Lehigh Carbon Community College

Financial Statements and Required Supplementary Information and Supplementary Information

Years Ended June 30, 2024 and 2023
with Independent Auditor's Report

MaherDuessel

LEHIGH CARBON COMMUNITY COLLEGE

YEARS ENDED JUNE 30, 2024 AND 2023

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YEARS ENDED JUNE 30, 2024 AND 2023

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Independent Auditor's Report

Board of Trustees
Lehigh Carbon Community College

Report on the Audit of the Financial Statements

Opinions

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, 2024 and 2023, and the related notes to the financial statements, which collectively comprise the College's basic financial statements as listed in the table of contents.

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, 2024 and 2023, 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.

Basis for Opinions

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. The financial statements of Lehigh Carbon Community College Foundation, a component unit, were not audited in accordance with *Government Auditing Standards*. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the College and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Responsibilities of Management for the Financial Statements

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

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the College's ability to continue as a going concern for twelve months beyond the financial statement date, including any currently known information that may raise substantial doubt shortly thereafter.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinions. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with generally accepted auditing standards and *Government Auditing Standards* will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with generally accepted auditing standards and *Government Auditing Standards,* we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the College's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the College's ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control related matters that we identified during the audit.

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the required supplementary information listed in the table of contents be presented to supplement the basic financial statements. Such information is the responsibility of management and, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with 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.

Supplementary Information

Our audits were conducted for the purpose of forming opinions on the financial statements that collectively comprise the College's basic financial statements. The supplementary information listed in the table of contents and the schedule of expenditures of federal awards, as required by Title 2 U.S. *Code of Federal Regulations* (CFR) Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* are presented for purposes of additional analysis and are not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. The information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the supplementary information is fairly stated, in all material respects, in relation to the basic financial statements as a whole.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated November 25, 2024 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
November 25, 2024

LEHIGH CARBON COMMUNITY COLLEGE

MANAGEMENT'S DISCUSSION AND ANALYSIS
(UNAUDITED)

YEAR ENDED JUNE 30, 2024

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, 2024 and 2023. 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, 2024 and 2023. 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 almost 12,500 credit seeking and workforce training students from Lehigh, Carbon, Schuylkill, and surrounding counties. More than 90 programs of study are offered 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 and the 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 an accessible, equitable, inclusive and affordable education," the College offers educational, career and lifelong learning opportunities through innovative 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 $5 million in 2024 compared to an increase of $3 million in 2023.

At June 30, 2024, the College assets of $110 million exceeded its liabilities of $27 million by $83 million.

Tuition and fee revenue decreased by $.2 million to $24.2 million compared to $24.4 million in 2023. This decrease is primarily due to a decline in enrollment.

Total credit full time equivalents (FTE's) were 8,728 and 9,118 in 2024 and 2023, respectively. The fiscal year 2023-2024 credit hours were 111,698 compared to 115,015 in fiscal year 2022-2023. The decline in FTE's and credit hours are due to the continuing effects of the economy on our students and the decrease in the average number of credits taken per student.

The following is a Condensed Statement of Net Position as of June 30, 2024, 2023 and 2022 (dollars are in thousands).

	2024	2023	Increase/ (Decrease)	Percentage Change	2022
Assets:					
Current Assets	$ 49,160	$ 44,747	$ 4,413	9.86%	$ 42,304
Non-current Assets	61,696	61,895	(199)	(0.3)%	55,423
Total Assets	110,856	106,642	4,214		97,727
Deferred outflow of resources	971	1,013	(42)	(15.1)%	830
Liabilities:					
Current liabilities	10,828	9,970	858	8.61%	7,711
Non-current liabilities	16,363	18,248	(1,885)	(10.3)%	13,850
Total Liabilities	27,191	28,218	(1,027)		21,561
Deferred inflows of resources	145	237	(92)	(38.8)%	836
Net position:					
Investment in capital assets	47,086	44,820	2,266	(3.13)%	43,417
unrestricted	37,405	34,381	3,024	8.80%	32,743
Total net position	$ 84,491	$ 79,201	$ 5,290	6.68%	$ 76,160

The College's assets amounted to $110.8 and $106.6 million as of June 30, 2024 and 2023, respectively. In 2022 assets were lower than both 2024 and 2023 as subscription based information technology assets were not required to be capitalized.

- Total assets increased by $4.2 million. This was due to an increase in cash associated with investment income and state funding along with reduced spending.

- Total liabilities decreased $1.0 million, primary due to a decrease in notes payable.

- Deferred outflows of resources and deferred inflows of resources changed 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 12.

- Although the College's unrestricted net position is not subject to externally imposed restrictions, the College's $37.4 million of unrestricted net position is designated for purposes to fulfill its various fiduciary responsibilities, including maintaining reserves for capital improvements and operation projects, and a reserve for future operations.

The following is a Condensed Statement of Revenues, Expenses and Changes in Net Position as of June 30, 2024, 2023 and 2022 (dollars are in thousands):

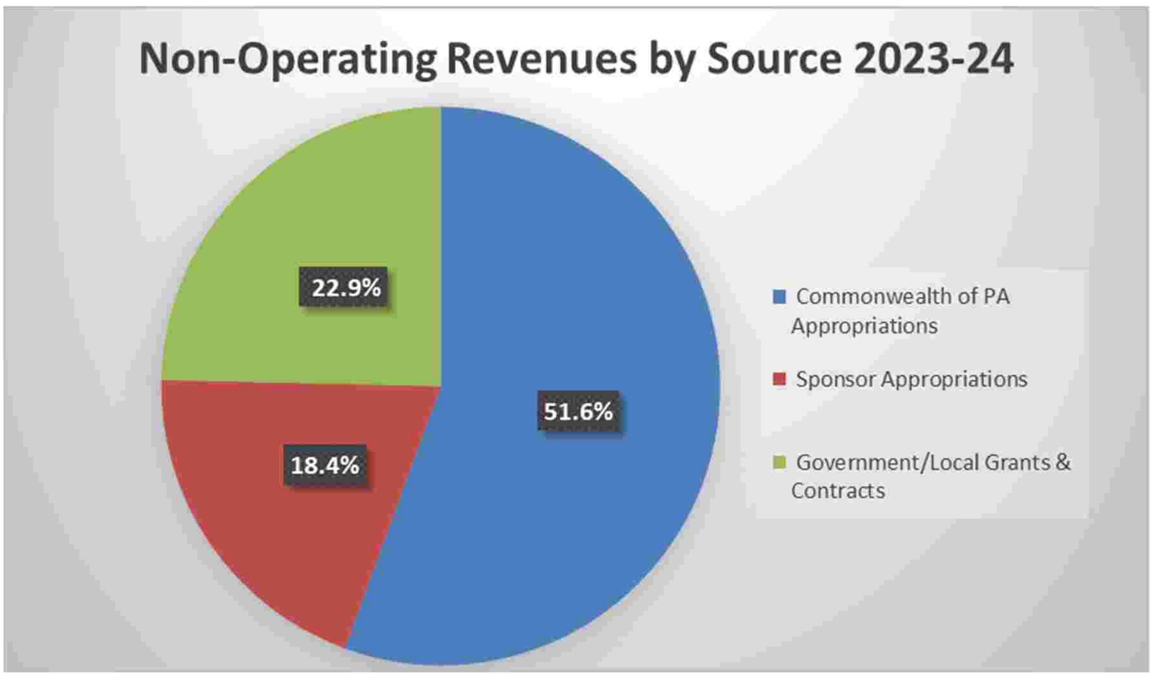
	2024	2023	Increase/ (Decrease)	Percentage Change	2022
Operating revenues:					
Tuition and fees	$ 24,190	$ 24,462	$ (272)	-1.1%	$ 27,678
Auxilary services	172	198	(26)	-13.1%	274
Other	1,414	1,623	(209)	-12.9%	1,578
Non-operating revenues:					
Commonwealth and local sponsor appropriations	23,579	22,945	634	2.8%	22,354
Government/local grant and contracts	7,715	10,736	(3,021)	-28.1%	19,384
Investment income	1,470	561	909	162.0%	(41)
Total Revenues	58,540	60,525	(1,985)	-3.3%	71,227
Operating Expenses:					
Educational and general	47,976	52,534	(4,558)	-8.7%	60,801
Depreciation and amortization	4,868	4,470	398	8.9%	4,002
Gain/loss on disposal of capital asset	-	(8)	8	-100.0%	18
Auxillary services	75	86	(11)	-12.8%	80
Non-operating expenses:					
Interest on indebtedness	332	401	(69)	-17.2%	455
Total Expenses	53,251	57,483	(4,232)	-7.4%	65,356
Increase in net position	5,289	3,042	2,247	73.9%	5,871
Net position, beginning	79,202	76,160	3,042	3.99%	70,289
Net position, Ending	$ 84,491	$ 79,202	$ 5,289	6.68%	$ 70,160

Revenue recognized from appropriations amounted to $23.6 million and $22.9 million in 2024 and 2023, respectively. In 2022 revenue recognized from appropriations amounted to $22.4 million.

- Operating expenses decreased $4 million or 7% over prior year primarily due to government grants and contracts decreasing by $3 million. There were additional decreases in operating expenses associated with wages, benefits, and professional services.

- Approximately 58% of the College's total operating expenses in fiscal year 2023-2024 directly support instruction compared to 58% in fiscal year 2022-2023. In 2021-2022, 67% of the College's total operating expense directly supported instruction.

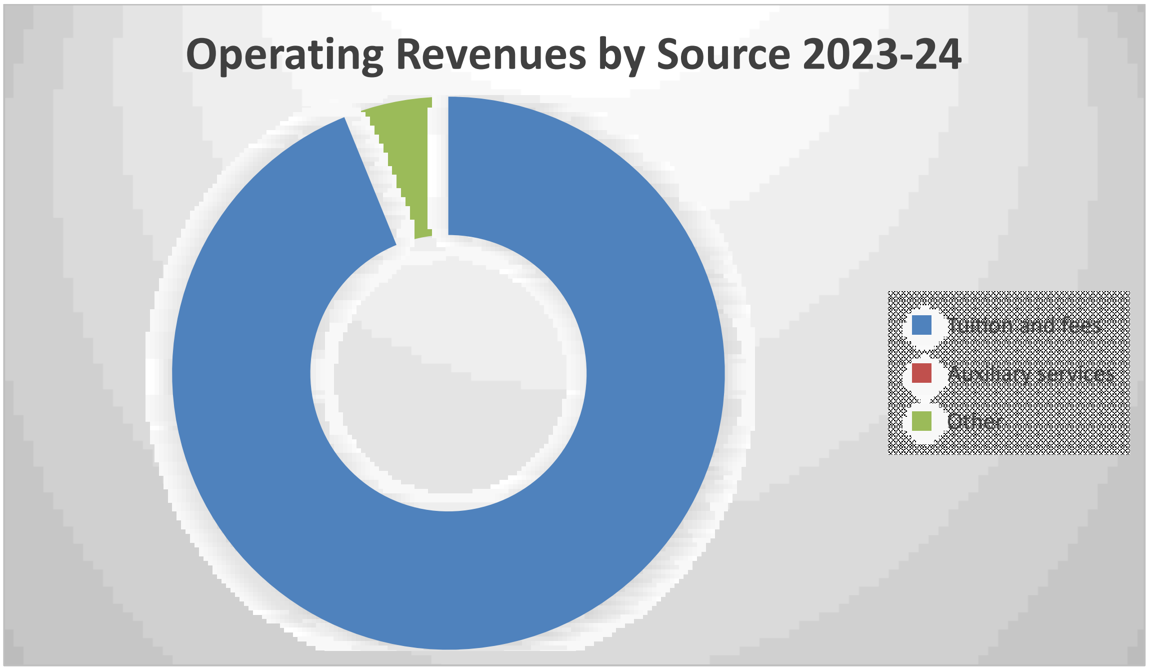
Revenue by Sources



LEHIGH CARBON COMMUNITY COLLEGE

MANAGEMENT'S DISCUSSION AND ANALYSIS
(UNAUDITED)

YEAR ENDED JUNE 30, 2024



- The College received student financial assistance of approximately $9.9 million from the Pell Grant and Supplemental Educational Opportunity Grant in 2023-2024 for an increase of 11% over 2022-2023.

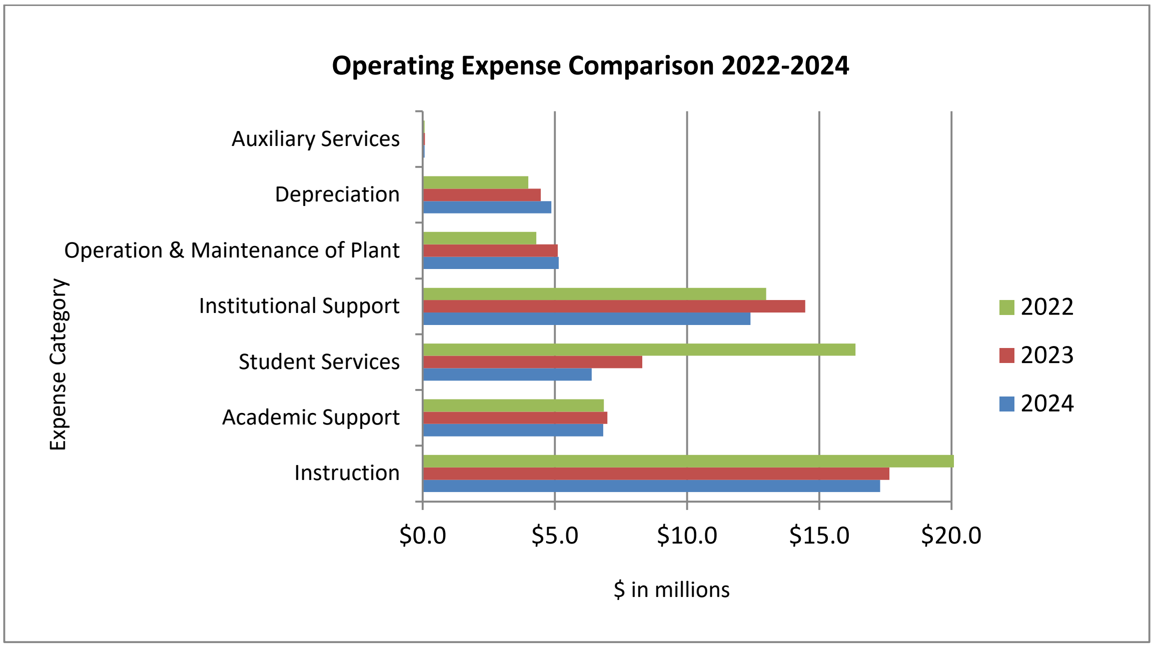
- Pennsylvania Higher Education Assistance Agency (PHEAA) awarded grants of approximately $1.1 million for the year, which is a slight decrease from 2022-2023 of $.1million.

- There were approximately 1,515 Federal Direct Loan recipients for a total of $8.5 million disbursed in 2023-2024.

- The Commonwealth of Pennsylvania's operating appropriation for fiscal year 2023-2024 was $15,781,080. In 2024-2025 there will be additional funding of $1 million from the Commonwealth.

- The Local Sponsor operating appropriation for fiscal year 2023-2024 was $4,664,959. The 2024-2025 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 decreased slightly in 2024 due to declining enrollment and less of a need for additional part-time and adjunct instructors. Instruction expenses also decreased between 2022 and 2023.

- Academic support, student services, and public services comprise the education support activities expense. These combined support activities decreased $2 million in 2024 or 13% over prior year, primarily in the category of student services. This decrease represents a lower distribution of HEERF grants to our students in 2023-2024 due to the end of the stimulus funds.

- Institutional support decreased from prior year primarily due to lower costs associated with wages and benefits as a result of open positions.

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 were $4.4 million. Depreciation expense on capital expenditures was $4.8 million.

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 savings to the College of $1.4 million over the life of the bonds.

At June 30, 2024, the College had two outstanding general obligation bond issues totaling $8.4 million. The debt issues are funded by the Commonwealth capital appropriation, local sponsor capital appropriation and College capital funds. The fiscal year 2023-2024 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

The bond debt rating was reaffirmed as A2 stable by Moody's Investor Services after the October 2024 release of Moody's Higher Education Methodology for Credit and Risk Assessment. 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 7.

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.

Summary

Overall, the College's financial position remains strong as evidenced by the 2024 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, 2024 AND 2023

	2024	2023
Assets		
Current assets:		
Cash and cash equivalents	$ 23,411,914	$ 20,438,801
Certificates of deposit	19,500,000	18,100,000
Accounts receivable:		
Students, net	1,105,022	1,518,463
Other	2,405,062	1,514,594
Grants	1,255,766	2,005,803
Prepaid expenses and other assets	1,482,045	1,169,561
Total current assets	49,159,809	44,747,222
Noncurrent assets:		
Funds held by the Foundation	2,992,557	2,816,931
Capital assets, not being depreciated	3,989,800	3,033,389
Capital assets, net of accumulated depreciation	54,714,414	56,045,037
Total noncurrent assets	61,696,771	61,895,357
Total Assets	110,856,580	106,642,579
Deferred Outflows of Resources		
Deferred outflows of resources for pension	952,673	1,000,082
Deferred outflows of resources for OPEB	18,540	13,028
Total Deferred Outflows of Resources	971,213	1,013,110

(Continued)

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

Liabilities	2024	2023
Current liabilities:		
Accounts payable	2,562,922	1,256,726
Accrued expenses and other liabilities	2,203,208	2,008,040
Accrued interest payable	92,796	60,127
Unearned revenue	3,416,830	4,079,052
Accrued partial retirement benefits	62,436	115,200
Notes payable, current portion	1,365,000	1,305,000
Lease liability right to use asset, current portion	513,924	522,568
Subscription liability, current portion	270,216	323,683
Financed purchases payable, current portion	340,460	296,175
Total current liabilities	10,827,792	9,966,571
Noncurrent liabilities:		
Accrued partial retirement benefits, less current portion	187,308	433,968
Notes payable, less current portion	6,998,399	8,490,773
Lease liability right to use assets	4,543,296	4,983,035
Subscription liability, less current portion	659,914	863,757
Financed purchases payable, less current portion	593,540	237,111
Net OPEB liability	63,000	55,000
Net pension liability	3,317,507	3,187,202
Total noncurrent liabilities	16,362,964	18,250,846
Total Liabilities	27,190,756	28,217,417
Deferred Inflows of Resources		
Deferred inflows of resources for pension	119,302	203,697
Deferred inflows of resources for OPEB	26,000	33,000
Total Deferred Inflows of Resources	145,302	236,697
Net Position		
Net investment in capital assets	47,086,703	44,820,511
Unrestricted	37,405,032	34,381,064
Total Net Position	$ 84,491,735	$ 79,201,575

(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, 2024 AND 2023

	2024	2023
Assets		
Current assets:		
Cash and cash equivalents	$ 425,527	$ 587,466
Promise to give	13,000	12,500
Total current assets	438,527	599,966
Noncurrent assets:		
Promises to give, net	8,437	-
Investments:		
Investments	22,425,395	20,153,536
Investments - held for College	2,992,557	2,816,931
Total investments	25,417,952	22,970,467
Land and buildings, net	4,746,533	4,838,137
Total noncurrent assets	30,172,922	27,808,604
Total Assets	$ 30,611,449	$ 28,408,570
Liabilities and Net Assets		
Liabilities:		
Current liabilities:		
Accounts payable	$ 144,139	$ 406,072
Total current liabilities	144,139	406,072
Noncurrent liabilities:		
Funds held for College	2,992,557	2,816,931
Total noncurrent liabilities	2,992,557	2,816,931
Total Liabilities	3,136,696	3,223,003
Net Assets:		
Without donor restrictions:		
Undesignated	6,365,366	4,878,017
Invested in land and buildings	4,746,533	4,838,137
Board-designated	2,425,574	2,462,363
Total net assets without donor restrictions	13,537,473	12,178,517
With donor restrictions	13,937,280	13,007,050
Total Net Assets	27,474,753	25,185,567
Total Liabilities and Net Assets	$ 30,611,449	$ 28,408,570

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, 2024 AND 2023

	2024	2023
Operating Revenues:		
Student tuition and fees, net of scholarship allowance of $6,847,063 in 2024 and $6,469,338 in 2023	$ 24,189,735	$ 24,461,690
Auxiliary enterprises	172,478	198,160
Other operating revenues	1,414,252	1,622,571
Total operating revenues	25,776,465	26,282,421
Operating Expenses:		
Educational and general:		
Instruction	17,283,504	17,658,669
Academic support	6,771,249	6,983,998
Student services	6,394,506	8,303,188
Institutional support	12,396,603	14,475,849
Operation and maintenance of plant	5,128,961	5,110,142
Depreciation	4,868,336	4,470,266
(Gain) loss on disposal of capital assets	-	(7,644)
Auxiliary expenses	75,080	86,088
Total operating expenses	52,918,239	57,080,556
Operating loss	(27,141,774)	(30,798,135)

(Continued)

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

	2024	2023
Non-operating Revenues (Expenses):		
Appropriations:		
Local	4,664,959	4,664,959
Commonwealth of Pennsylvania	15,781,080	15,446,647
Federal grants and contracts	6,408,836	9,787,808
Commonwealth of Pennsylvania grant and contracts	1,121,021	791,228
Local grants and contracts	184,522	155,768
Investment income	1,469,898	560,784
Interest on indebtedness	(332,426)	(400,867)
Total non-operating revenues	29,297,890	31,006,327
Change in Net Position Before Other Revenues	2,156,116	208,192
Capital Contributions:		
Capital appropriations:		
Local	1,521,378	1,521,378
Commonwealth of Pennsylvania	1,612,666	1,312,257
Total capital contributions	3,134,044	2,833,635
Change in Net Position	5,290,160	3,041,827
Net Position:		
Beginning of year	79,201,575	76,159,748
End of year	$ 84,491,735	$ 79,201,575

(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, 2024 AND 2023

	2024			2023		
	Without Donor Restrictions	With Donor Restrictions	Total	Without Donor Restrictions	With Donor Restrictions	Total
Revenues and Other Support:						
Contributions	$ 143,863	$ 243,808	$ 387,671	$ 268,766	$ 551,105	$ 819,871
Special event revenue	170,386	-	170,386	113,719	-	113,719
Rental income	632,261	-	632,261	673,261	-	673,261
Investment return, net	1,441,869	1,252,913	2,694,782	1,090,945	995,203	2,086,148
Net assets released from restrictions, satisfying of program restrictions	566,491	(566,491)	-	1,122,818	(1,122,818)	-
Total revenues and other support	2,954,870	930,230	3,885,100	3,269,509	423,490	3,692,999
Expenses:						
Program services:						
Awards and grants to individuals	7,050	-	7,050	7,850	-	7,850
Grants to Lehigh Carbon Community College	1,229,656	-	1,229,656	1,329,115	-	1,329,115
Grants to four-year colleges	22,071	-	22,071	42,769	-	42,769
Institutional advancement grant	190,278	-	190,278	209,606	-	209,606
Total program services	1,449,055	-	1,449,055	1,589,340	-	1,589,340
Management and general:						
Depreciation	91,603	-	91,603	91,603	-	91,603
Insurance	2,631	-	2,631	2,141	-	2,141
Professional services	360	-	360	-	-	-
Miscellaneous	3,349	-	3,349	15,403	-	15,403
Total management and general	97,943	-	97,943	109,147	-	109,147
Fundraising:						
Event expenses	48,916	-	48,916	47,261	-	47,261
Total expenses	1,595,914	-	1,595,914	1,745,748	-	1,745,748
Change in Net Assets	1,358,956	930,230	2,289,186	1,523,761	423,490	1,947,251
Net Assets, Beginning	12,178,517	13,007,050	25,185,567	10,654,756	12,583,560	23,238,316
Net Assets, Ending	$ 13,537,473	$ 13,937,280	$ 27,474,753	$ 12,178,517	$ 13,007,050	$ 25,185,567

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

LEHIGH CARBON COMMUNITY COLLEGE

STATEMENTS OF CASH FLOWS

JUNE 30, 2024 AND 2023

	2024	2023
Cash Flows From Operating Activities:		
Student tuition and fees	$ 23,050,486	$ 25,643,813
Payments to employees	(25,045,571)	(26,169,815)
Payments for benefits	(8,688,108)	(8,856,859)
Payments to suppliers and utilities	(13,305,296)	(18,314,096)
Auxiliary enterprises	172,478	198,160
Other receipts	1,414,252	1,622,571
Net cash provided by (used in) operating activities	(22,401,759)	(25,876,226)
Cash Flows From Non-capital Financing Activities:		
Local appropriations	4,664,959	4,664,959
Commonwealth appropriations	15,781,080	15,446,647
Grants and contracts for other than capital purposes	8,464,419	11,730,408
Net cash provided by (used in) non-capital financing activities	28,910,458	31,842,014
Cash Flows From Capital and Related Financing Activities:		
Local and commonwealth capital appropriations	3,134,044	2,833,635
Purchases of capital assets	(4,437,146)	(3,496,592)
Principal paid on capital debt	(1,432,374)	(1,367,287)
Interest paid on capital debt	(342,663)	(410,512)
Payments on financed purchase payables	(351,719)	(384,588)
Net cash provided by (used in) capital and related financing activities	(3,429,858)	(2,825,344)
Cash Flows From Investing Activities:		
Sale (purchase) of certificates of deposit	(1,400,000)	(500,000)
Funds held by the Foundation	(175,626)	(2,063,762)
Interest on investments	1,469,898	560,784
Net cash provided by (used in) investing activities	(105,728)	(2,002,978)
Net Increase in Cash and Cash Equivalents	2,973,113	1,137,466
Cash and Cash Equivalents:		
Beginning of year	20,438,801	19,301,335
End of year	$ 23,411,914	$ 20,438,801

(Continued)

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

	2024	2023
Reconciliation of Operating Loss to Net Cash Provided by (Used in) Operating Activities:		
Operating loss	$ (27,141,774)	$ (30,798,135)
Adjustments to reconcile operating loss to net cash provided by (used in) operating activities:		
Depreciation	4,868,336	4,470,266
Bad debt expense	989,368	738,424
(Gain) loss on disposal of capital assets	-	(7,643)
Effects of changes in operating assets and liabilities:		
Accounts receivable	273,010	36,585
Certificates of deposits	(1,400,000)	(500,000)
Due from foundation	(175,626)	(1,291,909)
Prepaid and other current assets	(312,484)	(769,361)
Deferred outflows - pension	(47,409)	(185,530)
Deferred outflows - OPEB	5,512	2,557
Accounts payable	1,306,196	(387,784)
Accrued expenses and other liabilities	147,848	224,177
Accrued partial retirement benefits	(299,424)	333,129
Net pension liability	130,305	666,745
Net OPEB liability	8,000	(22,000)
Deferred inflows - pension	(84,395)	(609,059)
Deferred inflows - OPEB	(7,000)	9,000
Unearned revenue	(662,222)	2,214,312
Net cash provided by (used in) operating activities	$ (22,401,759)	$ (25,876,226)
Supplementary Disclosure of Noncash Capital, Financing Activity:		
Finance purchase payables	$ 307,708	$ 254,849
Intangible subscription asset	$ -	$ 1,262,678

(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, 2024 AND 2023

	2024	2023
Cash Flows From Operating Activities:		
Change in net assets	$ 2,289,186	$ 1,947,251
Adjustments to reconcile change in net assets to net cash provided by (used in) operating activities:		
Depreciation	91,603	91,603
Discount on promise to give	1,563	-
Realized gain on investments	14,395	(125,860)
Unrealized (gain) loss on investments	(1,878,696)	(1,294,002)
Contributions restricted for long-term use	(84,000)	(67,000)
Decrease in assets:		
Promises to give	(8,937)	-
Increase (decrease) in liabilities:		
Accounts payable	(261,933)	248,991
Deferred revenue	-	(5,204)
Deferred rent	-	(41,000)
Funds held for college	175,626	2,063,762
Net cash provided by (used in) operating activities	338,807	2,818,541
Cash Flows From Investing Activities:		
Proceeds from sales of investments	4,132,083	3,942,907
Purchases of investments	(4,716,829)	(6,666,251)
Net cash provided by (used in) investing activities	(584,746)	(2,723,344)
Cash Flows From Financing Activities:		
Contributions restricted for long-term use	84,000	67,000
Net cash provided by (used in) financing activities	84,000	67,000
Net Increase (Decrease) in Cash and Cash Equivalents	(161,939)	162,197
Cash and Cash Equivalents:		
Beginning of year	587,466	425,269
End of year	$ 425,527	$ 587,466

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 requirements of the Governmental Accounting Standards Board (GASB), 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, 2024 and 2023.

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 Pennsylvania 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 $217,953 and $155,809 as of June 30, 2024 and 2023, respectively.

Funds Held by the Foundation on Behalf of the College

The Foundation serves as custodian for the College's radio station proceeds fund and the Promise scholarship 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. For the year ended June 30, 2023, the College established the Promise scholarship fund with a $2,000,000 cash transfer to the foundation. The fund is to be used at the discretion of the College for advancing education and providing financial assistance to recent high school graduates. Beginning in fiscal year 2024, the College has the right to withdraw funds at any time and receives an annual disbursement from the Foundation equal to one hundred (100%) percent of the annual investment earnings.

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. However, this does not apply to intangible right-to-use lease assets or subscription based information technology agreements (SBITA), which are discussed in the leases and subscription liabilities sections below.

At each statement of financial position date, management evaluates whether any property and equipment have been impaired. The College determined there was no need for impairment adjustments to carrying values of property and equipment during the years ended June 30, 2024 and 2023.

Leases

The College is a lessee for various noncancellable building leases. The College recognizes a lease liability and an intangible right-to-use lease asset in the financial statements. The College recognizes lease liabilities with an initial, individual value of $30,000 or more.

At the commencement of a lease, the College initially measures the lease liability at the present value of payments expected to be made during the lease term. Subsequently, the lease liability is reduced by the principal portion of lease payments made. The lease asset is initially measured as the initial amount of the lease liability, adjusted for lease payments made at or before the lease commencement date, plus certain initial direct costs. Subsequently, the lease asset is amortized on a straight-line basis over its useful life.

Key estimates and judgments related to leases include how the College determines (1) the discount rate it uses to discount the expected lease payments to present value, (2) lease term, and (3) lease payments.

- The College uses the interest rate charged by the lessor as the discount rate. When the interest rate charged by the lessor is not provided, the College generally uses its estimated incremental borrowing rate as the discount rate for leases.

- The lease term includes the noncancellable period of the lease. Lease payments included in the measurement of the lease liability are composed of fixed payments and as applicable, the purchase option price that the College is reasonably certain to exercise.

The College monitors changes in circumstances that would require a remeasurement of its lease and will remeasure the lease asset and liability if certain changes occur that are expected to significantly affect the amount of the lease liability.

Lease assets are reported with capital assets and lease liabilities are reported with long-term debt on the statement of net position.

Subscription Liabilities

The College is a lessee for noncancellable software subscriptions. The College recognizes a subscription liability and an intangible right-to use subscription asset (subscription asset) as part of capital assets, net of accumulated depreciation on the Statement of Net Position.

At the commencement of a subscription, the College initially measures the subscription liability at the present value of payments expected to be made during the subscription term. Subsequently, the subscription liability is reduced by the principal portion of payments made. The subscription asset is initially measured as the initial amount of the subscription liability, adjusted for payments made at or before the commencement date, plus certain indirect costs. Subsequently, the subscription asset is amortized on the straight-line basis over its useful life.

Key estimates and judgements related to subscription liabilities includes how the College determines (1) the discount rate it uses to discount the expected contract payments to present value, (2) subscription term, and (3) subscription payments.

- The College uses the interest rate changed by the lessor as the discount rate. When the interest rate charged by the lessor is not provided, the College generally uses its estimated incremental borrowing rate as the discount rate for subscription contracts.

The College monitors changes in circumstances that would require remeasurement of its subscription liability and will remeasure the subscription asset and liability if certain changes occur that are expected to significantly affect the amount of the subscription liability.

Subscription assets are reported with capital assets and subscription liabilities are reported with long term liabilities on the Statement of Net Position.

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, 2024 and 2023 totaled $651,262 and $576,257, 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 12 through 14.

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, differences between employer contributions and proportionate share of contributions, 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 12 through 14 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.

Restricted – net position whose use is subject to externally imposed conditions that can be fulfilled by the actions of the College or by the passage of time.

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, 2024 and 2023.

Advertising

Advertising expenses are recorded as incurred and were approximately $388,000 and $327,000 in 2024 and 2023, respectively.

Adopted Pronouncement

The requirements of the following GASB Statements were adopted by the College’s 2024 financial statements:

The following GASB Statement was adopted for the year ended June 30, 2024: Statement No. 100 (Accounting Changes and Error Corrections). This statement had no significant impact on the College’s financial statements for the year ended June 30, 2024.

Pending Pronouncements

GASB has issued statements that will become effective in future years including Statement Nos. 101 (Compensated Absences), 102 (Certain Risk Disclosures), 103 (Financial Reporting Model Improvements), and 104 (Disclosures and Classification of Certain Capital Assets). Management has not yet determined the impact of these statements on the 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.

Promises to Give

Unconditional promises to give that are expected to be collected within one year are recorded at net realizable value. Unconditional promises to give that are expected to be collected in future years are recorded at the present value of their net realizable value. The discounts on those amounts are computed using a risk adjusted rate, which was 5.6% as of June 30, 2024. The discount as of June 30, 2024 was $1,563. Amortization of the discount is included in contribution revenue. Allowance for uncollectible promises to give is determined based on historical experience, an assessment of economic conditions, and a review of subsequent collections. Promises to give are written off when deemed uncollectible. The Foundation deems all promises to give collectible as of June 20, 2024.

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.

Funds Held for College

The Foundation serves as custodian for the College's radio station proceeds fund and the Promise scholarship fund. The funds are managed along with all other Foundation endowment accounts and is invested in accordance with the Foundation's investment policy. The College has the right to withdraw funds from the radio station fund 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 the approval of the Board of Trustees. The College established the Promise scholarship fund with a $2,000,000 cash transfer during the year ended June 30, 2023. The fund is to be used at the discretion of the College for advancing education and providing financial assistance to recent high school graduates. Beginning in the fiscal year 2024, the College has the right to withdraw funds at any time and receives an annual disbursement from the Foundation equal to one hundred (100%) percent of the annual investment earnings. The Promise Scholarship Fund is considered to be an asset of the College and a liability due to the College from the Foundation.

Designation of Net Assets Without Donor Restrictions

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

Contributions With or Without Donor Restrictions

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

Revenue and Revenue Recognition

The Foundation records special events revenue equal to the fair value of direct benefits to donors, and contribution income for the excess received when the event takes place. Rental income is recognized when the performance obligation of providing space for the tenants are satisfied.

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

Functional Allocation of Expense

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

Income Taxes

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

Financial Instruments and Credit Risk

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

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 $23,411,914 and $20,438,801 as of June 30, 2024 and 2023, respectively. The bank balance totaled $23,729,052 and $20,630,101 as of June 30, 2024 and 2023, 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.

	2024	2023
Cash and cash equivalents:		
Insured	$ 642,754	$ 541,261
Collateralized, collateral held by pledging banks trust department not in the College's name	23,086,298	20,088,840
Total	$ 23,729,052	$ 20,630,101
Investments:		
Insured	$ 730,183	$ 1,114,472
Collateralized, collateral held by pledging banks trust department not in the College's name	18,769,817	16,985,528
Total	$ 19,500,000	$ 18,100,000

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

As of June 30, 2024 and 2023, the College’s certificates of deposits in the amounts of $19,500,00 and $18,100,000, respectively, are classified as Level 1 investments.

4. Accounts Receivable

Accounts receivable represent amounts due for tuition fees from currently enrolled and former students and grants from other entities. The College extends unsecured credit to students and other entities in connection with their studies and other educational services provided. Accounts receivable consist of the following at June 30, 2024 and 2023:

	2024	2023
Accounts receivable, student	$ 1,322,975	$ 1,674,272
Accounts receivable, other	2,405,062	1,514,594
Less allowance for doubtful accounts	(217,953)	(155,809)
	3,510,084	3,033,057
Accounts receivable, grants	1,255,766	2,005,803
Total	$ 4,765,850	$ 5,038,860

5. Capital Assets, Net

	Balance July 1, 2023	Additions	Retirements and Transfers	Balance June 30, 2024
Non-depreciable assets:				
Land	$ 2,531,117	$ -	$ -	$ 2,531,117
Construction in progress	502,272	2,870,163	(1,913,752)	1,458,683
Total non-depreciable assets	3,033,389	2,870,163	(1,913,752)	3,989,800
Depreciable assets:				
Land improvements	8,180,214	-	-	8,180,214
Buildings and building improvements	74,467,897	911,107	-	75,379,004
Right-to-use assets	6,785,044	45,797	-	6,830,841
Intangible subscription asset	1,408,580	-	-	1,408,580
Furniture and equipment	35,630,834	3,448,209	(28,505)	39,050,538
Library books	1,707,172	22,746	-	1,729,918
Total depreciable assets	128,179,741	4,427,859	(28,505)	132,579,095
Less: accumulated depreciation and amortization	(72,134,704)	(5,729,977)	-	(77,864,681)
Net Capital Assets	$ 59,078,426	$ 1,568,045	$ (1,942,257)	$ 58,704,214

As of June 30, 2024, the College has committed to approximately $811,000 of additional capital expenditures related to the above construction in progress.

	Balance July 1, 2022	Additions	Retirements and Transfers	Balance June 30, 2023
Non-depreciable assets:				
Land	$ 2,531,117	$ -	$ -	$ 2,531,117
Construction in progress	503,217	1,127,442	(1,128,387)	502,272
Total non-depreciable assets	3,034,334	1,127,442	(1,128,387)	3,033,389
Depreciable assets:				
Land improvements	8,180,214	-	-	8,180,214
Buildings and building improvements	74,201,984	265,913	-	74,467,897
Right-to-use assets	2,165,629	4,619,415	-	6,785,044
Intangible subscription asset	-	1,408,580	-	1,408,580
Furniture and equipment	32,092,391	3,538,443	-	35,630,834
Library books	1,678,897	28,275	-	1,707,172
Total depreciable assets	118,319,115	9,860,626	-	128,179,741
Less: accumulated depreciation and amortization	(66,683,476)	(5,451,228)	-	(72,134,704)
Net Capital Assets	$ 54,669,973	$ 5,536,840	$ (1,128,387)	$ 59,078,426

6. Long-Term Liabilities

Long-term liability activity for the years ended June 30, 2024 and 2023 was as follows:

	Balance July 1, 2023	Additions	Payments/ Settlements	Balance June 30, 2024	Current Portion
Accrued partial retirement benefits	$ 549,168	$ -	$ (299,424)	$ 249,744	$ 62,436
Financed purchase payable	533,286	818,807	(418,093)	934,000	340,460
Lease liability	5,505,603	45,797	(494,180)	5,057,220	513,924
Subscription liability	1,187,440	-	(257,310)	930,130	270,216
Notes payable, net	9,795,773	-	(1,432,374)	8,363,399	1,365,000
	$ 17,571,270	$ 864,604	$ (2,901,381)	$ 15,534,493	$ 2,552,036

	Balance July 1, 2022	Additions	Payments/ Settlements	Balance June 30, 2023	Current Portion
Accrued partial retirement benefits	$ 216,039	$ 441,840	$ (108,711)	$ 549,168	$ 115,200
Financed purchase payable	610,166	307,708	(384,588)	533,286	296,175
Lease liability	1,550,850	4,619,415	(664,662)	5,505,603	522,568
Subscription liability	-	1,408,580	(221,140)	1,187,440	323,683
Notes payable, net	11,163,060	-	(1,367,287)	9,795,773	1,305,000
	$ 13,540,115	$ 6,777,543	$ (2,746,388)	$ 17,571,270	$ 2,562,626

7. Notes Payable

Notes payable as of June 30, 2024 and 2023 consists of the following:

	2024	2023
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%.	$ 5,570,000	$ 6,705,000
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%.	1,995,000	2,165,000
	7,565,000	8,870,000
Unamortized premium on notes payable	821,256	950,928
Unamortized discount on notes payable	(22,857)	(25,155)
	$ 8,363,399	$ 9,795,773

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
2025	$ 1,365,000	$ 267,016	$ 1,632,016
2026	1,425,000	200,716	1,625,716
2027	1,500,000	130,962	1,630,962
2028	625,000	91,990	716,990
2029	640,000	66,515	706,515
2030-2034	2,010,000	126,400	2,136,400
Total	$ 7,565,000	$ 883,599	$ 8,448,599

8. Financed Purchase Payables

The College has entered into financed purchase agreements for equipment under noncancelable terms that are classified as financed purchase payables. The principal balance due under financed purchase payables amounted to $934,000 and $533,286 as of June 30, 2024 and 2023 respectively. Future minimum payments under financed purchase payables are as follows:

Years ending June 30:	
2025	$ 381,747
2026	312,920
2027	225,480
2028	102,736
	1,022,883
Less: amounts representing interest	(88,883)
Present value of net minimum payments	934,000
Portion reflected as current liability	(340,460)
	$ 593,540

The cost of equipment under financed purchase payables is $10,583,809 and $9,790,770 as of June 30, 2024 and 2023 respectively. Accumulated depreciation for equipment under financed purchase payables is $9,566,922 and $9,179,515 as of June 30, 2024 and 2023, respectively. Depreciation for equipment under financed purchase payables is included with depreciation expense in the statement of revenues, expenses, and changes in net position.

9. Right to Use Assets

Wilson lease: The lease commenced on September 1, 2012 and the current term ends September 1, 2032. Base monthly rent is currently $100,235 per year or $8,353 a month. The lease allows the College to utilize the Eugene Wilson Education Support center.

Morgan lease: The lease commenced on December 17, 2013 and originally ran through June 30, 2023. As of December 2022, the College signed a renewal lease addendum which extended the lease agreement through June 30, 2033. Base rent is currently $43,502. The addendum has set annual payments on the lease at $522,025 a year through June 30, 2033 without any increase. As the lease extension was signed before the end of the fiscal year the College incorporated the new addendum into Right of Use assets and lease liability during the year ended June 30, 2023. The lease allows the College to utilize the John and Dorothy Morgan Center for Higher Education.

Barn lease: The lease commenced on July 1, 2019 and originally ended June 30, 2024. Management has exercised their right of extension and the new end of the lease term is June 30, 2029. Base annual rent is $29,550 and increases approximately 4% each July. The college is also required to pay the utilities at the property.

Airport lease: The lease commenced on August 18, 2021 and automatically renews each year. Base annual rent is $49,150 and increases 3% on September 1 of each year.

Right-to-use lease assets are as follows at June 30:

	2024	2023
Original amount	$ 6,830,841	$ 6,785,044
Accumulated amortization	(1,862,619)	(1,305,158)
Net book value	$ 4,968,222	$ 5,479,886

The amortization charge for leased assets was $557,461 and $652,579 during the years ended June 30, 2024 and 2023, which is included in office rent expenses in the accompanying financial statements.

The College monitors changes in circumstances that would require a remeasurement of its lease and will remeasure the lease asset and liability if certain changes occurred that are expected to significantly affect the amount of the lease liability.

Changes in the lease obligations for the yeas ended June 30, are as follows:

	2024	2023
Beginning balance	$ 5,505,603	$ 1,550,850
Additions	45,797	4,619,415
Reductions	(494,180)	(664,662)
Ending Balance	5,057,220	5,505,603
Amount due within one year	513,924	522,568
Noncurrent lease obligations	$ 4,543,296	$ 4,983,035

The College has used its incremental borrowing rate, 3.0%, to discount the lease liabilities. Annual requirements to amortize the lease liability and related interest are as follows for the years ending June 30:

Years ending June 30:	Principal	Interest	Total
2025	$ 513,924	$ 151,716	$ 665,640
2026	530,761	136,299	667,060
2027	548,166	120,377	668,543
2028	566,152	103,931	670,083
2029	585,218	86,472	671,690
2030-2033	2,312,999	176,039	2,489,038
Total	$ 5,057,220	$ 774,834	$ 5,832,054

10. Subscription Based Information Technology Agreement (SBITA)

The College has certain software as a service under noncancelable agreements. The College recognizes an intangible subscription asset and a subscription obligation in the financial statements. These agreements have varying ending dates through March 10, 2028.

On April 5, 2023, the College entered into a 36-month subscription for the use of student analytical software. The College is required to make annual payments starting with $94,262 decreasing to $75,120. The subscription has an interest rate of 3.0%, which is the College's incremental borrowing rate.

On January 24, 2023, the College entered into a 72-month subscription for the use of cloud subscription services which included approximately 4,200 user accounts. The college is required to make annual payments starting at $64,866 and increasing to $196,926. The subscription has an interest rate of 3.0%, which is the College's incremental borrowing rate.

On October 25, 2021, the College entered into a 36-month subscription for the use of online learning platform services. The college is required to make annual payments of $76,250. The subscription has an interest rate of 3.0%, which is the College's incremental borrowing rate.

Changes in the subscription obligations for the years ended June 30, are as follows:

	2024	2023
Beginning balance	$ 1,187,440	$ -
Additions	-	1,408,580
Reductions	(257,310)	(221,140)
Ending Balance	930,130	1,187,440
Amount due within one year	270,216	323,683
Noncurrent subscription obligations	$ 659,914	$ 863,757

The following is a schedule of future minimum subscription obligation payments for lease liabilities as of June 30, 2024:

Year Ending June 30:	Principal	Interest	Total
2025	$ 270,216	$ 28,578	$ 298,794
2026	286,144	20,552	306,696
2027	211,606	11,967	223,573
2028	162,164	5,619	167,783
2029	-	-	-
	$ 930,130	$ 66,716	$ 996,846

11. Related Party

The Foundation provided institutional support to the College of $1,419,934 and $1,538,721 for the years ended June 30, 2024 and 2023, respectively. There were no contributions to the Foundation by the College in the years ended June 30, 2024 and 2023.

The Foundation leases building space to the College under formal lease agreements, which are included in right to use assets and liabilities. Rental expense for the College was $632,261 and $673,261 for the years ended June 30, 2024 and 2023, respectively. The following is a schedule of future minimum lease rental payments as of June 30, 2024:

Years ending June 30:	
2025	$ 622,261
2026	622,261
2027	622,261
2028	622,261
2029	622,261
Thereafter	2,489,044
	$ 5,600,349

12. 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. In addition, PSERS administers the Health Options Program (HOP) for its retirees. The HOP is a PSERS sponsored voluntary health insurance program for the sole benefit of PSERS retirees, spouses of retirees, and survivor annuitants and their dependents who participate in HOP. The HOP is funded exclusively by the premiums paid by participants for the benefit coverage they elect. 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 who participate in the HOP or a Commonwealth public school employer-sponsored health insurance program are eligible for 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.

For Class DC members (as defined below) to become eligible for Premium Assistance, they must satisfy the following criteria:

- Attain Medicare eligibility with 24 ½ or more eligibility points, or
- Have 15 or more eligibility points and terminated after age 67, and
- Have received all or part of their distributions.

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, 2024 and 2023 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, 2024 and 2023 were $1,342,358 and $1,332,895, 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 the annual accrual rate. 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.

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 was 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 became effective July 1, 2019, and generally will apply to all future services.

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 through June 30, 2019. 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.

Act 5 of 2017 (Act 5) eliminated the stand-alone defined benefit plan, introduced a hybrid benefit, and introduced a separate defined contribution plan for individuals who become new members on or after July 1, 2019. Act 5 created two new hybrid membership classes, Membership Class T-G (Class T-G) and Membership Class T-H (Class T-H) and the separate defined contribution membership class, Membership Class DC (Class DC). To qualify for normal retirement, Class T-G and Class T-H members must work until age 67 with a minimum of 3 years of credited service. Class T-G may also qualify for normal retirement by attaining a total combination of age and service that is equal to or greater than 97 with a minimum of 35 years of credited service.

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, 2021, 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. For all options under the new defined contribution plan, there is a three-year vesting period for employer contributions and immediate vesting for employee contributions.

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

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

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

- Members who enter SERS for the first time on or after January 1, 2019:
  - Membership Class A-5 (hybrid) 8.25% (combined rate)
  - Membership Class A-6 (hybrid) 7.50% (combined rate)
  - Defined Contribution Plan only 7.50%

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 and before June 30, 2019:
  - Membership Class T-E* 7.50%
  - Membership Class T-F* 10.30%

- Members who joined PSERS on or after July 1, 2019:
  - Membership Class T-G (hybrid)** 9.00% (combined rate)
  - Membership Class T-H (hybrid)** 8.25% (combined rate)
  - Defined Contribution only 7.50%

* Includes shared risk provision of +0.50% as of July 1, 2021.
** Includes shared risk provision of +0.75% as of July 1, 2021.

<u>Employer Contributions</u>

During the years ended June 30, 2024 and 2023, the College contributed the following to each of its retirement plans:

	2024	2023
SERS	$ 208,818	$ 216,616
PSERS Pension	188,062	184,280
PSERS Premium Assistance	3,540	4,028
Total PSERS	191,602	188,308
TIAA-CREF	1,342,358	1,332,895
Total contributions	$ 1,742,778	$ 1,737,819

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, 2024 and 2023, the employer required contribution rates were as follows:

	2024	2023
Membership Class AA	40.33%	38.82%
Membership Class A-3	27.09%	26.05%
Membership Class A-4	27.09%	26.05%
Membership Class A-5	19.09%	18.43%
Membership Class A-6	19.09%	18.43%
Defined Contribution Only	19.04%	18.37%

The College remits contributions to SERS on a bi-weekly basis. Approximately $-0- and $-0-, respectively, is owed to SERS as of June 30, 2024 and 2023, which represents the College's required contribution for the end of year payroll.

On November 27, 2019, Commonwealth of Pennsylvania Act 2019-105 was signed into law. The law allows eligible employers to enter into an agreement with SERS to make a one-time lump sum payment of 75% to 100% of their respective unfunded accrued liability. SERS' actuaries will make the calculation of the portion of the unfunded accrued liability that an eligible employer is liable for based on SERS' most recent valuation report. The eligible employer will receive credit against future actuarially determined contributions on a periodic basis that coincide with its existing schedule for making employer contributions. The lump sum payment covers only liabilities accrued as of the date of the calculation. Future changes in the liability will attach to the employer as if the advance payment was not made. Agreements must be entered into by December 31, 2024, and the lump sum payments must be made by May 1, 2025. The College has not yet determined if they will enter into an agreement to make a lump sum payment to SERS.

PSERS

The College's contractually required PSERS contribution rate for fiscal years ended June 30, 2024 and 2023 was 34.00% and 35.26%, respectively, of covered payroll, actuarially determined as an amount that, when combined with employee contributions, is expected to finance the costs of benefits earned by employees during the year, with an additional amount to finance any unfunded accrued liability. This rate is composed of a 33.09% rate for the Pension Plan, a 0.64% rate for the Premium Assistance, and a 0.27% rate for Act 5 Defined Contribution for the fiscal year ended June 30, 2024. This rate is composed of a

34.31% rate for the Pension Plan, a 0.75% rate for the Premium Assistance, and a 0.20% rate for Act 5 Defined Contribution for the fiscal year ended June 30, 2023.

The combined rate for the fiscal year ended June 30, 2024 was an increase from the fiscal year ended June 30, 2023 combined rate of 35.26%. The combined rate for the fiscal year ended June 30, 2023 was an increase from the fiscal year ended June 30, 2022 combined rate of 34.94%. The combined contribution rate will decrease to 33.90% in fiscal year 2024 and is projected to grow to 38.26% by fiscal year 2032.

The College remits contributions to PSERS on a quarterly basis. There were no payments owed to PSERS as of June 30, 2024 and 2023.

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:

	2024	2023
College's proportionate share of PSERS net pension liability	$ 1,602,000	$ 1,334,000
Commonwealth's proportionate share of PSERS net pension liability associated with the College	1,585,000	1,351,000
Total	$ 3,187,000	$ 2,685,000

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 2024, from the December 31, 2022 valuation, to the expected funding payroll.

At December 31, 2023 (measurement date for the net pension liability reported at June 30, 2024), the College's proportion for SERS was 0.0081%, which was equal to its proportion measured as of December 31, 2022. At December 31, 2022 (measurement date for the net pension liability reported at June 30, 2023), the College's proportion for SERS was .0081%, which was an increase of .0001% from its proportion measured as of December 31, 2021.

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, 2023 (measurement date for PSERS' net pension liability and net OPEB liability reported at June 30, 2024), the College's proportion for PSERS was 0.0036%, which was an increase of 0.0006% from its proportion measured as of June 30, 2022. At June 30, 2022 (measurement date for PSERS' net pension liability and net OPEB liability reported at June 30, 2023), the College's proportion for PSERS was 0.0030%, which was a decrease of 0.0003% from its proportion measured as of June 30, 2021.

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

At June 30, 2024 and 2023, the College reported a liability for its proportionate share of SERS' and PSERS' net pension liabilities as follows:

	2024	2023
SERS	$ 1,715,507	$ 1,853,202
PSERS	1,602,000	1,334,000
Total	$ 3,317,507	$ 3,187,202

The SERS net pension liability reported at June 30, 2024 was measured as of December 31, 2023 and was determined by an actuarial valuation as of that date. The SERS net pension liability reported at June 30, 2023 was measured as of December 31, 2022 and was determined by an actuarial valuation as of that date.

The PSERS net pension liability reported at June 30, 2024 was measured as of June 30, 2023, 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, 2022 to June 30, 2023. The PSERS net pension liability reported at June 30, 2023 was measured as of June 30, 2022, 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, 2021 to June 30, 2022.

For the years ended June 30, 2024 and 2023, the College recognized pension expense as follows:

	2024	2023
SERS	$ 312,919	$ 333,071
PSERS	177,280	(55,699)
Total	$ 490,199	$ 277,372

At June 30, 2024 and 2023, the College reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	2024		2023	
	Deferred Outflows of Resources	Deferred Inflows of Resources	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience:				
SERS	$ 48,435	$ 3,486	$ 26,933	$ 5,143
PSERS	-	22,000	1,000	12,000
Changes in assumptions:				
SERS	73,930	-	124,989	-
PSERS	24,000	-	40,000	-
Net difference between projected and actual earnings on pension plan investments:				
SERS	134,786	-	251,722	-
PSERS	45,000	-	-	23,000
Differences between employer contributions and proportionate share of contributions:				
SERS	104,124	-	217,802	8,014
PSERS	-	-	-	-
Changes in proportion:				
SERS	30,927	816	35,005	3,540
PSERS	199,000	93,000	24,000	152,000
College contributions subsequent to the measurement date:				
SERS	104,409	-	94,351	-
PSERS	188,062	-	184,280	-
Total	$ 952,673	$ 119,302	$ 1,000,082	$ 203,697

Approximately $292,000 and $279,000 was reported at June 30, 2024 and 2023, respectively, as deferred outflows of resources resulting from the College’s contributions subsequent to the measurement date. The amount recorded at June 30, 2024 will be recognized as a reduction of the net pension liability in the year ending June 30, 2025. The amount recorded at June 30, 2023 was recognized as a reduction of the net pension liability for the year ended June 30, 2024.

Other amounts reported at June 30, 2024 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
2025	$ 151,937	$ 24,000	$ 175,937
2026	116,417	-	116,417
2027	137,211	114,000	251,211
2028	(18,563)	15,000	(3,563)
2029	898	-	898
Total	$ 387,900	$ 153,000	$ 540,900

Actuarial Assumptions

SERS

The following methods and assumptions were used in the actuarial valuation for the December 31, 2023 measurement date:

- Actuarial cost method – Entry Age Normal – level % of pay
- Investment return – 6.875%, includes inflation at 2.50%
- Salary growth – Effective average of 4.55%, with range of 3.30% - 6.95% and comprise of 2.50% for inflation
- Mortality rates were based on the PubG-2010 and PubNS-2010 Mortality Tables adjusted for actual plan experience and future improvement
- Experience study – January 1, 2015 through December 31, 2019

The assumed investment rate of return was reduced from 7.00% to 6.875% for the December 31, 2022 valuation. In addition, reduced rates of career salary growth were included in the December 31, 2022 valuation.

There were no changes in assumptions for the December 31, 2022 or 2023 measurement date.

There were no changes in benefit terms for the December 31, 2022 or 2023 measurement dates.

PSERS

The following methods and assumptions were used in the actuarial valuation for the June 30, 2023 measurement date:

- Actuarial cost method – Entry Age Normal – level % of pay
- Investment return – 7.00%, includes inflation at 2.50%
- Salary growth – Effective average of 4.50%, comprised of 2.50% for inflation and 2.00% for real wage growth and merit or seniority increases
- Mortality rates were based on a blend of 50% PubT-2010 and 50% PubG-2010 retiree tables for males and females, adjusted to reflect PSERS' experience and projected using a modified version of the MP-2020 Improvement Scale
- Experience study – July 1, 2015 through June 30, 2020

Changes in Assumptions

There were no changes in assumptions affecting the June 30, 2023 and June 20, 2022 measurement date.

Changed in benefit terms

There were no changes in benefit terms affecting the June 30, 2023 and June 30, 2022 measurement dates.

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 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 geometric real rates of return as of December 31, 2023, 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%	6.00%
Real Estate	7.00%	4.80%
U.S. Equity	31.00%	4.85%
International Developed Markets Equity	14.00%	4.75%
Emerging Markets Equity	5.00%	4.95%
Fixed Income - Core	22.00%	1.75%
Inflation Protection (TIPS)	3.00%	1.50%
Cash	2.00%	0.25%
	100.00%	

For SERS' years ended December 31, 2023 and 2022, the annual money-weighted rate of return on the pension plan investments, net of pension plan investment expenses, was 12.2 and (12.2)%, 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	30.0%	5.2%
Private Equity	12.0%	7.9%
Fixed income	33.0%	3.2%
Commodities	7.5%	2.7%
Absolute return	4.0%	4.1%
Infrastructure/MLPs	10.0%	5.4%
Real estate	11.0%	5.7%
Cash	3.0%	1.2%
Leverage	-10.5%	1.2%
	100.0%	

For PSERS' years ended June 30, 2023 and 2022, the annual money-weighted rate of return on the pension plan investments, net of pension plan investment expenses, was 3.54% and 2.40%, respectively.

Discount Rate

The discount rate used to measure the total pension liability for SERS was 6.875% for the College's fiscal year ended June 30, 2024 and 6.875% for the College's fiscal year ended June 30, 2023. The discount rate used to measure the total pension liability for PSERS was 7.00% for the College's fiscal years ended June 30, 2024 and 2023. 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 (5.875%)	Current Discount Rate (6.875%)	1% Increase (7.875%)
June 30, 2024			
College's proportionate share of SERS' net pension liability	$ 2,061,646	$ 1,715,507	$ 1,156,640
	1% Decrease (6.00%)	Current Discount Rate (7.00%)	1% Increase (8.00%)
College's proportionate share of PSERS' net pension liability	$ 2,076,000	$ 1,602,000	$ 1,201,000
	1% Decrease (5.875%)	Current Discount Rate (6.875%)	1% Increase (7.875%)
June 30, 2023			
College's proportionate share of SERS' net pension liability	$ 2,184,910	$ 1,853,202	$ 1,298,758
	1% Decrease (6.00%)	Current Discount Rate (7.00%)	1% Increase (8.00%)
College's proportionate share of PSERS' net pension liability	$ 1,725,000	$ 1,334,000	$ 1,004,000

14. 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, 2024 and 2023, the College reported a net OPEB liability composed of the following:

	2024	2023
College's proportionate share of PSERS' net OPEB liability	$ 63,000	$ 55,000
Net OPEB liability	$ 63,000	$ 55,000

PSERS' net OPEB liability reported at June 30, 2024 was measured as of June 30, 2023, 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, 2022 to June 30, 2023. PSERS' net OPEB liability reported at June 30, 2023 was measured as of June 30, 2022, 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, 2021 to June 30, 2022.

The College's PSERS' OPEB liability reported at June 30, 2024 was measured as of June 30, 2023, and the total OPEB liability used to calculate the retiree plan's total OPEB liability was determined by rolling forward the retiree plan's total OPEB liability as of June 30, 2022 to June 30, 2023. The College's PSERS' total OPEB liability reported at June 30, 2023 was measured as of June 30, 2022, and the total OPEB liability used to calculate the retiree plan's total OPEB liability was determined by rolling forward the retiree plan's total OPEB liability as of June 30, 2021 to June 30, 2022.

For the years ended June 30, 2024 and 2023, the College recognized OPEB expense/(income) as follows:

	2024	2023
OPEB expense/(income) related to PSERS Premium Assistance	$ (972)	$ 4,028
Total OPEB expense/(income)	$ (972)	$ 4,028

At June 30, 2024 and 2023, the College reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

	2024		2023	
	Deferred Outflows of Resources	Deferred Inflows of Resources	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	$ -	$ 1,000	$ 1,000	$ -
Changes in assumptions	5,000	12,000	6,000	13,000
Net difference between projected and actual earnings on OPEB plan investments	-	-	-	-
Changes in proportion	10,000	13,000	2,000	20,000
College contributions subsequent to the measurement date	3,540	-	4,028	-
Total	$ 18,540	$ 26,000	$ 13,028	$ 33,000

$3,540 and $4,028 was reported at June 30, 2024 and 2023, respectively, as deferred outflows of resources resulting from the College's contributions subsequent to the measurement date. The amount recorded at June 30, 2024 will be recognized as a reduction of the net OPEB liability in the year ending June 30, 2025. The amount recorded at June 30, 2023 was recognized as a reduction of the net OPEB liability for the year ended June 30, 2024.

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

Year Ending June 30:		
2025	$	(4,000)
2026		(4,000)
2027		(1,000)
2028		(2,000)
2029		2,000
Thereafter		(2,000)
Total	$	(11,000)

Additional Required Disclosures for PSERS Premium Assistance

Actuarial Assumptions

The following methods and assumptions were used in the actuarial valuation for the June 30, 2023 measurement date:

- Actuarial cost method – Entry Age Normal – level % of pay
- Investment return – 4.13% - S&P 20-year Municipal Bond Rate
- Salary increases – Effective average of 4.50%, comprised of 2.50% for inflation and 2.00% 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 a blend of 50% PubT-2010 and 50% PubG-2010 retiree tables for males and females, adjusted to reflect PSERS' experience and projected using a modified version of the MP-2020 Mortality Improvement Scale
- Experience study – July 1, 2015 through June 30, 2020
- 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 increased from 4.09% to 4.13% for the June 30, 2023 measurement date.

The discount rate increased from 2.18% to 4.09% for the June 30, 2022 measurement date.

Changes in Benefit Terms

There were no changes in benefit terms affecting the June 30, 2023 and June 30, 2022 measurement dates.

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	100.0%	1.2%
	100.0%	

For PSERS' years ended June 30, 2023 and 2022, the annual money-weighted rate of return on the Premium Assistance plan investments, net of plan investment expenses, was 4.36% and 0.35%, respectively.

Discount Rate

The discount rate used to measure the total OPEB liability for PSERS was 4.13% for the June 30, 2023 measurement date and 4.09% for the June 30, 2022 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 4.13%, which represents the S&P 20-year Municipal Bond Rate at June 30, 2023, was applied to all projected benefit payments to measure the total OPEB liability as of the June 30, 2023 measurement date. A discount rate of 4.09%, which represents the S&P 20-year Municipal Bond Rate at June 30, 2022, was applied to all projected benefit payments to measure the total OPEB liability as of the June 30, 2022 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, 2024	1% Decrease (3.13%)	Current Discount Rate (4.13%)	1% Increase (5.13%)
College's proportionate share of PSERS' net OPEB liability	$ 72,000	$ 63,000	$ 56,000

June 30, 2023	1% Decrease (3.09%)	Current Discount Rate (4.09%)	1% Increase (5.09%)
College's proportionate share of PSERS' net OPEB liability	$ 62,000	$ 55,000	$ 49,000

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, 2023, 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, 2024	1% Decrease	Current Trend	1% Increase
College's proportionate share of PSERS' net OPEB liability	$ 63,000	$ 63,000	$ 63,000

June 30, 2023	1% Decrease	Current Trend	1% Increase
College's proportionate share of PSERS' net OPEB liability	$ 55,000	$ 55,000	$ 55,000

15. 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.

16. Concentrations

Approximately 32% and 29% of the College's total revenue for the years ended June 30, 2024 and 2023, 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.

17. 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, 2024 and 2023, the College designated unrestricted net position as follows:

	2024	2023
Designated for capital projects	$ 18,921,094	$ 15,073,578
Designated for operating projects and auxiliary student operations	16,088,406	16,920,024
Reserve for future operations	2,300,000	2,300,000
Total unrestricted, board-designated	37,309,500	34,293,602
Unrestricted, undesignated	95,532	87,462
Total unrestricted net position	$ 37,405,032	$ 34,381,064

18. Related Party Disclosures Required by the U.S. Department of Education

The following list of related party transactions is provided solely to comply with the financial Responsibility, Administrative Capability, Certification procedures, Ability to Benefit regulation promulgated by the U.S. Department of Education:

Name	Location	Relationship	Type of Transaction	Amount of Transaction
Lehigh Carbon Community College Foundation	Schnecksville, PA	Foundation is a component unit of the College	Institutional support	$ 1,419,934
Lehigh Carbon Community College Foundation	Schnecksville, PA	Foundation is a component unit of the College	Rental expense	$ 632,261

The College did not note any mandatory or discretionary triggers to report in accordance with the above regulations.

19. Commitments

The College employs approximately 900 employees. Approximately 30% of the College's employees are covered by collective bargaining agreements. The current contract with the Faculty Association has been extended until August 2026. The contract with the Education Support Professionals expires June 30, 2027.

20. Component Unit Disclosures, Lehigh Carbon Community College Foundation

Promises to Give

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

	2024	2023
Within one year	$ 13,000	$ 12,500
In one to five years	10,000	-
Total promise to give	23,000	12,500
Less discount to net present value at 5.6%	(1,563)	-
Total promises to give, net	$ 21,437	$ 12,500

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:

	2024			
	Level 1	Level 2	Level 3	Total
Money market accounts	$ 1,155,547	$ -	$ -	$ 1,155,547
Equity mutual funds:				
Large cap equity funds	9,256,512	-	-	9,256,512
Small and mid cap equity funds	2,124,575	-	-	2,124,575
International funds	4,538,874	-	-	4,538,874
Blended funds	1,047,885	-	-	1,047,885
Fixed income mutual funds	7,294,559	-	-	7,294,559
	$ 25,417,952	$ -	$ -	$ 25,417,952

	2023			
	Level 1	Level 2	Level 3	Total
Money market accounts	$ 3,563,751	$ -	$ -	$ 3,563,751
Equity mutual funds:				
Large cap equity funds	7,228,023	-	-	7,228,023
Small and mid cap equity funds	2,054,516	-	-	2,054,516
International funds	3,809,641	-	-	3,809,641
Blended funds	1,241,274	-	-	1,241,274
Fixed income mutual funds	5,073,262	-	-	5,073,262
	$ 22,970,467	$ -	$ -	$ 22,970,467

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

	2024	2023
Investment income	$ 902,673	$ 730,075
Realized gains, net	(14,395)	125,860
Unrealized gains (losses)	1,878,696	1,294,002
Less: investment fees	(72,192)	(63,789)
	$ 2,694,782	$ 2,086,148

Land and Buildings

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

	2024	2023
Land	$ 572,725	$ 572,725
Buildings	6,106,892	6,106,892
	6,679,617	6,679,617
Accumulated depreciation	(1,933,084)	(1,841,480)
	$ 4,746,533	$ 4,838,137

Depreciation expense of $91,603 and $91,603 was recognized for the years ended June 30, 2024 and 2023, respectively.

Restrictions and Limitations on Net Assets

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

	2024	2023
Endowments	$ 944,173	$ 1,016,364
Scholarships	100,000	97,940
Student Emergency Loan Fund	-	21,905
Academic Program Enhancement Fund	553,915	498,668
Building construction, improvements, and maintenance	827,486	827,486
	$ 2,425,574	$ 2,462,363

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

	2024	2023
Building construction, improvements, and real property acquisition	$ 122,346	$ 113,396
Scholarships	1,285,420	1,300,439
Title III grant and match	500,133	455,788
Other tuition assistance	1,015,858	1,214,074
	$ 2,923,757	$ 3,083,697

Net assets with donor restrictions that are purpose restricted in nature were released primarily for scholarships in the amount of $566,491 and $1,122,818 in 2024 and 2023, respectively.

Net assets with donor restrictions that are perpetual in nature of $11,598,190 and $10,454,723 at June 30, 2024 and 2023, respectively, are comprised primarily of funds whose income is to be used for 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:

	2024		
	Without Donor Restrictions	With Donor Restrictions	Total
Board-designated endowment funds	$ 1,044,173	$ -	$ 1,044,173
Donor-restricted endowment funds	-	11,598,191	11,598,191
	$ 1,044,173	$ 11,598,191	$ 12,642,364

	2023		
	Without Donor Restrictions	With Donor Restrictions	Total
Board-designated endowment funds	$ 1,016,364	$ -	$ 1,016,364
Donor-restricted endowment funds	-	10,454,723	10,454,723
	$ 1,016,364	$ 10,454,723	$ 11,471,087

The following schedule represents the changes in endowment net assets for the years ended June 30, 2024 and 2023:

	Without Donor Restrictions	With Donor Restrictions
Endowment net assets, June 30, 2022	$ 909,845	$ 9,791,351
Investment return:		
Investment income	(12,204)	(134,742)
Net realized and unrealized	118,723	1,153,408
Total investment return	106,519	1,018,666
Contributions	-	67,400
Distributions	-	(422,694)
Endowment net assets, June 30, 2023	$ 1,016,364	$ 10,454,723
Investment return:		
Investment income	$ 8,421	$ 84,233
Net realized and unrealized	19,388	1,143,185
Total investment return	27,809	1,227,418
Contributions	-	108,181
Distributions	-	(192,131)
Endowment net assets, June 30, 2024	$ 1,044,173	$ 11,598,191

Funds with Deficiencies

The fair value of assets associated with individual donor-restricted endowment funds may fall below the level that the donor or the relevant state law requires the Foundation to retain as a fund of perpetual duration. There were no such deficiencies reported at June 30, 2024 and 2023.

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 6% 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 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 gifts and investment return.

Contributed Services

The Foundation receives contributed services from volunteers who assist in fundraising and other activities. These services have not been recognized in the financial statements, as they do not meet the recognition criteria established in authoritative guidance.

Related Party Transactions

The Foundation was formed for the benefit of the College. The Foundation provided institutional support to the College of $1,419,934 and $1,538,721 for the years ended June

30, 2024 and 2023, respectively. As described in Note 2, the College transferred $2,000,000 to set up the Promise Scholarship program for the year ended June 30, 2023 and there were no contributions from the College for the year ended June 30, 2024. The amount due to the College was $144,139 and $406,072 as of June 30, 2024 and 2023, respectively.

The Foundation leases building space to the College under formal lease agreements. Rental income was $632,261 and $673,261 for the years ended June 30, 2024 and 2023, respectively. The following is a schedule of future minimum rentals receivable under the leases:

2025	$ 622,261
2026	622,261
2027	622,261
2028	622,261
2029	622,261
Thereafter	2,405,514
	$ 5,516,819

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 management 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:

Financial assets at year-end:	2024	2023
Cash and cash equivalents	$ 425,527	$ 587,466
Current promises to give	13,000	12,500
Investments	25,417,952	22,970,467
Total financial assets	25,856,479	23,570,433
Less amounts not available to be used within one year:		
Net assets with donor restrictions	13,937,280	13,007,050
Net assets with board designations	2,425,574	2,462,363
Investments held for College	2,992,557	2,816,931
	19,355,411	18,286,344
Financial assets available to meet general expenditures over the next twelve months	$ 6,501,068	$ 5,284,089

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, 2025:

Rent revenue from College under leases	$	632,261
Fixed Operating expenses:		
IAG grant		217,000
Repayment to College		100,000
Graduation awards		7,000
Foundation scholarships		100,000
Other miscellaneous expenses		6,000
Total fixed operating expenses		430,000
Revenue in excess of expenses	$	202,261

Risks and Uncertainties

The Foundation invests in various investment securities. Investment securities are exposed to various risks such as interest rate, market, and credit risks. Due to the level of risk associated with certain investment securities, it is at least reasonably possible that changes in the values of investment securities will occur in the near-term and that such changes could materially affect the account balances and the amounts reported in the financial statements.

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:

	2024	2023	2022	2021	2020	2019	2018	2017	2016	2015
College's proportion of the net pension liability	0.0036%	0.0030%	0.0033%	0.0035%	0.0033%	0.0043%	0.0045%	0.0051%	0.0052%	0.0054%
College's proportionate share of the net pension liability	$ 1,602,000	$ 1,334,000	$ 1,355,000	$ 1,723,000	$ 1,544,000	$ 2,064,000	$ 2,222,000	$ 2,527,000	$ 2,253,000	$ 2,137,000
State's proportionate share of the net pension liability associated with the College	1,585,000	1,351,000	1,337,000	1,705,000	1,568,000	2,069,277	2,199,006	2,547,040	2,266,282	2,158,043
Total	$ 3,187,000	$ 2,685,000	$ 2,692,000	$ 3,428,000	$ 3,112,000	$ 4,133,277	$ 4,421,006	$ 5,074,040	$ 4,519,282	$ 4,295,043
College's covered payroll	$ 527,758	$ 444,346	$ 459,400	$ 483,478	$ 461,884	$ 580,794	$ 592,627	$ 665,775	$ 673,190	$ 695,020
College's proportionate share of the net pension liability as a percentage of its covered payroll	303.55%	300.22%	294.95%	356.38%	334.28%	355.38%	374.94%	379.56%	334.68%	307.47%
PSERS' plan fiduciary net position as a percentage of PSERS' total pension liability	61.85%	61.34%	63.67%	54.32%	54.00%	54.00%	51.84%	50.14%	54.36%	57.24%

[1] The amounts presented for each fiscal year were determined as of the measurement date, which is June 30 of the immediately preceding fiscal year.

SERS:

	2024	2023	2022	2021	2020	2019	2018	2017	2016	2015
College's proportion of the net pension liability	0.0081%	0.0081%	0.0080%	0.0073%	0.0068%	0.0048%	0.0056%	0.0063%	0.0072%	0.8400%
College's proportionate share of the net pension liability	$ 1,715,507	$ 1,853,202	$ 1,165,457	$ 1,260,162	$ 1,251,978	$ 1,005,588	$ 977,535	$ 1,204,834	$ 1,315,951	$ 1,245,895
College's covered payroll	$ 538,129	$ 527,758	$ 519,740	$ 479,876	$ 434,698	$ 290,300	$ 349,755	$ 362,071	$ 431,572	$ 500,417
College's proportionate share of the net pension liability as a percentage of its covered payroll	318.79%	351.15%	224.24%	262.60%	288.01%	346.40%	279.49%	332.76%	304.92%	248.97%
SERS' plan fiduciary net position as a percentage of SERS' total pension liability	65.30%	61.50%	76.00%	67.00%	63.10%	56.40%	63.00%	57.80%	58.90%	64.80%

[1] The amounts presented for each fiscal year were determined as of the measurement date, which is as of the end of the calendar year-end that occurred within the fiscal year.

See accompanying notes to required supplementary information.

LEHIGH CARBON COMMUNITY COLLEGE

SCHEDULE OF THE COLLEGE'S CONTRIBUTIONS

Last 10 Fiscal Years[3]

PSERS:

	2024	2023	2022	2021	2020	2019	2018	2017	2016	2015
Contractually required employer contribution	$ 188,062	$ 184,280	$ 152,301	$ 154,349	$ 161,148	$ 150,787	$ 183,717	$ 160,931	$ 152,717	$ 140,534
Contributions recognized by PSERS	188,062	184,280	152,301	154,349	161,148	150,787	183,717	160,931	152,717	140,534
Difference between contractually required employer contribution and contributions recognized by PSERS	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -
College's covered-employee payroll	$ 552,404	$ 538,105	$ 447,636	$ 459,400	$ 461,884	$ 580,794	$ 665,775	$ 594,774	$ 665,775	$ 695,020
Contributions as a percentage of covered-employee payroll	34.04%	34.25%	34.02%	33.60%	34.89%	25.96%	27.59%	27.06%	22.94%	20.22%

[3] The amounts presented for each fiscal year were determined as of the fiscal year-end date.

SERS:

	2024	2023	2022	2021	2020	2019	2018	2017	2016	2015
Contractually required employer contribution	$ 208,818	$ 216,616	$ 180,372	$ 177,502	$ 162,283	$ 100,250	$ 110,895	$ 107,091	$ 107,628	$ 98,563
Contributions recognized by SERS	208,818	216,616	180,372	177,502	162,283	100,250	110,895	107,091	107,628	98,563
Difference between contractually required employer contribution and contributions recognized by SERS	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -
College's covered payroll	$ 600,270	$ 570,439	$ 519,740	$ 536,779	$ 434,698	$ 290,300	$ 349,755	$ 362,071	$ 431,572	$ 500,417
Contributions as a percentage of covered payroll	34.79%	37.97%	34.70%	33.07%	37.33%	34.53%	31.71%	29.58%	24.94%	19.70%

[3] The amounts presented for each fiscal year were determined as of the calendar year-end that occurred within the fiscal year.

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]

	2024	2023	2022	2021	2020	2019	2018
College's proportion of PSERS' net OPEB liability	0.0035%	0.0030%	0.0033%	0.0035%	0.0033%	0.0043%	0.0045%
College's proportionate share of PSERS' net OPEB liability	63,000	$ 55,000	$ 77,000	$ 76,000	$ 70,000	$ 90,000	$ 92,000
College's covered payroll	$ 541,762	$ 444,346	$ 459,400	$ 485,894	$ 461,884	$ 580,794	$ 592,627
College's proportionate share of PSERS' net OPEB liability as a percentage of its covered payroll	11.63%	12.38%	16.76%	15.64%	15.16%	15.50%	15.52%
PSERS' plan fiduciary net position as a percentage of PSERS' total OPEB liability	7.22%	6.86%	5.30%	5.69%	5.56%	5.56%	5.73%

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

SCHEDULE OF THE COLLEGE'S CONTRIBUTIONS TO PSERS PREMIUM ASSISTANCE

Last 10 Fiscal Years[4]

	2024	2023	2022	2021	2020	2019	2018
Contractually required employer contribution	$ 3,540	$ 4,028	$ 3,584	$ 3,908	$ 4,058	$ 3,839	$ 4,499
Contributions recognized by PSERS	3,540	4,028	3,584	3,908	4,058	3,839	4,499
Difference between contractually required employer contribution and contributions recognized by PSERS	$ -	$ -	$ -	$ -	$ -	$ -	$ -
College's covered payroll	$ 552,404	$ 538,105	$ 447,636	$ 459,400	$ 483,478	$ 481,884	$ 665,775
Contributions as a percentage of covered payroll	0.64%	0.75%	0.80%	0.85%	0.84%	0.80%	0.68%

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

See accompanying notes to required supplementary information.

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

Actuarial Date/ Measurement Date	6/30/2023	6/30/2022	6/30/2021	6/30/2020	6/30/2019	6/30/2018	6/30/2017	6/30/2016	6/30/2015	6/30/2014
College's Fiscal Year	6/30/2024	6/30/2023	6/30/2022	6/30/2021	6/30/2020	6/30/2019	6/30/2018	6/30/2017	6/30/2016	6/30/2015
Discount Rate	7.00%	7.00%	7.00%	7.25%	7.25%	7.25%	7.25%	7.25%	7.50%	7.50%
Salary Increases	4.50%	4.50%	4.50%	5.00%	5.00%	5.00%	5.00%	5.00%	5.50%	5.50%
Mortality	PubT-2010/PubG-2010, Scale MP-2020	PubT-2010/PubG-2010, Scale MP-2020	PubT-2010/PubG-2010, Scale MP-2020	RP-2014, Scale MP-2015	RP-2014, Scale MP-2015	RP-2014, Scale MP-2015	RP-2014, Scale MP-2015	RP-2014, Scale MP-2015	RP-2000	RP-2000
Changes in Benefits	None	None	None	None	None	None	Vested Class T-E and T-F members can withdraw their accumulated contributions and interest	None	None	None
Actuarially Calculated Contribution Rate from Actuarial Date Shown Above	33.09%	33.09%	34.94%	34.51%	34.29%	33.36%	32.60%	31.74%	29.20%	25.00%
Fiscal Year in Which Actuarially Calculated Contribution Rate is Applied	6/30/2025	6/30/2024	6/30/2023	6/30/2022	6/30/2021	6/30/2020	6/30/2019	6/30/2018	6/30/2017	6/30/2016

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

Actuarial Date/ Measurement Date	12/31/2023	12/31/2022	12/31/2021	12/31/2020	12/31/2019	12/31/2018	12/31/2017	12/31/2016	12/31/2015	12/31/2014
College Fiscal Year	6/30/2024	6/30/2023	6/30/2022	6/30/2021	6/30/2020	6/30/2019	6/30/2018	6/30/2017	6/30/2016	6/30/2015
Discount Rate	6.875%	6.875%	7.00%	7.00%	7.125%	7.25%	7.25%	7.25%	7.50%	7.50%
Salary Increases	4.55%	4.55%	4.60%	4.60%	5.60%	5.60%	5.60%	5.60%	5.70%	6.10%
Mortality	PubG-2010 and PubNS-2010	PubG-2010 and PubNS-2010	PubG-2010 and PubNS-2010	PubG-2010	RP-2000	RP-2000	RP-2000	RP-2000	RP-2000	RP-2000
Changes in Benefits	None	None	None	None	None	None	None	None	None	None
Actuarially Calculated Contribution Rate from Actuarial Date Shown Above[1]	33.60%	35.27%	34.10%	33.76%	33.45%	33.53%	32.90%	33.22%	29.50%	25.00%
Fiscal Year in Which Actuarially Calculated Contribution Rate Is Applied	6/30/2025	6/30/2024	6/30/2023	6/30/2022	6/30/2021	6/30/2020	6/30/2019	6/30/2018	6/30/2017	6/30/2016

[1] – Information was obtained from the SERS AFR for the year ending December 31, 2023.

Contribution rate information for each individual service class was not presented within the AFR; thus, this represents a blended rate for all membership classes.

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

Actuarial Date/ Measurement Date	6/30/2023	6/30/2022	6/30/2021	6/30/2020	6/30/2019	6/30/2018	6/30/2017	6/30/2016	6/30/2015	6/30/2014
College Fiscal Year	6/30/204	6/30/2023	6/30/2022	6/30/2021	6/30/2020	6/30/2019	6/30/2018	6/30/2017	6/30/2016	6/30/2015
Discount Rate	4.13%	4.09%	2.18%	2.79%	2.79%	2.98%	3.13%	N/A	N/A	N/A
Salary Increases	4.50%	4.50%	4.50%	5.00%	5.00%	5.00%	5.00%	N/A	N/A	N/A
Mortality	50% PubT-2010 and 50% PubG-2010	50% PubT-2010 and 50% PubG-2010	50% PubT-2010 and 50% PubG-2010	RP-2014, Scale MP-2015	RP-2014, Scale MP-2015	RP-2014, Scale MP-2015	RP-2014, Scale MP-2015	N/A	N/A	N/A
Changes in Benefits	None	None	None	None	None	None	Vested Class T-E and T-F members can withdraw their accumulated contributions and interest	N/A	N/A	N/A
Actuarially Calculated Contribution Rate from Actuarial Date Shown Above	0.75%	0.64%	0.75%	0.84%	0.83%	0.84%	0.83%	0.83%	N/A	N/A
Fiscal Year in Which Actuarially Calculated Contribution Rate Is Applied	6/30/2025	6/30/2024	6/30/2023	6/30/2022	6/30/2021	6/30/2020	6/30/2019	6/30/2018	N/A	N/A

SUPPLEMENTARY INFORMATION

LEHIGH CARBON COMMUNITY COLLEGE

SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

YEAR ENDED JUNE 30, 2024

Federal Grantor/Pass-through Grantor/Program Title:	Federal ALN	Pass-Through Grantor's Number	Passed Through to Subrecipients	Total Expenditures
Department of Agriculture Food and Nutrition Service:				
Passed through Pennsylvania Department of Education:				
Child and Adult Care Food Program	10.558	300-13-000-4	$ -	$ 178,155
Summer Food Service Program for Children	10.559	300-13-000-4	-	8,888
Total Child Nutrition Cluster			-	8,888
Passed through Pennsylvania Department of Human Services:				
State Administrative Matching Grants for the Supplemental Nutrition Assistance Program	10.561	4100095785	-	157,129
Total SNAP Cluster			-	157,129
Total Department of Agriculture Food and Nutrition Service			-	344,172
Department of Defense:				
GenCyber Grants Program	12.903	H98230-22-1-0236	-	49,252
Total Department of Defense and ALN 12.903			-	49,252
Department of Education:				
Federal Supplemental Educational Opportunity Grants	84.007	N/A	-	312,392
Federal Work-Study Program	84.033	N/A	-	139,271
Federal Pell Grant Program	84.063	N/A	-	9,582,714
Federal Direct Student Loans	84.268	N/A	-	8,496,661
Total Student Financial Assitance Cluster			-	18,531,038
Higher Education Institutional Aid	84.031	P031A200026	-	532,812
COVID-19 - Education Stabilization Fund				
COVID-19 HEERF Institutional Aid Portion	84.425F	P425F200060	-	1,668,664
COVID-19 HEERF Minority Serving Institutions	84.425L	P425L200025	-	568,379
Passed through Pennsylvania Department of Education:				
COVID-19 Governor's Emergency Education Relief (GEER) Fund	84.425C	257-21-0008	-	293,265
Total GEER Fund			-	293,265
Total COVID-19 Education Stabilization Fund			-	2,530,308

(Continued)

See accompanying notes to schedule of expenditures of federal awards.

LEHIGH CARBON COMMUNITY COLLEGE

SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

YEAR ENDED JUNE 30, 2024

Federal Grantor/Pass-through Grantor/Program Title:	Federal ALN	Pass-Through Grantor's Number	Passed Through to Subrecipients	Total Expenditures
Passed through Pennsylvania Department of Education:				
Career and Technical Education - Basic Grants to States	84.048	381-24-0021	-	915,090
Twenty-First Century Community Learning Centers	84.287	4100093309	-	320,041
Twenty-First Century Community Learning Centers	84.287	4100078102	-	885
Twenty-First Century Community Learning Centers	84.287	FC4100083517	-	593,211
Subtotal ALN 84.287			-	914,137
Adult Education - Basic Grants to States	84.002	061-24-0004	-	253,813
Adult Education - Basic Grants to States	84.002	064-24-0018	-	438,328
Subtotal ALN 84.002			-	692,141
Passed through Millersville University:				
Transition Programs for Students with Intellectual Diabilities into Higher Education	84.407	N/A	-	10,380
Total Department of Education			-	24,125,906
Department of Health and Human Services:				
Passed through Pennsylvania Department of Human Services:				
Temporary Assistance for Needy Families	93.558	4100095785	-	54,411
Total Department of Health and Human Services			-	54,411
Department of Labor Employment Training Administration				
Passed through Pennsylvania Department of Labor and Industry:				
Trade Adjustment Assistance	17.245	TAA-0126-14	-	5,410
Total Department of Labor Employment Training Administration			-	5,410
Department of Transportation:				
Commercial Motor Vehicle Operator Safety Training Grant	20.235	69A3602241017DTG0PA	-	587
Commercial Motor Vehicle Operator Safety Training Grant	20.235	69A3602341162DTG0PA	-	77,420
Total Department of Transportation and ALN 20.235			-	78,007
National Science Foundation:				
Research and Development:				
STEM Education	47.076	DUE-2318293	-	22,775
Passed through East Stroudsburg University:				
STEM Education	47.076	NSF2022_2	-	55,275
Total Research and Development Cluster and ALN 47.076			-	78,050
Total National Science Foundation			-	78,050
Department of the Treasury:				
COVID-19 - Coronavirus State and Local Recovery Funds	21.027	N/A	-	70,804
Total Department of the Treasury			-	70,804
Total Expenditures of Federal Awards			$ -	$ 24,806,012

(Concluded)

See accompanying notes to schedule of expenditures of federal awards.

1. Basis of Accounting

The accompanying schedule of expenditures of federal awards (schedule) presents the activity of all federal award programs of Lehigh Carbon Community College (College) for the fiscal year ended June 30, 2024.

2. Summary of Significant Accounting Policies

Basis of Accounting

The accompanying schedule has been prepared using the accrual basis of accounting as fully described in Note 1 to the College's financial statements.

3. Relationship to Basic Financial Statements

The information in this schedule is presented in accordance with the requirements of Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Therefore, some amounts presented in this schedule may differ from amounts presented in, or used in the preparation of, the College's basic financial statements.

Such expenditures are recognized following the cost principles contained in the Uniform Guidance, wherein certain types of expenditures are not allowable or are limited as to reimbursement.

The College has elected to use the 10-percent de minimis indirect cost rate allowed under the Uniform Guidance.

4. Student Financial Assistance Loan Programs

During the year ended June 30, 2024, the College processed $8,496,661 of new loans under the Federal Direct Student Loans Program. Since these programs are administered by outside financial institutions, new loans made during the fiscal year relating to these programs are considered current year expenditures in the schedule.

Lehigh Carbon Community College

Independent Auditor's Reports
Required by the Uniform Guidance

Year Ended June 30, 2024

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

Board of Trustees
Lehigh Carbon Community College

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the business-type activities and the discretely presented component unit of Lehigh Carbon Community College (College), as of and for the year ended June 30, 2024, and the related notes to the financial statements, which collectively comprise the College's basic financial statements, and have issued our report thereon dated November 25, 2024.

The financial statements of the Lehigh Carbon Community College Foundation (Foundation), a discretely presented component unit, were not audited in accordance with *Government Auditing Standards*.

Report on Internal Control over Financial Reporting

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

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

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

Report on Compliance and Other Matters

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

Purpose of this Report

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

Maher Duessel

Harrisburg, Pennsylvania
November 25, 2024

MaherDuessel

<u>**Independent Auditor's Report on Compliance for Each Major Program and on Internal Control over Compliance Required by the Uniform Guidance**</u>

Board of Trustees
Lehigh Carbon Community College

Report on Compliance for Each Major Federal Program

Opinion on Each Major Federal Program

We have audited Lehigh Carbon Community College's (College) compliance with the types of compliance requirements identified as subject to audit in the *OMB Compliance Supplement* that could have a direct and material effect on each of the College's major federal programs for the year ended June 30, 2024. The College's major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

In our opinion, the College complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended June 30, 2024.

Basis for Opinion on Each Major Federal Program

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and the audit requirements of Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Our responsibilities under those standards and the Uniform Guidance are further described in the Auditor's Responsibilities for the Audit of Compliance section of our report.

We are required to be independent of the College and to meet our other ethical responsibilities in accordance with relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion on compliance for each major federal program. Our audit does not provide a legal determination of the College's compliance with the compliance requirements referred to above.

Responsibilities of Management for Compliance

Management is responsible for compliance with the requirements referred to above and for the design, implementation, and maintenance of effective internal control over compliance with the requirements of laws, statutes, regulations, rules, and provisions of contracts or grant agreements applicable to the College's federal programs.

Auditor's Responsibilities for the Audit of Compliance

Our objectives are to obtain reasonable assurance about whether material noncompliance with the compliance requirements referred to above occurred, whether due to fraud or error, and express an opinion on the College's compliance based on our audit. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with generally accepted auditing standards, Government Auditing Standards, and the Uniform Guidance will always detect material noncompliance when it exists. The risk of not detecting material noncompliance resulting from fraud is higher than for that resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Noncompliance with the compliance requirements referred to above is considered material if there is a substantial likelihood that, individually or in the aggregate, it would influence the judgment made by a reasonable user of the report on compliance about the College's compliance with the requirements of each major federal program as a whole.

In performing an audit in accordance with generally accepted auditing standards, *Government Auditing Standards,* and the Uniform Guidance, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material noncompliance, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the College's compliance with the compliance requirements referred to above and performing such other procedures as we considered necessary in the circumstances.
- Obtain an understanding of the College's internal control over compliance relevant to the audit in order to design audit procedures that are appropriate in the circumstances and to test and report on internal control over compliance in accordance with the Uniform Guidance, but not for the purpose of expressing an opinion on the effectiveness of the College's internal control over compliance. Accordingly, no such opinion is expressed.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and any significant deficiencies and material weaknesses in internal control over compliance that we identified during the audit.

Report on Internal Control over Compliance

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

Our consideration of internal control over compliance was for the limited purpose described in the Auditor's Responsibilities for the Audit of Compliance section above and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies in internal control over compliance. Given these limitations, during our audit we did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses or significant deficiencies, as defined above. However, material weaknesses or significant deficiencies in internal control over compliance may exist that were not identified.

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

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

Maher Duessel

Harrisburg, Pennsylvania
November 25, 2024

LEHIGH CARBON COMMUNITY COLLEGE

SCHEDULE OF FINDINGS AND QUESTIONED COSTS

YEAR ENDED JUNE 30, 2024

I. Summary of Audit Results

1. Type of auditor's report issued: Unmodified, prepared in accordance with Generally Accepted Accounting Principles

2. Internal control over financial reporting:

   Material weakness(es) identified? ☐ yes ☒ no
   Significant deficiency(ies) identified that are not considered to be material weakness(es)?
   ☐ yes ☒ none reported

3. Noncompliance material to financial statements noted? ☐ yes ☒ no

4. Internal control over major programs:

   Material weakness(es) identified? ☐ yes ☒ no
   Significant deficiency(ies) identified that are not considered to be material weakness(es)?
   ☐ yes ☒ none reported

5. Type of auditor's report issued on compliance for major programs: Unmodified

6. Any audit findings disclosed that are required to be reported in accordance with 2 CFR Section 200.516(a)? ☐ yes ☒ no

7. Major Programs:

Federal ALN(s)	Name of Federal Program or Cluster
Student Financial Assistance Cluster:	
84.007	Supplemental Educational Opportunity Grant
84.033	Work-Study Program
84.063	Pell Grant Program
84.268	Direct Student Loans
84.048	Career and Technical Education- Basic Grants to States (Perkins)

8. Dollar threshold used to distinguish between type A and type B programs: $750,000

9. Auditee qualified as low-risk auditee? ☒ yes ☐ no

LEHIGH CARBON COMMUNITY COLLEGE

SCHEDULE OF FINDINGS AND QUESTIONED COSTS

YEAR ENDED JUNE 30, 2024

II. Findings related to the financial statements which are required to be reported in accordance with GAGAS.

NONE

III. Finding and questioned costs for federal awards.

NONE

LEHIGH CARBON COMMUNITY COLLEGE

SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS

YEAR ENDED JUNE 30, 2024

NONE