Lehigh Carbon Community College

Financial Statements and Required Supplementary Information

Years Ended June 30, 2025 and 2024
with Independent Auditor's Report

LEHIGH CARBON COMMUNITY COLLEGE

YEARS ENDED JUNE 30, 2025 AND 2024

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YEARS ENDED JUNE 30, 2025 AND 2024

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MaherDuessel

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, 2025 and 2024, 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, 2025 and 2024, 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 audits in accordance with auditing standards generally accepted in the United States of America and 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 audits. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Change in Accounting Principle

As described in Note 2 to the financial statements, the College adopted new accounting guidance, Government Accounting Standards Board (GASB) Statement No. 101, *"Compensated Absences"*. This change resulted in a restatement of beginning net position. Our opinion is not modified with respect to this matter.

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.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated December 11, 2025, 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
December 11, 2025

LEHIGH CARBON COMMUNITY COLLEGE

MANAGEMENT'S DISCUSSION AND ANALYSIS
(UNAUDITED)

YEAR ENDED JUNE 30, 2025

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, 2025 and 2024. 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, 2025 and 2024. It presents information on all the College's assets and liabilities, with the difference between the two reported as net position (equity). Over time, increases or decreases in the College's net position is one indication of whether its financial health is improving or deteriorating.

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

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

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

Founded in 1966, Lehigh Carbon Community College serves more than 8,700 students from Lehigh, Carbon, Schuylkill, and surrounding counties offering more than 90 programs of study including healthcare, information technology, criminal justice, education, business administration, science, engineering, and math.

From the main campus in Schnecksville and modern satellite sites in Allentown, Tamaqua 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 "empowering learners through a variety of affordable educational pathways and services", 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 $3.8 million in 2025 compared to an increase of $5.3 million in 2024.

At June 30, 2025, the College assets of $110 million exceeded its liabilities of $23 million by $87 million.

Tuition and fee revenue decreased by $.6 million to $23.6 million compared to $24.2 million in 2024. This decrease is primarily due to a decline in enrollment.

Total credit full time equivalents (FTE's) were 8,395 and 8,788 in 2025 and 2024, respectively.

The fiscal year 2024-2025 credit hours were 106,168 compared to 111,698 in fiscal year 2023-2024. 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, 2025, 2024 and 2023 (dollars are in thousands).

	2025	2024	Increase/ (Decrease)	Percentage Change	2023
Assets:					
Current assets	$ 49,086	$ 49,160	$ (74)	(0.2)%	$ 44,747
Non-current assets	61,154	61,697	(543)	(0.9)%	61,895
Total assets	110,240	110,857	(617)		106,642
Deferred outflow of resources	728	971	(243)	(25.0)%	1,013
Liabilities:					
Current liabilities	$ 9,375	$ 11,286	$ (1,911)	(16.9)%	$ 9,966
Non-current liabilities	13,582	16,363	(2,781)	(17.0)%	18,251
Total liabilities	22,957	27,649	(4,692)		28,217
Deferred inflow of resources	111	145	(34)	(23.4)%	237
Net position:					
Investment in capital assets	49,951	47,087	2,864	6.1%	44,820
Unrestricted	37,949	36,947	1,002	2.7%	34,381
Total net position	87,900	84,034	3,866	4.6%	79,201

The College's assets amounted to $110.2 and $110.8 million as of June 30, 2025 and 2024, respectively. In 2023 total assets amounted to $106.6 million.

- Total assets decreased by $.6 million. This was due to a decrease in net capital assets caused by depreciation exceeding net additions for the year.

- Total liabilities decreased $4.7 million, primarily due to a decrease in notes payable and unearned revenue.

- 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 $37.9 million of unrestricted net position is designated for purposes to fulfill its various fiduciary responsibilities, including maintaining reserves for capital improvements and operation projects, and a reserve for future operations.

The following is a Condensed Statement of Revenues, Expenses and Changes in Net Position as of June 30, 2025, 2024 and 2023 (dollars are in thousands):

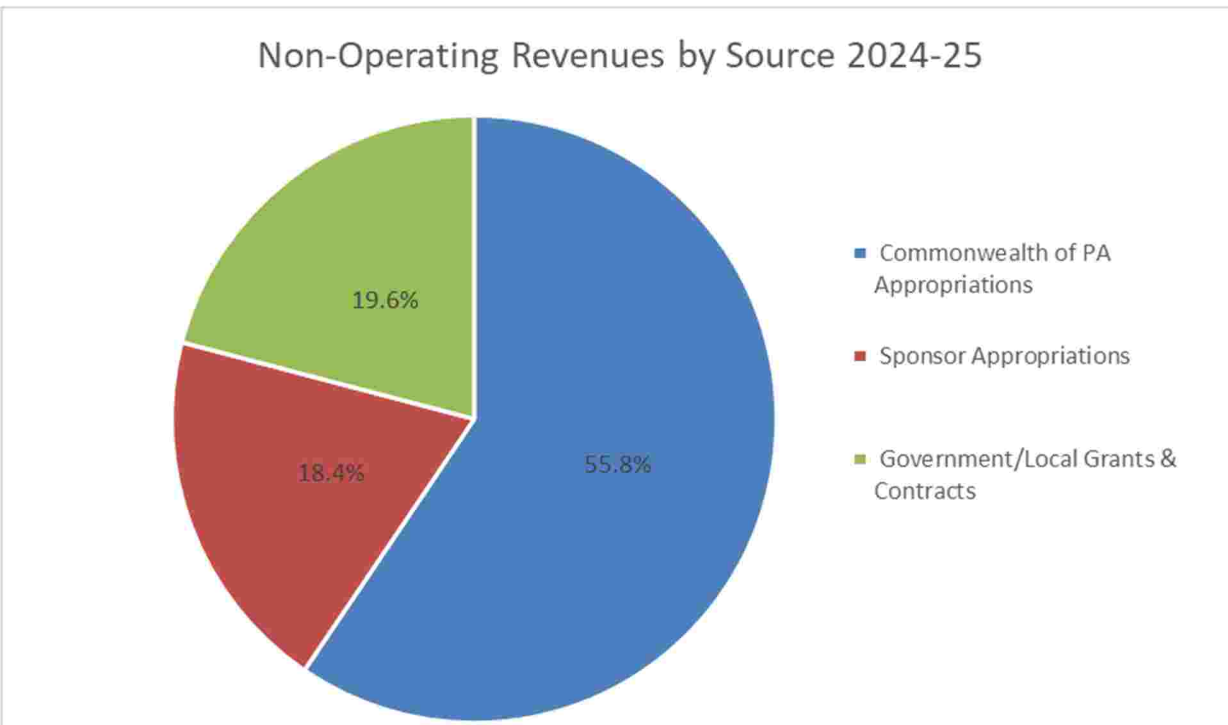
	2025	2024	Increase/ (Decrease)	Percentage Change	2023
Operating revenues:					
Tuition and fees	$ 23,616	$ 24,190	$ (574)	(2.4)%	$ 24,462
Auxiliary services	171	172	(1)	(0.6)%	198
Other	1,683	1,414	269	19.0%	1,623
Non-operating revenues:					
Commonwealth and local sponsor appropriations	24,993	23,579	1,414	6.0%	22,945
Government/local grant and contracts	6,617	7,715	(1,098)	(14.2)%	10,736
Investment income	1,748	1,470	278	18.9%	561
Total revenues	58,828	58,540	288	0.5%	60,525
Operating expenses:					
Educational and general	49,544	47,976	1,568	3.3%	52,534
Depreciation and amortization	5,076	4,868	208	4.3%	4,470
Gain/loss on disposal of capital assets	(18)	-	(18)	0.0%	(8)
Auxiliary services	61	75	(14)	(18.7)%	86
Non-operating expenses:					
Interest on indebtedness	299	332	(33)	(9.9)%	401
Total expenses	54,962	53,251	1,711	3.2%	57,483
Increase in net position	3,866	5,289	(1,423)	(26.9)%	3,042
Net position, beginning	84,034	79,202	4,832	6.1%	76,160
GASB101 Restatement		(457)			
Net position, ending	$ 87,900	$ 84,034	$ 3,409	4.1%	$ 79,202

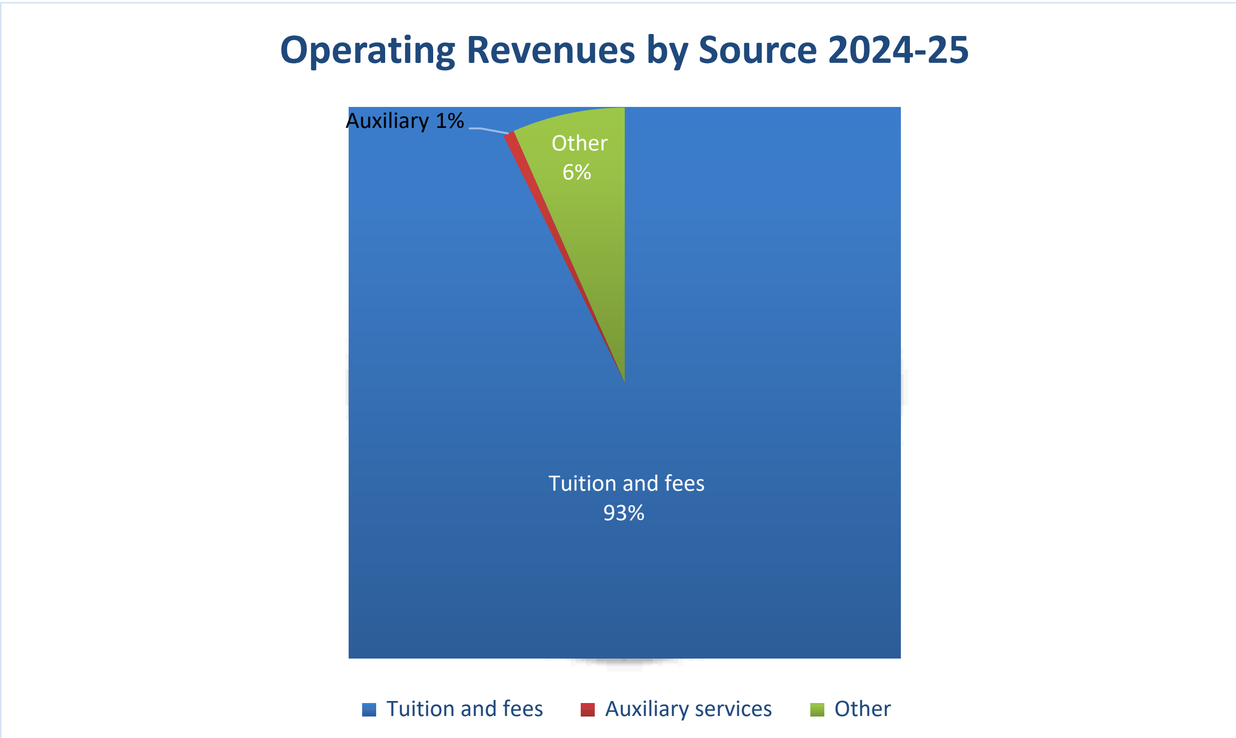
Revenue recognized from appropriations amounted to $25 million and $23.6 million in 2025 and 2024, respectively. In 2023 revenue recognized from appropriations amounted to $22.9 million.

- Operating expenses increased $1.7 million or 3% over prior year primarily due to costs associated with wages, benefits, and professional services.

- Approximately 57% of the College's total operating expenses in fiscal year 2024-2025 directly support instruction compared to 58% in fiscal year 2023-2024. In 2022-2023, 58% of the College's total operating expense directly supported instruction.

Revenue by Sources





- The College received student financial assistance of approximately $11.4 million from the Pell Grant and Supplemental Educational Opportunity Grant in 2024-2025 for an increase of 15% over 2023-2024.

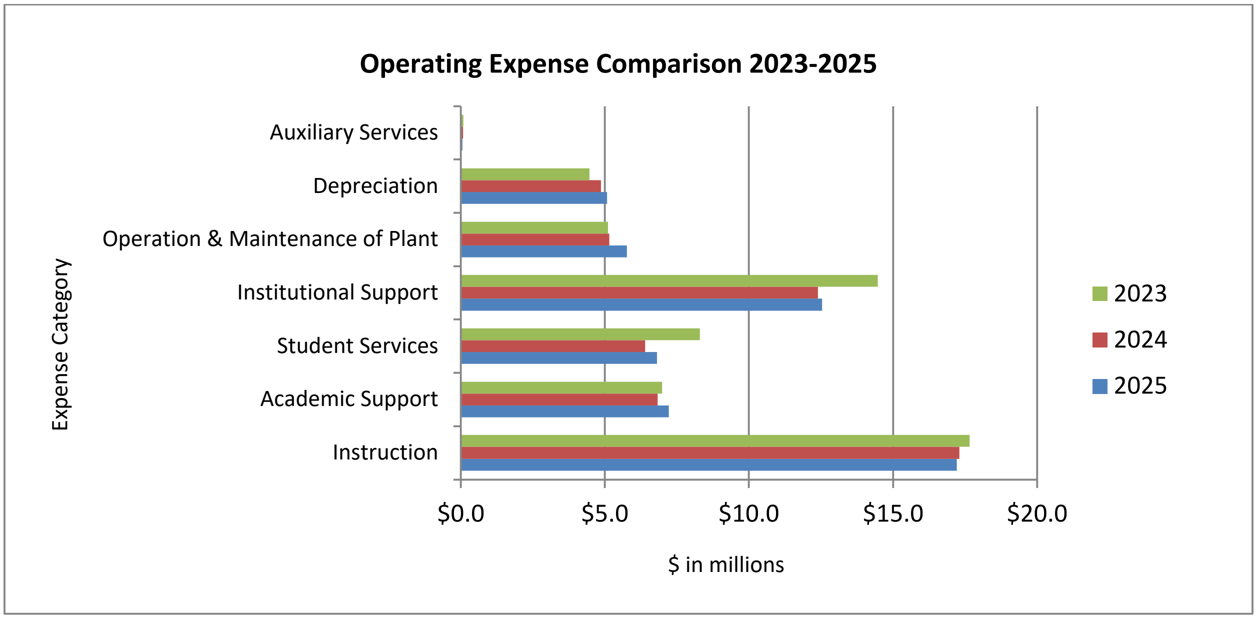
- Pennsylvania Higher Education Assistance Agency (PHEAA) awarded grants of approximately $1.2 million for the year, which is in line with grants awarded in 2023-2024.

- There were approximately 1,355 Federal Direct Loan recipients for a total of $7.7 million disbursed in 2024-2025.

- The Commonwealth of Pennsylvania's operating appropriation for fiscal year 2024-2025 was $16,870,995.

- The Local Sponsor operating appropriation for fiscal year 2024-2025 was $4,664,959. The 2025-2026 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 2025 due to declining enrollment and less of a need for additional part-time and adjunct instructors. Instruction expenses also decreased between 2023 and 2024.

- Academic support, student services, and public services comprise the education support activities expense. These combined support activities increased $.7 million in 2025 or 6% over prior year, primarily in the category of student services.

- Institutional support increased from prior year primarily due to higher costs associated with wages and benefits.

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 $5 million. Depreciation expense on capital expenditures was $5 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, 2025, the College had two outstanding general obligation bond issues totaling $6.9 million. The debt issues are funded by the Commonwealth capital appropriation, local sponsor capital appropriation and College capital funds. The fiscal year 2024-2025 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 local unemployment rates, high school graduating yield rates, and retention efforts have all affected student enrollments. Currently, the Pennsylvania state budget impasse is delaying financial aid for thousands of college students, including state grants, forcing many to take out loans or use savings to cover costs. Publicly funded universities, like LCCC, are also without their state appropriations, which can lead to uncertainty, and some institutions are experiencing financial strain. This adds to a history of recent disruptions to financial aid distribution.

Summary

Overall, the College's financial position remains strong as evidenced by the 2025 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. Furthermore, the College is taking a more dynamic approach to program management by phasing in new programs that meet our local workforce needs, while phasing out programs that are no longer in demand.

LEHIGH CARBON COMMUNITY COLLEGE

STATEMENTS OF NET POSITION

JUNE 30, 2025 AND 2024

	2025	2024 Restated
Assets		
Current assets:		
Cash and cash equivalents	$ 24,198,284	$ 23,411,914
Certificates of deposit	19,500,000	19,500,000
Accounts receivable:		
Students, net	579,558	1,105,022
Other	2,596,002	2,405,062
Grants	738,413	1,255,766
Prepaid expenses and other assets	1,473,212	1,482,045
Total current assets	49,085,469	49,159,809
Noncurrent assets:		
Funds held by the Foundation	3,254,215	2,992,557
Capital assets, not being depreciated	5,018,932	3,989,800
Capital assets, net of accumulated depreciation	52,881,107	54,714,414
Total noncurrent assets	61,154,254	61,696,771
Total Assets	110,239,723	110,856,580
Deferred Outflows of Resources		
Deferred outflows of resources for pension	711,989	952,673
Deferred outflows of resources for OPEB	16,116	18,540
Total Deferred Outflows of Resources	728,105	971,213

(Continued)

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

LEHIGH CARBON COMMUNITY COLLEGE

STATEMENTS OF NET POSITION

JUNE 30, 2025 AND 2024

Liabilities	2025	2024 Restated
Current liabilities:		
Accounts payable	2,623,833	2,562,922
Accrued expenses and other liabilities	2,673,694	2,661,367
Accrued interest payable	124,194	92,796
Unearned revenue	1,315,019	3,416,830
Accrued partial retirement benefits	32,316	62,436
Notes payable, current portion	1,425,000	1,365,000
Lease liability right to use asset, current portion	530,761	513,924
Subscription liability, current portion	286,144	270,216
Financed purchases payable, current portion	364,723	340,460
Total current liabilities	9,375,684	11,285,951
Noncurrent liabilities:		
Accrued partial retirement benefits, less current portion	21,144	187,308
Notes payable, less current portion	5,446,117	6,998,399
Lease liability right to use assets	4,012,535	4,543,296
Subscription liability, less current portion	373,770	659,914
Financed purchases payable, less current portion	538,099	593,540
Net OPEB liability	62,000	63,000
Net pension liability	3,128,020	3,317,507
Total noncurrent liabilities	13,581,685	16,362,964
Total Liabilities	22,957,369	27,648,915
Deferred Inflows of Resources		
Deferred inflows of resources for pension	91,857	119,302
Deferred inflows of resources for OPEB	19,000	26,000
Total Deferred Inflows of Resources	110,857	145,302
Net Position		
Net investment in capital assets	49,950,538	47,086,703
Unrestricted	37,949,064	36,946,873
Total Net Position	$ 87,899,602	$ 84,033,576

(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, 2025 AND 2024

	2025	2024
Assets		
Current assets:		
Cash and cash equivalents	$ 531,010	$ 425,527
Promise to give	10,000	13,000
Total current assets	541,010	438,527
Noncurrent assets:		
Promises to give, net	-	8,437
Investments:		
Investments	25,675,599	22,425,395
Investments - held for College	3,254,215	2,992,557
Total investments	28,929,814	25,417,952
Land and buildings, net	4,654,930	4,746,533
Total noncurrent assets	33,584,744	30,172,922
Total Assets	$ 34,125,754	$ 30,611,449
Liabilities and Net Assets		
Liabilities:		
Current liabilities:		
Accounts payable	$ 240,699	$ 144,139
Total current liabilities	240,699	144,139
Noncurrent liabilities:		
Funds held for College	3,254,215	2,992,557
Total noncurrent liabilities	3,254,215	2,992,557
Total Liabilities	3,494,914	3,136,696
Net Assets:		
Without donor restrictions:		
Undesignated	8,075,269	6,365,366
Invested in land and buildings	4,654,930	4,746,533
Board-designated	2,519,525	2,425,574
Total net assets without donor restrictions	15,249,724	13,537,473
With donor restrictions	15,381,116	13,937,280
Total Net Assets	30,630,840	27,474,753
Total Liabilities and Net Assets	$ 34,125,754	$ 30,611,449

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, 2025 AND 2024

	2025	2024 Restated
Operating Revenues:		
Student tuition and fees, net of scholarship allowance of $7,749,169 in 2025 and $6,847,063 in 2024	$ 23,615,629	$ 24,189,735
Auxiliary enterprises	171,169	172,478
Other operating revenues	1,683,308	1,414,252
Total operating revenues	25,470,106	25,776,465
Operating Expenses:		
Educational and general:		
Instruction	17,218,911	17,283,504
Academic support	7,216,851	6,771,249
Student services	6,805,148	6,394,506
Institutional support	12,536,176	12,396,603
Operation and maintenance of plant	5,767,392	5,128,961
Depreciation	5,075,576	4,868,336
Auxiliary expenses	61,337	75,080
Total operating expenses	54,681,391	52,918,239
Operating loss	(29,211,285)	(27,141,774)

(Continued)

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

	2025	2024 Restated
Non-operating Revenues (Expenses):		
Appropriations:		
Local	4,664,959	4,664,959
Commonwealth of Pennsylvania	16,870,995	15,781,080
Federal grants and contracts	3,530,802	6,408,836
Commonwealth of Pennsylvania grant and contracts	2,940,866	1,121,021
Local grants and contracts	145,359	184,522
Investment income	1,747,774	1,469,898
Interest on indebtedness	(298,813)	(332,426)
Gain (loss) on disposal of capital assets	17,961	-
Total non-operating revenues	29,619,903	29,297,890
Change in Net Position Before Other Revenues	408,618	2,156,116
Capital Contributions:		
Capital appropriations:		
Local	1,521,378	1,521,378
Commonwealth of Pennsylvania	1,936,030	1,612,666
Total capital contributions	3,457,408	3,134,044
Change in Net Position	3,866,026	5,290,160
Net Position:		
Beginning of year, as previously reported	84,033,576	79,201,575
Change in accounting principle (GASB 101)	-	(458,159)
Beginning net position, as restated	84,033,576	78,743,416
End of year	$ 87,899,602	$ 84,033,576

(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, 2025 AND 2024

	2025			2024		
	Without Donor Restrictions	With Donor Restrictions	Total	Without Donor Restrictions	With Donor Restrictions	Total
Revenues and Other Support:						
Contributions	$ 168,611	$ 298,133	$ 466,744	$ 143,863	$ 243,808	$ 387,671
Special event revenue	102,451	-	102,451	170,386	-	170,386
Rental income	632,261	-	632,261	632,261	-	632,261
Investment return, net	1,978,148	1,541,336	3,519,484	1,441,869	1,252,913	2,694,782
Net assets released from restrictions, satisfying of program restrictions	395,633	(395,633)	-	566,491	(566,491)	-
Total revenues and other support	3,277,104	1,443,836	4,720,940	2,954,870	930,230	3,885,100
Expenses:						
Program services:						
Awards and grants to individuals	5,449	-	5,449	7,050	-	7,050
Grants to Lehigh Carbon Community College	1,078,565	-	1,078,565	1,229,656	-	1,229,656
Grants to four-year colleges	11,261	-	11,261	22,071	-	22,071
Institutional advancement grant	291,367	-	291,367	190,278	-	190,278
Total program services	1,386,642	-	1,386,642	1,449,055	-	1,449,055
Management and general:						
Depreciation	91,603	-	91,603	91,603	-	91,603
Insurance	-	-	-	2,631	-	2,631
Professional services	9,359	-	9,359	360	-	360
Miscellaneous	4,799	-	4,799	3,349	-	3,349
Total management and general	105,761	-	105,761	97,943	-	97,943
Fundraising:						
Event expenses	72,450	-	72,450	48,916	-	48,916
Total expenses	1,564,853	-	1,564,853	1,595,914	-	1,595,914
Change in Net Assets	1,712,251	1,443,836	3,156,087	1,358,956	930,230	2,289,186
Net Assets, Beginning	13,537,473	13,937,280	27,474,753	12,178,517	13,007,050	25,185,567
Net Assets, Ending	$ 15,249,724	$ 15,381,116	$ 30,630,840	$ 13,537,473	$ 13,937,280	$ 27,474,753

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

LEHIGH CARBON COMMUNITY COLLEGE

STATEMENTS OF CASH FLOWS

JUNE 30, 2025 AND 2024

	2025	2024 Restated
Cash Flows From Operating Activities:		
Student tuition and fees	$ 21,848,342	$ 23,050,486
Payments to employees	(25,548,891)	(25,045,571)
Payments for benefits	(8,103,629)	(8,688,108)
Payments to suppliers and utilities	(15,475,436)	(13,305,296)
Auxiliary enterprises	171,169	172,478
Other receipts	1,683,308	1,414,252
Net cash provided by (used in) operating activities	(25,425,137)	(22,401,759)
Cash Flows From Non-capital Financing Activities:		
Local appropriations	4,664,959	4,664,959
Commonwealth appropriations	16,870,995	15,781,080
Grants and contracts for other than capital purposes	7,134,380	8,464,419
Net cash provided by (used in) non-capital financing activities	28,670,334	28,910,458
Cash Flows From Capital and Related Financing Activities:		
Local and commonwealth capital appropriations	3,457,408	3,134,044
Purchases of capital assets	(5,238,373)	(4,437,146)
Principal paid on capital debt	(1,492,282)	(1,432,374)
Interest paid on capital debt	(309,587)	(342,663)
Payments on financed purchase payables	(362,109)	(351,719)
Net cash provided by (used in) capital and related financing activities	(3,944,943)	(3,429,858)
Cash Flows From Investing Activities:		
Sale (purchase) of certificates of deposit	-	(1,400,000)
Funds held by the Foundation	(261,658)	(175,626)
Interest on investments	1,747,774	1,469,898
Net cash provided by (used in) investing activities	1,486,116	(105,728)
Net Increase in Cash and Cash Equivalents	786,370	2,973,113
Cash and Cash Equivalents:		
Beginning of year	23,411,914	20,438,801
End of year	$ 24,198,284	$ 23,411,914

(Continued)

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

	2025	2024 Restated
Reconciliation of Operating Loss to Net Cash Provided by (Used in) Operating Activities:		
Operating loss	$ (29,211,285)	$ (27,141,774)
Adjustments to reconcile operating loss to net cash provided by (used in) operating activities:		
Depreciation	5,075,576	4,868,336
Bad debt expense	822,378	989,368
(Gain) loss on disposal of capital assets	(17,961)	-
Effects of changes in operating assets and liabilities:		
Accounts receivable	851,877	273,010
Certificates of deposits	-	(1,400,000)
Due from foundation	(261,658)	(175,626)
Prepaid and other current assets	8,833	(312,484)
Deferred outflows - pension	(240,684)	(47,409)
Deferred outflows - OPEB	(2,424)	5,512
Accounts payable	60,911	1,306,196
Accrued expenses and other liabilities	12,327	147,848
Accrued partial retirement benefits	(196,284)	(299,424)
Net pension liability	(189,487)	130,305
Net OPEB liability	(1,000)	8,000
Deferred inflows - pension	(27,445)	(84,395)
Deferred inflows - OPEB	(7,000)	(7,000)
Unearned revenue	(2,101,811)	(662,222)
Net cash provided by (used in) operating activities	$ (25,425,137)	$ (22,401,759)
Supplementary Disclosure of Noncash Capital, Financing Activity:		
Finance purchase payables	$ 818,807	$ 307,708
Intangible subscription asset	$ -	$ -

(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, 2025 AND 2024

	2025	2024
Cash Flows From Operating Activities:		
Change in net assets	$ 3,156,087	$ 2,289,186
Adjustments to reconcile change in net assets to net cash provided by operating activities:		
Depreciation	91,603	91,603
Discount on promise to give	-	1,563
Realized (gain) loss on investments	(11,462)	14,395
Unrealized (gain) loss on investments	(1,904,992)	(1,878,696)
Contributions restricted for long-term use	(100,000)	(84,000)
Decrease (increase) in assets:		
Promises to give	11,437	(8,937)
Increase (decrease) in liabilities:		
Accounts payable	96,560	(261,933)
Funds held for college	261,658	175,626
Net cash provided by (used in) operating activities	1,600,891	338,807
Cash Flows From Investing Activities:		
Proceeds from sales of investments	966,032	4,132,083
Purchases of investments	(2,561,440)	(4,716,829)
Net cash provided by (used in) investing activities	(1,595,408)	(584,746)
Cash Flows From Financing Activities:		
Contributions restricted for long-term use	100,000	84,000
Net cash provided by (used in) financing activities	100,000	84,000
Net Increase (Decrease) in Cash and Cash Equivalents	105,483	(161,939)
Cash and Cash Equivalents:		
Beginning of year	425,527	587,466
End of year	$ 531,010	$ 425,527

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, 2025 and 2024.

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 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 $451,326 and $217,953 as of June 30, 2025 and 2024, 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, 2025 and 2024.

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.

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.

<u>Subscription Liabilities</u>

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 amortization 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 subscription term includes the noncancellable period of the subscription. If a subscription automatically renews after the initial term, the College uses a period of 3 years to record the subscription liability for automatic renewals. Subscription payments included in the measurement of the liability are composed of fixed payments and purchase options price the College is reasonably certain to exercise.

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

The College recognizes a liability for compensated absences for leave time that (1) has been earned for services previously rendered by employees, (2) accumulates and is allowed to be carried over to subsequent years, and (3) is more likely than not to be used as time off or settled during or upon separation from employment. Based on the criteria listed, two types of leave qualify for liability recognition for compensated absences – vacation and sick leave. The liability for compensated absences is reported as incurred in the Statement of Net Position. The liability for compensated absences includes salary-related benefits, where applicable.

Vacation

The College's policy permits employees to accumulate earned but unused vacation benefits up to 21 days, which are eligible for payment at the employee's current pay rate upon separation from employment.

Sick Leave

The College's policy permits employees to accumulate earned but unused sick leave up to 230 days. All sick leave lapses when employees leave the College and, upon separation of service, no monetary obligation exists. However, a liability for estimated value of sick leave that will be used by employees prior to employment separation is included in the liability for compensated absences on the Statement of Net Position.

Liabilities recorded for compensated absences at June 30 were as follows:

	2025	2024 restated
Beginning balance	$ 1,034,416	$ 576,257
Net change	186,779	458,159
Ending balance	$ 1,221,195	$ 1,034,416

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 notes.

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 principal 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.

The College receives a significant portion of its funding from federal sources, including student financial aid programs administered by the U.S. Department of Education and other various federal grants. Changes in federal policy, reductions in appropriations, or changes in eligibility criteria for federal programs could negatively impact the College's operations and financial position. While management considers the College's current federal funding streams to be stable, the current federal funding environment indicates a risk that future funding levels may be reduced, withheld, or delayed as a result of legislative or regulatory actions, executive orders, or government shutdowns. Management continues to monitor legislative and regulatory developments that could affect current and future federal funding.

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, 2025 and 2024.

Advertising

Advertising expenses are recorded as incurred and were approximately $352,000 and $388,000 in 2025 and 2024, respectively.

Adopted Pronouncement

GASB Statement No. 101, "*Compensated Absences*" was adopted for the year ended June 30, 2025. In addition to the value of unused vacation time owed to employees upon separation of employment, the College now recognizes an estimated amount of sick leave earned as of year-end that will be used by employees as time off in future years as part of the liability for compensated absences. As a result of this implementation, net position as of July 1, 2023 was restated with a decrease totaling $458,159. The cumulative effect on beginning net position as of July 1, 2024 was as follows:

Restatement of Beginning Balances	
July 31, 2023, net position as previously reported	$ 37,405,032
Change in accounting principle (GASB 101)	(458,159)
July 31, 2023, net position as restated	$ 36,946,873

GASB Statement No. 102, *"Certain Risk Disclosures"* was adopted for the year ended June 30, 2025. This statement had no significant impact on the College's financial statements for the year ended June 30, 2025.

Pending Pronouncements

GASB has issued statements that will become effective in future years including Statement Nos. 103 (Financial Reporting Model Improvements) and 104 (Disclosure 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 amounts reported in the financial statements and accompanying notes, including the fair value of investments. Although these estimates are based on management's knowledge of current events and actions it may undertake in the future, they may ultimately differ from actual results.

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 5.0% as of June 30, 2025. The discount as of June 30, 2025 was $0. 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, 2025.

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.

Designation of Net Assets Without Donor Restrictions

Net assets that are not subject to donor-imposed restrictions and may be expended for any purpose in performing the primary objective of the Foundation. These net assets may be used at the discretion of the Foundation's management and Board of Directors.

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 were no conditional promises to give as of June 30, 2025 and 2024.

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, investments and receivables. The degree and concentration of credit risk varies by 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 $24,198,284 and $23,411,914 as of June 30, 2025 and 2024, respectively. The bank balance totaled $24,646,064 and $23,729,052 as of June 30, 2025 and 2024, 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.

	2025	2024
Cash and cash equivalents:		
Insured	$ 463,918	$ 642,754
Collateralized, collateral held by pledging banks trust department not in the College's name	24,182,146	23,086,298
Total	$ 24,646,064	$ 23,729,052
Investments:		
Insured	$ 730,197	$ 730,183
Collateralized, collateral held by pledging banks trust department not in the College's name	18,769,803	18,769,817
Total	$ 19,500,000	$ 19,500,000

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

As of June 30, 2025 and 2024, the College's certificates of deposits in the amounts of $19,500,000 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:

	2025	2024
Accounts receivable, student	1,030,884	1,322,975
Accounts receivable, other	2,596,002	2,405,062
Less allowance for doubtful accounts	(451,326)	(217,953)
	3,175,560	3,510,084
Accounts receivable, grants	738,413	1,255,766
Total	$ 3,913,973	$ 4,765,850

5. Capital Assets, Net

	Balance July 1, 2024	Additions	Retirements and Transfers	Balance June 30, 2025
Non-depreciable assets:				
Land	$ 2,531,117	$ -	$ -	$ 2,531,117
Construction in progress	1,458,683	4,381,873	(3,352,741)	2,487,815
Total non-depreciable assets	3,989,800	4,381,873	(3,352,741)	5,018,932
Depreciable assets:				
Land improvements	8,180,214	-	-	8,180,214
Buildings and building improvements	75,379,004	3,194,912	-	78,573,916
Right-to-use assets	6,830,841	-	-	6,830,841
Intangible subscription asset	1,408,580	-	-	1,408,580
Furniture and equipment	39,050,538	875,391	(834,423)	39,091,506
Library books	1,729,918	18,452	-	1,748,370
Total depreciable assets	132,579,095	4,088,755	(834,423)	135,833,427
Less: accumulated depreciation and amortization	(77,864,681)	(5,087,639)	-	(82,952,320)
Net Capital Assets	$ 58,704,214	$ 3,382,989	$ (4,187,164)	$ 57,900,039

As of June 30, 2025, the College has committed to approximately $2,097,812 of additional capital expenditures related to the above construction in progress.

	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

6. Long-Term Liabilities

Long-term liability activity for the years ended June 30, 2025 and 2024 was as follows:

	Balance July 1, 2024	Additions	Payments/ Settlements	Balance June 30, 2025	Current Portion
Accrued partial retirement benefits	$ 249,744	$ -	$ (196,284)	$ 53,460	$ 32,316
Financed purchase payable	934,000	264,556	(295,734)	902,822	364,723
Lease liability	5,057,220	-	(513,924)	4,543,296	530,761
Subscription liability	930,130	-	(270,216)	659,914	286,144
Notes payable, net	8,363,399	-	(1,492,282)	6,871,117	1,425,000
	$ 15,534,493	$ 264,556	$ (2,768,440)	$ 13,030,609	$ 2,638,944

	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

7. Notes Payable

Notes payable as of June 30, 2025 and 2024 consists of the following:

	2025	2024
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%.	$ 4,375,000	$ 5,570,000
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%.	1,825,000	1,995,000
	6,200,000	7,565,000
Unamortized premium on notes payable	691,584	821,256
Unamortized discount on notes payable	(20,467)	(22,857)
	$ 6,871,117	$ 8,363,399

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
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	660,000	42,982	702,982
2031-2034	1,350,000	83,413	1,433,413
Total	$ 6,200,000	$ 616,578	$ 6,816,578

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 $902,822 and $934,000 as of June 30, 2025 and 2024 respectively. Future minimum payments under financed purchase payables are as follows:

Years ending June 30:	
2026	$ 404,648
2027	317,208
2028	241,250
2029	10,030
	973,136
Less: amounts representing interest	(70,314)
Present value of net minimum payments	902,822
Portion reflected as current liability	(364,723)
	$ 538,099

The cost of equipment under financed purchase payables is $10,847,880 and $10,583,809 as of June 30, 2025 and 2024 respectively. Accumulated depreciation for equipment under financed purchase payables is $9,942,235 and $9,566,922 as of June 30, 2025 and 2024, 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 runs 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 change of assumption was signed before the end of the fiscal year the College capitalized the new addendum into Right of Use assets and lease liability. 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 ended on 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 ended on August 17, 2023. Base annual rent is $49,150 and increases approximately 3% each August. This lease was not renewed.

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

	2025	2024
Original amount	$ 6,830,841	$ 6,830,841
Accumulated amortization	(2,433,508)	(1,862,619)
Net book value	$ 4,397,333	$ 4,968,222

The amortization charge for leased assets was $570,889 and $557,461 during the years ended June 30, 2025 and 2024, 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 years ended June 30, are as follows:

	2025	2024
Beginning balance	$ 5,057,220	$ 5,505,603
Additions	-	45,797
Reductions	(513,924)	(494,180)
Ending Balance	4,543,296	5,057,220
Amount due within one year	530,761	513,924
Noncurrent lease obligations	$ 4,012,535	$ 4,543,296

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
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	555,541	66,719	622,260
2031-2033	1,757,458	109,320	1,866,778
Total	$ 4,543,296	$ 623,118	$ 5,166,414

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 at $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 January 1, 2023, the College entered into a 60-month subscription for the use of curriculum and catalog management software. The College is required to make annual payments starting at $28,000 and increasing to $36,021. 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. On October 28, 2024, The College renewed this subscription for 27 months. The College is required to make annual payments of $66,250. 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:

	2025	2024
Beginning balance	$ 930,130	$ 1,187,440
Additions	-	-
Reductions	(270,216)	(257,310)
Ending Balance	659,914	930,130
Amount due within one year	286,144	270,216
Noncurrent subscription obligations	$ 373,770	$ 659,914

The following is a schedule of future minimum subscription obligation payments for lease liabilities as of June 30, 2025:

Year Ending June 30:	Principal	Interest	Total
2026	$ 286,144	$ 20,552	$ 306,696
2027	211,606	11,967	223,573
2028	162,164	5,619	167,783
	$ 659,914	$ 38,138	$ 698,052

11. Related Party Transactions

The Foundation provided institutional support to the College of $1,369,932 and $1,419,934 for the years ended June 30, 2025 and 2024, respectively. There were no contributions to the Foundation by the College in the years ended June 30, 2025 and 2024.

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 $632,261 for the years ended June 30, 2025 and 2024, respectively. The following is a schedule of future minimum lease rental payments as of June 30, 2025:

Years ending June 30:	
2026	$ 632,261
2027	632,261
2028	632,261
2029	632,261
2030	622,261
Thereafter	1,783,253
	$ 4,934,558

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, 2025 and 2024 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, 2025 and 2024 were $1,401,197 and $1,342,358, 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.

Employer Contributions

During the years ended June 30, 2025 and 2024, the College contributed the following to each of its retirement plans:

	2025	2024
SERS	$ 208,611	$ 208,818
PSERS Pension	215,065	188,062
PSERS Premium Assistance	4,116	3,540
Total PSERS	219,181	191,602
TIAA-CREF	1,401,197	1,342,358
Total contributions	$ 1,828,989	$ 1,742,778

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, 2025 and 2024, the employer required contribution rates were as follows:

	2025	2024
Membership Class AA	40.33%	41.09%
Membership Class A-3	27.09%	27.60%
Membership Class A-4	27.09%	27.60%
Membership Class A-5	19.09%	19.65%
Membership Class A-6	19.09%	19.65%
Defined Contribution Only	19.04%	19.60%

The College remits contributions to SERS on a bi-weekly basis. No amounts are owed to SERS as of June 30, 2025 and 2024, 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 did not 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, 2025 and 2024 was 33.90% and 34.00%, respectively, of covered payroll, actuarially determined as an amount that, when combined with employee contributions, is expected to finance the costs of benefits earned by employees during the year, with an additional amount to finance any unfunded accrued liability. This rate is composed of a 32.92% rate for the Pension Plan, a 0.63% rate for the Premium Assistance, and a 0.35% rate for Act 5 Defined Contribution for the fiscal year ended June 30, 2025. 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.

The combined rate for the fiscal year ended June 30, 2025 was a decrease from the fiscal year ended June 30, 2024 combined rate of 34.00%. The combined rate for the fiscal year ended June 30, 2024 was a decrease from the fiscal year ended June 30, 2023 combined rate of 35.26%. The combined contribution rate will increase to 34.00% in fiscal year 2026 and is projected to grow to 38.51% by fiscal year 2033.

The College remits contributions to PSERS on a quarterly basis. There were no payments owed to PSERS as of June 30, 2025 and 2024.

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:

	2025	2024
College's proportionate share of PSERS net pension liability	$ 1,465,000	$ 1,602,000
Commonwealth's proportionate share of PSERS net pension liability associated with the College	1,470,000	1,585,000
Total	$ 2,935,000	$ 3,187,000

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 2025, from the December 31, 2024 valuation, to the expected funding payroll.

At December 31, 2024 (measurement date for the net pension liability reported at June 30, 2025), the College's proportion for SERS was 0.0083%, which was an increase of 0.0002% from its proportion measured as of December 31, 2023. 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 an increase of 0.0000% from its proportion measured as of December 31, 2022.

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, 2024 (measurement date for PSERS' net pension liability and net OPEB liability reported at June 30, 2025), the College's proportion for PSERS was 0.0035%, which was a decrease of 0.0001% from its proportion measured as of June 30, 2023. 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.

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

At June 30, 2025 and 2024, the College reported a liability for its proportionate share of SERS' and PSERS' net pension liabilities as follows:

	2025	2024
SERS	$ 1,663,020	$ 1,715,507
PSERS	1,465,000	1,602,000
Total	$ 3,128,020	$ 3,317,507

The SERS net pension liability reported at June 30, 2025 was measured as of December 31, 2024 and was determined by an actuarial valuation as of that date. 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 PSERS net pension liability reported at June 30, 2025 was measured as of June 30, 2024, 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, 2023 to June 30, 2024. 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.

For the years ended June 30, 2025 and 2024, the College recognized pension expense as follows:

	2025	2024
SERS	$ 310,366	$ 312,919
PSERS	137,062	177,280
Total	$ 447,428	$ 490,199

At June 30, 2025 and 2024, the College reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	2025		2024	
	Deferred Outflows of Resources	Deferred Inflows of Resources	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience:				
SERS	$ 75,375	$ 1,857	$ 48,435	$ 3,486
PSERS	-	23,000	-	22,000
Changes in assumptions:				
SERS	29,289	-	73,930	-
PSERS	-	-	24,000	-
Net difference between projected and actual earnings on pension plan investments:				
SERS	48,825	-	134,786	-
PSERS	24,000	-	45,000	-
Differences between employer contributions and proportionate share of contributions:				
SERS	58,403	-	104,124	-
PSERS	-	-	-	-
Changes in proportion:				
SERS	23,565	-	30,927	816
PSERS	133,000	67,000	199,000	93,000
College contributions subsequent to the measurement date:				
SERS	104,467	-	104,409	-
PSERS	215,065	-	188,062	-
Total	$ 711,989	$ 91,857	$ 952,673	$ 119,302

Approximately $320,000 and $292,000 was reported at June 30, 2025 and 2024, respectively, as deferred outflows of resources resulting from the College’s contributions subsequent to the measurement date. The amount recorded at June 30, 2025 will be recognized as a reduction of the net pension liability in the year ending June 30, 2026. The amount recorded at June 30, 2024 was recognized as a reduction of the net pension liability for the year ended June 30, 2025.

Other amounts reported at June 30, 2025 as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

	SERS	PSERS	Total
Year Ending June 30:			
2026	$ 115,578	$ (18,000)	$ 97,578
2027	137,163	94,000	231,163
2028	(20,999)	(4,000)	(24,999)
2029	(1,173)	(5,000)	(6,173)
2030	3,031	-	3,031
Total	$ 233,600	$ 67,000	$ 300,600

Actuarial Assumptions

SERS

The following methods and assumptions were used in the actuarial valuation for the December 31, 2024 measurement date:

- Actuarial valuation date – December 31, 2024
- Actuarial cost method – Entry Age Normal – level % of pay
- Investment return – 6.875%, includes inflation at 2.50%
- Salary growth – Effective average of 4.58%, 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

There were no changes in assumptions for the December 31, 2024 or 2023 measurement date.

There were no changes in benefit terms for the December 31, 2024 or 2023 measurement dates.

PSERS

The following methods and assumptions were used in the actuarial valuation for the June 30, 2024 measurement date:

- Actuarial valuation date – June 30, 2023
- 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

There were no changes in assumptions affecting the June 30, 2024 and June 20, 2023 measurement date.

There were no changes in benefit terms affecting the June 30, 2024 and June 30, 2023 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, 2024, 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%	6.25%
Real Estate	7.00%	5.15%
U.S. Equity	37.00%	5.15%
International Developed Markets Equity	14.00%	5.00%
Emerging Markets Equity	2.00%	5.20%
Fixed Income - Core	19.00%	2.85%
Inflation Protection (TIPS)	3.00%	2.55%
Cash	2.00%	0.50%
	100.00%	

For SERS' years ended December 31, 2024 and 2023, the annual money-weighted rate of return on the pension plan investments, net of pension plan investment expenses, was 9.8% 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%	4.8%
Private Equity	12.0%	6.7%
Fixed income	33.5%	3.9%
Commodities	5.0%	2.5%
Infrastructure	10.0%	6.4%
Real estate	9.5%	5.9%
	100.0%	

For PSERS' years ended June 30, 2024 and 2023, the annual money-weighted rate of return on the pension plan investments, net of pension plan investment expenses, was 8.08% and 3.54%, 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, 2025 and 6.875% for the College's fiscal year ended June 30, 2024. The discount rate used to measure the total pension liability for PSERS was 7.00% for the College's fiscal years ended June 30, 2025 and 2024. 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, 2025			
College's proportionate share of SERS' net pension liability	$ 2,031,777	$ 1,663,020	$ 1,088,621
	1% Decrease (6.00%)	Current Discount Rate (7.00%)	1% Increase (8.00%)
College's proportionate share of PSERS' net pension liability	$ 1,930,000	$ 1,465,000	$ 1,072,000
	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

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, 2025 and 2024, the College reported a net OPEB liability composed of the following:

	2025	2024
College's proportionate share of PSERS' net OPEB liability	$ 62,000	$ 63,000

PSERS’ net OPEB liability reported at June 30, 2025 was measured as of June 30, 2024, 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, 2023 to June 30, 2024. 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.

For the years ended June 30, 2025 and 2024, the College recognized OPEB expense/(income) as follows:

	2025	2024
OPEB expense (income) related to PSERS Premium Assistance	$ (1,460)	$ (972)

At June 30, 2025 and 2024, the College reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

	2025		2024	
	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	4,000	10,000	5,000	12,000
Net difference between projected and actual earnings on OPEB plan investments	-	-	-	-
Changes in proportion	8,000	8,000	10,000	13,000
College contributions subsequent to the measurement date	4,116	-	3,540	-
Total	$ 16,116	$ 19,000	$ 18,540	$ 26,000

$4,116 and $3,540 was reported at June 30, 2025 and 2024, respectively, as deferred outflows of resources resulting from the College's contributions subsequent to the measurement date. The amount recorded at June 30, 2025 will be recognized as a reduction of the net OPEB liability in the year ending June 30, 2026. The amount recorded at June 30, 2024 was recognized as a reduction of the net OPEB liability for the year ended June 30, 2025.

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:	
2026	$ (4,000)
2027	(1,000)
2028	(2,000)
Total	$ (7,000)

Additional Required Disclosures for PSERS Premium Assistance

Actuarial Assumptions

The following methods and assumptions were used in the actuarial valuation for the June 30, 2024 measurement date:

- Actuarial valuation date – June 30, 2023
- Actuarial cost method – Entry Age Normal – level % of pay
- Investment return – 4.21% - 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 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 4.13% to 4.21% for the June 30, 2024 measurement date.

The discount rate increased from 4.09% to 4.13% for the June 30, 2023 measurement date.

Changes in Benefit Terms

There were no changes in benefit terms affecting the June 30, 2024 and June 30, 2023 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%	1.7%
	100.0%	

For PSERS' years ended June 30, 2024 and 2023, the annual money-weighted rate of return on the Premium Assistance plan investments, net of plan investment expenses, was 5.72% and 4.36%, respectively.

Discount Rate

The discount rate used to measure the total OPEB liability for PSERS was 4.21% for the June 30, 2024 measurement date and 4.13% for the June 30, 2023 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 4.21%, which represents the S&P 20-year Municipal Bond Rate at June 30, 2024, was applied to all projected benefit payments to measure the total OPEB liability as of the June 30, 2024 measurement date. 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.

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, 2025	1% Decrease (3.21%)	Current Discount Rate (4.21%)	1% Increase (5.21%)
College's proportionate share of PSERS' net OPEB liability	$ 70,000	$ 62,000	$ 55,000

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

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, 2024, 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, 2025	1% Decrease	Current Trend	1% Increase
College's proportionate share of PSERS' net OPEB liability	$ 62,000	$ 62,000	$ 62,000

June 30, 2024	1% Decrease	Current Trend	1% Increase
College's proportionate share of PSERS' net OPEB liability	$ 63,000	$ 63,000	$ 63,000

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 37% and 32% of the College's total revenue for the years ended June 30, 2025 and 2024, 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, 2025 and 2024, the College designated unrestricted net position as follows:

	2025	2024
Designated for capital projects	$ 19,234,279	$ 18,921,094
Designated for operating projects and auxiliary student operations	16,225,937	16,088,406
Reserve for future operations	2,400,000	2,300,000
Total unrestricted, board-designated	37,860,216	37,309,500
Unrestricted, undesignated	88,848	95,532
Restatement	-	(458,159)
Total unrestricted net position	$ 37,949,064	$ 36,946,873

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	$ 1,369,932
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:

	2025	2024
Within one year	$ 10,000	$ 13,000
In one to five years	-	10,000
Total promises to give	10,000	23,000
Less discount to net present value at 5.0%	-	(1,563)
Total promises to give, net	$ 10,000	$ 21,437

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 includes 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:

	2025			
	Level 1	Level 2	Level 3	Total
Money market accounts	$ 961,597	$ -	$ -	$ 961,597
Equity mutual funds:				
Large cap equity funds	10,376,445	-	-	10,376,445
Small and mid cap equity funds	2,188,165	-	-	2,188,165
International funds	5,552,346	-	-	5,552,346
Blended funds	2,411,145	-	-	2,411,145
Fixed income mutual funds	7,440,116	-	-	7,440,116
	$ 28,929,814	$ -	$ -	$ 28,929,814

	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

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

	2025	2024
Investment income	$ 1,684,064	$ 902,673
Realized gains (losses), net	11,462	(14,395)
Unrealized gains (losses)	1,904,992	1,878,696
Less: investment fees	(81,034)	(72,192)
	$ 3,519,484	$ 2,694,782

Land and Buildings

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

	2025	2024
Land	$ 572,725	$ 572,725
Buildings	6,106,892	6,106,892
	6,679,617	6,679,617
Accumulated depreciation	(2,024,687)	(1,933,084)
	$ 4,654,930	$ 4,746,533

Depreciation expense of $91,603 and $91,603 was recognized for the years ended June 30, 2025 and 2024, respectively.

Restrictions and Limitations on Net Assets

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

	2025	2024
Endowments	$ 1,038,124	$ 944,173
Scholarships	100,000	100,000
Academic Program Enhancement Fund	553,915	553,915
Building construction, improvements, and maintenance	827,486	827,486
	$ 2,519,525	$ 2,425,574

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

	2025	2024
Building construction, improvements, and real property acquisition	129,341	$ 122,346
Scholarships	1,565,918	1,285,420
Title III grant and match	549,464	500,133
Other tuition assistance	747,111	1,015,858
	$ 2,991,834	$ 2,923,757

Net assets with donor restrictions that are purpose restricted in nature were released primarily for scholarships in the amount of $395,633 and $566,491 in 2025 and 2024, respectively.

Net assets with donor restrictions that are perpetual in nature of $13,030,276 and $11,598,190 at June 30, 2025 and 2024, respectively, are comprised primarily of funds 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 donor-restricted endowment fund is classified in net assets with donor restrictions until those amounts are appropriated for expenditure by the Organization in a manner consistent with the standard of prudence in 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:

	2025		
	Without Donor Restrictions	With Donor Restrictions	Total
Board-designated endowment funds	$ 1,138,124	$ -	$ 1,138,124
Donor-restricted endowment funds	-	13,030,276	13,030,276
	$ 1,138,124	$ 13,030,276	$ 14,168,400

	2024		
	Without Donor Restrictions	With Donor Restrictions	Total
Board-designated endowment funds	$ 1,044,173	$ -	$ 1,044,173
Donor-restricted endowment funds	-	11,598,190	11,598,190
	$ 1,044,173	$ 11,598,190	$ 12,642,363

The following schedule represents the changes in endowment net assets for the years ended June 30, 2025 and 2024:

	Without Donor Restrictions	With Donor Restrictions
Endowment net assets, June 30, 2023	$ 1,016,364	$ 10,454,723
Investment return:		
Investment income	8,421	84,233
Net realized and unrealized	133,216	1,143,185
Total investment return	141,637	1,227,418
Contributions	-	108,181
Distributions	-	(192,132)
Endowment net assets, June 30, 2024	$ 1,158,001	$ 11,598,190
Investment return:		
Investment income	$ 29,186	$ 277,954
Net realized and unrealized	109,643	1,281,582
Total investment return	138,829	1,559,536
Contributions	54,146	140,000
Distributions	(14,770)	(267,450)
Endowment net assets, June 30, 2025	$ 1,336,206	$ 13,030,276

Funds with Deficiencies

The fair value of assets associated with individual donor-restricted endowment funds may fall below the level that the donor or the relevant state law requires the Foundation to retain as a fund of perpetual duration. In accordance with GAAP, these deficiencies are reported as net assets without donor restrictions. There were no such deficiencies reported at June 30, 2025 and 2024.

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 with donor restrictions 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 $1,369,932 and $1,419,934 for the years ended June 30, 2025 and 2024, 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 and June 30, 2025. The amount due to the College was $240,699 and $144,139 as of June 30, 2025 and 2024, respectively.

The Foundation leases building space to the College under formal lease agreements. Rental income was $632,261 and $632,261 for the years ended June 30, 2025 and 2024, respectively. The following is a schedule of future minimum rentals receivable under the leases:

2026	$ 632,261
2027	632,261
2028	632,261
2029	632,261
2030	622,261
Thereafter	1,783,253
	$ 4,934,558

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:	2025	2024
Cash and cash equivalents	$ 531,010	$ 425,527
Current promises to give	10,000	13,000
Investments	28,929,814	25,417,952
Total financial assets	29,470,824	25,856,479
Less amounts not available to be used within one year:		
Net assets with donor restrictions	15,381,116	13,937,280
Net assets with board designations	2,519,525	2,425,574
Investments held for College	3,254,215	2,992,557
	21,154,856	19,355,411
Financial assets available to meet general expenditures over the next twelve months	$ 8,315,968	$ 6,501,068

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, 2026:

Rent revenue from College under leases	$	632,261
Fixed Operating expenses:		
IAG grant		223,000
Repayment to College		100,000
Graduation awards		6,300
Foundation scholarships		100,000
Other miscellaneous expenses		10,000
Total fixed operating expenses		439,300
Revenue in excess of expenses	$	192,961

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.

Subsequent Events

The Foundation has intentions to donate land to a nonprofit organization. The estimated fair value of the land is $425,000. This donation will be recognized in the financial statements when the donation occurs.

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:

	2025	2024	2023	2022	2021	2020	2019	2018	2017	2016
College's proportion of the net pension liability	0.0035%	0.0036%	0.0030%	0.0033%	0.0035%	0.0033%	0.0043%	0.0045%	0.0051%	0.0052%
College's proportionate share of the net pension liability	$ 1,465,000	$ 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
State's proportionate share of the net pension liability associated with the College	$ 1,470,000	$ 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
Total	$ 2,935,000	$ 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
College's covered payroll	$ 527,758	$ 527,758	$ 444,346	$ 459,400	$ 483,478	$ 461,884	$ 580,794	$ 592,627	$ 665,775	$ 673,190
College's proportionate share of the net pension liability as a percentage of its covered payroll	277.59%	303.55%	300.22%	294.95%	356.38%	334.28%	355.38%	374.94%	379.56%	334.68%
PSERS' plan fiduciary net position as a percentage of PSERS' total pension liability	64.63%	61.85%	61.34%	63.67%	54.32%	54.00%	54.00%	51.84%	50.14%	54.36%

[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:

	2025	2024	2023	2022	2021	2020	2019	2018	2017	2016
College's proportion of the net pension liability	0.0083%	0.0081%	0.0081%	0.0080%	0.0073%	0.0068%	0.0048%	0.0056%	0.0063%	0.0072%
College's proportionate share of the net pension liability	$ 1,663,020	$ 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
College's covered payroll	$ 569,294	$ 538,129	$ 527,758	$ 519,740	$ 479,876	$ 434,698	$ 290,300	$ 349,755	$ 362,071	$ 431,572
College's proportionate share of the net pension liability as a percentage of its covered payroll	292.12%	318.79%	351.15%	224.24%	262.60%	288.01%	346.40%	279.49%	332.76%	304.92%
SERS' plan fiduciary net position as a percentage of SERS' total pension liability	67.70%	65.30%	61.50%	76.00%	67.00%	63.10%	56.40%	63.00%	57.80%	58.90%

[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:

	2025	2024	2023	2022	2021	2020	2019	2018	2017	2016
Contractually required employer contribution	$ 215,065	$ 188,062	$ 184,280	$ 152,301	$ 154,349	$ 161,148	$ 150,787	$ 183,717	$ 160,931	$ 152,717
Contributions recognized by PSERS	215,065	188,062	184,280	152,301	154,349	161,148	150,787	183,717	160,931	152,717
Difference between contractually required employer contribution and contributions recognized by PSERS	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -
College's covered-employee payroll	$ 650,261	$ 552,404	$ 538,105	$ 447,636	$ 459,400	$ 461,884	$ 580,794	$ 665,775	$ 594,774	$ 665,775
Contributions as a percentage of covered-employee payroll	33.07%	34.04%	34.25%	34.02%	33.60%	34.89%	25.96%	27.59%	27.06%	22.94%

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

SERS:

	2025	2024	2023	2022	2021	2020	2019	2018	2017	2016
Contractually required employer contribution	$ 208,611	$ 208,818	$ 216,616	$ 180,372	$ 177,502	$ 162,283	$ 100,250	$ 110,895	$ 107,091	$ 107,628
Contributions recognized by SERS	208,611	208,818	216,616	180,372	177,502	162,283	100,250	110,895	107,091	107,628
Difference between contractually required employer contribution and contributions recognized by SERS	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -
College's covered payroll	$ 611,682	$ 600,270	$ 570,439	$ 519,740	$ 536,779	$ 434,698	$ 290,300	$ 349,755	$ 362,071	$ 431,572
Contributions as a percentage of covered payroll	34.10%	34.79%	37.97%	34.70%	33.07%	37.33%	34.53%	31.71%	29.58%	24.94%

[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]

	2025	2024	2023	2022	2021	2020	2019	2018
College's proportion of PSERS' net OPEB liability	0.0035%	0.0035%	0.0030%	0.0033%	0.0035%	0.0033%	0.0043%	0.0045%
College's proportionate share of PSERS' net OPEB liability	62,000	63,000	$ 55,000	$ 77,000	$ 76,000	$ 70,000	$ 90,000	$ 92,000
College's covered payroll	$ 552,404	$ 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	11.22%	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	7.13%	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]

	2025	2024	2023	2022	2021	2020	2019	2018
Contractually required employer contribution	$ 4,116	$ 3,540	$ 4,028	$ 3,584	$ 3,908	$ 4,058	$ 3,839	$ 4,499
Contributions recognized by PSERS	4,116	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	$ 650,261	$ 552,404	$ 538,105	$ 447,636	$ 459,400	$ 483,478	$ 481,884	$ 665,775
Contributions as a percentage of covered payroll	0.63%	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

<table>
<tr><th>College Fiscal Year in Which NPL is Recorded</th><th>Corresponding Actuarial Valuation Date/ Measurement Date</th><th>Discount Rate</th><th>Mortality</th><th>Salary Increases</th><th>Benefit Changes</th><th>Actuarially Calculated Contribution Rate</th><th>College Fiscal Year in Which Contribution Rate is Applied</th></tr>
<tr><td>6/30/2025</td><td>6/30/2024</td><td rowspan="4">7.00%</td><td rowspan="4">50% PubT-2010 and 50% PubG-2010</td><td rowspan="4">4.50%</td><td rowspan="5">None</td><td>32.96%</td><td>6/30/2026</td></tr>
<tr><td>6/30/2024</td><td>6/30/2023</td><td>32.92%</td><td>6/30/2025</td></tr>
<tr><td>6/30/2023</td><td>6/30/2022</td><td>33.09%</td><td>6/30/2024</td></tr>
<tr><td>6/30/2022</td><td>6/30/2021</td><td>34.31%</td><td>6/30/2023</td></tr>
<tr><td>6/30/2021</td><td>6/30/2020</td><td rowspan="5">7.25%</td><td rowspan="5">RP-2014, Scale MP-2015</td><td rowspan="5">5.00%</td><td>33.99%</td><td>6/30/2022</td></tr>
<tr><td>6/30/2020</td><td>6/30/2019</td><td>A new hybrid defined benefit/ defined contribution plan is applicable for new PSERS members on July 1, 2019 and thereafter</td><td>33.51%</td><td>6/30/2021</td></tr>
<tr><td>6/30/2019</td><td>6/30/2018</td><td>None</td><td>33.36%</td><td>6/30/2020</td></tr>
<tr><td>6/30/2018</td><td>6/30/2017</td><td>Vested Class T-E and T-F members can withdraw their accumulated contributions and interest</td><td>32.60%</td><td>6/30/2019</td></tr>
<tr><td>6/30/2017</td><td>6/30/2016</td><td rowspan="2">None</td><td>31.74%</td><td>6/30/2018</td></tr>
<tr><td>6/30/2016</td><td>6/30/2015</td><td>7.50%</td><td>RP-2000</td><td>5.50%</td><td>29.20%</td><td>6/30/2017</td></tr>
</table>

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

<table>
<tr><th>College Fiscal Year in Which NPL is Recorded</th><th>Corresponding Actuarial Valuation Date/ Measurement Date</th><th>Discount Rate</th><th>Mortality</th><th>Salary Increases</th><th>Benefit Changes</th><th>Actuarially Calculated Contribution Rate[1]</th><th>College Fiscal Year in Which Contribution Rate is Applied</th></tr>
<tr><td>6/30/2025</td><td>12/31/2024</td><td rowspan="3">6.875%</td><td rowspan="5">PubG-2010 and PubNS-2010</td><td>4.58%</td><td rowspan="5">None</td><td>32.34%</td><td>6/30/2026</td></tr>
<tr><td>6/30/2024</td><td>12/31/2023</td><td rowspan="2">4.55%</td><td>33.60%</td><td>6/30/2025</td></tr>
<tr><td>6/30/2023</td><td>12/31/2022</td><td>35.27%</td><td>6/30/2024</td></tr>
<tr><td>6/30/2022</td><td>12/31/2021</td><td rowspan="2">7.00%</td><td rowspan="2">4.60%</td><td>34.10%</td><td>6/30/2023</td></tr>
<tr><td>6/30/2021</td><td>12/31/2020</td><td>33.76%</td><td>6/30/2022</td></tr>
<tr><td>6/30/2020</td><td>12/31/2019</td><td>7.125%</td><td rowspan="5">RP-2000</td><td rowspan="4">5.60%</td><td>A new hybrid defined benefit/ defined contribution plan is applicable for new SERS members on July 1, 2019 and thereafter</td><td>33.45%</td><td>6/30/2021</td></tr>
<tr><td>6/30/2019</td><td>12/31/2018</td><td rowspan="3">7.25%</td><td rowspan="4">None</td><td>33.53%</td><td>6/30/2020</td></tr>
<tr><td>6/30/2018</td><td>12/31/2017</td><td>32.90%</td><td>6/30/2019</td></tr>
<tr><td>6/30/2017</td><td>12/31/2016</td><td>33.22%</td><td>6/30/2018</td></tr>
<tr><td>6/30/2016</td><td>12/31/2015</td><td>7.50%</td><td>5.70%</td><td>29.50%</td><td>6/30/2017</td></tr>
</table>

[1] – Information was obtained from the SERS Annual Comprehensive Financial Report (SERS Report) for the respective year. Contribution rate information for each individual service class was not presented within the SERS Report; thus, this represents a blended rate for all membership classes.

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

<table>
<tr><th>College Fiscal Year in Which NOL is Recorded</th><th>Corresponding Actuarial Valuation Date/ Measurement Date</th><th>Discount Rate</th><th>Mortality</th><th>Salary Increases</th><th>Benefit Changes</th><th>Actuarially Calculated Contribution Rate</th><th>College Fiscal Year in Which Contribution Rate is Applied</th></tr>
<tr><td>6/30/2025</td><td>6/30/2024</td><td>4.21%</td><td rowspan="4">50% PubT-2010 and 50% PubG-2010</td><td rowspan="4">4.50%</td><td rowspan="8">None</td><td>0.62%</td><td>6/30/2026</td></tr>
<tr><td>6/30/2024</td><td>6/30/2023</td><td>4.13%</td><td>0.63%</td><td>6/30/2025</td></tr>
<tr><td>6/30/2023</td><td>6/30/2022</td><td>4.09%</td><td>0.64%</td><td>6/30/2024</td></tr>
<tr><td>6/30/2022</td><td>6/30/2021</td><td>2.18%</td><td>0.75%</td><td>6/30/2023</td></tr>
<tr><td>6/30/2021</td><td>6/30/2020</td><td>2.66%</td><td rowspan="4">RP-2014, Scale MP-2015</td><td rowspan="4">5.00%</td><td>0.80%</td><td>6/30/2022</td></tr>
<tr><td>6/30/2020</td><td>6/30/2019</td><td>2.79%</td><td>0.82%</td><td>6/30/2021</td></tr>
<tr><td>6/30/2019</td><td>6/30/2018</td><td>2.98%</td><td>0.84%</td><td>6/30/2020</td></tr>
<tr><td>6/30/2018</td><td>6/30/2017</td><td>3.13%</td><td>0.83%</td><td>6/30/2019</td></tr>
</table>

Lehigh Carbon Community College

Independent Auditor's Report In Accordance with *Government Auditing Standards*

Year Ended June 30, 2025

MaherDuessel

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, 2025, and the related notes to the financial statements, which collectively comprise the College's basic financial statements, and have issued our report thereon dated December 11, 2025.

The financial statements of Lehigh Carbon Community College Foundation (Foundation), a discretely presented component unit, were not audited in accordance with *Government Auditing Standards* and accordingly this report does not include reporting on internal control over financial reporting or instances of reportable noncompliance associated with the Foundation.

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
December 11, 2025