BOOK ENTRY ONLY

Rating:
See "BOND RATING" herein

In the opinion of Bond Counsel, under existing law and assuming continuing compliance by the Authority, the College and the Foundation with the requirements of the Internal Revenue Code of 1986, as amended, and the regulations thereunder, that relate to the Bonds, the interest on the Bonds is excludable from gross income for federal income tax purposes and is not an item of tax preference for purposes of the federal alternative minimum tax imposed on individuals and corporations. However, for the purpose of computing the alternative minimum tax imposed on certain corporations (as defined for federal income tax purposes), interest on the Bonds is taken into account in determining adjusted current earnings. Bond Counsel is also of the opinion that, under existing law, interest on the Bonds is exempt from Pennsylvania personal income tax and from Pennsylvania corporate net income tax, and the Bonds are exempt firm personal property taxes in Pennsylvania. See "TAX EXEMPTION" herein.

Northampton
Community College

$42,720,000
STATE PUBLIC SCHOOL BUILDING AUTHORITY
(Commonwealth of Pennsylvania)
College Revenue Bonds
(Northampton County Area Community College Project)
$29,005,000 Series A of 2014

College Revenue Bonds
(Northampton County Area Community College Project)
$13,715,000 Series B of 2014

Dated: Date of Delivery

Due: As shown on the inside cover hereof

State Public School Building Authority (the "Authority") is offering $29,005,000 of its College Revenue Bonds (Northampton County Area Community College Project), Series A of 2014 (the "2014A Bonds") and $13,715,000 College Revenue Bonds (Northampton County Area Community College Project) Series B of 2014 (the "2014B Bonds" and together with the 2014A Bonds, the "Bonds"), to finance certain projects as described herein for the benefit of Northampton County Area Community College (the "College"). Interest on the 2014A Bonds is payable on June 15, 2014 and on each June 15 and December 15 thereafter until maturity or prior redemption. Interest on the 2014B Bonds is payable on September 1, 2014 and on each September 1 and March 1 thereafter until maturity or prior redemption. The Bonds are issuable only in fully registered form, without coupons, in denominations of $5,000 or any integral multiple thereof.

The Bonds, when issued, will be registered in the name of CEDE & CO., as nominee for the Depository Trust Company, New York, New York ("DTC"), which will act as securities depository for the Bonds. Beneficial ownership interests in the Bonds will he recorded in book-entry only form in the denominations of $5,000 or any multiple thereof. Principal and interest on the Bonds are payable directly to CEDE & CO. for redistribution to DTC Participants (as defined herein) and in turn to Beneficial Owners (as defined herein). Purchasers will not receive physical delivery of certificates representing their ownership interests in the Bonds purchased. For so long as any purchaser is the Beneficial Owner of a Bond, such purchaser must maintain an account with the broker or dealer who is, or acts through, a DTC Participant to receive payment of the principal of and interest on such Bonds. See "THE BONDS---Book-Entry Only System" herein.

The scheduled payment of principal and interest on the Bonds when due will be guaranteed under a municipal bond insurance policy to be issued concurrently with the delivery of the Bonds by

BUILD AMERICA MUTUAL ASSURANCE COMPANY

BAM
BUILD AMERICA MUTUAL

The Bonds are subject to redemption prior to maturity as further described herein.

THE BONDS ARE LIMITED OBLIGATIONS OF THE AUTHORITY AND ARE SECURED UNDER THE PROVISIONS OF A TRUST INDENTURE AND A LOAN AGREEMENT, AS EACH IS REFERRED TO HEREIN AND ARE PAYABLE SOLELY FROM THE FUNDS HELD UNDER THE TRUST INDENTURE AND FROM THE PAYMENTS TO BE RECEIVED BY THE AUTHORITY FROM THE COLLEGE PURSUANT TO THE LOAN AGREEMENT AND THE NOTE. NEITHER THE PRINCIPAL OF THE BONDS, NOR THE INTEREST ACCRUING THEREON, SHALL EVER CONSTITUTE A GENERAL INDEBTEDNESS OF THE AUTHORITY OR AN INDEBTEDNESS OF THE COMMONWEALTH OF PENNSYLVANIA OR ANY POLITICAL SUBDIVISION THEREOF WITHIN THE MEANING OF ANY CONSTITUTIONAL OR STATUTORY PROVISION WHATSOEVER OR SHALL EVER CONSTITUTE OR GIVE RISE TO A PECUNIARY LIABILITY OF THE COMMONWEALTH OF PENNSYLVANIA OR ANY POLITICAL SUBDIVISION THEREOF OR A CHARGE AGAINST THE GENERAL CREDIT OR TAXING POWER OF THE COMMONWEALTH OF PENNSYLVANIA OR ANY POLITICAL SUBDIVISION THEREOF, NOR WILL THE BONDS BE, OR DEEMED TO BE, AN OBLIGATION OF THE COMMONWEALTH OF PENNSYLVANIA OR ANY POLITICAL SUBDIVISION THEREOF. THE AUTHORITY HAS NO TAXING POWER.

This cover page contains certain information for quick reference only. It is not a summary of this issue. Investors must read this entire Official Statement to obtain information essential to making an informed investment decision.

The Bonds are offered for delivery when, as and if issued by the Authority and received by the Underwriter and subject to receipt of an approving legal opinion of Reed Smith LLP, Philadelphia, Pennsylvania, Bond Counsel. Certain legal matters will be passed upon for the Authority by its counsel, Buchanan Ingersoll & Rooney PC, Pittsburgh, Pennsylvania, for the College and the Foundation by their counsel, Herster, Newton, and Murphy, Easton, Pennsylvania, and for the Underwriter by its counsel, Fox Rothschild LLP, Philadelphia, Pennsylvania. It is expected that the Bonds will be available for delivery to DTC on or about April 2, 2014.

RBC | RBC Capital Markets®

The date of this Official Statement is March 20, 2014.

$42,720,000
STATE PUBLIC SCHOOL BUILDING AUTHORITY
(Commonwealth of Pennsylvania)

College Revenue Bonds
(Northampton County Area Community College Project)
$29,005,000 Series A of 2014

College Revenue Bonds
(Northampton County Area Community College Project)
$13,715,000 Series B of 2014

MATURITIES, PRINCIPAL AMOUNTS, INTEREST RATES, YIELDS, PRICES AND CUSIP NUMBERS

SERIES A

Maturity (June 15)	Principal Amount	Interest Rate	Yield	Price	CUSIP†
2015	$295,000	3.000%	0.410%	103.103	85732MVT1
2016	$970,000	4.000%	0.600%	107.428	85732MVU8
2017	$1,005,000	4.000%	0.950%	109.597	85732MVV6
2018	$1,045,000	4.000%	1.350%	110.790	85732MVW4
2019	$1,090,000	5.000%	1.720%	116.254	85732MVX2
2020	$1,140,000	5.000%	2.150%	116.464	85732MVY0
2021	$1,205,000	5.000%	2.550%	116.024	85732MVZ7
2022	$1,260,000	5.000%	2.870%	115.465	85732MWA1
2023	$1,325,000	5.000%	3.090%	113.741*	85732MWB9
2024	$1,390,000	5.000%	3.250%	112.507*	85732MWC7
2025	$1,455,000	5.000%	3.420%	111.213*	85732MWD5
2026	$1,535,000	5.000%	3.580%	110.011*	85732MWE3
2027	$1,610,000	5.000%	3.670%	109.341*	85732MWF0
2028	$1,690,000	5.000%	3.770%	108.603*	85732MWG8
2029	$1,780,000	5.000%	3.880%	107.798*	85732MWH6
2030	$1,865,000	4.000%	4.130%	98.470	85732MWJ2
2031	$1,935,000	5.000%	4.060%	106.496*	85732MWK9
2032	$2,030,000	5.000%	4.140%	105.923*	85732MWL7
2033	$2,135,000	5.000%	4.210%	105.425*	85732MWM5
2034	$2,245,000	5.000%	4.260%	105.071*	85732MWN3

SERIES B

Maturity (September 1)	Principal Amount	Interest Rate	Yield	Price	CUSIP†
2014	$615,000	3.000%	0.340%	101.099	85732MWP8
2015	$1,215,000	3.000%	0.430%	103.618	85732MWQ6
2016	$1,695,000	4.000%	0.630%	108.060	85732MWR4
2017	$1,775,000	4.000%	1.000%	110.043	85732MWS2
2018	$1,835,000	4.000%	1.420%	110.999	85732MWT0
2019	$1,330,000	5.000%	1.800%	116.435	85732MWU7
2020	$960,000	5.000%	2.220%	116.532	85732MWV5
2021	$1,005,000	5.000%	2.610%	116.013	85732MWW3
2022	$1,045,000	3.250%	2.910%	102.519	85732MWX1
2023	$1,095,000	5.000%	3.130%	113.736**	85732MWY9
2024	$1,145,000	5.000%	3.280%	112.554**	85732MWZ6

†The above CUSIP (Committee on Uniform Securities Identification Procedures) numbers have been assigned by an organization not affiliated with the Authority, the College or the Underwriter, and such parties are not responsible for the selection or use of the CUSIP numbers. The CUSIP numbers are included solely for the convenience of bondholders and no representation is made as to the correctness of such CUSIP numbers. CUSIP numbers assigned to securities may be changed during the term of such securities based on a number of factors including, but not limited to, the refunding or defeasance of such issue or the use of secondary market financial products. Neither the Authority, the College nor the Underwriter have agreed to, and there is no duty or obligation to, update this Official Statement to reflect any change or correction in the CUSIP numbers set forth above.

*Priced to the optional redemption date of June 15, 2022

**Priced to the optional redemption date of September 1, 2022

STATE PUBLIC SCHOOL BUILDING AUTHORITY
(Commonwealth of Pennsylvania)

BOARD MEMBERS

Honorable Thomas W. Corbett
Governor of the Commonwealth of Pennsylvania .... President

Honorable Michael J. Folmer
Designated by the President Pro Tempore of the Senate .... Vice President

Honorable Andrew E. Dinniman
Designated by the Minority Leader of the Senate .... Vice President

Honorable Warren E. Kampf
Designated by the Speaker of the House of Representatives .... Vice President

Honorable Robert M. McCord
State Treasurer .... Treasurer

Honorable Sheri L. Phillips
Secretary of General Services .... Secretary

Honorable Anthony M. DeLuca
Designated by the Minority Leader of the House of Representatives .... Board Member

Honorable Eugene DePasquale
Auditor General .... Board Member

Honorable Carolyn Dumaresq
Acting Secretary of Education .... Board Member

EXECUTIVE DIRECTOR
Robert Baccon

AUTHORITY COUNSEL
Buchanan Ingersoll & Rooney PC
Pittsburgh, Pennsylvania
(Appointed by the Office of General Counsel)

BOND COUNSEL
(Appointed by the Office of General Counsel)
Reed Smith LLP
Philadelphia, Pennsylvania

COLLEGE AND FOUNDATION COUNSEL
Herster, Newton and Murphy
Easton, Pennsylvania

TRUSTEE
The Bank of New York Mellon Trust Company, N.A.
Pittsburgh, Pennsylvania

UNDERWRITER
RBC Capital Markets, LLC
Philadelphia, Pennsylvania

UNDERWRITER'S COUNSEL
Fox Rothschild LLP
Philadelphia, Pennsylvania

FINANCIAL ADVISOR
Public Financial Management, Inc.
Harrisburg, Pennsylvania

IN CONNECTION WITH THIS OFFERING, THE UNDERWRITER MAY OVER ALLOT OR EFFECT TRANSACTIONS THAT STABILIZE OR MAINTAIN THE MARKET PRICE OF THE BONDS AT A LEVEL ABOVE THAT WHICH MIGHT OTHERWISE PREVAIL IN THE OPEN MARKET. SUCH STABILIZING, IF COMMENCED, MAY BE DISCONTINUED AT ANY TIME WITHOUT PRIOR NOTICE.

No dealer, broker, salesperson or other person has been authorized by the Authority or the College to give any information or to make any representations with respect to the Bonds, other than those contained in this Official Statement. Such other information or representations, if given or made, must not be relied upon as having been authorized by the Authority or the College. This Official Statement does not constitute an offer to sell or the solicitation of an offer to buy, nor shall there be any sale of the Bonds by any person in any jurisdiction in which it is unlawful for such person to make such offer, solicitation or sale. The information and expressions of opinion herein are subject to change without notice. Neither the delivery of this Official Statement nor any sale made hereunder shall, under any circumstances, create any implication that there has been no change in any of the information set forth herein since the date hereof or the dates of the information contained herein.

The Authority has not prepared or assisted in the preparation of this Official Statement except for the statements under the captions "THE AUTHORITY" and "ABSENCE OF LITIGATION — The Authority." The Authority has reviewed only the information contained herein under such captions and approved only such information for use within the Official Statement.

Certain information contained in this Official Statement has been obtained from the College, The Depository Trust Company and other sources that are believed to be reliable. No representation or warranty is made, however, as to the accuracy or completeness of such information, and nothing contained in this Official Statement is, or may be relied on as, a promise or representation by the Authority or the Underwriter. The information herein relating to the College and its affairs and condition has been provided by the College, and neither the Authority nor the Underwriter make any representation with respect to or warrants the accuracy of such information.

The Underwriter has provided the following sentence for inclusion in this Official Statement. The Underwriter has reviewed the information in this Official Statement in accordance with, and as part of, its responsibilities to investors under the federal securities laws as applied to the facts and circumstances of this transaction, but the Underwriter does not guarantee the accuracy or completeness of such information

The order and placement of materials in this Official Statement, including the appendices hereto, are not to be deemed a determination of relevance, materiality or importance. The Official Statement, including the appendices, must be considered in its entirety.

If and when included in this Official Statement, the words "expects," "forecasts," "projects," "intends," "anticipates," "estimates," "assumes" and analogous expressions are intended to identify forward-looking statements and any such statements inherently are subject to a variety of risks and uncertainties that could cause actual results to differ materially from those that have been projected. Such risks and uncertainties which could affect the revenues and obligations of the Authority or the College include, among others, changes in economic conditions, mandates from other governments and various other events, conditions and circumstances, many of which are beyond the control of the Authority or the College. Such forward-looking statements speak only as of the date of this Official Statement. The Authority and the College disclaim any obligation or undertaking to release publicly any updates or revisions to any forward-looking statement contained herein to reflect any changes in the Authority's or the College's expectations with regard thereto or any change in events, conditions or circumstances on which any such statement is based.

THE BONDS HAVE NOT BEEN REGISTERED UNDER THE SECURITIES ACT OF 1933 NOR HAS THE INDENTURE BEEN QUALIFIED UNDER THE TRUST INDENTURE ACT OF 1939, IN RELIANCE UPON EXEMPTIONS CONTAINED IN SUCH ACTS. THE REGISTRATION OR QUALIFICATION OF THE BONDS IN ACCORDANCE WITH THE APPLICABLE PROVISIONS OF SECURITIES LAWS OF THE STATES IN WHICH THE BONDS HAVE BEEN REGISTERED OR QUALIFIED AND THE EXEMPTION FROM REGISTRATION OR QUALIFICATION IN OTHER STATES CANNOT BE REGARDED AS A RECOMMENDATION THEREOF. NEITHER THESE STATES NOR ANY OF THEIR AGENCIES HAVE PASSED UPON THE MERITS OF THE BONDS OR THE ACCURACY OR COMPLETENESS OF THIS OFFICIAL STATEMENT.

Build America Mutual Assurance Company (“BAM”) makes no representation regarding the Bonds or the advisability of investing in the Bonds. In addition, BAM has not independently verified, makes no representation regarding, and does not accept any responsibility for the accuracy or completeness of this Official Statement or any information or disclosure contained herein, or omitted herefrom, other than with respect to the accuracy of the information regarding BAM, supplied by BAM and presented under the heading “BOND INSURANCE” and “Appendix D - Specimen Municipal Bond Insurance Policy”.

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Official Statement

Relating to

$42,720,000
STATE PUBLIC SCHOOL BUILDING AUTHORITY
(Commonwealth of Pennsylvania)

College Revenue Bonds
(Northampton County Area Community College Project)
$29,005,000 Series A of 2014

College Revenue Bonds
(Northampton County Area Community College Project)
$13,715,000 Series B of 2014

INTRODUCTION

This Official Statement of the State Public School Building Authority (the "Authority"), which includes the cover page and inside cover hereof and the Appendices hereto, provides certain information relating to the Authority and $42,720,000 principal amount of its College Revenue Bonds (Northampton County Area Community College Project), comprised of $29,005,000 Series A of 2014 (the "2014A Bonds") and $13,715,000 Series B of 2014 (the "2014B Bonds" and together with the 2014A Bonds, the "Bonds"). The Bonds are being issued under a Trust Indenture dated as of April 1, 1993 (as previously amended and supplemented, the "Existing Indenture"), as further supplemented by a Tenth Supplemental Trust Indenture dated as of March 1, 2014 (the "Tenth Supplemental Indenture", and collectively with the Existing Indenture, the "Indenture"), entered into by the Authority and The Bank of New York Mellon Trust Company, N.A., as successor trustee (the "Trustee").

The Bonds are being issued pursuant to the State Public School Building Authority Act, approved by the General Assembly of the Commonwealth of Pennsylvania on July 5, 1947, P.L. 1217, as amended (the "Act"). The Authority is a body corporate and politic created in 1947 by the Act. See "The Authority" herein for certain additional information concerning the Authority.

The Northampton County Area Community College (the "College") is a community college offering nearly 100 degree and certificate programs. See "NORTHAMPTON COUNTY AREA COMMUNITY COLLEGE" herein for certain additional information concerning the College.

PURPOSE OF THE BOND ISSUE

The 2014A Bonds are being issued by the Authority on behalf of the College to finance a project consisting of the: (i) the construction of two-story, approximately 85,000 square foot dormitory facility (the "Student Residence Project") to be owned by Northampton County Area Community College Foundation (the "Foundation") and managed by the College for students of the College, (ii) various deferred maintenance projects, dormitory upgrades and information technology projects, (iii) capitalized interest on the portion of the 2014A Bonds allocable to the Student Residence Project for a limited period during construction and (iv) the payment of the costs and expenses of issuing the 2014A Bonds (the "2014A Project"). The 2014B Bonds are being issued by the Authority on behalf of the College to finance a project consisting of the (i) the current refunding of the State Public School Building Authority, College Revenue Refunding Bonds (Northampton County Area Community College Project), Series A of 2004 (the "2004A Bonds") in the original principal amount of $11,030,000 (of which $4,610,000 currently remains outstanding), (ii) the advance refunding of the State Public School Building Authority, College Revenue Bonds (Northampton County Area Community College Project), Series B of 2004 (the "2004B Bonds") in the original principal amount of $15,170,000 (of which $10,110,000 currently remains outstanding) and (ii) the payment of the costs and expenses of issuing the 2014B Bonds (the "2014B Project" and, together with the 2014A Project, the "2014 Project").

Sources and Uses of Funds

The following table shows the expected sources and uses of funds with respect to the 2014 Project:

Sources:	
Principal Amount of Bonds	$ 42,720,000.00
Plus Net Original Issue Premium	$ 4,023,732.50
Total Sources of Funds	$ 46,743,732.50
Uses:	
Project Fund Deposit	$ 30,100,000.00
Capitalized Interest on the 2014A Bonds	$ 1,144,984.31
Redemption Deposit for 2004A Bonds	$ 4,639,030.90
Redemption Deposit for 2004B Bonds	$ 10,340,546.28
Costs of Issuance*	$ 519,171.01
Total Uses of Funds	$ 46,743,732.50

*Includes Underwriter's discount, legal fees, Trustee fees, financial advisor fees, bond insurance premium, rating agency fees, escrow agent fees, verification agent fees, printing costs and miscellaneous expenses.

THE AUTHORITY

Under the Act, the Authority is constituted as a public corporation and governmental instrumentality, having perpetual existence, for the purpose of acquiring, financing, refinancing, constructing, improving maintaining and operating public school and educational broadcasting facilities, and furnishing and equipping the same for use as part of the public school system of the Commonwealth under the jurisdiction of the Pennsylvania Department of Education. Under the Act, the Authority has the additional purpose of acquiring, financing refinancing, construction, improvement, maintenance and operation of community college buildings and furnishing and equipping them for use, to the extent permitted by law.

The Authority and the Pennsylvania Higher Educational Facilities Authority ("PHEFA") share an executive, fiscal and administrative staff, and operate under a joint administrative budget. The Authority has issued, and may continue to issue, other series of bonds for the purpose of financing other projects, including educational facilities. Each such series of bonds is or will be secured by instruments separate and apart from the Indenture securing the Bonds.

Under the Act, the Authority consists of the Governor of the Commonwealth of Pennsylvania, the State Treasurer, the Auditor General, the Secretary of Education, the Secretary of General Services, the President Pro Tempore of the Senate, the Minority Leader of the Senate, the Speaker of the House of Representatives and the Minority Leader of the House of Representatives may designate any member of his or her legislative body to act as a member of the Authority in his or her stead. The members of the Authority serve without compensation but are entitled to reimbursement for all necessary expenses incurred in connection with the performance of their duties as members. The powers of the Authority are exercised by a government body consisting of the members of the Authority acting as a board.

The following are key staff members of the Authority who are involved in the administration of the financing and projects:

Robert Baccon
Executive Director

Mr. Baccon has served as an executive with the Authority and PHEFA since 1984. He is a graduate of St. John's University with a bachelor's degree in management, and holds a master's degree in international business from the Columbia University Graduate School of Business. Prior to joining the Authority, Mr. Baccon held financial management positions with multinational U.S. corporations and was Vice President – Finance for a major highway construction contractor.

David Player
Comptroller and Director of Financial Management

Mr. Player serves as the Comptroller and Director of Financial Management of both the Authority and PHEFA. He has been with the Authority and PHEFA since 1999. Prior to his present position, he served as Senior Accountant for both authorities and as an auditor with the Pennsylvania Department of the Auditor General. Mr. Player is a graduate of Pennsylvania State University with a bachelor's degree in accounting. He is a Certified Public Accountant and a Certified Internal Auditor.

Beverly M. Nawa
Administrative Officer

Mrs. Nawa has served as the Administrative Officer of both the PHEFA and the Authority since 2004. She is a graduate of Alvernia University with a bachelor's degree in business administration. Prior to her present employment, Mrs. Nawa served as an Audit Senior Manager and an Accounting Systems Analyst with the Department of the Auditor General.

The Authority has issued, and may continue to issue, other series of revenue bonds and notes for the purpose of financing other projects for other eligible institutions in the Commonwealth. Except for other series of bonds issued by the Authority on behalf of the College under the Indenture, none of the revenues of the Authority with respect to any of the other revenue bonds and notes referred to above are pledged as security for the Bonds and, conversely, the other revenue bonds and notes referred to above are not payable from or secured by the revenues of the Authority under the Indenture or other moneys securing the Bonds. See "SECURITY AND SOURCES OF PAYMENT" herein.

The Bonds are being issued by the Authority on behalf of the College pursuant to the Act and the Indenture. The Authority has and will continue to issue series of bonds/notes for other eligible institutions and projects in the Commonwealth. None of the revenues of the Authority, other than amounts received under the Loan Agreement (defined herein), are pledged for the payment of the Bonds.

THE BONDS

Description of the Bonds

The Bonds will be dated and will bear interest from the date of delivery thereof at the rates set forth on the inside cover page hereof. Interest on the 2014A Bonds is payable on June 15, 2014 and on each June 15 and December 15 thereafter until maturity or prior redemption. Interest on the 2014B Bonds is payable September 1, 2014 and each September 1 and March 1 thereafter until maturity or prior redemption. The Bonds will mature on the dates and in the amounts set forth on the inside cover page hereof. The Bonds when issued, will be registered in the name of CEDE & Co., as a nominee for the Depository Trust Company, New York, New York ("DTC"). DTC will act as securities depository for the Bonds. While the Bonds are in the Book-Entry Only System, references to the "owner" or the "registered owner" as described herein are to Cede & Co., as registered owner for DTC. Each beneficial owner of a Bond may desire to make arrangements with a DTC Participant (as defined herein) to receive notices or communications with respect to matters described herein. See "Book-Entry Only System" herein.

The Bonds will be issued in fully registered form in denominations of $5,000 or any integral multiple thereof. While all of the Bonds are held in Book-Entry Only form, payments thereon shall be made to Cede & Co., as holder thereof See "Book-Entry Only System" below. At all other times, the principal of the Bonds, and the premium, if any, payable upon redemption thereof, are payable at the designated corporate trust office of the

Trustee, and the interest thereon is payable by check mailed by the Trustee on each interest payment date to the persons who were the registered owners of the Bonds on the registration books maintained by the Trustee, at the close of the 15th day of the calendar month (whether or not a business day) immediately preceding such interest payment date for the 2014B Bonds and the first day (whether or not a business day) of the calendar month in which the interest payment date occurs (in the case of the 2014A Bonds) (each a "regular record date"), irrespective of any transfer or exchange of any Bond subsequent to such regular record date and prior to such interest payment date, unless the Authority defaults in the payment of interest due on such interest payment date. In the event of any such default, any defaulted interest will be payable to the person in whose name such Bond is registered at the close of business on a special record date for the payment of such defaulted interest established by notice mailed by the Trustee to the registered owners of the Bonds not fewer than ten days and not more than fifteen days preceding such special record date.

The Bonds may be transferred or exchanged by the registered owner thereof only upon presentation thereof to the Trustee, accompanied by a duly executed instrument of transfer by the registered owner thereof or his authorized representative, and, in the case of a transfer, containing written instructions as to the details of such transfer. Neither the Authority nor the Trustee will be required to issue, exchange or transfer any of the Bonds during the period between the record date and the related interest payment date or during the fifteen (15) days preceding the mailing of any notice of redemption of Bonds or to transfer any of the Bonds selected for redemption in whole or in part. The person in whose name any Bond is registered shall be deemed the owner thereof by the Authority and the Trustee, and any notice to the contrary shall not be binding upon the Authority or the Trustee.

No service charge will be made to the Bondholders of the Bonds for any exchange or transfer, but the Authority may require payment of a sum sufficient to pay any tax or other governmental charge that may be imposed in relation thereto. In the event any Bond is mutilated, lost, stolen, or destroyed, the Authority may execute and the Trustee may authenticate a new Bond of like tenor and denomination in accordance with the provisions of the Indenture, and the Authority and the Trustee may charge the registered owner of such Bond with its reasonable fees and expenses and require indemnity in connection therewith.

Book-Entry Only System

The following information concerning DTC and its book-entry only system has been obtained from DTC. The Authority, the College, the Underwriter and the Trustee make no representation as to the accuracy of such information.

DTC will act as securities depository for the Bonds, The Bonds will be issued as fully-registered securities registered in the name of Cede & Co. (DTC's partnership nominee) or such other name as may be requested by an authorized representative of DTC. One fully-registered certificate will be issued for each maturity of each series of the Bonds in the aggregate principal amount thereof, or, in the case of Bonds that mature in the same year but bear interest at different interest rates, one fully-registered certificate will be issued for the aggregate principal amount of Bonds having the same maturity date and interest rate, and will be deposited with DTC.

DTC, the world's largest securities depository, is a limited-purpose trust company organized under the New York Banking Law, a "banking organization" within the meaning of the New York Banking Law, a member of the Federal Reserve System, a "clearing corporation" within the meaning of the New York Uniform Commercial Code, and a "clearing agency" registered pursuant to the provision of Section 17A of the Securities Exchange Act of 1934. DTC holds and provides asset servicing for over 3.5 million issues of U.S. and non-U.S. equity issues, corporate and municipal debt issues, and money market instruments from over 100 countries that DTC's participants ("Direct Participants") deposit with DTC. DTC also facilitates the post-trade settlement among Direct Participants of sales and other securities transactions in deposited securities, through electronic computerized book-entry transfers and pledges between Direct Participants' accounts. This eliminates the need for physical movement of securities certificates. Direct Participants include both U.S. and non-U.S. securities brokers and dealers, banks, trust companies, clearing corporations, and certain other organizations. DTC is a wholly-owned subsidiary of The Depository Trust & Clearing Corporation ("DTCC"). DTCC is the holding company for National Securities Clearing Corporation and Fixed Income Clearing Corporation, both of which are registered clearing agencies. DTCC is owned by the users of its regulated subsidiaries. Access to the DTC system is also available to others such as both U.S. and non-U.S. securities brokers and dealers, banks, trust companies, and clearing corporations that clear through or maintain a custodial relationship with a Direct Participant, either directly or indirectly ("Indirect

Participants"). DTC has Standard & Poor's highest rating: AAA. The DTC Rules applicable to its Direct and Indirect Participants (together, "DTC Participants") are on file with the Securities and Exchange Commission. More information about DTC can be found at www.dtcc.com.

Purchases of the Bonds under the DTC system must be made by or through Direct Participants, which will receive a credit for the Bonds on DTC's records. The ownership interest of each actual purchaser of Bonds ("Beneficial Owner") is in turn to be recorded on the Direct and Indirect Participants' records. Beneficial Owners will not receive written confirmation from DTC of their purchase. Beneficial Owners are, however, expected to receive written confirmations providing details of the transaction, as well as periodic statements of their holdings, from the Direct or Indirect Participant through which the Beneficial Owners entered into the transaction. Transfers of ownership interests in the Bonds are to be accomplished by entries made on the books of Direct and Indirect Participants acting on behalf of Beneficial Owners. Beneficial Owners will not receive certificates representing their ownership interests in the Bonds, except in the event that use of the book-entry system for the Bonds is discontinued.

To facilitate subsequent transfers, all Bonds deposited by Direct Participants with DTC are registered in the name of DTC's partnership nominee, Cede & Co., or such other name as may be requested by an authorized representative of DTC. The deposit of Bonds with DTC and their registration in the name of Cede & Co. or such other DTC nominee do not affect any change in beneficial ownership. DTC has no knowledge of the actual Beneficial Owners of the Bonds; DTC's records reflect only the identity of the Direct Participants to whose accounts such Bonds are credited, which may or may not be the Beneficial Owners. The Direct and Indirect Participants will remain responsible for keeping account of their holdings on behalf of their customers.

Conveyance of notices and other communications by DTC to Direct Participants, by Direct Participants to Indirect Participants, and by Direct Participants and Indirect Participants to Beneficial Owners will be governed by arrangements among them, subject to any statutory or regulatory requirements as may be in effect from time to time. Beneficial Owners of Bonds may wish to take certain steps to augment the transmission to them of notices of significant events with respect to the Bonds, such as redemptions, tenders, defaults, and proposed amendments to the bond documents. For example, Beneficial Owners of Bonds may wish to ascertain that the nominee holding the Bonds for their benefit has agreed to obtain and transmit notices to Beneficial Owners. In the alternative, Beneficial Owners may wish to provide their names and addresses to the registrar and request that copies of notices be provided directly to them.

Redemption notices shall be sent to DTC. If less than all the Bonds of a series within a maturity and interest rate are being redeemed, DTC's practice is to determine by lot the amount of the interest of each Direct Participant in such maturity and interest rate to be redeemed.

Neither DTC nor Cede & Co. (nor any other DTC nominee) will consent or vote with respect to the Bonds unless authorized by a Direct Participant in accordance with DTC's MMI Procedures. Under its usual procedures, DTC mails an Omnibus Proxy to the Authority as soon as possible after the record date. The Omnibus Proxy assigns Cede & Co.'s consenting or voting rights to those Direct Participants to whose accounts the Bonds are credited on the record date (identified in a listing attached to the Omnibus Proxy).

Payments of principal, premium, if any, and interest on the Bonds will be made to Cede & Co., or such other nominee as may be requested by an authorized representative of DTC. DTC's practice is to credit Direct Participants' accounts upon DTC's receipt of funds and corresponding detail information from the Authority or its agent, on the payable date in accordance with their respective holdings shown on DTC's records. Payments by DTC Participants to Beneficial Owners will be governed by standing instructions and customary practices, as is the case with securities held for the accounts of customers in bearer form or registered in "street name," and will be the responsibility of such DTC Participant and not of DTC nor its nominee, the Authority or its agent, subject to any statutory or regulatory requirements as may be in effect from time to time. Payments of principal, premium, if any, and interest on the Bonds to Cede & Co. (or such other nominee as may be requested by an authorized representative of DTC) is the responsibility of the Authority or its agent; disbursement of such payments to Direct Participants will be the responsibility of DTC; and disbursement of such payments to the Beneficial Owners will be the responsibility of Direct and Indirect Participants.

DTC may discontinue providing its services as securities depository with respect to the Bonds at any time by giving reasonable notice to the Authority, and the Authority may determine to discontinue use of the system of book-entry transfers through DTC (or a successor securities depository). Under either of such circumstances, in the event that a successor securities depository is not obtained, Bond certificates are required to be printed and delivered.

NONE OF THE AUTHORITY, THE COLLEGE NOR THE TRUSTEE SHALL HAVE ANY RESPONSIBILITY OR OBLIGATION TO ANY DTC PARTICIPANT OR ANY BENEFICIAL OWNER OR ANY OTHER PERSON NOT SHOWN ON THE REGISTRATION BOOKS OF THE TRUSTEE AS BEING A BONDHOLDER WITH RESPECT TO: (1) THE ACCURACY OF ANY RECORDS MAINTAINED BY DTC OR ANY DTC PARTICIPANT; (2) THE PAYMENT BY DTC OR ANY DTC PARTICIPANT OF ANY AMOUNT DUE TO ANY BENEFICIAL OWNER IN RESPECT OF THE PRINCIPAL OR REDEMPTION PRICE OF OR INTEREST ON THE BONDS; (3) THE DELIVERY OR THE TIMELINESS OF ANY NOTICE TO ANY BENEFICIAL OWNER WHICH IS REQUIRED OR PERMITTED UNDER THE TERMS OF THE INDENTURE TO BE GIVEN TO THE OWNER OF THE BONDS; OR (4) ANY CONSENT GIVEN OR OTHER ACTION TAKEN BY DTC AS BONDHOLDER.

So long as Cede & Co. is the registered owner of the Bonds as nominee of DTC, references herein to the holders, owners or registered owners of the Bonds shall mean Cede & Co. and shall not mean the Beneficial Owners of such Bonds.

Redemption Provisions

The Bonds are subject to redemption as follows:

Optional Redemption:

Series 2014A Bonds

The 2014A Bonds maturing on or after June 15, 2023, are subject to optional redemption prior to maturity by the Authority at the direction of the College in whole or from time to time in part, at any time on and after June 15, 2022 at a redemption price equal to 100% of the principal amount of the 2014A Bonds to be redeemed, plus accrued and unpaid interest to the date fixed for redemption. Any partial redemption may be in any order of maturity (or separate interest rate within a maturity) and in any principal amount within a maturity (or separate interest rate within a maturity) as designated by the College. The Bonds to be redeemed within a maturity will be selected by the Trustee by lot.

Series 2014B Bonds

The 2014B Bonds maturing on or after September 1, 2023, are subject to optional redemption prior to maturity by the Authority at the direction of the College in whole or from time to time in part, at any time on and after September 1, 2022, at a redemption price equal to 100% of the principal amount of the 2014B Bonds to be redeemed, plus accrued and unpaid interest to the date fixed for redemption. Any partial redemption may be in any order of maturity (or separate interest rate within a maturity) and in any principal amount within a maturity (or separate interest rate within a maturity) as designated by the College. The 2014B Bonds to be redeemed within a maturity will be selected by the Trustee by lot.

Mandatory Redemption:

Series 2014A Bonds

The 2014A Bonds are not subject to mandatory redemption.

Series 2014B Bonds

The 2014B Bonds are not subject to mandatory redemption.

Extraordinary Redemption: In the event that all or a portion of the College's facilities are condemned, damaged or destroyed under certain conditions specified in the Indenture, the Bonds are subject to redemption by the Authority at the direction of the College in whole or in part at any time, from and to the extent of property insurance proceeds or condemnation awards or proceeds of any conveyance in lieu of condemnation received by the Trustee as a result of such condemnation, damage and destruction and not applied to restoration or replacement, upon payment of a redemption price of 100% of the principal amount of Bonds to be redeemed, plus accrued interest to the date fixed for redemption. The Bonds of a series shall be selected for redemption in any order of maturity directed by the College and within any maturity by lot.

Notice of Redemption: Notice of any redemption, identifying the Bonds or portions thereof to be redeemed, shall be given not more than 60 nor fewer than 30 days prior to the redemption date, by first class United States mail (postage prepaid) to the registered owners of the Bonds to be redeemed at their registered addresses shown on the Bond Register maintained by the Trustee. Failure to mail any such notice or any defect in the mailed notice or the mailing thereof shall not affect the validity of any proceedings for the redemption of other Bonds for which notice shall be duly given. Any notice mailed as provided in the Indenture shall be conclusively presumed to be duly given, whether or not such registered owner receives the notice. No further interest shall accrue on the principal of any Bonds called for redemption after the date fixed for redemption if notice of redemption has been duly mailed and redemption moneys have been deposited with or made available to the Trustee on or prior to the date set for redemption and the holders of such Bonds shall have no rights with respect to such Bonds except to receive payment of the redemption price thereof and unpaid interest accrued to the date fixed for redemption.

If, at the time of mailing notice of optional redemption, there shall not have been deposited with the Trustee, or the Trustee shall not have transferred, moneys sufficient to redeem the Bonds called for redemption, such notice shall state that it is subject to the deposit or transfer of the redemption moneys with the Trustee not later than the date fixed for redemption, and that such notice shall be of no effect unless such moneys are so deposited or transferred.

DEBT SERVICE REQUIREMENTS ON THE COLLEGE'S DEBT

The following table sets forth, for the periods indicated, the debt service requirements on the College's debt upon issuance of the Bonds (totals may not add up due to rounding).

Fiscal Year (June 30)	Debt Service on Existing Debt*	Interest on the Series 2014A Bonds**	Principal or Sinking Fund Redemptions of the Series 2014A Bonds	Interest on the Series 2014B Bonds	Principal or Sinking Fund Redemptions of the Series 2014B Bonds	Total Debt Services on the Bonds	Total College Debt Service
2014	$9,033,030	$282,976				$282,976	$9,316,006
2015	$6,507,488	$1,395,500	$295,000	$518,831	$615,000	$2,824,331	$9,331,819
2016	$5,687,538	$1,386,650	$970,000	$541,138	$1,215,000	$4,112,788	$9,800,326
2017	$5,688,338	$1,347,850	$1,005,000	$489,013	$1,695,000	$4,536,863	$10,225,201
2018	$5,689,588	$1,307,650	$1,045,000	$419,613	$1,775,000	$4,547,263	$10,236,851
2019	$5,691,238	$1,265,850	$1,090,000	$347,413	$1,835,000	$4,538,263	$10,229,501
2020	$5,690,738	$1,211,350	$1,140,000	$277,463	$1,330,000	$3,958,813	$9,649,551
2021	$5,686,200	$1,154,350	$1,205,000	$220,213	$960,000	$3,539,563	$9,225,763
2022	$5,687,938	$1,094,100	$1,260,000	$171,088	$1,005,000	$3,530,188	$9,218,126
2023	$5,690,750	$1,031,100	$1,325,000	$128,981	$1,045,000	$3,530,081	$9,220,831
2024	$5,690,225	$964,850	$1,390,000	$84,625	$1,095,000	$3,534,475	$9,224,700
2025	$5,687,600	$895,350	$1,455,000	$28,625	$1,145,000	$3,523,975	$9,211,575
2026	$5,690,750	$822,600	$1,535,000			$2,357,600	$8,048,350
2027	$5,688,063	$745,850	$1,610,000			$2,355,850	$8,043,913
2028	$5,687,950	$665,350	$1,690,000			$2,355,350	$8,043,300
2029	$5,688,975	$580,850	$1,780,000			$2,360,850	$8,049,825
2030	$5,687,500	$491,850	$1,865,000			$2,356,850	$8,044,350
2031	$5,686,450	$417,250	$1,935,000			$2,352,250	$8,038,700
2032		$320,500	$2,030,000			$2,350,500	$2,350,500
2033		$219,000	$2,135,000			$2,354,000	$2,354,000
2034		$112,250	$2,245,000			$2,357,250	$2,357,250
2035							
TOTAL	$106,560,359	$17,713,076	$29,005,000	$3,227,000	$13,715,000	$63,660,077	$170,220,436

*See "NORTHAMPTON COUNTY AREA COMMUNITY COLLEGE -- Outstanding Debt" herein. Excludes debt service on the 2004A Bonds and the 2004B Bonds.
** Not including capitalized interest

SECURITY AND SOURCES OF PAYMENT

The Authority will enter into a Loan Agreement dated as of March 1, 2014 (the "Loan Agreement") with the College pursuant to which the Authority will lend the proceeds of the Bonds to the College. Under the Loan Agreement, the College will agree to repay such loan in such amounts and at such times as will provide sufficient funds to meet the debt service requirements on the Bonds. The College will deliver its general obligation promissory note dated as of March 1, 2014 (the "Note") to the Authority evidencing its obligations under the Loan Agreement. The Authority, at the time of the settlement for the Bonds, will assign all its right (except the right to indemnification, the right to payment of certain fees and expenses, if any, and the right to receive notices), title and interest in the Note and Loan Agreement and the payments thereunder to the Trustee.

The facilities comprising the Student Residence Project will be located at the main campus of the College on land leased by the College to the Foundation and will be owned by the Foundation and managed by the College for students of the College. A portion of the proceeds of the 2014A Bonds will be provided by the College to the Foundation to undertake the Student Residence Project. Such use by the Foundation will not reduce or otherwise affect the College’s obligation to make payments when due under the Loan Agreement.

The Bonds will be secured under the Indenture by the assignment and pledge to the Trustee of the payments under the Note and the Loan Agreement and certain funds held under the Indenture.

The full faith and credit of the College has been pledged for the timely payment of all amounts due under the Note. The payments due under the Note are payable from the College's general revenues from whatever source derived. See "Local Sponsor Obligation," and "Commonwealth Obligation." The College has no taxing power.

Neither the College nor the Authority has any taxing power. Neither the general credit of the Authority nor the credit or taxing power of the United States of America, the Commonwealth of Pennsylvania or any political subdivision thereof is pledged for the payment of principal of, or the interest on, the Bonds; nor shall any of the Bonds be deemed obligations of the United States of America, the Commonwealth of Pennsylvania or any political subdivisions thereof.

No Recourse

No recourse shall be had for the payment of the principal of, the interest on, or the premium (if any) payable upon the redemption of, any Bond, or for any claim based thereon or on this Indenture or on any indenture supplemental hereto, against any member, officer, or employee, past, present, or future, of the Authority, or of any successor body, as such, either directly or through the Authority or any such successor body, whether by virtue of any constitutional provision, statute or rule of law, or by the enforcement of any assessment or penalty, or otherwise, all such liability, whether at common law, in equity, by any constitutional provision, statute or otherwise, of the members, officers or employees being released as a condition of and as consideration for the execution of this Indenture and the issue of the Bonds.

Additional Bonds

The College may have additional bonds issued on its behalf on parity with the Bonds (other than with respect to certain funds under the Indenture). In connection with the issuance of additional bonds, additional funds may be established under the Indenture or another indenture for the benefit of such additional series of bonds. In such event, the holders of the Bonds will have no claims or right to any such funds.

College Budget and Funding Structure

The College's annual operating and capital budget is set by the College Board of Trustees and approved by the Local Sponsor (as defined below). Management of the College's approved budget, as set forth by the College Board of Trustees, is the responsibility of the College administration. The President and other staff members assume responsibility for fiscal control in their respective areas of responsibility.

Community colleges in the Commonwealth, pursuant to Article XIX-A of the Public School Code, Act of July 1, 1985, Pl L. 103, No. 31, Section 1, *et seq.*, as amended (24 P.S. Section 19-1901A, *et seq.* (the "Community College Act"), are organized and supported by local sponsors in accordance with a community college plan approved by the State Board of Education. The local sponsors of the College consist of the following eight member school districts: Bangor Area, Bethlehem Area, Easton Area, Nazareth Area, Northampton Area, Pen Argyl Area, Saucon Valley Area and Wilson Area (collectively the "Local Sponsor" and individually a "Sponsoring District"). The Community College Act provides for funding for community colleges from three sources: the Commonwealth, the local sponsor (each member of which is authorized to impose a tax for such purpose up to five mills annually), and student tuition charges, in each case subject to certain formulas and limits. For the fiscal year ending June 30, 2014, the budgeted shares of each funding source with respect to the College are as follows: the Commonwealth, 21%; the Local Sponsor, 9%: and tuition and other revenues of the College, 70%.

The Commonwealth makes payments as described under "Commonwealth Obligation" below.

The Community College Act authorizes, but does not require, the governing body of each school district or municipality comprising a local sponsor of a community college to levy annual taxes (up to five mills) on subjects of taxation as prescribed by law in such school district or municipality for the purpose of establishing, operating and maintaining a community college. The tax levy authorized is in excess of and beyond the millage fixed or limited by law, subject to certain limiting provisions of the Community College Act. None of the Sponsoring Districts comprising the Local Sponsor has levied such a tax with respect to the College.

Local Sponsor Obligation

Operating Costs: The Community College Act stipulates that the Community College Plan of the Local Sponsor (the "Plan") shall set forth a financial program for the operation of the community college. The Plan shall provide that the local sponsor shall appropriate or provide to the community college an amount at least equal to the community college's annual operating costs less the student tuition and less the Commonwealth's payment as described below. The Plan shall provide that one-half of the annual capital expenses shall be appropriated or provided by the local sponsor to the community college. The local sponsor's appropriation for annual operating costs and annual capital expenses may in part be represented by real or personal property or services made available to the community college. Of a college's total annual operating costs, up to one third may be collected from students in the form of tuition and the balance is to be provided by the local sponsor and the Commonwealth.

Capital Expenses: The Local Sponsor is obligated under the Community College Act to pay one-half of the College's annual capital expenses; however, for the fiscal year ending June 30, 2014, the Local Sponsor is budgeted to contribute $175,000 in total to the College for capital expenses, while the College's remaining capital expenditures are funded through capital fees assessed upon non-sponsored students on a per credit basis and other revenues. The Commonwealth is also responsible for one-half of the annual capital expenses from funds appropriated for such purposes to the extent that said capital expenses have been approved by the Department of Education. See "Commonwealth Obligation" below.

The College's operating and capital budgets are each subject to approval by the Sponsoring Districts constituting the Local Sponsor. Once approved, the budgets obligate each of the Sponsoring Districts to comply with their operating and capital funding requirements under the Community College Act. There can be no assurance that the College's budgets will be approved by the Sponsoring Districts of the Local Sponsor.

Commonwealth Obligation

The Community College Act provides for reimbursement by the Commonwealth of a portion of annual operating costs and a portion of annual approved capital expenses of community colleges.

Operating Costs: Operating revenues derived from the Commonwealth of Pennsylvania under the Community College Act are allocated in three categories: base funding, growth funding, and economic development (high priority) program funding.

Base operating funding is equal to the previous year's base allocation from the Commonwealth, plus 75 percent of the percentage increase in State funding for the year (e.g., if the State allocation was increased by 4 percent, the base fund amount would increase by 3 percent or 75 percent of 4 percent). Base funding will not decrease from one year to the next.

The remaining 25 percent of the increase to the State appropriation is distributed among the colleges that experienced enrollment growth between the last two audited years. Each college's share is allocated proportionately based upon their FTE (defined below) change relative to the total FTE change. Colleges not experiencing growth between the two audited years do not have a reduction in funding, but receive no growth funding. The total of the base and economic growth funding which results from the above computations establishes the base funding amount used to compute the increase in the base funding for the next fiscal year.

The third category of operating funding is for FTEs taught in economic development (high priority) program areas. Economic development program funding is provided based upon FTEs taught in priority program areas in the immediately preceding fiscal year. A separate pool of funding for economic development (high priority) programs has been established. Each college is allocated by its share of the economic development program pool based upon its FTEs taught in priority programs relative to the total State FTEs taught in priority program areas. An individual college's economic development program funding may fluctuate from year to year as a result of enrollment changes, program additions or deletions by the college, and the State's determination of which programs and courses are currently high priority.

For both growth and economic development computations, a semester full time equivalent ("FTE") student is defined as the total number of (1) all students taking more than twelve credits; (2) the number of credits taken by all part time students divided by twelve; and (3) the number of clock hours taken by non credit students divided by

180. Annual FTEs are computed by totaling semester FTEs for all terms (including summer terms) and dividing by two.

For the fiscal year, 2012-2013, each community college received a lump sum payment, prorated based on the amount each community college was paid last fiscal year for operating costs. The College received the identical lump sum payment in 2103 that it did in 2012. No allocation was made as among the various categories of appropriation described above. It is not known at this time how much the Commonwealth will reimburse community colleges in fiscal year 2013-2014 or whether it will return to the allocation scheme described above.

Capital Expenses: The Community College Act provides that the Commonwealth will pay to a community college on behalf of the local sponsor on account of its capital expenses (including debt service) an amount equal to one-half of such college's annual capital expenses from funds appropriated for that purpose to the extent that said capital expenses have been approved for such reimbursement by the Department of Education. The 2014A Project was approved by the Department of Education at a level of approximately $6.5 million. The Commonwealth will only make payments on account of debt service on the 2014A Bonds with respect to one-half of the expenses of the $6.5 million of the 2014A Project approved by the Department of Education. Based on prior approvals, the college expects to receive reimbursement on account of the debt service on the 2014B Bonds from the Commonwealth

All Community College Subsidies in the Commonwealth are Subject to Appropriation by the General Assembly. Although the Constitution of the Commonwealth provides that "the General Assembly shall provide for the maintenance and support of a thorough and efficient system of public education to serve the needs of the Commonwealth", the General Assembly is not legally obligated to appropriate such subsidies and there can be no assurance that it will do so in the future. The allocation formula pursuant to which the Commonwealth distributes such subsidies to the various community colleges throughout the Commonwealth may be amended at any time by the General Assembly. Moreover, the Commonwealth's ability to make such disbursements will be dependent upon its own financial condition. At various times in the past, the enactment of budget and appropriation laws by the Commonwealth has been delayed, resulting in interim borrowing by certain community colleges pending the authorization and payment of Commonwealth aid. Consequently, there can be no assurance that financial support from the Commonwealth for community colleges, either for capital projects or education programs in general, will continue at present levels or that moneys will be payable to a community college if indebtedness of such community college is not paid when due.

Direct Payment of Commonwealth Appropriations to Trustee

Provisions of the Community College Act require that, should any community college fail to make its required debt service payment with respect to a general obligation note such as the Note, the Secretary of Education is required to withhold from such community college out of any subsidy payment of any type due such community college from the Commonwealth, an amount equal to the debt service payment owed by such community college. Any amounts so withheld from the College for debt service payments on Bonds are payable to the Trustee under the Indenture. Based on the College's maximum anticipated annual debt service after issuance of the Bonds and the amount of Commonwealth operating and capital expense appropriations currently budgeted by the College, the Commonwealth coverage of the College's maximum anticipated debt service would currently be approximately two times. This provision does not apply to the Annual Gaming Payments (defined below) which are paid as described below under "Gaming Revenues."

Gaming Revenues

In 2011, the Authority issued on behalf of the College its $70,585,000 College Revenue Bonds, Series of 2011 (the “2011 Bonds”) to finance the acquisition and construction of a new campus in Monroe County, Pennsylvania. Pursuant to recent Pennsylvania legislation and a Disbursement Agreement (the "Disbursement Agreement") dated as of December 22, 2010, between the College and Monroe County, Pennsylvania, certain revenues received by Monroe County on account of certain gaming activates carried on in Monroe County are paid over to the trustee under the 2011 Bonds and applied to pay debt service on the 2011 Bonds. Such revenues are not available to pay debt service on the Bonds or any other bonds issued on behalf of the College, except the 2011 Bonds.

2014 Project is not Fully Funded by the Commonwealth and the Local Sponsor

As described above, the Commonwealth will only make payments with respect to one-half of the debt service on the Bonds allocable to the $6.5 million portion of the 2014 Project approved by the Department of Education. The Local Sponsor total contribution to capital expenses for the fiscal year ending June 30, 2014 is expected to be $175,000. Accordingly, the 2014 Project will not be fully funded by the Commonwealth and the Local Sponsor. The College anticipates financing remaining debt service on the Bonds from College reserves, capital fees paid by students from non-sponsoring school districts, rental payments under the ground lease with the Foundation, fundraising and other available moneys. There can be no assurance that such funds will be sufficient to pay debt service on the Bonds as and when due.

No Debt Service Reserve Fund

The Bonds will not be secured by a debt service reserve fund.

Effect of Bankruptcy on Security for the Bonds

Bankruptcy proceedings and equity principles may delay or otherwise adversely affect the enforcement of bondholders' claim to moneys owed them as unsecured claimants.

BOND INSURANCE

Bond Insurance Policy

Concurrently with the issuance of the Bonds, Build America Mutual Assurance Company ("BAM" or the "Insurer") will issue its Municipal Bond Insurance Policy for the Bonds (the "Policy"). The Policy guarantees the scheduled payment of principal of and interest on the Bonds when due as set forth in the form of the Policy included as Exhibit D to this Official Statement.

The Policy is not covered by any insurance security or guaranty fund established under New York, California, Connecticut or Florida insurance law.

Build America Mutual Assurance Company

BAM is a New York domiciled mutual insurance corporation. BAM provides credit enhancement products solely to issuers in the U.S. public finance markets. BAM will only insure obligations of states, political subdivisions, integral parts of states or political subdivisions or entities otherwise eligible for the exclusion of income under section 115 of the U.S. Internal Revenue Code of 1986, as amended. No member of BAM is liable for the obligations of BAM.

The address of the principal executive offices of BAM is: 1 World Financial Center, 27th Floor, 200 Liberty Street, New York, New York 10281, its telephone number is: 212-235-2500, and its website is located at: www.buildamerica.com.

BAM is licensed and subject to regulation as a financial guaranty insurance corporation under the laws of the State of New York and in particular Articles 41 and 69 of the New York Insurance Law.

BAM's financial strength is rated "AA/Stable" by Standard and Poor's Ratings Services, a Standard & Poor's Financial Services LLC business ("S&P"). An explanation of the significance of the rating and current reports may be obtained from S&P at www.standardandpoors.com. The rating of BAM should be evaluated independently. The rating reflects the S&P's current assessment of the creditworthiness of BAM and its ability to pay claims on its policies of insurance. The above rating is not a recommendation to buy, sell or hold the Bonds, and such rating is subject to revision or withdrawal at any time by S&P, including withdrawal initiated at the request of BAM in its sole discretion. Any downward revision or withdrawal of the above rating may have an adverse effect on the market price of the Bonds. BAM only guarantees scheduled principal and scheduled interest payments payable by the issuer of the Bonds on the date(s) when such amounts were initially scheduled to become due and payable (subject to and in accordance with the terms of the Policy), and BAM does not guarantee the market price or liquidity of the Bonds, nor does it guarantee that the rating on the Bonds will not be revised or withdrawn.

Capitalization of BAM

BAM's total admitted assets, total liabilities, and total capital and surplus, as of December 31, 2013 and as prepared in accordance with statutory accounting practices prescribed or permitted by the New York State Department of Financial Services were $486.5 million, $17.5 million and 469.0 million, respectively.

BAM is party to a first loss reinsurance treaty that provides first loss protection up to a maximum of 15% of the par amount outstanding for each policy issued by BAM, subject to certain limitations and restrictions.

BAM's most recent Statutory Annual Statement, which has been filed with the New York State Insurance Department and posted on BAM's website at www.buildamerica.com, is incorporated herein by reference and may be obtained, without charge, upon request to BAM at its address provided above (Attention: Finance Department). Future financial statements will similarly be made available when published.

BAM makes no representation regarding the Bonds or the advisability of investing in the Bonds. In addition, BAM has not independently verified, makes no representation regarding, and does not accept any responsibility for the accuracy or completeness of this Official Statement or any information or disclosure contained herein, or omitted herefrom, other than with respect to the accuracy of the information regarding BAM, supplied by BAM and presented under the heading "BOND INSURANCE".

Additional Information Available from BAM

Credit Insights Videos. For certain BAM-insured issues, BAM produces and posts a brief Credit Insights video that provides a discussion of the obligor and some of the key factors BAM's analysts and credit committee considered when approving the credit for insurance. The Credit Insights videos are easily accessible on BAM's website at buildamerica.com/creditinsights/.

Obligor Disclosure Briefs. Subsequent to closing, BAM posts an Obligor Disclosure Brief on every issue insured by BAM, including the Bonds. BAM Obligor Disclosure Briefs provide information about the gross par insured by CUSIP, maturity and coupon; sector designation (e.g. general obligation, sales tax); a summary of financial information and key ratios; and demographic and economic data relevant to the obligor, if available. The Obligor Disclosure Briefs are also easily accessible on BAM's website at buildamerica.com/obligor/.

Disclaimers. The Obligor Disclosure Briefs and the Credit Insights videos and the information contained therein are not recommendations to purchase, hold or sell securities or to make any investment decisions. Credit-related and other analyses and statements in the Obligor Disclosure Briefs and the Credit Insights videos are statements of opinion as of the date expressed, and BAM assumes no responsibility to update the content of such material. The Obligor Disclosure Briefs and Credit Insight videos are prepared by BAM and have not been reviewed or approved by the issuer of or the underwriter for the Bonds, and they assume no responsibility for their content.

BAM receives compensation (an insurance premium) for the insurance that it is providing with respect to the Bonds. Neither BAM nor any affiliate of BAM has purchased, or committed to purchase, any of the Bonds, whether at the initial offering or otherwise.

SUMMARIES OF CERTAIN PROVISIONS OF THE LOAN AGREEMENT AND THE INDENTURE

The following pages contain descriptions of certain provisions of the Loan Agreement and the Indenture. The Bonds are secured by the Indenture and are payable from payments due from the College under the Loan Agreement. These descriptions are brief summaries and do not purport to be and should not be regarded as complete statements of the terms of either the Loan Agreement or the Indenture or as complete synopses thereof. Reference is made to the documents in their entirety, copies of which may be obtained from the Trustee, for a complete statement of the terms and conditions therein.

The Loan Agreement

In connection with the issuance of Bonds, the Authority will enter into the Loan Agreement with the College, pursuant to which the Authority will loan the proceeds of the Bonds to the College. The Loan Agreement requires the College to make loan repayments to the Authority in the amounts sufficient to make debt service payments on Bonds. The obligation of the College to make these loan repayments under the Loan Agreement is evidenced by the Note.

Representations, Warranties and Covenants: The College makes certain representations, warranties and covenants under the Loan Agreement, including without limitation, with respect to the existence and authority of the College, the enforceability of the Loan Agreement and Note and the absence of material litigation.

Source of Debt Service Payments: The debt service payments are payable by the College from its revenues from whatever source derived. The College covenants to budget for each fiscal year during the term of the Loan Agreement the loan payments required to be paid to the Authority with respect to the Note and the Loan Agreement.

Assignment of Loan Agreement: The loan payments shall be paid by the College directly to the Trustee under an assignment by the Authority to the Trustee of such payments for the benefit and security of the Bondholders under the Indenture.

Unconditional Obligation: The obligation of the College to make the payments required by the Loan Agreement are absolute and unconditional. The payments are required to be made in full directly to the Trustee, as assignee, when due without delay or diminution for any cause whatsoever and without right of set-off for default on the part of the Authority under the Loan Agreement.

Events of Default: Any one or more of the following events shall constitute an "Event of Default" under the Loan Agreement: (a) the College fails to make any payment required under the Note; (b) the College shall fail or refuse to comply with certain tax covenants set forth in the Loan Agreement; (c) the College shall default in the due and punctual performance of any other of the covenants and agreements contained in the Loan Agreement and such default shall continue for 60 days after written notice specifying such default and requiring the same to be remedied shall have been given to the College by the Authority; (d) if an Event of Default shall have occurred and be continuing under the Indenture and as a result of such Event of Default the Bonds shall have been declared due and payable by acceleration in accordance with the Indenture; or (e) the College shall fail, discontinue or unreasonably delay in carrying out the 2014 Project and shall fail to remedy such failure, discontinuance or delay within 30 days of notice thereof by the Authority.

Remedies: If an Event of Default has occurred and is continuing:

(a) The Authority (or the Trustee as its assignee) may, in addition to its other rights and remedies as may be provided in the Loan Agreement or may exist at the time at law or in equity, exercise any one or more of the following remedies: (i) upon notice to the College, declare all sums due or to become due under the Loan Agreement and under the Note to be immediately due and payable; or (ii) by suit, action or proceeding at law or in equity, enforce all rights of the Authority, and require the College to carry out any agreements with or for the benefit of the owners of the Bonds and to perform its duties under the Act, the Loan Agreement and the Note.

(b) Upon the occurrence of an Event of Default described in paragraph (a) under "Events of Default" above, the Authority shall, in addition to the exercise of any other remedy under the Loan Agreement, notify the Secretary of the Department of Education of such Event of Default and request the Secretary, in accordance with the appropriate provisions of Pennsylvania law, to notify the College of its obligations under the Loan Agreement and to withhold out of any appropriation due the College under the Pennsylvania School Code an amount equal to the sum or sums owing by the College to the Authority under the Loan Agreement and under the Note, and shall pay over the amount so withheld to the Trustee, as sinking fund depository for the Note, on behalf of the Authority.

The Indenture

Limited Obligations of the Authority: **The Bonds are limited obligations of the Authority and are secured by a pledge and assignment to the Trustee of the loan payments and other revenues or income derived by or for the Authority from or with respect to the Loan Agreement and all moneys to be paid over to the Trustee under the provisions of the Indenture. The Authority has no taxing power. Neither the general credit nor the taxing power of the United States of America, the Commonwealth of Pennsylvania or any political subdivision thereof is pledged for the payment of the principal of or interest on the Bonds; nor shall the Bonds be deemed to be obligations of the United States of America, Commonwealth of Pennsylvania or any political subdivision thereof.**

Pledge of Certain Revenues: The Authority has pledged to the Trustee, in the Indenture, a security interest in all loan payments, and other sums payable under the Loan Agreement (other than payments for certain fees and expenses of the Authority), for the benefit and security of the registered owners of all bonds (including the Bonds) issued under the Indenture, except as described under "Debt Service Fund" below.

Revenue Fund: All loan payments are required to be deposited in the Revenue Fund established with the Trustee at the times set forth in the Indenture. All moneys in the Revenue Fund are required to be transferred by the Trustee at the times set forth in the Indenture to the various other Funds established under the Indenture. The Tenth Supplemental Indenture creates a 2014 Bonds Revenue Account in the Revenue Fund with respect to the Bonds.

Debt Service Fund: There is established under the Indenture a Debt Service Fund and within such Fund, a 2014 Bonds Debt Service Account. The Trustee shall transfer to the 2014 Bonds Debt Service Account from the 2014 Bonds Revenue Account (to the extent of the moneys therein) on or before the second Business Day immediately preceding each Interest Payment Date for the Bonds, moneys in an amount sufficient to make the principal and interest payments (including mandatory sinking fund redemption) due on the Bonds on each such Interest Payment Date. The 2014 Bonds Debt Service Account and the moneys therein will be held and applied for the sole and exclusive benefit of the owners of the Bonds.

Deposit of Loan Payments. Upon receipt of moneys payable to or deposited with the Trustee under the Loan Agreement or the Note, the Trustee shall deposit such moneys in the 2014 Bonds Revenue Account.

Rebate Fund: The Authority will periodically determine the sum (if any) required to be deposited in the Rebate Fund and direct the College to deposit such sum therein. The Authority will direct the Trustee to pay to the United States Government the sums on deposit in the Rebate Fund at the times and in the amounts (if any) required by the Internal Revenue Code of 1986, as amended.

Project Fund: There is established under the Indenture a 2014 Project Fund with respect to the 2014 Bonds. The Trustee shall deposit to the credit of the 2014 Project Fund the proceeds of the issuance and sale of the 2014 Bonds. Moneys shall be disbursed from the 2014 Project Fund on account of the costs and expenses of issuing the Bonds and on account of the costs of the 2014 Project pursuant to requisitions of the College. The monies in the 2014 Project Fund shall be held by the Trustee in trust, and pending the application thereof to the costs of the 2014 Project, shall be subject to the lien and charge of the Indenture in favor of the owners of the bonds outstanding under the Indenture.

Investment of Funds: Moneys held in the funds and accounts established under the Indenture may and, upon instructions of the College shall, be wholly or partially deposited and redeposited in interest-bearing deposit accounts or time certificates of deposit with the commercial department of the Trustee or any other authorized depository, which deposits, to the extent not insured, shall be secured as provided by the Indenture; or invested or reinvested by the Trustee at the direction of the College solely in obligations which meet the requirements set forth in the Indenture, subject to limitations provided in the Indenture.

Additional Bonds: The Indenture permits, under certain circumstances and conditions, the issuance of additional bonds for the purposes of refunding any series of outstanding bonds of the Authority issued on behalf of the College or any obligation of the College, completing a project and financing additional projects.

Events of Default: The following, among others, shall constitute events of default under the Indenture: (a) payment of principal or interest on bonds outstanding under the Indenture shall not be paid when due, (b) there shall be default under the Loan Agreement or other loan agreements pledged under the Indenture, (c) an order shall be entered appointing a receiver for the College facilities or revenues, (d) the Authority defaults in performance of other covenants under the Indenture which continues for 30 days after notice from the Trustee, or (e) the Authority shall default in any agreement made with the holders of the bonds issued under the Indenture.

Remedies: The Act which governs the Authority provides certain remedies to the Bondholders in the event of default or failure on the part of the Authority to fulfill its covenants.

Under the Indenture, if any event of default occurs, the Trustee may enforce and, upon written request of the holders of 25% in principal amount of bonds outstanding under the Indenture accompanied by indemnity as provided in the Indenture, shall enforce, for the benefit of all Bondholders, all their rights of bringing a suit, action or proceeding at law or in equity and of having a receiver appointed. For a more complete statement of rights and remedies of the Bondholders and for limitations thereon, reference is made to the Indenture. In addition, if any event of default under the Indenture occurs, the Trustee may, and upon the written request of the holders of 25% in principal amount of bonds outstanding under the Indenture shall, declare the principal of all such bonds to be due and payable immediately.

Modifications and Amendments: Amendments to the Indenture are permitted without consent of bondholders for certain purposes, including the imposition of additional restrictions and conditions respecting the issuance of bonds; the addition of covenants and agreements by the Authority; the modification of the Indenture to conform the same with governmental regulations (so long as the rights of the holders of bonds issued thereunder are not adversely affected thereby); the curing of any ambiguity, defect or inconsistency in the Indenture; and the making of provision for matters which are necessary or desirable and which do not adversely affect the interests of bondholders. Certain other modifications may be made to the Indenture, but only with the consent of the owners of not less than 66 2/3% in principal amount of outstanding bonds issued thereunder or, if less than all series of bonds outstanding are affected thereby, with the consent of the owners of not less than 66 2/3% in principal amount of each series outstanding so affected thereby; provided, however, that no such modification or amendment shall be made, without the consent of the owner of every bond affected thereby, which would (a) extend the fixed maturity date of any bond, or reduce the principal amount thereof or reduce the rate or extend the time of payment of interest thereon, or reduce any premium payable upon the redemption thereof, (b) permit the creation by the Authority of any lien prior to or on a parity with the lien of the Indenture upon any part of the revenues of the Authority pledged under the Indenture, or (c) reduce the aforesaid percentage of bonds, the owners of which are required to consent to any such modification or alteration.

Defeasance: Bonds for the payment or redemption of which the Trustee shall hold (through deposit by the Authority or otherwise and whether at or prior to the maturity or the redemption date of such Bonds), in trust and irrevocably set aside exclusively for such payment or redemption, any combination of moneys, government obligations and pre-refunded municipal obligations, which are not unsatisfactory to the Trustee and which mature as to principal and interest in such amounts and at such times as to provide sufficient moneys to make such payment or redemption, shall be deemed to have been paid within the meaning of the Indenture.

Certain Rights of the Insurer. Under the Indenture, any amendments or supplements to the Indenture or the Loan Agreement shall require the prior written consent of the Insurer with the exception of amendments or supplements (a) to cure any ambiguity or formal defect or omissions or to correct any inconsistent provisions in the transaction documents or in any supplement thereto, or (b) to grant or confer upon the holders of the Bonds any additional rights, remedies, powers, authority or security that may lawfully be granted to or conferred upon the holders of the Bonds, or (c) to add to the conditions, limitations and restrictions on the issuance of bonds or other obligations under the provisions of the Indenture other conditions, limitations and restrictions thereafter to be observed, or (d) to add to the covenants and agreements of the Authority or the College in the Indenture or the Loan Agreement other covenants and agreements thereafter to be observed by the Authority or the College or to surrender any right or power therein reserved to or conferred upon the Authority or the College. Any amendment, supplement, modification to, or waiver of, any of the Indenture or the Loan Agreement that requires the consent of holders of the Bonds or adversely affects the rights or interests of the Insurer shall be subject to the prior written consent of the Insurer. In addition, upon the occurrence and continuance of a default or an event of default, BAM shall be entitled to control and direct the enforcement of all rights and remedies granted to the holders of the Bonds or the Trustee for the benefit of the holders of the Bonds under the Indenture or the Loan Agreement. No default or event of default in respect of the Bonds may be waived without the Insurer's written consent. Upon the occurrence and continuance of a default or an event of default, the Insurer shall be deemed to be the sole owner of the Bonds for all purposes under the Indenture and the Loan Agreement, including, without limitation, for purposes of exercising remedies and approving amendments. The Insurer's prior written consent is required as a condition precedent to and in all instances of acceleration of the Bonds.

BONDHOLDERS' RISKS

The Bonds are limited obligations of the Authority and are payable solely from payments made pursuant to the Loan Agreement and from certain funds held by the Trustee pursuant to the Loan Agreement. **No representation or assurance can be given to the effect that the College will generate sufficient revenues to meet the College's payment obligations under the Loan Agreement.**

Future legislation, regulatory actions, economic conditions, changes in private philanthropy, changes in the number of students in attendance at the College, competition or other factors could adversely affect the College's ability to generate revenues. Neither the Underwriter nor the Authority has made any independent investigation of the extent to which any of these factors could have an adverse impact on the revenues of the College. Without limiting the foregoing, subsidies in the Commonwealth are subject to appropriation. **See "SECURITY AND SOURCES OF PAYMENT - All Community College Subsidies in the Commonwealth are Subject to Appropriation by the General Assembly**." herein

Potential Effects of Bankruptcy

If the College were to file a petition for relief under the United States Code, as amended (the "Bankruptcy Code"), the filing would operate as an automatic stay of the commencement or continuation of any judicial or other proceeding against the College and its property. If the bankruptcy court so ordered, the College's property, including its revenues, could be used for the benefit of the College despite the claims of its creditors (including the Trustee.)

In a bankruptcy proceeding, the College could file a plan for the adjustment of its debts which modifies the rights of creditors generally or the rights of any class of creditors, secured or unsecured. The plan, when confirmed by the court, would bind all creditors who had notice or knowledge of the plan and discharge all claims against the debtor provided for in the plan. No plan may be confirmed unless, among other conditions, the plan is in the best interest of creditors, is feasible and has been accepted by each class of claims impaired thereunder.

Each class of claims has accepted the plan if at least two-thirds in dollar amount and more than one-half in number of the allowed claims of the class that are voted with respect to the plan are cast in its favor. Even if the plan is not so accepted, it may be confirmed if the court finds that the plan is fair and does not discriminate unfairly.

Enforceability of Remedies

The remedies available to Bondholders upon an Event of Default under the Loan Agreement are in many respects dependent upon judicial action which is subject to discretion or delay. Under existing law and judicial decisions, including specifically the Bankruptcy Code, the remedies specified in the Loan Agreement may not be readily available or may be limited. A court may decide not to order specific performance.

The various legal opinions to be delivered concurrently with the original delivery of the Bonds will be qualified as to enforceability of the various legal instruments by limitations imposed by bankruptcy, reorganization, insolvency or other similar laws or legal or equitable principles affecting creditors' rights.

No Liens on College Facilities

The College has not given or granted a mortgage lien or other security interest or encumbrance upon any facilities or revenues of the College to secure its payment obligations under the Loan Agreement.

2014 Project Not Fully funded by the Commonwealth or the Local Sponsor

As discussed under "SECURITY AND SOURCES OF PAYMENT", the 2014 Project will not be fully funded by the Commonwealth or the Local Sponsor.

Tax-Exempt Status

The Student Residence Project is expected to be owned by the Foundation. The Foundation has been determined to be an organization described in Section 501(c)(3) of the Internal Revenue Code of 1986, as amended (the "Code"). The tax-exempt status of the portion of the 2014A Bonds allocable to the Student Residence Project is dependent upon, in part, such 501(c)(3) status of the Foundation. Failure of the Foundation to maintain its status as an organization described in Section 501(c)(3) of the Code or changes in the Code or any other laws, or the regulations, rulings or interpretations thereof could adversely affect the Foundation. Such failure would adversely affect the exclusion of interest on the 2014A Bonds from gross income for federal income taxation purposes.

Moreover, the ongoing tax-exempt status of interest on the Bonds is conditioned, under relevant provisions of the Code, on compliance by the College and the Foundation with various requirements set forth in Sections 141, 145 and 148 of the Code, requiring, among other things (i) that the Student Residence Project be owned throughout the term of the 2014A Bonds by a governmental unit or an organization described in Section 501(c)(3) of the Code, (ii) that not more than five percent of the proceeds of the portion of the 2014A Bonds allocable to the Student Residence Project (inclusive of proceeds applied to defray issuance costs), be applied to any "private business use," any use giving rise to "unrelated business income," or other uses inconsistent with the charitable and educational purposes of the Foundation as an organization described in Section 501(c)(3) of the Code, (iii) that are not more than ten percent of the proceeds of the portion of the Bonds allocable to the remainder of the 2014 Project be applied to any "private business use," and (iv) that certain investment earnings in respect of the Bonds be subject to non-arbitrage requirements imposed under Section 148 of the Code, including requirements to perform certain rebate computations and to make certain rebate payments of arbitrage earnings, all as further provided in the Code and applicable regulations, rulings and decisions. Failure to comply with such requirements could result in the inclusion of interest on the Bonds in gross income of the owners thereof, for federal income taxation purposes, retroactive to the date of issuance of the Bonds.

Bond Insurance Risk Factors

The College has purchased the Policy to guarantee the scheduled payment of principal and interest on the Bonds. As such, the following are risk factors relating to the bond insurance.

In the event of default of the payment of principal or interest with respect to the Bonds when all or some becomes due, any owner of the Bonds shall have a claim under the Policy for such payments. However, in the event of any acceleration of the due date of such principal by reason of mandatory or optional redemption or acceleration resulting from default or otherwise, other than any advancement of maturity pursuant to a mandatory sinking fund payment, the payments are to be made in such amounts and at such times as such payments would have been due had there not been any such acceleration. The Policy does not insure against redemption premium, if any. The payment of principal and interest in connection with mandatory or optional prepayment of the Bonds which is recovered from the Bondholder as a voidable preference under applicable bankruptcy law is covered by the Policy, however, such payments will be made by the Insurer at such time and in such amounts as would have been due absence such prepayment unless the Insurer chooses to pay such amounts at an earlier date.

Under most circumstances, default of payment of principal and interest does not obligate acceleration of the obligations of the Insurer without appropriate consent. The Insurer may direct and must consent to any remedies and the Insurer's consent may be required in connection with amendments to any applicable bond documents.

In the event the Insurer is unable to make payment of principal and interest as such payments become due under the Policy, the Bonds are payable solely from the moneys received pursuant to the applicable bond documents. In the event the Insurer becomes obligated to make payments with respect to the Bonds, no assurance is given that such event will not adversely affect the market price of the Bonds or the marketability (liquidity) for the Bonds.

The long-term ratings on the Bonds are dependent in part on the financial strength of the Insurer and its claim paying ability. The Insurer's financial strength and claims paying ability are predicated upon a number of factors which could change over time. No assurance is given that the long-term ratings of the Insurer and of the ratings on the Bonds insured by the Insurer will not be subject to downgrade and such event could adversely affect the market price of the Bonds or the marketability (liquidity) for the Bonds. See "RATING" herein.

The obligations of the Insurer are general obligations of the Insurer and in an event of default by the Insurer, the remedies available may be limited by applicable bankruptcy law or other similar laws related to insolvency.

Neither the College, the Underwriter nor the Authority have made independent investigation into the claims paying ability of the Insurer and no assurance or representation regarding the financial strength or projected financial strength of the Insurer is given. Thus, when making an investment decision, potential investors should carefully consider the ability of the College to pay principal and interest on the Bonds and the claims paying ability of the Insurer, particularly over the life of the investment. See "BOND INSURANCE" herein for further information provided by the Insurer and the Policy, which includes further instructions for obtaining current financial information concerning the Insurer.

Other Risk Factors

In the future, the following factors, among others, may adversely affect the revenues or operations of the College to an extent that cannot be determined at this time.

(a) Lack of demand for on-campus housing at the College.

(b) Changes in the demand for higher education in general or for programs offered by the College in particular.

(c) Competition from other educational institutions.

(d) Higher interest rates, which could strain cash flow or prevent borrowing for needed capital expenditures.

(e) Increasing costs of compliance with governmental regulations, including accommodations for handicapped or special needs students, and costs of compliance with the changes in such regulations.

(f) A decline in the market value of the College's investments or a reduction in the College's ability to generate unrestricted revenue from its investments.

(g) Increased costs and decreased availability of public liability insurance.

(h) Employee strikes and other adverse labor actions that could result in a substantial reduction in revenues without corresponding decreases in costs.

(i) Cost and availability of energy.

(j) An increase in the costs of health care benefits, retirement plans, or other benefit packages offered by the College to its employees.

(k) The occurrence of natural disasters, including floods and hurricanes and pandemics and similar events, which might damage the facilities of the College, interrupt service to such facilities or otherwise impair the operation and ability of such facilities to produce revenue.

NORTHAMPTON COUNTY AREA COMMUNITY COLLEGE

The College is a public, comprehensive two-year coeducational institution with its main campus located in Bethlehem Township on an attractive 165-acre campus which commenced operation in the fall of 1967. It is one of fourteen community colleges in the Commonwealth operating in accordance with the provisions of the Community College Act. The College also has a downtown Bethlehem campus, The Fowler Family Southside Center, that houses both credit and noncredit classes and is the home for the adult literacy program. Another comprehensive site for the College is located in Tannersville, Monroe County, offering mainly credit classes to approximately 2,400 students. The College also has leased space in Wayne County (primarily dedicated to offering adult literacy classes and also serving as an outreach office for credit and noncredit classes), the Lehigh Valley Industrial Park in Hanover Township (offering industrial arts programs) and Pocono Corporate Center East in Coolbaugh Township (specializing in training for the truck driving program and offering both credit and noncredit classes). The College also has a number of smaller sites with specialized offerings. In addition, to accommodate its many students from other counties and foreign students, the Foundation has constructed two student residence halls and an apartment complex on the College's main campus.

Governing Structure

A fifteen member Board of Trustees governs the College's operations. Trustees are appointed to a six-year term by the representatives of the eight Sponsoring Districts (between one and four for each Sponsoring District) and, with respect to representatives from non-sponsoring entities outside of Northampton County, the Board of Trustees may appoint a trustee for a term of two years. Currently, there is one representative from Monroe County as a non-sponsoring entity. Trustees may serve more than one term upon reappointment by the Sponsoring Districts and the Board of Trustees. The terms of office of each Trustee expires on June 30. Officers of the Board of Trustees are elected annually by their peers in August.

In addition to electing Trustees, each of the Sponsoring Districts selects members of its School Board to a Delegate Body which acts as an advisory board to the College.

The names, offices and terms of the current members of the Board of Trustees are set forth below:

Name	Office	Term Expiration (June 30)
Karl A. Stackhouse	Chair	2016
Robert R. Fehnel	Vice Chair	2018
Bruce M. Browne	Secretary	2014
Bruce A. Palmer	Assistant Secretary/Treasurer	2014
Pamela A. Colton	Member	2018
Thomas J. Doluisio	Member	2016
Andrew Forte	Member	2014
Charles M. Hannig	Member	2017
Charlene A. Koch	Member	2014
Janis Krieger	Member	2018
Loretta M. Leeson	Member	2018
Nicholas F. Politi, Jr.	Member	2014
Jose Rosado	Member	2018
Dr. Pat Vulcano, Jr.	Member	2016
John L. Squarcia	Member	2014

College Counsel

William Murphy, Esquire
Herster, Newton and Murphy

Officers of Northampton County Area Community College

Name	Office
Karl A. Stackhouse	Chairperson, Board of Trustees
Robert R. Fehnel	Vice Chairperson, Board of Trustees
Bruce M. Browne	Secretary, Board of Trustees
Bruce A. Palmer	Asst. Secretary/Treasurer, Board of Trustees
Dr. Mark Erickson	President
Dr. Jeffrey Focht	Vice President, Academic Affairs
James Dunleavy	Vice President, Finance & Operations
Dr. Paul E. Pierpoint	Vice President, Community Education/Dean
Margaret McGuire-Closson	Vice President, Student Affairs
Sherri Jones	Vice President, Institutional Advancement
Helene M. Whitaker	Vice President, Administrative Affairs

Mission Statement

Recognizing that students are the primary reason that the College exists, it seeks to provide excellent, accessible and comprehensive learning experiences in partnership with the dynamic, diverse communities it serves.

Accreditation

The College is accredited by the Middle States Association of Colleges and Secondary Schools. It is also approved and registered by the Department of Education. The College is authorized to award the associate in arts, associate in science and associate in applied science degrees. Several of the departments of the College have special accreditation for their programs. The Nursing program has full accreditation by the National League for Nursing and full approval by the Pennsylvania Board of Nurse Examiners. The programs in Dental Assisting and Dental Hygiene are accredited by the Commission on Dental Accreditation of the American Dental Association, a specialized accrediting body recognized by the Council on Post-Secondary Accreditation and by the United States Department of Education. The Radiologic Technology program is fully accredited by the Joint Review Committee of Education in Radiologic Technology. The Funeral Service Education program has been granted full accreditation by the Commission of Schools of the American Board of Funeral Service Education, Incorporated. The College's business programs are accredited by the Association of Collegiate Business School and Program, and the automotive technology program is certified by the National Automotive Technicians Education Foundation and the National Institute for Automotive Excellence. The Veterinary Technician Program is accredited by the American Veterinary Medical Association and the Committee on Vet Tech Education and Activities. The Dietary Management program is accredited by the Dietary Management Association. The Early Childhood Program is accredited by the National Association for the Education of Young Children. The College's Paralegal Studies program is accredited by the American Bar Association.

Budgetary Procedures

The College's annual budget preparation is coordinated by the Vice President for Finance and Operations in consultation with the President and the President's Cabinet, and then approved by the Board of Trustees. Once the Board of Trustees approves the budget, it is forwarded to the Sponsoring Districts for their review and board approval, normally in March or April of each year. Revenues to support the budget come from the Sponsoring Districts, student tuition, grants and contracts, the Foundation, auxiliary enterprises and the Commonwealth.

The Sponsoring Districts are billed for their share of the operating budget based a five year weighted average of students attending the College from their district, and annually for a portion of the capital budget. For the fiscal year ending June 30, 2014, the Sponsoring Districts are budgeted to contribute an aggregate of $175,000 to the

College for capital expenses. The Sponsoring Districts are invoiced for their share of the operating budget on a monthly basis. The funding level is determined as part of the overall budget approval process.

Student tuition is set by the College's Board of Trustees. Under the Community College Act, no more than one-third of the College's operating costs can be derived from student tuition.

Management of the College's approved budget, as set forth by the College's Board of Trustees, is the responsibility of the Vice President for Finance and Operations as delegated by the President.

Employees

The College has employed the following number of employees in each of the fiscal years as set forth below:

	2009-10	2010-11	2011-12	2012-13	2013-14
Faculty (Full-time)	146	143	145	140	143
Faculty (Part-time)	1291	1293	1308	1292	1239
Administrator/Exempt (Full-time)	185	187	178	193	186
Non-Exempt Staff (Full-time)	127	134	131	131	130

Source: The College

Employee Contracts

The faculty are represented by the American Federation of Teachers Local 3579, AFL-CIO under a contract that expires June 30, 2016. The office and clerical staff are represented by the International Brotherhood of Teamsters, Chauffeurs, Warehousement and Helpers Local Union 773 under a contract that expires June 30, 2015. The custodial and maintenance staff are represented by the International Brotherhood of Teamsters, Chauffeurs, Warehousement and Helpers Local Union 773 under a contract that expires June 30, 2014.

The College has been involved with the collective bargaining process since 1972 when it negotiated its first three-year contract with the custodial and maintenance staff. In the history of the College, the College has experienced two work stoppages, both involving the office and clerical staff. The first took place in the fall of 1979 and lasted two days; the union employees returned to work under a court injunction. Subsequently, an agreement was reached. The second took place in the fall of 2000 and lasted one day; staff returned to work the following day. Subsequently an agreement was reached.

Enrollment

The College's enrollment (annual full-time equivalents) for each of the fiscal years set forth below is or was as follows:

Fiscal Year	Credit	Non-Credit	Total
2009-10	9,038	2,076	11,114
2010-11	9,088	1,732	10,920
2011-12	8,910	1,425	10,335
2012-13	8,463	1,305	9,768
2013-14 (projected)	8,293	1,325	9,637

Source: The College

Revenue and Expense Summary

The following table sets forth a summary of the College's unrestricted current fund revenues, expenditures and transfers for each of the fiscal years set forth, which are all derived from audited financial statements. The College has represented that there has been no material adverse change in the College's financial condition since June 30, 2013. For further information see APPENDIX A.

	2013	2012	2011	2010	2009
Operating revenues					
Student Tuition and Fees	$29,374,217	$28,129,606	$28,942,585	$28,755,175	$26,400,690
Sales and Services of Educational Department	627,796	462,396	489,612	383,879	718,966
Auxiliary Enterprises	8,593,963	8,636,684	8,427,239	8,345,478	8,128,702
Other Operating Revenues	2,387,834	2,092,080	2,522,190	4,067,865	1,854,193
Non-Operating Revenues					
Federal Grants and Contracts	$20,504,356	$20,759,300	$21,089,479	$19,088,797	$11,759,134
State and Local Grants and Contracts	4,935,598	5,164,596	3,814,139	4,136,483	5,121,144
State Appropriations	14,478,220	14,478,221	14,618,112	14,787,738	16,120,957
Local Appropriations	5,677,079	5,582,183	5,505,111	5,344,767	5,189,097
Investment Income	137,387	188,279	174,181	254,261	406,126
Interest on Indebtedness	(4,125,370)	(4,130,683)	(1,793,268)	(1,263,477)	(1,386,709)
Other non-operating revenues	451,031	409,388	261,446	399,915	591,882
Other Revenues					
Capital Appropriations	$5,182,093	$5,155,709	$2,592,949	$2,398,353	$2,977,317
Capital Fees, Grants, Gifts	6,905,160	6,772,301	5,703,543	3,642,367	2,499,557
TOTAL REVENUES	$95,129,364	$93,700,060	$92,347,588	$90,341,601	$80,381,056
Operating Expenses					
Salaries and Benefits	$51,129,934	$50,911,554	$50,655,833	$48,696,922	$46,083,245
Financial Aid	13,187,787	12,329,957	11,430,597	10,152,068	6,492,458
Utilities	1,493,876	1,559,104	1,734,342	1,625,922	1,680,669
Supplies and other Services	16,696,510	16,847,132	16,864,656	18,152,017	17,864,144
Depreciation	3,799,658	3,585,270	3,748,095	5,192,977	3,336,910
TOTAL EXPENSES	$86,307,765	$85,233,017	$84,433,523	$83,819,906	$75,457,426
	2013	**2012**	**2011**	**2010**	**2009**
Increase in Net Position	$8,821,599	$8,467,043	$7,914,065	$6,521,695	$4,923,630
Net Position beginning of year	$75,328,093	$66,861,050	$58,946,985	$52,425,290	$47,501,660
Net Position end of year	$84,149,692	$75,328,093	$66,861,050	$58,946,985	$52,425,290

Source: The College

Student Fees and Charges

The following table sets forth the fees, costs and charges paid by students of the College per semester, per credit hour, in each of the fiscal years set forth:

	2009-10	2010-11	2011-12	2012-13	2013-14
Tuition[1]	77	79	82	85	88
Tuition[2]	131/154	134/158	139/164	143/170	147/176
Tuition[3]	231	237	246	255	264
Technical Fee	15	15	16	17	18
Capital Fee					
Sponsoring School Districts	0	0	0	0	0
Non Sponsoring PA School Districts[4]	14/48	15/51	19/54	22/57	23/59
Out of State and Foreign	83	88	93	98	101
Activity Fee[4]	14.00	15.00	16.00	17.00	17.00

(1) Per credit hour for students from sponsoring school districts.

(2)Per credit hour for students from non-sponsoring school districts.

(3)Per credit hour for students out of state.

(4)Monroe County/other counties.

Source: The College.

Outstanding Debt

During the 2004 fiscal year, the Authority issued on behalf of the College $11,945,000 State Public School Building Authority, College Revenue Refunding Bonds, Series of 2003 for the purpose of advance refunding the Series U of 1993 Bonds, the Series M of 1998 Bonds and the Series E of 1995 Bonds issued by the Authority on behalf of the College. As of December 31, 2013, there is $1,900,000 in principal of the Series of 2003 Bonds outstanding.

During the 2004 fiscal year, the Authority issued on behalf of the College $11,030,000 State Public School Building Authority, College Revenue Refunding Bonds, Series A of 2004 (the "2004A Bonds") for the purpose of advance refunding the Series L of 1998 Bonds, the Series C of 1999 Bonds and the Series of 2000 Bonds issued by the Authority on behalf of the College. As of December 31, 2013 there is $5,350,000 in principal of the 2004A Bonds outstanding. The 2004A Bonds are being refunded with a portion of the proceeds of the 2014B Bonds.

During the 2004 fiscal year, the Authority issued on behalf of the College $15,170,000 State Public School Building Authority, College Revenue Bonds, Series B of 2004 (the "2004B Bonds") for the purpose of financing a new student activities center, renovating the existing student activities center and capitalized interest. As of December 31, 2013, there is $10,110,000 in principal of the Series B of 2004 Bonds outstanding. The 2004B Bonds are being refunded with a portion of the proceeds of the 2014B Bonds.

In 2011, the Authority issued on behalf of the College $70,585,000 State Public School Building Authority, College Revenue Bonds, Series of 2011 (the "2011 Bonds") to finance the acquisition and construction of a new campus in Monroe County, Pennsylvania. As of December 31, 2013, $65,435,000 of such bonds remain outstanding.

In addition to the bonds issued by the Authority on its behalf, the College has a $75,000 zero interest loan from the Northampton County Industrial Development Corporation and, during the 2010 fiscal year, the College borrowed $2,000,000 from the Authority for a Commonwealth-approved project involving the renovation of the main campus science building. The Commonwealth is funding 50% of the financing, which amortizes through 2015.

The College's obligation to make payments with respect to all of its indebtedness is an unsecured, general obligation of the College.

Retirement and Other Postretirement Benefits

The defined benefit and defined contribution plans in which the College's employees participate, the College required contributions and its actual contributions are further described in APPENDIX A attached hereto. The College also maintains a postretirement plan for benefits other than pensions which is also described in APPENDIX A attached hereto together with the College's contributions and liability with respect to such plan.

Northampton County Area Community College Foundation

The Foundation was founded in 1969 in order to provide funds for student scholarships, professional development for the College's staff and faculty and capital project funding for the College. The capital projects funded and currently owned by the Foundation are the student residence halls and apartment complex on the College's main campus. The Foundation also assisted with the renovation of the Fowler Family Southside Center in downtown Bethlehem, and Hartzell Hall and the Spartan Center on the College's main campus. The Foundation's support to the College since 1970 has totaled over $25 million; the largest contribution has been scholarships aggregating over $8 million. The Foundation's spending policy for Fiscal Year 2014 was to contribute to the College 4.50 % of endowment market value based on a five year rolling average. This spending policy may be adjusted by the Foundation's board; it has typically ranged between 4 and 4.5%.

ABSENCE OF LITIGATION

The Authority. There is no litigation of any nature now pending or, to the Authority's knowledge, threatened against it restraining or enjoining the issuance, sale, execution or delivery of the Bonds or in any way contesting or affecting the validity of the Bonds, the Indenture, or any proceedings of the Authority taken in connection with issuance or sale of the Bonds, the pledge or application of any moneys or security provided for the payment of the Bonds, or the existence or powers of the Authority.

The College. There is no litigation, currently pending or to the knowledge of the College threatened against it, which, individually or in the aggregate, will have a material adverse effect on its financial condition or which will affect the validity or enforceability of the Loan Agreement or the Note, or which in any way contests the existence or powers of the College.

LEGALITY FOR INVESTMENTS

Under the Act, the Bonds are securities in which all officers of the Commonwealth and its political subdivisions and municipal officers and administrative departments, boards and commissions of the Commonwealth, all banks, savings banks, trust companies, savings and loan association, investment companies and other persons carrying on a banking business, all insurance companies, insurance associations and other persons carrying on an insurance business, and all administrators, executors, guardians, trustees and other fiduciaries, and all other persons who are authorized to invest in bonds or other financial obligations of the Commonwealth may properly and legally invest any funds, including capital belonging to them or within their control, and the Bonds are securities which may properly and legally be deposited with and received by any Commonwealth and municipal officers or agency of the Commonwealth for any purpose for which the deposit of bonds or other obligations of the Commonwealth is authorized by law.

TAX EXEMPTION

Opinion of Bond Counsel

In the opinion of Bond Counsel, under existing law, interest on the Bonds (including any original issue discount properly allocable to an owner of the Bonds) is excluded from gross income for federal income tax purposes and is not an item of tax preference for purposes of the federal alternative minimum tax imposed on individuals and corporations. It should be noted however, that with respect to certain corporations (as defined for federal income tax purposes), such interest is taken into account in determining adjusted current earnings for the purpose of computing the alternative minimum tax imposed on corporations by the Code.

Certain of the Bonds may be sold with original issue discount (the "OID Bonds"). For each maturity of the OID Bonds, original issue discount is the excess of the stated redemption price at maturity of such OID Bonds over the initial offering price to the public, excluding underwriters and other intermediaries, at which price a substantial amount of such OID Bonds were sold. The appropriate portion of such original issue discount allocable to the original and each subsequent holder will be treated as interest and excluded from gross income for federal income tax purposes and will increase a holder's tax basis in such OID Bonds for purposes of determining gain or loss upon sale, exchange, redemption, or payment at maturity. Owners of such OID Bonds should consult their own tax advisors with respect to the computation and determination of the portion of original issue discount which will be treated as interest and added to a holder's tax basis during the period such OID Bonds are held.

Any Bonds purchased, whether at original issuance or otherwise, for an amount greater than their principal amount payable at maturity (or, in some cases, at their earlier call date) (the "Premium Bonds"), will be treated as having amortizable bond premium. No deduction is allowable for the amortizable bond premium on the Premium Bonds. However, a purchaser's basis in a Premium Bond, and under the Treasury Regulations the amount of tax-exempt interest received, will be reduced by the amount of amortizable bond premium properly allocable to such purchaser. Owners of Premium Bonds should consult their own tax advisors with respect to the proper treatment of amortizable bond premium in their particular circumstances.

Ownership of the Bonds may result in collateral federal income tax consequences to certain taxpayers, including, without limitation, financial institutions, property and casualty insurance companies, individual recipients of Social Security or Railroad Retirement benefits, S corporations with "excess net passive income" and taxpayers who may be deemed to have incurred or continued indebtedness to purchase or carry the Bonds. Bond Counsel express no opinion as to such collateral federal income tax consequences.

The opinion of Bond Counsel on federal tax matters with respect to the Bonds will be based upon, and will assume the accuracy of, certain representations and certifications, and compliance with certain covenants, of the College, the Foundation and the Authority to be contained in the transcript of proceedings and that are intended to evidence and assure that the Bonds are and will remain obligations the interest on which is excluded from gross income for federal income tax purposes. Bond Counsel will not independently verify the accuracy of those certifications and representations.

Bond Counsel is also of the opinion that, under existing law, interest on the Bonds is exempt from Pennsylvania personal income tax and from Pennsylvania corporate net income tax, and the Bonds are exempt from personal property taxes in Pennsylvania.

Except as expressly stated above, Bond Counsel will not express any opinion as to any other federal or state tax consequences of acquiring, carrying, owning or disposing of the Bonds, and prospective purchasers of the Bonds should consult with their own tax advisors as to the applicability of these and any other collateral tax consequences of ownership of the Bonds.

Current and future legislative proposals, if enacted into law, clarification of the Code, or court decisions may cause interest on the Bonds to be subject, directly or indirectly, to federal income taxation, or to be subject to or not be exempted from state income taxation, or otherwise prevent the owners of the Bonds from realizing the full current benefit of the tax status of such interest. The introduction or enactment of any such legislative proposals, clarification of the Code or court decisions may also affect the market price for, or marketability of, the Bonds. Prospective purchasers of the Bonds should consult their tax advisors regarding any pending or proposed federal tax legislation, as to which Bond Counsel expressed no opinion.

THE FOREGOING IS NOT INTENDED AS AN EXHAUSTIVE LIST OF THE PROVISIONS OF FEDERAL OR STATE TAX LAW WHICH MAY HAVE AN EFFECT ON INDIVIDUALS AND CORPORATIONS HOLDING THE BONDS OR RECEIVING INTEREST THEREON. PROSPECTIVE PURCHASERS OF THE BONDS SHOULD CONSULT WITH THEIR TAX ADVISORS REGARDING THE EFFECT ON THEIR AFFAIRS OF HOLDING THE BONDS OR RECEIVING INTEREST THEREON, INCLUDING, BUT NOT LIMITED TO, THE EFFECT OF STATE AND LOCAL TAX LAWS.

CONTINUING DISCLOSURE

Pursuant to Rule 15c2-12 ("Rule 15c2-12"), as amended, adopted by the Securities and Exchange Commission (the "SEC"), under the Securities Exchange Act of 1934, as amended and supplemented (the "Securities Exchange Act"), a broker, dealer, or municipal securities dealer ("Participating Underwriter") is generally prohibited from purchasing or selling municipal securities, such as the Bonds, unless the Participating Underwriter has reasonably determined that an issuer of municipal securities or an obligated person has undertaken in a written agreement or contract for the benefit of holders and beneficial owners of such securities to provide certain annual financial information and event notices to the Municipal Securities Rulemaking Board (the "MSRB").

The College has entered into a Continuing Disclosure Agreement ("Disclosure Agreement") for the benefit of the holders and beneficial owners of the Bonds with the Trustee, under which the College has agreed to provide the annual financial information and event notices to the MSRB as required by Rule 15c2-12. The form of Disclosure Agreement is attached as APPENDIX C.

During the past five years, the College has not failed to comply with its previous agreements to make filings pursuant to Rule 15c2-12.

Because the Bonds will be limited obligations of the Authority, the Authority is not an "obligated person" for purposes of Rule 15c2-12 and has no continuing obligations thereunder. Accordingly, the Authority will not provide any continuing disclosure information with respect to the Bonds or the Authority. The Authority has no responsibility for the College's compliance with the Disclosure Agreement or for the contents of, or any omissions from the financial information, operating data, or notices provided thereunder.

CERTAIN LEGAL MATTERS

Purchase of the Bonds by the Underwriter is subject to the receipt of the approving legal opinion of Reed Smith LLP, Philadelphia, Pennsylvania, Bond Counsel. The proposed form of opinion of Bond Counsel is attached hereto as APPENDIX B. Certain legal matters relating to the Authority will be passed upon by Buchanan Ingersoll & Rooney PC, Pittsburgh, Pennsylvania, Authority Counsel. Certain legal matters relating to the College and the Foundation will be passed upon by Herster, Newton & Murphy, Easton, Pennsylvania, College Counsel, and certain legal matters will be passed upon by Fox Rothschild LLP, Philadelphia, Pennsylvania, Underwriter’s Counsel.

The various legal opinions to be delivered concurrently with the delivery of the Bonds express the professional judgment of the law firms rendering the opinions as to the legal issues explicitly addressed therein. In rendering a legal opinion, a law firm does not become an insurer or guarantor of that expression of professional judgment, of the transaction opined upon, or the future performance of the parties to the transaction. In addition, the rendering of an opinion does not guarantee the outcome of any legal dispute that may arise out of the transaction.

FINANCIAL STATEMENTS

The financial statements of the College as of and for the years ended June 30, 2012 and 2013, included in APPENDIX A have been audited by Kreischer Miller, independent auditors, as stated in their report appearing in APPENDIX A.

Such financial statements also present the financial position and results of the College's discretely presented component unit, the Foundation; however, only the College is obligated to make payments under the Loan Agreement, not such component unit.

UNDERWRITING

The Underwriter has agreed to purchase the Bonds from the Authority, subject to certain conditions precedent, and will purchase all of the Bonds, if any of the Bonds are purchased, at a price of $46,626,252.50 (which represents the par amount of the Bonds, less Underwriter's discount of $117,480.00, plus net original issue premium of $4,023,732.50). The initial public offering prices set forth on the inside cover page may be changed by the Underwriter, and the Underwriter may offer and sell the Bonds to certain dealers and others at prices lower than the offering prices set forth on the inside cover page hereof.

BOND RATING

The Bonds are rated "AA" (stable) by Standard & Poor's Ratings Services, a division of The McGraw Hill Companies ("Standard & Poor's") based upon the delivery of the Policy by the Insurer. In addition, the Bonds are rated "A1" (stable) by Moody's Investors Service, Inc. ("Moody's") based upon the creditworthiness of the College. Such ratings reflect only the view of the rating agency assigning the rating and an explanation of its significance may be obtained only from such rating agency. Generally, rating agencies base their ratings on such information and materials and on investigations, studies and assumptions made by the rating agencies themselves and may include information and materials furnished to the rating agencies and not included in this Official Statement. There is no assurance a rating will continue for any given period of time or that it will not be revised downward or withdrawn entirely by the rating agency if in its judgment circumstances so warrant. Except as provided in the Disclosure Agreement, none of the Underwriter, the Authority, or the College has undertaken any responsibility either to bring to the attention of the holders of the Bonds any proposed change in or withdrawal of a rating of the Bonds or to oppose any such proposed change or withdrawal. Any such downward revision or withdrawal of the rating may have an adverse effect on the marketability or market price of outstanding Bonds.

FINANCIAL ADVISOR

Public Financial Management, Inc. has served as financial advisor to the College with respect to the sale of the Bonds, assisted the College in matters relating to the planning, structuring and issuance of the Bonds and provided other financial advice. Public Financial Management, Inc. is an independent financial advisory and consulting firm and is not engaged in the underwriting, marketing or trading of municipal securities or other negotiable instruments.

VERIFICATION OF MATHEMATICAL CALCULATIONS

BondResource Partners LP (the "Verification Agent") has verified from the information provided to them the mathematical accuracy, as of the date of delivery of the Bonds, of (i) the computations contained in the provided schedules to determine that the amount to be deposited in escrow for the refunding of the 2004A Bonds and the 2004B Bonds together with the projected investment earnings thereon, will be sufficient to pay, when due, the principal or redemption price of and interest on the 2004A Bonds and the 2004B Bonds, and (ii) the mathematical computations supporting the conclusion of Bond Counsel that interest on the Bonds is excluded from gross income of the owners thereof for federal income tax purposes. The Verification Agent will express no opinion on the assumptions provided to it. The Verification Agent is affiliated with the Financial Advisor.

MISCELLANEOUS MATTERS

The references herein to the Indenture, the Loan Agreement, the Note, the Disclosure Agreement, the Act, the Community College Act and other materials are only brief outlines of certain provisions thereof and do not purport to summarize or describe all the provisions thereof, copies of which will be furnished by the Authority upon request.

The information contained in this Official Statement has been compiled or prepared from official and other sources deemed to be reliable and, although not guaranteed as to the completeness or accuracy, is believed to be correct as of this date. Statements involving matters of opinion, whether or not expressly so stated, are intended as such and not as representations of fact.

The information contained in this Official Statement should not be construed as representing all the conditions affecting the Authority, the College or the Bonds.

STATE PUBLIC SCHOOL BUILDING AUTHORITY

By: /s/Robert Baccon
Robert Baccon, Executive Director

APPROVED:

NORTHAMPTON COUNTY AREA COMMUNITY COLLEGE

By: /s/Dr. Mark Erickson
Dr. Mark Erickson
President

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APPENDIX A

NORTHAMPTON COUNTY AREA COMMUNITY COLLEGE
FINANCIAL STATEMENTS AS OF AND FOR THE YEARS ENDED
JUNE 30, 2013 AND 2012

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NORTHAMPTON COMMUNITY COLLEGE

Basic Financial Statements
and
Single Audit Report

June 30, 2013 and 2012

NORTHAMPTON COMMUNITY COLLEGE
June 30, 2013 and 2012

CONTENTS

Kreischer Miller

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Independent Auditors' Report

The Board of Trustees
Northampton Community College
Bethlehem, Pennsylvania

Report on the Financial Statements

We have audited the accompanying financial statements of Northampton Community College (the College), and its discretely presented component unit, as of June 30, 2013 and 2012, and the related notes to the financial statements which collectively comprise the College's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditors' Responsibility

Our responsibility is to express an opinion on these financial statements based on our audits. We conducted our audits in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditors' judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditors consider internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Northampton Community College and its discretely presented component unit as of June 30, 2013 and 2012, and the changes in their financial position, and their cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that Management's Discussion and Analysis (MD&A) on pages 1 through 4 be presented to supplement the basic financial statements. The accompanying Schedule of Funding Progress - OPEB is presented for the purpose of additional analysis and is a required part of the financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Other Information

Our audits were conducted for the purpose of forming an opinion on the financial statements as a whole. The accompanying Schedule of Expenditures of Federal Awards is presented for purposes of additional analysis as required by the U.S. Office of Management and Budget Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations,* and is not a required part of the 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 financial statements. The information has been subjected to the auditing procedures applied in the audits of the financial statements and certain other procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated in all material respects in relation to the financial statements as a whole.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated November 7, 2013 on our consideration of Northampton Community College's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements, and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering Northampton Community College's internal control over financial reporting and compliance.

Kreischer Miller

Horsham, Pennsylvania
November 7, 2013

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NORTHAMPTON COMMUNITY COLLEGE

MANAGEMENT'S DISCUSSION AND ANALYSIS (UNAUDITED)

This section of the Northampton Community College's (the College) financial statements presents management's discussion and analysis of the College's financial activity during the fiscal years ended June 30, 2013 and 2012. This analysis reflects on the current activities, resulting change and currently known facts, and should be read in conjunction with the College's financial statements, including the notes. Responsibility for the completeness and fairness of this information rests with the College.

Financial and Enrollment Highlights

- Net assets increased $8.8 million to $84.1 million.
- The FY12/13 College statement of net position reflects the Series 2011A Bond Issue in the amount of $70.585 million for the New Monroe Campus with a balance due of $65.40 million at June 30, 2013 and $40.3 million remaining in the deposits with bond trustee for the construction. Monroe County also has a balance of $3.7 million of State gambling funds after making the current year bond payments.
- Total Enrollment (credit and non-credit) decreased 587.2 FTE's or 5.7% from the prior year. Credit FTE Enrollment showed a 4.8% decrease while noncredit decreased 10.7%, largely due to the decrease in ETAC, Adult Literacy, Healthcare, and Truck Driving.
- Total Operating and Non Operating Revenue when combined increased by 1.6% or $1.3 million. Operating revenue increased 4.4% or $1.7 million due to the increase in tuition revenue which after several years of enrollment increase; enrollment at the College has started to level out. Total non-operating revenue decreased .9% or $.4 million.
- Operating expenses increased 1.3% or $1.1 million due largely to increases in financial aid, salaries and benefit plans, and a slight decrease in depreciation and utilities.
- Tuition and fee revenue remained mostly unchanged increasing by only 4.6% or $1.3 million due to the slight increase in enrollment and a modest increase in tuition.
- State appropriated operating revenue remained stable while local appropriations increased by $95,000.

Condensed Statements of Net Assets (in millions)
June 30, 2013 and 2012

	2013	2012	Increase (Decrease)	Percent Change
Current assets	$ 86.9	$ 113.4	$ (26.5)	(23.4) %
Noncurrent assets:				
Capital assets, net of depreciation	93.1	62.6	30.5	48.7 %
Other	2.4	3.0	(0.6)	(20.0) %
Total assets	$ 182.4	$ 179.0	$ 3.4	1.9 %
Current liabilities	$ 15.7	$ 16.1	$ (0.4)	(2.5) %
Noncurrent liabilities	82.5	87.6	(5.1)	(5.8) %
Total liabilities	$ 98.2	$ 103.7	$ (5.5)	(5.3) %
Net assets:				
Investment in capital assets	$ 30.4	$ 42.2	$ (11.8)	(28.0) %
Restricted	42.7	24.1	18.6	77.2 %
Unrestricted	11.0	9.0	2.0	21.9 %
Total net assets	$ 84.1	$ 75.3	$ 8.8	11.7 %

Total net assets at June 30, 2013 increased $8.8 million, largely due to an increase in capital appropriations from the Commonwealth for the 2011 bond issue for the new Monroe Campus and the continued support from Monroe County along with continued cost containment from the College in a decreased enrollment environment.

Condensed Statements of Revenues, Expenses and Changes in Net Assets (in millions) June 30, 2013 and 2012

	2013	2012	Increase (Decrease)	Percent Change
Operating revenue:				
Tuition and fees	$ 29.4	$ 28.1	$ 1.3	4.6 %
Auxiliary enterprises	8.6	8.6	-	- %
Other	3.0	2.6	0.4	16.0 %
Total operating revenue	41.0	39.3	1.7	4.4 %
Operating expenses	86.3	85.2	1.1	1.3 %
Operating loss	(45.3)	(45.9)	0.6	(1.3) %
Nonoperating revenues (expenses):				
Grants and contracts	25.4	25.9	(0.5)	(2.0) %
State appropriations	14.5	14.5	-	- %
Local appropriations	5.7	5.6	0.1	1.8 %
Investment income	0.1	0.2	(0.1)	(50.0) %
Interest expense	(4.1)	(4.1)	-	- %
Other	0.4	0.4	-	- %
Total nonoperating revenues	42.0	42.5	(0.5)	(1.2) %
Other revenues:				
Capital appropriations	5.2	5.2	-	- %
Capital fees, grants, gifts	6.9	6.7	0.2	3.0 %
Total other revenues	12.1	11.9	0.2	1.7 %
Change in net assets	8.8	8.5	0.3	3.3 %
Net assets, beginning of year	75.3	66.8	8.5	12.7 %
Net assets, end of year	$ 84.1	$ 75.3	$ 8.8	11.7 %

Federal Pell grants and State PHEAA grants are classified in non-operating revenues per accounting standards. Federal Pell grants showed a $.9 million decrease due to the decrease in student eligibility.

Enrollment Highlights

Fiscal year 2013 enrollment totaled 33,949 unduplicated individuals who took either a credit program course or a non-credit program course at Northampton Community College. This total represents a decrease of .6% from the previous year.

For the credit programming, the College enrolled 15,158 unduplicated credit students in fiscal year 2013, a 6.2% decrease over the previous year. In-county students decreased 3.9% to 8,899 over the previous year. Credit student enrollment in Monroe County decreased 8.9% to 3,690 students, while credit enrollment for other counties decreased 9.7% to 2,569.

For the non-credit programming, the College enrollment inclined to 18,932 individual students, an increase of .1% over the previous year. In-county students decreased 3.3% to 9,143 over the previous year. Non-credit enrollment in Monroe County decreased 16% to 1,864 students, while other non-credit enrollment increased 9.7% to 7,925.

Other Items

The new Monroe Campus is still under construction. The 3 campus buildings are over the half-way point of construction and if you view the Monroe Campus website you will see a number of new activities evolving. Construction completion is still scheduled for April 2014.

The College and the American Federation of Teachers, Local 579 AFL - CIO representing the Faculty / AFT employees have reached agreement for a new three year labor contract which will expire on June 30, 2016. The contract has been approved by the Board of Trustees. The negotiations will start soon for the Teamsters Local 773; their contract ends June 30, 2014.

Last year, for the first time, the College won the Top Workplaces for 2013 through the Morning Call in the Valley. It showed everyone that the College was a good place to work in the valley.

This financial report is designed to provide a general overview of the College's financial position. Complete financial statements for the Foundation may be obtained at the Northampton Community College's administrative office. Northampton Community College and the Foundation are financially secure and fiscally sound. The institution is proud of the educational opportunities and services provided to the communities served and look forward to providing area residents with low cost, high quality education and training in the years to come.

NORTHAMPTON COMMUNITY COLLEGE

Statements of Net Position - Primary College
June 30, 2013 and 2012

	2013	2012
ASSETS		
Current assets:		
Cash and cash equivalents	$ 43,221,088	$ 39,879,246
Accounts receivable, net of an allowance for doubtful accounts of $611,780 in 2013 and $620,781 in 2012	2,316,666	1,932,812
Due from Foundation	474,464	-
Inventory	31,676	515,521
Deposits with bond trustee	40,302,436	70,419,541
Mortgage receivable	290,229	300,688
Prepaid expenses	296,839	386,627
Total current assets	86,933,398	113,434,435
Noncurrent assets:		
Restricted cash	30,990	86,378
Loans receivable	917,635	1,013,380
Mortgage receivable	206,288	496,517
Capital assets, net	93,134,056	62,623,780
Deferred loss on bond refunding	379,466	505,955
Bond issuance costs, net	764,593	830,592
	$ 182,366,426	$ 178,991,037
LIABILITIES AND NET ASSETS		
Current liabilities:		
Current portion of long-term debt	$ 5,439,520	$ 5,354,470
Capital lease obligations	35,208	176,237
Accounts payable	3,655,814	3,320,412
Accrued payroll and related benefits	2,497,416	2,499,465
Due to Foundation	-	376,765
Interest payable	1,316,708	1,357,569
Deferred revenue	2,828,043	2,973,572
Due to Commonwealth	-	2,936
Total current liabilities	15,772,709	16,061,426
Noncurrent liabilities:		
Early retirement benefits	187,694	100,949
Postretirement benefit liability	2,188,503	1,885,856
Bond premiums	1,189,927	1,298,365
Long-term debt	78,877,901	84,316,348
	82,444,025	87,601,518
	98,216,734	103,662,944
Net position:		
Net investment in capital assets	30,402,850	42,193,927
Restricted for:		
Instructional	2,750,504	1,985,759
Loans	1,446,977	1,306,668
Capital projects	36,994,916	19,262,616
Other	1,580,995	1,581,870
Unrestricted	10,973,450	8,997,253
	84,149,692	75,328,093
	$ 182,366,426	$ 178,991,037

See accompanying notes to financial statements.

NORTHAMPTON COMMUNITY COLLEGE

Statements of Revenues, Expenses and Changes in Net Position - Primary College
Years Ended June 30, 2013 and 2012

	2013	2012
Operating revenues:		
Student tuition and fees (net of scholarship allowances of $8,713,359 in 2013 and $9,963,299 in 2012)	$ 29,374,217	$ 28,129,606
Sales and services of educational department	627,796	462,396
Auxiliary enterprises	8,593,963	8,636,684
Other operating revenues	2,387,834	2,092,080
	40,983,810	39,320,766
Operating expenses:		
Salaries and benefits	51,129,934	50,911,554
Financial aid	13,187,787	12,329,957
Utilities	1,493,876	1,559,104
Supplies and other services	16,696,510	16,847,132
Depreciation	3,799,658	3,585,270
	86,307,765	85,233,017
Operating loss	(45,323,955)	(45,912,251)
Nonoperating revenues (expenses):		
Federal grants and contracts	20,504,356	20,759,300
State and local grants and contracts	4,935,598	5,164,596
State appropriations	14,478,220	14,478,221
Local appropriations	5,677,079	5,582,183
Investment income	137,387	188,279
Interest on indebtedness	(4,125,370)	(4,130,683)
Other nonoperating revenues	451,031	409,388
	42,058,301	42,451,284
Loss before other revenues	(3,265,654)	(3,460,967)
Other revenues:		
Capital appropriations	5,182,093	5,155,709
Capital fees, grants and gifts	6,905,160	6,772,301
	12,087,253	11,928,010
Increase in net position	8,821,599	8,467,043
Net position, beginning of year	75,328,093	66,861,050
Net position, end of year	$ 84,149,692	$ 75,328,093

See accompanying notes to financial statements.

NORTHAMPTON COMMUNITY COLLEGE

Statements of Cash Flows - Primary College
Years Ended June 30, 2013 and 2012

	2013	2012
Cash flows from operating activities:		
Tuition and fees	$ 28,844,834	$ 28,775,345
Payments to suppliers	(15,703,425)	(15,568,653)
Payments to utilities	(1,493,876)	(1,559,104)
Payments to employees and for benefits	(50,742,591)	(50,387,364)
Payments for financial aid	(13,187,787)	(12,329,957)
Auxiliary enterprises	8,593,963	8,636,684
Other receipts	3,015,630	2,554,475
Net cash used in operating activities	(40,673,252)	(39,878,574)
Cash flows from noncapital financing activities:		
Federal grants and contracts	20,504,356	20,759,300
State grants and contracts	4,935,598	5,164,596
State appropriations	14,475,284	14,464,038
Local appropriations	5,677,079	5,582,183
Other receipts	451,031	409,388
Net cash provided by noncapital financing activities	46,043,348	46,379,505
Cash flows from capital financing activities:		
Capital appropriations	5,182,093	5,155,709
Capital fees, grants and gifts	6,905,160	6,772,301
Capital expenditures	(34,236,808)	(7,620,661)
Principal paid on long-term debt	(5,353,397)	(6,377,705)
Principal received on mortgage	300,688	291,536
Payments on capital lease obligations	(214,155)	(389,268)
Interest paid on capital debt	(4,166,231)	(3,792,984)
Change in bond trustee deposits	30,117,105	2,525,390
Change in restricted cash	55,388	(30,413)
Net cash used in capital financing activities	(1,410,157)	(3,466,095)
Cash flows from investing activities:		
Change in loan receivable	95,745	37,376
Due to/from Foundation, net	(851,229)	487,212
Interest on investments	137,387	188,279
Net cash provided by (used in) investing activities	(618,097)	712,867
Net increase in cash and cash equivalents	3,341,842	3,747,703
Cash and cash equivalents, beginning of year	39,879,246	36,131,543
Cash and cash equivalents, end of year	$ 43,221,088	$ 39,879,246
Reconciliation of operating loss to net cash used in operating activities:		
Operating loss	$ (45,323,955)	$ (45,912,251)
Adjustments to reconcile operating loss to net cash used in operating activities:		
Postretirement benefits	302,647	477,169
Depreciation and amortization	3,883,708	3,669,320
Changes in assets and liabilities:		
Accounts receivable	(383,854)	275,822
Prepaid expenses	89,788	(98,086)
Inventory	483,845	(31,793)
Accounts payable and accrued liabilities	335,402	1,324,307
Accrued payroll and related benefits	84,696	47,021
Deferred revenue	(145,529)	369,917
Net cash used in operating activities	$ (40,673,252)	$ (39,878,574)
Noncash transactions:		
Capital assets acquired under capital lease	$ -	$ 365,939

See accompanying notes to financial statements.

NORTHAMPTON COMMUNITY COLLEGE

Statements of Financial Position - Component Unit
June 30, 2013 and 2012

	2013	2012
ASSETS		
Current assets:		
Pledges receivable	$ 262,750	$ 1,254,525
Due from Northampton Community College	-	376,765
Interest receivable	29,119	-
	291,869	1,631,290
Pledges receivable, net of current portion	2,993,117	2,425,666
Investments	35,257,923	30,203,548
Property and equipment, net	3,445,422	3,667,230
	$ 41,988,331	$ 37,927,734
LIABILITIES AND NET ASSETS		
Current liabilities:		
Due to Northampton Community College	$ 474,464	$ -
Current portion of loan payable	290,229	300,688
Current portion of annuities payable	37,956	33,015
Accrued interest payable	4,183	7,924
Residence hall room deposits	34,670	35,268
Deferred income	800	67,700
	842,302	444,595
Loan payable, less current portion	206,288	496,517
Annuities payable, less current portion	351,768	313,970
	1,400,358	1,255,082
Net assets:		
Unrestricted:		
Board designated	9,717,094	8,546,582
Undesignated	1,004,946	1,012,343
Temporarily restricted	17,575,759	15,527,216
Permanently restricted	12,290,174	11,586,511
	40,587,973	36,672,652
	$ 41,988,331	$ 37,927,734

See accompanying notes to financial statements.

NORTHAMPTON COMMUNITY COLLEGE

Statements of Activities - Component Unit
Years Ended June 30, 2013 and 2012

	2013	2012
Changes in unrestricted net assets:		
Revenues and other additions:		
Contributions	$ 408,452	$ 530,381
Special event income	839,810	241,966
Student housing rental	1,190,699	1,204,893
Investment income, net	1,041,194	3,662
Rental income, Northampton Community College	88,800	88,800
Administrative fee income	81,619	77,307
Net assets released from restrictions	1,472,864	1,007,185
Total revenues and other additions	5,123,438	3,154,194
Expenses and other deductions:		
Fundraising	462,289	110,646
General and administrative	345,595	535,756
Housing expenses	699,509	678,680
Contributions to Northampton Community College	2,452,928	1,623,871
Total expenses and other deductions	3,960,321	2,948,953
Increase in unrestricted net assets	1,163,117	205,241
Changes in temporarily restricted net assets:		
Contributions	765,354	3,560,412
Investment income (loss), net	2,798,791	(55,714)
Charitable annuity	(42,740)	(103,883)
Net assets released from restrictions, satisfaction of program restrictions	(1,472,864)	(1,007,185)
Increase in temporarily restricted net assets	2,048,541	2,393,630
Changes in permanently restricted net assets:		
Contributions	632,920	718,328
Investment income, net	70,743	64,510
Increase in permanently restricted net assets	703,663	782,838
Increase in net assets	3,915,321	3,381,709
Net assets, beginning of year	36,672,652	33,290,943
Net assets, end of year	$ 40,587,973	$ 36,672,652

See accompanying notes to financial statements.

(1) Nature of Operations

Northampton Community College (the College) is a public comprehensive two-year coeducational institution located in Bethlehem Township, Pennsylvania, founded in 1967. The College is funded through a diversified financial support system from eight sponsoring school districts, the Commonwealth of Pennsylvania and the students. As required by accounting principles generally accepted in the United States of America, the financial statements of the reporting entity include those of the College and its discretely presented component unit, Northampton Community College Foundation (the Foundation). The Foundation, discussed in Note 3, is included in the College's reporting entity because of the significance of its operations and financial relationship with the College.

(2) Summary of Significant Accounting Policies

Measurement Focus, Basis of Accounting and Basis of 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 has determined that it functions as a business-type activity, as defined by GASB. The effect of interfund activity has been eliminated from these financial statements.

Operating Revenues

Operating revenues of the College consist of tuition and fees, grants and contracts, sales and services of educational activities and auxiliary enterprise revenues. Transactions related to capital and financing activities, noncapital financing activities, investing activities and state and school district appropriations are components of nonoperating income. Governmental and private grants and contracts are reported as nonoperating revenue.

Continued...

(2) Summary of Significant Accounting Policies, Continued

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 statements of revenues, expenses and changes in net position. Scholarship discounts and allowances are the difference between the stated charge for goods and services provided by the College and the amount that is paid by students and/or third parties making payments on students' behalf. Certain governmental grants are recorded as other operating or nonoperating revenues in the College's financial statements; to the extent that revenues from such programs are used to satisfy tuition and fees and other student charges, the College has recorded a scholarship discount and allowance.

Cash Equivalents and Restricted Cash

The College classifies all demand and time deposits and money market funds as cash and cash equivalents. Throughout the year, the College maintained account balances at several financial institutions in excess of federally insured limits.

Restricted cash is for student loan programs.

Accounts, Loans and Pledges Receivable

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

Accounts and loans receivable are reported at net realizable value. Accounts are written off when they are determined to be uncollectible based upon management's assessment of individual accounts. An allowance for doubtful accounts is estimated based upon the College's historical losses and periodic review of individual accounts.

Unconditional promises to give that are expected to be collected in future years are recorded at the present value of estimated future cash flows. The discounts on those amounts are computed using a risk-free interest rate applicable to the year in which the promise is received. Amortization of the discount is included in contribution revenue. The Foundation establishes an allowance for uncollectible pledges based on a percentage of the outstanding balance and a review of the pledges receivable at year end.

Continued...

(2) Summary of Significant Accounting Policies, Continued

Inventory

Inventory from the College bookstore and restaurant is recorded at the lower of cost or market. Cost is determined on the first-in, first-out (FIFO) method.

Deposits with Bond Trustee

Deposits with bond trustee represent investments held in a trust from the Series A of 2011 bond proceeds. The investments consist of cash and fixed income securities which are carried at cost which approximates fair value.

Bond Issuance Costs and Premiums

Bond issuance costs and premiums are amortized on a straight-line basis over the term of the bonds which approximates the interest method.

Component Unit - Investments

The Foundation's investments are stated at fair value in the statements of financial position. Realized and unrealized gains and losses are included in the Foundation's statements of activities.

Component Unit - Fair Value Measurements

FASB *Accounting Standards Codification* (ASC) 820, *Fair Value Measurements and Disclosures*, provides the framework for measuring fair value in accordance with accounting principles generally accepted in the United States of America, and expands disclosure about fair value measurements. FASB ASC 820 requires that assets and liabilities carried at fair value be classified and disclosed in one of the following three categories:

Level 1: These are instruments where values are based on unadjusted quoted prices for identical assets in the active market the Foundation has the ability to access.

Level 2: These are instruments where values are based on quoted prices in markets that are not active or model inputs that are observable either directly or indirectly for substantially the full term of the investment.

Level 3: These are instruments where values are based on prices or valuation techniques that require inputs that are both unobservable and significant to the overall fair value measurement. These inputs reflect assumptions of management about assumptions market participants would use in pricing the asset or liability.

Continued...

(2) Summary of Significant Accounting Policies, Continued

Component Unit - Fair Value Measurements, Continued

For the years ended June 30, 2013 and 2012, the application of valuation techniques applied to similar assets and liabilities has been consistent. The table below presents the balances of assets and liabilities measured at fair value:

	June 30, 2013			
	Total	Level 1	Level 2	Level 3
Mutual funds:				
Bond fund	$ 8,194,358	$ -	$ 8,194,358	$ -
Equity fund	17,011,548	-	17,011,548	-
Other investments:				
Commodities fund	792,948	-	792,948	-
Capital partners' funds	1,162,526	-	-	1,162,526
Equity securities	6,465,718	6,465,718	-	-
Multi-strategy funds of funds	1,203,753	-	1,203,753	-
Other cash and cash equivalents	427,072	427,072	-	-
	$ 35,257,923	$ 6,892,790	$ 27,202,607	$ 1,162,526

	June 30, 2012			
	Total	Level 1	Level 2	Level 3
Funds:				
Bond fund	$ 7,690,235	$ -	$ 7,690,235	$ -
Equity fund	20,740,691	-	20,740,691	-
Commodities fund	854,850	-	854,850	-
Capital partners' funds	917,772	-	-	917,772
	$ 30,203,548	$ -	$ 29,285,776	$ 917,772

Level 2 investments: Valued based upon market valuation provided by independent pricing services. Independent third-party sources are used to price all security positions for which a readily determinable market price is available.

Capital partners' funds: Consist of investments in private equity partnerships. Fair values for these investments are determined by each partnership's general partners based on the estimated fair value of the partnership's underlying assets. General partners utilize various valuation procedures including values listed on a national securities exchange, mark-to-market methods, meaningful third-party transactions, comparable public market valuations and/or the income approach.

Continued...

(2) Summary of Significant Accounting Policies, Continued

Component Unit - Fair Value Measurements, Continued

Inputs are used in applying the valuation techniques and broadly refer to the assumptions that the general partners use to make valuation decisions, including assumptions about risk. Inputs may include recent transactions, earnings forecasts, market multiples, future cash flows, and other factors. An investment's level within the fair value hierarchy is based on the lowest level of any input that is significant to the fair value measurement. The categorization of an investment within the hierarchy is based upon pricing transparency of the investment and does not necessarily correspond to the general partner's perceived risk of that investment.

The Foundation has commitments totaling $2,500,000 for investments in the various private equity partnerships at June 30, 2013 and 2012. The unfunded commitments amount to $1,337,474 and $1,582,228 as of June 30, 2013 and 2012, respectively.

The change in level 3 assets measured at fair value is summarized below:

	Capital Funds
Balance, June 30, 2011	$ 539,332
Purchases	304,407
Unrealized gains on investments related to assets still held at reporting date included in changes in assets	74,033
Balance, June 30, 2012	917,772
Purchases	209,074
Unrealized gains on investments	35,680
related to assets still held at reporting date included in changes in net assets	35,680
Balance, June 30, 2013	$ 1,162,526

Capital Assets

Capital assets are stated at cost on the date of purchase or fair value on the date of donation in the case of gifts, net of accumulated depreciation. Depreciation is computed on the straight-line method over the estimated useful lives of the assets, which range from 3 to 40 years.

Continued...

(2) Summary of Significant Accounting Policies, Continued

Deferred Revenue

Deferred revenue includes amounts received from tuition and fees and grants prior to the end of the fiscal year but related to the subsequent accounting period.

Pension Plans

Employees of the College are required to enroll in one of three available cost-sharing multiple-employer retirement plans immediately upon employment. The College recognizes annual pension expenditures based on contractually required contributions to the plans.

Income Taxes

The Internal Revenue Service has ruled the College is tax exempt; accordingly, no provision for income taxes has been made in the accompanying financial statements.

The Foundation files Federal Form 990 and has not filed a Form 990T. With few exceptions, the Foundation is no longer subject to U.S. federal or state and local income tax examinations by tax authorities for years before 2009. It is difficult to predict the final timing and resolution of any particular uncertain tax position. Based on the Foundation's assessment of many factors, including past experience and complex judgments about future events, the Foundation does not currently anticipate significant changes in its uncertain tax positions over the next 12 months.

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 of accumulated depreciation and related debt.
- Restricted net position - This represents net position subject to externally imposed conditions.
- Unrestricted net position - This includes resources derived from student tuition and fees and sales and services.

Continued...

(2) Summary of Significant Accounting Policies, Continued

Concentration of Risk

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

Use of Estimates

The preparation of the College's and Foundation's 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 disclosures of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

Subsequent Events

The College has evaluated subsequent events through November 7, 2013, which is the date the financial statements were available to be issued.

(3) Component Unit

Nature of Operations

The Foundation is a legally separate, tax-exempt organization established in 1969 to solicit support for College programs from the general public and the business community and is the major fundraising unit for the College. The Foundation's Board of Directors periodically determines its support of various College programs. The Foundation also receives and administers scholarship funds for qualified students. In addition, the Foundation owns and operates resident housing for the College.

The College pays personnel costs incurred by the Foundation, which totaled approximately $289,000 and $273,000 in 2013 and 2012, respectively. These costs are included in "salaries and benefits" on the College's statements of revenues, expenses and changes in net position. The Foundation has, however, reimbursed the College approximately $205,000 in 2013 and $199,000 in 2012 to cover those costs. These reimbursements are included in the total support provided to the College by the Foundation which was approximately $2,500,000 and $1,600,000 in 2013 and 2012, respectively.

Continued...

(3) Component Unit, Continued

Nature of Operations, Continued

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

(4) Cash and Cash Equivalents

The College's investment policy is in accordance with the Public School Code of 1949 which requires monies to be invested in U.S. treasury bills, short-term obligations of the U.S. government or its agencies or instrumentalities, savings or time accounts, or share accounts of institutions insured by the FDIC, FSLIC or NCUSIF to the extent such accounts are so insured and, for any amounts above the insured maximum, provided that approved collateral as provided by law therefore shall be pledged by the depository. Obligations of the United States of America or any of its agencies or instrumentalities backed by the full faith and credit of the United States of America, the Commonwealth of Pennsylvania (Commonwealth) or any of its agencies or instrumentalities backed by the full faith and credit of the Commonwealth, or of any political subdivision of the Commonwealth or any of its agencies or instrumentalities backed by the full faith and credit of the political subdivision. At June 30, 2013, the College's cash and cash equivalents and restricted cash include deposits with local financial institutions and the Pennsylvania Local Government Investment Trust (PLGIT) and various petty cash balances held throughout the College.

Custodial credit risk is the risk that in the event of a bank failure, the College's deposits may not be returned to it. The College does not have a deposit policy for custodial credit risk. As of June 30, 2013, $43,221,088 of the College's banking balance of $44,251,318 was exposed to custodial credit risk since the balance was uninsured and collateralized with securities held by the financial institutions' trust departments not in the College's name under the provisions of the Commonwealth Act 72 of 1971 (Act 72), as amended. Act 72 allows banking institutions to cover total public funds on deposit in excess of federal insurance.

PLGIT is a common law trust organized to provide Pennsylvania local governments with a convenient method of pooling their cash for temporary investment. PLGIT functions similar to a money market fund, seeking to maintain a net asset value of $1 per share. Participants purchase shares in PLGIT, which invests the proceeds in: obligations of the Commonwealth, its agencies or instrumentalities or political subdivisions; and deposits in savings accounts, time deposits or share accounts of institutions insured by the Federal Deposit Insurance Corporation to the extent that such accounts are so insured, and for any amounts above the insured maximum, provided that approved collateral as provided by law is pledged by the depository. Shares may be withdrawn at any time. PLGIT/PLGIT PLUS have received an "AAA" rating from Standard & Poor's, an independent credit rating agency. At June 30, 2013, the carrying and bank balance amount of the College's deposits with PLGIT is $1,799,172.

Continued...

(4) Cash and Cash Equivalents, Continued

Guaranteed investment contracts (deposits with bond trustee) are not treated as deposits for purposes of deposit custodial credit risk disclosure because they are not deposits at financial institutions and therefore are not subject to the disclosure requirements.

(5) Component Unit - Investments

The composition of investments is as follows at June 30:

	2013	
	Fair Value	Cost
Common Fund:		
Multi-Strategy Bond Fund	$ 4,892,996	$ 3,789,190
Multi-Strategy Equity Fund	14,342,013	7,797,755
Multi-Strategy Commodities	792,948	1,004,230
Capital Partners CEP VII	326,322	271,510
Capital Partners CEP VIII	49,367	42,501
Capital Partners CCP IV	401,279	316,188
Capital Partners CIP VII	149,515	142,818
Capital Partners CVP IX	236,043	212,347
Fulton Financial Advisors:		
Equity investments	6,465,718	5,869,462
Equity funds	2,669,535	2,511,104
Bond and fixed income securities	3,301,362	3,441,950
Multi-strategy funds of funds	1,203,753	1,180,971
Cash and cash equivalents	427,072	414,095
	$ 35,257,923	$ 26,994,121

	2012	
	Fair Value	Cost
Common Fund:		
Multi-Strategy Bond Fund	$ 7,690,235	$ 5,955,330
Multi-Strategy Equity Fund	20,740,691	13,537,558
Multi-Strategy Commodities	854,850	1,004,445
Capital Partners CEP VII	295,742	244,592
Capital Partners CEP VIII	23,915	17,706
Capital Partners CCP IV	360,490	289,856
Capital Partners CIP VII	77,925	75,823
Capital Partners CVP IX	159,700	148,313
	$ 30,203,548	$ 21,273,623

Continued...

(5) Component Unit - Investments, Continued

The composition of investment return was as follows for the years ended June 30:

	2013	2012
Net unrealized loss on investments	$ (666,123)	$ (513,478)
Realized gain	4,034,239	-
Investment income	542,612	525,936
	$ 3,910,728	$ 12,458

(6) Capital Assets, Net

The College's capital assets consist of the following at June 30:

	Estimated Useful Lives (in years)	Balance June 30, 2012	Additions/ Transfers	Deletions/ Transfers	Balance June 30, 2013
Land and improvements		$ 8,447,249	$ 113,816	$ -	$ 8,561,065
Building and building	20-40				
improvements	3-10	65,257,077	1,454,250	-	66,711,327
Equipment	10	32,071,863	836,496	-	32,908,359
Library equipment	3-10	2,937,923	137,928	-	3,075,851
Furniture		1,390,406	-	-	1,390,406
Construction-in-progress		8,492,681	33,221,694	(1,454,250)	40,260,125
		118,597,199	35,764,184	(1,454,250)	152,907,133
Accumulated depreciation		(55,973,419)	(3,799,658)	-	(59,773,077)
		$ 62,623,780	$ 31,964,526	$ (1,454,250)	$ 93,134,056

	Estimated Useful Lives (in years)	Balance June 30, 2011	Additions/ Transfers	Deletions/ Transfers	Balance June 30, 2012
Land and improvements		$ 8,186,346	$ 260,903	$ -	$ 8,447,249
Building and building					
improvements	20-40	64,801,492	449,907.00	5,678	65,257,077
Equipment	3-10	30,348,380	1,723,483	-	32,071,863
Library equipment	10	2,801,084	136,839	-	2,937,923
Furniture	3-10	1,390,406	-	-	1,390,406
Construction-in-progress		3,082,891	5,415,468	(5,678)	8,492,681
		110,610,599	7,986,600	-	118,597,199
Accumulated depreciation		(52,388,149)	(3,585,270)	-	(55,973,419)
		$ 58,222,450	$ 4,401,330	$ -	$ 62,623,780

Depreciation expense amounted to $3,799,658 and $3,585,270 for the years ended June 30, 2013 and 2012, respectively.

(7) Component Unit - Property and Equipment

The following is a summary of component unit - capital assets at June 30:

	2013	2012
Land	$ 244,919	$ 244,919
Buildings	5,596,604	5,596,604
Furniture and equipment	1,821,391	1,801,742
	7,662,914	7,643,265
Accumulated depreciation	(4,217,492)	(3,976,035)
	$ 3,445,422	$ 3,667,230

Depreciation expense amounted to $241,459 and $248,803 for the years ended June 30, 2013 and 2012, respectively.

(8) Due to the Commonwealth of Pennsylvania

The operating costs of the College are generally funded as follows:

- Approximately one-third are reimbursed by the Commonwealth.
- Approximately one-third by the tuition charges to students from sponsoring school districts attending the College.
- The balance by the sponsoring school districts and other resources.

The Commonwealth funding is provisional and subject to redetermination based on the filing of reports and audits of those reports. An estimate of the settlement due from or to the Commonwealth is recognized in the year in which the funding is received. Final settlement due from the Commonwealth is recognized in the year in which the results of such audits are finalized.

Amounts due to the Commonwealth represent the excess of advances from the Commonwealth of reimbursable operating expenditures, certain capital expenditures, and specific payroll tax reimbursement. As of June 30, 2013, there was no outstanding amount due to the Commonwealth.

Appropriations from the Commonwealth are subject to audit. The final settlements are included in Due to Commonwealth on the statements of net position. The balance due to the Commonwealth will be adjusted against future payments to the College.

(9) Long-Term Debt

Long-term debt consists of the following at June 30:

	2012	Additions	Repayments	2013
SPSBA bonds, Series of 2003	$ 3,050,000	$ -	$ 1,150,000	$ 1,900,000
SPSBA bonds, Series A of 2004	6,065,000	-	715,000	5,350,000
SPSBA bonds, Series B of 2004	11,510,000	-	685,000	10,825,000
SPSBA bonds, Series of 2011	67,840,000	-	2,405,000	65,435,000
SPSBA loan payable	1,205,818	-	398,397	807,421
	$ 89,670,818	$ -	$ 5,353,397	$ 84,317,421

	2011	Additions	Repayments	2012
SPSBA bonds, Series of 2003	$ 4,165,000	$ -	$ 1,115,000	$ 3,050,000
SPSBA bonds, Series A of 2004	6,755,000	-	690,000	6,065,000
SPSBA bonds, Series B of 2004	12,175,000	-	665,000	11,510,000
SPSBA bonds, Series of 2011	70,585,000	-	2,745,000	67,840,000
SPSBA loan payable	1,515,439	-	309,621	1,205,818
KNBT loan payable	853,084	-	853,084	-
	$ 96,048,523	$ -	$ 6,377,705	$ 89,670,818

Series of 2003

In July 2003, the College issued $11,945,000 State Public School Building Authority (SPSBA) College Revenue Bonds, Series of 2003, for the purpose of advance refunding the SPSBA Revenue Bonds, Series U of 1993, Series E of 1995, and Series M of 1998. The Series of 2003 bonds mature periodically through 2015 and interest rates range from 2.00% to 5.00%, depending on the date of maturity. Proceeds of the 2003 bonds were used to purchase U.S. government securities, which were placed in irrevocable trust with an escrow agent to provide for future debt service payments on the advanced refunded bonds. As a result, all the advanced refunded bonds are considered to be defeased and the liability for those bonds has been removed from the statements of net position. In addition, the SPSBA College Revenue Bonds, Series E of 1990, had previously been defeased from the issuance of the 1993 bonds. As of June 30, 2013, $1,900,000 of these bonds remains unredeemed.

This advance refunding decreased the College's total debt service payments over the next thirteen years by approximately $1,611,000 and created an economic loss (difference between the present value of the debt service payment on the old and new debt) of approximately $589,000 in 2004.

Continued...

(9) Long-Term Debt, Continued

Series A of 2004

In March 2004, the College issued $11,030,000 SPSBA College Revenue Bonds, Series A of 2004, for the purpose of advance refunding the SPSBA Revenue Bonds, Series L of 1998, Series C of 1999, and Series of 2000. The Series A of 2004 bonds mature periodically through 2020 and interest rates range from 2.00% to 5.00%, depending on the date of maturity. Proceeds of the Series A of 2004 bonds were used to purchase U.S. government securities, which were placed in an irrevocable trust with an escrow agent to provide for future debt service payments on the advanced refunded bonds. As a result, all the advanced refunded bonds are considered to be defeased and the liability for those bonds has been removed from the statements of net position. As of June 30, 2013, $5,350,000 of these bonds remains unredeemed.

This advance refunding decreased the College's total debt service payments over the next twenty years by approximately $491,000 and created an economic loss of approximately $1,043,000 in 2004.

Series B of 2004

In April 2004, the College issued $15,170,000 SPSBA College Revenue Bonds, Series B of 2004, for the purpose of financing construction of a new Student Activities Center, renovation of the old Student Activities Center, and funding capitalized interest during the construction period. The Series B of 2004 bonds mature periodically through 2025 and interest rates range from 2.25% to 5.00%, depending on the date of maturity.

Series A of 2011

In April 2011, the College issued $70,585,000 SPSBA College Revenue Bonds, Series A of 2011, for the purpose of financing the acquisition, development, construction, and equipping of a new campus in Monroe County, Pennsylvania and related capital expenses. The Series A of 2011 bonds mature periodically through 2031 and interest rates range from 1.727% to 5.50%, depending on the date of maturity. The bond proceeds are maintained in a trust until expended and are included on the statement of net position.

SPSBA Loan Payable

In April 2010, the College entered into an agreement for a note payable with SPSBA for a maximum amount of $2,000,000. The purpose of the loan is to finance the renovations for Penn Hall and the Science Technology Hall. The loan is payable periodically through 2015 and bears interest at 2.50%.

Continued...

(9) Long-Term Debt, Continued

KNBT Loan Payable

In August 2005, the College issued a $6,000,000 note payable with a local financial institution for the purpose of financing construction of the Fowler Family Southside Campus. The KNBT loan payable was paid in full during the year ended June 30, 2012.

The following sets forth principal maturities of all long-term debt as of June 30, 2013:

Year Ending June 30,	Principal	Interest	Total
2014	$ 5,439,520	$ 4,020,667	$ 9,460,187
2015	5,242,901	3,826,230	9,069,131
2016	4,185,000	3,652,968	7,837,968
2017	4,360,000	3,514,098	7,874,098
2018	4,535,000	3,350,183	7,885,183
2019-2023	22,175,000	13,604,703	35,779,703
2024-2028	23,035,000	7,762,838	30,797,838
2029-2032	15,345,000	1,717,925	17,062,925
	$ 84,317,421	$ 41,449,612	$ 125,767,033

Bond Issuance Costs and Premiums

Issuance costs in the amounts of $1,196,962 in 2012 and 2011 were incurred related to the 2003, 2004, and 2011 bond issues. The issuance costs for all notes have been recorded as an asset on the statements of net position and are being amortized over the term of the notes. Accumulated amortization amounted to $432,369 and $366,370 as of June 30, 2013 and 2012, respectively.

Bond premium aggregating $2,241,426 was recorded as a liability on the statements of net position related to the 2003, 2004, and 2011 bond issues. The premium is being amortized over the terms of the notes. Accumulated amortization amounted to $1,051,499 and $943,061 as of June 30, 2013 and 2012, respectively.

(10) Component Unit - Mortgages Payable

At various times, the College has loaned to the Foundation a portion of its bond proceeds for use in capital projects. The following summarizes the mortgage notes payable to the College.

Continued...

(10) Component Unit - Mortgages Payable, Continued

Subsequent to the issuance of the 1993U SPSBA Revenue Bonds and the 1995E SPSBA Revenue Bonds, the College loaned the Foundation $2,078,872 and $2,250,000, respectively, in the form of a mortgage note. In July 2003, the College issued Series of 2003 SPSBA Revenue Bonds for the purpose of advance refunding various bonds, including the 1993U and 1995E bonds. The mortgage note remains payable in semiannual installments through April 2015, including interest at rates ranging from 2.00% to 5.00%, depending on the date of maturity.

The aggregate future principal payments required on mortgages payable at June 30, 2013, is as follows:

Year Ending June 30,	Amount
2014	$ 290,229
2015	206,288
	$ 496,517

In addition, the College has entered into an agreement with the Foundation whereby the Foundation has guaranteed the payment of approximately $1,850,000 of original principal plus related interest on the 1994 SPSBA Bonds, which were subsequently refunded by the 1998 SPSBA Bonds and the 2003 Bonds. The outstanding balance on this commitment at June 30, 2013 and 2012 is approximately $205,000 and $329,000, respectively, plus future interest.

(11) Capital Lease Obligations

The College has entered into various lease agreements covering certain academic and administrative computer equipment. All assets under these leases revert to the College upon fulfillment of the lease obligation. The agreements carry interest rates between 4.40% and 5.27%. The net book value of equipment under capital leases is included in capital assets and is being depreciated on a straight-line basis over lesser of term of lease or the estimated useful lives of the assets.

The carrying value of equipment under capital lease arrangements consists of the following at June 30:

	2013	2012
Equipment	$ 1,964,463	$ 1,891,337
Accumulated depreciation	(1,927,900)	(1,664,833)
	$ 36,563	$ 226,504

Continued...

(11) Capital Lease Obligations, Continued

The present value of future minimum capital lease payments as of June 30, 2013 is as follows:

Year Ending June 30,	Amount
Total minimum lease payments for 2013	$ 36,563
Amount representing interest	(1,355)
Present value of net minimum lease payments	35,208
Current portion	35,208
Noncurrent portion	$ -

(12) Operating Lease

The Foundation had committed to funding the expansion of the Monroe Campus facility and had entered into a lease agreement with the College for use of this facility. The College was required to make monthly lease payments of $7,400 for ten years under the lease, which expired in June 2013.

(13) Employee Benefits

The Public School Employees' Retirement System (PSERS) and the Commonwealth of Pennsylvania State Employees' Retirement System (SERS) are governmental cost-sharing multiple-employer defined benefit plans. PSERS provides retirement and disability benefits, legislative mandated ad hoc cost-of-living adjustments, and healthcare insurance premium assistance to qualifying annuitants. The Public School Employees' Retirement Code (Act No. 96 of October 2, 1974, as amended) (24 Pa.C.S.9101-8535) is the authority by which benefit provisions are established and may be amended. PSERS issues a comprehensive annual financial report that includes financial statements and required supplementary information for the plan. A copy of the report may be obtained by writing to Public School Employees' Retirement System, P.O. Box 125, Harrisburg, PA 17108-0125. SERS also provides retirement, death and disability benefits, and legislative mandated ad hoc cost-of-living adjustments. Article II of the Commonwealth of Pennsylvania's Constitution assigns the authority to establish and amend the benefit provisions of the plan to the General Assembly. SERS issues a publicly available annual financial report that includes financial statements and required supplementary information for the plan. A copy of the report may be obtained by writing to the Commonwealth of Pennsylvania State Employees' Retirement System, P.O. Box 1147, Harrisburg, PA 17108.

Continued...

(13) Employee Benefits, Continued

The contribution policy for PSERS is established in the Public School Employees' Retirement Code and requires contributions by active members, employers (the College), and the Commonwealth. Most active members contribute at a rate of 6.50% of their qualifying compensation. The contribution rate for the College is an actuarially determined rate. The College's contributions to PSERS were $38,707 in 2013, $72,007 in 2012 and $72,690 in 2011, equal to the required contractual contribution.

The contribution policy for SERS, as established by SERS' Board, requires contributions by active members and employers. Active members contribute at a rate of 6.25% of their qualifying compensation. The contribution rate for the College is an actuarially determined rate. The College's contributions to SERS were $4,768 in 2013, $3,728 in 2012 and $3,411 in 2011.

The Teachers Insurance and Annuity Association-College Retirement and Equity Fund (TIAA-CREF) is a cost-sharing multiple-employer defined contribution plan in which employees are eligible to participate. In a defined contribution plan, benefits depend on amounts contributed to the plan plus investment earnings. Employees who elect to participate in this plan are not required to contribute a percentage of total annual compensation. The contributions to TIAA-CREF were $2,250,239 in 2013, $2,188,214 in 2012 and $2,211,128 in 2011.

(14) Postretirement Benefits

Plan Description

The College sponsors a single-employer postretirement plan for benefits other than pensions. The plan is a self-funded plan administered by a third party. The College pays all claims in relation to health care benefits provided on behalf of eligible retirees, at no cost to the retiree, until the retiree is no longer eligible per the terms of the plan.

Funding Policy

The contribution requirements of plan members and the College are established and may be amended by the College's Board of Trustees. The plan is funded by the College, which pays all claims in relation to the health care benefits provided to eligible retirees. The College paid claims of approximately $308,894 and $309,691 for the fiscal years ended June 30, 2013 and 2012, respectively.

Continued...

(14) Postretirement Benefits, Continued

Annual OPEB Cost and Net OPEB Obligation

GASB Statement No. 45, *Accounting and Financial Reporting by Employers for Post-Employment Benefits Other Than Pensions* (GASB 45) requires the College to recognize a liability for the actuarially determined net other post-employment benefits obligation (OPEB) in its statements of net position. The net OPEB liability is calculated as the annual OPEB cost, less contributions, related to the annual required contribution (ARC). This statement also requires calculation and disclosure of the actuarial accrued liability (AAL), the plan assets, and the funded status of the AAL.

Changes to the net OPEB will be recognized through a change in unrestricted net position based on the annual OPEB cost, interest on the net OPEB, and adjustments to the ARC. The annual OPEB cost includes amortization of the unfunded AAL, which is being amortized using the level dollar method over a 30 year period, beginning July 1, 2009.

The College's annual other postemployment benefit (OPEB) cost (expense) is calculated based on the annual required contribution of the employer (ARC), an amount actuarially determined in accordance with the parameters of GASB Statement 45. The ARC represents a level of funds that, if paid on an ongoing basis, is projected to cover normal cost each year and amortize any unfunded actuarial liabilities (or funding excess) over a period not to exceed 30 years. The following shows the components of the College's annual OPEB cost for the year, the amount actually contributed to the plan, and changes in the College's net OPEB obligation:

Annual required contribution	$ 491,262
Interest on net OPEB obligation	75,434
Adjustment to annual required contribution	(109,059)
Annual OPEB cost	457,637
Contributions made	(154,990)
Increase in net OPEB obligation	302,647
Net OPEB obligation at July 1, 2012	1,885,856
Net OPEB obligation at June 30, 2013	$ 2,188,503

Continued...

(14) Postretirement Benefits, Continued

Annual OPEB Cost and Net OPEB Obligation, Continued

The College's annual OPEB cost, the percentage of annual OPEB cost contributed to the plan, and the net OPEB obligation for June 30, 2013 and 2012 were as follows:

Fiscal Year Ended	Annual OPEB Cost	Percentage of Annual OPEB Cost Contributed	Net OPEB Obligation
June 30, 2013	$ 457,637	34%	$ 2,188,503
June 30, 2012	$ 645,634	26%	$ 1,885,856

Funded Status and Funding Progress

The funded status of the plan as of July 1, 2013, the most recent actuarial valuation date, was as follows:

Actuarial accrued liability (AAL)	$ 3,553,478
Actuarial value of plan assets	-
Unfunded actuarial accrued liability	$ 3,553,478
Funded ratio (actuarial value of plan assets/AAL)	0%
Covered payroll (active plan members)	$ 39,758,368
UAAL as a percentage of covered payroll	9%

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 health care cost trend. Actuarial amounts determined regarding the funded status of the plan and the annual required contributions of the employer are subject to continual revision as actual results are compared with past expectations and new estimates are made about the future.

Actuarial Methods and Assumptions

The calculations are based on the types of benefits provided under the terms of the substantive plan at the time of the valuation and on the pattern of cost sharing between the employer and plan members. The projection of benefits for financial reporting purposes does not explicitly incorporate the potential effects of legal or contractual funding limitations on the pattern of cost sharing between the employer and plan members in the future. The actuarial methods and assumptions used include techniques that are designed to reduce the effects of short-term volatility in actuarial accrued liabilities and the actuarial value of assets, consistent with the long-term perspective of the calculations.

Continued...

(14) Postretirement Benefits, Continued

Actuarial Methods and Assumptions, Continued

In the July 1, 2013, actuarial valuation, the projected unit credit method was used. The actuarial assumptions included a 4.00% investment rate of return, which is the expected rate to be earned on the College's deposits, annual health care costs trend rates of 8%, reduced by decrements to an ultimate rate of 4.50% after seven years, aging factor rates ranging from .05% to 4%, plan withdrawal rates ranging from 0% to 15%, and retirement rates ranging from 1% to 100%. The unfunded actuarial accrued liability, based on 13 retired and 435 active participants, is being amortized using the level dollar method over the maximum allowable period of 30 years.

(15) Endowment

On July 1, 2009, the Foundation adopted FASB Staff Position 117-1, *Endowments of Not-for-Profit Organizations: Net Asset Classification of Funds Subject to an Enacted Version of the Uniform Prudent Management of Institutional Funds Act (UPMIFA) and Enhanced Disclosures for All Endowment Funds* now incorporated in FASB ASC 958-205. The Commonwealth of Pennsylvania has not yet adopted the provisions of the UPMIFA, but the Foundation is required by FASB ASC 958-205 to disclose certain matters associated with its endowment funds. Endowment funds subject to FASB ASC 958-205 include all permanently restricted net assets and the income generated by certain permanently restricted funds subject to donor restrictions. Management of the Foundation does not consider the temporarily restricted net assets to be subject to FASB ASC 958-205.

The endowment net assets include the board designated (unrestricted) and permanently restricted net assets. Permanently restricted net assets are included in the accompanying statement of financial position at the fair value of the underlying investments.

The Foundation's spending policy allowed a spending rate of up to 5% in 2013 and 2012 based on a five year moving average, but limited to state law limitations in Pennsylvania, to determine the amount of endowment earnings to be allocated to scholarships and other defined purposes from internally managed endowments. The effective rate, which is subject to review by the Foundation's Board of Directors, was 4% for 2013 and 2012.

The use of income on all permanently restricted endowment funds is subject to donor-imposed restrictions. Dividend, interest, gains and losses on these permanently restricted net assets are recorded as increases or decreases in temporarily restricted net assets. For the years ended June 30, 2013 and 2012, $523,208 and $226,401, respectively, of the funds were withdrawn and used by the Foundation for their intended purposes.

Continued...

(15) Endowment, Continued

The Foundation's permanently restricted net assets include endowments contributed for the purpose of supporting Northampton Community College and its mission.

The following tables summarize the changes in endowment net assets for the years ended June 30, 2013 and 2012:

	2013		
	Board Designated	Permanently Restricted	Totals
Beginning of year	$ 8,546,582	$ 11,586,511	$ 20,133,093
Contributions	4,295	632,920	637,215
Dividends and interest	149,918	70,743	220,661
Unrealized appreciation, net	834,631	-	834,631
Appropriations for expenditure	(48,414)	-	(48,414)
Net transfers within Foundation	230,082	-	230,082
End of year	$ 9,717,094	$ 12,290,174	$ 22,007,268

	2012		
	Board Designated	Permanently Restricted	Totals
Beginning of year	$ 8,390,406	$ 10,803,673	$ 19,194,079
Contributions	16,030	718,328	734,358
Dividends and interest	105,418	64,510	169,928
Unrealized depreciation, net	(150,910)	-	(150,910)
Appropriations for expenditure	(220,541)	-	(220,541)
Net transfers within Foundation	406,179	-	406,179
End of year	$ 8,546,582	$ 11,586,511	$ 20,133,093

(16) Temporarily Restricted Net Assets

The Foundation's temporarily restricted net assets are available for the following purposes as of June 30:

	2013	2012
Scholarships and awards	$ 6,713,521	$ 6,428,284
Program enhancements	7,313,035	5,890,694
Capital improvements and maintenance	3,549,203	3,208,238
	$ 17,575,759	$ 15,527,216

SUPPLEMENTARY INFORMATION

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NORTHAMPTON COMMUNITY COLLEGE

Schedule of Funding Progress - OPEB
Years Ended June 30, 2013 and 2012

The College's annual other post employment benefit (OPEB) cost (expense) is calculated based on the annual required contribution of the employer (ARC), an amount actuarially determined in accordance with the parameters of GASB Statement No. 45. The ARC represents a level of funding that, if paid on an ongoing basis, is projected to cover normal cost each year and amortize any unfunded actuarial liabilities (for funding excess) over a period not to exceed 30 years.

Actuarial Valuation Date	Plan Assets	Unfunded Actuarial Accrued Liability	Actuarial Accrued Liability	Funded Ratio	Covered Payroll	Unfunded AAL as a Percentage of Payroll
July 1, 2012	$ -	$ 3,533,478	$ 3,533,478	0%	$ 39,758,368	9%
July 1, 2010	$ -	$ 4,407,033	$ 4,407,033	0%	$ 38,692,365	11%
July 1, 2008	$ -	$ 4,094,791	$ 4,094,791	0%	$ 34,220,837	12%

NORTHAMPTON COMMUNITY COLLEGE

Supplementary Information
Schedule of Expenditures of Federal Awards
June 30, 2013

Federal Grantor/ Pass-Through Grantor/Program or Cluster Title	Federal CFDA Number	Federal Expenditures
U.S. Department of Education:		
Student financial aid cluster:		
Federal Direct Student Loans	84.268	$ 16,472,513
Federal Perkins Loans Outstanding	84.038	161,863
Federal Supplemental Education Opportunity Grants	84.007	216,368
Federal Work-Study Program	84.033	243,642
Perkins Loan Cancellations	84.037	3,332
Federal Pell Grant Program	84.063	16,943,654
Total student financial cluster		34,041,372
Fund for the Improvement of Postsecondary Education	84.116	158,175
Child Care Access Means Parents in School	84.335	64,330
Fund for the Improvement of Postsecondary Education	84.116	52,719
Special Education - Personnel Development to Improve Services and Results for Children with Disabilities	84.325	109,067
Passed-through Pennsylvania Department of Education:		
Adult Education - Basic Grants to States	84.002	585,268
Career and Technical Education - Basic Grants to States	84.048	619,474
Demonstration Projects to Support Postsecondary Faculty, Staff, and Administrations in Educating Students with Disabilities	84.333A	8,364
Total U.S. Department of Education		35,638,769
U.S. Department of Health and Human Services		
Passed-through Community Services for Children, Inc., Child Care and Development Block Grant	93.575	42,302
Passed-through Northeast Regional Key, Child Care and Development Block Grant	93.575	142,500
Total CFDA No. 93.575		184,802
Passed-through Inspiritek, Temporary Assistance for Needy Families	93.558	142,651
Total U.S. Department of Health and Human Services		327,453
U.S. Department of Agriculture, Food and Nutrition Service		
Passed-through Pocono Counties Workforce Investment Area		
State Administrative Matching Grants for Supplemental Nutrition Assistance Program	10.561	17,831

Continued...

NORTHAMPTON COMMUNITY COLLEGE

Supplementary Information
Schedule of Expenditures of Federal Awards, Continued
June 30, 2013

Federal Grantor/ Pass-Through Grantor/Program or Cluster Title	Federal CFDA Number	Federal Expenditures
U.S. Department of Labor and Industry:		
Passed-through Community College of Philadelphia		
Trade Adjustment Assistance Community College and Career Training Grants	17.282	430,362
National Aeronautics and Space Administration:		
Passed-through Dickinson College	43.AAA	1,884
National Science Foundation:		
Education and Human Resources	47.076	77,212
U.S. Department of State, Bureau of Educational and Cultural Affairs:		
Passed through Kirkwood Community College		
Academic Exchange Programs-Undergraduate Programs	19.009	386,005
Appalachian Regional Commission:		
Appalachian Area Development	23.002	96,174
U.S. Department of Transportation:		
Commercial Motor Vehicle Operator Training Grants	20.235	101,670
National Endowment for the Arts:		
Promotion of the Arts Grants to Organizations and Individuals	45.024	30,000
Total expenditures of federal awards		$ 37,107,360

See accompanying notes to schedule of expenditures of federal awards.

(1) Basis of Accounting

The accompanying supplementary schedule of expenditures of federal awards includes the federal grant activity of Northampton Community College (the College) and is presented on the accrual basis of accounting. Such expenditures are recognized following the cost principles contained in OMB Circular A-21, *Cost Principles for Educational Institutions,* where certain types of expenditures are not allowable or are limited as to reimbursement.

(2) Relation to Basic Financial Statements

The information in this schedule is presented in accordance with the requirements of OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations.* Therefore, some amounts presented in this schedule may differ from amounts presented in, or used in the preparation of, the financial statements.

Kreischer Miller

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

The Board of Trustees
Northampton Community College
Bethlehem, Pennsylvania

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of Northampton Community College, which comprise the statement of net position as of June 30, 2013, and the related statements of revenues, expenses and changes in net position, and cash flows for the year then ended, and the related notes to the financial statements, and have issued our report thereon dated November 7, 2013.

Internal Control over Financial Reporting

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

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

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

Compliance and Other Matters

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

Purpose of this Report

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

Kreischer Miller

Horsham, Pennsylvania
November 7, 2013

Kreischer Miller

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Independent Auditors' Report on Compliance for Each Major Program and Report on Internal Control over Compliance Required by OMB Circular A-133

The Board of Trustees
Northampton Community College
Bethlehem, Pennsylvania

Report on Compliance for Each Major Program

We have audited Northampton Community College's compliance with the types of compliance requirements described in the Office of Management and Budget (OMB) Circular A-133, *Compliance Supplement* that could have a direct and material effect on each of Northampton Community College's major federal programs for the year ended June 30, 2013. Northampton Community College's major federal programs are identified in the summary of auditors' results section of the accompanying schedule of findings and questioned costs.

Management's Responsibility

Management is responsible for compliance with the requirements of laws, regulations, contracts, and grants applicable to its federal programs.

Auditors' Responsibility

Our responsibility is to express an opinion on compliance for each of Northampton Community College's major federal programs based on our audit of the types of compliance requirements referred to above. We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards,* issued by the Comptroller General of the United States; and OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations.* Those standards and OMB Circular A-133 require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about Northampton Community College's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances.

We believe that our audit provides a reasonable basis for our opinion on compliance for each major federal program. However, our audit does not provide a legal determination of Northampton Community College's compliance.

Opinion on Each Major Federal Program

In our opinion, Northampton Community College complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended June 30, 2013.

Report on Internal Control over Compliance

Management of Northampton Community College is responsible for establishing and maintaining effective internal control over compliance with the types of compliance requirements referred to above. In planning and performing our audit of compliance, we considered Northampton Community College's internal control over compliance with types of requirements that could have a direct and material effect on each major federal program to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing our opinion on compliance for each major federal program and to test and report on internal control over compliance in accordance with OMB Circular A-133, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of Northampton Community College's internal control over compliance.

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

Our consideration of internal control over compliance was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of that testing based on the requirements of OMB Circular A-133. Accordingly, this report is not suitable for any other purpose.

Kreischer Miller

Horsham, Pennsylvania
November 7, 2013

I. SUMMARY OF AUDITORS' RESULTS

Financial Statements

Type of auditors' report issued:	Unmodified	
Internal control over financial reporting:		
• Material weakness(es) identified?	☐ Yes	☒ No
• Significant deficiency(ies) identified that are not considered to be material weakness(es)?	☐ Yes	☒ None Reported
Noncompliance material to financial statements noted	☐ Yes	☒ No

Federal Awards

Internal control over major programs:		
• Material weakness(es) identified?	☐ Yes	☒ No
• Significant deficiency(ies) identified that are not considered to be material weakness(es)?	☐ Yes	☒ None Reported
Type of auditors' report issued on compliance for major programs:	Unmodified	
• Any audit findings disclosed that are required to be reported in accordance with section 510(a) of Circular A-133?	☐ Yes	☒ No

Continued...

I. SUMMARY OF AUDITORS' RESULTS, CONTINUED

Identification of major programs:

CFDA Number(s)	Name of Federal Program or Cluster
	Student Financial Aid Cluster:
84.268	Federal Direct Student Loans
84.038	Federal Perkins Loans Outstanding
84.007	Federal Supplemental Education Opportunity Grant Program
84.033	Federal College Work Study Program
84.037	Federal Perkins Loan Program - Cancellations
84.063	Federal Pell Grant Program
84.048	Career and Technical Education - Basic Grants to States

Dollar threshold used to distinguish between type A and type B programs: $614,090

Auditee qualified as low-risk auditee? ☒ Yes ☐ No

II. FINANCIAL STATEMENT FINDINGS

None.

III. FINDINGS AND QUESTIONED COSTS FOR FEDERAL AWARDS

None.

IV. PRIOR AUDIT FINDING

The prior year single audit disclosed no findings in the schedule of findings and questioned costs and no significant uncorrected or unresolved findings exist from prior single audits.

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APPENDIX B

FORM OF BOND COUNSEL OPINION

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Proposed Form of Opinion of Bond Counsel

[To Be Dated the Date of Issuance of the Bonds]

State Public School Building Authority
Wormleysburg, Pennsylvania

State Public School Building Authority
College Revenue Bonds
(Northampton County Area Community College Project)
Series A of 2014
and
Series B of 2014

Ladies and Gentlemen:

We have acted as Bond Counsel in connection with the issuance by the State Public School Building Authority (the "Authority") of $29,005,000 aggregate principal amount of its College Revenue Bonds (Northampton County Area Community College Project) Series A of 2014 and $13,715,000 aggregate principal amount of its College Revenue Bonds (Northampton County Area Community College Project) Series B of 2014 (collectively, the "Bonds").

The Bonds are being issued pursuant to the State Public School Building Authority Act, as amended (the "Act"), and under a Trust Indenture, dated as of April 1, 1993 (the "Original Indenture"), as supplemented by various supplemental indentures including the Tenth Supplemental Trust Indenture, dated as of March 1, 2014 (the "Tenth Supplemental Indenture" and, together with the Original Indenture as previously amended and supplemented, the "Indenture"), between the Authority and The Bank of New York Mellon Trust Company, N.A., as Trustee (the "Trustee"), to accomplish the public purposes of the Act by aiding in the financing of certain projects for the benefit of Northampton County Area Community College, a community college organized and existing under the laws of the Commonwealth of Pennsylvania (the "Borrower"), as described in the Tenth Supplemental Indenture.

The Authority and the Borrower have entered into a Loan Agreement, dated as of March 1, 2014 (the "Loan Agreement"), under which the Authority has agreed to lend the proceeds of the issuance and sale of the Bonds to the Borrower and the Borrower has agreed to repay such loan by making payments to the Authority or its assigns at such times and in such amounts as shall be sufficient to enable the Authority to pay when due the principal of, premium if any, and interest on the Bonds. The obligations of the Borrower under the Loan Agreement are evidenced in part by the Borrower's General Obligation Note, Series of 2014, dated as of March 1, 2014 (the "Note"). The Authority has assigned substantially all of its rights under the Loan Agreement and the Note to the Trustee as security for the Bonds. The Authority, the Borrower and Northampton County Area Community College Foundation (the "Foundation") have also executed and delivered a Tax Compliance Certificate and Agreement, dated the date hereof (the "Tax Compliance Certificate"), with respect to certain matters under the Internal Revenue Code of 1986, as amended (the "Code"), relating to the Bonds.

In the course of our duties as Bond Counsel and in connection with the preparation of this opinion, we have examined the law and such certified proceedings and other papers as we deemed relevant, including executed counterparts of the Tenth Supplemental Indenture and the Loan Agreement. We have also examined a photocopy of an executed Bond of each separate series authenticated by the Trustee and assume that all other Bonds of each respective series have been similarly executed and authenticated. As to questions of fact material to our opinion, we have relied upon representations of the Authority, the Borrower and the Foundation contained in the Indenture, the Loan Agreement, the Tax Compliance Certificate and the related financing documents, certain certifications of public officials, and other certifications furnished to us by or on behalf of the Authority, the Borrower and the Foundation, without undertaking to verify the same by independent investigation.

Based upon the foregoing, we are of the opinion that:

1. The Authority is validly existing as a body corporate and politic constituting a public corporation and a governmental instrumentality with the corporate power and authority to issue the Bonds and to enter into and perform its obligations under the Tenth Supplemental Indenture and the Loan Agreement.

2. The Tenth Supplemental Indenture and the Loan Agreement have been duly authorized, executed and delivered by the Authority and, assuming such documents have been duly authorized, executed and delivered by the other parties thereto, are valid and binding obligations of the Authority and enforceable against the Authority.

3. The Bonds have been duly authorized, executed and delivered by the Authority and are valid, binding and enforceable limited obligations of the Authority, payable solely from the "Pledged Revenues" (as such term is defined in the Indenture), which include loan payments of the Borrower under the Loan Agreement and the Note, and any other moneys pledged and available for such purpose under the Indenture. The Bonds do not constitute a pledge of the general credit of the Authority or a pledge of the credit or the taxing power of the Commonwealth of Pennsylvania or any political subdivision thereof. The Authority has no taxing power.

4. Under existing law, interest on the Bonds is exempt from Pennsylvania personal income tax and from Pennsylvania corporate net income tax, and the Bonds are exempt from personal property taxes in Pennsylvania.

5. Under existing law, interest on the Bonds (including any original issue discount properly allocable to an owner of the Bonds) is excludable from gross income for federal income tax purposes and is not an item of tax preference for purposes of the federal alternative minimum tax imposed on individuals and corporations; however, for the purpose of computing the alternative minimum tax imposed on certain corporations (as defined for federal income tax purposes), such interest is taken into account in determining adjusted current earnings. The opinion set forth in the immediately preceding sentence is subject to the condition that the Authority, the Borrower and the Foundation comply with all requirements of the Code that must be satisfied subsequent to the issuance of the Bonds in order that the interest thereon be, or continue to be, excludable from gross income for federal income tax purposes. The Authority, the Borrower and the Foundation have covenanted to comply with all such requirements. Failure to comply with certain of such requirements may cause interest on all or a portion of the Bonds to be included in gross income for federal income tax purposes retroactive to the date of issuance of the Bonds.

Ownership of tax-exempt obligations, including the Bonds, may result in collateral federal income tax consequences to certain taxpayers, including financial institutions, property and casualty insurance companies, individual recipients of Social Security or Railroad Retirement benefits, S corporations with “excess net passive income” and taxpayers who may be deemed to have incurred or continued indebtedness to purchase or carry such obligations. We express no opinion as to such collateral federal income tax consequences.

We have not been engaged and have not undertaken to review the accuracy, completeness or sufficiency of any offering material of the Authority or the Borrower relating to the Bonds and we express no opinion relating thereto.

The rights of the holders of the Bonds and the enforceability of the Bonds, the Indenture and the Loan Agreement may be limited by bankruptcy, insolvency, reorganization, moratorium, and other similar laws affecting creditors' rights generally, and by equitable principles, whether considered at law or in equity.

The opinions herein are expressed as of the date hereof only and not as of some future date. We have not undertaken and will not undertake any responsibility to supplement or update our opinions to consider, or inform any person of, any events or actions occurring or taken (or not occurring or not taken) subsequent to the date hereof, including, but not limited to, those which may affect the tax status of interest on the Bonds.

Very truly yours,

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APPENDIX C

FORM OF CONTINUING DISCLOSURE AGREEMENT

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CONTINUING DISCLOSURE AGREEMENT

THIS CONTINUING DISCLOSURE AGREEMENT is executed and delivered on April 2, 2014, by and between Northampton County Area Community College (the "College") and The Bank of New York Mellon Trust Company, N.A., as trustee (the "Trustee").

W I T N E S S E T H:

WHEREAS, pursuant to the Bond Purchase Agreement dated March 20, 2014, by and among the State Public School Building Authority (the "Authority"), the College, and RBC Capital Markets, LLC as the underwriter (the "Underwriter"), the Authority is selling to the Underwriter its College Revenue Bonds (Northampton County Area Community College Project) Series A of 2014 in the aggregate principal amount of $29,005,000 (the "2014A Bonds") and its College Revenue Bonds (Northampton County Area Community College Project) Series B of 2014 in the aggregate principal amount of $13,715,000 (the "2014B Bonds"). The 2014A Bonds and 2014B Bonds are collectively referred to as the "Bonds"; and

WHEREAS, Rule 15c2-12 promulgated under the Securities Exchange Act of 1934, as amended (the "Rule"), provides that a Participating Underwriter (as defined in the Rule) shall not purchase or sell municipal securities in connection with an Offering (as defined in the Rule) unless the Participating Underwriter has reasonably determined that an issuer of municipal securities, or an obligated person for whom financial or operating data is presented in the final official statement has undertaken, either individually or in combination with other issuers of such municipal securities or obligated persons, in a written agreement or contract for the benefit of holders of such securities, to provide, either directly or indirectly through an indenture trustee or a designated agent, certain specified financial information and operating data and notices of certain material events.

NOW, THEREFORE, in consideration of the mutual covenants, promises and agreements contained herein, the parties hereto, intending to be legally bound hereby, agree as follows:

Section 1. Definitions.

In addition to the terms defined in the above recitals, the following terms shall have the meanings specified below:

"EMMA" shall mean the MSRB's Electronic Municipal Market Access System (www.emma.msrb.org).

"Loan Agreement" shall mean the Loan Agreement, dated as of March 1, 2014, between the Authority and the College relating to the Bonds.

"MSRB" shall mean the Municipal Securities Rulemaking Board.

"Official Statement" shall mean the Official Statement, dated March 20, 2014, of the Authority and the College with respect to the Bonds.

"Trust Indenture" shall mean the Trust Indenture, dated as of dated as of April 1, 1993 (as previously amended and supplemented, the "Existing Indenture"), as further supplemented by a Tenth Supplemental Trust Indenture dated as of March 1, 2014 (the "Tenth Supplemental Indenture", and collectively with the Existing Indenture, the "Indenture"), between the Authority and the Trustee.

Terms not otherwise defined herein shall have the same meanings as in the Indenture.

Section 2. Covenants of the College.

The College covenants as follows:

(a) The College shall deliver to the Authority, the Trustee and the MSRB, through EMMA, within 180 days after the end of each fiscal year commencing with the fiscal year ending June 30, 2014 certain financial information and other operating data with respect to the College (collectively, the "Annual Report"), as follows:

(1) a copy of its annual financial statements prepared in accordance with generally accepted accounting principles applicable to such entities as the College and audited by a certified public accountant (if the audited financial statements for a fiscal year are not available by the time the Annual Report for such fiscal year is required to be filed pursuant to this Section 2, the Annual Report shall contain unaudited financial statements in a format similar to the audited financial statements contained in the Official Statement, and the audited financial statements shall be filed in the same manner as the Annual Report when they become available); and

(2) an update to the financial information and operating data with respect to the College set forth in the Official Statement under the headings "NORTHAMPTON COUNTY AREA COMMUNITY COLLEGE -- Employees," "--Enrollment," and "-- Student Fees and Charges."

(b) In a timely matter, not in excess of ten (10) business days after the occurrence of the event, the College shall deliver to the Authority, the Trustee and the MSRB, through EMMA, notice of any of the following events (collectively, "Reportable Events") with respect to the Bonds:

(1) Principal and interest payment delinquencies;

(2) Non-payment related defaults, if material;

(3) Unscheduled draws on any debt service reserves reflecting financial difficulties;

(4) Unscheduled draws on credit enhancements reflecting financial difficulties;

(5) Substitution of any credit or liquidity providers, or their failure to perform;

(6) Adverse tax opinions, the issuance by the Internal Revenue Service of proposed or final determinations of taxability, Notices of Proposed Issue (IRS Form 5701-TEB) or other material notices or determinations with respect to the tax status of the Bonds, or other material events affecting the tax status of the Bonds;

(7) Modifications to rights of the Bondholders, if material;

(8) Bond calls, if material;

(9) Tender offers;

(10) Defeasances;

(11) Release, substitution, or sale of property securing payment of the Bonds, if material;

(12) Rating changes;

(13) Bankruptcy, insolvency, receivership or similar event of the obligated person;

(14) The consummation of a merger, consolidation, or acquisition involving the College or the sale of all or substantially all of the assets of the College, other than in the ordinary course of business, the entry into a definitive agreement to undertake such an action or the termination of a definitive agreement relating to any such actions, other than pursuant to its terms, if material;

(15) Appointment of a successor or additional trustee or the change of name of a trustee, if material.

(c) In a timely manner, the College shall give to the Trustee, the Authority and the MSRB, through EMMA, notice of any failure by the College to provide any information required pursuant to subsection (a) above on or before the date specified in subsection (a) above.

(d) The College shall send to the Trustee and the Authority concurrently with the delivery of any information required pursuant to subsection (a) or (b) above a certificate signed by an authorized officer of the College, stating that it has filed such information with the MSRB, through EMMA.

(e) The College agrees to provide information required in subsection (a) and (b) above for all Persons who are determined by it to be "Obligated Persons" under the Rule.

(f) The College agrees that the provisions of this Section 2 shall be for the benefit of the registered holders and beneficial owners of the Bonds, and shall be enforceable by any holders or beneficial owners of the Bonds, or by the Trustee on their behalf, in accordance with the provisions of Section 7 herein.

(g) The College may from time to time choose in its discretion to provide notice of the occurrence of certain other events, in addition to those listed above, but the College does not commit to provide any such notice of the occurrence of any events except those specifically listed above.

Section 3. Duties of Trustee.

The Trustee shall have no responsibility or liability in connection with the College's filing obligations under this Continuing Disclosure Agreement. The Trustee shall have only those duties specifically set forth in this Continuing Disclosure Agreement and no other duties shall be implied. The College agrees to indemnify and save the Trustee, its officers, directors, employees and agents (collectively, the "Indemnitees") harmless, from and against any and all claims, liabilities, losses, damages, fines, penalties, and expenses, including out-of-pocket expenses, incidental expenses, legal fees and expenses, the allocated costs and expenses of in-house counsel and legal staff and the costs and expenses of defending or preparing to defend against any claim ("Losses") that may be imposed on, incurred by, or asserted against, the Indemnitees or any of them for following any instruction or other direction upon which the Trustee is authorized to rely pursuant to the terms of this Continuing Disclosure Agreement. In addition to and not in limitation of the immediately preceding sentence, the College also covenants and agrees to indemnify and save the Indemnitees and each of them harmless from and against any and all Losses that may be imposed on, incurred by, or asserted against the Indemnitees or any of them in connection with or arising out of the Trustee's performance under this Continuing Disclosure Agreement provided the Trustee has not acted with gross negligence or in violation of this Continuing Disclosure Agreement or engaged in willful misconduct. The provisions of this Section 3 shall survive the termination of this Continuing Disclosure Agreement and the resignation or removal of the Trustee for any reason. Anything in this Continuing Disclosure Agreement to the contrary notwithstanding, in no event shall the Trustee be liable for special, indirect or consequential loss or damage of any kind whatsoever (including but not limited to lost profits), even if the Trustee has been advised of the likelihood of such loss or damage and regardless of the form of action. In acting under this Continuing Disclosure Agreement, the Trustee shall be entitled to rights, protections and immunities provided to it under the Indenture.

Section 4. Termination of Reporting Obligations.

The College's obligations under this Continuing Disclosure Agreement shall terminate upon the legal defeasance, prior redemption or payment in full of all of the Bonds. If the College's obligations with respect to the payment of the Bonds are assumed in full by some other entity, such other entity shall be responsible for compliance with this Continuing Disclosure Agreement in the same manner as if it were the College, and the College shall have no further responsibility hereunder. In addition, the College's obligation to provide information and notices as specified in Section 2 hereof shall terminate (a) at such other times as such information and notices (or any portion thereof) are no longer required to be provided by the Rule as it applies to the Bonds, (b) in the event of a repeal or rescission of the Rule or (c) upon a determination that the Rule is invalid or unenforceable.

Section 5. Indemnification of Authority.

The Authority shall have no responsibility or liability for the College's compliance with this Continuing Disclosure Agreement, in connection with the College's obligations under this Continuing Disclosure Agreement or for the compliance of this Continuing Disclosure Agreement or the contents of the annual financial or other information filed or notices provided in accordance with Section 2 hereof with the requirements of the Rule. The College agrees to indemnify and save the Authority, its members, officers, employees and agents, harmless against any claim, loss, expense (including reasonable attorneys' fees and expenses) or liability arising from or based upon (i) any breach by the College of this Continuing Disclosure Agreement or (ii) any information or notices provided under this Continuing Disclosure Agreement or any omission therefrom.

Section 6. Amendment.

The College and the Trustee may amend this Continuing Disclosure Agreement and waive any of the provisions hereof, but no such amendment or waiver shall be executed and effective unless (a) the amendment or waiver is made in connection with a change in legal requirements, change in law or change in the identity, nature or status of the College or the operations conducted by the College, (b) this Continuing Disclosure Agreement, as modified by the amendment or waiver complies with the requirements of the Rule, and (c) the amendment or waiver does not materially impair the interest of the registered owners of the Bonds. Prior to executing any requested amendment, the Trustee may request the College to provide an opinion, addressed to Trustee and the Authority, of counsel knowledgeable in federal securities laws and not unacceptable to the Trustee, to the effect that the proposed amendment satisfies the requirements described above, which opinion the Trustee may exclusively rely upon. In the event of any amendment or waiver of a provision of this Continuing Disclosure Agreement, the College shall describe such amendment in its next Annual Report delivered pursuant to Section 2(a) hereof, and shall include, as applicable, a narrative explanation of the reason for the amendment or waiver and its impact on the financial information or operating data being presented by the College. In addition, if the amendment relates to the accounting principles to be followed in preparing financial statements (i.e., changes other than those prescribed by generally accepted accounting principles), (i) notice of such change shall be given pursuant to the Reportable Event notice requirements as set forth in this Continuing Disclosure Agreement; and

(ii) the Annual Report for the year in which the change is made will present a comparison between the financial statements as prepared on the basis of the new accounting principles and those prepared on the basis of the former accounting principles. To the extent that the Rule requires or permits an approving vote of beneficial owners of the Bonds in connection with an amendment, the approving vote of beneficial owners of Bonds constituting more than 50% of the aggregate principal amount of the then outstanding Bonds shall constitute such approval. The College shall provide notice of any amendment to this Continuing Disclosure Agreement to the MSRB, through EMMA, and to the registered holders of the Bonds.

Section 7. Remedies for Default.

In the event of a breach or default by the College of its covenants to provide annual financial information and notices as provided in Section 2 hereof, the Trustee or any registered holder or beneficial owner of Bonds shall have the right to bring an action in a court of competent jurisdiction to compel specific performance by the College. A breach or default under this Continuing Disclosure Agreement shall not constitute a default or an event of default under the Bonds, the Trust Indenture, the Loan Agreement executed in connection therewith, or any other agreement. The Trustee shall be under no obligation to enforce this Continuing Disclosure Agreement unless (a) directed in writing by the registered holders or beneficial owners of at least 25% of the outstanding principal amount of the Bonds and (b) furnished with indemnity and security for expenses satisfactory to it in its sole discretion.

Section 8. Miscellaneous.

(a) Binding Nature of Agreement. This Continuing Disclosure Agreement shall be binding upon and inure to the benefit of the parties hereto and their respective successors and assigns. In addition, registered owners of the Bonds, which for the purposes of this Section 8 includes the holders of a book-entry credit evidencing an interest in the Bonds, from time to time shall be third party beneficiaries hereof and shall be entitled to enforce the provisions hereof as if they were parties hereto; but no consent of beneficial owners of the Bonds shall be required in connection with any amendment of this Continuing Disclosure Agreement, except as required by the Rule. Holders of book-entry credits evidencing an interest in the Bonds may file their names and addresses with the College for the purposes of receiving notices and with the Trustee for the purpose of giving direction under this Continuing Disclosure Agreement.

(b) Notices. All notices and other communications required or permitted under this Continuing Disclosure Agreement shall be in writing and shall be deemed to have been duly given, made and received only when delivered (personally, by recognized national or regional courier service, or by other messenger, for delivery to the intended addressee or when deposited in the United States mails, registered or certified mail, postage prepaid, return receipt requested), addressed or sent as set forth below:

(i) To the Trustee at:

The Bank of New York Mellon Trust Company, N.A.
525 William Penn Place, 38th Floor
Pittsburgh, PA 15259
Attention: Global Corporate Trust - Public Finance

(ii) To the College at:

Northampton County Area Community College
3835 Green Pond Road
Bethlehem, PA 18022
Attention: Vice President of Finance and Operations

(iii) To the Authority at:

State Public School Building Authority
1035 Mumma Road
Wormleysburg, PA 17043
Attention: Executive Director

Any party may alter the address to which communications are to be sent by giving notice of such change of address in conformity with the provisions of this Section.

(c) Execution in Counterparts. This Continuing Disclosure Agreement may be executed in any number of counterparts, each of which shall be deemed to be an original as against any party whose signature appears thereon, and all of which shall together constitute one and the same instrument. This Continuing Disclosure Agreement shall become binding when one or more counterparts hereof, individually or taken together, shall be executed by all of the parties hereto.

(d) Controlling Law. This Continuing Disclosure Agreement and all questions relating to its validity, interpretation, performance and enforcement shall be governed by and construed in accordance with the laws of the Commonwealth of Pennsylvania and the Rule.

(e) Successor and Assigns. Notwithstanding anything herein to the contrary, any successor trustee under the Indenture shall automatically succeed to the rights and obligations of the Trustee under this Continuing Disclosure Agreement.

IN WITNESS WHEREOF, the parties hereto have executed this Continuing Disclosure Agreement as of the date first above written.

NORTHAMPTON COUNTY AREA
COMMUNITY COLLEGE

By:__________________________________
Authorized Officer

THE BANK OF NEW YORK MELLON TRUST COMPANY, N.A., AS TRUSTEE

By:__________________________________
Authorized Signatory

APPENDIX D

FORM OF MUNICIPAL BOND INSURANCE POLICY

MUNICIPAL BOND INSURANCE POLICY

ISSUER: [NAME OF ISSUER]

Policy No: _____

MEMBER: [NAME OF MEMBER]

BONDS: $__________ in aggregate principal amount of [NAME OF TRANSACTION] [and maturing on]

Effective Date: _________

Risk Premium: $__________
Member Surplus Contribution: $ _________
Total Insurance Payment: $_________

BUILD AMERICA MUTUAL ASSURANCE COMPANY ("BAM"), for consideration received, hereby UNCONDITIONALLY AND IRREVOCABLY agrees to pay to the trustee (the "Trustee") or paying agent (the "Paying Agent") for the Bonds named above (as set forth in the documentation providing for the issuance and securing of the Bonds), for the benefit of the Owners or, at the election of BAM, directly to each Owner, subject only to the terms of this Policy (which includes each endorsement hereto), that portion of the principal of and interest on the Bonds that shall become Due for Payment but shall be unpaid by reason of Nonpayment by the Issuer.

On the later of the day on which such principal and interest becomes Due for Payment or the first Business Day following the Business Day on which BAM shall have received Notice of Nonpayment, BAM will disburse (but without duplication in the case of duplicate claims for the same Nonpayment) to or for the benefit of each Owner of the Bonds, the face amount of principal of and interest on the Bonds that is then Due for Payment but is then unpaid by reason of Nonpayment by the Issuer, but only upon receipt by BAM, in a form reasonably satisfactory to it, of (a) evidence of the Owner's right to receive payment of such principal or interest then Due for Payment and (b) evidence, including any appropriate instruments of assignment, that all of the Owner's rights with respect to payment of such principal or interest that is Due for Payment shall thereupon vest in BAM. A Notice of Nonpayment will be deemed received on a given Business Day if it is received prior to 1:00 p.m. (New York time) on such Business Day; otherwise, it will be deemed received on the next Business Day. If any Notice of Nonpayment received by BAM is incomplete, it shall be deemed not to have been received by BAM for purposes of the preceding sentence, and BAM shall promptly so advise the Trustee, Paying Agent or Owner, as appropriate, any of whom may submit an amended Notice of Nonpayment. Upon disbursement under this Policy in respect of a Bond and to the extent of such payment, BAM shall become the owner of such Bond, any appurtenant coupon to such Bond and right to receipt of payment of principal of or interest on such Bond and shall be fully subrogated to the rights of the Owner, including the Owner's right to receive payments under such Bond. Payment by BAM either to the Trustee or Paying Agent for the benefit of the Owners, or directly to the Owners, on account of any Nonpayment shall discharge the obligation of BAM under this Policy with respect to said Nonpayment.

Except to the extent expressly modified by an endorsement hereto, the following terms shall have the meanings specified for all purposes of this Policy. "Business Day" means any day other than (a) a Saturday or Sunday or (b) a day on which banking institutions in the State of New York or the Insurer's Fiscal Agent (as defined herein) are authorized or required by law or executive order to remain closed. "Due for Payment" means (a) when referring to the principal of a Bond, payable on the stated maturity date thereof or the date on which the same shall have been duly called for mandatory sinking fund redemption and does not refer to any earlier date on which payment is due by reason of call for redemption (other than by mandatory sinking fund redemption), acceleration or other advancement of maturity (unless BAM shall elect, in its sole discretion, to pay such principal due upon such acceleration together with any accrued interest to the date of acceleration) and (b) when referring to interest on a Bond, payable on the stated date for payment of interest. "Nonpayment" means, in respect of a Bond, the failure of the Issuer to have provided sufficient funds to the Trustee or, if there is no Trustee, to the Paying Agent for payment in full of all principal and interest that is Due for Payment on such Bond. "Nonpayment" shall also include, in respect of a Bond, any payment made to an Owner by or on behalf of the Issuer of principal or interest that is Due for Payment, which payment has been recovered from such Owner pursuant to the United States Bankruptcy Code in accordance with a final, nonappealable order of a court having competent jurisdiction. "Notice" means delivery to BAM of a notice of claim and certificate, by certified mail, email or telecopy as set forth on the attached Schedule or other acceptable electronic delivery, in a form satisfactory to BAM, from and signed by an Owner, the Trustee or the Paying Agent, which notice shall specify (a) the person or entity making the claim, (b) the Policy Number, (c) the claimed amount, (d) payment instructions and (e) the date such claimed amount becomes or became Due for Payment. "Owner" means, in respect of a Bond, the person or entity who, at the time of Nonpayment, is entitled under the terms of such Bond to payment thereof, except that "Owner" shall not include the Issuer, the Member or any other person or entity whose direct or indirect obligation constitutes the underlying security for the Bonds.

BAM may appoint a fiscal agent (the "Insurer's Fiscal Agent") for purposes of this Policy by giving written notice to the Trustee, the Paying Agent, the Member and the Issuer specifying the name and notice address of the Insurer's Fiscal Agent. From and after the date of receipt of such notice by the Trustee, the Paying Agent, the Member or the Issuer (a) copies of all notices required to be delivered to BAM pursuant to this Policy shall be simultaneously delivered to the Insurer's Fiscal Agent and to BAM and shall not be deemed received until received by both and (b) all payments required to be made by BAM under this Policy may be made directly by BAM or by the Insurer's Fiscal Agent on behalf of BAM. The Insurer's Fiscal Agent is the agent of BAM only, and the Insurer's Fiscal Agent shall in no event be liable to the Trustee, Paying Agent or any Owner for any act of the Insurer's Fiscal Agent or any failure of BAM to deposit or cause to be deposited sufficient funds to make payments due under this Policy.

To the fullest extent permitted by applicable law, BAM agrees not to assert, and hereby waives, only for the benefit of each Owner, all rights (whether by counterclaim, setoff or otherwise) and defenses (including, without limitation, the defense of fraud), whether acquired by subrogation, assignment or otherwise, to the extent that such rights and defenses may be available to BAM to avoid payment of its obligations under this Policy in accordance with the express provisions of this Policy. This Policy may not be canceled or revoked.

This Policy sets forth in full the undertaking of BAM and shall not be modified, altered or affected by any other agreement or instrument, including any modification or amendment thereto. Except to the extent expressly modified by an endorsement hereto, any premium paid in respect of this Policy is nonrefundable for any reason whatsoever, including payment, or provision being made for payment, of the Bonds prior to maturity. THIS POLICY IS NOT COVERED BY THE PROPERTY/CASUALTY INSURANCE SECURITY FUND SPECIFIED IN ARTICLE 76 OF THE NEW YORK INSURANCE LAW. THIS POLICY IS ISSUED WITHOUT CONTINGENT MUTUAL LIABILITY FOR ASSESSMENT.

In witness whereof, BUILD AMERICA MUTUAL ASSURANCE COMPANY has caused this Policy to be executed on its behalf by its Authorized Officer.

BUILD AMERICA MUTUAL ASSURANCE COMPANY

By: ____

Authorized Officer

Notices (Unless Otherwise Specified by BAM)

Email:
claims@buildamerica.com
Address:
1 World Financial Center, 27th floor
200 Liberty Street
New York, New York 10281
Telecopy:
212-962-1524 (attention: Claims)

Northampton
Community College