Lehigh Carbon Community College

Financial Statements and Required Supplementary Information

Years Ended June 30, 2019 and 2018
with Independent Auditor's Report

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LEHIGH CARBON COMMUNITY COLLEGE

YEARS ENDED JUNE 30, 2019 AND 2018

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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, 2019 and 2018, 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 and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. The financial statements of Lehigh Carbon Community College Foundation, a component unit, were not audited in accordance with *Government Auditing Standards*. 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, 2019 and 2018, 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 component unit adopted Accounting Standards update 2016-14, "*Not-for-Profit Entities (Topic 958): Presentation of Financial Statements of Not-for-Profit Entities*," which requires not-for-profit entities to use the placed-in-service approach for contributions related to long-lived assets, changes how a nonprofit organization classifies net assets, and provides information in its financial statements and notes about is financial performance, cash flow, and liquidity, among other requirements. Our opinion is not modified with respect to this matter.

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.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated October 23, 2019, on our consideration of the College's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the College's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the College's internal control over financial reporting and compliance.

Maher Duessel

Harrisburg, Pennsylvania
October 23, 2019

LEHIGH CARBON COMMUNITY COLLEGE

MANAGEMENT'S DISCUSSION AND ANALYSIS
(UNAUDITED)

YEAR ENDED JUNE 30, 2019

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, 2019 and 2018. 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, 2019 and 2018. 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 $8.8 million in 2019 compared to an increase of $1.2 million in 2018.

At June 30, 2019, the College assets of $85.9 million exceeded its liabilities of $23.6 million by $62.3 million. The increase over prior year of 16.4% was driven by the donation of a building valued at $8 million.

Tuition and fee revenue increased by $0.5 million to $22.3 million compared to $21.8 million in 2018. The increase is attributable to an increase in credit hours.

Total credit full time equivalents (FTE's) were 9,933 and 9,856 in 2019 and 2018, respectively.

The fiscal year 2018-2019 credit hours were 127,892 compared to 126,394 in fiscal year 2017-2018 driven by increases in part-time hours of sponsored and dual enrollment students.

The following is a Condensed Statement of Net Position as of June 30, 2019 and 2018 (dollars are in thousands).

	2019	2018	Increase/ Decrease	Percentage Change
Assets:				
Current assets	$ 31,884	$ 30,980	$ 904	2.92%
Non-current assets	54,016	47,323	6,693	14.14%
Total assets	85,900	78,303	7,597	
Deferred outflow of resources	443	462	(19)	-4.11%
Liabilities:				
Current liabilities	6,078	5,690	388	6.82%
Non-current liabilities	17,547	19,074	(1,527)	-8.01%
Total liabilities	23,625	24,764	(1,139)	-4.60%
Deferred inflow of resources	624	664	(40)	-6.02%
Net position:				
Investment in capital assets	38,186	29,435	8,751	29.73%
Unrestricted	23,909	23,902	7	0.03%
Total net position	$ 62,095	$ 53,337	$ 8,758	16.42%

The College's assets amounted to $85.9 and $78.3 million as of June 30, 2019 and 2018, respectively.

- The $6.7 million net increase in non-current assets was the result of the donation of the Technology Center building on the Schnecksville campus valued at $8 million.

- Total liabilities decreased $1.1 million. The majority of the decrease was notes payable obligation payments of $1.0 million.

- 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.

- Current assets increased by $0.9 million as a result of the increase in net position and an increase in receivables.

- Although the College's unrestricted net position is not subject to externally imposed restrictions, the College's $23.9 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, 2019 and 2018 (dollars are in thousands):

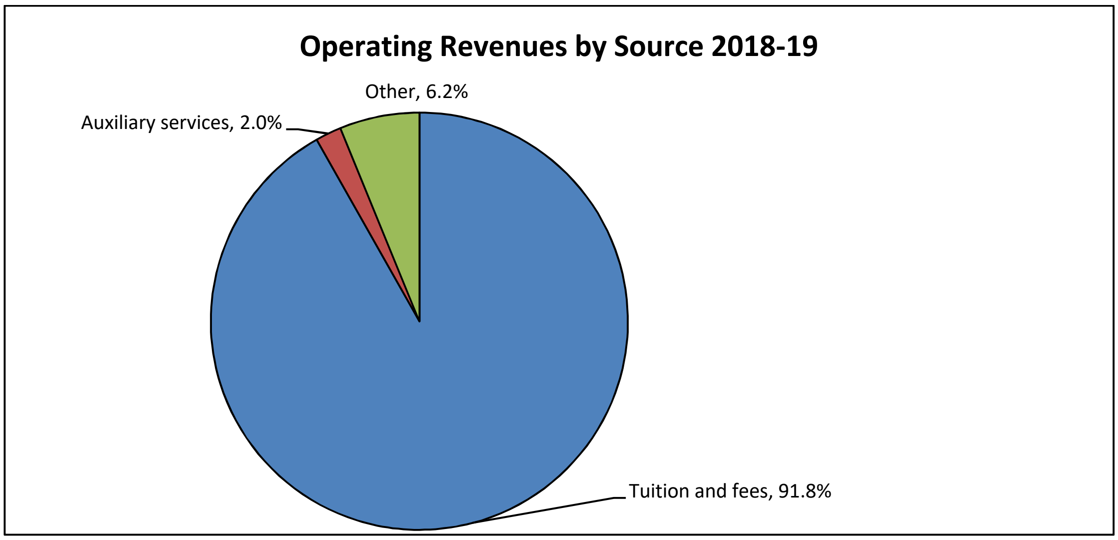
	2019	2018	Increase/ Decrease	Percentage Change
Operating revenues:				
Tuition and fees	$ 22,272	$ 21,769	$ 503	2.31%
Auxiliary services	490	493	(3)	-0.61%
Other	1,501	1,109	392	35.35%
Nonoperating revenues:				
Commonwealth and local sponsor appropriations	22,558	22,368	190	0.85%
Government/local grant and contracts	4,192	3,472	720	20.74%
Capital donation	8,000	-	8,000	0%
Investment income	668	279	389	139.43%
Total revenues	59,681	49,490	10,191	20.59%
Operating expenses:				
Educational and general	46,586	43,849	2,737	6.24%
Depreciation and amortization	3,563	3,511	52	1.48%
Loss on disposal of capital assets	12	10	2	-50%
Auxiliary services	166	173	(7)	-4.05%
Nonoperating expenses:				
Interest on indebtedness	596	727	(131)	-18.02%
Total expenses	50,923	48,270	2,653	5.50%
Increase in net position	8,758	1,220	7,538	617.87%
Net position, beginning period	53,337	52,227	1,110	2.13%
Effect of GASB 75 adoption		(110)	110	
Net position, ending	$ 62,095	$ 53,337	$ 8,758	16.42%

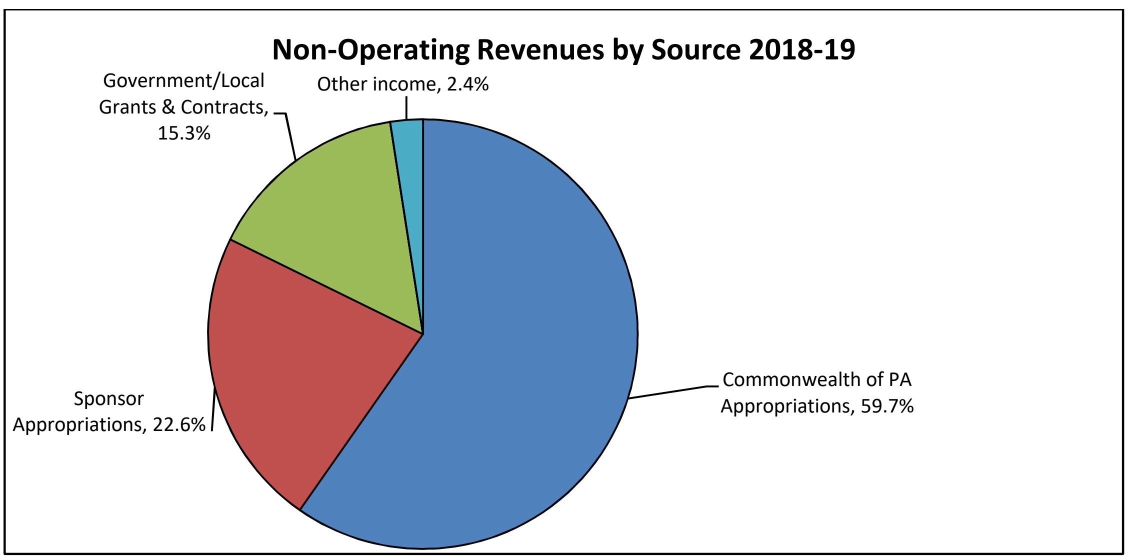
Revenue recognized from appropriations amounted to $22.6 million and $22.4 million in 2019 and 2018, respectively.

- Operating expenses increased $2.7 million or 5.5% over prior year. Net non-operating revenues decreased $2.0 million or 9.2% over prior year.

- Approximately, 59.0% of the College's total operating expenses in fiscal year 2018-2019 directly support instruction compared to 57.6% in fiscal year 2017-2018.

Revenue by Sources





- The College received student financial assistance of approximately $10.2 million from the Pell Grant and Supplemental Educational Opportunity Grant in 2018-2019 for an increase of 7.4% over 2017-2018.

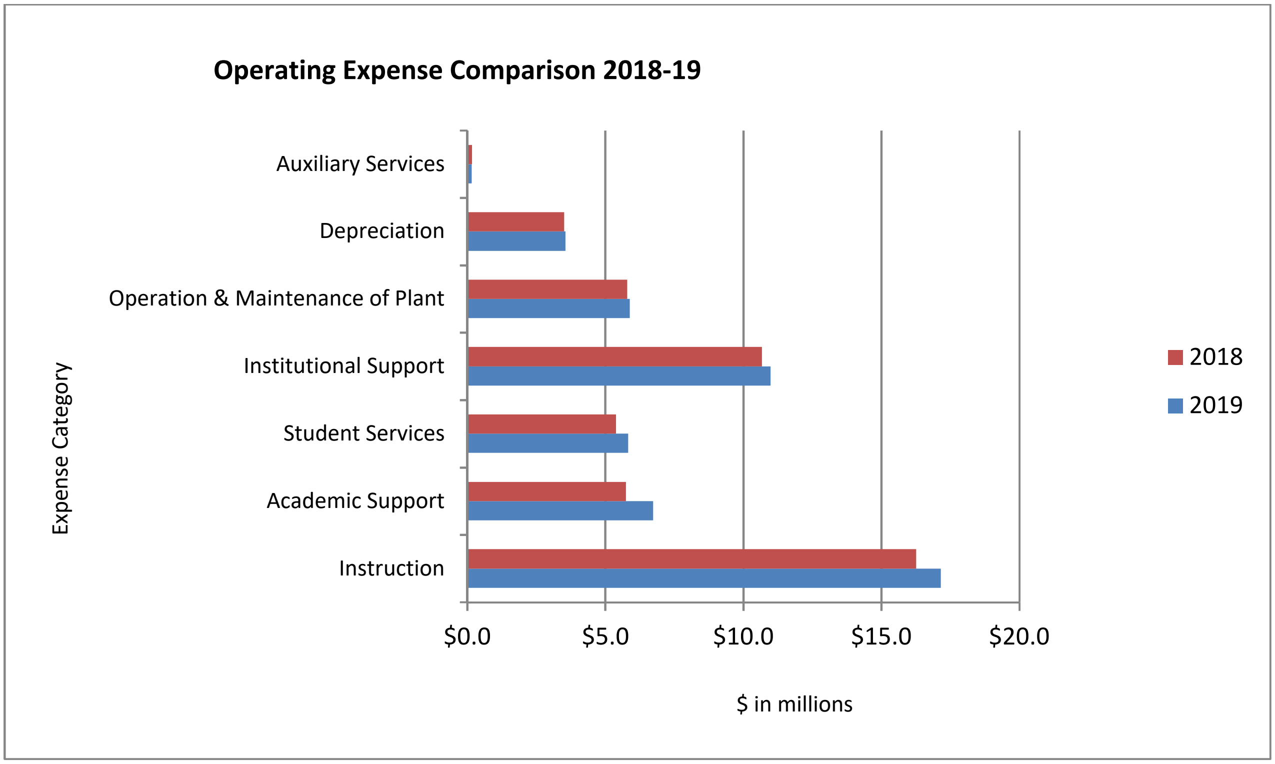
- Pennsylvania Higher Education Assistance Agency (PHEAA) awarded grants of approximately $1.0 million dollars for the year, which is consistent with the prior year.

- There were approximately 2,350 of Federal Direct Loan recipients for a total of $8.5 million disbursed in 2018-2019.

- The Commonwealth of Pennsylvania's operating appropriation for fiscal year 2018-2019 was $14,579,219. Expectations are that Commonwealth funding will remain at this level.

- The Local Sponsor operating appropriation for fiscal year 2018-2019 was $6,186,337. 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 increased $0.9 million or 5.5% from prior year primarily due to promotions and pay increases in accordance with the collective bargaining agreement.

- Academic support, student services, and public services comprise the education support activities expense. These combined support activities increased $1.4 million or 12.8% over prior year.

- Institutional support and operation maintenance of plant expenses consist of administrative and facility operating costs. These expenses increased $0.4 million or 2.5% overall.

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 $2.2 million primarily due to computer and equipment replacement. Depreciation expense on capital expenditures was $3.6 million.

Noteworthy capital asset purchases/projects that took place in 2019 were as follows:

- $0.6 million – Donley Center renovations
- $1.0 million – Computers and equipment
- $0.1 million – Equipment purchased under the various grants
- $8.0 million – Donation of Technology Center building

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, 2019, the College had two general obligation bond issues totaling $13.5 million. The debt issues are funded by the Commonwealth capital appropriation, local sponsor capital appropriation and College capital funds. The fiscal year 2018-2019 debt payments were funded from the following sources:

- 46% from the Commonwealth appropriation
- 46% from the local sponsor capital appropriation
- 8% 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 1.6% over the prior fiscal year while the full-time FTEs decreased 0.2% for an overall increase of 0.8%.

Summary

Overall, the College's financial position remains strong as evidenced by the 2019 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, 2019 AND 2018

	2019	2018
Assets		
Current assets:		
Cash and cash equivalents	$ 10,897,764	$ 10,508,168
Certificates of deposit	17,580,000	17,261,320
Accounts receivable:		
Students and other, net	1,951,000	1,800,875
Grants	748,484	537,211
Prepaid expenses and other assets	706,413	872,280
Total current assets	31,883,661	30,979,854
Noncurrent assets:		
Funds held by the Foundation	769,681	727,528
Capital assets, not being depreciated	3,313,002	2,760,195
Capital assets, net of accumulated depreciation	49,933,313	43,835,666
Total noncurrent assets	54,015,996	47,323,389
Total Assets	85,899,657	78,303,243
Deferred Outflows of Resources		
Deferred outflows of resources for pension	437,614	457,714
Deferred outflows of resources for OPEB	5,970	4,499
Total Deferred Outflows of Resources	443,584	462,213

(Continued)

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

Liabilities	2019	2018
Current liabilities:		
Accounts payable	1,204,785	1,099,579
Accrued expenses and other liabilities	1,729,322	1,577,455
Accrued interest payable	95,832	101,097
Unearned revenue	1,577,550	1,406,170
Accrued partial retirement benefits	92,265	81,387
Notes payable, current portion	1,085,000	1,035,000
Capital lease obligation, current portion	292,998	389,500
Total current liabilities	6,077,752	5,690,188
Noncurrent liabilities:		
Accrued partial retirement benefits, less current portion	258,342	317,973
Notes payable, less current portion	13,864,582	15,076,722
Capital lease obligation, less current portion	263,943	388,222
Net OPEB liability	90,000	92,000
Net pension liability	3,069,588	3,199,535
Total noncurrent liabilities	17,546,455	19,074,452
Total Liabilities	23,624,207	24,764,640
Deferred Inflows of Resources		
Deferred inflows of resources for pension	608,346	648,820
Deferred inflows of resources for OPEB	16,000	15,000
Total Deferred Inflows of Resources	624,346	663,820
Net Position		
Net investment in capital assets	38,186,236	29,434,637
Unrestricted	23,908,452	23,902,359
Total Net Position	$ 62,094,688	$ 53,336,996

(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, 2019 AND 2018

	2019	2018
Assets		
Current assets:		
Cash and cash equivalents	$ 235,056	$ 623,203
Promise to give	53,334	115,584
Prepaid expenses	6,832	6,251
Total current assets	295,222	745,038
Noncurrent assets:		
Promise to give	32,249	54,392
Deferred rent	-	3,749
Investments:		
Investments	14,097,202	13,045,835
Investments - held for College	769,681	727,528
Total investments	14,866,883	13,773,363
Land and buildings, net	5,204,550	5,296,154
Total noncurrent assets	20,103,682	19,127,658
Total Assets	$ 20,398,904	$ 19,872,696
Liabilities and Net Assets		
Liabilities:		
Current liabilities:		
Accounts payable	$ 162,609	$ 238,215
Deferred revenue	18,350	30,700
	180,959	268,915
Noncurrent liabilities:		
Deferred rent	10,114	-
Funds held for College	769,681	727,528
Total noncurrent liabilities	779,795	727,528
Total Liabilities	960,754	996,443
Net Assets:		
Without donor restrictions:		
Undesignated	2,901,584	2,641,480
Invested in land and buildings	5,204,550	5,296,154
Designated	2,485,200	2,192,672
Total net assets without donor restrictions	10,591,334	10,130,306
With donor restrictions	8,846,816	8,745,947
Total Net Assets	19,438,150	18,876,253
Total Liabilities and Net Assets	$ 20,398,904	$ 19,872,696

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, 2019 AND 2018

	2019	2018
Operating Revenues:		
Student tuition and fees, net of scholarship allowance of $5,799,837 in 2019 and $5,214,842 in 2018	$ 22,271,587	$ 21,768,675
Auxiliary enterprises	490,078	493,204
Other operating revenues	1,500,670	1,109,331
Total operating revenues	24,262,335	23,371,210
Operating Expenses:		
Educational and general:		
Instruction	17,156,369	16,259,103
Academic support	6,729,806	5,748,832
Student services	5,830,541	5,385,511
Institutional support	10,995,067	10,671,421
Operation and maintenance of plant	5,874,920	5,784,159
Depreciation	3,562,634	3,511,374
(Gain) loss on disposal of capital assets	12,022	10,056
Auxiliary expenses	166,039	172,531
Total operating expenses	50,327,398	47,542,987
Operating loss	(26,065,063)	(24,171,777)

(Continued)

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

	2019	2018
Non-operating Revenues (Expenses):		
Appropriations:		
Local	$ 4,443,475	$ 4,176,869
Commonwealth of Pennsylvania	14,579,219	14,133,362
Federal grants and contracts	2,791,988	2,854,897
Commonwealth of Pennsylvania grant and contracts	1,194,009	474,512
Local grants and contracts	206,475	142,746
Other non-operating revenues (see Footnote 5)	8,000,000	-
Investment income	668,296	279,558
Interest on indebtedness	(596,247)	(727,247)
Total non-operating revenues	31,287,215	21,334,697
Change in Net Position Before Other Revenues	5,222,152	(2,837,080)
Capital Contributions:		
Capital appropriations:		
Local	1,742,862	2,009,468
Commonwealth of Pennsylvania	1,792,678	2,047,937
Total capital contributions	3,535,540	4,057,405
Change in Net Position	8,757,692	1,220,325
Net Position:		
Beginning of year - as originally stated	53,336,996	52,226,671
Effect of implementation of GASB Statement No. 75	-	(110,000)
End of year	$ 62,094,688	$ 53,336,996

(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, 2019 AND 2018

	2019			2018		
	Without Donor Restrictions	With Donor Restrictions	Total	Without Donor Restrictions	With Donor Restrictions	Total
Revenues and Other Support:						
Contributions	$ 178,482	$ 496,658	$ 675,140	$ 413,423	$ 840,604	$ 1,254,027
Special event revenue	174,317	-	174,317	99,212	-	99,212
Rental income	562,145	-	562,145	548,677	-	548,677
Investment return, net	423,312	397,366	820,678	442,668	289,496	732,164
Net assets released from restrictions, satisfying of program restrictions	793,155	(793,155)	-	468,630	(468,630)	-
Total revenues and other support	2,131,411	100,869	2,232,280	1,972,610	661,470	2,634,080

(Continued)

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

	2019			2018		
	Without Donor Restrictions	With Donor Restrictions	Total	Without Donor Restrictions	With Donor Restrictions	Total
Expenses:						
Program services:						
Contracts	-	-	-	493	-	493
Awards and grants to organizations	2,775	-	2,775	-	-	-
Awards and grants to individuals	7,062	-	7,062	6,425	-	6,425
Grants to Lehigh Carbon Community College	1,216,364	-	1,216,364	907,449	-	907,449
Grants to four-year colleges	29,978	-	29,978	9,075	-	9,075
Institutional advancement grant	193,738	-	193,738	158,650	-	158,650
Total program services	1,449,917	-	1,449,917	1,082,092	-	1,082,092
Management and general:						
Professional services	19,811	-	19,811	11,408	-	11,408
Depreciation	91,603	-	91,603	91,603	-	91,603
Insurance	17,846	-	17,846	17,598	-	17,598
Miscellaneous	27,068	-	27,068	21,189	-	21,189
Total management and general	156,328	-	156,328	141,798	-	141,798
Fundraising:						
Event expenses	64,138	-	64,138	55,616	-	55,616
Total expenses	1,670,383	-	1,670,383	1,279,506	-	1,279,506
Transfers	-	-	-	(1,381,110)	1,381,110	-
Change in Net Assets	461,028	100,869	561,897	(688,006)	2,042,580	1,354,574
Net Assets, Beginning	10,130,306	8,745,947	18,876,253	10,818,312	6,703,367	17,521,679
Net Assets, Ending	$ 10,591,334	$ 8,846,816	$ 19,438,150	$ 10,130,306	$ 8,745,947	$ 18,876,253

(Concluded)

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

LEHIGH CARBON COMMUNITY COLLEGE

STATEMENTS OF CASH FLOWS

JUNE 30, 2019 AND 2018

	2019	2018
Cash Flows From Operating Activities:		
Student tuition and fees	$ 22,292,841	$ 21,221,056
Payments to employees	(25,077,501)	(23,714,261)
Payments for benefits	(7,905,608)	(7,505,093)
Payments to suppliers and utilities	(13,548,238)	(12,482,445)
Auxiliary enterprises	490,078	493,204
Other receipts	1,500,670	1,109,331
Net cash used in operating activities	(22,247,758)	(20,878,208)
Cash Flows From Non-capital Financing Activities:		
Local appropriations	4,443,475	4,176,869
Commonwealth appropriations	14,579,219	14,133,362
Grants and contracts for other than capital purposes	3,981,199	3,364,931
Net cash provided by non-capital financing activities	23,003,893	21,675,162
Cash Flows From Capital and Related Financing Activities:		
Local and commonwealth capital appropriations	3,535,540	4,057,405
Purchases of capital assets	(2,003,106)	(1,376,149)
Principal paid on capital debt	(1,162,140)	(1,850,724)
Interest paid on capital debt	(601,512)	(731,298)
Payments on capital lease obligation	(442,784)	(607,243)
Net cash provided by (used in) capital and related financing activities	(674,002)	(508,009)
Cash Flows From Investing Activities:		
Sale (purchase) of certificates of deposit	(318,680)	(2,063,101)
Funds held by the Foundation	(42,153)	(8,197)
Interest on investments	668,296	279,558
Net cash used in investing activities	307,463	(1,791,740)
Net Increase (Decrease) in Cash and Cash Equivalents	389,596	(1,502,795)
Cash and Cash Equivalents:		
Beginning of year	10,508,168	12,010,963
End of year	$ 10,897,764	$ 10,508,168

(Continued)

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

	2019	2018
Reconciliation of Operating Loss to Net Cash Used in Operating Activities:		
Operating loss	$ (26,065,063)	$ (24,171,777)
Adjustments to reconcile operating loss to net cash used in operating activities:		
Depreciation	3,562,634	3,511,374
Bad debt expense	582,074	455,679
Loss on disposal of capital assets	12,022	10,056
Effects of changes in operating assets and liabilities:		
Accounts receivable	(732,200)	(1,210,799)
Prepaid and other current assets	165,867	334,747
Deferred outflows - pension	20,100	201,537
Deferred outflows - OPEB	(1,471)	(4,499)
Accounts payable	105,206	(343,803)
Accrued expenses and other liabilities	151,867	195,402
Accrued partial retirement benefits	(48,753)	274,947
Net pension liability	(129,947)	(532,299)
Net OPEB liability	(2,000)	(18,000)
Deferred inflows - pension	(40,474)	196,720
Deferred inflows - OPEB	1,000	15,000
Unearned revenue	171,380	207,507
Net cash used in operating activities	$ (22,247,758)	$ (20,878,208)
Supplementary Disclosure of Noncash Capital, Financing Activity:		
Capital leases	$ 222,003	$ 301,574
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, 2019 AND 2018

	2019	2018
Cash Flows From Operating Activities:		
Change in net assets	$ 561,897	$ 1,354,574
Adjustments to reconcile change in net assets to net cash provided by operating activities:		
Depreciation	91,603	91,603
Discount on promise to give	(2,857)	(18,312)
Realized gain on investments	(4,695)	(376,015)
Unrealized (gain) loss on investments	(242,348)	(196,073)
Contributions restricted for long-term use	(126,505)	(230,000)
(Increase) decrease in assets:		
Accounts receivable	-	10,835
Prepaid expenses	(581)	89
Deferred rent	3,749	13,525
Promises to give	87,250	50,532
Increase (decrease) in liabilities:		
Accounts payable	(75,606)	196,916
Deferred revenue	(12,350)	(32,690)
Deferred rent	10,114	-
Funds held for college	42,153	8,197
Net cash provided by operating activities	331,824	873,181
Cash Flows From Investing Activities:		
Proceeds from sales of investments	2,988,294	1,401,577
Purchases of investments	(3,886,753)	(2,358,506)
Net cash used in investing activities	(898,459)	(956,929)
Cash Flows From Financing Activities:		
Contributions restricted for long-term use	178,488	457,142
Net cash provided by financing activities	178,488	457,142
Net Increase (Decrease) in Cash and Cash Equivalents	(388,147)	373,394
Cash and Cash Equivalents:		
Beginning of year	623,203	249,809
End of year	$ 235,056	$ 623,203

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, 2019 and 2018.

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 $91,000 and $112,000 as of June 30, 2019 and 2018, 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, 2019 and 2018.

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, 2019 and 2018 totaled $549,972 and $626,208, 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, 2019 and 2018.

Advertising

Advertising expenses are recorded as incurred and were approximately $414,000 and $472,000 in 2019 and 2018, respectively.

Adopted Pronouncements

The requirements of the following GASB Statements were adopted by the College's 2019 financial statements:

GASB Statement No. 83, *"Certain Asset Retirement Obligations,"* addresses accounting and financial reporting for certain asset retirement obligations (AROs). An ARO is a legally enforceable liability associated with the retirement of a tangible capital asset. A government that has legal obligations to perform future asset retirement activities related to its tangible capital assets should recognize a liability based on the guidance in this Statement. The adoption of this statement did not have a significant impact on the College's financial statements.

GASB Statement No. 88, *"Certain Disclosures Related to Debt, including Direct Borrowings and Direct Placements,"* improves the information that is disclosed in notes to government financial statements related to debt, including direct borrowings and direct placements. It also clarifies which liabilities governments should include when disclosing information related to debt.

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, 2020. 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, 2021. 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, 2021. 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.

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 $0 and $267,215 for the years ended June 30, 2019 and 2018, 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.

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 Standard

The requirements of the following Financial Accounting Standards Board (FASB) Accounting Standards Update (ASU) were adopted during the year ended 30, 2019:

ASU 2016-14*, "Not-for-Profit Entities (Topic 958): Presentation of Financial Statements of Not-for-Profit Entities,"* aims to improve how a nonprofit organization classifies its net assets and provides information in its financial statements and notes about its financial performance, cash flow, and liquidity. As a result of adopting ASU 2016-14, the Foundation's net assets have been restated as of July 1, 2017.

Reclassification

Certain reclassifications have been made to the prior year financial statements in order for them to be in conformity with the current year presentation.

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 $10,897,764 and $10,508,168 as of June 30, 2019 and 2018, respectively. The bank balance totaled $11,138,521 and $11,223,262 as of June 30, 2019 and 2018, 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.

	2019	2018
Cash and cash equivalents:		
Insured	$ 410,084	$ 487,731
Collateralized, collateral held by pledging banks trust department not in the College's name	10,728,437	10,735,531
Total	$ 11,138,521	$ 11,223,262
Investments:		
Insured	$ 697,896	$ 645,299
Collateralized, collateral held by pledging banks trust department not in the College's name	16,882,104	16,616,021
Total	$ 17,580,000	$ 17,261,320

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

As of June 30, 2019 and 2018, the College’s certificates of deposits in the amounts of $17,580,000, and $17,261,320, 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, 2019 and 2018:

	2019	2018
Accounts receivable, student	$ 1,236,095	$ 986,371
Accounts receivable, other	806,284	926,796
Less allowance for doubtful accounts	(91,379)	(112,292)
	1,951,000	1,800,875
Accounts receivable, grants	748,484	537,211
Total	$ 2,699,484	$ 2,338,086

5. Capital Assets, Net

	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

	Balance July 1, 2017	Additions	Retirements and Transfers	Balance June 30, 2018
Non-depreciable assets:				
Land	$ 2,531,117	$ -	$ -	$ 2,531,117
Construction in progress	172,597	166,481	(110,000)	229,078
Total non-depreciable assets	2,703,714	166,481	(110,000)	2,760,195
Depreciable assets:				
Land improvements	7,580,608	554,243	-	8,134,851
Buildings and building improvements	63,085,439	71,643	-	63,157,082
Furniture and equipment	21,695,196	962,661	(20,040)	22,637,817
Library books	1,518,137	32,695	-	1,550,832
Total depreciable assets	93,879,380	1,621,242	(20,040)	95,480,582
Less: accumulated depreciation	(48,143,528)	(3,511,373)	9,985	(51,644,916)
Net Capital Assets	$ 48,439,566	$ (1,723,650)	$ (120,055)	$ 46,595,861

As of June 30, 2019, the College has committed to approximately $670,000 of additional capital expenditures related to the above construction in progress.

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, 2019 and 2018 was as follows:

	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

	Balance July 1, 2017	Additions	Payments/ Settlements	Balance June 30, 2018	Current Portion
Accrued partial retirement benefits	$ 124,413	$ 369,060	$ (94,113)	$ 399,360	$ 81,387
Lease obligations	1,083,391	301,574	(607,243)	777,722	389,500
Notes payable, net	17,962,445	-	(1,850,719)	16,111,726	1,035,000
	$ 19,170,249	$ 670,634	$ (2,552,075)	$ 17,288,808	$ 1,505,887

7. Notes Payable

Notes payable as of June 30, 2019 and 2018 consists of the following:

	2019	2018
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%.	$ 10,715,000	$ 11,600,000
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%.	2,800,000	2,950,000
	13,515,000	14,550,000
Unamortized premium on notes payable	1,469,612	1,599,284
Unamortized discount on notes payable	(35,030)	(37,562)
	$ 14,949,582	$ 16,111,722

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
2020	$ 1,085,000	$ 550,384	$ 1,635,384
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
2025-2029	5,555,000	757,193	6,312,193
2030-2034	2,010,000	126,401	2,136,401
Total	$ 13,515,000	$ 3,099,412	$ 16,614,412

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 $556,941 and $777,722 as of June 30, 2019 and 2018, respectively. Future minimum lease payments under capital leases are as follows:

Years ending June 30:	
2020	$ 307,180
2021	172,222
2022	100,840
	580,242
Less: amounts representing interest	(23,301)
Present value of net minimum lease payments	556,941
Portion reflected as current liability	(292,998)
	$ 263,943

The cost of equipment under capital leases is $8,326,146 and $8,153,751 as of June 30, 2019 and 2018, respectively. Accumulated depreciation for equipment under capital leases is $7,826,541 and $7,407,135 as of June 30, 2019 and 2018, 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:	
2020	$ 984,594
2021	774,024
2022	789,028
2023	699,662
2024	156,084
	$ 3,403,392

Rent expense for the years ended June 30, 2019 and 2018 was approximately $1,307,000 and $1,674,000, respectively.

10. Related Party Transactions

The Foundation provided institutional support to the College of $1,410,102 and $1,066,099 for the years ended June 30, 2019 and 2018, respectively. There were no contributions to the Foundation by the College in the years ended June 30, 2019 and 2018.

The Foundation leases building space to the College under formal lease agreements. Rental expense for the College was $562,145 and $548,677 for the years ended June 30, 2019 and 2018, respectively. The following is a schedule of future minimum lease rental payments as of June 30, 2019:

Years ending June 30:		
2020	$	589,770
2021		604,264
2022		619,121
2023		548,731
2024		10,000
	$	2,371,886

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, 2019 and 2018 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, 2019 and 2018 were $1,325,242 and $1,277,663, 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, 2018, 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%

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.

<u>Employer Contributions</u>

During the years ended June 30, 2019 and 2018, the College contributed the following to each of its retirement plans:

	2019	2018
SERS	$ 100,813	$ 110,895
PSERS Pension	$ 150,787	183,717
PSERS Premium Assistance	3,839	4,499
Total PSERS	154,626	188,216
TIAA-CREF	1,325,242	1,277,663
Total contributions	$ 1,580,681	$ 1,576,774

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, 2019 and 2018, the employer required contribution rates were as follows:

	2019	2018
Membership Class AA	34.63%	34.44%
Membership Class A-3	23.94%	23.80%
Membership Class A-4	23.94%	23.80%

The College remits contributions to SERS on a quarterly basis. Approximately $25,000 and $33,000, respectively, is owed to SERS as of June 30, 2019 and 2018, 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, 2019 and 2018 was 33.43% and 32.57%, 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 32.60% rate for the Pension Plan and a 0.83% rate for the Premium Assistance for fiscal year ended June 30, 2019. This rate is composed of a 31.74% rate for the Pension Plan and a 0.83% rate for the Premium Assistance for fiscal year ended June 30, 2018.

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 rate for the fiscal year ended June 30, 2018 was an increase from the fiscal year ended June 30, 2017 combined rate of 30.03%. The combined contribution rate will increase to 34.29% in fiscal year 2020 and is projected to grow to 36.30% by fiscal year 2024.

The College remits contributions to PSERS on a quarterly basis. Approximately $40,000 and $51,000, respectively, is owed to PSERS as of June 30, 2019 and 2018, 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	2018
College's proportionate share of PSERS net pension liability	$ 2,064,000	$ 2,222,000
Commonwealth's proportionate share of PSERS net pension liability associated with the College	2,069,277	2,199,006
Total	$ 4,133,277	$ 4,421,006

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, 2018 valuation, to the expected funding payroll.

At December 31, 2018 (measurement date for the net pension liability reported at June 30, 2019), the College's proportion for SERS was 0.00483%, which was a decrease of 0.0008% from its proportion measured as of December 31, 2017. At December 31, 2017 (measurement date for the net pension liability reported at June 30, 2018), the College's proportion for SERS was .00565%, which was a decrease of .0006% from its proportion measured as of December 31, 2016.

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, 2018 (measurement date for PSERS' net pension liability and net OPEB liability reported at June 30, 2019), the College's proportion for PSERS was 0.0043%, which was a decrease of 0.0002% from its proportion measured as of June 30, 2017. At June 30, 2017 (measurement date for PSERS' net pension liability and net OPEB liability reported at June 30, 2018), the College's proportion for PSERS was .0045%, which was a decrease of .0006% from its proportion measured as of June 30, 2016.

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

At June 30, 2019 and 2018, the College reported a liability for its proportionate share of SERS' and PSERS' net pension liabilities as follows:

	2019	2018
SERS	$ 1,005,588	$ 977,535
PSERS	2,064,000	2,222,000
Total	$ 3,069,588	$ 3,199,535

The SERS net pension liability reported at June 30, 2019 was measured as of December 31, 2018 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, 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. The PSERS net pension liability reported at June 30, 2018 was measured as of June 30, 2017, 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, 2016 to June 30, 2017.

For the years ended June 30, 2019 and 2018, the College recognized pension expense as follows:

	2019	2018
SERS	$ 183,498	$ 32,064
PSERS	257,950	143,658
Total	$ 441,448	$ 175,722

At June 30, 2019 and 2018, the College reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	2019		2018	
	Deferred Outflows of Resources	Deferred Inflows of Resources	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience:				
SERS	$ 15,091	$ 10,897	$ 16,528	$ 18,560
PSERS	17,000	32,000	23,000	13,000
Changes in assumptions:				
SERS	26,791	-	48,940	-
PSERS	38,000	-	60,000	-
Net difference between projected and actual earnings on pension plan investments:				
SERS	97,838	-	-	38,865
PSERS	10,000	-	51,000	-
Differences between employer contributions and proportionate share of contributions:				
SERS	31,982	-	-	-
PSERS	-	-	-	-
Changes in proportion:				
SERS	-	296,449	16,183	291,395
PSERS	-	269,000	-	287,000
College contributions subsequent to the measurement date:				
SERS	50,125	-	62,113	-
PSERS	150,787	-	179,950	-
Total	$ 437,614	$ 608,346	$ 457,714	$ 648,820

$200,912 and $242,063 was reported at June 30, 2019 and 2018, respectively, as deferred outflows of resources resulting from the College's contributions subsequent to the measurement date. The amount recorded at June 30, 2019 will be recognized as a reduction of the net pension liability in the year ending June 30, 2020. The amount recorded at June 30, 2018 was recognized as a reduction of the net pension liability for the year ended June 30, 2019.

Other amounts reported at June 30, 2019 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
2020	$ 64,468	$ 63,000	$ 127,468
2021	50,582	65,000	115,582
2022	30,664	101,000	131,664
2023	(8,836)	8,000	(836)
2024	6,576	-	6,576
Total	$ 143,454	$ 237,000	$ 380,454

Actuarial Assumptions

SERS

The following methods and assumptions were used in the actuarial valuation for the December 31, 2018 measurement date:

- Actuarial cost method – Entry Age Normal – level % of pay
- Investment return – 7.25%, 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

There were no changes in assumptions for the December 31, 2018 valuation.

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, 2018 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, 2018 valuation.

There were no changes in benefit terms for the June 30, 2018 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	16.00%	7.25%
Global public equity	48.00%	5.15%
Real estate	12.00%	5.26%
Multi-strategy	10.00%	4.44%
Legacy hedge funds	0.00%	1.26%
Fixed income	11.00%	0.00%
Cash	3.00%	0.00%
	100.00%	

For SERS' years ended December 31, 2018 and 2017, the annual money-weighted rate of return on the pension plan investments, net of pension plan investment expenses, was (4.5%) and 15.1%, 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%	5.2%
Fixed income	36.0%	2.2%
Commodities	8.0%	3.2%
Absolute return	10.0%	3.5%
Risk parity	10.0%	3.9%
Infrastructure/MLPs	8.0%	5.2%
Real estate	10.0%	4.2%
Alternative investments	15.0%	6.7%
Cash	3.0%	0.4%
Financing (LIBOR)	-20.0%	0.9%
	100.0%	

For PSERS' years ended June 30, 2018 and 2017, the annual money-weighted rate of return on the pension plan investments, net of pension plan investment expenses, was 9.30% and 10.15%, respectively.

Discount Rate

The discount rate used to measure the total pension liability for both SERS and PSERS was 7.25%. 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 (6.25%)	Current Discount Rate (7.25%)	1% Increase (8.25%)
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
June 30, 2018			
College's proportionate share of SERS' net pension liability	$ 1,240,790	$ 977,535	$ 752,017
College's proportionate share of PSERS' net pension liability	$ 2,736,000	$ 2,222,000	$ 1,789,000

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, 2019, the College reported a net OPEB liability composed of the following:

College's proportionate share of PSERS' net OPEB liability	$ 90,000
Net OPEB liability	$ 90,000

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. PSERS' net OPEB liability reported at June 30, 2018 was measured as of June 30, 2017, 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, 2016 to June 30, 2017.

For the years ended June 30, 2019 and 2018, the College recognized OPEB expense as follows:

	2019	2018
OPEB expense related to PSERS Premium Assistance	$ 3,000	$ 3,000
Total OPEB expense	$ 3,000	$ 3,000

At June 30, 2019 and 2018, the College reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

	2019		2018	
	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	1,000	3,000	-	4,000
Net difference between projected and actual earnings on OPEB plan investments	-	-	-	-
Changes in proportion	-	13,000	-	11,000
College contributions subsequent to the measurement date	3,839	-	4,499	-
Total	$ 5,839	$ 16,000	$ 4,499	$ 15,000

$3,839 and $4,499 was reported at June 30, 2019 and 2018, respectively, as deferred outflows of resources resulting from the College's contributions subsequent to the measurement date. The amount recorded at June 30, 2019 will be recognized as a reduction of the net OPEB liability in the year ending June 30, 2020. The amount recorded at June 30, 2018 was recognized as a reduction of the net OPEB liability for the year ended June 30, 2019.

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:		
2020	$	4,000
2021		4,000
2022		4,000
2023		4,000
Total	$	16,000

Additional Required Disclosures for PSERS Premium Assistance

Actuarial Assumptions

The following methods and assumptions were used in the actuarial valuation for the June 30, 2018 measurement date:

- Actuarial cost method – Entry Age Normal – level % of pay
- Investment return – 2.98% - 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 3.13% to 2.98% for the June 30, 2018 valuation.

Changes in Benefit Terms

There were no changes in benefit terms for the June 30, 2018 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	5.9%	0.03%
US Core Fixed Income	92.8%	1.2%
Non-US Developed Fixed	1.3%	0.04%
	100.0%	

For PSERS' years ended June 30, 2018 and 2017, the annual money-weighted rate of return on the Premium Assistance plan investments, net of plan investment expenses, was 1.63% and 0.90%, respectively.

Discount Rate

The discount rate used to measure the total OPEB liability was 2.98% for the June 30, 2018 measurement date and 3.13% 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 2.98%, which represents the S&P 20-year Municipal Bond Rate at June 30, 2018, was applied to all projected benefit payments to measure the total OPEB liability as of the June 30, 2018 measurement date. A discount rate of 3.13%, which represents the S&P 20-year Municipal Bond Rate at June 30, 2017, was applied to all projected benefit payments to measure the total OPEB liability as of the June 30, 2017 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, 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

June 30, 2018	1% Decrease (2.13%)	Current Discount Rate (3.13%)	1% Increase (4.13%)
College's proportionate share of PSERS' net OPEB liability	$ 104,000	$ 92,000	$ 81,000

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, 2018, 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, 2019	1% Decrease	Current Trend	1% Increase
College's proportionate share of PSERS' net OPEB liability	$ 90,000	$ 90,000	$ 90,000

June 30, 2018	1% Decrease	Current Trend	1% Increase
College's proportionate share of PSERS' net OPEB liability	$ 92,000	$ 92,000	$ 92,000

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 29% and 33% of the College's total revenue for the years ended June 30, 2019 and 2018, 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, 2019 and 2018, the College designated unrestricted net position as follows:

	2019	2018
Designated for capital projects	$ 14,617,004	$ 14,717,035
Designated for operating projects and auxiliary student operations	7,154,718	7,153,029
Reserve for future operations	2,100,000	2,000,000
Total unrestricted, board-designated	23,871,722	23,870,064
Unrestricted, undesignated	36,730	32,295
Total unrestricted net position	$ 23,908,452	$ 23,902,359

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 expires August 2021. The contract with the Education Support Professionals expires June 30, 2020.

18. Component Unit Disclosures, Lehigh Carbon Community College Foundation

Promises to Give

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

	2019	2018
Scholarships	$ 88,334	$ 175,584
Receivable in less than one year	$ 53,334	$ 115,584
Receivable in one to five years	35,000	60,000
	88,334	175,584
Less discounts to net present value at 2.20% - 5.80%	(2,751)	(5,608)
	$ 85,583	$ 169,976

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:

	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

	2018			
	Level 1	Level 2	Level 3	Total
Money market accounts	$ 455,617	$ -	$ -	$ 455,617
Equity mutual funds:				
Large cap equity funds	4,141,260	-	-	4,141,260
Small and mid cap equity funds	1,011,462	-	-	1,011,462
International funds	2,365,830	-	-	2,365,830
Commodities	318,923	-	-	318,923
Real estate	321,476	-	-	321,476
Blended funds	910,879	-	-	910,879
Structured note	-	320,638	-	320,638
Fixed income mutual funds	3,927,278	-	-	3,927,278
	$ 13,452,725	$ 320,638	$ -	$ 13,773,363

The structured note as of June 30, 2019 is a non-hedging non-derivative instrument. The structured note as of June 30, 2018 is a non-hedging derivative instrument and matured on December 27, 2018. 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:

	2019	2018
Investment income	$ 620,972	$ 204,480
Realized gains, net	4,695	376,015
Unrealized gains	242,348	196,073
Less: investment fees	(47,337)	(44,404)
	$ 820,678	$ 732,164

Land and Buildings

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

	2019	2018
Land	$ 572,725	$ 572,725
Buildings	6,106,892	6,106,892
	6,679,617	6,679,617
Accumulated depreciation	(1,475,067)	(1,383,463)
	$ 5,204,550	$ 5,296,154

Depreciation expense of $91,603 was recognized for the years ended June 30, 2019 and 2018.

Restrictions and Limitations on Net Assets

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

	2019	2018
Endowments	$ 866,650	$ 812,897
Scholarships	217,396	129,015
Student Emergency Loan Fund	75,000	75,000
mic Program Enhancement Fund	498,668	348,274
Building construction, improvements, and maintenance	827,486	827,486
	$ 2,485,200	$ 2,192,672

Net assets with donor restrictions that are temporary in nature are available for the following purposes or periods as of June 30:

	2019	2018
Building construction, improvements, and real property acquisition	$ 109,852	$ 356,705
Scholarships	1,146,100	1,276,251
Title III grant and match	389,267	412,696
Other	422,251	419,408
	$ 2,067,470	$ 2,465,060

Net assets with donor restrictions that are temporary in nature were released primarily for scholarships in the amount of $793,155 and $403,452 in 2019 and 2018, respectively.

Net assets with donor restrictions that are perpetual in nature of $6,779,346 and $6,280,887 at June 30, 2019 and 2018, 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:

	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

	2018		
	Without Donor Restrictions	With Donor Restrictions	Total
Board-designated endowment funds	$ 812,897	$ -	$ 812,897
Donor-restricted endowment funds	-	6,753,575	6,753,575
	$ 812,897	$ 6,753,575	$ 7,566,472

Transfer

At December 31, 2017, a donor clarified the restriction related to a contribution they had made in a prior year. The transfer between board-designated net assets without donor restrictions and net assets with donor restrictions reflects the clarification.

The following schedule represents the changes in endowment net assets for the years ended June 30, 2019 and 2018:

	Without Donor Restrictions	With Donor Restrictions
Endowment net assets, July 1, 2017	$ 770,360	$ 4,918,147
Investment return:		
Investment Income	11,794	196,201
Net realized and unrealized	30,743	93,295
Total investment return	42,537	289,496
Transfer in	-	1,381,110
Contributions	-	230,000
Distributions	-	(65,178)
Endowment net assets, June 30, 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
Contributions	-	126,505
Distributions	-	(45,302)
Endowment net assets, June 30, 2019	$ 866,651	$ 7,232,146

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. In accordance with GAAP, these deficiencies are reported as net assets without donor restrictions. There were no such deficiencies reported at June 30, 2019 and 2018.

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, 2019:

Financial assets at year-end:	
Cash and cash equivalents	$ 235,056
Current promises to give	53,334
Investments	14,453,239
Total financial assets	14,741,629
Less amounts not available to be used within one year:	
Net assets with donor restrictions	8,846,816
Net assets with board designations	2,485,200
Investments held for College	769,681
	12,101,697
Financial assets available to meet general expenditures over the next twelve months	$ 2,639,932

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, 2020:

Rent revenue from College under leases	$	589,770
Expenses:		
IAG grant		155,357
Repayment to College		203,079
Graduation awards		7,000
Foundation scholarships		100,000
Other miscellaneous expenses		45,000
Total expenses		510,436
Revenue in excess of expenses	$	79,334

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:

	2019	2018	2017	2016	2015
College's proportion of the net pension liability	0.0043%	0.0045%	0.0051%	0.0052%	0.0054%
College's proportionate share of the net pension liability	$ 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	2,069,277	2,199,006	2,547,040	2,266,282	2,158,043
Total	$ 4,133,277	$ 4,421,006	$ 5,074,040	$ 4,519,282	$ 4,295,043
College's covered payroll	$ 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	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%	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:

	2019	2018	2017	2016	2015
College's proportion of the net pension liability	0.0048%	0.0056%	0.0063%	0.0072%	0.8400%
College's proportionate share of the net pension liability	$ 1,005,588	$ 977,535	$ 1,204,834	$ 1,315,951	$ 1,245,895
College's covered payroll	$ 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	346.40%	279.49%	332.76%	304.92%	248.97%
SERS' plan fiduciary net position as a percentage of SERS' total pension liability	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:

	2019	2018	2017	2016	2015
Contractually required employer contribution	$ 150,787	$ 183,717	$ 160,931	$ 152,717	$ 140,534
Contributions recognized by PSERS	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	$ 580,794	$ 665,775	$ 594,774	$ 665,775	$ 695,020
Contributions as a percentage of covered-employee payroll	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:

	2019	2018	2017	2016	2015
Contractually required employer contribution	$ 100,250	$ 110,895	$ 107,091	$ 107,628	$ 98,563
Contributions recognized by PSERS	100,250	110,895	107,091	107,628	98,563
Difference between contractually required employer contribution and contributions recognized by PSERS	$ -	$ -	$ -	$ -	$ -
College's covered payroll	$ 290,300	$ 349,755	$ 362,071	$ 431,572	$ 500,417
Contributions as a percentage of covered payroll	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]

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

	2019	2018
Contractually required employer contribution	$ 3,839	$ 4,499
Contributions recognized by PSERS	3,839	4,499
Difference between contractually required employer contribution and contributions recognized by PSERS	$ -	$ -
College's covered payroll	$ 481,884	$ 665,775
Contributions as a percentage of covered payroll	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.

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

Actuarial Date/ Measurement Date	6/30/2018	6/30/2017	6/30/2016	6/30/2015	6/30/2014	6/30/2013
College's Fiscal Year	**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%	7.50%	7.50%	N/A
Salary Increases	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-2000	RP-2000	N/A
Changes in Benefits	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	33.36%	32.60%	31.74%	29.20%	25.00%	20.50%
Fiscal Year in Which Actuarially Calculated Contribution Rate Is Applied	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.

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

Actuarial Date/ Measurement Date	12/31/2018	12/31/2017	12/31/2016	12/31/2015	12/31/2014	12/31/2013
College Fiscal Year	**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%	7.50%	7.50%	N/A
Salary Increases	5.60%	5.60%	5.60%	5.70%	6.10%	N/A
Mortality	RP-2000	RP-2000	RP-2000	RP-2000	RP-2000	N/A
Changes in Benefits	None	None	None	None	None	N/A
Actuarially Calculated Contribution Rate from Actuarial Date Shown Above[1]	33.53%	32.90%	33.22%	29.50%	25.00%	20.50%
Fiscal Year in Which Actuarially Calculated Contribution Rate Is Applied	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, 2018. Contribution rate information for each individual service class was not presented within the CAFR; thus, this represents a blended rate for all membership classes.

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

Actuarial Date/ Measurement Date	6/30/2018	6/30/2017	6/30/2016	6/30/2015	6/30/2014	6/30/2013
College Fiscal Year	**6/30/2019**	**6/30/2018**	**6/30/2017**	**6/30/2016**	**6/30/2015**	**6/30/2014**
Discount Rate	2.98%	3.13%	N/A	N/A	N/A	N/A
Salary Increases	5.00%	5.00%	N/A	N/A	N/A	N/A
Mortality	RP-2014, Scale MP-2015	RP-2014, Scale MP-2015	N/A	N/A	N/A	N/A
Changes in Benefits	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	0.84%	0.83%	0.83%	N/A	N/A	N/A
Fiscal Year in Which Actuarially Calculated Contribution Rate Is Applied	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.