Luzerne County Community College

Financial Statements and Required Supplementary and Supplementary Information

Years Ended June 30, 2022 and 2021
with Independent Auditor's Report

MaherDuessel

LUZERNE COUNTY COMMUNITY COLLEGE

YEARS ENDED JUNE 30, 2022 AND 2021

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Independent Auditor's Report

Board of Trustees
Luzerne County 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 aggregate discretely presented component unit of the Luzerne County Community College (College) as of and for the year ended June 30, 2022 and 2021, 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, based on our audit and the report of the other auditors, the financial statements referred to above present fairly, in all material respects, the respective financial position of the business-type activities and the aggregate discretely presented component unit of the College, as of June 30, 2022 and 2021, and the respective changes in financial position, and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

We did not audit the financial statements of the Luzerne County Community College Foundation (Foundation), which represents 100% of the assets, net assets, and revenues of the discretely presented component unit as of June 30, 2022 and 2021, and the respective changes in financial position, and where applicable, cash flows thereof for the years then ended. Those financial statements were audited by other auditors whose report has been furnished to us and our opinion, insofar as it relates to the amounts included for the Foundation, is based solely on the report of the other auditors.

Basis for Opinion

We conducted our audit in accordance with auditing standards generally accepted in the United States of America (GAAS). Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the College and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Change in Accounting Principle

As described in Note 1 to the financial statements, in fiscal year 2022, management adopted new accounting guidance, GASB Statement No. 87, leases. 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 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 GAAS, 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 management's discussion and analysis (MD&A), the Schedule of the College's Proportionate Share of SERS/PSERS Net Pension Liability and SERS/PSERS Schedule of the College's Contributions, and the Schedule of the College's total OPEB Liability for its Retiree Plan, be presented to supplement the basic financial statements. Such information is the responsibility of management and, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Supplementary Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the College's basic financial statements. The accompanying combining and individual nonmajor fund financial statements are presented for purposes of additional analysis and are not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. The information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the combining and individual nonmajor fund financial statements are fairly stated, in all material respects, in relation to the basic financial statements as a whole.

Maher Duessel

Harrisburg, Pennsylvania
December 20, 2022

Management's Discussion and Analysis Introduction

This section of Luzerne County Community College's (College) Annual Financial Statements presents management's discussion and analysis (MD&A) of the College's financial activity during the fiscal years ended June 30, 2022 and June 30, 2021. This analysis reflects on the current activities, resulting changes and current known facts, and should be read in conjunction with the College's Financial Statements, including the notes. The purpose of this discussion and analysis is to assist readers in understanding the College's operations, financial results and financial condition. Responsibility for the completeness and fairness of this information rests with the College.

The accompanying financial statements have been prepared in accordance with criteria established by the Governmental Accounting Standards Board (GASB) for determining the various governmental organizations to be included in the reporting entity. These criteria include significant operational or financial relationships with the College. The College's component unit, Luzerne County Community College Foundation (Foundation), is included in the College's reporting entity.

The Foundation is discretely reported in accordance with GASB Statement 61 as a separate and governed component of the College's reporting entity (although it is legally separate and governed by its own Board of Trustees), because its sole purpose is to provide support for the College. Separate financial statements of the Foundation may be obtained from the administrative office at 521 Trailblazer Drive, Nanticoke, PA 18634. Additional legal information on the Foundation as a separate, tax-exempt component unit of the College, and the Foundation's primary purpose and structure can be found in Note No. 1 of the NOTES TO FINANCIAL STATEMENTS. The Foundation is reported in separate financial statements because of the difference in its reporting model.

The College's financial statements are reflected in the financial statements of the County of Luzerne. The notes to the statements indicate that the College qualifies as a component unit of the County and the County has elected to present applicable financial information in a discrete fashion rather than blended as a part of the primary government's (County of Luzerne) financial statements.

Using This Annual Report

The College Financial Statements are designed to emulate corporate presentation models, whereby all College activities are consolidated. This approach is intended to summarize and simplify the user's analysis of the cost of various College services to students and the public.

There are three financial statements presented: the Statements of Net Position, the Statements of Revenues, Expenses, and Changes in Net Position, and the Statements of Cash Flows. The Statement of Net Position is designed to be similar to bottom line results for the College. This statement combines and consolidates current financial resources (short-term spendable resources) with capital assets. The Statement of Revenues, Expenses, and Changes in Net Position focus on both the gross costs and the net costs of College activities which are supported mainly by state appropriations, local appropriations and tuition and fees. The primary purpose of the Statement of Cash Flows is to provide relevant information about the cash receipts and cash payments of an entity during a period. When used in conjunction with the other statements, notes and disclosures, the Statement of Cash Flows provides information about an entity's ability to generate future net cash flows and its ability to meet its obligations as they become due.

LUZERNE COUNTY COMMUNITY COLLEGE
MANAGEMENT'S DISCUSSIOIN AND ANALYSIS

Financial Statement Highlights

- Net assets increased by $5.8 million in 2022 compared to a $4.0 million decrease in 2021.

- Tuition and fee revenue totaled $20.1 and $21.2 million in 2022 and 2021, respectively.

- The College had three debt instruments outstanding on June 30, 2022, for a total of $15.2 million. A general note obligation with a principal of $7.8 million, a general note obligation with a principal of $1.7 million and a general note obligation with a principal of $5.7 million.

- The College completed various Capital projects During FY2021-2022. The College was able to utilize COVID funding to replace soft seating on and off campus with more sanitary and easier to clean furniture. Technology equipment was purchased to support remote learning and collaborative, remote meeting capabilities for students and staff. Science Labs at the Greater Susquehanna and Hazleton Centers were also added.

  Multiple projects were completed with capital funding allocated for prioritized projects. Those completed projects include Flooring Replacement at the Shamokin Center, the addition of an Academic Storage Building, the replacement of the Technology Center Atrium, Building 5 Switchgear, as well as renovations to the Wilkes-Barre Center and the landscape of the Main Campus.

  While started in FY2021-2022, there are several projects which will be completed in the following fiscal year. Those projects include Paving and improvements to the Main Parking Lot and Main Stairs of the Campus, Campus Center Water Infiltration Remediation, Courtyard Concrete Stair Replacement, Esports/Student Activities Renovation, Faucet Replacement, Water Fountain/Bottle Fill Station installation, and the addition of a Micro-Credential Lab at the Hazleton Center.

  The College plans to continue to make improvements to the campus infrastructure and add appropriate signage. The projects will be prioritized and addressed as capital monies become available for allocation.

- The College's State Allocation was $12.5 million, respectively during fiscal years ended June 30, 2022 and 2021. Luzerne County funding was $5.9 million, respectively, during the fiscal years ended June 30, 2022 and 2021.

- In fiscal year 2022, the College implemented GASB Statement No. 87, *"Leases,"* which better meets the information needs of financial statement users by improving accounting and financial reporting for leases by governments. The provisions of this statement have been adopted and incorporated into these financial statements.

- In fiscal year 2022, the College implemented GASB Statement No. 89, *"Accounting for Interest Costs Incurred before the End of a Construction Period".* The objectives of this statement are (1) to enhance the relevance and comparability of information about capital assets and the cost of borrowing for a reporting period and (2) to simplify accounting for interest cost incurred before the end of a construction period. There were no changes to the financial statements as a result of this adoption.

- In fiscal year 2018, the College implemented GASB Statement No. 75, "*Accounting and Financial reporting for Postemployment Benefits Other Than Pensions*." This standard requires the net Other Post-Employment Benefits liability be reflected in the College's financial statements for year ended June 30, 2018. The total OPEB liability was determined by an actuarial valuation as of July 1, 2020, using actuarial assumptions, applied to all periods included in the measurement, unless otherwise specified. A separate trust has not been established to fund any portion of this liability. The cumulative estimated value for the accrued post-employment benefit liability was $31.4 million in fiscal 2022 and $30.9 million in fiscal 2021.

- In fiscal year 2015, the College implemented GASB Statement No. 68, "*Accounting and Financial Reporting for Pensions.*" This standard was designed to improve accounting and financial reporting by state and local governments for pensions. It also improves information provided by state and local governmental employers about financial support for pensions that is provided by other entities. As required by GASB 68, a liability was recorded using the actuarial report provided by the Public School Employees' Retirement System (PSERS) of Pennsylvania and the schedules of employer allocations provided in the audited financial statements for the years ended December 2022 and 2021 of the State Employees' Retirement System (SERS). The cumulative estimated value for the PSERS and SERS retirement liability recorded was $10.4 million as of June 30, 2022 and $13.5 million as of June 30, 2021. Refer to note ten for further details.

Condensed statement of net assets as of June 30, 2022 and 2021 (in thousands):

	2022	2021 (Restated)	Increase (Decrease)	Percentage Change
Current Assets	$ 54,020	$ 43,834	$ 10,186	23.2%
Non-Current Assets				
Long Term Investments	-	12,005	(12,005)	-100.0%
Capital assets, net	39,492	39,995	(503)	-1.3%
Capital lease assets, net	5,931	4,223	1,708	40.4%
Other	39	39	-	0.0%
Total Non-Current Assets	45,462	56,262	(10,800)	-19.2%
Total Assets	99,482	100,096	(614)	-0.6%
Deferred outflows of resources	4,587	5,416	(829)	-15.3%
Total Assets and Deferred Outflows of Resources	$ 104,069	$ 105,512	$ (1,443)	-1.4%
Current Liabilities	$ 7,983	$ 14,339	$ (6,356)	-44.3%
Non-Current Liabilities	53,773	56,132	(2,359)	-4.2%
Total Liabilities	61,756	70,471	(8,715)	-12.4%
Deferred inflows of resources	6,977	5,462	1,515	27.7%
Net Position				
Net Investments in Capital Assets	30,927	28,494	2,433	8.5%
Restricted	2,701	2,594	107	4.1%
Unrestricted	1,708	(1,509)	3,217	-213.2%
Total net position	35,336	29,579	5,757	19.5%
Total Liabilities, Deferred Inflows of Resources and Net Position	$ 104,069	$ 105,512	$ (1,443)	-1.4%

The College's assets and deferred outflows of resources amounted to $104.1 and $105.5 million as of June 30, 2022 and 2021, respectively. Cash and cash equivalents and short-term investments were $42.7 and $40.3 million in 2022 and 2021, respectively. Investments amounted to $0 and $12.0 million as of June 30, 2022, and 2021, respectively. Accounts receivable were $11.2 and $3.5 million in 2022 and 2021, respectively, net of an allowance for uncollectible accounts of $3.9 and $4.5 million in 2022 and 2021, respectively. The cost of property, plant and equipment and construction in progress amounted to $133.1 million and has corresponding accumulated depreciation of $93.6 million at June 30, 2022.

The College's liabilities and deferred inflows of resources were $68.7 and $75.9 million as of June 30, 2022 and 2021, respectively, inclusive of deferred inflows of resources of $7.0 million at June 30, 2022 and $5.5 million at June 30, 2021. Unearned tuition, fees and other revenue were $.9 and $7.5 million as of June

30, 2022 and 2021, respectively. Interest rates on the outstanding obligations range from 2.53% and 4.99%. The post-retirement benefits liability amounted to $10.4 and $13.5 million as of June 30, 2022 and 2021, respectively.

Condensed statement of revenues, expense, and change in net assets as of June 30, 2022 and 2021 (in thousands):

	2022	2021 (Restated)	Increase (Decrease)	Percentage Change
Operating revenues:				
Tuition and fees	$ 20,101	$ 21,189	$ (1,088)	-5.1%
Auxillary enterprises	694	482	212	44.0%
Other revenues	174	209	(35)	-16.7%
Total operating revenues	20,969	21,880	(911)	-4.2%
Operating expenses	69,712	66,579	3,133	4.7%
Operating loss	(48,743)	(44,699)	(4,044)	9.0%
Non-operating revenues:				
Local appropriations	5,921	5,921	-	0.0%
State appropriations	12,526	12,526	-	0.0%
Grants and special programs	34,296	20,662	13,634	66.0%
Interest income	341	302	39	12.9%
Sale of assets	2	4	(2)	-50.0%
Interest expense	(531)	(567)	36	-6.3%
Non operating revenues	52,555	38,848	13,707	35.3%
Net Gain(Loss) before capital contributions	3,812	(5,851)	9,663	-165.2%
Other revenues:				
Capital appropriations	1,945	1,807	138	7.6%
Change in net position	5,757	(4,044)	$ 9,801	-242.4%
Net position, beginning of the year	29,579	33,623		
Net position, end of the year	$ 35,336	$ 29,579		

Revenue recognized from appropriations amounted to $18.4 million in 2022 and 2021, respectively.

The College's auxiliary enterprise includes the College Bookstore and food services. Commissions and other revenue totaled approximately $694 and $482 in 2022 and 2021, respectively. The auxiliary enterprises activities generated an operating gain of approximately $19.9 and $7,744 in 2022 and 2021, respectively.

The College is the recipient of funds for financial assistance and other grants that are subject to restrictions. The number of students receiving financial aid from one or more programs totaled 2,751 in 2022. The College processed approximately 9,086 awards in fiscal year 2022 with amounts ranging from

$1 to $6,705 per semester. The College received student financial assistance of $7.3 million from the Pell Grant, Supplemental Education Opportunity Grant, and Federal Work Study Programs in 2021-22. The College participated exclusively in the Federal Direct Loan Program in 2021-22. There were approximately 1,303 Subsidized Direct Loan recipients for a total of $3.7 million disbursed; 588 Unsubsidized Direct Loan recipients for a total of $1.9 million disbursed; and 20 Federal Direct Plus loans for a total of $68,648 disbursed. Pennsylvania Higher Education Agency (PHEAA) awarded grants amounted to approximately $1.2 million for the year.

Restricted funding received by the College in 2022 includes local, state and federal government grants as well as private Corporate and Foundation funding. Local government grants increased to $269,071 in 2022 compared to $241,449 in 2021. State grants increased to $996,720 in 2022 compared to $868,209 in 2021. Federal grants decreased to $1,470,237 in 2022 compared to $1,575,552 in 2021. During the past fiscal year, the College's largest federal grant was Coronavirus Response and Relief Supplemental Appropriations Act. This grant was initiated in FY 2021 with the intention of providing student and institutional education support in response to the COVID-19 pandemic.

LUZERNE COUNTY COMMUNITY COLLEGE

STATEMENTS OF NET POSITION

JUNE 30, 2022 AND 2021

	2022	2021 (Restated)
Assets and Deferred Outflows of Resources		
Assets:		
Current assets:		
Cash	$ 42,745,102	$ 40,337,513
Accounts receivable:		
Student (net of allowance)	2,176,592	2,400,275
Federal government	4,506,293	115,049
Commonwealth of Pennsylvania	387,241	319,321
Luzerne County	3,096,708	-
Other	1,063,432	619,632
Inventory	51,101	47,314
Due from/(payable to) Foundation	(6,433)	(4,524)
Total current assets	54,020,036	43,834,580
Non-current assets:		
Long-term investments	-	12,004,709
Capital assets, net	39,492,401	39,995,108
Right to use assets, net	5,930,445	4,223,483
Other assets	38,768	38,768
Total non-current assets	45,461,614	56,262,068
Total Assets	99,481,650	100,096,648
Deferred Outflows of Resources:		
Pension	2,132,084	2,726,608
Post-retirement benefits	2,455,609	2,689,008
Total deferred outflows of resources	4,587,693	5,415,616
Total Assets and Deferred Outflows of Resources	$ 104,069,343	$ 105,512,264

(Continued)

Liabilities, Deferred Inflows of Resources, and Net Position	2022	2021 (Restated)
Liabilities:		
Current liabilities:		
Accounts payable	$ 1,050,830	$ 1,059,936
Accrued salaries	1,451,306	1,444,453
Other accrued liabilities	451,095	426,762
Unearned tuition, fees, and other revenue	939,498	7,525,348
Current portion compensated absences and fringe benefits	373,889	412,824
Current portion of OPEB liability	2,141,186	1,517,724
Termination benefits	323,214	293,170
Current portion lease liability	627,331	1,072,946
Current portion long-term debt	624,882	585,977
Total current liabilities	7,983,231	14,339,140
Non-current liabilities:		
Long-term portion compensated absences and fringe benefits	1,495,558	1,651,297
Net pension liability	10,409,590	13,481,351
Long-term leases, net of current portion	4,803,436	3,239,375
Long-term debt, net of current portion	7,795,666	8,393,475
Liability for post-retirement benefits	29,268,930	29,367,239
Total non-current liabilities	53,773,180	56,132,737
Total Liabilities	61,756,411	70,471,877
Deferred Inflows of Resources:		
Deferred inflows of resources for pension	3,832,285	2,445,354
Deferred inflows of resources for OPEB	3,144,347	3,016,208
Total deferred inflows of resources	6,976,632	5,461,562
Net Position:		
Net position:		
Net investment in capital assets	30,927,620	28,493,692
Restricted for:		
Capital projects	2,700,707	2,594,344
Unrestricted, restated	1,707,973	(1,509,211)
Total Net Position	35,336,300	29,578,825
Total Liabilities, Deferred Inflows of Resources, and Net Position	$104,069,343	$105,512,264

(Concluded)

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

LUZERNE COUNTY COMMUNITY COLLEGE

STATEMENTS OF REVENUES, EXPENSES AND CHANGES IN NET POSITION

YEARS ENDED JUNE 30, 2022 AND 2021

	2022	2021 (Restated)
Revenues:		
Tuition and fees	$ 20,100,962	$ 21,188,693
Auxiliary enterprises	693,856	482,429
Other revenues	174,059	208,838
Total revenues	20,968,877	21,879,960
Expenses:		
Educational and general:		
General administration	4,299,961	4,396,609
Student services	8,670,098	4,277,171
Non-allocated benefits	1,072,170	2,533,750
General institutional	2,940,969	3,782,030
Instructional and department research	18,773,749	19,236,278
Library	666,832	686,814
Operation and maintenance of plant	8,030,042	8,035,698
Governmental grants	18,957,694	17,925,506
Auxiliary enterprises	701,848	505,529
Amortization expense	1,124,922	786,752
Depreciation expense	3,954,667	3,995,312
Other expenses	518,539	417,378
Total expenses	69,711,491	66,578,827
Operating loss	(48,742,614)	(44,698,867)

(Continued)

	2022	2021 (Restated)
Non-operating Revenues (Expenses):		
Commonwealth of Pennsylvania appropriation	$ 12,526,152	$ 12,526,152
Luzerne County appropriation	5,920,915	5,920,915
Federal grants and special programs	34,296,164	20,662,341
Interest on investments	341,172	301,742
Gain on sale of assets	2,215	3,610
Interest expense	(531,481)	(567,120)
Net non-operating revenues	52,555,137	38,847,640
Net loss before capital contributions	3,812,523	(5,851,227)
Capital Contributions:		
Commonwealth of Pennsylvania appropriation	1,348,010	1,366,150
Luzerne County appropriation	272,500	393,642
Federal grants and special programs	324,442	47,436
Total capital contributions	1,944,952	1,807,228
Change in Net Position	5,757,475	(4,043,999)
Net Position:		
Beginning of year, restated	29,578,825	33,622,824
End of year	$ 35,336,300	$ 29,578,825

(Concluded)

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

LUZERNE COUNTY COMMUNITY COLLEGE

STATEMENTS OF CASH FLOWS

YEARS ENDED JUNE 30, 2022 AND 2021

	2022	2021 (Restated)
Cash Flows From Operating Activities:		
Tuition and fees	$ 20,315,873	$ 22,446,432
Auxiliary enterprises	669,848	529,110
Payments to:		
Employees	(32,391,618)	(29,663,196)
Suppliers	(15,388,103)	(12,945,695)
Students	(17,637,790)	(16,184,509)
Other receipts	(228,551)	(27,226)
Net cash used in operating activities	(44,660,342)	(35,845,084)
Cash Flows From Non-Capital Financing Activities:		
State appropriations	12,457,600	12,534,861
Local appropriations	2,824,207	7,395,561
Grants and contracts	21,869,077	25,480,064
Net cash provided by non-capital financing activities	37,150,884	45,410,486
Cash Flows From Capital Financing Activities:		
State capital appropriations	1,348,010	1,366,150
Local capital appropriations	136,250	461,766
Grant appropriations	1,792,153	51,686
Purchase of capital assets	(3,541,916)	(1,446,157)
Principal paid on right to use assets	(1,072,945)	(786,752)
Principal paid on capital debt	(558,904)	(522,878)
Interest paid on capital debt	(531,482)	(567,120)
Net cash provided by (used in) capital financing activities	(2,428,834)	(1,443,305)
Cash Flows From Investing Activities:		
Sale (purchase) of investments	12,004,709	(31,541)
Interest on investments	341,172	301,742
Net cash provided by investing activities	12,345,881	270,201
Net Increase in Cash	2,407,589	8,392,298
Cash:		
Beginning of year	40,337,513	31,945,215
End of year	$ 42,745,102	$ 40,337,513

(Continued)

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

LUZERNE COUNTY COMMUNITY COLLEGE

STATEMENTS OF CASH FLOWS

YEARS ENDED JUNE 30, 2022 AND 2021
(Continued)

	2022	2021 (Restated)
Reconciliation of Operating Loss to Net Cash Used in Operating Activities:		
Operating loss	$ (48,742,614)	$ (44,698,867)
Adjustments to reconcile operating loss to net cash used in operating activities:		
Depreciation	3,954,667	3,995,312
Amortization	1,124,922	786,752
Pension expense	(148,739)	623,519
Pension payments made subsequent to measurement date	(941,568)	(918,462)
Other post employment benefits expense	1,995,796	1,917,343
Other post employment benefits payments made subsequent to measurement date	(1,069,105)	(726,859)
Gain on disposal of capital assets	2,215	3,610
Changes in net assets and liabilities:		
Accounts receivables (net)	(469,688)	3,231,404
Inventory (net)	(3,787)	5,583
Accounts payable	(8,474)	540,779
Accrued payroll liabilities	31,186	(38,717)
Unearned revenue	(256,947)	(256,947)
Liability for compensated absences	(194,674)	(38,144)
Other liabilities	66,468	(271,390)
Net cash used in operating activities	$ (44,660,342)	$ (35,845,084)

(Concluded)

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

LUZERNE COUNTY COMMUNITY COLLEGE
COMPONENT UNIT - LUZERNE COUNTY COMMUNITY COLLEGE FOUNDATION

STATEMENTS OF NET POSITION

JUNE 30, 2022 AND 2021

Assets	2022	2021
Current assets:		
Cash and temporary investments:		
Foundation	$ 565,650	$ 401,296
Alumni	71,963	50,867
Restricted cash	365,996	785,756
Total cash and temporary investments	1,003,609	1,237,919
Pledges receivable	-	15,000
Total current assets	1,003,609	1,252,919
Non-current assets:		
Investments:		
Foundation	5,746,471	6,574,040
Alumni	795,388	917,522
Total investments	6,541,859	7,491,562
Beneficial interest in perpetual trust	1,139,003	1,398,989
Total non-current assets	7,680,862	8,890,551
Total Assets	$ 8,684,471	$ 10,143,470

(Continued)

Liabilities and Net Assets	2022	2021
Current liabilities:		
Deferred revenue	$ 4,195	$ 4,384
Due to Luzerne County Community College	81,731	59,225
Refundable Advance	289,873	726,368
Total Current Liabilities	375,799	789,977
Net assets:		
Without donor restrictions:		
Foundation	33,130	51,380
Alumni	220,614	193,509
Total net assets without donor restrictions	253,744	244,889
With donor restrictions:		
Time and purpose restrictions, Foundation	3,778,123	4,481,429
Assets held in perpetuity, Foundation	3,634,263	3,856,679
Time and purpose restrictions, Alumni	642,542	770,496
Total net assets with donor restrictions	8,054,928	9,108,604
Total net assets	8,308,672	9,353,493
Total Liabilities and Net Assets	$ 8,684,471	$ 10,143,470

(Concluded)

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

LUZERNE COUNTY COMMUNITY COLLEGE
COMPONENT UNIT - LUZERNE COUNTY COMMUNITY COLLEGE FOUNDATION

STATEMENT OF ACTIVITIES

YEAR ENDED JUNE 30, 2022

	Without Donor Restrictions	With Donor Restrictions	Total
Revenues, gains, and other support			
Contributions	$ -	$ 652,119	$ 652,119
Grant revenue	436,513	-	436,513
Special event revenue	125,844	-	125,844
Investment income, net	-	(932,194)	(932,194)
Change in beneficial interest in perpetual trust	-	(259,986)	(259,986)
Net assets released from restrictions, satisfaction of program restrictions	513,615	(513,615)	-
Total revenues and other additions	1,075,972	(1,053,676)	22,296
Expenses and Losses			
Program:			
Payments to Luzerne County Community College	23,325	-	23,325
Scholarships	490,290	-	490,290
Personnel expense	206,728	-	206,728
Program costs	66,829	-	66,829
Grant expense	436,513	-	436,513
Total program expenses	1,223,685	-	1,223,685
Fundraising:			
Special event expense	50,160	-	50,160
Personnel expense	193,213	-	193,213
Total fundraising expenses	243,373	-	243,373
General and administrative:			
Personnel expense	171,403	-	171,403
Total expenses	1,638,461	-	1,638,461
Contributed services from Luzerne County Community College	571,344	-	571,344
Change in net assets	8,855	(1,053,676)	(1,044,821)
Net assets, beginning	244,889	9,108,604	9,353,493
Net assets, ending	$ 253,744	$ 8,054,928	$ 8,308,672

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

LUZERNE COUNTY COMMUNITY COLLEGE
COMPONENT UNIT - LUZERNE COUNTY
COMMUNITY COLLEGE FOUNDATION

STATEMENT OF ACTIVITIES

YEAR ENDED JUNE 30, 2021

	Without Donor Restrictions	With Donor Restrictions	Total
Revenues, gains, and other support			
Contributions	$ -	$ 350,087	$ 350,087
Grant revenue	298,205	-	298,205
Special event revenue	99,517	-	99,517
Investment income, net	-	1,518,917	1,518,917
Change in beneficial interest in perpetual trust	-	218,282	218,282
Net assets released from restrictions, satisfaction of program restrictions	441,146	(441,146)	-
Total revenues and other additions	838,868	1,646,140	2,485,008
Expenses and Losses			
Program:			
Payments to Luzerne County Community College	68,167	-	68,167
Scholarships	372,979	-	372,979
Personnel expense	191,085	-	191,085
Program costs	60,644	-	60,644
Grant expense	298,205	-	298,205
Total program expenses	991,080	-	991,080
Fundraising:			
Special event expense	19,709	-	19,709
Personnel expense	155,044	-	155,044
Total fundraising expenses	174,753	-	174,753
General and administrative:			
Personnel expense	148,341	-	148,341
Total expenses	1,314,174	-	1,314,174
Contributed services from Luzerne County Community College	494,470	-	494,470
Change in net assets	19,164	1,646,140	1,665,304
Net assets, beginning	225,725	7,462,464	7,688,189
Net assets, ending	$ 244,889	$ 9,108,604	$ 9,353,493

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

LUZERNE COUNTY COMMUNITY COLLEGE
COMPONENT UNIT - LUZERNE COUNTY COMMUNITY COLLEGE FOUNDATION

STATEMENTS OF CASH FLOWS

YEARS ENDED JUNE 30, 2022 AND 2021

	2022	2021
Cash flows from operating activities:		
Change in net assets	$ (1,044,821)	$ 1,665,304
Adjustments to reconcile change in net assets to net cash used in operating activities:		
Unrealized and realized gains on investments, net	932,194	(1,518,917)
Restricted contributions	(37,570)	(59,170)
Change in beneficial interest in perpetual trust	259,986	(218,282)
Changes in assets and liabilities:		
Pledges receivable	15,000	19,508
Deferred revenue	(189)	3,158
Due to Luzerne County Community College	22,506	(70,043)
Refundable Advance	(436,495)	(298,205)
Net cash (used in) provided by operating activities	(289,389)	(476,647)
Cash flows from investing activities:		
Purchase of investments	(932,999)	(388,335)
Proceeds from sale of investments	950,508	333,762
Net cash (used in) provided by investing activities	17,509	(54,573)
Cash flows provided by financing activities:		
Collection of restricted contributions	37,570	59,170
Net (decrease) increase in cash and temporary investments and restricted cash	(234,310)	(472,050)
Cash and temporary investments and restricted cash, beginning	1,237,919	1,709,969
Cash and temporary investments and restricted cash, ending	$ 1,003,609	$ 1,237,919

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

1. Organization and Summary of Significant Accounting Policies

Luzerne County Community College (College) is a public two-year, comprehensive community college for residents of the County of Luzerne (County) and Northeastern Pennsylvania. A variety of educational programs and support services are offered to provide opportunity for persons to pursue an education consistent with their interests and capabilities and educational and employment demands.

The College was established under the Provisions of the Community College Act of 1963, Commonwealth of Pennsylvania, and sponsored by the County. The College itself was founded in 1966. The Board of Trustees (Board) is the College's ruling body, which establishes the policies and procedures by which the College is governed.

Reporting Entity

The accompanying financial statements have been prepared in accordance with criteria established by the Governmental Accounting Standards Board for determining the various governmental organizations to be included in the reporting entity. These criteria include significant operational or financial relationships with the College. Based on application of the criteria, the College's component unit, Luzerne County Community College Foundation (Foundation), is included in the College's reporting entity.

The Foundation is discretely reported in accordance with Governmental Accounting Standards Board (GASB) Statement No. 61 as a separate component unit of the College's reporting entity (although it is legally separate and governed by its own Board of Trustees), because its sole purpose is to provide support for the College. Separate financial statements of the Foundation may be obtained from the administrative office at 1333 South Prospect Street, Nanticoke, PA 18634.

The Foundation is a legally separate, tax-exempt component unit of the College. 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, which the Foundation holds and invests are restricted to the activities of the College by the donors. Because 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. The Foundation is reported in separate financial statements because of the difference in its reporting model, as further described below.

The Foundation is a private not-for-profit 501(c)3 organization that reports its financial results under Financial Accounting Standards Board (FASB) Statements. Most significant to the Foundation's operations and reporting model are ASC Topic 958, *Accounting for Contributions Received and Contributions Made,* and Financial Reporting for Not-for-Profit Organizations. 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. During the years ended June 30, 2022 and 2021, the Foundation distributed $23,325 and $68,167, respectively, to the College for both restricted and unrestricted purposes.

The College's financial statements are reflected in the financial statements of the County. The notes to the statements indicate that the College qualifies as a component unit of the County and the County has elected to present applicable financial information in a discrete fashion rather than blended as part of the primary government's (County's) financial statements.

Measurement Focus, Basis of Accounting, and Financial Statement Presentation

The financial statements have been prepared 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 Governmental Accounting Standards Board (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 GASB.

Deferred Inflows and Outflows of Resources Related to Pensions and Other Post-Employment Benefits (OPEBs)

In addition to assets (liabilities), the College will sometimes report a separate section for deferred outflows (inflows) of resources. This separate financial statement element represents a consumption (acquisition) of net position that applies to a future period and so will not be recognized as an outflow (inflow) of resources until that time.

Adopted Pronouncement

The requirements of the following GASB Statements were adopted by the College's 2022 financial statements:

GASB Statement No. 87, "*Leases,"* better meets the information needs of financial statement users by improving accounting and financial reporting for leases by governments. The provisions of this statement have been adopted and incorporated into these financial statements. As a result of this implementation, the beginning balance in note 8 has been restated for fiscal year 2021 to provide comparative data. There was also a restatement to beginning net assets as of July 1, 2020 in the amount of $88,838.

GASB Statement No. 89 *"Accounting for Interest Costs Incurred before the End of a Construction Period,"* enhances the relevance and comparability of information about capital assets and the cost of borrowing for a reporting period and simplifies accounting for interest cost incurred before the end of a construction period. This statement had no significant impact on the College's financial statements for the year ended June 30, 2022.

The following GASB Statements were also adopted for the year ended June 30, 2022: Statement Nos. 92 (Omnibus 2020), 97 (Deferred Compensation Plans), and 99 (Omnibus 2022 – paragraphs 26 through 32). These statements had no significant impact on the College's financial statements for the year ended June 30, 2022.

Pending Pronouncements

GASB has issued Statements that will become effective in future years including 94 (Public-Private and Public-Public Partnerships), 96 (Information Technology Arrangements), 99 (Omnibus 2022), 100 (Accounting Changes and Error Corrections) and 101 (Compensated Absences).

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

Cash and Cash Equivalents

Cash includes deposits held at banks plus small amounts maintained for change funds. Cash equivalents are defined as short-term highly liquid investments readily converted to cash with original maturities of three months or less.

Investments

The College categorizes its fair value measurements within the fair value hierarchy established by accounting principles generally accepted in the United States of America. The hierarchy is based on the valuation inputs used to measure the fair value of the asset. Level 1 inputs are quoted prices in active markets for identical assets. Level 2 inputs are significant to other observable inputs. Level 3 inputs are significant unobservable inputs.

Compensated Absences

The College records a liability for vacation earned and records an annual provision for unused sick days earned by employees, but not yet paid.

Tax-Exempt Status

The College is exempt from federal income taxes under Section 115 of the Internal Revenue Code (IRC).

Postemployment Benefits Other than Pensions

The College offers postemployment benefits, other than pension, to eligible retirees. These benefits include premium payments related to medical, prescription drugs, dental, and life insurance. These benefits are accounted for in accordance with GASB Statement No. 75, "*Accounting and Financial Reporting for Postemployment Benefits Other than Pensions*," for the years ended June 30, 2022 and 2021.

Student Accounts Receivable

Accounts receivable relate to transactions involving student tuition and fee billings for semesters in which services are provided, governmental appropriations, grants and contracts, financial aid, and other miscellaneous transactions.

Allowance for Doubtful Accounts

It is the College's policy to provide for future losses on uncollectible accounts, contracts, and grants receivable based on an evaluation of the underlying account, contract, and grant, the historical collectability experienced by the College on such balances and such other factors which, in the College's judgment, require consideration in estimating doubtful accounts. The allowance for doubtful accounts was $3,928,482 and $4,500,692 as of June 30, 2022 and 2021, respectively.

Inventories

Inventories consist primarily of items held for sale by food service and operating supplies on hand. Inventories are stated at the lower of cost or market.

Unearned Revenues

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

Non-current Liabilities

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

Net Position

The College's net position is classified as follows:

Net investment in capital assets - This represents the College's total investment in capital assets, net accumulated depreciation and outstanding debt incurred to acquire, construct, or improve those assets.

Restricted net position - This includes resources that the College is legally or contractually obligated to spend in accordance with restrictions imposed by external third parties. When both restricted and unrestricted resources are available for use, it is the College's policy to use restricted resources first, then unrestricted resources when they are needed.

Unrestricted net position - This includes resources derived from student tuition and fees, state appropriations, and sales and services of educational departments and auxiliary enterprises. These resources are used for transactions relating to the educational and general operations of the College and may be used at the discretion of the governing board to meet current expenses for any purpose.

Capital Assets

Capital assets include property, plant equipment, and infrastructure assets, such as roads and sidewalks. Capital assets are defined by the College as assets with an initial unit cost of $4,000 or more and an estimated useful life in excess of two years. Such assets are recorded at historical cost or estimated historical cost if purchased or constructed. The costs of normal maintenance and repairs that do not add to the value of the asset or materially extend assets' lives are not capitalized. Major outlays for capital assets and improvements are capitalized as projects are constructed.

Property, plant, and equipment of the College are depreciated using the straight-line method over the following useful lives (see Note 7 for further detail).

Building	30 years
Furniture and fixtures	10 years
Library books	10 years
Equipment	10 years
Other	5 years

Leases

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

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

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

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

- The lease term includes the noncancellable period of the lease. Lease payments included in the measurement of the lease liability are composed of fixed payments and 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.

Classification of Revenues and Expenses

The College has classified its revenues and expenses as either Operating or Non-Operating. Operating revenue and expenses include activities that have the characteristics of exchange transactions, such as (a) student tuition and fees, (b) sales and services of auxiliary enterprises, net of scholarship discounts and allowances, (c) salaries and benefits, and (d) materials and supplies. Non-operating revenue and expenses include activities that have the characteristics of non-exchange transactions, such as (a) state and local appropriations, (b) most federal, state, and local grants and contracts and federal appropriations, and (c) interest earned on investments and interest expense related to capital items.

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 assets. 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 students' behalf. Certain government grants are recorded as either operating or nonoperating revenues in the College's financials statements. To the extent that revenues from such programs are used to satisfy tuition and fees and other student charges, the College has recorded a scholarship discount and allowance.

Federal Financial Assistance Programs

The College participates in federally funded Pell Grants, SEOG Grants and Federal Work-Study programs. Federal programs are audited in accordance with the Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements Cost Principles and Audit Requirements for Federal Awards* (Uniform Guidance) and the *Compliance Supplement*.

Estimates

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

COVID-19 Funding

In 2021, the College received additional Higher Education Emergency Relief Funds (HEERF) from the federal government through the Coronavirus Response and Relief Supplemental Appropriations Act, 2021 (CRRSAA) and the American Rescue Plan Act, 2021 (ARPA) for the years ended June 30, 2021 and 2022. The College is fully operational, and the funds have been used to provide a safe, social distanced work environment for staff as well as transform classrooms, labs, and meeting spaces to provide the same for faculty and students. The College also used a portion of HEERF to provide emergency grants to students to help them complete their degrees.

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.

2. Cash and Investments

The Pennsylvania Community College Act and the Pennsylvania General Assembly Act 72 allow funds belonging to the College to be invested. College policy delegates this authority to the Finance and Planning Division of the College.

In accordance with the College's investment policy, funds may be invested in the following: certificates of deposits ranging from 30 days to one year, treasury bills invested on a daily basis from one to 30 days, interest-bearing checking accounts, INVEST program offered through the Commonwealth of Pennsylvania, and other investment markets as determined by the Board in accordance with PA Act 72. It is the policy of the College to invest its funds in a manner which will provide the highest investment return with the maximum security while meeting the daily cash flow demands of the College and conforming to all state and local statutes governing the investment of public funds. The primary objectives of the policy are legality, safety (preservations of capital and protection on investment principal), liquidity, and yield.

In March 2016, Act 10 was passed, which expanded the scope of the investment options available for public funds, including repurchase agreements, commercial paper, negotiable certificates of deposit, and bankers' acceptances. The College elected to maintain its current investment policy due to the additional risk and oversight associated with the expanded investment options under Act 10.

Custodial Credit Risk

Custodial credit risk for deposits with financial institutions is the risk that in the event of bank failure, the College's deposits may not be returned to it. The College's investment policy requires pledging of collateral for all bank balances in excess of federal depository insurance, with the collateral held by an agent of the College in the agent's name.

The Foundation maintains its cash accounts in various commercial banks. Accounts are insured by the Federal Deposit Insurance Corporation to $250,000.

Interest Rate Risk

The College's investment policy does not limit investment maturities as a means of managing its exposure to fair value losses arising from increasing interest rates. The College does, however, manage its exposure to interest rate risk by generally limiting investment maturities to less than three years.

Cash and Cash Equivalents

The carrying amount of the College's deposits at June 30, 2022 and 2021 was $42,745,102 and $40,337,513, respectively. Actual bank balances at June 30, 2022 and 2021 were $41,664,891 and $41,373,745, respectively. The difference between carrying amounts and bank balances represent outstanding checks payable and normal reconciling items. Of the bank balance at June 30, 2022 and 2021, $269,689 was covered by federal depository insurance for each bank, and $41,395,202 and $41,123,745 was collateralized under Act 72, in which financial institutions were granted the authority to secure deposits of public entities by pledging a pool of assets, as defined in the Act, to cover all public funds deposited in excess of federal depository insurance limits.

Long-term Investments

As of June 30, 2022 and 2021, the College had the following investments and maturities:

	Fair Market Value	Less Than 1 Year	1 - 3 Years	More Than 3 Years
June 30, 2022				
Certificates of deposit	$ -	$ -	$ -	$ -
June 30, 2021				
Certificates of deposit	$ 12,004,709	$ -	$ 12,004,709	$ -

As of June 30, 2022 and 2021, the College's certificates of deposit are classified as Level 1 investments.

Foundation

The Foundation's investments are comprised of the following at June 30:

	2022	2021
Cash and cash equivalents	$ 411,022	$ 240,216
Mutual funds	670,538	961,344
Equities	1,488,172	1,780,178
Exchange traded fund (ETF), equities	2,263,819	2,767,477
Fixed income:		
Corporate bonds	49,982	101,866
Exchange traded funds	524,189	489,542
Mutual funds	1,134,137	1,150,939
Total investments	$ 6,541,859	$ 7,491,562

Investment return is comprised of the following in 2022 and 2021:

	2022	2021
Interest and dividend income	$ 138,904	$ 123,785
Unrealized gains (losses) on investments, net	(1,268,379)	1,201,610
Realized gains on investments, net	231,791	228,613
Investment fees	(34,510)	(35,091)
Total	$ (932,194)	$ 1,518,917

3. Fair Value Disclosures

Foundation

Fair value is defined as the price that would be received to sell an asset or the price that would be paid to dispose of a liability in an orderly transaction between market participants at the measurement date. The framework for measuring fair value includes a hierarchy used to classify the inputs used in measuring fair value. The hierarchy prioritizes the inputs used in determining valuations into three levels. The level in the fair value hierarchy within which the fair value measurement falls is determined based on the lowest level input that is significant to the fair value measurement. The levels of the fair value hierarchy are as follows:

Level 1 – Fair value is based on unadjusted quoted prices in active markets that are accessible to the Foundation for identical assets or liabilities. These generally provide the most reliable evidence and are used to measure the fair value whenever available.

Level 2 – Fair value is based on significant inputs, other than Level 1 inputs, that are observable either directly or indirectly for substantially the full term of the asset or liability through corroboration with observable market data. Level 2 inputs include quoted market prices in active markets for similar assets, quoted market prices in markets that are not active for identical or similar assets, and other observable inputs.

Level 3 – Fair value would be based on significant unobservable inputs. Examples of valuation methodologies that would result in Level 3 classification include option pricing models, discounted cash flows, and other similar techniques.

The following table presents the Foundation's financial instruments measured at fair value on a recurring basis by level within the fair value hierarchy:

	June 30, 2022			
	Level 1	Level 2	Level 3	Total
Cash and cash equivalents (1)	$ 411,022	$ -	$ -	$ 411,022
Mutual funds:				
Large Cap (2)	33,488	-	-	33,488
Mid Cap (2)	337,708	-	-	337,708
Small Cap (2)	136,168	-	-	136,168
International (2)	138,528	-	-	138,528
Other (2)	24,646	-	-	24,646
Marketable Equities	1,488,172	-	-	1,488,172
ETF (3)	2,263,819	-	-	2,263,819
Fixed income:				
Corporate bonds	-	49,982	-	49,982
Exchanged traded funds (4)	524,189	-	-	524,189
Mutual funds (5)	1,134,137	-	-	1,134,137
Total investments	6,491,877	49,982	-	6,541,859
Beneficial interest in perpetual trust	-	-	1,139,003	1,139,003
Total	$ 6,491,877	$ 49,982	$ 1,139,003	$ 7,680,862

1 - Includes $57,560 for Alumni
2 - Includes $103,424 for Alumni

3 - Includes $338,140 for Alumni
4 - Includes $38,639 for Alumni
5- Includes $257,625 for Alumni

	June 30, 2021			
	Level 1	Level 2	Level 3	Total
Cash and cash equivalents (1)	$ 240,216	$ -	$ -	$ 240,216
Mutual funds:				
Large Cap (2)	148,912	-	-	148,912
Mid Cap (2)	432,096	-	-	432,096
Small Cap (2)	145,107	-	-	145,107
International (2)	196,717	-	-	196,717
Other (2)	38,512	-	-	38,512
Marketable Equities	1,780,178	-	-	1,780,178
ETF (3)	2,767,477	-	-	2,767,477
Fixed income:				
Corporate bonds	-	101,866	-	101,866
Exchanged traded funds (4)	489,542	-	-	489,542
Mutual funds (5)	1,150,939	-	-	1,150,939
Total investments	7,389,696	101,866	-	7,491,562
Beneficial interest in perpetual trust	-	-	1,398,989	1,398,989
Total	$ 7,389,696	$ 101,866	$ 1,398,989	$ 8,890,551

1 - Includes $35,064 for Alumni
2 - Includes $126,332 for Alumni
3 - Includes $424,115 for Alumni
4 - Includes $38,932 for Alumni
5 – Includes $293,079 for Alumni

Mutual funds, marketable equities and ETFs are measured at fair value based on quoted market process in active markets for identical assets and are Level 1 inputs. Corporate bonds are measured at fair value based on using prices for similar assets and are Level 2 inputs.

The beneficial interest in perpetual trust is measured at fair value using the Foundation’s percentage of the underlying trust assets, which approximates the present value of estimated future cash flows to be received from the trust. The is considered a Level 3 measurement because even though the measurement is based on the underlying fair value of the trust assets as reported by the trustee, the Foundation will never receive those assets or have the ability to direct the trustee to redeem them. There were no transfers or purchases during the year.

The methods described above may produce a fair value calculation that may not be indicative of net realizable value or reflective of future fair values. Furthermore, while the Foundation believes its valuation methods are appropriate and consistent with other market participants, the use of different methodologies or assumptions to determine the fair value of certain financial instruments could result in a different fair value measurement at the reporting date.

4. Endowment Funds

Foundation

The Foundation's endowment consists of approximately 40 individual donor-restricted funds established for a variety of purposes. As required by accounting principles generally accepted in the United States of America, net assets associated with endowment funds are classified and reported based on the existence or absence of donor-imposed restrictions.

The Board of Directors of the Foundation has interpreted Pennsylvania law as requiring 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 (a) the original value of gifts donated to the permanent endowment, (b) the original value of subsequent gifts to the permanent endowment, and (c) accumulations to the permanent endowment made in accordance with the direction of the applicable donor gift instrument at the time the accumulation is added to the fund. The remaining portion of the donor-restricted endowment fund that is not classified in net assets with donor restrictions is classified as net assets without donor restrictions based on the existence of donor restrictions or by law.

The Foundation has adopted an investment policy for endowment assets that attempts to provide a predictable stream of funding to programs supported by its endowment while seeking to maintain the purchasing power of the endowment assets. Endowment assets include those assets of donor-restricted funds that the Foundation must hold in perpetuity or for a donor-specified period(s). Under this policy, as approved by the Board of Trustees, the endowment assets are invested in a manner that is intended to emphasize long-term growth of principal while avoiding excessive risk.

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

In 2015, the Foundation adopted a policy for appropriating for distribution each year 4.5% of its endowment fund's average fair value over the prior three years in which the distribution is planned. In 2022, the Foundation distributed 4.5%. In establishing this policy, the Foundation considered the long-term expected return on its endowment. Accordingly, over the long term, the Foundation expects the current spending policy to allow its endowment to grow at an average of 3% annually. This is consistent with the Foundation's objective to maintain the purchasing power of the endowment assets held in perpetuity or for a specific term as well as to provide additional real growth through new gifts and investment return.

Changes in endowment net assets for the fiscal year ended June 30:

	2022		
	Accumulated Gains	Corpus	Total
Endowment net assets, beginning	$ 1,616,133	$ 2,457,690	$ 4,073,823
Investment income	76,571	-	76,571
Investment fees	(21,479)	-	(21,479)
Realized and unrealized losses	(573,906)	-	(573,906)
(Withdrawals) contributions	(115,054)	37,570	(77,484)
Endowment net assets, ending	$ 982,265	$ 2,495,260	$ 3,477,525

	2021		
	Accumulated Gains	Corpus	Total
Endowment net assets, beginning	$ 881,908	$ 2,398,520	$ 3,280,428
Investment income	68,532	-	68,532
Investment fees	(22,288)	-	(22,288)
Realized and unrealized gains	839,652	-	839,652
(Withdrawals) contributions	(151,671)	59,170	(92,501)
Endowment net assets, ending	$ 1,616,133	$ 2,457,690	$ 4,073,823

5. Beneficial Interest in Perpetual Trust

Foundation

The Foundation receives income from a perpetual trust held by a third party. Under the terms of the trust, the Foundation has the irrevocable right to receive a portion of the income earned on the trust assets in perpetuity, but never receives the assets held in the trust. The assets are recorded at their fair value of $1,139,003 and $1,398,989, as of June 30, 2022 and 2021, respectively.

6. Liquidity and Availability of Resources

Foundation

The following table reflects the Foundation’s financial assets available for general expenditure within one year of the statement of financial position date. Financial assets are considered unavailable when illiquid or not convertible to cash within one year. As part of the Foundation’s liquidity management, it has a policy to structure its financial assets to be available as its general expenditures, liabilities and other obligations come due.

	2022	2021
Financial assets:		
Cash and temporary investments	$ 637,613	$ 452,163
Restricted cash	365,996	785,756
Pledges receivable	-	15,000
Beneficial interest in perpetual trust	1,139,003	1,398,989
Investments	6,541,859	7,491,562
Total financial assets	$ 8,684,471	$ 10,143,470
Less those unavailable for general expenditures within one year	7,978,805	9,049,216
Total	$ 705,666	$ 1,094,254

Restricted cash of $365,996 and $785,756 as of June 30, 2022 and 2021 respectively, represents funds available to the Foundation for reimbursement of the AllOne grant related costs.

7. Capital Assets

The following is a summary of capital assets activity at June 30, 2022 and 2021:

	Balance July 1, 2021	Additions	Deletions	Balance June 30, 2022
Capital assets				
Capital assets not being depreciated:				
Land	$ 1,382,185	$ -	$ -	$ 1,382,185
Construction in progress	148,189	445,107	132,936	460,360
Capital assets being depreciated:				
Permanent campus	91,157,249	1,343,846	-	92,501,095
Furniture and fixtures	3,846,251	81,447	-	3,927,698
Equipment	29,355,792	322,177	17,350	29,660,619
Library books	2,173,683	-	-	2,173,683
Microfilm and AV equipment	863,748	-	-	863,748
Motor vehicles	603,043	68,550	15,459	656,134
Equipment-CARES Act	119,979	1,323,767	-	1,443,746
	129,650,119	3,584,894	165,745	133,069,268
Less: accumulated depreciation	(89,655,009)	(3,954,667)	32,809	(93,576,867)
Net Capital Assets				$ 39,492,401

	Balance July 1, 2020	Additions	Deletions	Balance June 30, 2021
Capital assets				
Capital assets not being depreciated:				
Land	$ 1,382,185	$ -	$ -	$ 1,382,185
Construction in progress	-	148,189	-	148,189
Capital assets being depreciated:				
Permanent campus	90,419,405	707,971	-	91,127,376
Furniture and fixtures	3,836,345	9,905	-	3,846,250
Equipment	29,145,032	420,412	209,653	29,355,791
Library books	2,173,683	-	-	2,173,683
Microfilm and AV equipment	868,464	-	4,716	863,748
Motor vehicles	630,600	9,826	37,383	603,043
Equipment-CARES Act	-	149,852	-	149,852
	128,455,714	1,446,155	251,752	129,650,117
Less: accumulated depreciation	(85,911,449)	(3,995,312)	251,752	(89,655,009)
Net Capital Assets				$ 39,995,108

Depreciation expense was $3,954,667 and $3,995,312 for the years ended June 30, 2022 and 2021, respectively.

8. Right of Use Assets

The College has certain facility and computer equipment under noncancelable leases. The College recognizes a lease liability and an intangible lease asset in the financial statements. These leases expire at various times listed below.

The College leases its Wilkes-Barre, Pennsylvania and Hazleton, Pennsylvania facilities under noncancelable operating leases that expire in 2031 and 2026, respectively. In July 2020, the College entered into a lease agreement for its Scranton facilities under a noncancelable operating lease that expires in 2031. In July 2020, the College entered into a lease agreement for its Pittston facilities under a noncancelable operating lease that expires in 2033. The College entered into a lease agreement for its Shamokin facilities under a noncancelable operating lease that expires in 2023

The College leases certain computer and office equipment under noncancelable operating leases which expire at various times through the next 4 years.

	Balance June 30, 2021	Additions	Deletions	Balance June 30, 2022
Right-to-use leased assets				
Assets being Amortized:				
Facilities	$ 4,325,976	$ 2,465,338	$ -	$ 6,791,314
Equipment	684,259	366,546	-	1,050,805
Total	5,010,235	2,831,884	-	7,842,119
Less: Accumulated amortization	(786,752)	(1,124,922)	-	(1,911,674)
Net right-to-use leased assets				$ 5,930,445

	Balance June 30, 2020	Additions	Deletions	Balance June 30, 2021
Right-to-use leased assets				
Assets being Amortized:				
Facilities	$ 4,325,976	$ -	$ -	$ 4,325,976
Equipment	684,259	-	-	684,259
Total	5,010,235	-	-	5,010,235
Less: Accumulated amortization	-	(786,752)	-	(786,752)
Net right-to-use leased assets				$ 4,223,483

The amortization charge for leased assets was $1,124,922 and 786,752 the years ended June 30, 2022 and 2021, respectively.

The College has determined the lease interest rate percent for facility leases as 4% to discount the lease liabilities. The equipment lease interest rates are 4.4%, 3.4%, 2.4%, and 1.5% from oldest to newest leases respectively. Annual requirements to amortize the lease liability and related interest are as follows:

For the year ending June 30,		
2023	$	627,331
2024		561,138
2025		828,881
2026		775,970
2027		457,912
2028-2032		1,832,649
2032-2033		346,886
	$	5,430,767

9. Pledges Receivable

Foundation

The Foundation had pledges receivable representing the following at June 30:

	2022	2021
Receivables in less than one year	$ -	$ 15,000
Total pledges receivable	-	15,000
Less: Unamortized discount	-	-
Net present value of pledges receivable	$ -	$ 15,000

Pledges receivable are discounted using rates between 1% and 2%. Pledges are restricted to use for transfers to the College for capital improvements.

Management has not established an allowance for doubtful collections at June 30, 2022 and 2021 based upon information currently known. Accounts are written off when they are determined to be uncollectible based upon management's assessment of individual accounts. However, events impacting donors can occur in subsequent years that may cause a material change.

10. Retirement Plans

The College has three contributory pension plans covering substantially all academic and non-academic personnel. The three plans offered by the College are listed as follows:

- The Pennsylvania Public School Employee's Retirement System (PSERS)
- State Employees' Retirement System (SERS)
- Teachers' Insurance and Annuity Association- Credit Retirement Equities Fund (TIAA-CREF)

The following is intended to provide a brief description for each of the three plans available at the College:

Pennsylvania Public School Employees' Retirement System (PSERS)

Plan Description

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

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

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

- Have 24 ½ or more years of service, or
- Are a disability retiree, or
- Have 15 or more years of service and retired after reaching superannuation age, and

- Participate in the PSERS Health Options Program or an employer-sponsored health insurance program.

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 PSERS and additions to/deductions from PSERS' fiduciary net position have been determined on the same basis as they are reported by 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. Detailed information about PSERS' fiduciary net position related to pension and OPEBs is available in the PSERS Annual Comprehensive Financial Report, which can be found on the PSERS website at www.psers.pa.gov.

Benefits Provided

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 Benefits Provided – 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.

<u>Member Contributions:</u>

The following illustrates the 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*	8.00%
Membership Class T-F*	10.80%

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:

The College contributed $418,968 and $406,263 to PSERS for the years ended June 30, 2022 and 2021, respectively. In addition, the College was required to contribute to the Premium Assistance Program in the amounts of $-0- and $10,566 for the years ended June 30, 2022 and 2021, respectively.

The College’s contractually required PSERS contribution rate for fiscal years ended June 30, 2022 and 2021 was 34.94% and 34.51%, respectively, of covered payroll, actuarially determined as an amount that, when combined with employee contributions, is expected to finance the costs of benefits earned by employees during the year, with an additional amount to finance any unfunded accrued liability. This rate is composed of a 33.99% rate for the Pension Plan, a 0.80% rate for the Premium Assistance, and a 0.15% rate for Act 5 Defined Contribution for the fiscal year ended June 30, 2022. This rate is composed of a 33.51% rate for the Pension Plan, a 0.82% rate for the Premium Assistance, and a 0.18% rate for Act 5 Defined Contribution for the fiscal year ended June 30, 2021.

The combined rate for the fiscal year ended June 30, 2022 was an increase from the fiscal year ended June 30, 2021 combined rate of 34.51%. The combined rate for the fiscal year ended June 30, 2021 was an increase from the fiscal year ended June 30, 2020 combined rate of 34.29%. The combined contribution rate will increase to 35.26% in fiscal year 2023 and is projected to grow to 37.30% by fiscal year 2030.

Commonwealth Contributions

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:

	2022	2021
College's proportionate share of PSERS net pension liability	$ 3,449,000	$ 4,432,000
Commonwealth's proportionate share of PSERS net pension liability associated with the College	3,454,000	4,440,000
Total	$ 6,903,000	$ 8,872,000

Proportionate Share

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 contributions. This method was changed beginning with PSERS' fiscal year ended June 30, 2020. In prior years, the proportion of PSERS' net pension liability was calculated utilizing the College's one-reported covered payroll as it related to PSERS' total one-year reported covered payroll.

At June 30, 2021 (measurement date for PSERS' net pension liability and net OPEB liability reported at June 30, 2022), the College's proportion for PSERS was 0.0084%, which was a decrease of 0.0006% from its proportion measured as of June 30, 2020. At June 30, 2020 (measurement date for PSERS' net pension liability and net OPEB liability reported at June 30, 2021), the College's proportion for PSERS was 0.0090%, which was an increase of 0.0007% from its proportion measured as of June 30, 2019.

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

At June 30, 2022 and 2021, the College reported a liability for its proportionate share of the net pension liability that reflected a reduction for State pension support provided to the College. At June 30, 2022 and 2021, the College reported a liability of $3,449,000 and $4,432,000, respectively, for its proportionate share of the PSERS net pension liability.

The PSERS net pension liability reported at June 30, 2022 was measured as of June 30, 2021, 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, 2020 to June 30, 2021. The PSERS' net pension liability reported at June 30, 2021 was measured as of June 30, 2020, 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, 2019 to June 30, 2020.

For the years ended June 30, 2022 and 2021, the College recognized pension expense of $261,263 and $493,642, respectively. At June 30, 2022, the College reported deferred outflows and inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Net differences between projected and actual experience	$ 3,000	$ 45,000
Changes in assumptions	167,000	-
Net differences between projected and actual earnings	179,000	549,000
Changes in proportion	-	217,000
The College's contributions subsequent to the measurement date	430,267	-
Total	$ 779,267	$ 811,000

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

	Deferred Outflows of Resources	Deferred Inflows of Resources
Net differences between projected and actual experience	$ 12,000	$ 106,000
Changes in assumptions	-	-
Net differences between projected and actual earnings	195,000	-
Changes in proportion	392,000	117,000
The College's contributions subsequent to the measurement date	406,263	-
Total	$ 1,005,263	$ 223,000

$430,267 and $406,263 was reported at June 30, 2022 and 2021, respectively, as deferred outflows of resources resulting from the College's contributions subsequent to the measurement date. The amount recorded at June 30, 2022 will be recognized as a reduction of the net pension liability in the year ending June 30, 2023. The amount recorded at June 30, 2021 was recognized as a reduction of the net pension liability for the year ended June 30, 2020.

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

Year Ending June 30:	Amortization Amount
2023	$ (90,000)
2024	(56,000)
2025	(139,000)
2026	(177,000)
Total	$ (462,000)

Actuarial Assumptions

The actuarial valuation used for the June 30, 2021 measurement date contained the following methods and assumptions:

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

Changes in Assumptions

The discount rate decreased from 7.25% to 7.00% and the inflation assumption was decreased from 2.75% to 2.50% for the actuarial valuation used for the June 30, 2021 measurement date. Salary growth decreased from 5.00% to 4.50%.

Changes in Benefit Terms

There were no changes in benefit terms affecting the actuarial valuations used for the June 30, 2021 and June 30, 2020 measurement dates.

Pension Plan Investments

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 equity	27.0%	5.2%
Private equity	12.0%	7.3%
Fixed income	35.0%	1.8%
Commodities	10.0%	2.0%
Absolute return	8.0%	3.1%
Infrastructure/MLPs	8.0%	5.1%
Real estate	10.0%	4.7%
Cash	3.0%	0.1%
Leverage	-13.0%	0.1%
Total	100%	

For PSERS' years ended June 30, 2021 and 2020, the annual money-weighted rate of return on the pension plan investments, net of pension plan investment expenses, was 24.58% and 1.12%, respectively.

Discount Rate

The discount rate used to measure the total pension liability was 7.00%. 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 the Net Pension Liability to Changes in the Discount Rate

The following presents the College's proportionate share of the net pension liability calculated using the discount rates described above, as well as what the College's proportionate share of the net pension liability as of 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, 2022	1% Decrease (6.00%)	Current Discount Rate (7.00%)	1% Increase (8.00%)
The College's proportionate share of the net pension liability	$ 4,527,000	$ 3,449,000	$ 2,540,000

June 30, 2021	1% Decrease (6.25%)	Current Discount Rate (7.25%)	1% Increase (8.25%)
The College's proportionate share of the net pension liability	$ 5,483,000	$ 4,432,000	$ 3,541,000

State Employees' Retirement System (SERS)

Plan Description

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.

Summary of Significant Accounting Policies

For purposes of measuring the net pension liability, deferred outflows of resources and deferred inflows of resources related to pensions, and pension expense, information about the fiduciary net position of SERS, as well as additions to and deductions from SERS fiduciary net position have been determined on the same basis as they are reported in the financial statements of SERS. Employer contributions are recognized when due and the employer has a legal requirement to provide the contribution and 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.

Detailed information about SERS' fiduciary net position is available in the SERS Annual Comprehensive Financial Report, which can be found on the SERS' website at www.sers.state.pa.us.

Benefits Provided

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

On June 12, 2017, with the passage of Act 2017-5, two new side-by-side hybrid defined benefit/defined contribution benefit options and a new defined contribution only option were established for all state employees who first enter SERS membership on or after January 1, 2019. Additionally, all current SERS members were given a one-time, irrevocable option to select one of the three new retirement benefit options between January 1, 2019 and March 31, 2019. The newly elected option became effective July 1, 2019, and generally will apply to all future service.

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

Member Contributions

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 and prior to January 1, 2019:
    - 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%

According to the Commonwealth Retirement Code, all obligations of SERS will be assumed by the Commonwealth should SERS terminate. The contribution to SERS for the years ended June 30, 2022 and 2021 were $1,060,947 and $1,126,743, respectively.

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, 2022 and 2021, the employer required contribution rates were as follows:

	2022	2021
Membership Class AA	37.46%	36.84%
Membership Class A-3	25.90%	25.47%
Membership Class A-4	25.90%	25.47%
Membership Class A-5	19.93%	19.59%
Membership Class A-6	19.93%	19.59%
Defined Contribution only	19.88%	19.59%

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

Commonwealth Contributions

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

Proportionate Share

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 2022, from the December 31, 2021 funding valuation, to the expected funding payroll.

At December 31, 2021 (measurement date for the net pension liability reported at June 30, 2022), the College's proportion for SERS was 0.0478%, which was a decrease of 0.0017% from its proportion measured as of December 31, 2020. At December 31, 2020 (measurement date for the net pension liability reported at June 30, 2021), the College's proportion for SERS was 0.0049%, which was a decrease of 0.0003% from its proportion measured as of December 31, 2019.

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

At June 30, 2022 and 2021, the College reported a liability of its proportionate share of net pension liability of $6,960,589 and $9,049,351, respectively.

The SERS net pension liability reported at June 30, 2022 was measured as of December 31, 2021 and was determined by an actuarial valuation as of that date. The SERS net pension liability reported at June 30, 2021 was measured as of December 31, 2020 and was determined by an actuarial valuation as of that date.

For the years ended June 30, 2022 and 2021, the College recognized pension expense of $139,644 and $1,046,570 respectively. At June 30, 2022, the College reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Net differences between projected and actual earnings on pension plan investments	$ 45,959	$ 40,065
Difference between employer contributions and proportionate share of contributions	716,388	-
Difference between expected and actual experience	-	2,013,882
Change in assumption	-	954,020
Changes in proportion	79,170	14,318
The College's contributions subsequent to the measurement date	511,300	-
Total	$ 1,352,817	$ 3,022,285

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

	Deferred Outflows of Resources	Deferred Inflows of Resources
Net differences between projected and actual earnings on pension plan investments	$ -	$ 1,156,816
Difference between employer contributions and proportionate share of contributions	115,897	24,838
Difference between expected and actual experience	84,962	10,149
Change in assumption	1,006,248	-
Changes in proportion	2,039	1,030,551
The College's contributions subsequent to the measurement date	512,199	-
Total	$ 1,721,345	$ 2,222,354

$511,300 and $512,199 was reported at June 30, 2022 and 2021, respectively, as deferred outflows of resources resulting from the College's contributions subsequent to the measurement date. The amount recorded at June 30, 2022 will be recognized as a reduction of the net pension liability in the year ending June 30, 2023. The amount recorded at June 30, 2021 was recognized as a reduction of the net pension liability for the year ended June 30, 2022.

Other amounts reported at June 30, 2022 as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

Year Ending June 30:	Amortization Amount
2023	$ (527,448)
2024	(832,376)
2025	(455,091)
2026	(358,766)
2027	(7,087)
Total	$ (2,180,768)

Actuarial Methods and Assumptions

The following methods and assumptions were used in the actuarial valuation for the December 31, 2021 measurement date:

- Actuarial cost method – Entry Age Normal – level % of pay
- Investment return – 7.00%, includes inflation at 2.50%
- Salary growth – Effective average of 4.60%, with range of 3.30% - 6.95% and comprised 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, 2021 valuation.

The assumed investment rate of return was reduced from 7.125% to 7.00% for the December 31, 2020 valuation. The assumed rate of inflation was reduced from 2.60% to 2.50% for the December 31, 2020 valuation. In addition, reduced rates of career salary growth, more favorable annuitant mortality assumptions, and several other changes were included in the December 31, 2020 valuation.

There were no changes in benefit terms for the December 31, 2021 or 2020 valuation.

Pension Plan Investments

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

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

The target allocation and best estimates of arithmetic real rates of return for each major asset class are summarized in the following table:

Asset Class	Target Allocation	Long-Term Expected Real Rate of Return
Private Equity	12%	6.00%
Private Credit	4%	4.25%
Real Estate	7%	3.75%
U.S. Equity	31%	4.60%
International developed markets equity	14%	4.50%
Emerging markets equity	5%	4.90%
Fixed income	22%	-0.25%
Inflation protection (TIPS)	3%	-0.30%
Cash	2%	-1.00%
Total	100%	

For SERS' years ended December 31, 2021 and 2020, the annual money-weighted rate of return on the pension plan investments, net of pension plan investment expenses, was 17.2% and 11.1%, respectively.

Discount Rate

The discount rate used to measure the total pension liability for SERS was 7.00% for fiscal years ended June 30, 2022 and June 30, 2021, respectively. 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 the Net Pension Liability to Changes in the Discount Rate

The following presents the College's proportionate share of the net pension liability calculated using the discount rates described below, as well as what the College's proportionate share of the net pension liability would be if it were calculated using a discount rate that is 1-percentage-point lower or 1-percentage-point higher than the current rate.

June 30, 2022	1% Decrease (6.00%)	Current Discount Rate (7.00%)	1% Increase (8.00%)
The College's proportionate share of the net pension liability	$ 8,791,238	$ 6,960,589	$ 3,768,686

June 30, 2021	1% Decrease (6.00%)	Current Discount Rate (7.00%)	1% Increase (8.00%)
The College's proportionate share of the net pension liability	$ 11,313,024	$ 9,049,351	$ 6,158,735

Teachers' Insurance and Annuity Association - Credit Retirement Equities Fund (TIAA-CREF)

TIAA/CREF is a multiple-employer, defined contribution plan. TIAA/CREF is an option to employees who wish to participate in a program whose benefits depend solely on amounts contributed plus investment earnings. Employer and employee contribution rates are established by statute. A faculty, classified, or administration member's contribution to TIAA-CREF shall be a mandatory five (5%) percent to a maximum based on IRS limits of his total salary, including summer term and extra-load compensation.

The employee may choose the specific percentage contribution within the required guidelines. Relative to classified employees, the College's contribution shall be seven and one-half percent (7.5%) of compensation earned up to $7,800 and ten percent (10%) of the amount earned in excess of the $7,800. Relative to administration, the College's contribution will be calculated at a rate of thirteen percent (13%) of total applicable salaries. Relative to the faculty, the College's contribution will be calculated at a rate of (10%) ten percent of total applicable salaries.

During the years ended June 30, 2022, 2021 and 2020, the College contributed $1,393,528, $1,365,419 and $1,526,109, respectively, to the plan.

The plan is a defined contribution plan, with various investment options available to the employees.

11. Long-Term Debt

Hazleton Area Industrial Development Authority

Original Loan Agreement

The original loan agreement provided proceeds of $3,150,000 received as per promissory note dated March 29, 2011 between the College and the Hazleton Area Industrial Development Authority (IDA). Above proceeds directly relate to the issuance of the Hazleton Area Industrial Development Authority Guaranteed College Revenue note (Luzerne County Community College Project) Series of 2011 by the IDA. A note was then executed by the College made payable to the IDA, which was subsequently endorsed and assigned by the IDA without recourse to First National Community Bank.

Use of Note Proceeds for the Capital Improvements

The 2011 Note is being issued by the IDA to finance a project (Project) for the benefit of the College comprised of (i) planning, designing, acquiring, constructing, renovating, improving, furnishing, and equipping of a new Culinary Arts Institute facility of the College; (ii) planning, designing, acquiring, constructing, renovating, improving, furnishing, and equipping of various other capital improvements to the College's existing facilities; (iii) acquiring various capital equipment for use in or in connection with the facilities of the College, and (iv) paying all or a portion of the costs and expenses of issuance of the 2011 Note.

General Municipal Authority of the City of Nanticoke

Original Loan Agreement

The original loan agreement provided proceeds of $7,993,367 received as per lease and sublease agreement dated August 31, 2017 between the College and U.S. Bancorp Government Leasing and Finance, Inc., Lessor, and the General Municipal Authority of the City of Nanticoke, Sublessor.

Use of Note Proceeds for the Capital Improvements

The 2017 lease and sublease agreement is to finance a project for the benefit of the College to make energy savings improvements.

The following tabulation summarizes the outstanding debt as reflected in the Plant Fund of the College:

Date of Issue	Final Maturity	Interest Rate	Outstanding General Note Obligation July 1, 2021	Issued During the Year	Retired During the Year	Outstanding General Note Obligation June 30, 2022	Current Portion
Hazleton Area Industrial Development Authority							
March 29, 2011	2031	4.99%	$ 1,915,063	$ -	$ 159,431	$ 1,755,632	$ 166,004
General Municipal Authority of the City of Nanticoke							
August 31, 2017	2032	2.53%	$ 7,064,389	$ -	$ 399,473	$ 6,664,916	$ 458,878

Date of Issue	Final Maturity	Interest Rate	Outstanding General Note Obligation July 1, 2020	Issued During the Year	Retired During the Year	Outstanding General Note Obligation June 30, 2021	Current Portion
Hazleton Area Industrial Development Authority							
March 29, 2011	2031	4.99%	$ 2,066,746	$ -	$ 151,683	$ 1,915,063	$ 156,943
General Municipal Authority of the City of Nanticoke							
August 31, 2017	2032	2.53%	$ 7,435,585	$ -	$ 371,196	$ 7,064,389	$ 429,034

The amount of interest paid by the College amounted to $531,482 and $567,120 for the years ended June 30, 2022 and 2021, respectively.

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 following is a five-year-and-after debt summarization of the debt above:

Year	Principal	Interest
2022-23	$ 624,882	$ 254,338
2023-24	633,293	234,749
2024-25	674,753	214,329
2025-26	717,916	192,426
2026-27	763,058	169,183
2027-32	4,229,556	455,222
2032	777,090	20,411
	$ 8,420,548	$ 1,540,658

12. Compensated Absences

The personnel policies of the College provide that compensation for vacations and personal leave for professional employees, as well as compensatory time for non-professional staff, will accrue in accord with such agreements.

Specifically, the College is required to calculate liability for vested amounts related to vacation for administrative personnel, personal time for nine-month faculty, personal and vacation time for twelve-month faculty, vacation and compensatory time for classified personnel, in addition to sick leave payouts upon termination for classified personnel. The College considers approximately twenty percent of these liabilities current and due within one year.

The potential liability for compensation for administrative faculty, and classified personnel for the fiscal year ended June 30, 2022 is as follows:

	Wages	Benefits	Total	Due Within One Year
Administrative	$ 445,441	$ 61,794	$ 507,235	$ 101,447
Security	25,772	2,159	27,931	5,586
Classified	580,590	60,211	640,801	128,160
Faculty	614,453	79,027	693,480	138,696
Total	$ 1,666,256	$ 203,191	$ 1,869,447	$ 373,889

13. Post-Retirement Benefits

Plan Description

Post-retirement benefits are provided to any faculty, administrative, or classified personnel of the College as stipulated in their respective agreements with the College, provided they are both eligible for and also elect early retirement. The College pays premiums for medical, prescription drugs, dental, and life insurance at age 50 with 15 years of service. The benefits extended to the employee include health care and dental benefits, with health care also extended to the employee’s spouse. These benefits are available until the employee attains the age of 66. This benefit is financed currently by the College on a pay-as-you-go basis and is addressed during the annual budget process.

Plan Membership

At June 30, 2022 and 2021, the OPEB plan membership consisted of the following:

	2022	2021
Inactive plan members or beneficiaries currently receiving benefit payments	132	132
Active plan members	292	292
Total plan members	424	424

Funded Status and Funding Progress

Actuarial valuations of an ongoing plan involve estimates of the value of reported amounts and assumptions about the probability of occurrence of events far into the future. Examples include assumptions about future employment, mortality, and the healthcare cost trend. Amounts determined regarding the funded status of the plan and the annual required contribution of the employer are subject to continual revision as actual results are compared with past expectations and new estimated are made about the future.

The contribution requirements of plan members and the College are established and may be amended by the College's Board. The plan is funded on a pay-as-you-go basis, i.e., premiums are paid to fund the health care benefits provided to current retirees. The College made estimated contributions to the plan of $1,069,105 and $824,909 for the fiscal years ended June 30, 2022 and 2021, respectively.

OPEB Liability

The OPEB liability of the College was $31,410,116 and $30,884,963 for the fiscal years ended June 30, 2022 and 2021, respectively.

At June 30, 2022 and 2021, the College reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

	2022		2021	
	Deferred Outflows of Resources	Deferred Inflows of Resources	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	$ -	$ 1,161,225	$ -	$ 1,718,219
Changes in assumptions	1,386,504	1,983,122	1,864,099	1,297,989
The College's contributions subsequent to the measurement date	1,069,105	-	824,909	-
Total	$ 2,455,609	$ 3,144,347	$ 2,689,008	$ 3,016,208

$1,069,105 and $824,909 was reported at June 30, 2022 and 2021, respectively, as deferred outflows of resources resulting from the contributions subsequent to the measurement date. The amount recorded at June 30, 2022 will be recognized as a reduction of the net pension liability in the year ending June 30, 2023. The amount recorded at June 30, 2021 was recognized as a reduction of the net pension liability for the year ended June 30, 2022.

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

Year Ending June 30:	Amortization Amount
2023	$ (726,103)
2024	(726,104)
2025	(39,267)
2026	(266,369)
2027	-
Total	$ (1,757,843)

Actuarial Assumptions

The total OPEB liability was determined as of the July 1, 2020 actuarial valuation using the following actuarial assumptions, applied to all periods in the measurements:

- Actuarial cost method – Entry age normal
- Interest rate – 2.28% - S&P Municipal Bond Rate 20 Year High Grade Rate Index
- Salary increases – 3.0%
- Healthcare cost trend rate – 5.5% in 2020 through 2023. Rates gradually decrease from 5.4% in 2024 to 4.0% in 2075 and later based on the Society of Actuaries Long-Run Medical Cost Trend Model
- Mortality tables – PubT-2010 for Teachers. PubG-2010 for other employees
- Retirement Age – 10% at ages 50-61, 30% at 62-64, 50% at 65 and 100% at 66

Changes in Assumptions

The interest rate was changed from 1.86 % to 2.28%. Assumptions for mortality tables were updated based on PSERS assumptions.

Changes in the Total OPEB Liability

The changes in the total OPEB liability for the College’s retiree plan for the years ended June 30, 2022 and 2021 were as follows:

	2022	2021
Total OPEB liability, July 1	$ 30,884,963	$ 27,552,141
Changes for the year:		
Service cost	2,141,186	1,517,724
Interest on total OPEB liability	605,975	957,405
Differences between expected and actual experience	-	(236,181)
Changes of assumptions	(1,397,099)	2,156,566
Benefit payments	(824,909)	(1,062,692)
Total OPEB liability, June 30	$ 31,410,116	$ 30,884,963

Discount Rate

The discount rate used to measure the June 30, 2021 and 2020 total OPEB liability was 2.28% and 1.86%. respectively. The discount rate is calculated based on the S&P Municipal Bond 20-Year High Grade Rate Index at July 1, 2021.

Sensitivity of the College's Total OPEB Liability to Changes in the Discount Rate

The following presents the College's total OPEB liability calculated using the discount rate described above, as well as what the College's total 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, 2022	1% Decrease (1.28%)	Current Discount Rate (2.28%)	1% Increase (3.28%)
College's total OPEB liability	$ 35,045,865	$ 31,410,116	$ 28,515,971

June 30, 2021	1% Decrease (0.86%)	Current Discount Rate (1.86%)	1% Increase (2.86%)
College's total OPEB liability	$ 34,661,190	$ 30,884,963	$ 27,792,884

Sensitivity of the College's Total OPEB Liability to Changes in the Healthcare Cost Trend Rates

The following presents the College's total OPEB liability calculated using current healthcare cost trend rates as well as what the College's total 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, 2022	1% Decrease	Current Discount Rate	1% Increase
College's total OPEB liability	$ 29,459,409	$ 31,410,116	$ 33,798,014

June 30, 2021			
College's total OPEB liability	$ 29,044,433	$ 30,884,963	$ 32,998,197

14. Termination Benefits

Termination benefits (compensation) are provided to any faculty, administrative, or classified personnel of the College as stipulated in their perspective agreements with the College, provided they are both eligible for and also elect early retirement. Payment can be in the form of one-time payment or over a four-year period. During the fiscal year ending June 30, 2009, the faculty and administrative personnel adopted an IRC Section 403(b) Early Retirement Plan. The College is the fiduciary and plan sponsor. A third party has been contracted to be the administrator of the plan. The expenses and liability are recognized when the offer is accepted, and the amount can be estimated. Accrued benefits totaled $323,214 and $293,170 for the years ended June 30, 2022 and 2021, respectively. All benefits accrued in 2021 were paid in fiscal year 2022 and all benefits accrued for in 2022 will be paid in fiscal year 2023.

15. Risk Management

The College established a partially self-funded Insurance Fund through the General Fund, to account for and finance its uninsured risks of loss related to medical care and outpatient prescription drug costs. A third-party administrator provides administrative services for this partially self-funded plan. Under this program, the Insurance Fund provides coverage of the College's participating employees and their eligible dependents. PPO and HMO Plus participants receive unlimited service allowance from preferred providers. Stop Loss Insurance coverage is provided with the specific deductible per participant of $150,000. In no event will the aggregate stop loss coverage limit be less than $8,523,009.

The liability for health care costs reported in the fund at June 30, 2022 is based on the requirements of GASB Statement No. 10, which requires that a liability for claims be reported if information prior to the issuance of the financial statements indicates that it is probable that a liability has been incurred at the date of the financial statements and the amount of the loss can be reasonably estimated. Claims liability includes all known claims and an amount for claims that have been incurred but not reported (IBNR).

The following is a reconciliation of changes in the liability for health care costs at June 30, 2022. The reserve is based on deposits, net of changes.

Liability for health care costs at July 1, 2021	$ 571,291
Claims incurred during the period	6,891,377
Payments on claims	(7,013,097)
Liability for health care costs at June 30, 2022	$ 449,571

The College maintains insurance contracts to deal with the risk of loss arising from the following events: torts, theft of, damage to, or destruction of assets; business interruptions; errors and omissions; job-related illness of injuries to employees; and acts of God. The insurance contracts cover employees, automobile, and umbrella liabilities. During the year ended June 30, 2022 and the two previous years, no settlements exceeded insurance coverage.

16. Litigation

The College is currently involved in several actions and potential litigation. The College believes it acted appropriately relative to these matters. However, due to the uncertainty that exists relative to the potential litigation, it is impossible at this point to speculate as to the amount of damages, if any that could be assessed against the College as a result of these actions. Consequently, the College has elected not to accrue any amount or charge relative to the potential litigation.

17. Economic Dependency

The College receives a substantial amount of its support from federal, state, and county governments. A significant reduction in the level of support, if this were to occur, may have an effect on the College's programs and activities.

REQUIRED SUPPLEMENTARY INFORMATION

LUZERNE COUNTY COMMUNITY COLLEGE

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

Last 10 Fiscal Years[1]

	2022	2021	2020	2019	2018	2017	2016	2015
College's proportion of PSERS' net pension liability	0.0084%	0.0090%	0.0083%	0.0082%	0.0092%	0.0079%	0.0080%	0.0081%
College's proportionate share of PSERS' net pension liability	$3,449,000	$4,432,000	$3,883,000	$3,936,000	$4,544,000	$3,915,000	$3,465,000	$3,206,000
Commonwealth's proportionate share of PSERS' net pension liability associated with the College	3,454,000	4,440,000	3,860,000	3,912,000	4,521,742	3,897,863	3,481,269	3,217,696
Total proportionate share	$6,903,000	$8,872,000	$7,743,000	$7,848,000	$9,065,742	$7,812,863	$6,946,269	$6,423,696
College's covered payroll	$1,222,513	$1,262,980	$1,141,499	$1,097,954	$1,218,599	$1,018,869	$1,034,097	$1,036,292
College's proportionate share of PSERS' net pension liability as a percentage of its covered payroll	273.08%	350.92%	340.17%	358.48%	372.89%	384.25%	335.07%	309.37%
PSERS' plan fiduciary net position as a percentage of PSERS' total pension liability	50.04%	54.32%	55.66%	54.00%	49.88%	50.14%	54.36%	57.24%

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

SCHEDULE OF COLLEGE CONTRIBUTIONS TO THE PSERS PENSION PLAN

Last 10 Fiscal Years[2]

	2022	2021	2020	2019	2018	2017	2016	2015
Contributions recognized by PSERS	$ 418,568	$ 406,263	$ 433,708	$ 374,059	$ 294,178	$ 339,123	$ 257,571	$ 418,970
College's covered payroll	$1,222,513	$1,262,980	$1,141,499	$1,138,983	$1,093,479	$1,219,151	$1,067,775	$1,077,971
Contributions as a percentage of covered payroll	34.24%	32.17%	37.99%	32.84%	26.90%	27.82%	24.12%	38.87%

[2] 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.

LUZERNE COUNTY COMMUNITY COLLEGE

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

Last 10 Fiscal Years[1]

	2022	2021	2020	2019	2018	2017	2016	2015
College's proportion of SERS' net pension liability	0.048%	0.049%	0.052%	0.0056%	0.0092%	0.0079%	0.0080%	0.0065%
College's proportionate share of SERS' net pension liability	$ 6,960,589	$ 9,049,351	$ 9,454,433	$11,744,173	$ 9,988,025	$11,371,092	$10,673,070	$ 9,717,066
College's covered payroll	$ 2,871,312	$ 3,064,225	$ 3,173,918	$ 3,436,405	$ 3,427,742	$ 3,489,770	$ 3,569,981	$ 3,923,793
College's proportionate share of SERS' net pension liability as a percentage of its covered payroll	238.09%	295.32%	297.88%	341.76%	291.39%	325.84%	298.97%	247.64%
SERS' plan fiduciary net position as a percentage of SERS' total pension liability	76.00%	67.00%	63.10%	56.40%	63.00%	57.80%	58.90%	64.79%

[1] The amounts presented for each fiscal year were determined as of the measurement date, which is December 31 within the fiscal year. This schedule is intended to illustrate information for 10 years. However, until a full 10-year trend is compiled, the College is presenting information for those years only for which information is available.

SCHEDULE OF COLLEGE CONTRIBUTIONS TO THE SERS PENSION PLAN

Last 10 Fiscal Years[2]

	2022	2021	2020	2019	2018	2017	2016	2015
Contributions recognized by SERS	$ 1,060,947	$ 1,126,743	$ 1,170,430	$ 1,025,557	$ 1,104,400	$ 1,000,550	$ 727,192	$ 595,653
College's covered payroll	$ 2,871,312	$ 3,064,225	$ 3,173,918	$ 3,338,645	$ 3,427,742	$ 3,489,770	$ 3,569,981	$ 3,923,793
Contributions as a percentage of covered payroll	36.95%	36.77%	36.88%	30.72%	32.22%	28.67%	20.37%	15.18%

[2] 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.

LUZERNE COUNTY COMMUNITY COLLEGE

SCHEDULE OF THE COLLEGE'S TOTAL OPEB LIABILITY FOR ITS RETIREE PLAN

Last 10 Fiscal Years[1]

	2022	2021	2020	2019	2018
Total OPEB Liability:					
Service cost	$ 2,141,186	$ 1,517,724	$ 1,650,902	$ 1,696,536	$ 1,897,100
Interest	605,975	957,405	836,704	914,257	725,852
Changes of benefit terms	-	-	-	-	-
Differences between actual and expected experience	-	(236,181)	-	(3,058,548)	-
Changes of assumptions	(1,397,099)	2,156,566	(941,852)	277,692	(1,563,535)
Benefit payments	(824,909)	(1,062,692)	(916,457)	(916,556)	(662,295)
Net Changes in Total OPEB Liability	525,153	3,332,822	629,297	(1,086,619)	397,122
Total OPEB Liability - Beginning	30,884,963	27,552,141	26,922,844	28,009,463	27,612,341
Total OPEB Liability - Ending	$ 31,410,116	$ 30,884,963	$ 27,552,141	$ 26,922,844	$ 28,009,463
Covered Payroll	$ 16,800,309	$ 16,800,331	$ 17,070,846	$ 17,070,846	$ 17,400,674
Total OPEB Liability as a Percentage of Covered Payroll	186.96%	183.84%	161.40%	157.71%	160.97%

[1] 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.

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

Actuarial Valuation Date/ Measurement Date	6/30/2021	6/30/2020	6/30/2019	6/30/2018	6/30/2017	6/30/2016	6/30/2015	6/30/2014
College Fiscal Year In Which NPL is Recorded	6/30/2022	6/30/2021	6/30/2020	6/30/2019	6/30/2018	6/30/2017	6/30/2016	6/30/2015
Discount Rate	7.00%	7.25%	7.25%	7.25%	7.25%	7.25%	7.50%	7.50%
Salary Increases	4.50%	5.00%	5.00%	5.00%	5.00%	5.00%	5.50%	5.50%
Mortality	PubT-2010, PubG-2010	RP-2014, Scale MP-2015	RP-2014, Scale MP-2015	RP-2014, Scale MP-2015	RP-2014, Scale MP-2015	RP-2014, Scale MP-2015	RP-2000	RP-2000
Changes in Benefits	None	None	A new hybrid defined benefit/ defined contribution plan is applicable for new PSERS members on July 1, 2019 and thereafter	None	Vested Class T-E and T-F members can withdraw their accumulated contributions and interest	None	None	None
Actuarially Calculated Contribution Rate from Actuarial Date Shown Above	34.94%	34.51	32.29%	33.36%	32.60%	31.74%	29.20%	25.00%
College Fiscal Year in Which Actuarially Calculated Contribution Rate Is Applied	6/30/2023	6/30/2022	6/30/2021	6/30/2020	6/30/2019	6/30/2018	6/30/2017	6/30/2016

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

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

Actuarial Valuation Date/ Measurement Date	12/31/2021	12/31/2020	12/31/2019	12/31/2018	12/31/2017	12/31/2016	12/31/2015	12/31/2014
College Fiscal Year In Which NPL is Recorded	6/30/2022	6/30/2021	6/30/2020	6/30/2019	6/30/2018	6/30/2017	6/30/2016	6/30/2015
Discount Rate	7.00%	7.00%	7.125%	7.25%	7.25%	7.25%	7.50%	7.50%
Salary Increases	4.60%	4.60%	5.60%	5.60%	5.60%	5.60%	5.70%	6.10%
Mortality	PubG-2010 and PubNS-2010	PubG-2010 and PubNS-2010	RP-2000	RP-2000	RP-2000	RP-2000	RP-2000	RP-2000
Changes in Benefits	None	None	A new hybrid defined benefit/ defined contribution plan is applicable for new SERS members on January 1, 2019 and thereafter	None	None	None	None	None
Actuarially Calculated Contribution Rate from Actuarial Date Shown Above[1]		33.76%	33.45%	33.53%	32.90%	33.22%	29.50%	25.00%
College Fiscal Year in Which Actuarially Calculated Contribution Rate Is Applied		6/30/2022	6/30/2021	6/30/2020	6/30/2019	6/30/2018	6/30/2017	6/30/2016

N/A – Years pre-date required implementation date of GASB Statements No. 68; thus, actuarial valuation assumptions for these years are not presented.

[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 Retiree OPEB Plan

The retiree plan is not administered through a trust and assets are not accumulated in a trust to pay related benefits.

Actuarial Date	7/1/2020	7/1/2020	7/1/2018	7/1/2018	7/1/2016
Measurement Date	6/30/2022	6/30/2021	6/30/2020	6/30/2019	6/30/2018
College Fiscal Year	6/30/2022	6/30/2021	6/30/2020	6/30/2019	6/30/2018
Discount Rate	2.28%	1.86%	3.36%	2.98%	3.13%
Salary Increases	3.00%	3.00%	3.00%	3.00%	3.00%
Mortality	PubT-2020 and PubG-2010	PubT-2020 and PubG-2010	RP-2000	RP-2000	RP-2000
Assumed Healthcare Trend Rates	2021-5.5% 2022-5.5% 2024-5.4% 2075-4.0%	2020-5.5% 2021-5.5% 2024-5.4% 2075-4.0%	2018-6.0% 2019-5.5% 2022-5.4% 2075-3.8%	2018-6.0% 2019-5.5% 2022-5.4% 2075-3.8%	2017-6.0% 2018-5.5% 2024-5.4% 2075-3.9%
Changes in Benefits	None	None	None	None	None

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

SUPPLEMENTARY INFORMATION

LUZERNE COUNTY COMMUNITY COLLEGE

STATEMENTS OF NET POSITION - ALL FUNDS

JUNE 30, 2022 AND 2021

Assets and Deferred Outflows	Current Funds Unrestricted	Current Funds Restricted	Plant Fund	Auxiliary	Adjustments	Total 2022	Total 2021 (Restated)
Current assets:							
Cash	$ 36,446,159	$ 4,194,437	$ 429,485	$ 1,675,021	$ -	$ 42,745,102	$ 40,337,513
Accounts receivable:							
Student (net of allowance)	2,176,592	-	-	-	-	2,176,592	2,400,275
Federal Government	4,506,293	-	-	-	-	4,506,293	115,049
Commonwealth of Pennsylvania (net of reserve)	387,241	-	-	-	-	387,241	319,321
Luzerne County	2,960,458	-	136,250	-	-	3,096,708	-
Suppliers	-	-	-	18,844	-	18,844	(1,632)
Other	1,039,424	-	-	5,164	-	1,044,588	621,264
Inventory - supplies	43,875	-	-	7,226	-	51,101	47,314
Prepaid expenses	-	-	-	-	-	-	-
Due from current - unrestricted fund	(260)	1,988,264	1,032,739	6,291,286	(9,312,029)	-	-
Due from current - plant fund	7,164,240	-	-	26,988	(7,191,228)	-	-
Due from current - auxiliary fund	-	(3,482,121)	-	19,612	3,462,509	-	-
Due from Foundation	-	-	6,536	5	(12,974)	(6,433)	(4,524)
Total current assets	54,724,022	2,700,580	1,605,010	8,044,146	(13,053,722)	54,020,036	43,834,580
Non-current assets:							
Capital assets:							
Land	-	-	1,382,185	-	-	1,382,185	1,382,185
Construction in progress	-	-	460,360	-	-	460,360	148,189
Furniture and fixtures	-	-	3,927,698	-	-	3,927,698	3,846,250
Equipment	-	-	29,497,366	163,252	-	29,660,618	29,355,791
Library books	-	-	2,173,683	-	-	2,173,683	2,173,683
Microfilm and audio-visual equipment	-	-	863,748	-	-	863,748	863,748
Motor vehicles	-	-	656,134	-	-	656,134	603,043
Permanent campus	-	-	92,501,095	-	-	92,501,095	91,127,376
CARES Act	-	-	1,443,747	-	-	1,443,747	149,852
Less: accumulated depreciation	-	-	(93,413,615)	(163,252)	-	(93,576,867)	(89,655,009)
Capital assets, net	-	-	39,492,401	-	-	39,492,401	39,995,108
Loan costs, net	-	-	38,768	-	-	38,768	38,768
Right-to-use assets, net accumalated amorization	-	-	5,930,445	-	-	5,930,445	4,223,483
Long-term investments	-	-	-	-	-	-	12,004,709
Total non-current assets	-	-	45,461,614	-	-	45,461,614	56,262,068
Total assets	54,724,022	2,700,580	47,066,624	8,044,146	(13,053,722)	99,481,650	100,096,648
Deferred Outflows of Resources:							
Pension	2,132,084	-	-	-	-	2,132,084	2,726,608
Post-retirement benefits	2,455,609	-	-	-	-	2,455,609	2,689,008
Total deferred outflows of resources	4,587,693	-	-	-	-	4,587,693	5,415,616

(Continued)

LUZERNE COUNTY COMMUNITY COLLEGE

STATEMENTS OF NET POSITION - ALL FUNDS

JUNE 30, 2022 AND 2021
(Continued)

	Current Funds		Plant			Total	Total
Liabilities and Deferred Inflows	Unrestricted	Restricted	Fund	Auxiliary	Adjustments	2022	2021
Current liabilities:							(Restated)
Accounts payable:							
Trade	404,154	-	565,647	58,374	-	1,028,175	1,036,649
Commonwealth of Pennsylvania	22,562	-	93	-	-	22,655	23,287
Accruals:				-			
Salaries and wages	1,451,306	-	-	-	-	1,451,306	1,444,453
Employee payroll deductions payable	(7,720)	-	-	-	-	(7,720)	(153,773)
Scholarships payable	9,244	-	-	-	-	9,244	9,244
IBNR claims payable	449,571	-	-	-	-	449,571	571,291
Deferred revenue:				-			
Tuition, fees, and other	70,229	-	-	-	-	70,229	79,001
Federal and state grants	628,142	-	102,308	-	-	730,450	7,308,138
Other liabilities	5,969	(127)	132,977	-	-	138,819	138,209
Due to current restricted fund	1,988,004	-	-	225	(1,988,229)	-	-
Due to unrestricted fund	196,057	-	7,164,240	2,393,357	(9,753,654)	-	-
Due to auxiliary fund	-	-	26,988	252,112	(279,100)	-	-
Due to unexpended plant fund	5,704,564	-	(5,704,564)	1,032,739	(1,032,739)	-	-
Liability for compensated absences and fringe benefits	373,889	-	-	-	-	373,889	412,824
Current portion of OPEB liability	2,141,186	-	-	-	-	2,141,186	1,517,724
Other accrued liabilities	323,214	-	-	-	-	323,214	293,170
Current portion of lease payable	-	-	627,331	-	-	627,331	1,072,946
Current portion long-term debt	-	-	624,882	-	-	624,882	585,977
Total current liabilities	13,760,371	(127)	3,539,902	3,736,807	(13,053,722)	7,983,231	14,339,140
Non-current liabilities:							
Liability for post-retirement benefits	29,268,930	-	-	-	-	29,268,930	29,367,239
Liability for compensated absences and fringe benefits	1,495,558	-	-	-	-	1,495,558	1,651,297
Net pension liability	10,409,590	-	-	-	-	10,409,590	13,481,351
Long-term leases, net of current portion	-	-	4,803,436	-	-	4,803,436	3,239,375
Long-term debt, net of current portion	-	-	7,795,666	-	-	7,795,666	8,393,475
Total non-current liabilities	41,174,078	-	12,599,102	-	-	53,773,180	56,132,737
Total liabilities	54,934,449	(127)	16,139,004	3,736,807	(13,053,722)	61,756,411	70,471,877
Deferred Inflows of Resources:							
Pension	3,832,285	-	-	-	-	3,832,285	2,445,354
Post-retirement benefits	3,144,347	-	-	-	-	3,144,347	3,016,208
Total deferred inflows of resources	6,976,632	-	-	-	-	6,976,632	5,461,562

(Continued)

LUZERNE COUNTY COMMUNITY COLLEGE

STATEMENTS OF NET POSITION - ALL FUNDS

JUNE 30, 2022 AND 2021
(Continued)

	Current Funds		Plant			Total	Total
Net Position	Unrestricted	Restricted	Fund	Auxiliary	Adjustments	2022	2021
Net position:							(Restated)
Net investment in capital assets	-	-	30,927,620	-	-	30,927,620	28,493,692
Restricted	-	2,700,707	-	-	-	2,700,707	2,594,344
Unrestricted- Healthcare account	698,565	-	-	-	-	698,565	832,896
Unrestricted	(3,297,931)	-	-	4,307,339	-	1,009,408	(2,342,107)
Total net position	$ (2,599,366)	$ 2,700,707	$ 30,927,620	$ 4,307,339	$ -	$ 35,336,300	$ 29,578,825

(Concluded)

LUZERNE COUNTY COMMUNITY COLLEGE

STATEMENTS OF REVENUES, EXPENSES, AND CHANGES IN NET POSITION - ALL FUNDS

YEARS ENDED JUNE 30, 2022 AND 2021

	Current Funds		Plant			Total	Total
	Unrestricted	Restricted	Fund	Auxiliary	Adjustments	2022	2021
Revenues:							(Restated)
Tuition and fees	$ 19,848,372	$ -	$ 252,590	$ -	$ -	$ 20,100,962	$ 21,188,693
Commonwealth of Pennsylvania appropriations	12,526,152	-	1,348,010	-	-	13,874,162	13,892,302
Luzerne County appropriations	5,920,915	-	272,500	-	-	6,193,415	6,314,557
Federal grants and special programs	13,824,754	19,005,608	1,790,244	-	-	34,620,606	20,709,777
Interest on investments	206,234	100,395	6,700	27,843	-	341,172	301,742
Other revenues	174,059	-	-	-	-	174,059	208,838
Sale of assets	-	-	2,215	-	-	2,215	3,610
Auxiliary enterprises	-	-	-	693,856	-	693,856	482,429
Total revenues	52,500,486	19,106,003	3,672,259	721,699	-	76,000,447	63,101,948
Expenses:							
Educational and general:							
General administration	4,299,961	-	-	-	-	4,299,961	4,396,609
Student services	8,670,098	-	-	-	-	8,670,098	4,277,171
Staff benefits	1,072,170	-	-	-	-	1,072,170	2,533,750
General institutional	2,940,969	-	-	-	-	2,940,969	3,782,030
Instructional and departmental research	18,773,749	-	-	-	-	18,773,749	19,236,278
Library	666,832	-	-	-	-	666,832	686,814
Operation and maintenance of plant	7,248,032	-	782,010	-	-	8,030,042	8,035,698
Governmental grants	-	18,957,694	-	-	-	18,957,694	17,925,506
Amortization expense	-	-	1,124,922	-	-	1,124,922	786,752
Depreciation expense	-	-	3,954,667	-	-	3,954,667	3,995,312
Interest expense	-	-	531,482	-	-	531,482	567,120
Other (income) expense	15,613	41,946	460,980	-	-	518,539	417,377
Auxiliary enterprises	-	-	-	701,848	-	701,848	505,529
Total expenses	43,687,424	18,999,640	6,854,061	701,848	-	70,242,973	67,145,946

(Continued)

LUZERNE COUNTY COMMUNITY COLLEGE

STATEMENTS OF REVENUES, EXPENSES, AND CHANGES IN NET POSITION - ALL FUNDS

YEARS ENDED JUNE 30, 2022 AND 2021
(Continued)

	Current Funds Unrestricted	Current Funds Restricted	Plant Fund	Auxiliary	Adjustments	Total 2022	Total 2021 (Restated)
Revenue over (under) expenses	$ 8,813,062	$ 106,363	$ (3,181,802)	$ 19,851	$ -	$ 5,757,474	$ (4,043,998)
Nonmandatory transfers	-	-	-	-	-	-	-
Change in net position	8,813,062	106,363	(3,181,802)	19,851	-	5,757,474	(4,043,998)
Beginning net position, restated	(11,412,428)	2,594,344	34,109,422	4,287,488	-	29,578,826	33,622,823
Net position, ending	$ (2,599,366)	$ 2,700,707	$ 30,927,620	$ 4,307,339	$ -	$ 35,336,300	$ 29,578,825
Ending net position consists of:							
Net investment in capital assets	-	-	30,927,620	-	-	30,927,620	28,493,692
Restricted	-	2,700,707	-	-	-	2,700,707	2,594,344
Unrestricted- Healthcare account	698,565	-	-	-	-	698,565	832,896
Unrestricted	(3,297,931)	-	-	4,307,339	-	1,009,408	(2,342,107)
Total net position	$ (2,599,366)	$ 2,700,707	$ 30,927,620	$ 4,307,339	$ -	$ 35,336,300	$ 29,578,825

(Concluded)