 2020 and 2019, the College reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	2020		2019	
	Deferred Outflows of Resources	Deferred Inflows of Resources	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience:				
SERS	$ 15,611	$ 8,480	$ 15,091	$ 10,897
PSERS	9,000	51,000	17,000	32,000
Changes in assumptions:				
SERS	48,242	-	26,791	-
PSERS	15,000	-	38,000	-
Net difference between projected and actual earnings on pension plan investments:				
SERS	-	89,290	97,838	-
PSERS	-	4,000	10,000	-
Differences between employer contributions and proportionate share of contributions:				
SERS	303,548	171,798	31,982	-
PSERS	-	-	-	-
Changes in proportion:				
SERS	15,337	11,712	-	296,449
PSERS	-	519,000	-	269,000
College contributions subsequent to the measurement date:				
SERS	81,142	-	50,125	-
PSERS	161,148	-	150,787	-
Total	$ 649,028	$ 855,280	$ 437,614	$ 608,346

$242,290 and $200,912 was reported at June 30, 2020 and 2019, respectively, as deferred outflows of resources resulting from the College’s contributions subsequent to the measurement date. The amount recorded at June 30, 2020 will be recognized as a reduction of the net pension liability in the year ending June 30, 2021. The amount recorded at June 30, 2019 was recognized as a reduction of the net pension liability for the year ended June 30, 2020.

Other amounts reported at June 30, 2020 as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

Year Ending June 30:	SERS	PSERS	Total
2021	$ (8,939)	$ (197,000)	$ (205,939)
2022	7,519	(223,000)	(215,481)
2023	55,304	(134,000)	(78,696)
2024	24,761	4,000	28,761
2025	22,813	-	22,813
Total	$ 101,458	$ (550,000)	$ (448,542)

Actuarial Assumptions

SERS

The following methods and assumptions were used in the actuarial valuation for the December 31, 2019 measurement date:

- Actuarial cost method – Entry Age Normal – level % of pay
- Investment return – 7.125%, includes inflation at 2.60%
- Salary growth – Effective average of 5.60%, with range of 3.70% - 8.90% and comprised of 2.60% for inflation
- Mortality rates were based on the RP-2000 Mortality Tables adjusted for actual plan experience and future improvement
- Experience study – January 1, 2011 through December 31, 2015

SERS reviews its investment return assumption in light of economic conditions every year. In June 2019, SERS approved a reduction in the Defined Benefit Plan investment rate of return to 7.125% for 2019 from 7.25% for 2018.

There were no changes in benefit terms for the December 31, 2018 valuation. However, on June 12, 2017, with the passage of Act 2017-5, two new side-by-side hybrid defined benefit/defined contribution benefit options and a new defined contribution only option were established for all state employees who first enter SERS membership on or after January 1, 2019. Additionally, all current SERS members were given a one-time, irrevocable option to select one of the three new retirement benefit options between January 1, 2019 and March 31, 2019. The newly elected option will be effective July 1, 2019, and generally will apply to all future service.

PSERS

The following methods and assumptions were used in the actuarial valuation for the June 30, 2019 measurement date:

- Actuarial cost method – Entry Age Normal – level % of pay
- Investment return – 7.25%, includes inflation at 2.75%
- Salary growth – Effective average of 5.00%, comprised of 2.75% for inflation and 2.25% for real wage growth and merit or seniority increases
- Mortality rates were based on the RP-2014 Mortality Tables for males and females, adjusted to reflect PSERS' experience and projected using a modified version of the MP-2015 Mortality Improvement Scale
- Experience study – July 1, 2010 through June 30, 2015

There were no changes in assumptions for the June 30, 2019 valuation.

Pension Plan Investments

SERS

The long-term expected rate of return on pension plan investments was determined using a building-block method in which best-estimate ranges of expected future real rates of return (expected returns, net of manager fees and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation.

The pension plan's policy in regard to the allocation of invested plan assets is established and may be amended by the SERS Board. Plan assets are managed with a long-term objective of achieving and maintaining a fully funded status for the benefits provided through the pension.

The target 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
Private Equity	16.0%	7.25%
Global Public Equity	48.0%	5.15%
Real estate	12.0%	5.26%
Multi-Strategy	10.0%	4.44%
Fixed Income	11.0%	1.26%
Cash	3.0%	-
	100.0%	

For SERS' years ended December 31, 2019 and 2018, the annual money-weighted rate of return on the pension plan investments, net of pension plan investment expenses, was 18.8% and (4.5)%, respectively.

PSERS

The long-term expected rate of return on pension plan investments was determined using a building-block method in which best-estimate ranges of expected future real rates of return (expected returns, net of pension plan investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation.

The pension plan's policy in regard to the allocation of invested plan assets is established and may be amended by the PSERS Board. Plan assets are managed with a long-term objective of achieving and maintaining a fully funded status for the benefits provided through the pension.

The target allocation and best estimates of geometric 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
Global public entity	20.0%	5.6%
Fixed income	36.0%	1.9%
Commodities	8.0%	2.7%
Absolute return	10.0%	3.4%
Risk parity	10.0%	4.1%
Infrastructure/MLPs	8.0%	5.5%
Real estate	10.0%	4.1%
Alternative investments	15.0%	7.4%
Cash	3.0%	3.0%
Financing (LIBOR)	-20.0%	0.7%
	100.0%	

For PSERS' years ended June 30, 2020 and 2019, the annual money-weighted rate of return on the pension plan investments, net of pension plan investment expenses, was 6.58% and 9.3%, respectively.

Discount Rate

The discount rate used to measure the total pension liability for SERS and PSERS was 7.125% and 7.25%, respectively. The discount rate used to measure the total SERS pension liability was reduced to 7.125% in 2019 from 7.25% in 2018. The projection of cash flows used to determine the discount rate assumed that the contributions from plan members will be made at the current contribution rate and that the contributions from employers will be made at contractually required rates, actuarially determined. Based on those assumptions, the pension plan's fiduciary net position was projected to be available to make all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

Sensitivity of the College's Proportionate Share of SERS' and PSERS' Net Pension Liability to Changes in the Discount Rate

The following presents the College's proportionate share of SERS' and PSERS' net pension liabilities calculated using the discount rate described above, as well as what the College's proportionate share of SERS' and PSERS' net pension liabilities would be if they were calculated using a discount rate that is one-percentage-point lower or one-percentage-point higher than the current rate:

	1% Decrease (6.125%)	Current Discount Rate (7.125%)	1% Increase (8.125%)
June 30, 2020			
College's proportionate share of SERS' net pension liability	$ 1,590,842	$ 1,251,980	$ 961,869
	1% Decrease (6.25%)	Current Discount Rate (7.25%)	1% Increase (8.25%)
College's proportionate share of PSERS' net pension liability	$ 1,923,000	$ 1,544,000	$ 1,223,000
June 30, 2019			
College's proportionate share of SERS' net pension liability	$ 1,234,778	$ 1,005,586	$ 809,182
College's proportionate share of PSERS' net pension liability	$ 2,559,000	$ 2,064,000	$ 1,646,000

13. Net OPEB Liability, OPEB Expense, and Deferred Outflows and Inflows of Resources Related to OPEB

The College maintains a separate OPEB plan – the Premium Assistance previously described in Note 11. At June 30, 2020 and 2019, the College reported a net OPEB liability composed of the following:

College's proportionate share of PSERS' net OPEB liability	$ 70,000
Net OPEB liability	$ 70,000

PSERS' net OPEB liability reported at June 30, 2020 was measured as of June 30, 2019, and the total OPEB liability used to calculate PSERS' net OPEB liability was determined by rolling forward PSERS' total OPEB liability as of June 30, 2018 to June 30, 2019. PSERS' net OPEB liability reported at June 30, 2019 was measured as of June 30, 2018, and the total OPEB liability used to calculate PSERS' net OPEB liability was determined by rolling forward PSERS' total OPEB liability as of June 30, 2017 to June 30, 2018.

For the years ended June 30, 2020 and 2019, the College recognized OPEB expense as follows:

	2020	2019
OPEB expense related to PSERS Premium Assistance	$ 2,338	$ 3,000
Total OPEB expense	$ 2,338	$ 3,000

At June 30, 2020 and 2019, the College reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

	2020		2019	
	Deferred Outflows of Resources	Deferred Inflows of Resources	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	$ -	$ -	$ 1,000	$ -
Changes in assumptions	2,000	2,000	1,000	3,000
Net difference between projected and actual earnings on OPEB plan investments	-	-	-	-
Changes in proportion	-	29,000	-	13,000
College contributions subsequent to the measurement date	4,189	-	3,839	-
Total	$ 6,189	$ 31,000	$ 5,839	$ 16,000

$4,189 and $3,839 was reported at June 30, 2020 and 2019, respectively, as deferred outflows of resources resulting from the College's contributions subsequent to the measurement date. The amount recorded at June 30, 2020 will be recognized as a reduction of the net OPEB liability in the year ending June 30, 2021. The amount recorded at June 30, 2019 was recognized as a reduction of the net OPEB liability for the year ended June 30, 2020

Other amounts reported as deferred outflows of resources and deferred inflows of resources related to OPEB will be recognized in OPEB expense as follows:

Year Ending June 30:	
2021	$ (5,000)
2022	(5,000)
2023	(5,000)
2024	(5,000)
2025	(3,000)
Thereafter	(6,000)
Total	$ (29,000)

Additional Required Disclosures for PSERS Premium Assistance

Actuarial Assumptions

The following methods and assumptions were used in the actuarial valuation for the June 30, 2019 measurement date:

- Actuarial cost method – Entry Age Normal – level % of pay
- Investment return – 2.79% - S&P 20-year Municipal Bond Rate
- Salary increases – Effective average of 5.00%, comprised of 2.75% for inflation and 2.25% for real wage growth and merit or seniority increases
- Premium Assistance reimbursement is capped at $1,200 per year
- Assumed healthcare cost trends were applied to retirees with less than $1,200 in Premium Assistance per year
- Mortality rates were based on the RP-2014 Mortality Tables for males and females, adjusted to reflect PSERS' experience and projected using a modified version of the MP-2015 Mortality Improvement Scale
- Experience study – July 1, 2010 through June 30, 2015
- Participation rate –
    - Eligible retirees will elect to participate pre-age 65 at 50%
    - Eligible retirees will elect to participate post-age 65 at 70%.

Changes in Assumptions

The discount rate decreased from 2.98% to 2.79% for the June 30, 2019 valuation.

Changes in Benefit Terms

There were no changes in benefit terms for the June 30, 2019 valuation.

OPEB Plan Investments

Investments consist primarily of short-term assets designed to protect the principal of the plan assets. The expected rate of return on OPEB plan investments was determined using the OPEB asset allocation policy and best estimates of geometric real rates of return for each asset class.

The OPEB plan's policy in regard to the allocation of invested plan assets is established and may be amended by the PSERS Board. Employer contribution rates are established to provide reserves in the Health Insurance Account that are sufficient for the payment of the Premium Assistance for each succeeding year. The target allocation and best estimates of geometric 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	13.2%	0.2%
US Core Fixed Income	83.1%	1.0%
Non-US Developed Fixed	3.7%	0.0%
	100.0%	

For PSERS' years ended June 30, 2020 and 2019, the annual money-weighted rate of return on the Premium Assistance plan investments, net of plan investment expenses, was 2.68% and 1.63%, respectively.

Discount Rate

The discount rate used to measure the total OPEB liability was 2.79% for the June 30, 2019 measurement date and 2.98% for the June 30, 2017 measurement date. Under the Premium Assistance plan's funding policy, contributions are structured for short-term funding of the Premium Assistance. The funding policy sets contribution rates necessary to assure solvency of the Premium Assistance through the third fiscal year after the actuarial valuation date. The Premium Assistance account is funded to establish reserves that are sufficient for the payment of the Premium Assistance benefits for each succeeding year. Due to the short-term funding policy, the OPEB plan's fiduciary net position was not projected to be sufficient to meet projected future benefit payments; therefore, the plan is considered a "pay-as-you-go" plan. A discount rate of 2.79%, which represents the S&P 20-year Municipal Bond Rate at June 30, 2019, was applied to all projected benefit payments to measure the total OPEB liability as of the June 30, 2019 measurement date.

Sensitivity of the College's Proportionate Share of PSERS' Net OPEB Liability to Changes in the Discount Rate

The following presents the College's proportionate share of PSERS' net OPEB liability calculated using the discount rates described above, as well as what the College's proportionate share of the net OPEB liability would be if it were calculated using a discount rate that is one-percentage-point lower or one-percentage-point higher than the current rate:

June 30, 2020	1% Decrease (1.79%)	Current Discount Rate (2.79%)	1% Increase (3.79%)
College's proportionate share of PSERS' net OPEB liability	$ 80,000	$ 70,000	$ 62,000

June 30, 2019	1% Decrease (1.98%)	Current Discount Rate (2.98%)	1% Increase (3.98%)
College's proportionate share of PSERS' net OPEB liability	$ 102,000	$ 90,000	$ 79,000

Sensitivity of the College’s Proportionate Share of PSERS’ Net OPEB Liability to Changes in the Healthcare Cost Trend Rates

Healthcare cost trend rates were applied to retirees receiving less than $1,200 in annual Premium Assistance. As of June 30, 2019, retirees’ Premium Assistance benefits are not subject to future healthcare cost increases. The annual Premium Assistance reimbursement for qualifying retirees is capped at a maximum of $1,200. The actual number of retirees receiving less than the $1,200 per year cap is a small percentage of the total population and has a minimal impact on the healthcare cost trends as depicted below.

The following presents the College's proportionate share of PSERS' net OPEB liability calculated using current healthcare cost trend rates as well as what the College's proportionate share of the net OPEB liability would be if it were calculated using a healthcare cost trend rate that is one-percentage-point lower or one-percentage-point higher than the current rate:

June 30, 2020	1% Decrease	Current Trend	1% Increase
College's proportionate share of PSERS' net OPEB liability	$ 70,000	$ 70,000	$ 70,000

June 30, 2019	1% Decrease	Current Trend	1% Increase
College's proportionate share of PSERS' net OPEB liability	$ 90,000	$ 90,000	$ 90,000

14. Contingencies

The College participates in both state and federally assisted grant programs and receives appropriations from the Commonwealth. These programs and appropriations are subject to program compliance audits by the grantors or their representatives. The College is potentially liable for any expenditure which may be disallowed pursuant to the terms of the grant and appropriation programs. Management is not aware of any material items of noncompliance which would result in the disallowance of expenditures.

15. Concentrations

Approximately 33% and 29% of the College's total revenue for the years ended June 30, 2020 and 2019, respectively, was provided by appropriations and contracts with the Commonwealth. A significant reduction in the amounts provided by the Commonwealth could have an adverse impact on the College's operations.

16. Designations of Unrestricted Net Position

Designations of unrestricted net position are not legally required segregations but are segregated by the College's management for specific purposes. As of June 30, 2020 and 2019, the College designated unrestricted net position as follows:

	2020	2019
Designated for capital projects	$ 12,058,020	$ 14,617,004
Designated for operating projects and auxiliary student operations	9,076,904	7,154,718
Reserve for future operations	2,100,000	2,100,000
Total unrestricted, board-designated	23,234,924	23,871,722
Unrestricted, undesignated	75,886	36,730
Total unrestricted net position	$ 23,310,810	$ 23,908,452

17. Commitments

The College employs approximately 900 employees. Approximately 30% of the College's employees are covered by collective bargaining agreements. The current contract with the Faculty Association has been extended until August 2022. The contract with the Education Support Professionals expires June 30, 2023.

18. Risk and Contingency

On March 11, 2020, the World Health Organization (WHO) recognized COVID-19 as a global pandemic, prompting many national, regional and local governments to implement preventative or protective measures, such as business restrictions and closures, stay-at-home orders and bans on large gatherings of individuals. As a result of these restrictive measures any large in-person functions have ceased at the College with employees and students continuing to work and study virtually. The College's operations could be adversely affected by continued government restrictions and the behaviors of the population at large.

19. Component Unit Disclosures, Lehigh Carbon Community College Foundation

Promises to Give

Unconditional promises to give as of June 30 are as follows:

	2020	2019
Scholarships	$ 51,667	$ 88,334
Receivable in less than one year	$ 26,667	$ 53,334
Receivable in one to five years	25,000	35,000
	51,667	88,334
Less discounts to net present value at 2.20% - 5.80%	(1,784)	(2,751)
	$ 49,883	$ 85,583

Fair Value Measurements and Investments

Financial assets and liabilities are categorized based upon the following characteristics or inputs to the valuation techniques:

Level 1 – Quoted prices are available in the active markets for identical assets or liabilities as of the reported date.

Level 2 – Pricing inputs are other than quoted prices in active markets for identical assets, which are either directly or indirectly observable as of the reported date. The nature of these assets and liabilities include items for which quoted prices are available but traded less frequently, and items that are fair valued using other financial instruments, the parameters of which can be directly observed.

Level 3 – Valuations derived from valuation techniques in which one or more significant inputs or significant value drivers are unobservable.

This hierarchy requires the use of observable market data when available.

The following table sets forth by level, within the fair value hierarchy, the Foundation's investments at fair value as of June 30:

	2020			
	Level 1	Level 2	Level 3	Total
Money market accounts	$ 32,497	$ -	$ -	$ 32,497
Equity mutual funds:				
Large cap equity funds	4,688,358	-	-	4,688,358
Small and mid cap equity funds	1,065,608	-	-	1,065,608
International funds	2,278,858	-	-	2,278,858
Blended funds	393,041	-	-	393,041
Structured note	-	432,348	-	432,348
Fixed income mutual funds	5,900,572	-	-	5,900,572
	$ 14,358,934	$ 432,348	$ -	$ 14,791,282

	2019			
	Level 1	Level 2	Level 3	Total
Money market accounts	$ 48,185	$ -	$ -	$ 48,185
Equity mutual funds:				
Large cap equity funds	5,030,022	-	-	5,030,022
Small and mid cap equity funds	1,165,104	-	-	1,165,104
International funds	2,401,444	-	-	2,401,444
Blended funds	412,804	-	-	412,804
Structured note	-	413,644	-	413,644
Fixed income mutual funds	5,395,680	-	-	5,395,680
	$ 14,453,239	$ 413,644	$ -	$ 14,866,883

The structured note is a non-hedging non-derivative instrument. The fair value is measured daily and is based on various inputs including: changes in the underlying investment indices, the issuer's credit spread, and the remaining maturity period of the investment.

The following schedule summarizes the composition of investment income for the years ended June 30:

	2020	2019
Investment income	$ 556,370	$ 620,972
Realized gains, net	15,873	4,695
Unrealized gains	(394,346)	242,348
Less: investment fees	(52,416)	(47,337)
	$ 125,481	$ 820,678

Land and Buildings

Land and buildings is comprised of the following as of June 30:

	2020	2019
Land	$ 572,725	$ 572,725
Buildings	6,106,892	6,106,892
	6,679,617	6,679,617
Accumulated depreciation	(1,566,670)	(1,475,067)
	$ 5,112,947	$ 5,204,550

Depreciation expense of $91,603 was recognized for the years ended June 30, 2020 and 2019.

Restrictions and Limitations on Net Assets

The Foundation's Board has chosen to place the following limitations on net assets without donor restrictions:

	2020	2019
Endowments	$ 835,898	$ 866,650
Scholarships	326,966	217,396
Student Emergency Loan Fund	75,000	75,000
Academic Program Enhancement Fund	498,668	498,668
Building construction, improvements, and maintenance	827,486	827,486
	$ 2,564,018	$ 2,485,200

Net assets with donor restrictions that are related to time and purchase restrictions are available for the following purposes or periods as of June 30:

	2020	2019
Building construction, improvements, and real property acquisition	$ 101,518	$ 109,852
Scholarships	1,144,387	1,146,100
Title III grant and match	390,829	389,267
Other	484,228	422,251
	$ 2,120,962	$ 2,067,470

Net assets with donor restrictions that are related to time and purchase restrictions were released primarily for scholarships in the amount of $340,936 and $793,155 in 2020 and 2019, respectively.

Net assets with donor restrictions that are perpetual in nature of $6,647,218 and $6,779,346 at June 30, 2020 and 2019, respectively, are comprised primarily of scholarships, and include related promises to give.

Endowment

The Foundation's endowment consists of various individual funds established for a variety of purposes. Its endowments include both donor-restricted endowment funds and a fund designated by the Board to function as an endowment. As required by GAAP, net assets associated with endowment funds, including funds designated by the Board to function as endowments, are classified and reported based on the existence or absence of donor-imposed restrictions.

Interpretation of Relevant Law

The Foundation's policy is to require the preservation of the fair value of the original gift as of the gift date of the donor-restricted endowment funds absent explicit donor stipulations to the contrary. As a result of this interpretation, the Foundation classifies as net assets with donor restrictions that are perpetual in nature (a) the original value of gifts donated to the permanent endowment, (b) the original value of subsequent gifts donated 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 remaining portion of the donor-restricted endowment fund that is not classified in net assets with donor restrictions that are perpetual in nature is classified as net assets with donor restrictions that are temporary in nature until those amounts are appropriated for expenditure by the organization in a manner consistent with the standard of prudence prescribed by the relevant state law. Unless specifically defined as a donor-restricted endowment fund that is required by donor stipulation to accumulate or appropriate endowment funds, the Foundation considers the following factors: the duration and preservation of the fund; the purposes of the organization and the donor-restricted endowment fund; general economic conditions; the possible effect of inflation and deflation; the expected total return from income and appreciation of investments; other resources of the organization; and the investment policies of the organization.

The following schedule represents the endowment net asset composition by type of endowment fund as of June 30:

	2020		
	Without Donor Restrictions	With Donor Restrictions	Total
Board-designated endowment funds	$ 835,898	$ -	$ 835,898
Donor-restricted endowment funds	-	7,101,751	7,101,751
	$ 835,898	$ 7,101,751	$ 7,937,649

	2019		
	Without Donor Restrictions	With Donor Restrictions	Total
Board-designated endowment funds	$ 866,651	$ -	$ 866,651
Donor-restricted endowment funds	-	7,232,146	7,232,146
	$ 866,651	$ 7,232,146	$ 8,098,797

The following schedule represents the changes in endowment net assets for the years ended June 30, 2020 and 2019:

	Without Donor Restrictions	With Donor Restrictions
Endowment net assets, July 1, 2018	$ 812,897	$ 6,753,575
Investment return:		
Investment Income	38,975	285,617
Net realized and unrealized	14,779	111,751
Total investment return	53,754	397,368
Transfer in	-	-
Contributions	-	126,505
Distributions	-	(45,302)
Endowment net assets, June 30, 2019	866,651	7,232,146
Investment return:		
Investment Income	800	7,608
Net realized and unrealized	2,553	27,445
Total investment return	3,353	35,053
Transfer in	-	58,425
Contributions	-	20,180
Distributions	(34,106)	(244,053)
Endowment net assets, June 30, 2020	$ 835,898	$ 7,101,751

Funds with Deficiencies

The fair value of assets associated with individual donor-restricted endowment funds may fall below the level that the donor or the relevant state law requires the Foundation to retain as a fund of perpetual duration. There were no such deficiencies reported at June 30, 2020 and 2019.

Return Objectives and Risk Parameters

The Foundation has adopted investment and spending policies for endowment assets that attempt to provide a predictable stream of funding to programs supported by its endowments while seeking to maintain the purchasing power of the endowment assets. Endowment assets include those assets of donor-restricted fund that the Foundation must hold in perpetuity or for a donor-specified period(s) as well as board-designated funds. Under this policy, as approved by the Board, the endowment assets are invested in a manner that is intended to produce results that exceed the price and yield results of the broad market indexes while assuming a moderate level of investment risk. The Foundation expects its endowment funds, over time, to provide an average rate of return of approximately 9% annually. Actual returns in any given year may vary from this amount.

Strategies Employed for Achieving 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 dividend). 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.

Endowment Spending Policy and How the Investment Objectives Relate to the Spending Policy

The Foundation has a policy of appropriating restricted net assets for distribution on an as-needed basis. The amount needed to fund the distributions will first be taken from the accumulated excess earnings from prior years, then from the accumulated net capital gains of the endowment and, conversely, any undistributed income after the allocation of the total return distribution is added back to the temporarily restricted endowment fund balance. Over the long-term, the Foundation expects the current spending policy to allow its endowment to grow at an average of 4% annually. This is consistent with the Foundation’s objective to maintain the purchasing power of the endowment assets held in perpetuity or for a specified term, as well as to provide additional real growth through new gifs and investment return.

Availability and Liquidity

The Foundation receives significant contributions with donor restrictions to be used in accordance with the donor agreement and/or contract. It also receives gifts to establish endowments that will exist in perpetuity; the income generated from such endowments is used to fund programs and scholarships. In addition, the Foundation receives support without donor restrictions; such support has historically represented approximately 30% of annual program and scholarship funding needs, with the remainder funded by investment income without donor restrictions, rental income, and appropriated earnings from gifts with donor restrictions.

The Foundation considers investment income without donor restrictions, appropriated earnings from donor-restricted and board-designated endowments, contributions without donor restrictions and contributions with donor restrictions for use in current programs and scholarships which are ongoing, major and central to its annual operations to be available to meet cash needs for general expenditures. General expenditures include administrative and general expenses, fundraising expenses, awards and grant commitments, and general Foundation scholarships expected to be paid in the subsequent year. Annual operations are defined as activities occurring during the Foundation's fiscal year.

The Foundation manages its cash available to meet general expenditures following three guiding principles:

- Operating within a prudent range of financial soundness and stability,
- Maintaining adequate liquid assets, and
- Maintaining sufficient reserves to provide reasonable assurance that long-term grant commitments and obligations under endowments with donor restrictions that support mission fulfillment will continue to be met, ensuring the sustainability of the Foundation.

The following represents the Foundation's financial assets available to meet general expenditures within one year as of June 30, 2020:

Financial assets at year-end:		
Cash and cash equivalents	$	1,006,441
Current promises to give		26,667
Investments		14,791,282
Total financial assets		15,824,390
Less amounts not available to be used within one year:		
Net assets with donor restrictions		8,768,180
Net assets with board designations		2,564,018
Investments held for College		738,928
		12,071,126
Financial assets available to meet general expenditures over the next twelve months	$	3,753,264

In addition, the Foundation receives rental income from the College under formal lease agreements that will be sufficient to cover expenses during the year ended June 30, 2021:

Rent revenue from College under leases	$	604,264
Expenses:		
IAG grant		174,467
Repayment to College		205,000
Graduation awards		7,000
Foundation scholarships		100,000
Other miscellaneous expenses		45,000
Total expenses		531,467
Revenue in excess of expenses	$	72,797

REQUIRED SUPPLEMENTARY INFORMATION

LEHIGH CARBON COMMUNITY COLLEGE

SCHEDULE OF THE COLLEGE'S PROPORTIONATE SHARE OF THE NET PENSION LIABILITY

Last 10 Fiscal Years[1]

PSERS:

	2020	2019	2018	2017	2016	2015
College's proportion of the net pension liability	0.0033%	0.0043%	0.0045%	0.0051%	0.0052%	0.0054%
College's proportionate share of the net pension liability	$ 1,544,000	$ 2,064,000	$ 2,222,000	$ 2,527,000	$ 2,253,000	$ 2,137,000
State's proportionate share of the net pension liability associated with the College	1,568,000	2,069,277	2,199,006	2,547,040	2,266,282	2,158,043
Total	$ 3,112,000	$ 4,133,277	$ 4,421,006	$ 5,074,040	$ 4,519,282	$ 4,295,043
College's covered payroll	$ 461,884	$ 580,794	$ 592,627	$ 665,775	$ 673,190	$ 695,020
College's proportionate share of the net pension liability as a percentage of its covered payroll	334.28%	355.38%	374.94%	379.56%	334.68%	307.47%
PSERS' plan fiduciary net position as a percentage of PSERS' total pension liability	54.00%	54.00%	51.84%	50.14%	54.36%	57.24%

[1] The amounts presented for each fiscal year were determined as of the measurement date, which is June 30 of the immediately preceding fiscal year. This schedule is intended to illustrate information for 10 years. However, until a full 10-year trend is compiled, the College is presenting information for those years only for which information is available.

SERS:

	2020	2019	2018	2017	2016	2015
College's proportion of the net pension liability	0.0068%	0.0048%	0.0056%	0.0063%	0.0072%	0.8400%
College's proportionate share of the net pension liability	$ 1,251,978	$ 1,005,588	$ 977,535	$ 1,204,834	$ 1,315,951	$ 1,245,895
College's covered payroll	$ 434,698	$ 290,300	$ 349,755	$ 362,071	$ 431,572	$ 500,417
College's proportionate share of the net pension liability as a percentage of its covered payroll	288.01%	346.40%	279.49%	332.76%	304.92%	248.97%
SERS' plan fiduciary net position as a percentage of SERS' total pension liability	63.10%	56.40%	63.00%	57.80%	58.90%	64.80%

[1] The amounts presented for each fiscal year were determined as of the measurement date, which is as of the end of the calendar year-end that occurred within the fiscal year. This schedule is intended to illustrate information for 10 years. However, until a full 10-year trend is compiled, the College is presenting information for those years only for which information is available.

See accompanying notes to required supplementary information.

LEHIGH CARBON COMMUNITY COLLEGE

SCHEDULE OF THE COLLEGE'S CONTRIBUTIONS

Last 10 Fiscal Years[3]

PSERS:

	2020	2019	2018	2017	2016	2015
Contractually required employer contribution	$ 161,148	$ 150,787	$ 183,717	$ 160,931	$ 152,717	$ 140,534
Contributions recognized by PSERS	161,148	150,787	183,717	160,931	152,717	140,534
Difference between contractually required employer contribution and contributions recognized by PSERS	$ -	$ -	$ -	$ -	$ -	$ -
College's covered-employee payroll	$ 461,884	$ 580,794	$ 665,775	$ 594,774	$ 665,775	$ 695,020
Contributions as a percentage of covered-employee payroll	34.89%	25.96%	27.59%	27.06%	22.94%	20.22%

[3] The amounts presented for each fiscal year were determined as of the fiscal year-end date. This schedule is intended to illustrate information for 10 years. However, until a full 10-year trend is compiled, the College is presenting information for those years only for which information is available.

SERS:

	2020	2019	2018	2017	2016	2015
Contractually required employer contribution	$ 162,283	$ 100,250	$ 110,895	$ 107,091	$ 107,628	$ 98,563
Contributions recognized by SERS	162,283	100,250	110,895	107,091	107,628	98,563
Difference between contractually required employer contribution and contributions recognized by SERS	$ -	$ -	$ -	$ -	$ -	$ -
College's covered payroll	$ 434,698	$ 290,300	$ 349,755	$ 362,071	$ 431,572	$ 500,417
Contributions as a percentage of covered payroll	37.33%	34.53%	31.71%	29.58%	24.94%	19.70%

[3] The amounts presented for each fiscal year were determined as of the calendar year-end that occurred within the fiscal year. This schedule is intended to illustrate information for 10 years. However, until a full 10-year trend is compiled, the College is presenting information for those years only for which information is available.

See accompanying notes to required supplementary information.

LEHIGH CARBON COMMUNITY COLLEGE

SCHEDULE OF THE COLLEGE'S PROPORTIONATE SHARE OF PSERS' NET OPEB LIABILITY

Last 10 Fiscal Years[1]

	2020	2019	2018
College's proportion of PSERS' net OPEB liability	0.0033%	0.0043%	0.0045%
College's proportionate share of PSERS' net OPEB liability	$ 70,000	$ 90,000	$ 92,000
College's covered payroll	$ 461,884	$ 580,794	$ 592,627
College's proportionate share of PSERS' net OPEB liability as a percentage of its covered payroll	15.16%	15.50%	15.52%
PSERS' plan fiduciary net position as a percentage of PSERS' total OPEB liability	5.56%	5.56%	5.73%

[1] The amounts presented for each fiscal year were determined as of the measurement date, which is June 30 of the immediately preceding fiscal year. This schedule is intended to illustrate information for 10 years. However, until a full 10-year trend is compiled, the College is presenting information for those years only for which information is available.

SCHEDULE OF THE COLLEGE'S CONTRIBUTIONS TO PSERS PREMIUM ASSISTANCE

Last 10 Fiscal Years[4]

	2020	2019	2018
Contractually required employer contribution	$ 4,058	$ 3,839	$ 4,499
Contributions recognized by PSERS	4,058	3,839	4,499
Difference between contractually required employer contribution and contributions recognized by PSERS	$ -	$ -	$ -
College's covered payroll	$ 483,478	$ 481,884	$ 665,775
Contributions as a percentage of covered payroll	0.84%	0.80%	0.68%

[4] The amounts presented for each fiscal year were determined as of the fiscal year-end date. This schedule is intended to illustrate information for 10 years. However, until a full 10-year trend is compiled, the College is presenting information for those years only for which information is available.

See accompanying notes to required supplementary information.

LEHIGH CARBON COMMUNITY COLLEGE

NOTES TO REQUIRED SUPPLEMENTARY INFORMATION

YEAR ENDED JUNE 30, 2020

1. Factors and Trends in Actuarial Assumptions Used Under GASB No. 68 for the PSERS Pension Plan

Actuarial Date/ Measurement Date	6/30/2019	6/30/2018	6/30/2017	6/30/2016	6/30/2015	6/30/2014	6/30/2013
College's Fiscal Year	6/30/2020	6/30/2019	6/30/2018	6/30/2017	6/30/2016	6/30/2015	6/30/2014
Discount Rate	7.25%	7.25%	7.25%	7.25%	7.50%	7.50%	N/A
Salary Increases	5.00%	5.00%	5.00%	5.00%	5.50%	5.50%	N/A
Mortality	RP-2014, Scale MP-2015	RP-2014, Scale MP-2015	RP-2014, Scale MP-2015	RP-2014, Scale MP-2015	RP-2000	RP-2000	N/A
Changes in Benefits	None	None	Vested Class T-E and T-F members can withdraw their accumulated contributions and interest	None	None	None	N/A
Actuarially Calculated Contribution Rate from Actuarial Date Shown Above	32.60%	33.36%	32.60%	31.74%	29.20%	25.00%	20.50%
Fiscal Year in Which Actuarially Calculated Contribution Rate Is Applied	6/30/2021	6/30/2020	6/30/2019	6/30/2018	6/30/2017	6/30/2016	6/30/2015

N/A – Years pre-date required implementation date of GASB 68; thus, actuarial valuation assumptions for these years are not presented.

Factors and Trends in Actuarial Assumptions Used Under GASB No. 68 for the SERS Pension Plan

Actuarial Date/ Measurement Date	12/31/2019	12/31/2018	12/31/2017	12/31/2016	12/31/2015	12/31/2014	12/31/2013
College Fiscal Year	6/30/2020	6/30/2019	6/30/2018	6/30/2017	6/30/2016	6/30/2015	6/30/2014
Discount Rate	7.125%	7.25%	7.25%	7.25%	7.50%	7.50%	N/A
Salary Increases	5.60%	5.60%	5.60%	5.60%	5.70%	6.10%	N/A
Mortality	RP-2000	RP-2000	RP-2000	RP-2000	RP-2000	RP-2000	N/A
Changes in Benefits	None	None	None	None	None	None	N/A
Actuarially Calculated Contribution Rate from Actuarial Date Shown Above[1]	33.45%	33.53%	32.90%	33.22%	29.50%	25.00%	20.50%
Fiscal Year in Which Actuarially Calculated Contribution Rate Is Applied	6/30/2021	6/30/2020	6/30/2019	6/30/2018	6/30/2017	6/30/2016	6/30/2015

N/A – Years pre-date required implementation date of GASB 68; thus, actuarial valuation assumptions for these years are not presented.

[1] – Information was obtained from the SERS CAFR for the year ending December 31, 2019. Contribution rate information for each individual service class was not presented within the CAFR; thus, this represents a blended rate for all membership classes.

Factors and Trends in Actuarial Assumptions Used Under GASB No. 75 for the PSERS Premium Assistance (OPEBs)

Actuarial Date/ Measurement Date	6/30/2019	6/30/2018	6/30/2017	6/30/2016	6/30/2015	6/30/2014	6/30/2013
College Fiscal Year	6/30/2020	6/30/2019	6/30/2018	6/30/2017	6/30/2016	6/30/2015	6/30/2014
Discount Rate	2.79%	2.98%	3.13%	N/A	N/A	N/A	N/A
Salary Increases	5.00%	5.00%	5.00%	N/A	N/A	N/A	N/A
Mortality	RP-2014, Scale MP-2015	RP-2014, Scale MP-2015	RP-2014, Scale MP-2015	N/A	N/A	N/A	N/A
Changes in Benefits	None	None	Vested Class T-E and T-F members can withdraw their accumulated contributions and interest	N/A	N/A	N/A	N/A
Actuarially Calculated Contribution Rate from Actuarial Date Shown Above	0.83%	0.84%	0.83%	0.83%	N/A	N/A	N/A
Fiscal Year in Which Actuarially Calculated Contribution Rate Is Applied	6/30/2021	6/30/2020	6/30/2019	6/30/2018	N/A	N/A	N/A

N/A – Years pre-date required implementation date of GASB 75; thus, actuarial valuation assumptions for these years are not presented.