**NEW ISSUE**
**BOOK-ENTRY-ONLY** **Rating: See "RATINGS" herein**.

***In the opinion of Bond Counsel, interest on the 2015 Bonds is not includable in gross income for purposes of federal income taxation under existing statutes, regulations, rulings and court decisions, subject to the condition described in "TAX MATTERS" herein, and interest on the 2015 Bonds is not treated as an item of tax preference under Section 57 of the Internal Revenue Code of 1986, as amended (the "Code") for purposes of the individual and corporate alternative minimum taxes. However, under the Code, such interest may be subject to certain other taxes affecting corporate holders of the 2015 Bonds. Under the laws of the Commonwealth of Pennsylvania, the 2015 Bonds are exempt from personal property taxes in Pennsylvania, and interest on the 2015 Bonds is exempt from Pennsylvania personal income tax and the Pennsylvania corporate net income tax. For a more complete discussion, see "TAX MATTERS" herein.***

Delaware County Community College

# $40,395,000
# STATE PUBLIC SCHOOL BUILDING AUTHORITY
# (Commonwealth of Pennsylvania)
# College Revenue Refunding Bonds
# (Delaware County Community College Project)
# Series of 2015

**Dated:** Delivery Date **Due:** October 1, As Shown on Inside Front Cover
**Interest Payable:** April 1 and October 1 **First Interest Payment:** October 1, 2015

The State Public School Building Authority (the "Authority") is issuing its $40,395,000 College Revenue Refunding Bonds (Delaware County Community College Project), Series of 2015 (the "2015 Bonds").

Interest on the 2015 Bonds is payable on April 1 and October 1, in each year until maturity or earlier redemption, commencing October 1, 2015. The 2015 Bonds are issuable only in fully registered form without coupons, and, when issued, will be registered in the name of Cede & Co., as nominee of The Depository Trust Company, New York, New York ("DTC"). So long as Cede & Co. is the registered owner, reference herein to the registered owner of 2015 Bonds shall mean Cede & Co. and not the Beneficial Owners (as such phrase is defined herein). DTC will act as securities depository of the 2015 Bonds, and purchases of beneficial ownership interest in the 2015 Bonds will be made in book-entry form only, in denominations of $5,000 or integral multiples thereof. Beneficial Owners will not receive certificates representing their interest in the 2015 Bonds. See "THE 2015 BONDS — Book-Entry-Only System" herein.

Principal or redemption price of and interest on the 2015 Bonds will be paid through The Bank of New York Mellon Trust Company, N.A., as successor trustee (the "Trustee"). So long as Cede & Co. is the registered owner, the Trustee will pay the principal or redemption price of, and interest on the 2015 Bonds to DTC, which will remit such principal or redemption price and interest to its Participants (as such phrase is defined herein), which will in turn remit such principal or redemption price and interest to the Beneficial Owners of the 2015 Bonds, as more fully described herein. See "THE 2015 BONDS — Book-Entry-Only System" herein.

**The 2015 Bonds are subject to redemption prior to maturity as more fully described herein.**

The scheduled payment of principal of and interest on the 2015 Bonds when due will be guaranteed under an insurance policy to be issued concurrently with the delivery of the 2015 Bonds by **BUILD AMERICA MUTUAL ASSURANCE COMPANY.**

BAM
BUILD AMERICA MUTUAL

The 2015 Bonds are being issued by the Authority on behalf of Delaware County Community College (the "College") to finance a project consisting of: (i) the advance refunding of a portion of the Authority's College Revenue Refunding Bonds (Delaware County Community College Project), Series of 2008; and (ii) the payment of certain costs of issuing and insuring the 2015 Bonds, as more fully described herein.

**THE 2015 BONDS ARE LIMITED OBLIGATIONS OF THE AUTHORITY, ARE SECURED UNDER THE PROVISIONS OF THE INDENTURE, AS SUCH TERM IS DEFINED HEREIN, AND ARE PAYABLE SOLELY FROM THE FUNDS HELD UNDER THE INDENTURE AND FROM PAYMENTS TO BE MADE BY THE COLLEGE PURSUANT TO THE LOAN AGREEMENT, AS SUCH TERM IS DEFINED HEREIN, ENTERED INTO BETWEEN THE AUTHORITY AND THE COLLEGE, AS DESCRIBED HEREIN. NEITHER THE PRINCIPAL OF THE 2015 BONDS, NOR THE INTEREST ACCRUING THEREON, SHALL: CONSTITUTE A GENERAL INDEBTEDNESS OF THE AUTHORITY NOR AN INDEBTEDNESS OF THE COMMONWEALTH OF PENNSYLVANIA OR ANY POLITICAL SUBDIVISION THEREOF WITHIN THE MEANING OF ANY CONSTITUTIONAL OR STATUTORY PROVISION WHATSOEVER; CONSTITUTE OR GIVE RISE TO A PECUNIARY LIABILITY OF THE COMMONWEALTH OF PENNSYLVANIA OR ANY POLITICAL SUBDIVISION THEREOF; CONSTITUTE A CHARGE AGAINST THE GENERAL CREDIT OF THE AUTHORITY OR THE GENERAL CREDIT OR TAXING POWER OF THE COMMONWEALTH OF PENNSYLVANIA OR ANY POLITICAL SUBDIVISION THEREOF; OR BE DEEMED TO BE A GENERAL OBLIGATION OF THE AUTHORITY OR 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 the entire Official Statement to obtain information essential to the making of an informed investment decision.*

The 2015 Bonds are offered for the delivery when, as and if issued by the Authority and received by the Underwriter, subject to prior sale, withdrawal or modification of such offer without notice and to the receipt of the approving opinion of Saul Ewing 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 Underwriter by its counsel, Eckert Seamans Cherin & Mellott, LLC, Philadelphia, Pennsylvania; and for the College by its counsel, James R. Flick, Esquire, Media, Pennsylvania. It is expected that the 2015 Bonds will be available for delivery through The Depository Trust Company, New York, New York on or about April 30, 2015.

RBC Capital Markets®

Dated: April 21, 2015

**$40,395,000**
**STATE PUBLIC SCHOOL BUILDING AUTHORITY**
**(Commonwealth of Pennsylvania)**
**College Revenue Refunding Bonds**
**(Delaware County Community College Project)**
**Series of 2015**

## MATURITY SCHEDULE

**Dated:** Date of delivery
**Interest Payable:** April 1 and October 1
**Due:** October 1, as shown below
**First Interest Payment:** October 1, 2015

| Due October 1 | Principal Amount | Interest Rate | Price | Yield | CUSIP Number† |
|---|---|---|---|---|---|
| 2018 | $2,365,000 | 5.000% | 112.191% | 1.340% | 85732 MZQ3 |
| 2019 | 2,490,000 | 5.000 | 114.588 | 1.570 | 85732 MZR1 |
| 2020 | 2,615,000 | 5.000 | 116.732 | 1.750 | 85732 MZS9 |
| 2021 | 2,740,000 | 5.000 | 118.251 | 1.960 | 85732 MZT7 |
| 2022 | 2,880,000 | 5.000 | 119.598 | 2.130 | 85732 MZU4 |
| 2023 | 3,010,000 | 4.000 | 112.617 | 2.340 | 85732 MZV2 |
| 2024 | 3,140,000 | 5.000 | 120.584 | 2.530 | 85732 MZW0 |
| 2025 | 3,295,000 | 5.000 | 120.088 | 2.680* | 85732 MZX8 |
| 2026 | 3,465,000 | 5.000 | 118.651 | 2.830* | 85732 MZY6 |
| 2027 | 3,635,000 | 5.000 | 117.704 | 2.930* | 85732 MZZ3 |
| 2028 | 1,955,000 | 5.000 | 116.860 | 3.020* | 85732 MA23 |
| 2029 | 2,055,000 | 5.000 | 116.301 | 3.080* | 85732 MA31 |
| 2030 | 2,155,000 | 5.000 | 115.653 | 3.150* | 85732 MA49 |
| 2031 | 2,255,000 | 4.000 | 103.225 | 3.610* | 85732 MA56 |
| 2032 | 2,340,000 | 3.625 | 98.158 | 3.770 | 85732 MA64 |

** Yield to first optional call date of April 1, 2025.*

† The above CUSIP (Committee on Uniform Securities Identification Procedures) numbers have been assigned by an organization not affiliated with the Authority 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. None of the Authority or the Underwriter has 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.

**STATE PUBLIC SCHOOL BUILDING AUTHORITY**
**1035 MUMMA ROAD**
**WORMLEYSBURG, PENNSYLVANIA 17043**
**TELEPHONE: 717-975-2200**

## Members of the Authority

| | |
|---|---|
| Honorable Thomas W. Wolf<br>Governor of the Commonwealth of Pennsylvania | President |
| Honorable Lloyd K. Smucker<br>Designated by the President Pro Tempore of the Senate | Vice President |
| Honorable Andrew E. Dinniman<br>Designated by the Minority Leader of the Senate | Vice President |
| Honorable Mike Turzai<br>Speaker of the House of Representatives | Vice President |
| Honorable Christopher B. Craig<br>Executive Deputy State Treasurer | Treasurer |
| Honorable Curtis M. Topper<br>Acting Secretary of General Services | Secretary |
| Honorable Anthony M. DeLuca<br>Designated by the Minority Leader of the House of Representatives | Board Member |
| Honorable Eugene A. DePasquale<br>Auditor General | Board Member |
| Honorable Pedro A.Rivera<br>Acting Secretary of Education | Board Member |

**EXECUTIVE DIRECTOR**
Robert Baccon

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

**BOND COUNSEL**
(Appointed by the Office of General Counsel)
Saul Ewing LLP
Philadelphia, Pennsylvania

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

**COLLEGE COUNSEL**
James R. Flick, Esquire
Media, Pennsylvania

**UNDERWRITER**
RBC Capital Markets, LLC
Philadelphia, Pennsylvania

**UNDERWRITER'S COUNSEL**
Eckert Seamans Cherin & Mellott, LLC
Philadelphia, Pennsylvania

**IN CONNECTION WITH THIS OFFERING, THE UNDERWRITER MAY OVER-ALLOT OR EFFECT TRANSACTIONS THAT STABILIZE OR MAINTAIN THE MARKET PRICE OF THE 2015 BONDS AT A LEVEL ABOVE THAT WHICH MIGHT OTHERWISE PREVAIL IN THE OPEN MARKET. SUCH STABILIZING, IF COMMENCED, MAY BE DISCONTINUED AT ANY TIME.**

**THE ORDER AND PLACEMENT OF MATERIALS IN THIS OFFICIAL STATEMENT, INCLUDING THE APPENDICES, ARE NOT TO BE DEEMED TO BE A DETERMINATION OF RELEVANCE, MATERIALITY OR IMPORTANCE, AND THIS OFFICIAL STATEMENT, INCLUDING THE APPENDICES, MUST BE CONSIDERED IN ITS ENTIRETY. THE OFFERING OF THE 2015 BONDS IS MADE ONLY BY MEANS OF THIS ENTIRE OFFICIAL STATEMENT.**

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The information set forth herein has been obtained from the State Public School Building Authority (the "Authority"), Delaware County Community College (the "College") and other sources which are believed to be reliable, but the information provided by sources other than the Authority is not guaranteed as to accuracy or completeness by the Authority. The information and expressions of opinions herein are subject to change without notice and 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.

The Underwriter has provided the following sentence for inclusion in the 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 law as applied to the facts and circumstances of this transaction, but the Underwriter does not guarantee the accuracy or completeness of such information.

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 C- SPECIMEN MUNICIPAL BOND INSURANCE POLICY".

No dealer, broker, salesperson or other person has been authorized by the Authority, the Underwriter or the College to give any information or to make any representations with respect to the 2015 Bonds, other than those contained in this Official Statement, and if given or made, such other information or representations must not be relied upon as having been authorized by any of the foregoing. This Official Statement does not constitute an offer to sell or the solicitation of any offer to buy any of the 2015 Bonds in any jurisdiction in which it is unlawful to make such an offer, solicitation or sale.

The 2015 Bonds are not and will not be registered under the Securities Act of 1933, or under any state securities laws, and the Indenture (as defined herein) has not been and will not be qualified under the Trust Indenture Act of 1939 because of available exemptions therefrom. Neither the Securities and Exchange Commission nor any federal, state, municipal or other governmental agency will pass upon the accuracy, completeness or adequacy of the Official Statement.

**TABLE OF CONTENTS**

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This Table of Contents is for convenience of reference only and does not list all of the subjects in this Official Statement. In all instances references should be made to the complete body of the Official Statement to determine the subjects discussed herein.

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**Official Statement**
**$40,395,000**
**STATE PUBLIC SCHOOL BUILDING AUTHORITY**
**(Commonwealth of Pennsylvania)**
**College Revenue Refunding Bonds**
**(Delaware County Community College Project)**
**Series of 2015**

## INTRODUCTION

**This Introduction is qualified in its entirety by the more detailed information appearing in the Official Statement and in the Appendices hereto.**

### General

This Official Statement of the State Public School Building Authority (the "Authority"), including the cover page and the Appendices attached hereto, sets forth certain information relating to the Authority, the Delaware County Community College, a Pennsylvania community college (the "College") and the Authority's $40,395,000 College Revenue Refunding Bonds (Delaware County Community College Project), Series of 2015 (the "2015 Bonds"). The 2015 Bonds are being issued pursuant to the State Public School Building Authority Act of 1947, P.L. 1217, as supplemented and amended (the "Act"), and a resolution duly adopted by the Authority on March 10, 2015 (the "Resolution").

The 2015 Bonds are being issued and secured in accordance with the terms and provisions of a Trust Indenture, dated as of October 1, 1993, between the Authority and The Bank of New York Mellon Trust Company, N.A., as successor trustee (the "Trustee"), as amended and supplemented from time to time (the "Original Indenture"), as further amended and supplemented by an Ninth Supplemental Trust Indenture, dated as of April 15, 2015 (the "Ninth Supplemental Indenture" and, together with the Original Indenture, the "Indenture").

The Authority has heretofore issued its College Revenue Bonds (Delaware County Community College Project), Series of 2005, dated as of March 1, 2005 (the "2005 Bonds") in the original aggregate principal amount of $11,800,000 (of which $5,745,000 currently remains outstanding); its 2008 Bonds in the original aggregate principal amount of $59,635,000 (of which $47,865,000 currently remains outstanding); its College Revenue Bonds (Delaware County Community College Project), Series of 2011 (the "2011 Bonds") in the original aggregate principal amount of $2,000,000 (of which $1,445,599 currently remains outstanding); its College Revenue Bonds (Delaware County Community College Project), Series of 2013 (the "2013 Bonds") in the original aggregate principal amount of $2,400,000 (of which $1,980,000 currently remains outstanding); and its College Revenue Bonds (Delaware County Community College Project), Series of 2014 (the "2014 Bonds") in the original aggregate principal amount of $14,410,000 (all of which currently remains outstanding). As set forth herein, $41,350,000 of the 2008 Bonds will be advance refunded with proceeds of the 2015 Bonds and available funds of the College, and $6,515,000 of the 2008 Bonds will not be advance refunded and will remain outstanding. See "PURPOSE OF THE 2015 BONDS" below. The 2005 Bonds, the 2008 Bonds (not advance refunded), the 2011 Bonds, the 2013 Bonds, the 2014 Bonds, the 2015 Bonds and any Additional Bonds (as defined in the Indenture) are herein referred to as the "Bonds."

## The Authority

The Authority is a body corporate and politic created in 1947 by the Act. Article XIX-A of the Public School Code, Act of July 1, 1985, P.L. 103, No. 31, Section 1 et seq., as amended (the "Community College Act"), provides that community colleges in the Commonwealth of Pennsylvania (the "Commonwealth") shall be eligible for financing under the Act.

## The College

The College is a public, two-year, comprehensive community college serving the residents of Delaware and Chester Counties, Pennsylvania. The College was founded in 1967 and is one of the largest community colleges in the Commonwealth. See "APPENDIX A-CERTAIN INFORMATION REGARDING DELAWARE COUNTY COMMUNITY COLLEGE" for a more complete description of the College.

## Security for the 2015 Bonds

Under the Indenture, the 2015 Bonds will be secured on a parity basis with the 2005 Bonds, the 2008 Bonds (not advance refunded), the 2011 Bonds, the 2013 Bonds, the 2014 Bonds and any Additional Bonds (as defined in the Indenture) by the Revenues received by the Authority from the College, as such phrase is defined in the Indenture.

The net proceeds of the 2015 Bonds will be loaned to the College by the Authority pursuant to a Loan and Security Agreement, dated as of October 1, 1993, between the Authority and the College, as amended and supplemented from time to time (the "Original Loan Agreement"), as further amended and supplemented by an Ninth Supplemental Loan Agreement, dated as of April 15, 2015 (the "Ninth Supplemental Loan Agreement" and, together with the Original Loan Agreement, the "Loan Agreement"). Under the Ninth Supplemental Loan Agreement, the Authority will, among other things, lend to the College for deposit with the Trustee the net proceeds of the 2015 Bonds for the purpose of financing the 2015 Project (as hereinafter defined). See "PURPOSE OF THE 2015 BONDS" herein for a description of the 2015 Project and the uses of the proceeds of the 2015 Bonds. The obligations of the College under the Loan Agreement are general obligations of the College, and the full faith and credit of the College are pledged to the payment of all sums due thereunder. See "SECURITY AND SOURCE OF PAYMENT FOR THE 2015 BONDS" herein.

**THE 2015 BONDS ARE LIMITED OBLIGATIONS OF THE AUTHORITY, ARE SECURED ON A PARITY BASIS WITH THE 2005 BONDS, THE 2008 BONDS (NOT ADVANCE REFUNDED), THE 2011 BONDS, THE 2013 BONDS, THE 2014 BONDS AND ANY ADDITIONAL BONDS WHICH MAY BE ISSUED UNDER THE PROVISIONS OF THE INDENTURE TO THE EXTENT SET FORTH IN THE INDENTURE AND ARE PAYABLE SOLELY FROM CERTAIN FUNDS HELD UNDER THE INDENTURE AND FROM PAYMENTS TO BE RECEIVED BY THE AUTHORITY PURSUANT TO THE LOAN AGREEMENT, DESCRIBED HEREIN. NEITHER THE PRINCIPAL OR PREMIUM, IF ANY, OF THE 2015 BONDS, NOR THE INTEREST ACCRUING THEREON, SHALL: CONSTITUTE A GENERAL**

**INDEBTEDNESS OF THE AUTHORITY NOR AN INDEBTEDNESS OF THE COMMONWEALTH OR ANY POLITICAL SUBDIVISION THEREOF WITHIN THE MEANING OF ANY CONSTITUTIONAL OR STATUTORY PROVISION WHATSOEVER; CONSTITUTE OR GIVE RISE TO PECUNIARY LIABILITY OF THE COMMONWEALTH OR ANY POLITICAL SUBDIVISION THEREOF; CONSTITUTE A CHARGE AGAINST THE GENERAL CREDIT OF THE AUTHORITY OR THE GENERAL CREDIT OR TAXING POWER OF THE COMMONWEALTH OR ANY POLITICAL SUBDIVISION THEREOF; OR BE DEEMED TO BE A GENERAL OBLIGATION OF THE AUTHORITY OR AN OBLIGATION OF THE COMMONWEALTH OR ANY POLITICAL SUBDIVISION THEREOF. THE AUTHORITY HAS NO TAXING POWER.**

**Continuing Disclosure**

In order to enable RBC Capital Markets, LLC (the "Underwriter") to comply with the requirements of Rule 15c2-12(b)(5) (the "Rule") promulgated by the United States Securities and Exchange Commission (the "SEC") pursuant to the Securities and Exchange Act of 1934, as amended, the College will covenant in a Continuing Disclosure Agreement (the "Continuing Disclosure Agreement") to provide, among other things, annual financial information and operating data and disclosure with regard to the occurrence, if any, of certain events with respect to the 2015 Bonds. The Continuing Disclosure Agreement will constitute a written undertaking for the benefit of the owners, from time to time, of the 2015 Bonds. See "CONTINUING DISCLOSURE" herein.

**Availability of the Documents**

The general descriptions of various legal documents set forth in this Official Statement do not purport to be comprehensive or definitive and reference should be made to each document for complete details of all terms and conditions thereof. Copies of the current drafts of all documents referred to herein are available for inspection during normal business hours at the principal corporate trust office of the Trustee, in Pittsburgh, Pennsylvania. All statements herein are qualified in their entirety by the terms of each such document. Any capitalized terms or phrases used herein and not defined have the respective meanings set forth in the Indenture.

**Certain Bondholders' Risks**

Certain risks associated with ownership of the 2015 Bonds are described herein under the caption "CERTAIN BOLDHOLDERS' RISKS."

**Forward-Looking Statements**

Information included in this Official Statement includes forward-looking statements about the future that are necessarily subject to various risks and uncertainties (the "Forward-Looking Statements"). These Forward-Looking Statements are (i) based on the beliefs and assumptions of management of the College and on information currently available to such management; and (ii) generally identifiable by words such as "estimates", "expects", "anticipates", plans", "believes" and similar expressions.

Events that could cause future results to differ materially from those expressed or implied by Forward-Looking Statements or historical experience include the impact or outcome of many factors that are described throughout this Official Statement. Although the ultimate impact of such factors is uncertain, they may cause future performance to differ materially from results or outcomes that are currently sought or expected by the College.

## PURPOSE OF THE 2015 BONDS

### The 2015 Project

Proceeds of the 2015 Bonds, together with certain other available funds, will be applied to provide the funds necessary to undertake the costs of a project (the "2015 Project"), consisting of: (i) the advance refunding of a portion of the outstanding 2008 Bonds; and (ii) the payment of certain costs of issuing and insuring the 2015 Bonds.

Simultaneously with the issuance of the 2015 Bonds, the Authority, the Trustee and the College will enter into an Pledge and Escrow Agreement (the "Escrow Agreement") to provide for the advance refunding of $41,350,000 principal of the 2008 Bonds. A portion of the proceeds of the 2015 Bonds, together with certain available funds of the College, will be held as uninvested cash and/or used to purchase non-callable Government Obligations (as defined in the Indenture), the maturing principal of and interest on which, together with uninvested cash, if any, held under the Escrow Agreement, will be sufficient to provide for: (i) the payment of the principal of and interest due on the 2008 Bonds being refunded, as the same becomes due and payable, to and including April 1, 2018; and (ii) the redemption on April 1, 2018 of the remaining outstanding principal of the 2008 Bonds being refunded at a redemption price of 100% of the principal amount thereof. Upon making such deposit under the Escrow Agreement on the date of the issuance of the 2015 Bonds, the 2008 Bonds being refunded will no longer be outstanding under the Indenture, and the payment obligations of the College with respect thereto will be released and discharged.

Causey Demgen & Moore P.C., certified public accountants and consultants, Denver, Colorado, will deliver a report dated as of the closing date for the 2015 Bonds, verifying the accuracy of the mathematical computations of (i) the adequacy of the maturing principal amount of non-callable Government Obligations and the interest income to be realized thereon and/or uninvested cash, if any, to pay the interest due on the 2008 Bonds being refunded from the deposit of funds with the Escrow Agent pursuant to the terms and provisions of the Escrow Deposit Agreement, on and, as applicable, prior to their call date, and to redeem the 2008 Bonds being refunded on their call date and (ii) the yields on the 2015 Bonds and the Government Obligations, if any, held pursuant to the Escrow Agreement. Such verification will be based upon information supplied to Causey Demgen & Moore P.C. by the Underwriter. Causey Demgen & Moore P.C. will express no opinion on the assumptions provided to it, nor as to the exemption from taxation of the interest on the 2015 Bonds.

**Sources and Uses of Funds**

The following tables set forth the expected sources and uses of funds for the accomplishment of the 2015 Project:

| | |
|---|---|
| **Estimated Sources:** | |
| Principal Amount of 2015 Bonds | $40,395,000.00 |
| Net Original Issue Premium | 6,162,948.05 |
| Available funds of the College | 166,549.00 |
| Total Sources | $46,724,497.05 |
| | |
| **Estimated Uses:** | |
| Refunding of a portion of 2008 Bonds | $46,475,687.41 |
| Costs and Expenses of Issuance[1] | 248,809.64 |
| Total Uses | $46,724,497.05 |

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[1] Includes Underwriter's Discount, legal fees, Trustee fees, escrow agent fees, verification agent fees, rating agency fees, printing costs, municipal bond insurance premium, and miscellaneous expenses.

## THE AUTHORITY

The Authority is a body corporate and politic, constituting a public corporation and a governmental instrumentality of the Commonwealth, created by the Act. The Authority's address is 1035 Mumma Road,Wormleysburg, Pennsylvania 17043.

Under the Act, the Authority consists of the Governor of the Commonwealth, the State Treasurer, the Auditor General, the Secretary of Education, the Secretary of the Department of General Services, the President Pro Tempore of the Senate, the Speaker of the House of Representatives, the Minority Leader of the Senate and the Minority Leader of the House of Representatives. The President Pro Tempore of the Senate, the Speaker of the House of Representatives, the Minority Leader of the Senate and the Minority Leader of the House of Representatives may designate a member of their respective legislative bodies 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 governing body consisting of the members of the Authority acting as a board.

As of December 31, 2014 bonds issued by the Authority were outstanding in the amount of $3,177,882,942. The 2015 Bonds are being issued by the Authority on behalf of the College pursuant to the Act, the Indenture and the Resolution, which approved the projects financed thereunder. The Authority has issued, and may continue to issue, other series of bonds/notes for other eligible institutions and projects in the Commonwealth. None of the revenues of the Authority pledged to payment of the 2015 Bonds will be pledged to the payment of such other bonds/notes. Further, no revenue bonds and notes issued for the benefit of other institutions will be payable from or secured by the revenues of the Authority or other moneys securing any bonds or notes issued for the benefit of the College.

The Authority and the Pennsylvania Higher Educational Facilities Authority ("PHEFA," and together with the Authority, the "Authorities") share an executive, fiscal and administrative staff, which currently numbers 10 people, and operate under a joint administrative budget.

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

**Robert Baccon, Executive Director**

Mr. Baccon has served as an executive with the Authorities 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 & Director of Financial Management**

Mr. Player serves as the Comptroller & Director of Financial Management of both of the Authorities. He has been with the Authorities 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 the Pennsylvania State University and a Certified Public Accountant.

**Beverly M. Nawa, Administrative Officer**

Mrs. Nawa has served as the Administrative Officer of both Authorities since August 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 and an Accounting Systems Analyst with the Pennsylvania Department of the Auditor General.

## THE 2015 BONDS

### Description of the 2015 Bonds

The 2015 Bonds will be dated as of the date of issuance and will be issued in fully registered form, without coupons, in denominations of $5,000 or any integral multiple thereof. The 2015 Bonds will bear interest at the rates set forth on the inside cover page hereof, payable initially on October 1, 2015, and thereafter semiannually on April 1 and October 1 of each year until maturity or prior redemption, and will mature on the dates and in the amounts set forth on the inside cover page hereof. The 2015 Bonds, when issued, will be registered in the name of Cede & Co., as registered owner and nominee for The Depository Trust Company ("DTC"), New York, New York. DTC will act as securities depository for the 2015 Bonds. Purchases of the 2015 Bonds will be made in book-entry form, in denominations of $5,000 or any integral multiple thereof. Beneficial Owners will not receive certificates representing their interest in the 2015 Bonds purchased. So long as Cede & Co. is the registered owner, as nominee of DTC, references herein to the registered owners shall mean Cede & Co., as aforesaid, and shall not mean the Beneficial Owners of the 2015 Bonds. See "Book-Entry-Only System" below.

Principal or redemption price of and interest on the 2015 Bonds will be paid through The Bank of New York Mellon Trust Company, N.A., as Trustee and Paying Agent. So long as DTC or its nominee, Cede & Co., is the registered owner, such payments will be made directly to DTC or Cede & Co., as its nominee. Disbursements of such payments to the DTC Participants is the responsibility of DTC and disbursements of such payments to the Beneficial Owners is the responsibility of the DTC Participants and the Indirect Participants, as more fully described herein.

Transfers of beneficial ownership of the 2015 Bonds will be accomplished by book entries made by DTC and, in turn, by the DTC Participants, as appropriate.

**Book-Entry-Only System**

*Unless otherwise noted, the information contained below has been provided by The Depository Trust Company ("DTC"). Neither the Authority, the College nor the Underwriter make any representation as to the accuracy or the completeness of such information. The Beneficial Owners of the 2015 Bonds should confirm the following information with DTC or the DTC Participants.*

NEITHER THE AUTHORITY, THE TRUSTEE, THE COLLEGE NOR THE UNDERWRITER WILL HAVE ANY RESPONSIBILITY OR OBLIGATION TO DIRECT PARTICIPANTS, INDIRECT PARTICIPANTS, OR ANY BENEFICIAL OWNER WITH RESPECT TO (A) THE ACCURACY OF ANY RECORDS MAINTAINED BY DTC, ANY DIRECT PARTICIPANT, OR ANY INDIRECT PARTICIPANT; (B) ANY NOTICE THAT IS PERMITTED OR REQUIRED TO BE GIVEN TO THE OWNERS OF THE 2015 BONDS UNDER THE INDENTURE; (C) THE SELECTION BY DTC OR ANY DIRECT PARTICIPANT OR INDIRECT PARTICIPANT OF ANY PERSON TO RECEIVE PAYMENT IN THE EVENT OF A PARTIAL REDEMPTION OF THE 2015 BONDS; (D) THE PAYMENT BY DTC OR ANY DIRECT PARTICIPANT OR INDIRECT PARTICIPANT OF ANY AMOUNT WITH RESPECT TO THE PRINCIPAL OR REDEMPTION PREMIUM, IF ANY, OR INTEREST DUE WITH RESPECT TO THE OWNER OF THE 2015 BONDS; (E) ANY CONSENT GIVEN OR OTHER ACTION TAKEN BY DTC AS THE OWNERS OF 2015 BONDS; OR (F) ANY OTHER MATTER RELATING TO DTC OR THE BOOK-ENTRY ONLY SYSTEM.

DTC, New York, New York, will act as securities depository for the 2015 Bonds. The 2015 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 2015 Bond certificate will be issued for each maturity and interest rate of each series of the 2015 Bonds, each in the aggregate principal amount thereof, and will be deposited with DTC or held by the Trustee.

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 provisions of Section 17A of the Securities Exchange Act of 1934, as amended. 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 DTC. National Securities Clearing Corporation and Fixed Income Clearing Corporation, all 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 a Standard & Poor's rating of AA+. The DTC Rules applicable to its Participants are on file with the Securities and Exchange Commission. More information about DTC can be found at www.dtcc.com. The Authority, the Trustee, the College and the Underwriter undertake no responsibility for and make no representation as to the accuracy or the completeness of the content of such material contained on DTC's website as described in the preceding sentence including, but not limited to, updates of such information or links to other Internet sites accessed through the aforementioned website.

Purchases of the 2015 Bonds under the DTC system must be made by or through Direct Participants which will receive a credit for the 2015 Bonds on DTC's records. The ownership interest of each actual purchaser of each Bond ("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 Owner entered into the transaction. Transfers of ownership interests in the 2015 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 2015 Bonds, except in the event that use of the book-entry system for the 2015 Bonds is discontinued.

To facilitate subsequent transfers, all 2015 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 2015 Bonds with DTC and their registration in the name of Cede & Co. or such other DTC nominee do not effect any change in beneficial ownership. DTC has no knowledge of the actual Beneficial Owners of the 2015 Bonds; DTC's records reflect only the identity of the Direct Participants to whose accounts such 2015 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.

While the 2015 Bonds are in the book-entry system, redemption notices will be sent to DTC. If less than all of the 2015 Bonds within a maturity and interest rate of a series 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 2015 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 2015 Bonds are credited on the record date (identified in a listing attached to the Omnibus Proxy).

Principal, premium and interest payments on the 2015 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 the Trustee on the payable date in accordance with their respective holdings shown on DTC's records. Payments by Direct and Indirect 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 Direct and Indirect Participant and not of DTC, the Trustee, or the Authority, subject to any statutory or regulatory requirements as may be in effect from time to time. Payment of principal, premium and interest payments to Cede & Co. (or such other nominee as may be requested by an authorized representative of DTC) is the responsibility of the Trustee, 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 2015 Bonds at any time by giving reasonable notice to the Authority or the Trustee. Under such circumstances, in the event that a successor securities depository is not obtained, certificates representing the 2015 Bonds are required to be printed and delivered. The Authority may decide to discontinue use of the system of book-entry-only transfers through DTC (or a successor securities depository). In that event, certificates representing the 2015 Bonds will be printed and delivered to DTC.

*The information in this section concerning DTC and DTC's book-entry system has been obtained from sources believed to be reliable, but neither the Authority, the College nor the Underwriter take any responsibility for the accuracy thereof.*

## Transfers and Exchanges

The 2015 Bonds may be transferred or exchanged upon the registration books maintained by the Trustee only upon delivery thereof to the Trustee, accompanied by a written instrument of transfer in form and with signature guarantee satisfactory to the Trustee, duly executed by the owner thereof or his attorney-in-fact or legal representative, and subject to such additional requirements as may be established by the Trustee. No transfer or exchange of any 2015 Bonds shall be effective until entered on the registration books maintained by the Trustee. The Trustee will not be required to issue, exchange or transfer any 2015 Bonds (i) during a period beginning at the opening of business fifteen (15) days before the date of mailing of notice of redemption of 2015 Bonds selected for redemption and ending at the close of business on the day of such mailing; or (ii) for any 2015 Bonds so selected for redemption in whole or in part.

No service charge will be made to the owners of 2015 Bonds for any exchange or transfer, except for the payment of taxes or other governmental charges that may be imposed in relation thereto.

## Redemption Provisions

The 2015 Bonds are subject to redemption as follows:

*Optional Redemption*: The 2015 Bonds maturing on or after October 1, 2025 are subject to optional redemption prior to maturity by the Authority, at the direction of the College, on or after April 1, 2025 in whole at any time or in part from time to time, and if in part, within a maturity by lot, in any order of maturity, selected by the College, at a redemption price equal to 100% of the principal amount of the 2015 Bonds to be redeemed, plus accrued interest to the date fixed for redemption.

In the event that any 2015 Bonds are redeemed and are cancelled by the Trustee, the payment obligations at maturity with respect to the 2015 Bonds of the same maturity and interest rate shall be reduced in the aggregate principal amount of 2015 Bonds so redeemed, in such amounts and in such order of maturity as shall be directed in writing by the College.

*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 2015 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 2015 Bonds to be redeemed, plus accrued interest to the date fixed for redemption. The 2015 Bonds of a series shall be selected for redemption in any order of maturity (or separate interest rate within a maturity) directed by the College and within any maturity (or separate interest rate within a maturity) by lot.

**Notice of Redemption**

Notice of redemption shall be given not more than sixty (60) nor fewer than thirty (30) days prior to the redemption date by mailing a copy of the redemption notice, by first class mail (postage prepaid) to the registered owners of the 2015 Bonds to be redeemed in whole or in part at their registered addresses. Failure to mail any such notice or any defect in the mailed notice or the mailing thereof as it affects any 2015 Bonds shall not affect the validity of any proceedings for the redemption of other 2015 Bonds for which notice shall be duly given. No further interest shall accrue on the principal of any 2015 Bonds called for redemption after the redemption date 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 2015 Bonds shall have no rights with respect to such 2015 Bonds except to receive payment of the redemption price thereof and unpaid interest accrued to the date fixed for redemption.

So long as DTC or its nominee is the registered owner of the 2015 Bonds, the Trustee will recognize DTC or its nominee as the Bondholder for all purposes, including notices. Conveyance of notices and other communications by DTC to DTC Participants, by DTC Participants to Indirect Participants, and by DTC Participants and Indirect Participants to Beneficial Owners will be governed by arrangements among them, subject to any statutory and regulatory requirements as may be in effect from time to time.

So long as DTC or its nominee is the Bondholder, any failure on the part of DTC or failure on the part of the nominee of a Beneficial Owner (having received notice from a DTC Participant or otherwise) to notify the Beneficial Owner as affected, shall not affect the validity of the redemption.

So long as DTC or its nominee is the Bondholder, if less than all of the 2015 Bonds of any one maturity shall be called for redemption, the particular 2015 Bonds or portion of 2015 Bonds of such maturity to be redeemed shall be selected by lot by DTC in such manner as DTC may determine. If a 2015 Bond is of a denomination in excess of five thousand dollars ($5,000), portions of the principal amount in the amount of five thousand dollars ($5,000) or any multiple thereof may be redeemed.

If at the time of mailing the notice of redemption the Authority shall not have deposited with the Trustee, or the Trustee shall not have transferred, money sufficient to redeem the 2015 Bonds called for redemption, such notice shall state that it is conditional, that is, subject to such deposit or transfer not later than the close of business on the redemption date, and that such notice shall be of no effect unless such moneys are so deposited or transferred.

THE AUTHORITY, THE COLLEGE, THE TRUSTEE AND THE UNDERWRITER CANNOT AND DO NOT GIVE ANY ASSURANCES THAT DTC WILL DISTRIBUTE TO ITS PARTICIPANTS OR THAT DIRECT PARTICIPANTS OR INDIRECT PARTICIPANTS WILL DISTRIBUTE TO BENEFICIAL OWNERS OF THE 2015 BONDS (I) PAYMENTS OF THE PRINCIPAL OR REDEMPTION PRICE OF, OR INTEREST ON, THE 2015 BONDS, OR (II) CONFIRMATION OF OWNERSHIP INTERESTS IN THE 2015 BONDS, OR (III) REDEMPTION OR OTHER NOTICES, OR THAT THEY WILL DO SO ON A TIMELY

BASIS, OR THAT DTC, DIRECT PARTICIPANTS OR INDIRECT PARTICIPANTS WILL SERVE AND ACT IN THE MANNER DESCRIBED IN THIS OFFICIAL STATEMENT. THE CURRENT “RULES” APPLICABLE TO DTC ARE ON FILE WITH THE SEC AND THE CURRENT “PROCEDURES” OF DTC TO BE FOLLOWED IN DEALING WITH ITS PARTICIPANTS ARE ON FILE WITH DTC.

NONE OF THE AUTHORITY, THE COLLEGE, THE TRUSTEE OR THE UNDERWRITER WILL HAVE ANY RESPONSIBILITY OR OBLIGATION TO DTC, DIRECT PARTICIPANTS, INDIRECT PARTICIPANTS OR BENEFICIAL OWNERS OF THE 2015 BONDS WITH RESPECT TO (I) THE ACCURACY OF ANY RECORDS MAINTAINED BY DTC, ANY DIRECT PARTICIPANT OR ANY INDIRECT PARTICIPANT, (II) THE PAYMENT BY DTC TO ANY DIRECT PARTICIPANT OR BY ANY DIRECT PARTICIPANT OR INDIRECT PARTICIPANT OF ANY AMOUNT DUE TO ANY BENEFICIAL OWNER IN RESPECT OF THE PRINCIPAL AMOUNT OR REDEMPTION PRICE OF, OR INTEREST ON, ANY 2015 BONDS, (III) THE DELIVERY OF ANY NOTICE BY DTC, ANY DIRECT PARTICIPANT OR ANY INDIRECT PARTICIPANT, (IV) THE SELECTION OF THE BENEFICIAL OWNERS TO RECEIVE PAYMENT IN THE EVENT OF ANY PARTIAL REDEMPTION OF THE 2015 BONDS, OR (V) ANY OTHER ACTION TAKEN BY DTC, ANY DIRECT PARTICIPANT OR ANY INDIRECT PARTICIPANT.

### Debt Service Requirements

At January 1, 2015, the College's total principal amount of outstanding long-term indebtedness was $71,445,599. The following table sets forth the College's fiscal year debt service requirements after the issuance of the 2015 Bonds.

| Fiscal Year Ending June 30 | Debt Service on Outstanding Bond Indebtedness | 2015 Bonds | | | Total Bond Debt Service Obligations |
|---|---|---|---|---|---|
| | | Principal | Interest | Total | |
| 2016 | $4,953,851 | | $1,779,056 | $1,779,056 | $6,732,907 |
| 2017 | 4,947,536 | | 1,934,925 | 1,934,925 | 6,882,461 |
| 2018 | 4,943,846 | | 1,934,925 | 1,934,925 | 6,878,771 |
| 2019 | 2,602,006 | $2,365,000 | 1,875,800 | 4,240,800 | 6,842,806 |
| 2020 | 2,592,716 | 2,490,000 | 1,754,425 | 4,244,425 | 6,837,141 |
| 2021 | 2,590,367 | 2,615,000 | 1,626,800 | 4,241,800 | 6,832,167 |
| 2022 | 1,392,038 | 2,740,000 | 1,492,925 | 4,232,925 | 5,624,963 |
| 2023 | 1,274,906 | 2,880,000 | 1,352,425 | 4,232,425 | 5,507,331 |
| 2024 | 1,033,269 | 3,010,000 | 1,220,225 | 4,230,225 | 5,263,494 |
| 2025 | 1,030,269 | 3,140,000 | 1,081,525 | 4,221,525 | 5,251,794 |
| 2026 | 1,030,644 | 3,295,000 | 920,650 | 4,215,650 | 5,246,294 |
| 2027 | 1,029,269 | 3,465,000 | 751,650 | 4,216,650 | 5,245,919 |
| 2028 | 1,031,019 | 3,635,000 | 574,150 | 4,209,150 | 5,240,169 |
| 2029 | 1,032,556 | 1,955,000 | 434,400 | 2,389,400 | 3,421,956 |
| 2030 | 1,029,459 | 2,055,000 | 334,150 | 2,389,150 | 3,418,609 |
| 2031 | 1,029,888 | 2,155,000 | 228,900 | 2,383,900 | 3,413,788 |
| 2032 | 1,033,650 | 2,255,000 | 129,925 | 2,384,925 | 3,418,575 |
| 2033 | 1,030,688 | 2,340,000 | 42,413 | 2,382,413 | 3,413,101 |
| 2034 | 1,030,856 | | | | 1,030,856 |
| 2035 | 1,034,031 | | | | 1,034,031 |
| **Total**[1] | **$37,672,864** | **$40,395,000** | **$19,469,269** | **$59,864,269** | **$97,537,133** |

[1] Columns may not total due to rounding.

## SECURITY AND SOURCE OF PAYMENT FOR THE 2015 BONDS

### General

The 2015 Bonds will be issued as Additional Bonds under the Indenture and will be equally and ratably secured under the Indenture on a parity with the 2005 Bonds, the 2008 Bonds (not advance refunded), the 2011 Bonds, the 2013 Bonds, the 2014 Bonds and any Additional Bonds (as such phrase is defined in the Indenture) which may be issued in the future under the Indenture.

Under the Ninth Supplemental Loan Agreement, the Authority will loan the proceeds of the 2015 Bonds to the College and 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 2015 Bonds. The College will deliver its general obligation promissory note (the "Note") to the

Authority evidencing its obligations under the Ninth Supplemental Loan Agreement with respect to the 2015 Bonds.

The 2015 Bonds will be secured under the Indenture by an assignment and pledge to the Trustee of the rights of the Authority under the Note and the Loan Agreement (except the right to indemnification and the right to payment of certain fees and expenses and the right to receive notices). The timely payment of all payments due under the Loan Agreement and the Note is the general unconditional obligation of the College. The payments due under the Loan Agreement and the Note are payable from the College's general revenues from whatever source derived, including local sponsor and Commonwealth reimbursement payments (see "Local Sponsor Obligation" and "Commonwealth Obligation" below). The College has no taxing power.

***Neither the general credit of the Authority nor the credit or taxing power of the United States of America, the Commonwealth or any political subdivision thereof is pledged for the payment of the principal or redemption price of, or the interest on, the 2015 Bonds; nor shall any of the 2015 Bonds be deemed general obligations of the Authority or obligations of the United States of America, the Commonwealth or of any political subdivision thereof. The Authority has no taxing power.***

**Community College Sponsorship**

Under the Community College Act, all community colleges must be supported by a local sponsor, which in the College's case consists of the following twelve school districts (the "Sponsors"), all located in the County of Delaware, Pennsylvania: Chester Upland, Garnet Valley (Township of Bethel residents only), Haverford Township, Interboro, Radnor Township, Ridley, Rose Tree Media, Southeast Delco, Springfield, Upper Darby, Wallingford-Swarthmore (Borough of Rutledge and Borough of Swarthmore residents only) and William Penn.

**Taxing Power Regarding Community Colleges**

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 taxes annually 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.

**Local Sponsor Obligation**

**Operating Costs:** The Community College Act stipulates that the Community College Plan of the local sponsors (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 certain amounts on account of the community college's annual operating costs. For the fiscal year ended June 30, 2014, tuition revenue and fees accounted for approximately 55.80% of operating costs of the College, the local sponsors' contribution accounted for approximately 8.95%, student fees and other receipts accounted for approximately 20.11% and approximately 25.36% was provided by the Commonwealth. The remaining 2.66%

of operating costs of the College is accounted for by interest earnings and miscellaneous payments.

**Capital Expenses:** As to capital expenses of community colleges, the Community College Act states that the Plan shall provide that certain funds on account of annual capital expenses shall be appropriated or provided by the local sponsor to the community college. In the fiscal year ended June 30, 2014, the local sponsors of the College provided approximately 20.39% of the total College's total capital expenses during such period.

**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:** Starting July 1, 2005, operating revenues derived from the Commonwealth changed from an allocated formula based on a basic subsidy for each eligible full-time equivalent (FTE) student enrolled to appropriation that is allocated proportionally based on the College's total eligible FTE's as compared to all FTE's in the Community College System. For the year ended June 30, 2014, the total average payment per eligible full-time equivalent College student was $1,569. A full-time equivalent 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; (3) the number of clock hours taken by non-credit students divided by 180; and (4) all student taking more than 180 clock hours of non-credit instruction. For the fiscal year ended June 30, 2014, the Commonwealth's contribution on account of operating costs was approximately 25.36% of total operating costs.

**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.

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. See "APPENDIX B - DELAWARE COUNTY COMMUNITY COLLEGE AUDITED FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2014" of this Official Statement for additional information.

**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 are payable to the Trustee under the Indenture. Based on the College's maximum anticipated debt service after issuance of the 2015 Bonds and the amount of Commonwealth operating and capital expense appropriations presently budgeted by the College, the Commonwealth coverage of the College's maximum anticipated debt service would be approximately 3.09 times.

## BOND INSURANCE

**Bond Insurance Policy**

Concurrently with the issuance of the 2015 Bonds, Build America Mutual Assurance Company ("BAM") will issue its Municipal Bond Insurance Policy for the 2015 Bonds (the "Policy"). The Policy guarantees the scheduled payment of principal of and interest on the 2015 Bonds when due as set forth in the form of the Policy included as an exhibit to this Official Statement. SEE "APPENDIX C- SPECIMEN OF MUNICIPAL BOND INSURANCE POLICY."

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: 200 Liberty Street, 27th Floor, 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 2015 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 2015 Bonds. BAM only guarantees scheduled principal and scheduled interest payments payable by the issuer of the 2015 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 2015 Bonds, nor does it guarantee that the rating on the 2015 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, 2014 and as prepared in accordance with statutory accounting practices prescribed or permitted by the New York State Department of Financial Services were $475.7 million, $26.9 million and $448.8 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 2015 Bonds or the advisability of investing in the 2015 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 2015 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; they have not been reviewed or approved by the issuer of or the underwriter for the 2015 Bonds, and the issuer and underwriter assume no responsibility for their content.

BAM receives compensation (an insurance premium) for the insurance that it is providing with respect to the 2015 Bonds. Neither BAM nor any affiliate of BAM has purchased, or committed to purchase, any of the 2015 Bonds, whether at the initial offering or otherwise.

## SUMMARIES OF CERTAIN PROVISIONS OF THE LOAN AGREEMENT AND THE INDENTURE

The following are summaries of certain provisions of the Loan Agreement and the Indenture. These summaries do not purport to be and should not be regarded as complete statements of the terms of the Loan Agreement or the Indenture or as complete statements of the provisions summarized. 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 the 2015 Bonds, the Authority will enter into the Ninth Supplemental Loan Agreement with the College, pursuant to which the Authority will loan the proceeds of the 2015 Bonds to the College. The Ninth Supplemental Loan Agreement requires the College to make loan repayments to the Authority in amounts sufficient to pay the debt service payments on the 2015 Bonds. The obligations of the College under the Ninth Supplemental Loan Agreement will be evidenced by the Note.

Source of Debt Service Payments. The debt service payments due under the Ninth Supplemental Loan Agreement and the Note are payable by the College from its general revenues, from whatever source derived. The College covenants to include in its budget for each fiscal year during the term of the Loan Agreement the amount of loan payments required to be paid to the Authority with respect to the Ninth Supplemental Loan Agreement and the Note in such fiscal year.

If the College defaults in its payments on its Note in any fiscal year because its revenues in such fiscal year are insufficient to pay its obligations as they become due and payable, the Authority shall notify the Secretary of the Department of Education of the Commonwealth of such default and request that the Secretary withhold out of any appropriation due the College under the Community College Act an amount equal to the sum or sums owing by the College to the Authority, under the Ninth Supplemental Loan Agreement and the Note, and to pay over to the Trustee, as sinking fund depository for the Note, the amount so withheld.

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. Payment of the principal and interest due under the Note and Ninth Supplemental Loan Agreement and all other sums payable under the Loan Agreement is the general unconditional obligation of the College. 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, including, without limitation, destruction of the College's facilities, and without right of set-off for default on the part of the Authority under the Loan Agreement.

**The Indenture**

Limited Obligation of the Authority. The 2015 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 Ninth Supplemental Loan Agreement and Note 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 of the Authority nor the general credit nor the taxing power of the United States of America, the Commonwealth or any political subdivision thereof is pledged for the payment of the principal of, or the interest on the 2015 Bonds, nor shall the 2015 Bonds be deemed to be general obligations of the Authority or obligations of the United States of America, the Commonwealth or any political subdivision thereof.

Pledge of Certain Revenues. The Authority in the Indenture has pledged and assigned and granted to the Trustee a security interest in all loan payments, and other sums payable by the College under the Ninth Supplemental Loan Agreement and the Note, for the benefit and security of the registered owners of the 2015 Bonds.

2015 Revenue Account. All loan payments by the College under the Ninth Supplemental Loan Agreement and Note are required to be deposited in the 2015 Revenue Account within the Revenue Fund established under the Ninth Supplemental Indenture with the Trustee on or before the date of any required or permitted payment of principal of or interest on the 2015 Bonds. Amounts 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.

2015 Debt Service Account. The Trustee shall transfer to the 2015 Debt Service Account within the Debt Service Fund established under the Ninth Supplemental Indenture from moneys in the 2015 Revenue Account, moneys in an amount sufficient to make the interest payments and principal payments on the 2015 Bonds when due.

2015 Rebate Fund. Under the Ninth Supplemental Indenture a 2015 Rebate Fund is established (the "Rebate Fund"). The Authority will periodically and upon retirement of the last of the 2015 Bonds determine the sum required to be deposited in the Rebate Fund, if any, and direct the Trustee to transfer such sum from the other funds and accounts established under the Indenture. 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.

Investment of Funds. Moneys held in the funds and accounts established under the Indenture may and, upon instructions of the Authority, at the direction of the College, shall, be wholly or partially deposited and redeposited by the Trustee in Investment Securities with any authorized depository, which deposits, to the extent not insured, shall be secured as provided by the Indenture; or invested or reinvested by the Trustee upon the instruction of the Authority, 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, any obligation of the College, and completing any project or financing additional projects.

Default and Remedies. The Act provides certain remedies to the Bondholders upon the occurrence of an Event of Default under the Indenture.

Under the Indenture, upon the occurrence of an Event of Default: (a) so long as the bond insurance policy insuring the 2005 Bonds is in effect (the "2005 Bond Insurance Policy) and the provider of the 2005 Bond Insurance Policy (the "2005 Bond Insurer") is not in default of its obligations thereunder, the 2005 Bond Insurer shall be entitled to control and direct the enforcement of all rights and remedies granted to holders of the 2005 Bonds or the Trustee for the benefit of the holders of the 2005 Bonds under the Indenture; (b) so long as the Policy insuring the 2008 Bonds (not advance refunded) is in effect and AGM is not in default of its obligations thereunder, AGM shall be entitled to control and direct the enforcement of all rights and remedies granted to holders of the 2008 Bonds (not advance refunded) or the Trustee for the benefit of the holders of the 2014 Bonds under the Indenture; (c) so long as the Policy insuring the 2014 Bonds is in effect and AGM is not in default of its obligations thereunder, AGM shall be entitled to control and direct the enforcement of all rights and remedies granted to holders of the 2014 Bonds or the Trustee for the benefit of the holders of the 2014 Bonds under the Indenture; (d) so long as the Policy insuring the 2015 Bonds is in effect and BAM is not in default of its obligations thereunder, BAM shall be entitled to control and direct the enforcement of all rights and remedies granted to holders of the 2015 Bonds or the Trustee for the benefit of the holders of the 2015 Bonds under the Indenture; and (e) so long as the bond insurance policy insuring any series of Additional Bonds issued under the Indenture is in effect (each an "Additional Bond Insurance Policy") and the provider of any such Additional Bond Insurance Policy (each an "Additional Bond Insurer") is not in default of its obligations thereunder, such Additional Bonds Insurer shall be entitled to control and direct the enforcement of all rights and remedies granted to the holders of such series of Additional Bonds or the Trustee for the benefit of the holders of such series of Additional Bonds under the Indenture.

For a more complete statement of rights and remedies of the Bondholders and of the limitations thereon, reference is made to the Indenture.

Annual Audit. The Authority covenants that it will keep proper books of record and account in which complete and correct entries shall be made of all transactions of the Authority relating to the 2015 Bonds, and which, at all reasonable times, will be subject to the inspection of the Trustee or its representative duly authorized in writing.

Modifications and Amendments. Amendments to the Indenture are permitted without consent of Bondholders, for certain purposes, including, but not limited to, the addition of covenants and agreements of the Authority, the modification of the Indenture to conform the same with governmental regulations (so long as the rights of Bondholders 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 consent of owners of not less than 66 2/3% in principal amount of outstanding Bonds issued thereunder.

## CONTINUING DISCLOSURE

The Authority has determined that no financial or operating data concerning the Authority is material to an evaluation of the offering of the 2015 Bonds or to any decision to purchase, hold or sell the 2015 Bonds, and the Authority will not provide any such information. The College has undertaken all responsibilities for any continuing disclosure to Bondholders as described below, and the Authority shall have no liability to the Holders of the 2015 Bonds or any other person with respect to Rule 15c2-12(b)(5) (the "Rule") promulgated by the United States Securities and Exchange Commission (the "SEC") pursuant to the Securities and Exchange Act of 1934, as amended.

In accordance with the requirements of the Rule, the College (being an "obligated person" with respect to the 2015 Bonds, within the meaning of the Rule), will agree to provide certain financial and operating information to the Municipal Securities Rulemaking Board (the "MSRB") in an electronic format as prescribed by the MSRB, either directly or indirectly through a designated agent as set forth in its Continuing Disclosure Agreement, substantially in the form attached hereto as APPENDIX E.

The College's obligations with respect to continuing disclosure described herein shall terminate upon the prior defeasance, redemption or payment in full of all of the 2015 Bonds or if and when the College is no longer an "obligated person" with respect to the 2015 Bonds, within the meaning of the Rule.

The MSRB has been designated by the SEC to be the central and sole repository for continuing disclosure information filed by issuers of municipal securities since July 1, 2009. Information and notices filed by municipal issuers (and other defined "obligated persons") with respect to municipal securities issues) are made available through the MSRB's Electronic Municipal Market Access (EMMA) System, which may be accessed on the internet at http://www.emma.msrb.org.

At the time of issuance of the 2005 Bonds and the 2008 Bonds, respectively, the College entered into two separate continuing disclosure undertakings (the "Prior Disclosure Undertakings"). The requirements of these Prior Disclosure Undertakings require the College to submit certain information to EMMA 180 days after the end of the College's fiscal year, which occurs on June 30th of each year. Since 2008, the College did not post on EMMA certain statistical information regarding its faculty and staff, full time equivalent students and enrollment data, information regarding student fees and charges and financial aid, in a timely manner.

During this time period the College did file its financial statements and certain other statistical data required to be updated and posted on EMMA by the Prior Disclosure Undertakings. However, the College was late in posting its June 30, 2013 financial statements on EMMA.

The College also did not provide information to EMMA regarding the rating downgrades of two municipal bond insurers providing credit enhancements on the 2005 Bonds and the 2008 Bonds, respectively.

As of the date of this Official Statement, all required information and required event notices have been posted on EMMA. The College has taken steps to ensure timely annual filings of its financial statements and other information required to be disclosed by the Prior Disclosure Undertakings on a going-forward basis.

## LITIGATION

There is no litigation of any nature now pending against the Authority or, to the knowledge of the Authority, threatened against the Authority seeking to restrain or enjoin the issuance, sale, execution or delivery of the 2015 Bonds or in any way contesting or affecting the validity of the 2015 Bonds, the Indenture, or any proceedings of the Authority taken in connection with the issuance or sale of the 2015 Bonds, the pledge or application of any moneys or security provided for the payment of the 2015 Bonds, or the existence or powers of the Authority.

There are various legal actions pending against the College which have arisen in the ordinary course of the College's business. In the opinion of management, any adverse decisions will not have a material adverse effect on the College's current business, financial position or operations.

## LEGALITY FOR INVESTMENT

Under the Act, the 2015 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, bankers, savings banks, trust companies, savings and loan associations, 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 other administrators, executors, guardians, trustees and other fiduciaries, and all other persons whatsoever who are authorized to invest in bonds or other obligations of the Commonwealth, may properly and legally invest any funds, including capital, belonging to them or within their control. Also, under the Act, the 2015 Bonds are securities which may properly and legally be deposited with, and received by, any Commonwealth or 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.

## CERTAIN BONDHOLDERS' RISKS

General. The 2015 Bonds are limited obligations of the Authority and are payable solely from payments made pursuant to the Loan Agreement and from certain other funds held by the Trustee pursuant to the Indenture. No representation can be made or assurance 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 the number of students in attendance at the College or other factors could adversely affect the College's ability to generate such revenues. Neither the Underwriter nor the Authority has made any independent investigation of the extent to which any of such factors may have an adverse impact on the revenues of the College.

Tuition Revenue. Tuition revenue is the primary revenue source for the College, comprising approximately 66.6% of its revenues in fiscal year 2014. While the College has been able to demonstrate a high level of student demand for its academic programs at current tuition levels, there is no assurance that it will be able to continue to do so throughout the term of the 2015 Bonds. Demand for attendance at the College may be subject to factors beyond its control, such as general economic and demographic conditions, funding levels at competing public and private institutions and public and private funding of programs of financial aid. The College currently subsidizes a number of students with scholarship and loan programs which are subject to reduction and limitations. In addition, the academic reputation of the College is a critical factor in assuming continued demand for attendance.

Faculty. The ability of the College to attract and retain faculty members with outstanding credentials is an important factor contributing to the College's academic reputation. Of its full-time faculty 90% are tenured. Tenured faculty instruct 49% of all course offerings at the College with the balance, 51% instructed by appropriately credentialed and experienced part time faculty. Therefore, should any reduction of programs be necessitated by economic conditions, the College will only be able to cut back on faculty in accordance with specific College procedures.

Covenant to Maintain Tax-Exempt Status of the 2015 Bonds. The tax-exempt status of the 2015 Bonds is based on the continued compliance by the Authority and the College with certain covenants contained in the Indenture and the Loan Agreement related to the requirements of the Internal Revenue Code of 1986, as amended. These covenants relate generally to restrictions on the use of facilities refinanced with proceeds of the 2015 Bonds, arbitrage limitations, rebate of certain excess investment earnings to the federal government, and restrictions on the amount of issuance costs financed with the proceeds of the 2015 Bonds. Failure to comply with such covenants could cause interest on the 2015 Bonds to become subject to federal income taxation retroactively to the date of issuance of the 2015 Bonds.

The 2015 Bonds are not subject to redemption or repurchase, nor are the rates of interest subject to adjustment, in the event that interest on the 2015 Bonds becomes taxable.

Enforceability of Remedies. The remedies available to the holders of the 2015 Bonds upon an Event of Default under the Indenture and the Loan Agreement are in many respects dependent upon judicial action, which is subject to discretion or delay. Under existing law and judicial decisions, such as the Federal Bankruptcy Code, the remedies specified in the Indenture and the Loan Agreement may not be readily available or may be limited. A court may also decide not to order specific performance of creditors' rights.

The various legal opinions to be delivered concurrently with the original delivery of the 2015 Bonds will be qualified as to enforceability of the various legal instruments by limitations imposed by bankruptcy, reorganization, insolvency or other laws or legal or equitable principles affecting creditors' rights.

Bond Insurance Risk Factors. In the event of default of the payment of principal or interest with respect to the 2015 Bonds when all or some becomes due, any owner of the 2015 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 optional redemption or acceleration resulting from default or otherwise, 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 optional prepayment of the 2015 Bonds by the issuer which is recovered by the issuer from the bond owner as a voidable preference under applicable bankruptcy law is covered by the insurance 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 by the Issuer unless the BAM 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 BAM without appropriate consent. The BAM may direct and must consent to any remedies and the BAM's consent may be required in connection with amendments to any applicable bond documents.

In the event the BAM is unable to make payment of principal and interest as such payments become due under the Policy, the 2015 Bonds are payable solely from the moneys received pursuant to the applicable bond documents. In the event the BAM becomes obligated to make payments with respect to the 2015 Bonds, no assurance is given that such event will not adversely affect the market price of the 2015 Bonds or the marketability (liquidity) for the 2015 Bonds.

The long-term ratings on the 2015 Bonds are dependent in part on the financial strength of the BAM and its claim paying ability. The BAM'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 BAM and of the ratings on the 2015 Bonds insured by the BAM will not be subject to downgrade and such event could adversely affect the market price of the 2015 Bonds or the marketability (liquidity) for the 2015 Bonds. See description of "RATINGS" herein.

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

Neither the Issuer or Underwriter have made independent investigation into the claims paying ability of the BAM and no assurance or representation regarding the financial strength or projected financial strength of the BAM is given. Thus, when making an investment decision, potential investors should carefully consider the ability of the Issuer to pay principal and interest on the 2015 Bonds and the claims paying ability of the BAM, particularly over the life of the investment. See "BOND INSURANCE" herein for further information provided by the BAM and the Policy, which includes further instructions for obtaining current financial information concerning the BAM.

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

(1) Decreases in student retention and graduation rates.

(2) Adverse labor actions that could result in a substantial reduction in revenues without corresponding decreases in costs.

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

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

(5) Cost and availability of energy.

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

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

(8) Unknown litigation.

(9) Safety and security incidents including data breaches.

(10) Costs associated with regulatory compliance.

(11) Factors that may adversely affect the College's reputation and image.

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

# TAX MATTERS

## Tax Exemption-Opinion of Bond Counsel

The Internal Revenue Code of 1986, as amended (the "Code") contains provisions relating to the tax-exempt status of interest on obligations issued by governmental entities which apply to the 2015 Bonds. These provisions include, but are not limited to, requirements relating to the use and investment of the proceeds of the 2015 Bonds and the rebate of certain investment earnings derived from such proceeds to the United States Treasury Department on a periodic basis. These and other requirements of the Code must be met by the Authority and the College subsequent to the issuance and delivery of the 2015 Bonds in order for interest thereon to be and remain excludable from gross income for purposes of federal income taxation. The Authority and the College have made covenants to comply with such requirements.

In the opinion of Bond Counsel, interest on the 2015 Bonds (including accrued original issue discount) is not includable in gross income for purposes of federal income taxation under existing statutes, regulations, rulings and court decisions. The opinion of Bond Counsel is subject to the condition that the Authority and the College comply with all applicable federal income tax law requirements that must be satisfied subsequent to the issuance of the 2015 Bonds in order that interest thereon continues to be excluded from gross income. Failure to comply with certain of such requirements could cause the interest on the 2015 Bonds to be so includable in gross income retroactive to the date of issuance of the 2015 Bonds. The Authority and the College have covenanted to comply with all such requirements.

Interest on the 2015 Bonds is not treated as an item of tax preference under Section 57 of the Code for purposes of the individual and corporate alternative minimum taxes; however, under the Code, to the extent that interest on the 2015 Bonds is a component of a corporate holder's "adjusted current earnings," a portion of that interest may be subject to the corporate alternative minimum tax. Bond Counsel expresses no opinion regarding other federal tax consequences relating to the 2015 Bonds or the receipt of interest thereon. See discussion of "Alternative Minimum Tax", "Branch Profits Tax", "S Corporations with Passive Investment Income", "Social Security and Railroad Retirement Benefits", "Deduction for Interest Paid by Financial Institutions to Purchase or Carry Tax-Exempt Obligations", "Property or Casualty Insurance Company," "Accounting Treatment of Original Issue Discount and Amortizable Bond Premium," "Recent State Tax Developments," and "Reportable Payments and Backup Withholding" below.

In the opinion of Bond Counsel, under the laws of the Commonwealth of Pennsylvania as enacted and construed on the date hereof, the 2015 Bonds, and the interest thereon are free from taxation for state and local purposes within the Commonwealth of Pennsylvania, but such exemption does not extend to gift, estate, succession or inheritance taxes or any other taxes not levied or assessed directly on the 2015 Bonds or the interest thereon. Profits, gains or income derived from the sale, exchange, or other disposition of the 2015 Bonds are subject to state and local taxation within the Commonwealth of Pennsylvania. Specifically, the 2015 Bonds are exempt from personal property taxes in Pennsylvania and interest on the 2015 Bonds is exempt from the Pennsylvania personal income tax and the Pennsylvania corporate net income tax.

**Alternative Minimum Tax**

The Code includes, for purposes of the corporate alternative minimum tax, a preference item consisting of, generally, seventy-five percent of the excess of a corporation's "adjusted current earnings" over its "alternative minimum taxable income" (computed without regard to this particular preference item and the alternative tax net operating loss deduction). Thus, to the extent that tax-exempt interest (including interest on the 2015 Bonds) is a component of a corporate holder's "adjusted current earnings," a portion of that interest may be subject to the alternative minimum tax.

**Branch Profits Tax**

Under the Code, foreign corporations engaged in a trade or business in the United States will be subject to a "branch profits tax" equal to thirty percent (30%) of the corporation's "dividend equivalent amount" for the taxable year. The term "dividend equivalent amount" includes interest on tax-exempt obligations.

**S Corporations with Passive Investment Income**

Section 1375 of the Code imposes a tax on the income of certain small business corporations for which an S Corporation election is in effect, and that have "passive investment income." For purposes of Section 1375 of the Code, the term "passive investment income" includes interest on the 2015 Bonds. This tax applies to an S Corporation for a taxable year if the S Corporation has Subchapter C earnings and profits at the close of the taxable year and has gross receipts, more than twenty-five percent (25%) of which are "passive investment income." Thus, interest on the 2015 Bonds may be subject to federal income taxation under Section 1375 of the Code if the requirements of that provision are met.

**Social Security and Railroad Retirement Benefits**

Under Section 86 of the Code, certain Social Security and Railroad Retirement benefits (the "benefits") may be includable in gross income. The Code provides that interest on tax-exempt obligations (including interest on the 2015 Bonds) is included in the calculation of "modified adjusted gross income" in determining whether a portion of the benefits received are to be includable in gross income of individuals.

**Deduction for Interest Paid by Financial Institutions to Purchase or Carry Tax-Exempt Obligations**

The Code, subject to limited exceptions not applicable to the 2015 Bonds, denies the interest deduction for indebtedness incurred or continued to purchase or carry tax-exempt obligations, such as the 2015 Bonds. With respect to banks, thrift institutions and other financial institutions, the denial to such institutions is one hundred percent (100%) for interest paid on funds allocable to the 2015 Bonds and any other tax-exempt obligations acquired after August 7, 1986.

**Property or Casualty Insurance Company**

The Code also provides that a property or casualty insurance company may also incur a reduction, by a specified portion of its tax-exempt interest income, of its deduction for losses incurred.

**Accounting Treatment of Original Issue Discount and Amortizable Bond Premium**

The 2015 Bonds maturing on October 1, 2032 are referred to as the "Discount Bonds." In the opinion of Bond Counsel, the difference between the initial public offering price of the Discount Bonds set forth on the cover page hereof and the stated redemption price at maturity of each such Bond constitutes "original issue discount," all or a portion of which will, on the disposition or payment of such Bonds, be treated as tax-exempt interest for federal income tax purposes. Original issue discount will be apportioned to an owner of the Discount Bonds under a "constant interest method," which utilizes a periodic compounding of accrued interest. If an owner of a Discount Bond who purchases it in the original offering at the initial public offering price owns that Discount Bond to maturity, that Bondholder will not realize taxable gain for federal income tax purposes upon payment of the Discount Bond at maturity. An owner of a Discount Bond who purchases it in the original offering at the initial public offering price and who later disposes of the Discount Bond prior to maturity will be deemed to have accrued tax-exempt income in a manner described above; amounts realized in excess of the sum of the original offering price of such Discount Bond and the amount of accrued original issue discount will be taxable gain.

Purchasers of Discount Bonds should consider possible state and local income, excise or franchise tax consequences arising from original issue discount on the Discount Bonds. Prospective purchasers of the Discount Bonds should consult their tax advisors regarding the Pennsylvania tax treatment of original issue discount.

The 2015 Bonds maturing on October 1 in the years 2018 through, and including, 2031 are hereinafter referred to as the "Premium Bonds." An amount equal to the excess of the initial public offering price of a Premium Bond set forth on the inside cover page over its suited redemption price at maturity constitutes premium on such Premium Bond. A purchaser of a Premium Bond must amortize any premium over such Premium Bond's term using constant yield principles, based on the purchaser's yield to maturity. As premium is amortized, the purchaser's basis in such Premium Bond is reduced by a corresponding amount, resulting in an increase in the gain (or decrease in the loss) to be recognized for federal income tax purposes upon a sale or disposition of such Premium Bond prior to its maturity. Even though the purchaser's basis is reduced, no federal income tax deduction is allowed.

Purchasers of any Premium Bonds, whether at the time of initial issuance or subsequent thereto, should consult their own tax advisors with respect to the determination and treatment of premium for federal income tax purposes and with respect to state and local tax consequences of owning Premium Bonds."

## Reportable Payments and Backup Withholding

Under 2006 amendments to the Internal Revenue Code, payments of interest on the 2015 Bonds will be reported to the Internal Revenue Service by the payor on Form 1099 unless the Bond is an "exempt person" under Section 6049 of the Code. A Bondholder who is not an exempt person may be subject to "backup withholding" at a specified rate prescribed in the Code if the Bond does not file Form W-9 with the payor advising the payor of the Bond's taxpayer identification number. Bondholders should consult with their brokers regarding this matter.

The Trustee will report to the Bondholders and to the Internal Revenue Service for each calendar year the amount of any "reportable payments" during such year and the amount of tax withheld, if any, with respect to payments made on the 2015 Bonds.

# OTHER MATTERS

## Changes in Federal Law

From time to time, there are presidential proposals, proposals by various federal committees and legislative proposals in Congress that, if enacted, could alter or amend the tax matters referred to herein or adversely affect the marketability or market value of the 2015 Bonds or otherwise prevent holders of the 2015 Bonds from realizing the full benefit of the tax exemption of interest on the 2015 Bonds. Further, such proposals may impact the marketability or market value of the 2015 Bonds simply by being proposed. It cannot be predicted whether or in what form any such proposals may be enacted or whether if enacted such proposals would apply to bonds issued prior to enactment. In addition, regulatory or other actions are from time to time announced or proposed which, if implemented or concluded in a particular manner, could adversely affect the market value, marketability or tax status of the 2015 Bonds. It cannot be predicted whether any such regulatory or other actions will be implemented or whether the 2015 Bonds would be impacted thereby.

Purchasers of the 2015 Bonds should consult their tax advisors regarding any pending or proposed legislation, regulations or other potential changes in law. The opinions expressed by Bond Counsel are based upon existing legislation and regulations as interpreted by relevant judicial and regulatory authorities as of the date of issuance and delivery of the 2015 Bonds, and Bond Counsel has expressed no opinion as of any date subsequent thereto or with respect to any proposed or pending legislation, regulations or other potential changes in law.

# CERTAIN LEGAL MATTERS

Certain legal matters incident to the authorization, issuance and sale of the 2015 Bonds are subject to the approving opinion of Saul Ewing 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 Underwriter by its counsel, Eckert Seamans Cherin & Mellott, LLC, Philadelphia, Pennsylvania; and for the College by its counsel, James R. Flick, Esquire, Media, Pennsylvania.

## UNDERWRITING

The Underwriter is purchasing the 2015 Bonds from the Authority for a purchase price equal to $46,473,926.45 (consisting of the principal amount of the 2015 Bonds plus net original issue premium of $6,162,948.05 less Underwriter's Discount of $84,021.60).

The obligation of the Underwriter to purchase the 2015 Bonds is subject to certain terms and conditions set forth in the contract for purchase of the 2015 Bonds, the approval of certain legal matters by Bond Counsel and certain other conditions. The terms of sale provide that the Underwriter will purchase all the 2015 Bonds, if any are purchased.

The Underwriter may offer and sell the 2015 Bonds to certain dealers (including dealers depositing the 2015 Bonds into investment trusts) and others at prices lower than such initial public offering prices as are stated inside the cover page hereof. The public offering prices may be changed from time to time by the Underwriter.

The Underwriter may also receive a fee for conducting a competitive bidding process regarding the investment of certain proceeds of the 2015 Bonds.

## INDEPENDENT AUDITORS

The financial statements of the College included in "APPENDIX B – DELAWARE COUNTY COMMUNITY COLLEGE AUDITED FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2014" of this Official Statement, have been audited by Herbein & Company, Inc., independent certified public accountants. The financial statements audited by Herbein & Company, Inc. have been included herein in reliance on their report given on the authority of that firm.

## RATINGS

S&P is expected to assign the 2015 Bonds a rating of "AA" (stable outlook), with the understanding that, upon delivery of the 2015 Bonds, a policy insuring the payment when due of the principal of and interest on the 2015 Bonds will be issued by BAM. Any explanation of the significance of such ratings may only be obtained from the rating agency furnishing the same. There is no assurance that such rating will be maintained for any given period of time or that such rating may not be lowered or withdrawn entirely by the rating agency if in the judgment of such rating agency circumstances so warrant. Any such downward change or withdrawal of any such rating may have an adverse effect on the market price of the 2015 Bonds.

In addition, Moody's Investors Service, Inc. ("Moody's) has assigned an independent underlying rating of "A1" (stable outlook) to the 2015 Bonds, which rating does not take into account the issuance of the Policy. Such rating reflects only the view of Moody's at the time the rating was given, and neither the Authority, the College nor the Underwriter makes any representation as to the appropriateness of such rating.

The Authority and the College have not undertaken to maintain any rating on the 2015 Bonds.

An explanation of the significance of the ratings given by: (1) Moody's may be obtained from Moody's at 250 Greenwich Street, New York, New York 10007 (212-553-7814); or (2) S&P may be obtained from S&P at 55 Water Street, New York, New York 10041 (212-438-2000).

## MISCELLANEOUS

The Authority has no responsibility for the College's compliance with the Continuing Disclosure Agreement or for the contents of, or any omissions from, the financial information, operating data or notices provided thereunder.

The references herein to the Indenture, the Loan Agreement, the Note, the Continuing Disclosure Agreement, the Act, the Community College Act and other materials are only brief summaries of certain provisions thereof and do not purport to summarize or describe all the provisions thereof. Copies of the current drafts of the Indenture, the Loan Agreement, the Note and the Continuing Disclosure Agreement are available for inspection. (See "INTRODUCTION - Availability of the Documents" herein.)

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 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 of the conditions affecting the Authority, the College or the 2015 Bonds.

CUSIP identification numbers will be printed on the 2015 Bonds, but neither the failure to print such numbers nor any error in the printing of such numbers shall constitute cause for a failure or refusal by the purchaser thereof to accept delivery of and pay for the 2015 Bonds.

The attached APPENDICES A through E are integral parts of this Official Statement and must be read together with all of the foregoing statements.

The Authority and the College have authorized the execution and distribution of this Official Statement. The Authority has not assisted in the preparation of this Official Statement, except for the statements under the section captioned "THE AUTHORITY" and the first paragraph under the section captioned "LITIGATION" herein and, except for those sections, the Authority is not responsible for any statements made in this Official Statement. Except for the authorization, execution and delivery of documents required to effect the issuance of the 2015 Bonds, the Authority has not otherwise assisted in the public offer, sale or distribution of the 2015 Bonds. Accordingly, except as aforesaid, the Authority assumes no responsibility for the disclosures set forth in this Official Statement.

Accordingly, except as aforesaid, the Authority assumes no responsibility for the disclosures set forth in this Official Statement.

STATE PUBLIC SCHOOL BUILDING AUTHORITY

By: /s/ Robert Baccon
Robert Baccon
Executive Director

Approved by:

DELAWARE COUNTY COMMUNITY COLLEGE

By: /s/ John A. Glavin, Jr.
John A. Glavin, Jr.
Vice President of Administration and Treasurer

# APPENDIX A

CERTAIN INFORMATION REGARDING
DELAWARE COUNTY COMMUNITY COLLEGE

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## CERTAIN INFORMATION REGARDING DELAWARE COUNTY COMMUNITY COLLEGE

### General

Delaware County Community College was founded in 1967 and has grown to serve more than 28,000 students each year in Delaware and Chester Counties. With five major locations that offer a total of 27 associate degrees, 22 transfer degrees and 40 certificate programs, it has been the convenient college choice for our community for decades. The College's open admissions policy, which assures enrollment for all students who hold a high school diploma or its equivalent, combined with its well-defined standards of academic excellence, ensures that the College provides affordable, accessible, quality education to all students, including the many who would otherwise not have an opportunity for higher education. Our learning resources such as tutoring, advising, counseling, and Learning Commons are provided to support student success at the collegiate level.

In addition to providing associate degree and certificate opportunities, Delaware County Community College has partnered with a number of colleges and universities (see below) to provide seamless transfer opportunities for its students.

**Partner Colleges/Universities**

| | | |
|---|---|---|
| Albright College | Drexel University | Rosemont College |
| Alvernia University | Chestnut Hill College | St. Joseph's University |
| Arcadia University | Eastern University | Strayer University |
| Cabrini College | Immaculata University | Temple University |
| California University of PA | La Salle University | Villanova University |
| Delaware Valley College | Neumann University | West Chester University |
| DeVry: Electrical Engineering & Technical Management | Peirce College | Widener University |
| | Penn State University | |

### Mission Statement

The mission of Delaware County Community College is to facilitate learning by providing quality educational programs and services that are student-focused, accessible, comprehensive, and flexible to meet the educational needs of the diverse communities it serves. In doing so, the College will enable its students to develop themselves to the limit of their desires and capabilities and to be successful.

### Vision

Delaware County Community College focuses on student success by delivering quality, affordable and responsive educational opportunities in a technologically rich and supportive learning environment. The goal of the College's educators is to be respected as innovators and partners in meeting the education and training needs of our diverse communities and in developing our students' potential to compete and contribute in a regional workforce and a global society.

## Principles and Culture

The College's programs and courses are based on principles of scholarship, social and ethical values, and lifelong learning. With integrity and respect, the College offers students, faculty, and staff a commitment to academic excellence and diversity that improves our entire community.

Delaware County Community College is the center of educational opportunity in Delaware and Chester counties. It welcomes and serves all who seek academic achievement, career advancement or personal fulfillment. The quality, range, and accessibility of the College's programs and services reflect and respond to the goals of today's students, the demands of a changing workforce and the needs of our dynamic community.

## Standard of Student Success

Student success is the alignment of College-wide policies, programs, activities, philosophies and resources designed for pursuit and completion of students' educational objectives, with special emphasis on traditionally under-served student populations.

## Diversity Statement

Delaware County Community College recognizes that diversity enriches life, creates energy and makes us aware that we share a common humanity. The College is committed to fostering a climate that promotes understanding, appreciation and respect for the rights of all people. The College's mission only succeeds to the extent that all members of our community are welcomed and empowered to achieve their personal, educational and career goals.

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**Governance Structure**

A Board of Trustees consisting of thirteen members appointed by the Delaware County Sponsoring School Districts governs the College. The members of the Board of Trustees are appointed for terms of six years each.

The Bylaws call for the following standing committees: Finance Committee, Facilities Committee, and the Liaison and Sponsorship Committee.

The names, occupations and terms of the current members are set forth below:

| NAME | OCCUPATION | TERM EXPIRES |
|---|---|---|
| Dr. Corrinne A. Caldwell | Professor of Education, Temple University | 2019 |
| Bernice Clark-Dickerson | Housing & Community Development Coordinator for Del. Co. | 2020 |
| James P. Gaffney | Vice President Goshen Mechanical Contractors | 2015 |
| Dr. Stephen F. Gambescia | Assistant Dean, Drexel University | 2017 |
| Dr. David H. Grossman | Director – Civic House, University of Pennsylvania | 2017 |
| Donald L. Heller | Assistant Dean, Temple University | 2019 |
| Robert McCauley | Principal – Strada, LLC Architects | 2019 |
| Michael L. Ranck | President, Community YMCA of Eastern Delaware County | 2015 |
| Ellen T. Reap | Heath Care Administrator | 2016 |
| Kevin B. Scott | Partner, Fox Rothschild, LLP | 2019 |
| Marilyn A. Spicer | Associate Director for Computing, University of Pennsylvania | 2017 |
| Raymond G. Toto | Senior Manager – KBR Downstream | 2015 |
| James R. Flick, Esq. | College Solicitor | |

The current administration of the College is as follows:

| ADMINISTRATION | TITLE |
|---|---|
| Dr. Jerome S. Parker | President |
| John A. Glavin | Vice President for Finance and Administration |
| Dr. Margaret F. Bartow | Provost |
| Dr. Mary Jo Boyer | Vice President and Vice Provost for Chester County Operations |
| Kathleen Breslin | Vice President for Institutional Advancement |
| Frances Cubberley | Vice President for Enrollment Management |
| Connie L. McCalla | Vice President for Human Resources |
| George Sullivan | Vice President for Information Technology & CIO |

**Accreditation**

Delaware County Community College is approved as an institution of higher education by the Board of Education of the Commonwealth of Pennsylvania. The College is authorized by the Board to award associate degrees in arts and sciences, as well as appropriate diplomas and certificates. In recognition of our high standards, the College is fully accredited by the Commission of Higher Education of the Middle States Association of Colleges and Secondary Schools.

## Invest in Campus Renewal

Over the past five years, the College has improved its facilities with the addition of two new buildings, a new site in Upper Darby, and major renovations/infrastructure improvements to its Marple and Downingtown Campuses. Since July 1, 2009, the College has made over $86,477,000 of capital investment in its facilities. Listed below in Table A-1 is a summary by fiscal year of said investments along with a selection in detail of improvements made during the same period.

### TABLE A-1
### Investment in Capital Renewal

| | FY Ending June 30, 2010 | FY Ending June 30, 2011 | FY Ending June 30, 2012 | FY Ending June 30, 2013 | FY Ending June 30, 2014 | Total |
|---|---|---|---|---|---|---|
| Land & Improvements | 213,942 | 2,334,126 | 14,000 | 414,661 | 415,225 | 3,391,954 |
| Building & Building Improvements | 51,885,469 | 1,827,319 | 6,993,188 | 483,782 | 11,604,452 | 72,794,210 |
| Furniture & Equipment | 2,924,438 | 823,611 | 1,507,774 | 2,981,354 | 1,760,453 | 9,997,630 |
| Library Books | 85,406 | 59,200 | 49,954 | 56,992 | 41,699 | 293,251 |
| Total | 55,109,255 | 5,044,256 | 8,564,916 | 3,936,789 | 13,821,829 | 86,477,045 |

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## Employees

In August 2012, the College reached a new five year Collective Bargaining agreement with the Pennsylvania State Education Association that represents the instructional staff members (ISM). As a result of this collective bargaining agreement, the early retirement benefit was discontinued. Prior to this, the plan offered to each instructional staff member with a minimum of 30 years of service, a reduced salary for one to five years and continued enrollment in the College's health plan for one to seven years as determined by the ISM's years of service. As of June 30, 2014 the early retirement benefits totaling approximately $755,700 have been recorded in the College's financial reports. The College's employment information for each of the fiscal years ending June 30, 2010 through June 30, 2014 is set forth in Table A-2 below.

**TABLE A-2**
**EMPLOYMENT TRENDS**
**FY 2010- 2014**

| | 2010 | 2011 | 2012 | 2013 | 2014 |
|---|---|---|---|---|---|
| Faculty, full Time | 180 | 179 | 172 | 169 | 168 |
| % Tenured | 82% | 85% | 89% | 89% | 90% |
| Faculty, part time | 762 | 777 | 794 | 726 | 795 |
| Administrators, full time | 137 | 139 | 148 | 158 | 167 |
| Administrators, part time | 28 | 26 | 26 | 22 | 25 |
| Support Staff, full-time | 170 | 167 | 165 | 160 | 153 |
| Support Staff, part-time | 113 | 116 | 141 | 125 | 126 |
| Total | 1,390 | 1,404 | 1,446 | 1,360 | 1,434 |

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## Enrollment

The College's enrollment for each of the fiscal years ending June 30, 2010 through June 30, 2014 is set forth below in Table A-3.

### TABLE A-3

**Enrollments - Full Time Equivalent (FTE's) Students & Enrollment Data**
**FY 2010 - 2014**

| | FTE | | |
|---|---|---|---|
| FYE June 30, | Credit | Non Credit | Total |
| 2010 | 10,749 | 664 | 11,413 |
| 2011 | 11,111 | 609 | 11,720 |
| 2012 | 11,425 | 561 | 11,986 |
| 2013 | 11,250 | 540 | 11,790 |
| 2014 | 10,924 | 538 | 11,462 |

In Fiscal Year 2014/2015, the College budgeted for a 3% enrollment decline. As of March 19, 2015, enrollment for Fiscal Year 2014/2015 is tracking to have a projected overall enrollment decline of approximately 5% over actual Fiscal Year 2013/2014 enrollment results. In Fiscal Year 2015/2016, the College has budgeted for a decline in enrollments of 3% versus Fiscal Year 2014/2015 projected enrollments.

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**Student Tuition and Fees**

The following Table A-4 sets forth the tuition and student fees assessed to students in each of the fiscal years ending June 30, 2011 through June 30, 2015.

**TABLE A-4**
**Student Fees and Charges Analysis**
**FY 2011 - 2015**

| | 2011 | 2012 | 2013 | 2014 | 2015 |
|---|---|---|---|---|---|
| Tuition per credit hour (1) | 97.00 | 101.00 | 104.00 | 105.00 | 106.00 |
| Tuition per credit hour (2) | 194.00 | 202.00 | 208.00 | 210.00 | 212.00 |
| Plant Fee (2) | 3.00 | 3.00 | 3.00 | 3.00 | 3.00 |
| Activity Fee | 2.00 | 2.00 | 2.00 | 2.00 | 2.00 |
| Application Fee | 25.00 | 25.00 | 25.00 | 25.00 | 25.00 |
| Records Processing Fee | 20.00 | 20.00 | 20.00 | 20.00 | 20.00 |
| Instructional Support Fee | 32.00 - 42.00 | 35.00 - 45.00 | 38.00 - 48.00 | 39.00 - 49.00 | 42.00 - 52.00 |

(1) Students from Sponsoring School Districts
(2) Students from Non-Sponsoring School Districts

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## Statement of Revenues, Expenses and Changes in Net Assets

Table A-5 sets forth a summary of the College's Statement of Revenues, Expenses and Changes in Net Assets.

## TABLE A-5

| Current Unrestricted Funds<br>Five Year Analysis | | | | | | |
|---|---|---|---|---|---|---|
| **Revenues** | 2010 | 2011 | 2012 | 2013 | 2014 | Five Year Summary |
| Tuition and Fees | $46,534,615 | $50,215,072 | $54,115,339 | $55,662,882 | $55,065,693 | $ 261,593,601 |
| Governmental appropriations: | | | | | | |
| Sponsoring School Districts | 6,118,219 | 6,070,306 | 6,146,558 | 6,221,154 | 6,533,528 | 31,089,765 |
| Commonwealth | 19,314,400 | 18,888,850 | 18,788,345 | 18,862,832 | 18,868,794 | 94,723,221 |
| Gifts & private grants | 321,331 | 321,573 | 463,878 | 465,303 | 364,492 | 1,936,577 |
| Other | 1,698,807 | 1,812,493 | 1,311,149 | 1,269,680 | 1,238,001 | 7,330,130 |
| Auxiliary services | 5,591,042 | 697,057 | 700,218 | 629,725 | 590,273 | 8,208,315 |
| **Total Revenues** | 79,578,414 | 78,005,351 | 81,525,487 | 83,111,575 | 82,660,781 | 404,881,608 |
| **Expenditures and Mandatory Transfers** | | | | | | |
| Educational & General | | | | | | |
| Instruction | 35,698,865 | 37,371,807 | 40,461,624 | 39,581,064 | 40,207,155 | 193,320,515 |
| Academic Support | 7,523,969 | 6,607,835 | 7,319,841 | 5,099,631 | 5,024,969 | 31,576,245 |
| Student Services | 6,005,170 | 7,819,639 | 9,250,791 | 8,992,383 | 9,076,873 | 41,144,856 |
| Institutional Support | 10,895,254 | 9,771,861 | 9,901,015 | 10,628,995 | 11,201,319 | 52,398,444 |
| Operation & Maintenance of Physical Plant | 6,284,636 | 6,131,845 | 6,042,144 | 6,102,278 | 6,525,815 | 31,086,718 |
| Student Aid | 105,501 | 108,919 | 130,550 | 437,870 | 367,976 | 1,150,816 |
| Total Educational & General Expenditures | 66,513,395 | 67,811,906 | 73,105,965 | 70,842,222 | 72,404,107 | 350,677,595 |
| Mandatory Transfers in (out) | - | - | - | | | - |
| **Total Educational & General Expenditures & Mandatory Transfers** | 66,513,395 | 67,811,906 | 73,105,965 | 70,842,222 | 72,404,107 | 350,677,595 |
| Auxiliary Enterprises | 4,675,246 | 405,000 | 390,191 | 303,480 | 281,108 | 6,055,025 |
| Total Expenditures & Mandatory Transfers | 71,188,641 | 68,216,906 | 73,496,156 | 71,145,701 | 72,685,215 | 356,732,619 |
| **Net increase (decrease) in <u>unrestricted</u> fund balances pre Non-mandatory transfers** | 8,389,773 | 9,788,445 | 8,029,331 | 11,965,874 | 9,975,566 | 48,148,989 |
| Non-mandatory transfers from (to) other funds | (707,375) | (318,887) | (12,926,342) | (223,568) | (308,527) | (14,484,699) |
| **Net increase (decrease) in <u>unrestricted</u> fund balances** | 7,682,398 | 9,469,558 | (4,897,011) | 11,742,306 | 9,667,039 | 33,664,290 |
| Net increase (decrease) in Net Assets | 9,340,453 | 8,722,179 | 7,003,966 | 9,691,240 | 7,086,440 | 41,844,278 |
| Source: The College Audited Financial Statements | | | | | | |
| Notes: | | | | | | |
| FY 2011/12 - Mandatory Transfers in (out) - Board designated to the Renewals and Replacement Fund so as to support future capital expenditures and debt service obligations. | | | | | | |

## Management's Analysis of Financial Performance of the College

Operating revenues of the College increased $3,082,367 or 3.9% between fiscal years 2009/2010 and 2013/2014. For the same period of time, tuition and fees increased $8,531,078 or 18.3% reflecting marked increases in enrollments and tuition and fee rates.

Operating expenses increased $5,890,712 or 8.8% between fiscal years 2009/2010 and 2013/2014.

**Fiscal Year 2013/2014 Financial Highlights**

During the fiscal year, the College realized revenue from several principal funding sources:

- The College raised credit tuition rates to $105 from $104 per credit hour, and the basic instructional support fee increased by $1 per credit hour for a combined tuition and fee increase of 1.4%.

- During FY 2013/2014, the College's enrolled credit hours totaled 262,174. Furthermore, the ten-year compound rate of credit hour growth for the College was 2.41%. Since Fiscal Year 2004/2005, enrolled hours have increased by 55,469 credits.

- The appropriation received from the Commonwealth of Pennsylvania totaled $22,186,190.

- The appropriation from the Sponsoring School Districts totaled $8,005,124.

- The College recognized the Chester Upland School District as its twelfth Sponsoring School District effective January 1, 2011. To gain entry as the College's twelfth sponsor, the Chester Upland School District agreed to pay a one-time lump sum capital buy-in contribution of $3,943,826. During Fiscal Year 2013/2014, the College recognized $1,194,340 of the buy-in amount as tuition revenues to offset the annual reduction in non-sponsoring tuition and fee revenue as a result of the Chester Upland Sponsorship Agreement. Since FY 2009/2010, one full year prior to entry date, enrolled credit hours from the Chester Upland School District have increased 219%.

Total operating expenses, absent of depreciation and financial aid, increased by 2.5%. Significant items by object were:

- In the aggregate, salaries and wages increased by less than 1.0%. This increase resulted from cost of living increases for the Administrative and Support Staff Groups and contractual increase for the College's full-time faculty.

- The Pennsylvania State Education Association represents the College's full-time faculty. In Fiscal Year 2012/2013, the College entered into a new five-year contract with the Association. In Fiscal Year 2013/2014, the contracted increase for faculty was approximately 2.74%.

- Benefits (health, medical, and employment related costs) increased by 9.9%. This increase is comprised mainly of costs associated with the College's pension programs and post-retirements benefits. Specifically, the College's share of its PSERS and TIAA Pension Programs increased by approximately $250,000 and $240,000 in Fiscal Years 2013/2014 and 2012/2013 respectively. As a result of the new collective bargaining agreement, the College made a one-time accounting adjustment totaling $1.2 million in which its post-retirement pension costs were lowered. On June 30, 2012, the liability for post-retirement health care benefits totaled $3.9 million; as of June 30, 2013, and as a result of our actuarial report, that amount was reduced to $2.7 million; no such adjustment was made in the current fiscal year.

Students of the College receive the following grants, loans and other financial aid in the fiscal years set forth below in Table A-6.

**TABLE A-6**
**FINANCIAL AID ANALYSIS**

| | 2010 | 2011 | 2012 | 2013 | 2014 |
|---|---|---|---|---|---|
| **Grants & Scholarships:** | | | | | |
| Pell | $12,874,931 | $15,829,652 | $19,398,585 | $ 20,849,993 | $ 19,343,340 |
| PHEAA | $1,315,667 | $1,196,688 | $2,001,421 | $ 2,344,540 | $ 2,040,887 |
| SEOG | $130,398 | $142,594 | $125,226 | $ 145,435 | $ 131,703 |
| Institutional Grants & Scholarships | $279,732 | $175,293 | $183,055 | $ 207,960 | $ 216,405 |
| **Loans:** | | | | | |
| Stafford Loans | $13,430,988 | $21,867,316 | $28,784,923 | $ 23,330,311 | $ 22,588,632 |
| Employment: | | | | | |
| Federal | $367,408 | $311,853 | $333,567 | $ 343,787 | $ 341,523 |
| Institutional | $278,518 | $393,392 | $445,638 | $ 499,954 | $ 303,346 |
| **Total Number of Students Receiving Financial Aid** | 6,404 | 7,494 | 8,691 | 8,911 | 8,731 |

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**Treasurer's Report**

As a result of the positive change in Net Assets, the College's Investible Cash has increased by $8.5 million in the past five years. As of December 31, 2014, the College's Investible Cash totaled in excess of $63 million. The following Table A-7 sets forth a summary of the College's Treasurer's Report for the past five years for the period ending December 31st.

**TABLE A-7**

**Investments**
**Multi-Year December's**

| Period | Investment Balance as of December 31st |
|---|---|
| 12/31/2010 | 54,516,499.00 |
| 12/31/2011 | 56,484,815.00 |
| 12/31/2012 | 65,913,576.00 |
| 12/31/2013 | 68,559,500.00 |
| 12/31/2014 | 63,097,442.00 |

**Funding from Public and Private Grants: FY 2014/15**

What follows is a sampling of the Public and Private Grants the College received during FY 2014/15:

The College received $206,672 from the Pennsylvania Department of Education to provide adult literacy services in Delaware and Chester Counties.

The College received $653,292 in Perkins funding, administered through the Pennsylvania Department of Education's Bureau of Career and Technical Education, to purchase equipment and technology to strengthen advanced manufacturing, allied health, and the Computer Numeric Control programs; staffing to support retention, tutoring, and student employment; and nontraditional recruitment and retention.

The College received $63,800 from the Act 101 program administered through Pennsylvania Higher Education Assistance Agency to improve retention and completion by low income, first generation Pennsylvania college students.

The College's New Choices Career Development Program received $55,443 from the Pennsylvania Department of Labor and Industry to support services to assist vulnerable adults to gain workforce readiness counseling, personal and career assessment, and job placement services.

The College's New Choices Career Development Program received $33,000 from The Pew Charitable Trusts to support services to assist vulnerable adults to gain workforce readiness counseling, personal and career assessment, and job placement services. Funding for this program has been approved for continuation at the existing funding level through 2017.

The College has received $48,619 from the Delaware County Workforce Investment Board to offer PC Workshops to CareerLink clients who need a basic overview to use computers and the internet to access state services for dislocated workers.

The College has received $172,802 from the Delaware County Workforce Investment Board to provide CareerLink Assessment Services for incoming customers at the Chester and Media CareerLink sites. Services include career and skills assessments, workshops, and personalized service.

The College has received $200,320 from the Pennsylvania Department of Public Welfare to support the KEYS program (Keystone Education Yields Success) to support retention and completion by DCCC students who receive welfare benefits.

The College has received $100,000 for its final year of participation in the US Department of Labor TAACCCT (Trade Adjustment Assistance Community College and Career Training) grant, subcontracted through the Community College of Philadelphia which is serving as fiscal agent on behalf of all fourteen Pennsylvania Community Colleges included in the grant. The College's three-year allocation of $1,085,505 has been used to support training, industry-recognized certifications, and placement into employment for TAA-eligible dislocated workers in the areas of advanced manufacturing, energy, and allied health. The grant has been used for equipment acquisition, curriculum development, training, and supportive services.

The College has received $700,000 from CCRES to support the College's share of operating costs at the Technical College High School – Pennock's Bridge, which serves as a College location to deliver post-secondary education and training in southern Chester County.

**Budgetary Procedures**

The current College budget development process is driven by the College's Strategic Plan and based on the goal setting and planning process. The Budget Office works with each division so as to define and prioritize its initial estimate of resource needs (including faculty, staff, administration, technology, facilities, and other discretionary resources) for both on-going activities and new institutional renewal activities. Once on-going activities and new institutional renewal activities are defined, the senior management of the College collectively decides how best to allocate its available resources so that the prioritized goals and initiatives for the next fiscal year budget are addressed. Upon the conclusion of the deliberations among the senior management, the President along with the Provost and Vice President for Administration compile a finalized budget for approval by the College's Board of Trustees. Once the College's Board of Trustees approves the Budget it then is presented to the College's Sponsoring School Districts. Presently the College's budget must be approved by eight of its twelve sponsoring school districts and by a majority of sponsoring school district directors.

The FY 2015/2016 operating budget includes a $4 per credit hour tuition increase and a $4 per credit hour increase in the instructional support fee.

The approved FY 2015/2016 operating budget is increasing by approximately $113,000 or .1%. This slight increase in expenditures is a combination of several factors, including off-setting factors which illustrate cost containment measures by the College:

- In FY 2015/2016, the College is increasing its student wages budget by approximately $25,000. The College's investment in its Work Study Program will exceed $600,000. In recent years, the College has made a significant investment in its College Work Study Program. The College considers its Work Study Program as an important student retention strategy. Data shows that work study students persist at much higher rates.

- The College anticipates significant increased costs in its health care premium and its share of PSERS; however, this is partially off-set by the College's declining exposure to post-retirement benefits. Overall, fringe benefits are anticipate to decrease by about 2.2%.

**Outstanding Long Term Indebtedness**

A summary of the outstanding principal amount of long term indebtedness as of January 1, 2015 is as follows:

| **Description** | **Balance at 01/01/15** |
|---|---|
| 2005 Bonds | 5,745,000 |
| 2008 Bonds | 47,865,000 |
| 2011 Bonds | 1,445,599 |
| 2013 Bonds | 1,980,000 |
| 2014 Bonds | 14,410,000 |
| **Total** | 71,445,599 |

**Future Financing Plans**

At this time the College plans to fund operating and capital expenditures based on funding from its Sponsoring School Districts, Commonwealth appropriations, and student tuition. The College does not have any plans for the issuance of new bonds over the next five years other than the pending issuance of the 2015 Bonds.

**No Material Adverse Changes**

At present, the College does not foresee any threats that would materially adversely affect its ability to operate or fulfill its debt obligations. Furthermore, the College has experienced positive fiscal operating results over ten years. The combined effects of increased tuition and fee rates, revenues generated by stable enrollments, continued revenues realized from its enterprise operations, and controlled operating expenditures continue to be the contributing factors to the College's continued success. The management of Delaware County Community College is committed to remaining both academically and financially strong. Management continues to be steadfast in its commitment to the mission of Delaware County Community College which is to facilitate learning by providing quality educational programs and services that are student focused, accessible, comprehensive, and flexible to meet the educational needs of the diverse communities it serves.

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## APPENDIX B

DELAWARE COUNTY COMMUNITY COLLEGE AUDITED FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2014

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*DELAWARE COUNTY COMMUNITY COLLEGE*

**FINANCIAL AND COMPLIANCE REPORT**

**Years Ended June 30, 2014 and 2013**

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**Herbein + Company, Inc.**
2763 Century Boulevard
Reading, PA 19610
P: 610.378.1175
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www.herbein.com

**INDEPENDENT AUDITOR'S REPORT**

**To the Board of Trustees**
**Delaware County Community College**
**Media, Pennsylvania**

**Report on the Financial Statements**

We have audited the accompanying financial statements of the business-type activities and the aggregate discretely presented component unit of the Delaware County Community College, as of and for the years ended June 30, 2014 and 2013, and the related notes to the financial statements, which collectively comprise Delaware County Community College's basic financial statements as listed in the table of contents.

**Management's Responsibility for the Financial Statements**

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

**Auditor's Responsibility**

Our responsibility is to express opinions on these financial statements based on our audits. We conducted our audits in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. 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 auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

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

**Opinions**

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the business-type activities and the aggregate discretely presented component unit of Delaware County Community College, as of June 30, 2014 and 2013, and the respective changes in financial position and cash flows thereof 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 the management's discussion and analysis and the schedule of funding progress - postemployment benefits plan be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

*Other Information*

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise Delaware County Community College's basic financial statements. The accompanying schedule of expenditures of federal awards is presented for purposes of additional analysis as required by 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 basic financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. The information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the schedule of expenditures of federal awards is fairly stated, in all material respects, in relation to the basic financial statements as a whole.

**Other Reporting Required by *Government Auditing Standards***

In accordance with *Government Auditing Standards*, we have also issued our report dated December 10, 2014, on our consideration of the Delaware County 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 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 Delaware County Community College's internal control over financial reporting and compliance.

Herbein + Company, Inc.

**Reading, Pennsylvania**
**December 10, 2014**

## Management's Discussion and Analysis

Academically, Fiscal Year 2013/2014 was a remarkable year for the College. The College's Spring to Fall retention rate was 73%, which matched the all-time high and was the seventh consecutive year that the retention rate was 70% or higher. Along with record retention rates, the number of graduates from the College reached an all-time high of 1,636. The Upper Darby teaching site, which opened in 2012, experienced a 50% increase in enrollment in Fall 2013 and a 30% increase in Spring 2014. During Fiscal Year 2013/2014, the College opened teaching sites on the Brandywine (Downingtown) and the Pickering (Phoenixville) Campuses of the Technical College High School of the Chester County Intermediate Unit.

During Fiscal Year 2013/2014, the College began its third and final renovation phase to its Marple Campus. The PHASE III renovation started in Spring 2014 and is expected to be completed by March 2016. Included in the Phase III Project are renovations that support Enrollment Management, First Year Experience, Student Success, Campus Life, Assessment Services, Testing, Public Relations, Advancement, the expansion of the College's welding lab in the Advanced Technology Center, and expansion of the cafeteria.

For the fifth year in a row, the Chronicle of Higher Education honored the College as one of the "Great Colleges to Work For." In addition, the College completed its eighth year as a part of Achieving the Dream, a national initiative designed to enhance student success, retention, and program completion.

In addition to these prestigious accomplishments, the College entered into a partnership whereby Drexel University established Drexel University at Delaware County Community College. In essence, Delaware County Community College graduates can complete their Drexel bachelor's or master's degree in certain programs on Delaware County Community College's campus at a significantly reduced cost.

The academic and student support divisions continued to provide high quality programs, courses, and services to meet the needs and interests of both students and the community. Below are some highlights, additions, and changes to programs at the College during this fiscal year:

- New academic programs that were developed included those associated with Engineering Technology and Advanced Technology and Skilled Trades.

- Academic programs that were reviewed and revised include Emergency Management and Planning, Global Studies, Information Technology-Mobile Computing, Information Technology-Network Engineering, Paramedic-Advanced Life Support, Science for Health Professions, and Web Development.

- In total, fifty courses were developed or revised during the fiscal year to ensure that the courses and programs being taught are relevant and current. A sampling of some of the new courses include: American Sign Language, Circuit Analysis, Creative Writing: Poetry, Domestic Violence, Elementary Chinese, Historical Geology, Introduction to Nanotechnology, Java Script, Mural Painting, and Trauma Assessment and Management.

Other Academic initiatives completed this fiscal year included:

- A new set of college-wide, general education learning goals have been established.

- A Structured Pathways initiative designed to ensure that students are in the proper program and taking the appropriate courses.

- A set of other initiatives designed to assist students through developmental courses into College level courses as quickly as possible.

**Fiscal Year 2013/2014 Financial Highlights**

The College's Net Position increased $7,086,439 as a result of this year's operations. This amount is net of a depreciation expense of $5,432,508.

During the fiscal year, the College realized revenue from several principal funding sources:

- The College raised credit tuition rates to $105 from $104 per credit hour, and the basic instructional support fee increased by $1 per credit hour for a combined tuition and fee increase of 1.4%.

- During FY 2013/2014, the College's enrolled credit hours totaled 262,174. Furthermore, the ten-year compound rate of credit hour growth for the College was 2.41%. Since Fiscal Year 2004/2005, enrolled hours have increased by 55,469 credits.

- The appropriation received from the Commonwealth of Pennsylvania totaled $22,186,190. The Commonwealth also provides an additional $2,284,099 in grants and contracts.

- The appropriation from the Sponsoring School Districts totaled $8,005,124.

In addition to its principal funding sources, the College recognized the Chester Upland School District as its twelfth Sponsoring School District effective January 1, 2011. It should be noted that to gain entry as the College's twelfth sponsor, the Chester Upland School District agreed to pay a one-time lump sum capital buy-in contribution of $3,943,826. This one-time buy-in amount represented the District's portion of the accumulated value of the College's capital assets. The disposition of the buy-in contribution is as follows:

- The College agreed to use a portion of this one-time capital buy-in contribution to hold constant, in the aggregate, its Fiscal Year 2010/2011 Sponsoring School District Appropriation of $8,005,124 for a period of five years or through June 30, 2016. In addition to the hold constant agreement, the College established a tuition equalization fund to offset the annual reduction in non-sponsoring tuition and fee revenue as a result of Chester Upland becoming a sponsor of the College. The College estimates that the one-time capital buy-in contribution fund of $3,943,826 will be exhausted on or before June 30, 2015. During Fiscal Year 2013/2014, the College recognized $1,194,340 of tuition equalization revenues to offset the annual reduction in non-sponsoring tuition and fee revenue as a result of the Chester Upland Sponsorship Agreement. Since FY 2009/2010, one full year prior to entry date, enrolled credit hours from the Chester Upland School District have increased 219%. In FY 2009/2010, enrolled credit hours from the Chester Upland School District totaled 4,458. In FY 2013/2014, this number totaled 9,764 enrolled credit hours.

Total operating expenses, absent of depreciation and financial aid, increased by 2.5%. Significant items by object were:

- In the aggregate, salaries and wages increased by less than 1.0%. This increase resulted from cost of living increases for the Administrative and Support Staff Groups and contractual increase for the College's full-time faculty.

- The Pennsylvania State Education Association represents the College's full-time faculty. In Fiscal Year 2012/2013, the College entered into a new five-year contract with the Association. In Fiscal Year 2013/2014, the contracted increase for faculty was approximately 2.74%.

- Benefits (health, medical, and employment related costs) increased by 9.9%. This increase is comprised mainly of costs associated with the College's pension programs and post-retirements benefits. Specifically, the College's share of its PSERS and TIAA Pension Programs increased by approximately $250,000 and $240,000 in Fiscal Years 2013/2014 and 2012/2013 respectively. As a result of the new collective bargaining agreement, the College made a one-time accounting adjustment totaling $1.2 million in which its post-retirement pension costs were lowered. On June 30, 2012, the liability for post-retirement health care benefits totaled $3.9 million; as of June 30, 2013, and as a result of our actuarial report, that amount was reduced to $2.7 million; no such adjustment was made in the current fiscal year.

- Utility costs increased by $93,000. This increase is a result of additional costs associated with increased usage of the College's newly renovated spaces and the harsh winter experienced in the Delaware Valley area.

- In the aggregate, other supplies and service costs increased by only $25,000. Specific increases follow:

    - Software Support, Data Processing Management, and Service fees increased by $126,000.

    - Non-capital computer and other equipment costs increased by approximately $110,000.

    - Consulting fees and Contracted Tutoring fees increased by $114,000.

    - Snow Removal increased by $68,000.

    - Bond Amortization costs decreased by approximately $287,000.

    - Legal fees decreased by approximately $91,000.

- Even in a period of significantly reduced rates, the College earned approximately $237,000 in investment income during the year.

- In the past ten years, including the period ending June 30, 2014, Net Position has increased by $78,436,599.

With the assistance of the Commonwealth of Pennsylvania, its Sponsoring School Districts, its enrollments, and increases in student fees, the College continued to make significant upgrades to its physical plant. What follows is a sampling of capital projects that were completed and/or initiated during the year:

- The replacement of the Air Handling Control Systems on the Marple Campus.

- Two student parking lots on the Marple Campus were resurfaced.

- Replacement of the interior electrical equipment on the Marple Campus.

- The installation of high efficiency air conditioners in the College's server rooms.

- The completion of its Phase II Renovation Project which include the complete renovation of the Marple Campus large auditorium along with improvements to the lobby area in the Academic building, new stairs and traffic patterns in both Founders Hall and the Academic building, and faculty office spaces.

Significant year-end capital assets consist of the following:

| | 2014 | 2013 |
|---|---|---|
| Land and land improvements | $ 7,788,580 | $ 7,373,355 |
| Building and building improvements | 121,560,152 | 109,955,700 |
| Furniture and equipment | 23,855,358 | 22,094,905 |
| Library equipment | 1,574,434 | 1,532,735 |
| Construction in progress | 1,946,884 | 10,150,626 |
| | 156,725,408 | 151,107,321 |
| Less accumulated depreciation | 59,097,304 | 53,664,796 |
| Total | $ 97,628,104 | $ 97,442,525 |

During Fiscal Year 2013/2014, the College received $46,724,029 from various grants and contracts. Approximately 96% of this money was in the form of financial aid funds. The remaining funds were made up of various operating grants, including:

| | |
|---|---|
| Vocational Education – Community College Allocation | $657,143 |
| US Department of Labor – Trade Adjustment - TAACCT | 479,242 |
| PDE Adult Education – GED | 192,934 |
| US Department of Health and Human Services Education – KEYS Grant | 192,185 |
| Office of Employment and Training – Training & Support Services | 184,529 |
| ACT 101 State Grant | 68,476 |
| PA Department of Labor and Industry – New Choices | 52,994 |
| Library Services & Technology Grant | 5,000 |

The College presents its financial statements in accordance with the requirements of the Governmental Accounting Standards Board (GASB). The following is a description of the statements:

- The Statement of Net Position includes all assets, deferred outflows of resources, and liabilities. It is prepared under the accrual basis of accounting, whereby revenues and assets are recognized when the service is provided, and expenses and liabilities are recognized when others provide the service, regardless of when cash is exchanged.

- The Statement of Revenues, Expenses, and Changes in Net Position presents the revenues earned and the expenses incurred during the year. Activities are reported as either operating or non-operating. The financial reporting model classifies Commonwealth and sponsoring school districts' distributions, appropriations, and gifts as non-operating revenues. Public colleges' dependency on this type of revenue results in an operating deficit. The utilization of long-lived assets, referred to as Capital Assets, is reflected in the financial statements as depreciation, which amortizes the cost of an asset over its expected useful life.

- The Statement of Cash Flows presents the information related to cash inflows and outflows summarized by operating, capital, and non-capital financing, and investing activities.

The following pages highlight condensed financial information:

**Condensed Statement of Net Position**
**June 30,**

| | 2014 | 2013 |
|---|---|---|
| ASSETS | | |
| Current assets | $ 56,811,228 | $ 66,773,192 |
| Non Current Assets | | |
| Investments | 17,895,000 | 8,414,000 |
| Capital Assets, net of Depreciation | 97,628,104 | 97,442,525 |
| TOTAL ASSETS | $ 172,334,332 | $ 172,629,717 |
| DEFERRED OUTFLOWS OF RESOURCES | 444,747 | 515,907 |
| LIABILITIES | | |
| Current liabilities | $ 14,961,855 | $ 18,557,218 |
| Noncurrent liabilities | 60,288,238 | 64,145,859 |
| Total liabilities | 75,250,093 | 82,703,077 |
| NET POSITION | | |
| Net investment in capital assets | 37,686,943 | 33,844,529 |
| Restricted expendable | 43,172 | 22,609 |
| Unrestricted | 59,798,871 | 56,575,409 |
| Total net position | $ 97,528,986 | $ 90,442,547 |

On June 30, 2014, the College had $60.3 million in debt outstanding compared to the $64.1 million and $67.0 million on June 30, 2013 and 2012, respectively. The table below summarizes the amount by type of debt instrument.

| | Outstanding Debt, for the Years Ended June 30 | | |
|---|---|---|---|
| | 2014 | 2013 | 2012 |
| Lease Obligations | $ 93,032 | $ 129,072 | $ - |
| Notes Payable | - | 528,587 | 1,144,681 |
| Bonds Payable | 60,292,877 | 63,456,244 | 65,916,854 |
| Totals | $ 60,385,909 | $ 64,113,903 | $ 67,061,535 |

**Condensed Statement of Revenues, Expenses and Change in Net Position**
**For the Years Ending June 30,**

| | 2014 | 2013 |
|---|---|---|
| Operating revenues | | |
| Tuition and fees | $ 29,588,703 | $ 27,797,299 |
| Auxiliary enterprises | 590,274 | 629,725 |
| Grants, gifts and contracts | 4,607,700 | 4,853,235 |
| Other Operating revenues | 1,000,893 | 1,099,863 |
| Total operating revenues | 35,787,570 | 34,380,122 |
| Operating expenses | 98,660,779 | 96,556,730 |
| Operating loss | (62,873,209) | (62,176,608) |
| Non-operating revenues (expenses) | | |
| Appropriations | 25,415,944 | 25,097,610 |
| Federal Grants and Contracts | 42,116,329 | 44,436,015 |
| Other non-operating income | 237,178 | 170,022 |
| Other non-operating expense | (2,903,086) | (3,264,064) |
| Net non-operating revenues (expenses) | 64,866,365 | 66,439,583 |
| Net income before other revenues | 1,993,156 | 4,262,975 |
| Other Revenues | | |
| Capital appropriations | 4,775,370 | 5,114,120 |
| Capital gifts, grants and transfers | 317,913 | 314,147 |
| Total other revenues | 5,093,283 | 5,428,267 |
| Increase in net position | 7,086,439 | 9,691,242 |
| Beginning net position | 90,442,547 | 80,751,305 |
| Ending net position | $ 97,528,986 | $ 90,442,547 |

| | 2014 | 2013 |
|---|---|---|
| **Operating Expenses by Function** | | |
| Instruction | $ 41,288,460 | $ 40,566,510 |
| Academic Support | 5,103,342 | 5,155,324 |
| Student Services | 9,957,286 | 9,806,175 |
| Institutional support | 11,203,186 | 10,632,446 |
| Operating and maintenance of plant | 6,525,816 | 6,102,278 |
| Financial Aid | 18,868,790 | 19,194,996 |
| Depreciation | 5,432,508 | 4,795,521 |
| Auxiliary Services | 281,391 | 303,480 |
| **Total operating expenses by functional classification** | $ 98,660,779 | $ 96,556,730 |
| | | |
| **Operating Expenses by Object** | | |
| Salaries and wages | $ 44,294,940 | $ 44,031,556 |
| Benefits | 15,081,842 | 13,723,485 |
| Scholarships and Fellowships | 18,670,015 | 18,944,066 |
| Utilities | 1,102,545 | 1,009,062 |
| Other supplies and services | 14,078,929 | 14,053,040 |
| Depreciation | 5,432,508 | 4,795,521 |
| **Total operating expenses by object classification** | $ 98,660,779 | $ 96,556,730 |

The Statement of Cash Flow provides information about cash receipts and cash payments during the year. This statement also helps users assess the College's ability to generate net cash flow and its ability to meet obligations as they come due.

The primary cash receipts from operating activities consist of tuition and fees, auxiliary enterprises, and grants and contracts. Major cash outlays in operating activities consist of salaries and benefits and other services.

State and local appropriations are the primary source of non-capital financing activities.

Purchases of capital assets are the primary use of capital financing activities.

Cash flows from investment activities represent income earned on money management accounts and cash invested in the Pennsylvania Local Government Investment Trust (PLGIT).

In December 2012, the College sold a bond. Proceeds from that sale are being used to make infrastructure improvements on the Marple Campus. It should be noted, that included in the FY 2013/2014 Current Assets figure of $56,811,228 is $148,411 of Restricted Cash and Cash Equivalents related to 2012 Bond issuance proceeds.

**Statement of Cash Flows Summary**
**For the Years Ended June 30**

| | 2014 | 2013 |
|---|---|---|
| Cash provided by (used for): | | |
| Operating activities | $ (61,364,125) | $ (60,583,467) |
| Non-capital financing activities | 68,434,586 | 68,161,867 |
| Capital financing activities | (7,116,130) | (9,621,354) |
| Investing activities | (9,243,821) | (3,521,978) |
| Net increase (decrease ) in cash | (9,289,490) | (5,564,932) |
| Cash, beginning of year | 63,548,870 | 69,113,802 |
| Cash, end of year | $ 54,259,380 | $ 63,548,870 |

This financial report is designed to provide a general overview of the College's financial position. The success from this and past fiscal years have continued to give the College the ability to make several much needed infrastructure improvements to its Marple and Downingtown Campuses along with providing the opportunity of affordable access to other underserved areas in both Delaware and Chester Counties. No better example of this opportunity is the continued success of the College's center in Upper Darby Township of Delaware County. Since July 2012, the College has provided more than 10,000 credit hours of instruction.

In closing, the management of Delaware County Community College is committed to remaining both academically and financially strong. Management continues to be steadfast in its commitment to the mission of Delaware County Community College, which is to facilitate learning by providing quality educational programs and services that are student focused, accessible, comprehensive, and flexible to meet the educational needs of the diverse communities it serves. In doing so, the College will enable its students to develop themselves to the limit of their desires and capabilities, and to be successful.

**Contacting the College's Financial Management**

If you have questions about this report or require additional financial information, contact Delaware County Community College, Administration Office, 901 South Media Line Road, Media, Pennsylvania 19063

John A. Glavin, Jr.
Vice President for Administration and Treasurer

## DELAWARE COUNTY COMMUNITY COLLEGE

## STATEMENTS OF NET POSITION

| | Delaware County Community College June 30 | | Delaware County Community College Educational Foundation June 30 | |
|---|---|---|---|---|
| | **2014** | 2013 | **2014** | 2013 |
| **ASSETS** | | | | |
| **CURRENT ASSETS** | | | | |
| Cash and cash equivalents | **$ 54,259,380** | $ 63,548,870 | **$ 274,285** | $ 148,874 |
| Receivables | | | | |
| Commonwealth of Pennsylvania | **61,457** | 113,211 | **-** | - |
| Federal and state agencies | **856,757** | 1,631,923 | **-** | - |
| Student and other, net | **1,287,790** | 1,043,320 | **-** | - |
| Contributions receivable, current portion | **-** | - | **6,060** | 10,263 |
| Prepaid expenses | **319,130** | 414,524 | **-** | - |
| Other current assets | **26,714** | 21,344 | **-** | - |
| **TOTAL CURRENT ASSETS** | **56,811,228** | 66,773,192 | **280,345** | 159,137 |
| **NONCURRENT ASSETS** | | | | |
| Capital Assets: | | | | |
| Land | **2,042,033** | 2,042,033 | **-** | - |
| Depreciable assets, net | **93,639,187** | 85,249,866 | **-** | - |
| Construction in progress | **1,946,884** | 10,150,626 | **-** | - |
| Capital assets, net | **97,628,104** | 97,442,525 | **-** | - |
| Other Assets: | | | | |
| Contributions receivable - noncurrent, net | **-** | - | **12,224** | 13,369 |
| Charitable Lead Annuity Trust Receivable, net | **-** | - | **274,132** | 301,650 |
| Investments | **17,895,000** | 8,414,000 | **5,666,546** | 5,336,022 |
| **TOTAL NONCURRENT ASSETS** | **115,523,104** | 105,856,525 | **5,952,902** | 5,651,041 |
| **TOTAL ASSETS** | **172,334,332** | 172,629,717 | **6,233,247** | 5,810,178 |
| **DEFERRED OUTFLOWS OF RESOURCES** | | | | |
| Deferred charge on bond refunding | **444,747** | 515,907 | **-** | - |

**DELAWARE COUNTY COMMUNITY COLLEGE**

**STATEMENTS OF NET POSITION - CONTINUED**

| | Delaware County Community College June 30 | | Delaware County Community College Educational Foundation June 30 | |
|---|---|---|---|---|
| | **2014** | 2013 | **2014** | 2013 |
| **LIABILITIES** | | | | |
| **CURRENT LIABILITIES** | | | | |
| Accounts payable | **2,600,303** | 2,706,533 | **-** | 210 |
| Accounts payable to the College | **-** | - | **126,932** | 193,046 |
| Accrued compensation and benefits | **2,330,710** | 2,150,580 | **-** | - |
| Accrued interest payable | **705,776** | 737,182 | **-** | - |
| Tuition received in advance | **4,975,108** | 2,982,219 | **-** | - |
| Unearned tuition from sponsor | **217,714** | 1,234,281 | **-** | - |
| Other current liabilities | **506,336** | 4,674,246 | **-** | - |
| Capital lease obligation - current | **32,069** | 36,381 | **-** | - |
| Notes payable - current | **-** | 528,587 | **-** | - |
| Bonds payable, net - current | **3,283,199** | 3,163,367 | **-** | - |
| Postemployment benefits obligation | **310,640** | 343,842 | **-** | - |
| **TOTAL CURRENT LIABILITIES** | **14,961,855** | 18,557,218 | **126,932** | 193,256 |
| **NONCURRENT LIABILITIES** | | | | |
| Unearned tuition from sponsor | **-** | 232,054 | **-** | - |
| Capital lease obligations | **60,963** | 92,691 | **-** | - |
| Bonds payable, net | **57,009,678** | 60,292,877 | **-** | - |
| Postemployment benefits obligation | **3,217,597** | 3,528,237 | **-** | - |
| **TOTAL NONCURRENT LIABILITIES** | **60,288,238** | 64,145,859 | **-** | - |
| **TOTAL LIABILITIES** | **75,250,093** | 82,703,077 | **126,932** | 193,256 |
| **NET POSITION** | | | | |
| Net investment in capital assets | **37,686,943** | 33,844,529 | **-** | - |
| Restricted expendable | **43,172** | 22,609 | **-** | - |
| Unrestricted | **59,798,871** | 56,575,409 | **128,099** | 141,380 |
| Temporarily restricted | **-** | - | **4,491,366** | 4,093,609 |
| Permanently restricted | **-** | - | **1,486,850** | 1,381,933 |
| **TOTAL NET POSITION** | **$ 97,528,986** | $ 90,442,547 | **$ 6,106,315** | $ 5,616,922 |

## DELAWARE COUNTY COMMUNITY COLLEGE

### STATEMENTS OF REVENUES, EXPENSES, AND CHANGES IN NET POSITION

| | Delaware County Community College June 30 | | Delaware County Community College Educational Foundation June 30 | |
|---|---|---|---|---|
| | **2014** | 2013 | **2014** | 2013 |
| **OPERATING REVENUES** | | | | |
| Student tuition and fees (net of scholarship allowance of $25,835,841 in 2014 and$28,217,736 in 2013) | **$ 29,588,703** | $ 27,797,299 | **$ -** | $ - |
| Auxiliary enterprises | **590,274** | 629,725 | **-** | - |
| Federal grants and contracts | **1,894,543** | 1,732,882 | **-** | - |
| Commonwealth of PA grants and contracts | **2,284,099** | 2,592,126 | **-** | - |
| Other gifts, grants, and contracts | **429,058** | 528,227 | **1,020,542** | 1,031,267 |
| Investment income | **-** | - | **131,757** | 147,170 |
| Realized gains (losses) on investments | **-** | - | **231,033** | (350,063) |
| Unrealized gains (losses) on investments | **-** | - | **406,569** | 629,849 |
| Other operating revenues | **1,000,893** | 1,099,863 | **-** | - |
| **TOTAL OPERATING REVENUES** | **35,787,570** | 34,380,122 | **1,789,901** | 1,458,223 |
| **OPERATING EXPENSES** | | | | |
| Instruction | **41,288,460** | 40,566,510 | **-** | - |
| Academic support | **5,103,342** | 5,155,324 | **-** | - |
| Student services | **9,957,286** | 9,806,175 | **216,406** | 207,961 |
| Institutional support | **11,203,186** | 10,632,446 | **-** | - |
| Operations and maintenance of plant | **6,525,816** | 6,102,278 | **1,105,492** | 1,126,945 |
| Financial aid | **18,868,790** | 19,194,996 | **-** | - |
| Depreciation | **5,432,508** | 4,795,521 | **-** | - |
| Auxiliary services | **281,391** | 303,480 | **-** | - |
| Other expenses | **-** | - | **83,527** | 84,229 |
| **TOTAL OPERATING EXPENSES** | **98,660,779** | 96,556,730 | **1,405,425** | 1,419,135 |
| **OPERATING INCOME (LOSS)** | **(62,873,209)** | (62,176,608) | **384,476** | 39,088 |
| **NONOPERATING REVENUES (EXPENSES)** | | | | |
| Appropriations: | | | | |
| Commonwealth of Pennsylvania | **17,294,433** | 17,294,435 | **-** | - |
| Commonwealth of Pennsylvania - benefits | **1,587,983** | 1,582,021 | **-** | - |
| Sponsoring school districts | **6,533,528** | 6,221,154 | **-** | - |
| Federal grants and contracts | **42,116,329** | 44,436,015 | **-** | - |
| Investment income | **237,178** | 170,022 | **-** | - |
| Interest expense on capital asset-related debt | **(2,903,086)** | (3,264,064) | **-** | - |
| **NET NONOPERATING REVENUES (EXPENSES)** | **64,866,365** | 66,439,583 | **-** | - |
| **INCOME (LOSS) BEFORE OTHER REVENUES** | **1,993,156** | 4,262,975 | **384,476** | 39,088 |
| **OTHER REVENUES** | | | | |
| State capital appropriations | **3,303,774** | 3,330,150 | **-** | - |
| Local capital appropriations | **1,471,596** | 1,783,970 | **-** | - |
| Capital gifts and grants | **317,913** | 314,147 | **-** | - |
| Long-term gifts and grants | **-** | - | **104,917** | 62,692 |
| **TOTAL OTHER REVENUES** | **5,093,283** | 5,428,267 | **104,917** | 62,692 |
| **CHANGE IN NET POSITION** | **7,086,439** | 9,691,242 | **489,393** | 101,780 |
| **NET POSITION - BEGINNING OF YEAR** | **90,442,547** | 80,751,305 | **5,616,922** | 5,515,142 |
| **NET POSITION - END OF YEAR** | **$ 97,528,986** | $ 90,442,547 | **$ 6,106,315** | $ 5,616,922 |

*See accompanying notes.*

**DELAWARE COUNTY COMMUNITY COLLEGE**

**STATEMENTS OF CASH FLOWS**

| | Delaware County Community College June 30 | | Delaware County Community College Educational Foundation June 30 | |
|---|---|---|---|---|
| | **2014** | 2013 | **2014** | 2013 |
| **CASH FLOWS FROM OPERATING ACTIVITIES** | | | | |
| Student tuition and fees | **$ 29,729,650** | $ 25,229,185 | **$ -** | $ - |
| Nonsponsoring plant fees | **358,851** | 352,154 | **-** | - |
| Grants, gifts, and contracts | **1,135,664** | 6,571,046 | **1,053,408** | 1,091,817 |
| Payments to suppliers for goods and services | **(14,947,802)** | (16,141,433) | **(1,471,749)** | (1,451,969) |
| Payments to employees | **(59,540,494)** | (60,314,279) | **-** | - |
| Payments for financial aid | **(19,691,161)** | (18,009,728) | **-** | - |
| Auxiliary enterprises | **590,274** | 629,725 | **-** | - |
| Other receipts | **1,000,893** | 1,099,863 | **131,757** | 147,170 |
| **NET CASH USED FOR OPERATING ACTIVITIES** | **(61,364,125)** | (60,583,467) | **(286,584)** | (212,982) |
| **CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES** | | | | |
| Contributions restricted for long-term purposes | **-** | - | **104,917** | 62,692 |
| Federal grants | **42,966,888** | 43,095,131 | **-** | - |
| State appropriations | **18,934,170** | 18,845,582 | **-** | - |
| Local appropriations | **6,533,528** | 6,221,154 | **-** | - |
| **NET CASH PROVIDED BY NONCAPITAL FINANCING ACTIVITIES** | **68,434,586** | 68,161,867 | **104,917** | 62,692 |
| **CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES** | | | | |
| Capital appropriations: | | | | |
| State appropriations | **3,303,774** | 3,330,150 | **-** | - |
| Sponsor appropriations | **1,471,596** | 1,783,970 | **-** | - |
| Capital grants | **317,913** | 314,147 | **-** | - |
| Purchases of capital assets | **(5,618,087)** | (8,995,691) | **-** | - |
| Principal paid on capital lease obligation | **(36,040)** | (9,519) | **-** | - |
| Principal paid on notes payable | **(528,587)** | (616,094) | **-** | - |
| Principal paid on bonds payable | **(3,133,481)** | (4,818,773) | **-** | - |
| Proceeds from bonds payable | **-** | 2,400,000 | **-** | - |
| Interest paid on capital debt | **(2,893,218)** | (3,009,544) | **-** | - |
| **NET CASH USED FOR CAPITAL AND RELATED FINANCING ACTIVITIES** | **(7,116,130)** | (9,621,354) | **-** | - |
| **CASH FLOWS FROM INVESTING ACTIVITIES** | | | | |
| Purchase of investments | **(9,481,000)** | (3,692,000) | **(1,057,630)** | (6,855,322) |
| Proceeds from the sale of investments | **-** | - | **1,364,708** | 7,036,036 |
| Interest on investments | **237,179** | 170,022 | **-** | - |
| **NET CASH PROVIDED BY (USED FOR) INVESTING ACTIVITIES** | **(9,243,821)** | (3,521,978) | **307,078** | 180,714 |
| **NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS** | **(9,289,490)** | (5,564,932) | **125,411** | 30,424 |
| **CASH AND CASH EQUIVALENTS - BEGINNING OF YEAR** | **63,548,870** | 69,113,802 | **148,874** | 118,450 |
| **CASH AND CASH EQUIVALENTS - END OF YEAR** | **$ 54,259,380** | $ 63,548,870 | **$ 274,285** | $ 148,874 |

*See accompanying notes.*

**DELAWARE COUNTY COMMUNITY COLLEGE**

**STATEMENTS OF CASH FLOWS - CONTINUED**

| | Delaware County Community College June 30 | | Delaware County Community College Educational Foundation June 30 | |
|---|---|---|---|---|
| **RECONCILIATION OF OPERATING INCOME (LOSS) TO NET CASH USED FOR OPERATING ACTIVITIES** | **2014** | 2013 | **2014** | 2013 |
| Operating income (loss) | **$ (62,873,209)** | $ (62,176,608) | **$ 384,476** | $ 39,088 |
| Adjustments to reconcile operating income (loss) to net cash used for operating activities: | | | | |
| Depreciation expense | **5,432,508** | 4,795,521 | **-** | - |
| Bad debt expense | **888,671** | 737,548 | **-** | - |
| Other adjustments - tuition reserve | **(1,248,621)** | (1,124,013) | **-** | - |
| Realized and unrealized (gains) losses on investments | **-** | - | **(637,602)** | (279,786) |
| Changes in operating assets and liabilities: | | | | |
| Accounts receivable | **(1,208,532)** | (1,424,037) | **5,348** | 44,371 |
| Other receivable | **14,577** | 10,392 | **27,518** | 16,179 |
| Prepaid expenses | **95,394** | 47,427 | **-** | - |
| Other assets | **(6,002)** | 14,137 | **-** | - |
| Accounts payable | **(106,230)** | (1,151,288) | **(66,324)** | (32,834) |
| Accrued expenses | **180,130** | (1,017,122) | **-** | - |
| Postemployment benefits obligation | **(343,842)** | (1,542,116) | **-** | - |
| Tuition received in advance | **1,992,889** | (273,746) | **-** | - |
| Other liabilities | **(4,181,858)** | 2,520,438 | **-** | - |
| **NET CASH USED FOR OPERATING ACTIVITIES** | **$ (61,364,125)** | $ (60,583,467) | **$ (286,584)** | $ (212,982) |
| **NONCASH CAPITAL AND RELATED FINANCING ACTIVITIES** | | | | |
| Assets acquired via issuance of capital lease obligation | **$ -** | $ 138,591 | **$ -** | $ - |

*See accompanying notes.*

Delaware County Community College (the College) is a public comprehensive two-year co-educational institution with its main campus located in Media, Pennsylvania. The College is funded through a diversified financial support system from twelve sponsoring school districts, the Commonwealth of Pennsylvania, and the students.

The College was organized on March 1, 1967 by certain sponsoring school districts of Delaware County and was approved under provisions of the Community College Act of 1963.

The major accounting principles and practices followed by the College are presented below to assist the reader in evaluating the financial statements and the accompanying notes.

## NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

### A. Reporting Entity

As required by generally accepted accounting principles, the financial statements of the reporting entity include those of the College (the primary government) and its component units.

The College used guidance contained in generally accepted accounting principles to evaluate the possible inclusion of related entities (foundations, boards, councils, etc.) within its reporting entity. The criteria used by the College for inclusion are financial accountability and the nature and significance of the relationships. In determining financial accountability in a given case, the College reviews the applicability of the following criteria. The College is financially accountable for:

- Organizations that make up the legal College entity.

- Legally separate organizations if College officials appoint a voting majority of the organizations' governing body and the College is able to impose its will on the organization, or if there is a potential for the organization to provide specific financial benefits to, or impose specific financial burdens on, the College as defined below.

  **Impose its will** - If the College can significantly influence the programs, projects or activities of, or the level of services performed or provided by, the organization.

  **Financial benefit or burden** - exists if the College (1) is entitled to the organization's resources; (2) is legally obligated or has otherwise assumed the obligation to finance the deficits of, or provide support to, the organization; or (3) is obligated in some manner for the debt of the organization.

- Organizations that are fiscally dependent on the College. Fiscal dependency is established if the organization is unable to adopt its budget, levy taxes, set rates or charges, or issue bonded debt without approval by the College.

Based on the foregoing criteria, the reporting entity has been defined to include all criteria for which the College is financially accountable or for which there is another significant relationship. Specific information on the nature of the various potential component units and a description of how the aforementioned criteria have been considered in determining whether or not to include or exclude such units in the College's financial statements are provided in the following paragraphs.

**1. Discretely Presented Component Unit**

Component units which are not blended as part of the primary government are discretely presented, which entails reporting component unit financial data in a column separate from the financial data of the primary government. The component unit presented in this way is the Delaware County Community College Educational Foundation (Foundation).

**Delaware County Community College Educational Foundation** - The Foundation is a legally separate, tax-exempt entity, which acts primarily as a fundraising organization to supplement the resources that are available to the College in support of its programs. Although the College does not control the timing or amount of receipts from the Foundation, the majority of the Foundation's resources are restricted for the use or for the benefit of the College. The Foundation's financial statements are discretely presented in the College's financial statements. The financial activity of the Foundation is presented as of and for the years ended June 30, 2014 and 2013.

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

During the year ended June 30, 2014 and 2013, the College provided accounting and administrative services to the Foundation. The Foundation paid fees of $7,500 for both years ended 2014 and 2013. The Foundation provided institutional support to the College of $1,105,493 and $1,126,945 in 2014 and 2013, respectively. At June 30, 2014 and 2013, $126,932 and $193,046 was due from the Foundation, respectively.

## B. Basis of Presentation

The College's financial statements are presented on the full accrual basis in accordance with accounting principles generally accepted in the United States of America. All activities of the College are accounted for within a single proprietary (enterprise) fund and are classified as a business-type activity. Proprietary funds are used to account for operations that are (a) financed and operated in a manner similar to private business enterprises where the intent of the governing body is that the cost (expenses, including depreciation) of providing goods or services to the general public on a continuing basis be financed or recovered primarily through user charges; or (b) where the governing body has decided that periodic determination of revenues earned, expenses incurred, and/or net income is appropriate for capital maintenance, public policy, management control, accountability, or other purposes.

## NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - CONTINUED

### C. Measurement Focus and Basis of Accounting

The accounting and financial reporting treatment is determined by the applicable measurement focus and basis of accounting. Measurement focus indicates the type of resources being measured such as *current financial resources* or *economic resources*. The basis of accounting indicates the timing of transactions or events for recognition in the financial statements.

The College's activity is reported using the *economic resources measurement focus* and the *accrual basis of accounting*. Accordingly, all assets and all liabilities associated with operations are included on the statement of net position. Net position (i.e. total assets and deferred outflows net of total liabilities) are segregated into net investment in capital assets; restricted expendable; and unrestricted elements.

The College records tuition; all academic, instructional, and other student fees; and auxiliary activity as operating revenue. In addition, governmental grants in which the grantor receives equal value for the funds given to the College are recorded as operating revenue. All expenses, with the exception of interest expense, loss on the sale of investments, loss on the disposal of assets, and extraordinary expenses are recorded as operating expenses. Appropriations, student financial aid, gifts, interest income, capital grants, gains on the sale of investments, gains on the disposal of assets, and governmental grants in which the grantor does not receive equal value for the funds given to the College are reported as nonoperating revenue or other revenue.

### D. Budgetary Information

***Budgetary Accounting***

The College adopts flexible annual operating and capital budgets. Budgets are adopted on a basis consistent with accounting principles generally accepted in the United States of America. The current operating budget details the College's plans to earn and expend funds for charges incurred for operation, maintenance, certain interest and general functions, and other charges for the year. The capital budget details the plan to receive and expend cash-basis capital contribution fees, special assessments, grants, borrowings, and certain revenues for capital projects.

All unexpended and unencumbered appropriations in the operating budget lapse at the end of the year. No appropriation for a capital project in the capital budget lapses until the purpose for which the funds were appropriated has been accomplished or abandoned.

Management submits a proposed budget to the College's Board of Trustees and the budget is adopted prior to July 1. Budgetary revisions are approved by the board during the fiscal year. During the year, management is authorized to transfer budgeted amounts between line items within the College's divisions.

## NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - CONTINUED

### E. Assets, Liabilities, Deferred Inflows/Outflows of Resources, and Net Position

**1. Cash and Investments**

The College considers all demand deposits, time deposits, with less than one year to maturity, money market funds, and overnight repurchase agreements as cash equivalents. Investments purchased are stated at fair value. Investments received as gifts are recorded at their fair value or appraised value as of the date of the gift.

**2. Accounts Receivable**

Accounts receivable, students and other, are reported at net realizable value. Accounts are written off when they are determined to be uncollectible based upon management’s assessment of individual accounts. The allowance for doubtful accounts is estimated based on the College’s historical losses and periodic review of individual accounts. Bad debt expense is netted against student tuition and fees. Bad debt expense was $888,671 and $737,548 in 2014 and 2013, respectively.

**3. Prepaid Expenses**

Certain payments to vendors reflect costs applicable to future accounting periods and are recorded as prepaid expenses. The costs of prepaid items are recorded as expenses when consumed rather than when purchased.

**4. Capital Assets, Depreciation, and Amortization**

The College generally capitalizes assets with cost of $2,500 or more as purchase and construction outlays occur. Assets purchased or constructed with long-term debt may be capitalized regardless of the threshold established. The costs of normal maintenance and repairs that do not add to the asset value or materially extend useful lives are not capitalized. Capital assets, including those of component units, are depreciated using the straight-line method. When capital assets are disposed, the cost and applicable accumulated depreciation are removed from the respective accounts, and the resulting gain or loss is recorded in operations. In the case of donations, the college values these capital assets at the estimated fair value of the item at the date of its donation.

Estimated useful lives, in years, for depreciable assets are as follows:

| | |
|---|---|
| Land improvements | 15 - 45 years |
| Buildings | 20 - 45 years |
| Building improvements | 15 years |
| Furniture, fixtures, and equipment | 5 - 20 years |
| Network equipment | 4 - 5 years |
| Library books | 7 years |

Interest costs incurred during the construction phase of capital assets are capitalized when incurred on debt where proceeds were used to finance the construction of assets. Interest earned on proceeds of tax-exempt borrowing arrangements restricted to the acquisition of qualifying assets is offset against interest costs in determining the amount to be capitalized.

## NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - CONTINUED

### E. Assets, Liabilities, Deferred Inflows/Outflows of Resources, and Net Position - continued

**5. Deferred Outflows/Inflows of Resources**

In addition to assets, the statement of net position will sometimes report a separate section for deferred outflows of resources. This separate financial statement element, *deferred outflows of resources*, represents a consumption of net position that applies to a future period(s) and so will *not* be recognized as an outflow of resources (expense/expenditure) until then. The College has one item that qualifies for reporting in this category. The deferred charge on bond refunding reported in statement of net position. A deferred charge on refunding results from the difference in the carrying value of refunded debt and its reacquisition price. This amount is deferred and amortized over the shorter of the life of the refunded or refunding debt.

In addition to liabilities, the statement of net position will sometimes report a separate section for deferred inflows of resources. This separate financial statement element, *deferred inflows of resources*, represents an acquisition of net position that applies to a future period(s) and so will not be recognized as an inflow of resources (revenue) until that time. The College does not have any items that qualify for reporting in this category.

**6. Unearned Revenue**

Revenues that are received but not earned are reported as unearned revenues in the statement of net position. Unearned revenues arise when resources are received prior to the incurrence of qualifying expenses. The College considers both tuition received in advance and unearned revenue from sponsorship as unearned revenue. In subsequent periods, when both revenue recognition criteria are met, or when the College has legal claim to the resources, the liability for unearned revenue is removed and revenue is recognized.

**7. Net Position**

The College maintains the following net asset classifications:

*Net Investment in Capital Assets* - Capital assets, net of accumulated depreciation and outstanding principal balances of debt attributable to the acquisition, construction, repair or improvement of those assets.

*Restricted - expendable* - Net position whose use is subject to externally imposed conditions that can be fulfilled by the actions of the College or by the passage of time.

*Unrestricted* - Unrestricted net position may be designated for specific purposes by the College's Board of Trustees.

## NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - CONTINUED

### E. Assets, Liabilities, Deferred Inflows/Outflows of Resources, and Net Position - continued

#### 7. Net Position - continued

*Reserve Practice* - In November 2009, the College's Board of Trustees adopted a Reserve Practice. The Reserve Practice is comprised of the following cost elements:

- Ten percent of the College's Current Unrestricted Fund operating expenses. This figure was based on the prior year's audited financial statements approved by the Board of Trustees. This amount totaled $7,114,570 and $7,245,359 for the years ended June 30, 2014 and 2013, respectively.

- One year debt service obligations. This figure is based on the College's debt service obligations as stated in the current year budget. In this instance, the College's debt service obligations as stated in the June 30, 2014 and 2013 budget were $6,743,896 and $7,199,683, respectively

- One year noncancelable facility lease obligations. The figure is based on the College's noncancelable facility leases as stated in the current year budget. In this instance, the College's noncancelable facility leases as stated in the June 30, 2014 and 2013 budgets, were $1,390,579 and for both years.

- The Reserve Balance as of June 30, 2014 and 2013, totaled $15,249,045 and $15,835,621, respectively. The Reserve will be funded 50 percent or $7,624,523 for 2014 and $7,917,810 for 2013 by cash and investments. The other requirement of the Reserve Practice states that funds will reside in the Unrestricted Net Position.

#### 8. Use of Restricted and Unrestricted Resources

Sometimes the College will fund outlays for a particular purpose from both restricted (e.g., restricted bond or grant proceeds) and unrestricted resources. In order to calculate the amounts to report as restricted - net position and unrestricted - net position in the financial statements, a flow assumption must be made about the order in which the resources are considered to be applied.

When both restricted and unrestricted resources are available for expenses, the decision as to which resources to use first is left to the discretion of the College.

## F. Revenues and Expense

### 1. Operating and Nonoperating Revenues and Expenses

The College distinguished *operating* revenues and expenses from *nonoperating* items. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with principal ongoing operations. The principal operating revenues of the College are charges to students for tuition and related fees. The College also recognizes as operating revenue the federal, state and local grant and contract revenue received to be used for paying operating expenses. Operating expenses include the cost of instruction, academic and institutional support, student services, operations and maintenance of plant and depreciation and amortization and student aid. All revenues and expenses not meeting this definition are reported as nonoperating revenues and expenses.

### 2. Tuition Revenue Recognition

Tuition revenue is recognized when instruction is provided. A receivable is recognized when a student application is processed and an invoice submitted, with revenue recognition deferred until the instruction starts.

### 3. Scholarship Discounts and Allowances

Student tuition and fee revenues, and certain other revenues from students, are reported net of scholarship discounts and allowances in the statement of revenues, expenses, and changes in net assets. Scholarship discounts and allowances are the difference between the stated charge for goods and services provided by the College and the amount that is paid by students and/or third parties making payments on students' behalf. Certain governmental grants are recorded as either 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.

### 4. Compensated Absences

College employees are entitled to vacation based upon the employment agreement established upon hiring. Full-time administrators accrue 14.67 hours of vacation per month to a maximum of 264 hours (over a period of 18 months) that may be carried over into the calendar year. Vacation time for regular part-time support staff is accrued, per pay period, based on the number of hours actually worked to a maximum of 30 hours that may be carried over into the calendar year. Full-time support staff accrues monthly vacation based on the hours worked per week and years of service to a maximum of 18 months at their accrual rate that may be carried over into the calendar year. Faculty is awarded vacation days as determined by the terms of an applicable agreement of the collective bargaining agreement.

## NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - CONTINUED

### F. Revenues and Expense - continued

#### 4. Compensated Absences - continued

All regular full-time employees accumulate sick leave at the rate of one day per full month of service with the College. Sick leave may be accumulated up to a maximum of 100 days. All regular part-time employees accumulate sick leave based on the number of hours actually worked. Sick leave may be accumulated up to a maximum of 60 hours. Faculty accrue sick leave at the rate of 10 days per academic year or 12 days for 12-month faculty up to a maximum of 100 days.

### G. Other Use of Estimates

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates.

### H. Component Unit - Foundation

The financial statements of the Foundation have been prepared on the accrual basis of accounting. Significant accounting policies followed by the Foundation are presented below.

#### 1. Net Assets

Net assets and revenues, expenses, gains, and losses are classified based on the existence or absence of donor-imposed restrictions. Accordingly, net assets of the Foundation and changes therein are classified and reported as follows:

*Unrestricted net assets* - Net assets that are not subject to donor-imposed stipulations. Also included are cumulative losses on endowment investments in excess of undistributed income.

*Temporarily restricted net assets* - Net assets subject to donor-imposed stipulations that may or will be met, either by actions of the Foundation and/or the passage of time. When a restriction expires, temporarily restricted net assets are reclassified to unrestricted net assets and reported in the statement of activities as net assets released from restrictions.

*Permanently restricted net assets* - Net assets subject to donor-imposed stipulations that will be maintained in perpetuity by the Foundation. Generally, the donors of these assets permit the Foundation to use all or part of the income earned and capital gains, if any, on related investments for general or specific purposes.

## NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - CONTINUED

### H. Component Unit - Foundation - continued

**2. Cash and Cash Equivalents**

The Foundation considers all highly-liquid investments with a maturity of three months or less at the time of purchase to be cash equivalents.

**3. Investments**

Investments in mutual funds are reported at fair value on the balance sheet. Adjustments to reflect increases or decreases in fair value are reported in the statement of revenues, expenses, and changes in net assets as unrealized gains and losses. All realized gains and losses arising from the sale of investments and ordinary income from investments are reported as changes in unrestricted net assets unless their use is temporarily or permanently restricted by explicit donor-imposed stipulations.

**4. Promises to Give (Contributions Receivable)**

Contributions receivable represent unconditional promises to give from various contributors including individuals, local businesses, and state and local governments. 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 to be received. Amortization of the discount is included in contribution revenue. Management has evaluated the outstanding balances for collectability in accordance with the Foundation's policy and believes that the balance of contributions receivable is fully collectible.

**5. Distributions to College (Institutional Support)**

The Foundation provides institutional support to College related activities. Expenses related to this support are recognized in the statements of activities upon approval of distribution by the Foundation board. Amounts payable to the College as of year-end represent unconditional promises from the Foundation.

**6. Donor-Restricted Gifts (Revenue Recognition)**

All contributions are considered to be available for unrestricted use unless specifically restricted by the donor. Amounts received that are designated for future periods or restricted by the donor for specific purposes are reported as temporarily or permanently restricted support that increases those net asset classes. When a donor restriction expires, temporarily restricted net assets are reclassified as unrestricted net assets and reported in the statement of activities as net assets released from restrictions.

## NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - CONTINUED

### H. Component Unit - Foundation - continued

#### 7. Income Taxes

The Foundation is exempt from federal income taxes under Section 501(c) (3) of the Internal Revenue Code; accordingly, no provision for income taxes is required in the accompanying financial statements.

The Foundation adopted the guidance related to Accounting for Uncertainty in Income Taxes (ASC 740-10). This guidance prescribes a threshold of more-likely-than-not for recognition and derecognition of tax provisions taken or expected to be taken in a tax return. It also recognizes related guidance on measurement, classification, interest and penalties, and disclosure. The implementation of this guidance had no impact on the Foundation's statement of financial position or statement of activities. The Foundation does not believe that there are any unrecognized tax benefits or costs that should be recorded. Tax years 2010 and forward remain open for examination by the applicable taxing authorities.

## NOTE 2 - PRIMARY FUNDING SOURCES

General state legislation establishing community colleges provides for the reimbursement of certain college expenses from Commonwealth funds appropriated for this purpose. For the 2014 and 2013 fiscal years, the Community Colleges in the Commonwealth of Pennsylvania were funded by a fixed appropriation. Each college's share of the appropriation is allocated based on its prorated percentage of total Community College eligible full-time equivalent enrollments in credit and noncredit courses generated throughout the Commonwealth's Community College system. Capital expenditures, including debt services and net rental costs, are reimbursed to the extent appropriated. Any excesses or deficiencies between provisional payments and the final annual appropriation calculation in annual Commonwealth funding are reflected as a payable to or receivable from the Commonwealth.

In addition to the Commonwealth of Pennsylvania appropriation, the College receives funding from sponsoring school districts throughout Delaware County. Effective January 1, 2011, the College recognized the Chester Upland School District as its twelfth Sponsoring School District. In keeping with prior years, the College's operating lease, and debt service budgets need to be approved and adopted by a vote of two-thirds of all of the constituent boards. The vote of any constituent board is determined by a majority vote of all of the school board members. Each sponsoring district's proportionate share of the College's operating, lease, and capital budget is based on the ratio of market valuation of real estate to the total market valuation of all real estate of all of the sponsoring school districts. Each year the real estate market valuations for the sponsoring school districts are determined by using the most recent figures from the State Tax Equalization Board. In fiscal year 2013/2014 the sponsoring school districts' funding totaled $8,005,124, the same as the prior year.

## NOTE 3 - CASH AND INVESTMENTS

Cash and investments at June 30 consisted of the following:

| | June 30 | |
|---|---|---|
| | **2014** | 2013 |
| Cash on hand | **$ 3,400** | $ 3,400 |
| Carrying amount of deposits | **32,800,979** | 33,843,927 |
| Certificates of deposit > 1 year | **3,500,000** | - |
| Carrying amount of money market mutual fund | **148,411** | 2,403,841 |
| PLGIT - money market mutual fund | **1,003,205** | 1,742,702 |
| PLGIT - various certificates of deposit > 1 year | **14,395,000** | 8,414,000 |
| PLGIT - various certificates of deposit < 1 year | **20,303,385** | 25,555,000 |
| Total cash and investments | **$ 72,154,380** | $ 71,962,870 |

**Deposits**
**Custodial Credit Risk**
Custodial credit risk is the risk that in the event of a bank failure, the College's deposits may not be returned. The College has adopted a policy for custodial credit risk, which includes monthly monitoring of the assets and annual verification. As of June 30, 2014, the carrying amount of the College's deposits was $36,300,979 and the bank balance was $35,945,637. Of the bank balance, $500,000 was covered by federal depository insurance, and $35,445,637 was exposed to custodial credit risk. As of June 30, 2013, the carrying amount of the College's deposits was $33,843,927 and the bank balance was $34,984,469. Of the bank balance, $500,000 was covered by federal depository insurance, and $34,484,469 was exposed to custodial credit risk. The amounts exposed to custodial credit risk are fully collateralized by a pool of assets held at the respective financial institution consisting of FNMA, GNMA, and FHLMC securities in accordance with the collateralization requirements of Act 72.

**Investments**
The College's allowable investments are determined by Act 72 of the Annotated Code of the Public General Laws of Pennsylvania. The College may invest in certificates of deposit with commercial banks in the Commonwealth of Pennsylvania; direct U.S. obligations; U.S. government agency obligations; repurchase agreements; bankers acceptances from approved banks with acceptable credit ratings; commercial paper from entities with an acceptable credit rating, money market funds, and the Pennsylvania Local Government Investment Trust (PLGIT).

## NOTE 3 - CASH AND INVESTMENTS - CONTINUED

At June 30, 2014 and 2013, the College's investment balance consisted of $148,411 and $2,403,841 in a money market mutual fund account held by Bank of New York Mellon (BONY) Trust Company, N.A. respectively. In addition, the College invested $35,701,590 and $35,711,702 in a PLGIT money market account and various certificates of deposit as of June 30, 2014 and 2013 respectively. Certificates of deposit maturing greater than one year were $14,395,000 and $8,414,000 at June 30, 2014 and 2013, respectively, and are reported as investments. The remaining investments are considered cash equivalents for financial statement purposes.

### Investment Rate Risk

Fair value fluctuates with interest rates, and increasing interest rates could cause fair value to decline below original cost. At June 30, 2014, the College's investments consisted of money market mutual funds with BONY and the PLGIT and certificates of deposit at PLGIT. College management also believes the liquidity in the respective portfolios is adequate to meet cash flow requirements and to preclude the College from having to sell investments below original cost for that purpose.

### Credit Risk

The College invests in the PLGIT which is under the administration of the Trust's members. The PLGIT was established in 1981 and is owned and operated by its members. Certain certificates of deposit at PLGIT are covered by FDIC insurance through various underlying financial institutions totaling $24,293,000 and $15,569,000 as of June 30, 2014 and 2013, respectively. The College also invests in the Dreyfus Treasury, JPMorgan US Treasury Plus, and Agency Cash Management Fund (Dreyfus) held by the BONY Trust Company, N.A. These portfolios are rated AAA by Standards & Poor's, their highest rating for money market mutual funds. The funds seek to maintain a constant value of $1.00 per unit. Unit value is computed using the amortized cost method. In addition, the net asset value of the pool, marked to market, is calculated and maintained on a weekly basis to ensure a $1.00 per unit constant value.

### Custodial Credit Risk

For an investment, custodial credit risk is the risk that, in the event of failure of the counterparty, the College will not be able to recover all or a portion of the value of its investments or collateral securities that are in the possession of an outside party. The College's investments in the JPMorgan US Treasury Plus, the Dreyfus Fund, and in the PLGIT are not considered to be exposed to custodial credit risk.

## NOTE 4 - STUDENT AND OTHER RECEIVABLES, NET

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

| | 2014 | 2013 |
|---|---|---|
| Accounts receivable, student, and other | **$ 2,564,648** | $ 2,120,151 |
| Less allowance for doubtful accounts | **(1,276,858)** | (1,076,831) |
| Student and other receivables, net | **$ 1,287,790** | $ 1,043,320 |

## NOTE 5 - CONTRIBUTIONS RECEIVABLE - COMPONENT UNIT

Contributions receivable represent the present value of unconditional promises to give (pledges). Pledges due beyond one year are discounted to present value using discount rate of .11 percent for June 30 2014 and .15 percent for 2013, which approximated discount rates for United States Treasury Securities for the applicable collection term. Information on contributions receivable at June 30 2014 and 2013 is as follows:

| | 2014 | 2013 |
|---|---|---|
| Due in less than one year | **$ 6,060** | $ 10,263 |
| Due in one to five years | **7,400** | 8,568 |
| Due after five years | **4,880** | 4,880 |
| | **18,340** | 23,711 |
| Discount | **(56)** | (79) |
| Contributions receivable, net | **$ 18,284** | $ 23,632 |

## NOTE 6 - CHARITABLE LEAD ANNUITY TRUSTS - COMPONENT UNIT

In December 2003, a donor funded two trusts established with a local bank naming the Foundation as the lead beneficiary of two charitable lead annuity trusts. Under the terms of the trusts, the Foundation is to receive an annual distribution of $12,500 from each trust for its unrestricted use for fifteen and thirty years, respectively for the two trusts. At the end of the fifteen and thirty year periods, the trusts will terminate, and the remaining trust assets will be distributed to the heirs of the donor. On an annual basis, the Foundation remeasures the estimated fair value of the contribution receivable based on the current market conditions and annual yield of the trust assets. The Foundation received $15,625 and $9,375 from each of the trusts in the year ended June 30, 2014 and 2013, which represented five quarterly payments to catch up prior year's distributions. The payments were recorded as a reduction in the receivable and a corresponding reclassification from temporarily restricted to unrestricted net assets. At June 30, 2014 and 2013, the present value of contributions receivable from these trusts is $274,132 and $301,650, respectively.

## NOTE 7 - INVESTMENTS - COMPONENT UNIT

Investments are recorded at fair value and consist of the following at June 30:

| | **2014** | | |
|---|---|---|---|
| | **Cost** | **Fair Value** | **Unrealized Gain** |
| Mutual funds | **$ 5,046,850** | **$ 5,666,546** | **$ 619,696** |

| | 2013 | | |
|---|---|---|---|
| | Cost | Fair Value | Unrealized Loss |
| Mutual funds | $ 5,122,894 | $ 5,336,022 | $ 213,128 |

The Foundation's investment portfolio is included in the following categories at June 30:

| | **2014** | 2013 |
|---|---|---|
| Unrestricted | **$ 128,099** | $ 141,380 |
| Temporarily restricted | **4,051,597** | 3,812,709 |
| Permanently restricted | **1,486,850** | 1,381,933 |
| | **$ 5,666,546** | $ 5,336,022 |

## NOTE 7 - INVESTMENTS - COMPONENT UNIT- CONTINUED

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

| | 2014 | | |
|---|---|---|---|
| | **Unrestricted** | **Temporarily Restricted** | **Total** |
| Realized and unrealized gains (losses), net | **$ 15,581** | **$ 622,021** | **$ 637,602** |
| Interest and dividend income | **3,155** | **128,602** | **131,757** |
| Total | **$ 18,736** | **$ 750,623** | **$ 769,359** |

| | 2013 | | |
|---|---|---|---|
| | Unrestricted | Temporarily Restricted | Total |
| Realized and unrealized gains (losses), net | $ 8,121 | $ 271,665 | $ 279,786 |
| Interest and dividend income | 4,527 | 142,643 | 147,170 |
| Total | $ 12,648 | $ 414,308 | $ 426,956 |

Investments are exposed to various risks, such as interest rate, market, and credit risk. 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 statements of financial position.

## NOTE 8 - CAPITAL ASSETS, NET

At June 30, 2014, capital assets consisted of the following:

| | Balance June 30 2013 | Additions | Deletions/ Transfers | Balance June 30 2014 |
|---|---|---|---|---|
| **Capital assets not being depreciated:** | | | | |
| Land | $ 2,042,033 | $ - | $ - | $ 2,042,033 |
| Construction in progress | 10,150,626 | 1,942,199 | 10,145,941 | 1,946,884 |
| Total capital assets not being depreciated | 12,192,659 | 1,942,199 | 10,145,941 | 3,988,917 |
| **Capital assets being depreciated:** | | | | |
| Land improvements | 5,331,322 | 415,225 | - | 5,746,547 |
| Building and building improvements | 109,955,700 | 11,604,452 | - | 121,560,152 |
| Furniture and equipment | 22,094,905 | 1,760,453 | - | 23,855,358 |
| Library books | 1,532,735 | 41,699 | - | 1,574,434 |
| Total capital assets being depreciated | 138,914,662 | 13,821,829 | - | 152,736,491 |
| **Less accumulated depreciation for:** | | | | |
| Land improvements | 1,432,914 | 302,917 | - | 1,735,831 |
| Buildings and building improvements | 34,991,074 | 3,513,373 | - | 38,504,447 |
| Furniture and equipment | 15,934,438 | 1,547,599 | - | 17,482,037 |
| Library books | 1,306,370 | 68,619 | - | 1,374,989 |
| Total accumulated depreciation | 53,664,796 | 5,432,508 | - | 59,097,304 |
| Total capital assets being depreciated, net | 85,249,866 | 8,389,321 | - | 93,639,187 |
| **Total capital assets, net** | $ 97,442,525 | $ 10,331,520 | $ 10,145,941 | $ 97,628,104 |

## NOTE 8 - CAPITAL ASSETS, NET - CONTINUED

At June 30, 2013, capital assets consisted of the following:

| | Balance June 30 2012 | Additions | Deletions/ Transfers | Balance June 30 2013 |
|---|---|---|---|---|
| **Capital assets not being depreciated:** | | | | |
| Land | $ 2,042,033 | $ - | $ - | $ 2,042,033 |
| Construction in progress | 4,953,426 | 6,726,335 | 1,529,135 | 10,150,626 |
| Total capital assets not being depreciated | 6,995,459 | 6,726,335 | 1,529,135 | 12,192,659 |
| **Capital assets being depreciated:** | | | | |
| Land improvements | 4,916,661 | 414,661 | - | 5,331,322 |
| Building and building improvements | 109,471,918 | 483,782 | - | 109,955,700 |
| Furniture and equipment | 19,215,322 | 2,981,354 | 101,771 | 22,094,905 |
| Library books | 1,475,743 | 56,992 | - | 1,532,735 |
| Total capital assets being depreciated | 135,079,644 | 3,936,789 | 101,771 | 138,914,662 |
| **Less accumulated depreciation for:** | | | | |
| Land improvements | 1,159,982 | 272,932 | - | 1,432,914 |
| Buildings and building improvements | 31,931,719 | 3,059,546 | 191 | 34,991,074 |
| Furniture and equipment | 14,646,916 | 1,389,395 | 101,873 | 15,934,438 |
| Library books | 1,232,722 | 73,648 | - | 1,306,370 |
| Total accumulated depreciation | 48,971,339 | 4,795,521 | 102,064 | 53,664,796 |
| Total capital assets being depreciated, net | 86,108,305 | (858,732) | (293) | 85,249,866 |
| **Total capital assets, net** | $ 93,103,764 | $ 5,867,603 | $ 1,528,842 | $ 97,442,525 |

Depreciation expense for the College for the years ended June 30, 2014 and 2013 was $5,432,508 and $4,795,521, respectively.

## NOTE 9 - LONG-TERM LIABILITIES

Long-term liability activity, except for the postemployment benefits obligation, for the year ended June 30, 2014, was as follows:

| | Balance June 30 2013 | Additions | Reductions | Balance June 30 2014 | Due Within One Year |
|---|---|---|---|---|---|
| Bonds payable | $ 63,267,571 | $ - | $ 3,133,481 | $ 60,134,090 | $ 3,253,313 |
| Less deferred amounts: | | | | | |
| For issuance premiums | 496,147 | - | 48,927 | 447,220 | 48,927 |
| For issuance discounts | (307,474) | - | (19,041) | (288,433) | (19,041) |
| Subtotal | 63,456,244 | - | 3,163,367 | 60,292,877 | 3,283,199 |
| Other Liabilities: | | - | | | |
| Capital leases | 129,072 | - | 36,040 | 93,032 | 32,069 |
| Notes payable | 528,587 | - | 528,587 | - | - |
| **Total** | $ 64,113,903 | $ - | $ 3,727,994 | $ 60,385,909 | $ 3,315,268 |

**Notes Payable**

Under a revolving agreement, dated April 10, 2009, with the State Public School Building Authority, the College borrowed $3,000,000 to make additional infrastructure improvements at its Downingtown and Marple Campus locations. The loan was scheduled to be repaid over a five-year period through April 1, 2014 at a fixed interest rate of 2.25 percent. As of June 30, 2014, the College had satisfied the outstanding liability in full.

## NOTE 9 - LONG-TERM LIABILITIES - CONTINUED

**Bonds Payable**

As of June 30, 2014 and 2013, bonds payable consisted of the following:

| | 2014 | 2013 |
|---|---|---|
| Commonwealth of Pennsylvania State Public School Building Authority Series of 2005 (a): Serial bonds at 2.300% to 4.125% due at various intervals beginning October 1, 2005 through October 1, 2020. | $ 6,580,000 | $ 7,380,000 |
| Commonwealth of Pennsylvania State Public School Building Authority Series of 2008 (b): Serial bonds at 3.00% to 5.00% due at various intervals beginning October 1, 2008 through October 1, 2032. | 49,855,000 | 51,765,000 |
| Commonwealth of Pennsylvania State Public School Building Authority Series of 2011 (c): Serial bonds at 2.616% due at various intervals beginning April 1, 2012 through October 1, 2021. | 1,539,090 | 1,722,571 |
| Commonwealth of Pennsylvania State Public School Building Authority Series of 2013 (d): Serial bonds at 2.117% due at various intervals beginning July 1, 2013 through April 1, 2023. | 2,160,000 | 2,400,000 |
| | $ 60,134,090 | $ 63,267,571 |

Subsequent to year-end, the College issued the Series of 2014 Revenue Bonds totaling $14,410,000. The State Public School Building Authority issued the Bonds on behalf of the College. Interest on the 2014 Bonds is payable on April 1 and October 1, in each year until maturity or earlier redemption at rates varying from 2.00% to 5.00%, commencing on April 1, 2015. The Bonds are due serially over the next twenty years and mature October, 2034. Proceeds from these bonds will be used for the acquisition, construction, improvement, renovation, or relates expenditures at the College's Delaware and Chester County campuses and to pay the costs and expenses of issuing the debt.

**NOTE 9 - LONG-TERM LIABILITIES - CONTINUED**

(a) The bonds are secured by a pledge of the College's revenue. The bonds are due serially over 15 years and mature October 1, 2020.

(b) In March 2008, the College sold the Series of 2008 Revenue Bonds totaling $59,635,000. The State Public School Building Authority issued the Bonds on behalf of the College. Interest on the 2008 Bonds is payable on April 1 and October 1, in each year until maturity or earlier redemption, commencing on October 1, 2008. The Bonds are due serially over the next 25 years and mature October 1, 2032.

(c) In December 2011, the College sold the Series of 2011 Revenue Bonds totaling $2,000,000. The State Public School Building Authority issued the Bonds on behalf of the College. Interest on the 2011 Bonds is payable on April 1 and October 1, in each year until maturity or earlier redemption, commencing on April 1, 2012. The Bonds are due serially over the next ten years and mature October 1, 2021.

(d) In April 2013, the College sold the Series of 2013 Revenue Bonds totaling $2,400,000. The State Public School Building Authority issued the Bonds on behalf of the College. Interest on the 2013 Bonds is payable on a quarterly basis on January 1, April 1, July 1 and October 1, in each year until maturity or earlier redemption, commencing on July 1, 2013. The Bonds are due serially over the next ten years and mature April, 2023.

The following sets forth principal maturities and interest payments of all bonds payable as of June 30, 2014:

| Year Ended | Principal | Interest | Total |
|---|---|---|---|
| 2015 | $ 3,253,313 | $ 2,763,385 | $ 6,016,698 |
| 2016 | 3,363,181 | 2,628,051 | 5,991,232 |
| 2017 | 3,508,359 | 2,476,659 | 5,985,018 |
| 2018 | 3,663,582 | 2,318,346 | 5,981,928 |
| 2019 | 3,813,943 | 2,152,895 | 5,966,838 |
| 2020 - 2024 | 17,461,712 | 8,221,253 | 25,682,965 |
| 2025 - 2029 | 15,850,000 | 4,186,500 | 20,036,500 |
| 2030 - 2033 | 9,220,000 | 950,000 | 10,170,000 |
| Total | $ 60,134,090 | $ 25,697,089 | $ 85,831,179 |

## NOTE 10 - LEASE OBLIGATIONS

**Capital Leases**

In March 2013, the College entered into a capital lease agreement with Dell Financial Services for some server equipment. The capital lease agreement is for 51 months and includes an option to purchase the equipment for $1.00 at the termination of the base lease term. The cost and carrying value of the property is as follows for the year ended June 30:

| | **2014** | 2013 |
|---|---|---|
| Cost of assets | **$ 138,591** | $ 138,591 |
| Accumulated depreciation | **(33,173)** | - |
| Carrying value | **$ 105,418** | $ 138,591 |

Future minimum lease obligations and the net present value of these minimum lease payments as of June 30, 2014, are as follows:

| | |
|---|---|
| Year Ending June 30: | |
| 2015 | $ 38,074 |
| 2016 | 38,074 |
| 2017 | 28,556 |
| Total minimum lease payments | 104,704 |
| Less: Amount representing interest | 11,672 |
| Present value of net minimum lease payments | $ 93,032 |

**Operating Leases**

The College's noncancelable operating leases relate to instructional and office spaces in Delaware and Chester Counties. The terms and details of these leases follow:

***Delaware County***

The College holds two leases totaling approximately 38,000 square feet. In November 2003, the College entered into a ten-year lease with Curtis Park Associates for 26,000 square feet of instructional and office space located in the Folcroft East Business Park in Sharon Hill, Pennsylvania. The College amended the lease on November 17, 2011. Under this amendment, the College extended the term of the lease for one year, seven months and fifteen days commencing November 15, 2013 and ending June 30, 2015. The lease cost for both fiscal years 2014 and 2013 totaled $308,352.

In August 2011, the College entered into a ten-year noncancelable lease agreement with the Dinavel Enterprises for approximately 12,000 square feet of instructional and office space located in the Barclay Square Shopping Center in Upper Darby, Pennsylvania. The initial payment on this lease commenced July 2012. Monthly payments are $16,032. This lease is scheduled to expire June 30, 2022. The lease cost for both fiscal years 2014 and 2013 totaled $192,386.

***Chester County***

The College holds three noncancelable leases totaling 26,000 square feet with the Valley Investment Group for instructional and office space in the Whiteland Technology Park in Exton, Pennsylvania. These leases are scheduled to expire June 30, 2022. For each of the fiscal years 2014 and 2013, the lease cost was $334,322.

## NOTE 10 - LEASE OBLIGATIONS - CONTINUED

**Operating Leases - continued**

On December 20, 2006, the College entered into a noncancelable lease with the Chester County Intermediate Unit for lease of instructional and office space within the Chester County Technical College High School which is located in Southern Chester County Pennsylvania. The building, which was completed in August 2008, and occupied in September 2008, consists of 116,000 square feet. The term of the lease is for ten years from July 1, 2008 through June 30, 2018 at an annual total lease cost of $555,000. One of the stipulations in the lease agreement was for a $200,000 advance lease payment made during fiscal year 2007, and an additional $200,000 payment made during fiscal year 2008. Starting July 1, 2008, the College began expensing the advance lease payment of $400,000 over the length of the lease or $40,000 annually. The prepaid expenses include $160,000 and $200,000 in advance lease payments for the years ended June 30, 2014 and 2013, respectively.

The Delaware County Community College Educational Foundation gave the College a $200,000 gift in both fiscal years 2007 and 2008 to off-set the College's $400,000 advance lease payments. The balance of these gifts is included as an unearned revenue item in the other liabilities total of $506,336 and $4,674,246 for the years ended June 30, 2014 and 2013, respectively. As with the advance lease payment, the gifts will be recognized as income over the length of the lease, or $40,000 annually.

In June 2012, the College's Board of Trustees approved a five-year lease agreement with the Chester County Intermediate Unit for approximately 1,600 square feet of instructional and office space at the Technical College High School in Downingtown, Pennsylvania. The initial payment on this lease was made on July 2012. Monthly payments are $2,858. The lease cost for the fiscal year 2014 totaled $34,293. This lease is scheduled to expire June 30, 2017.

The minimum future lease payments under these agreements are as follows:

| Year Ending June 30 | |
|---|---|
| 2015 | $ 1,424,353 |
| 2016 | 1,116,001 |
| 2017 | 1,116,001 |
| 2018 | 1,081,708 |
| 2019 | 526,708 |
| 2020 - 2022 | 1,580,124 |
| Total | $ 6,844,895 |

The College has other noncancelable operating leases that generally have terms of one to three years. The rental expense for these leases was $247,213 and $193,914 for the years ended June 30, 2014 and 2013, respectively.

## NOTE 11 - EMPLOYEE BENEFITS

### Pension Plans

Substantially all of the employees of the College are covered by one of three multi-employer contributory pension plans: the Teachers Insurance and Annuity Association - College Retirement Equities Fund (TIAA-CREF), the Commonwealth of Pennsylvania Public School Employees' Retirement System (PSERS), or the Commonwealth of Pennsylvania State Employees' Retirement System (SERS).

TIAA-CREF is a cost-sharing multiple-employer defined contribution plan and as such, benefits depend solely on amounts contributed to the plan plus investment earnings. Full-time faculty, administrative, and support staff are eligible to participate from the date of employment. The College's contributions for each employee (and interest allocated to the employee's account) are fully vested. Death benefits in the amount of the full current value of accumulation are provided to the beneficiary of participants who die prior to retirement. A variety of payment options are available.

The PSERS and SERS are governmental cost-sharing multiple-employer defined benefit plans and are administered by the Commonwealth as established under legislative authority. Contributions are made by employees, the College and the Commonwealth. Death benefits are available to employee beneficiaries according to various options at time of death. The financial statements for PSERS and SERS can be obtained from the Commonwealth of Pennsylvania, Public School Employees Retirement System, PO Box 125, Harrisburg, Pennsylvania 17108-0125 and Commonwealth of Pennsylvania, State Employees' Retirement System, PO Box 1147, Harrisburg, Pennsylvania 17108.

Contributions to pension plans are charged to expenditures as accrued. Pension contributions required and made were $3,457,182, $3,195,779, and $2,982,350 in 2014, 2013, and 2012, respectively. The College's contributions under the plans are based on the employee's salary as follows:

TIAA-CREF
- For the fiscal years ended June 30, 2014, 2013, and 2012:
  - 10% of full time employee's salary
  - 2% of credit part time faculty

PSERS
- For the fiscal years ended:
  - June 30, 2014, 8.47% of employee's salary
  - June 30, 2013, 6.18% of employee's salary
  - June 30, 2012, 4.33% of employee's salary

SERS
- For the fiscal years ended:
  - June 30, 2014, 12.10% (Class A) and 15.12% (Class AA) of employee's salary<br>10.46% (Class A3 and Class A4) of employee's salary
  - June 30, 2013, 8.43% (Class A) and 10.51% (Class AA) of employee's salary<br>7.29% (Class A3 and Class A4) of employee's salary
  - June 30, 2012, 5.59% (Class A) and 6.99% (Class AA) of employee's salary<br>4.83% (Class A3 and Class A4) of employee's salary

**NOTE 11 - EMPLOYEE BENEFITS - CONTINUED**

The Commonwealth of Pennsylvania contributes the same percentage as the College to the PSERS plan. Pension contributions required and made by the Commonwealth of Pennsylvania were $409,297, $302,683, and $233,879 in 2014, 2013, and 2012, respectively. The Commonwealth of Pennsylvania does not make contributions to SERS for college employees.

**Early Retirement Benefits**

In August 2012, the College renegotiated the instructional staff bargaining agreement and the early retirement benefit was discontinued. Faculty who notified the College of their retirement intentions by May 16, 2012 were included in this plan. Administrators and support staff who notified the College of their intentions to retire by November 30, 2012 were also included in this plan. Prior to this, the Plan offered to each instructional staff member (ISM) with a minimum of 30 years of service, a reduced salary for one to five years and continued enrollment in the College's health plan for one to seven years as determined by the ISM's years of service. The following shows the components of the College's annual early retirement (ER) pension cost for the year, the amount actually contributed to the plan, and changes in the net ER pension obligation:

| | |
|---|---|
| Net ER pension obligation, July 1, 2012 | $ 1,476,684 |
| Contributions to plan as of June 30, 2013 | (377,128) |
| Net ER pension obligation, June 30, 2013 | 1,099,556 |
| Additional liability (new retirees) | - |
| Contributions to plan as of June 30, 2014 | (343,842) |
| Net ER pension obligation, June 30, 2014 | $ 755,714 |

The College's annual ER pension cost, the percentage of annual ER pension cost contributed to the plan, and the net ER pension obligation were as follows:

| Fiscal Year Ended | Annual Pension Cost | % of Annual Pension Cost Contributed | Net Pension Obligation |
|---|---|---|---|
| 6/30/14 | $ 343,842 | 100.0% | $ 755,714 |
| 6/30/13 | 377,128 | 100.0% | 1,099,556 |
| 6/30/12 | 318,951 | 90.0% | 1,476,684 |

## NOTE 11 - EMPLOYEE BENEFITS - CONTINUED

### Postemployment Benefits

**Plan Description**

Delaware Country Community College administers a single-employer defined benefit plan (the Postemployment Benefit Plan). To be eligible for these benefits, employees must be full-time retirees with 30 years of credited service. The benefits provided by the College to retirees include medical, pharmacy, dental, and vision insurance. As of October 1, 2012, the College's postemployment benefit plan was terminated.

**Funding Policy**

Generally, all benefits and coverage levels are paid for by the College. Retiree contributions for the medical plan exist for under-65 members and spouses who retire on or after October 1, 2007. The table below displays the percentage of the premium paid for by the retiree.

| Date of Retirement | Retiree Percentage (Faculty) | Retiree Percentage (Non-Faculty) |
|---|---|---|
| January 1, 2012 - December 31, 2012 | 7% | 5% |
| January 1, 2013 - December 31, 2013 | 5% | 5% |

**Annual OPEB Cost and Net OPEB Obligation**

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 funding 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 thirty years. The following table 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:

| | 2013 |
|---|---|
| Annual required contribution | $ 3,602,522 * |
| Interest on net OPEB obligation | 118,125 |
| Adjustment to annual required contribution | (4,055,636) |
| Annual OPEB cost | (334,989) |
| Contributions made | (830,000) |
| Increase in net OPEB obligation | (1,164,989) |
| Net OPEB obligation - beginning of year | 3,937,511 |
| Net OPEB obligation - end of year | $ 2,772,522 |

**NOTE 11 - EMPLOYEE BENEFITS - CONTINUED**

* The actuarial liability does still reflect the liabilities and costs association with future disabled members in addition to existing retirees. Since benefits have been eliminated for future retirees and the health premiums were reduced, especially for Medicare-eligible members, the Net OPEB Obligation is greater than the actuarial liability. The College has elected to change the amortization period to one year and reduce the discount rate to three percent. The College's next actuarial valuation will be conducted for the 2014/2015 fiscal year. Further assumptions for the actuarial liability are disclosed below.

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

| Fiscal Year Ended | Annual OPEB Cost | % of Annual OPEB Cost Contributed | Net OPEB Obligation |
|---|---|---|---|
| 6/30/13 | $ (334,989) | 247.8% | $ 2,722,522 |
| 6/30/12 | 1,692,646 | 52.1% | 3,937,511 |
| 6/30/11 | 1,524,609 | 41.5% | 3,126,405 |

The College's next actuarial valuation has not yet been completed.

**Funded Status and Funding Progress**

As of July 1, 2012, the Plan was zero percent funded. The actuarial accrued liability was $3.4 million which is equivalent to the unfunded actuarial accrued liability (UAAL). The covered payroll (annual payroll of active employees covered by the plan) was $27.6 million and the ratio of the UAAL to the covered payroll was 12.3 percent.

| Actuarial Valuation Date | Plan Assets | Actuarial Accrued Liability | Unfunded Accrued Liability | Funded Ratio | Covered Payroll | Unfunded AAL as a Percentage of Payroll |
|---|---|---|---|---|---|---|
| 7/1/2012 | $ - | $ 3,398,842 | $ 3,398,842 | 0.00% | $ 27,609,920 | 12.3% |
| 7/1/2010 | - | 10,660,647 | 10,660,647 | 0.00% | 27,812,913 | 38.3% |
| 7/1/2008 | - | 13,694,499 | 13,694,499 | 0.00% | 24,859,354 | 55.1% |

## NOTE 11 - EMPLOYEE BENEFITS - CONTINUED

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 College 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 - Pension and OPEB Obligations**

Projections of benefits for financial reporting purposes are based on the substantive plan (the plan as understood by the employer and plan members) and include the types of benefits provided at the time of each valuation and the historical pattern of sharing costs between the employer and plan members to that point. The calculations are based on the types of benefits provided under the terms of the College's Retirement Benefits plan at the time of the valuation. The projection of benefits for financial reporting purposes does not explicitly incorporate the potential effects of legal or contractual funding limitations in the future. The actuarial methods and assumptions used include techniques that are designed to reduce the efforts of short-term volatility in actuarial accrued liabilities and the actuarial value of assets, consistent with the long-term perspective of the calculations.

In the July 1, 2012 actuarial valuations for the OPEB plan, the projected unit credit cost method was used with linear pro-ration to assumed benefit commencement. The actuarial assumptions included a three percent discount rate and a healthcare cost trend rate of 8.5 percent initially, reduced by decrements to 5.6 percent after five years. Health cost trend includes an adjustment for excise tax. The unfunded liability is being amortized using a level dollar method over a one-year amortization period.

## NOTE 12 - UNEARNED TUITION FROM SPONSOR

Effective January 1, 2011, the College recognized the Chester Upland School District as its twelfth sponsoring school district. To gain entry as the College’s twelfth sponsor, the Chester Upland School District agreed to pay a one-time lump sum capital buy-in contribution of $3,943,826. This one-time buy in amount represented the District’s portion of the accumulated value of the College’s capital assets.

As part of the District’s entry, the College agreed to use a portion of this one-time capital buy-in contribution to hold the current sponsoring school district appropriation of $8,005,124 constant for a period of five years or through June 30, 2016. In addition to the hold constant agreement, the College established a tuition fund to offset the annual reduction in nonsponsoring tuition and fee revenue as a result of Chester Upland School District becoming a sponsor of the College. As of June 30, 2014 and 2013, $3,726,112 and $2,531,772 of this tuition fund was utilized to offset the annual reduction in nonsponsoring tuition and fee revenue, respectively.

## NOTE 12 - UNEARNED TUITION FROM SPONSOR - CONTINUED

As of June 30, 2014 and 2013, $217,714 and $1,412,054 remains of the one-time buy-in amount. This amount is reflected as unearned tuition from sponsors in the current liabilities in the amount of $217,714 for the year ended June 30, 2014 and in the amounts of $1,180,000 in the current liabilities and $232,054 in the noncurrent liabilities for the year ended June 30, 2013.

## NOTE 13 - TEMPORARILY RESTRICTED NET ASSETS - COMPONENT UNIT

Included in the total temporarily restricted net assets are two significant funds that are associated with the Foundation's Chester County Campus Capital Campaign and Science, Technology, Engineering, and Math Complex. At June 30, 2014 and 2013, those amounts totaled $1,198,791 and $1,293,398, respectively, for the Chester County Campus Capital Campaign and $1,612,234 and $1,467,214, respectively, for the Science, Technology, Engineering, and Math Complex. The remaining balances in temporarily restricted net assets at June 30, 2014 and 2013 are $274,132 and $301,650, respectively, for the present value of the balances due on the Charitable Lead Annuity Trusts and $1,406,209 and $1,031,347, respectively, for scholarships to and programs operated by the College.

Net assets were released from donor restrictions by incurring expenses satisfying the purpose or time restrictions specified by donors as follows for the year ended June 30:

| | **2014** | 2013 |
|---|---|---|
| Scholarships | **$ 216,406** | $ 207,961 |
| Programs | **111,097** | 129,578 |
| Charitable Lead Annuity Trusts | **31,250** | 18,750 |
| Chester County Technical College High School | **700,000** | 700,000 |
| Chester County Campus Capital Campaign | **200,030** | 200,000 |
| Science, Technology, Engineering, and Math Complex | **100,000** | 100,000 |
| | **$ 1,358,783** | $ 1,356,289 |

## NOTE 14 - PERMANENTLY RESTRICTED NET ASSETS - COMPONENT UNIT

Permanently restricted net assets are restricted for the following purposes at June 30:

| | **2014** | 2013 |
|---|---|---|
| Louis W. Scott III Memorial Scholarship Fund | **$ 207,851** | $ 189,184 |
| Independence Nursing Scholarship | **200,000** | 200,000 |
| Wong-Moss Alumni Award | **104,314** | 104,314 |
| DCCC/Student Government Association Scholarship | **94,466** | 94,466 |
| Edith Garlow Memorial Poetry Fund | **78,696** | 78,696 |
| Dr. Carolyn McKinley Mathematics, Science, and English Award | **76,470** | 76,470 |
| Richard D. DeCosmo Scholarship Fund | **54,646** | 53,046 |
| Gould Memorial Faculty Award | **51,495** | 48,395 |
| Kevin Coleman Memorial Scholarship | **45,220** | 42,970 |
| Steve Pahides Memorial Scholarship | **40,190** | 39,115 |
| American Food Service Scholarship | **35,000** | 35,000 |
| SAP Business & Technology Scholarship | **30,000** | 30,000 |
| Chester Pike Rotary Scholarship | **28,477** | 26,477 |
| Drexelbrook Community Scholarship | **25,000** | 25,000 |
| Murphey Family Memorial Scholarship | **23,585** | 23,585 |
| Teresa K. Freda Scholarship Fund | **22,805** | 22,805 |
| Ann Marie Vitale Memorial Scholarship | **21,812** | 21,537 |
| Fox Pfizenmayer Scholarship | **19,300** | 19,300 |
| Marc C. Bender Memorial Scholarship Fund | **18,716** | 18,716 |
| Phil-Hanna Endowed Scholarship | **17,951** | - |
| Ellen Ann Roberts Memorial Scholarship Fund | **14,105** | 14,105 |
| Thomas J. Anderson Scholarship | **14,000** | 10,000 |
| Donnelly-Barnes Scholarship | **12,715** | 12,415 |
| Phi Theta Kappa Scholarship | **12,619** | 12,519 |
| Barry Gibbons Scholarship | **12,480** | 12,480 |
| Ryan - Motta Memorial Scholarship | **12,000** | - |
| Harry L. LeFever Scholarship | **11,685** | 11,575 |
| Phyllis Wexler Memorial Scholarship | **11,600** | 11,600 |
| Air Conditioning Contractors of America Scholarship | **11,297** | 10,797 |
| EM Kavjiam MD Memorial Scholarship | **11,000** | - |
| Jane Rothrock RN/BSN Scholar | **10,930** | - |
| Delco Tavern Association Scholarship | **10,000** | 10,000 |
| Charles W. Crist Memorial Scholarship | **10,000** | 10,000 |
| Kontopouls Memorial Scholarhips | **10,000** | - |
| Anthony D'Angelo Business Society Scholarship | **9,630** | 9,630 |
| Timothy Finian Hockey Scholarship | **8,195** | 4,155 |
| E.R. Pechin Nursing Scholarship | **8,152** | 8,152 |
| Sagle/Perkins Scholarship | **8,000** | 8,000 |

## NOTE 14 - PERMANENTLY RESTRICTED NET ASSETS - COMPONENT UNIT - CONTINUED

| | **2014** | 2013 |
|---|---|---|
| J.R. Finio and Sons Scholarship Fund | **6,945** | 6,695 |
| Maryann DiGiandomenico Memorial Scholarship | **6,534** | 6,534 |
| Michael and Teresa Morochko Scholarship | **6,065** | 6,065 |
| Labron K. Shuman, Esquire, Award | **6,000** | 6,000 |
| Kreitzberg Endowed Scholarship Fund | **5,849** | 5,330 |
| David Baldwin Memorial Scholarship | **5,788** | 5,788 |
| Frank and Mary Jelinek Scholarship | **5,000** | 5,000 |
| Marie Patriarca Staff Award | **5,000** | 5,000 |
| Kuehner-Oyler Nursing Scholarship | **5,000** | 3,000 |
| Special Therapy Fund | **4,484** | 3,734 |
| Karen L Berlant Memorial Award | **4,220** | 4,220 |
| Spelina-McAfee Memorial Scholarship | **4,000** | 3,500 |
| CK Emergency Fund | **3,750** | 3,750 |
| Henry Jackson Memorial Scholarship | **3,705** | 3,705 |
| Thomas McNicholas Scholarship | **2,670** | 2,670 |
| Marian Heisler Memorial Scholarship | **2,606** | 2,606 |
| Eganey and Kauffman Memorial Scholarship Fund | **2,575** | 2,575 |
| Eugene Maniscalco Architectural Award | **2,450** | 2,450 |
| John T. Carroll Memorial Scholarship | **2,425** | 2,425 |
| David J. Andrien Memorial Scholarship Fund | **2,400** | 2,400 |
| Matt Evoli Endowed Scholarship | **2,000** | 1,000 |
| Charles Sweeney Memorial Scholarship | **1,357** | 1,357 |
| Ellen and Paul Makowski Memorial Scholarship | **625** | 625 |
| Beneita E. Bagby Scholarship Fund | **500** | 500 |
| Newby and Pretlow Family Scholarship Fund | **500** | 500 |
| | **$ 1,486,850** | $ 1,381,933 |

## NOTE 15 - ENDOWMENTS - COMPONENT UNIT

The Foundation’s endowments consist of 63 donor-restricted endowment funds established to support a variety of scholarships at Delaware County Community College. Net assets associated with endowment funds are classified and reported based on the existence or absence of donor-imposed restrictions.

## NOTE 15 - ENDOWMENTS - COMPONENT UNIT - CONTINUED

### Interpretation of Relevant Law

The classification of the net assets associated with endowment funds is based on the board's interpretation of Pennsylvania's statutes that govern such endowments and its interpretations of donor intent and the related endowment bylaws. The Commonwealth of Pennsylvania has not enacted a version of the Uniform Prudent Management of Institutional Funds Act (UPMIFA), or a version of the Uniform Management of Institutional Funds Act (UMIFA). Governing law resides in 15 Pa. C.S. § 5548 “Investment of Trust Funds.” The board of the Foundation has interpreted the relevant law as requiring the preservation of the historical cost of the original gift as of the gift date of the donor-restricted endowment funds absent explicit donor stipulations to the contrary. Consequently, the Foundation classifies permanently restricted net assets as:

- The original value of gifts donated to the permanent endowment, and
- The original value of subsequent gifts to the permanent endowment.

The remaining portion of the donor-restricted endowment fund, which consists of accumulated investment return, is classified as temporarily restricted net assets until those amounts are appropriated for expenditure by the Foundation’s board.

### Return Objectives and Risk Parameters

The Foundation has adopted investment and spending policies for endowment assets that attempt to provide a predictable stream of funding to the programs supported by the endowments. The endowment assets are invested in line with the Foundation Investment Policy of a moderate level of investment risk.

### Strategies Employed for Achieving Objectives

The Foundation relies on a total return strategy in which investment returns are achieved through capital appreciation and current yield (interest and dividends). The Foundation targets a diversified asset allocation that emphasizes fixed income securities to achieve its long-term objectives within prudent risk constraints.

### Spending Policy

The Foundation’s spending policy on the endowment awards shall not exceed five percent (5%) of the book value, including unrealized gains and losses, of the audited permanently restricted net assets balance as of June 30. The endowment awards will be calculated on a three-year rolling average of the book value. Of the five percent (5%), four percent (4%) shall be allocated for the purpose of the fund and one percent (1%) shall be allocated for the management fee, which will be transferred to the Foundation’s unrestricted fund. If the principal falls below the investment, the principal may be invaded for the then current year only. This policy is reviewed by the finance committee as needed, but at least on an annual basis in order to safeguard the principal over time. Any further consideration of invading principal must be presented to the full Foundation board for discussion and vote. For the year ended June 30, 2014, awards from income earned on the permanently restricted net assets were within the guidelines as stipulated in the spending policy.

## NOTE 15 - ENDOWMENTS - COMPONENT UNIT - CONTINUED

Endowment Net Asset Composition by Type of Fund as of June 30:

| | **2014** | | |
|---|---|---|---|
| | **Temporarily Restricted** | **Permanently Restricted** | **Total** |
| Donor restricted endowment funds | **$ 771,788** | **$ 1,486,850** | **$ 2,258,638** |

| | 2013 | | |
|---|---|---|---|
| | Temporarily Restricted | Permanently Restricted | Total |
| Donor restricted endowment funds | $ 527,964 | $ 1,381,933 | $ 1,909,897 |

Changes in Endowment Net Assets for the fiscal years ended June 30:

| | **2014** | | |
|---|---|---|---|
| | **Temporarily Restricted** | **Permanently Restricted** | **Total** |
| Net assets, beginning of year | **$ 527,964** | **$ 1,381,933** | **$ 1,909,897** |
| Investment return: | | | |
| Interest and dividends | **53,973** | **-** | **53,973** |
| Net realized and unrealized gains | **260,592** | **-** | **260,592** |
| Total | **842,529** | **1,381,933** | **2,224,462** |
| Contributions | **-** | **104,917** | **104,917** |
| Appropriation of endowment assets for expenditures and management fees | **(70,741)** | **-** | **(70,741)** |
| Net assets, end of year | **$ 771,788** | **$ 1,486,850** | **$ 2,258,638** |

| | 2013 | | |
|---|---|---|---|
| | Temporarily Restricted | Permanently Restricted | Total |
| Net assets, beginning of year | $ 502,396 | $ 1,319,241 | $ 1,821,637 |
| Investment return: | | | |
| Interest and dividends | 56,536 | - | 56,536 |
| Net realized and unrealized gains | 47,080 | - | 47,080 |
| Total | 606,012 | 1,319,241 | 1,925,253 |
| Contributions | - | 62,692 | 62,692 |
| Appropriation of endowment assets for expenditures and management fees | (78,048) | - | (78,048) |
| Net assets, end of year | $ 527,964 | $ 1,381,933 | $ 1,909,897 |

## NOTE 16 - FAIR VALUE MEASUREMENTS - COMPONENT UNIT

In determining fair value, the Foundation uses various valuation approaches within the ASC 820-10 framework, which defines fair value, establishes guidelines for measuring fair value, and expands disclosures regarding fair value measurements. This statement applies under other accounting pronouncements that require or permit fair value measurements. Accordingly, this statement does not require any new fair value measurements.

ASC 820-10 establishes a hierarchy for inputs used in measuring fair value that maximizes the use of observable inputs and minimizes the use of unobservable inputs by requiring that the most observable inputs be used when available. ASC 820-10 defines levels within the hierarchy based on the reliability of inputs as follows:

*Level 1*: Valuations based on unadjusted quoted prices for identical assets or liabilities in active markets;

*Level 2*: Valuations based on quoted prices for similar assets or liabilities or identical assets or liabilities in less active markets, such as dealer or broker markets; and

*Level 3*: Valuations derived from valuation techniques in which one or more significant inputs or significant value drivers are unobservable, such as pricing models, discounted cash flow models and similar techniques not based on market, exchange, dealer or broker-traded transactions.

As of June 30, 2014 and 2013, the only assets or liabilities that are measured at fair value on a recurring basis in periods subsequent to initial recognition are investment securities consisting of mutual fund securities which are valued at fair value based on quoted market prices at year-end.

The following table presents assets measured at fair value by classification within the fair value hierarchy as of June 30:

| | **2014** | | | |
|---|---|---|---|---|
| | **Level 1** | **Level 2** | **Level 3** | **Total** |
| Mutual funds: | | | | |
| Balanced | **$ 2,501,047** | **$ -** | **$ -** | **$ 2,501,047** |
| Growth | **520,004** | **-** | **-** | **520,004** |
| Fixed income | **2,645,495** | **-** | **-** | **2,645,495** |
| **Total** | **$ 5,666,546** | **$ -** | **$ -** | **$ 5,666,546** |

| | 2013 | | | |
|---|---|---|---|---|
| | Level 1 | Level 2 | Level 3 | Total |
| Mutual funds: | | | | |
| Balanced | $ 2,383,288 | $ - | $ - | $ 2,383,288 |
| Growth | 609,400 | - | - | 609,400 |
| Fixed income | 2,343,334 | - | - | 2,343,334 |
| **Total** | $ 5,336,022 | $ - | $ - | $ 5,336,022 |

## NOTE 17- COMMITMENT AND CONTINGENCIES

Commitments related to construction-in-progress projects were approximately $9,581,406 and $2,495,545 for the year ended on June 30, 2014 and 2013, respectively, and will be satisfied through cash on hand.

The College is exposed to various risks of loss related to torts; theft of, damage to and destruction of assets; errors and omissions; injuries to employees; and natural disasters. Significant losses are covered by commercial insurance for all major programs. For insured programs, there were no significant reductions in insurance coverages of the 2013/2014 years. The College has no unfunded liability.

The College is involved in various claims and legal actions arising in the ordinary course of business. In the opinion of management, the ultimate disposition of these matters will not have a material adverse effect on the College's financial position.

## NOTE 18 - NEW ACCOUNTING PRONOUNCEMENTS

The Government Accounting Standards Board (GASB) has issued the following standards which have not yet been implemented:

- Statement No. 68, Accounting and Financial Reporting for Pensions, which is required to be implemented by the year ending June 30, 2015. The objective of this statement is to improve accounting and financial reporting by governments for pensions. This statement establishes standards for measuring and recognizing liabilities, deferred outflows of resources, deferred inflows of resources, and expenditures. This statement also enhances note disclosure and required supplementary information for government pension plans. This pronouncement applies to employers that have a legal obligation to make contributions directly to a pension plan.

- Statement No. 71, Pension Transition for Contributions Made Subsequent to the Measurement Date - an amendment of GASB Statement No. 68 will be implemented at the same time of implementation of 68.

Although the College has not yet completed the analyses necessary to estimate the financial statement impact of these new pronouncements, it believes the result will have a negative impact on the financial position of the College.

# REQUIRED SUPPLEMENTARY INFORMATION

# SCHEDULE OF FUNDING PROGRESS - POSTEMPLOYMENT BENEFITS PLAN

**Schedule of Funding Progress for Postemployment Benefits**

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 No. 45, *Accounting and Financial Reporting by Employers for Postemployment Benefits Other Than Pensions*. 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 (or funding excess) over a period not to exceed 30 years.

| Actuarial Valuation Date | Plan Assets | Actuarial Accrued Liability | Unfunded Accrued Liability | Funded Ratio | Covered Payroll | Unfunded AAL as a Percentage of Payroll |
|---|---|---|---|---|---|---|
| 7/1/2012 | $ - | $ 3,398,842 | $ 3,398,842 | 0.00% | $ 27,609,920 | 12.3% |
| 7/1/2010 | - | 10,660,647 | 10,660,647 | 0.00% | 27,812,913 | 38.3% |
| 7/1/2008 | - | 13,694,499 | 13,694,499 | 0.00% | 24,859,354 | 55.1% |

Effective October 1, 2012, all postretirement medical, dental and vision benefits have been eliminated. The actuarial liability does still reflect the liabilities and costs association with future disabled members in addition to existing retirees. Since benefits have been eliminated for future retirees and the health premiums were reduced, especially for Medicare-eligible members, the Net OPEB Obligation is greater than the actuarial liability. The College has elected to change the amortization period to one year and reduce the discount rate to three percent. Further assumptions for the actuarial liability are disclosed in Note 11.

# SUPPLEMENTARY INFORMATION

**DELAWARE COUNTY COMMUNITY COLLEGE**

**SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS**

**For the Year Ended June 30, 2014**

| Grantor / Pass-Through / Program Title | Source Code | CFDA Number | Pass-Through Grantors Number | Contract Date | Award Amount | Received 6/30/2014 | Accrued 6/30/2013 | Revenue / Expenditures | Accrued 6/30/2014 |
|---|---|---|---|---|---|---|---|---|---|
| Department of Education: | | | | | | | | | |
| 14/15 PELL | D | 84.063 | P063P142891 | 03/23/14-08/31/20 | $ 20,029,051 | $ - | $ - | $ - | $ - |
| 13/14 PELL | D | 84.063 | P063P132891 | 03/23/13-08/31/19 | 20,029,051 | 19,215,000 | 61,956 | 19,336,813 | 183,769 |
| 12/13 PELL | D | 84.063 | P063P122891 | 03/23/12-08/31/18 | 20,794,127 | 841,530 | 841,530 | - | - |
| 11/12 PELL | D | 84.063 | P063P112891 | 03/23/11-08/31/17 | 19,398,182 | - | (2,581) | 6,528 | 3,947 |
| 13/14 Federal Work-Study Program (Including Administrative Allowance) | D | 84.033 | P033A133566 | 07/01/13-10/02/19 | 249,394 | 229,407 | - | 293,210 | 63,803 |
| 12/13 Federal Work-Study Program (Including Administrative Allowance) | D | 84.033 | P033A123566 | 04/16/12-08/31/18 | 242,382 | 46,872 | 46,872 | - | - |
| 13/14 Supplemental Education Opportunity Grant (Inc. Admin. Allowance) | D | 84.007 | P007A133566 | 07/01/13-10/02/19 | 200,000 | 120,000 | - | 155,147 | 35,147 |
| 12/13 Supplemental Education Opportunity Grant (Inc. Admin. Allowance) | D | 84.007 | P007A123566 | 04/16/12-08/31/18 | 200,000 | 38,906 | 36,358 | 2,548 | - |
| 13/14 Federal Direct Student Loans | D | 84.268 | P268K132891 | 01/03/13-01/03/19 | 24,862,754 | 22,150,000 | 29,080 | 22,588,632 | 467,712 |
| 12/13 Federal Direct Student Loans | D | 84.268 | P268K122891 | 01/03/12-01/03/18 | 23,301,694 | 529,308 | 529,308 | - | - |
| Student Financial Assistance Cluster Subtotal | | | | | | 43,171,023 | 1,542,523 | 42,382,878 | 754,378 |
| Department of Education | | | | | | | | | |
| Passed through Pennsylvania Department of Education: | | | | | | | | | |
| 13/14 Vocational Education | I | 84.048 | RA-381-14-2019 | 07/01/13-06/30/14 | 657,143 | 657,143 | - | 657,143 | - |
| 13/14 Adult Education Expansion Grant | I | 84.002 | 041-14-0017 | 07/01/13-06/30/14 | 192,934 | 177,322 | - | 192,934 | 15,612 |
| 12/13 Adult Education Expansion Grant | I | 84.002 | 041-13-0017 | 07/01/12-06/30/13 | 204,120 | (8,212) | (8,212) | - | - |
| Subtotal | | | | | | 169,110 | (8,212) | 192,934 | 15,612 |
| Total Department of Education | | | | | | 43,997,276 | 1,534,311 | 43,232,955 | 769,990 |
| Department of Labor | | | | | | | | | |
| Passed through Delaware County Employment/Training Office: | | | | | | | | | |
| Workforce Investment Act Cluster | | | | | | | | | |
| Workforce Investment Act - PC Workshops for Career Link | I | 17.258 | 010-050-13A/D | 07/01/13-06/30/14 | 22,996 | 22,996 | - | 22,996 | - |
| Workforce Investment Act - PC Workshops for Career Link | I | 17.278 | 010-050-13A/D | 07/01/13-06/30/14 | 22,996 | 22,996 | - | 22,996 | - |
| Workforce Investment Act - Adult Training-Assessment Program | I | 17.258 | 010-018-12A/D | 07/01/13-06/30/14 | 69,269 | 69,269 | - | 69,269 | - |
| Workforce Investment Act - Adult Training-Assessment Program | I | 17.278 | 010-018-12A/D | 07/01/13-06/30/14 | 69,269 | 69,269 | - | 69,269 | - |
| Workforce Investment Act - Adult Training-Assessment Program | I | 17.258 | 010-018-12A/D | 07/01/12-06/30/13 | 69,296 | - | (8) | - | (8) |
| Workforce Investment Act - Adult Training-Assessment Program | I | 17.278 | 010-018-12A/D | 07/01/12-06/30/13 | 69,296 | - | (8) | - | (8) |
| Workforce Investment Act Cluster Subtotal | | | | | | 184,530 | (16) | 184,530 | (16) |
| Passed through the Community College of Philadelphia: | | | | | | | | | |
| 11/12 Trade Adj. Asst. Community College and Career Training (TAACCCT) | I | 17.282 | TC-22519-11-60-A-42 | 10/01/11-09/30/14 | 1,085,505 | 246,159 | 200,646 | 479,242 | 433,729 |
| Total Department of Labor | | | | | | 430,689 | 200,630 | 663,772 | 433,713 |
| Department of Health and Human Services | | | | | | | | | |
| Refugee and Entrant Assistance - Discretionary Grant | D | 93.576 | | 07/01/13-06/30/14 | 9,418 | 9,418 | - | 9,418 | - |
| Chafee Education and Training Vouchers Program | D | 93.599 | | 07/01/13-06/30/14 | 17,855 | 17,855 | - | 15,855 | (2,000) |
| ` | | | | | | | | | |
| Passed through Inspiritec: | | | | | | | | | |
| Temporary Assistance for Needy Families (Keys) Grant | I | 93.558 | KEYS-Delaware-0711 | 07/01/13-06/30/14 | 200,320 | 90,182 | - | 192,185 | 102,003 |
| Temporary Assistance for Needy Families (Keys) Grant | I | 93.558 | KEYS-Delaware-0711 | 07/01/12-06/30/13 | 213,520 | 65,919 | 65,919 | - | - |
| Subtotal | | | | | | 156,101 | 65,919 | 192,185 | 102,003 |
| Total Department of Health and Human Services | | | | | | 183,374 | 65,919 | 217,458 | 100,003 |
| Institute of Museum and Library Sciences | | | | | | | | | |
| Passed through Pennsylvania Department of Education | | | | | | | | | |
| Library Services and Technology Grant | I | 45.310 | #MO1326011 | 07/01/13-06/30/14 | 5,000 | 5,000 | - | 5,000 | - |
| TOTAL FEDERAL AWARDS | | | | | | $ 44,616,339 | $ 1,800,860 | $ 44,119,185 | $ 1,303,706 |

**DELAWARE COUNTY COMMUNITY COLLEGE**

**NOTES TO THE SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS**

**Year Ended June 30, 2014**

## NOTE 1

The purpose of the schedule of expenditures of federal awards is to present a summary of the activities of Delaware County Community College for the year ended June 30, 2014, which have been financed by the U.S. Government.

Because the schedule presents only a selected portion of the activities of Delaware County Community College, it is not intended to and does not present either the financial position, results of operations, or changes in fund balances of Delaware County Community College.

The schedule is prepared on the accrual basis of accounting, which recognizes income in the period it is earned and expenses in the period they are incurred.

## NOTE 2

Total revenues from Student Financial Aid programs, for the year ended June 30, 2014, amounted to $42,382,878 which represents approximately 39 percent of total revenues of $108,650,305.

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

**To the Board of Trustees**
**Delaware County Community College**
**Media, 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 the business-type activities and the aggregate discretely presented component unit of Delaware County Community College, as of and for the year ended June 30, 2014, and the related notes to the financial statements, which collectively comprise Delaware County Community College's basic financial statements, and have issued our report thereon dated December 10, 2014.

## Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered Delaware County 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 opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of Delaware County Community College's internal control. Accordingly, we do not express an opinion on the effectiveness of Delaware County 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 a combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected on a timely basis. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

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

**Compliance and Other Matters**

As part of obtaining reasonable assurance about whether Delaware County Community College's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the 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 the entity's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

Herbein + Company, Inc.

**Reading, Pennsylvania**
**December 10, 2014**

**Herbein + Company, Inc.**
2763 Century Boulevard
Reading, PA 19610
P: 610.378.1175
F: 610.378.0999
www.herbein.com

# Independent Auditor's Report on Compliance For Each Major Program and on Internal Control Over Compliance Required by OMB Circular A-133

**To the Board of Trustees**
**Delaware County Community College**
**Media, Pennsylvania**

## Report on Compliance for Each Major Federal Program

We have audited Delaware County Community College's compliance with the types of compliance requirements described in the *OMB Circular A-133 Compliance Supplement* that could have a direct and material effect on each of Delaware County Community College's major federal programs for the year ended June 30, 2014. Delaware County Community College's major federal programs are identified in the summary of auditor's 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.

## Auditor's Responsibility

Our responsibility is to express an opinion on compliance for each of Delaware County 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 Delaware County 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 Delaware County Community College's compliance.

## Opinion on Each Major Federal Program

In our opinion, Delaware County 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, 2014.

**Report on Internal Control Over Compliance**

Management of Delaware County 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 Delaware County Community College's internal control over compliance with the 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 an 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 Delaware County 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.

Herbein + Company, Inc.

**Reading, Pennsylvania**
**December 10, 2014**

**DELAWARE COUNTY COMMUNITY COLLEGE**

**SCHEDULE OF FINDINGS AND QUESTIONED COSTS**

**Year Ended June 30, 2014**

**Section I - Summary of Auditor's Results**

**Financial Statements**

| | | | | |
|---|---|---|---|---|
| Type of auditor's report issued: | Unmodified | | | |
| Internal control over financial reporting: | | | | |
| Material weakness(es) identified? | | yes | X | no |
| Significant deficiency(ies)identified | | yes | X | none reported |
| Noncompliance material to financial statements noted? | | yes | X | no |

**Federal Awards**

| | | | | |
|---|---|---|---|---|
| Internal control over major programs: | | | | |
| Material weakness(es) identified? | | yes | X | no |
| Significant deficiency(ies)identified | | yes | X | none reported |

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

| | | | | |
|---|---|---|---|---|
| Any audit findings disclosed that are required to be reported in accordance with Circular A-133, Section 510(a)? | | yes | X | no |

Identification of major programs:

| CFDA Number(s) | Name of Federal Program or Cluster |
|---|---|
| *Student Financial Assistance Cluster* | |
| 84.007 | Federal Supplemental Educational Opportunity Grants (FSEOG) |
| 84.033 | Federal Work-Study Program (FWS) |
| 84.063 | Federal Pell Grant Program (PELL) |
| 84.268 | Federal Direct Student Loans |

Dollar threshold used to distinguish between Type A and Type B programs: $300,000

| | | | | |
|---|---|---|---|---|
| Auditee qualified as low-risk auditee? | X | yes | | no |

## Section II - Financial Statement Findings

There were no financial statement findings at June 30, 2014.

## Section III - Federal Award Findings and Questioned Costs

There were no federal award findings at June 30, 2014.

## Section III - Federal Award Findings and Questioned Costs

There were no federal award findings at June 30, 2013.

# APPENDIX C

SPECIMEN OF MUNICIPAL BOND INSURANCE POLICY

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# 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)

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# APPENDIX D

PROPOSED FORM OF OPINION OF BOND COUNSEL

[FORM OF OPINION OF BOND COUNSEL]

____________, 2015

**STATE PUBLIC SCHOOL BUILDING AUTHORITY**
**$40,395,000 College Revenue Refunding Bonds, Series of 2015**
**(Delaware County Community College Project)**

To the Purchasers of the Above-Entitled Bonds:

We have acted as Bond Counsel in connection with the issuance and sale by the State Public School Building Authority (the "Authority") of $40,395,000 aggregate principal amount of the Authority's College Revenue Refunding Bonds, Series of 2015 (Delaware County Community College Project), (the "2015 Bonds"), being issued under the provisions of the State Public School Building Authority Act of 1947, P.L. 1217, as supplemented and amended (the "Act"), and pursuant to a Trust Indenture dated as of October 1, 1993 as amended and supplemented by a First Supplemental Trust Indenture dated as of April 15, 1996 a Second Supplemental Trust Indenture dated as of October 15, 2000, a Third Supplemental Trust Indenture dated as of December 1, 2002, a Fourth Supplemental Trust Indenture dated as of March 1, 2005, a Fifth Supplemental Trust Indenture dated as of March 1, 2008, a Sixth Supplemental Trust Indenture dated December 16, 2011, a Seventh Supplemental Trust Indenture dated April 9, 2013, an Eighth Supplemental Trust Indenture dated as of September 15, 2014 and a Ninth Supplemental Trust Indenture dated as of April 15, 2015 (the "Ninth Supplemental Indenture") (collectively, the "Indenture"), each between the Authority and The Bank of New York Mellon Trust Company, N.A., as successor trustee (the "Trustee").

The 2015 Bonds are being issued at the request of the Delaware County Community College (the "College") to provide funds for a project (the "Project") consisting of (i) the advance refunding of a portion of the Authority's outstanding College Revenue Bonds, Series of 2008 (Delaware County Community College Project), (the "2008 Bonds"); and (ii) the payment of the costs and expenses of issuing the 2015 Bonds.

The proceeds of the 2015 Bonds are being loaned by the Authority to the College pursuant to a Loan and Security Agreement dated as of October 1, 1993 as amended and supplemented by a First Supplemental Loan Agreement dated as of April 15, 1996, a Second Supplemental Loan Agreement dated as of October 15, 2000, a Third Supplemental Loan Agreement dated as of December 1, 2002, a Fourth Supplemental Loan Agreement dated as of March 1, 2005, a Fifth Supplemental Loan Agreement dated as of March 1, 2008, a Sixth Supplemental Loan Agreement dated December 16, 2011, a Seventh Supplemental Loan Agreement dated April 9, 2013, an Eighth Supplemental Loan Agreement dated as of September 15, 2014 and a Ninth Supplemental Loan Agreement dated as of April 15, 2015 (the "Ninth Supplemental Loan Agreement") (collectively, the "Loan Agreement"), between the Authority and the College, pursuant to which the College is required to make payments in an amount sufficient to pay, among other things, the principal of and interest on the 2015 Bonds. To evidence its obligations under the Loan Agreement, the College is delivering to the Authority its General Obligation Note (the "2015 Note"). The Authority has assigned its interest in the Loan Agreement (except its rights to receive certain administrative fees and expenses and except for its rights of indemnification) and the 2015 Note to the Trustee as security for the 2015 Bonds.

As Bond Counsel to the Authority, we have examined a record of the proceedings of the Authority relating to the issuance of the 2015 Bonds, including original counterparts or certified copies of the Indenture, the Loan Agreement, and such and other materials as we have deemed necessary and appropriate to render the opinion set forth herein. In rendering such opinion, we have examined and relied upon (i) the opinion of counsel to the Authority with respect to the due organization and existence of the Authority, the authorization, execution and delivery of the documents to which the Authority is a party and the valid and binding effect thereof on the Authority; and (ii) the opinion of counsel to the College with respect to the due authorization, execution and delivery by the College of the Loan Agreement and the 2015 Note and the valid and binding effect of the Loan Agreement and the 2015 Note on the College.

The Authority and the College have made certain factual representations in the Indenture and the Loan Agreement and certain certificates delivered on the date hereof that are material to the opinions expressed herein, including representations as to the reasonable expectations of the College and the Authority on the date hereof as to the use of the proceeds of the 2015 Bonds. We have not undertaken to verify these factual representations by independent investigation. We have further relied upon covenants of the Authority and the College set forth in the Indenture and the Loan Agreement, respectively, wherein the Authority and the College agree continually to comply with the requirements of the Internal Revenue Code of 1986, as amended (the "Code") and the regulations in effect thereunder in order to preserve the exclusion from gross income for federal income tax purposes of interest on the 2015 Bonds. Except as set forth in paragraph 5 below, our opinions are given only with respect to the laws of the Commonwealth of Pennsylvania as enacted and construed on the date hereof.

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

1. The Authority is a body corporate and politic validly existing under the laws of the Commonwealth of Pennsylvania with full power and authority to undertake the Project, to execute and deliver the Ninth Supplemental Indenture and the Ninth Supplemental Loan Agreement, and to issue and sell the 2015 Bonds.

2. The Ninth Supplemental Indenture and the Ninth Supplemental Loan Agreement have been duly authorized, executed and delivered by the Authority and the covenants of the Authority therein are legal, valid and binding obligations of the Authority enforceable against the Authority in accordance with their terms, except as the rights created thereunder and the enforcement thereof may be limited by bankruptcy, insolvency and other laws and equitable principles affecting the enforcement of creditors' rights generally.

3. The issuance and sale of the 2015 Bonds have been duly authorized by the Authority and the 2015 Bonds have been duly executed and delivered by the Authority and based on the assumption as to execution and authentication stated above, such 2015 Bonds are valid, binding and enforceable obligations of the Authority and are entitled to the benefit and security of the Indenture, except as the rights created thereunder and the enforcement thereof may be limited by bankruptcy, insolvency and other laws and equitable principles affecting the enforcement of creditors' rights generally.

4. Under the laws of the Commonwealth of Pennsylvania as enacted and construed on the date hereof, the 2015 Bonds and the interest thereon are free from taxation for state and local purposes within the Commonwealth of Pennsylvania, but such exemption does not extend to gift, estate, succession

or inheritance taxes or any other taxes not levied or assessed directly on the 2015 Bonds, or the interest thereon.

5. Interest (including accrued original issue discount) on the 2015 Bonds is not includable in gross income for purposes of federal income taxation under existing statutes, regulations, rulings and court decisions. The opinion set forth in the preceding sentence is subject to the condition that the Authority and the College comply with all applicable federal income tax law requirements that must be satisfied subsequent to the issuance of the 2015 Bonds in order that interest thereon continues to be excluded from gross income for purposes of federal income taxation. Failure to comply with certain of such requirements could cause the interest on the 2015 Bonds to be includable in gross income retroactive to the date of issuance of the 2015 Bonds. The Authority and the College have covenanted to comply with all such requirements.

Interest on the 2015 Bonds is not treated as an item of tax preference under Section 57 of the Code for purposes of the individual and corporate alternative minimum taxes; however, we call to your attention that under the Code, to the extent that interest on the 2015 Bonds is a component of a corporate holder’s "adjusted current earnings," a portion of that interest may be subject to the corporate alternative minimum tax. We express no opinion regarding other federal tax consequences relating to the 2015 Bonds or the receipt of interest thereon.

We do not express any opinion herein on the adequacy or accuracy of the preliminary or final Official Statement prepared in respect of the 2015 Bonds, or as to any other matter not set forth herein.

We call to your attention that the 2015 Bonds are limited obligations of the Authority, payable only out of certain revenues of the Authority and certain other moneys available therefor as provided in the Indenture, and the 2015 Bonds do not pledge the credit or taxing power of the Commonwealth of Pennsylvania, or any political subdivision, agency or instrumentality thereof, nor shall the Commonwealth of Pennsylvania, or any political subdivision, agency or instrumentality thereof be liable for the payment of the principal of or interest on the 2015 Bonds. The Authority has no taxing power.

Very truly yours,

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# APPENDIX E

PROPOSED FORM OF CONTINUING DISCLOSURE AGREEMENT

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**$40,395,000 aggregate principal amount**
**STATE PUBLIC SCHOOL BUILDING AUTHORITY**
**(COMMONWEALTH OF PENNSYLVANIA)**
**COLLEGE REVENUE REFUNDING BONDS**
**(DELAWARE COUNTY COMMUNITY COLLEGE PROJECT)**
**SERIES OF 2015**

## Continuing Disclosure Agreement

This Continuing Disclosure Agreement (the "Disclosure Agreement") is executed and delivered this 30th day of April, 2015, by and between the Delaware County Community College (the "College") and The Bank of New York Mellon Trust Company, N.A., Pittsburgh, Pennsylvania, as trustee (the "Trustee") under a Trust Indenture, dated as of October 1, 1993, as amended and supplemented from time to time, and as further amended and supplemented by an Ninth Supplemental Trust Indenture, dated as of April 15, 2015 (collectively, the "Indenture"), in connection with the issuance and sale by the State Public School Building Authority (the "Authority"), of its $40,395,000 aggregate principal amount, College Revenue Refunding Bonds (Delaware County Community College Project), Series of 2015 (the "Bonds"), The Bank of New York Mellon Trust Company, N.A., serving in its capacity as dissemination agent hereunder (the "Dissemination Agent"). The Bonds are being issued by the Authority pursuant to the State Public School Building Authority Act of 1947, P.L. 1217, as amended and supplemented (the "Act"). Proceeds of the Bonds will be loaned to the College by the Authority pursuant to the terms and provisions of a Loan and Security Agreement, dated as of October 1, 1993, as amended and supplemented from time to time, and as further amended and supplemented by an Ninth Supplemental Loan Agreement, dated as of April 15, 2015.

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

### Section 1. Definitions

In this Disclosure Agreement and any agreement supplemental hereto (except as otherwise expressly provided or unless the context clearly otherwise requires) terms used as defined terms in the recitals hereto shall have the same meanings throughout this Disclosure Agreement, and, in addition, the following terms shall have the meanings specified below:

"Annual Financial Information" shall mean annual financial information and operating data of the College to be provided annually containing information specified in Schedule 1 attached hereto and incorporated herein by this reference, as such schedule may be amended as provided herein. The financial statements of the College are currently and in the future shall be prepared according to accounting methods and procedures which conform to generally accepted accounting principles.

"Bond Insurer" shall mean Build America Mutual Assurance Company, a New York-domiciled insurance company and issuer of the Municipal Bond Insurance Policy.

"Business Day" shall mean any day other than a Saturday, Sunday or a day on which the College or the Dissemination Agent is authorized or required by law or executive order to remain closed.

"Commonwealth" shall mean the Commonwealth of Pennsylvania.

"Disclosure Agreement" shall mean this agreement and all amendments and supplements hereto.

"Disclosure Representative" shall mean the Vice President for Administration and Treasurer of the College or such other official or employee of the College as the Chairperson of the Board of Trustees shall designate in writing to the Dissemination Agent.

"Dissemination Agent" shall mean the Trustee, acting in its capacity as Dissemination Agent, hereunder, or any successor Dissemination Agent designated in writing by the College and which has filed with the Trustee a written acceptance of such designation.

"EMMA" shall mean the Electronic Municipal Market Access System maintained by the MSRB at http://emma.msrb.org/, which serves as the sole nationally recognized municipal securities information repository under the Rule.

"Listed Event" shall mean any of the events listed in Section 4(a) of this Disclosure Agreement.

"Material Event" shall mean any of the events listed in Section 4(b) of this Disclosure Agreement, if material within the meaning of the Rule.

"MSRB" shall mean the Municipal Securities Rulemaking Board.

"Municipal Bond Insurance Policy" shall mean the municipal bond insurance policy issued by the Bond Insurer insuring the payment when due of the principal of and interest on the Bonds as provided therein.

"Official Statement" shall mean the Official Statement, dated April 21, 2015, relating to the Bonds, including all amendments, if any, made thereto.

"Participating Underwriter" shall mean the original underwriter of the Bonds required to comply with the Rule in connection with its purchase and reoffering of the Bonds.

"Registered Owner or Owners" shall mean the person or persons in whose name a Bond is registered on the books of the Authority kept by the Trustee for that purpose in accordance with the Indenture and the Bonds. For so long as the Bonds shall be registered in the name of the Securities Depository or its nominee, the term Registered Owner or Owners shall also mean and include, for the purposes of this Disclosure Agreement, the beneficial owners of the Bonds who, directly or indirectly, through any contract, arrangement, understanding, relationship or otherwise have or share: (a) voting power which includes the power to vote, or to direct the voting of, the Bonds; or (b) investment power which includes the power to dispose or to direct the disposition of a Bond. Beneficial owners of book-entry credits may file their names and addresses with the College for purposes of receiving notices or giving direction under this Disclosure Agreement; provided, however, that the College or the Trustee, if appropriate, may require owners of book-entry credits to establish proof of ownership of such book-entry credits.

"Rule" shall mean Rule 15c2-12(b)(5) promulgated by the Securities and Exchange Commission under the Securities Exchange Act of 1934, as amended, as such Rule may be amended from time to time.

"Securities Depository" shall mean The Depository Trust Company, New York, New York and its nominee, Cede & Co.

"Trustee" shall mean The Bank of New York Mellon Trust Company, N.A., in its capacity as trustee under the Indenture.

All capitalized terms and phrases used in this Disclosure Agreement and not defined above or elsewhere herein shall have the same meanings as set forth in the Indenture.

**Section 2. Authorization and Purpose of Disclosure Agreement**

This Disclosure Agreement is authorized to be executed and delivered by the College pursuant to a resolution adopted by the Board of Trustees of the College on February 18, 2015 in order to assist the Participating Underwriter in complying with the requirements of the Rule. The College covenants to comply with all requirements of this Disclosure Agreement in order to enable the Participating Underwriters to comply with the Rule.

The College is the only obligated person with respect to the Bonds for purposes of the Rule.

**Section 3. Annual Financial Information**

(a) Within 180 days of the close of each fiscal year of the College, commencing with the fiscal year ending June 30, 2015, the Disclosure Representative shall file, with the Dissemination Agent, the Trustee (if the Trustee is not the Dissemination Agent), and Bond Insurer, Annual Financial Information for such fiscal year.

(b) The Dissemination Agent shall promptly file the Annual Financial Information with the MSRB via EMMA.

**Section 4. Reportable Events**

(a) The College agrees that it shall provide to the Dissemination Agent, in a timely manner, not in excess of eight (8) Business Days after the occurrence of the event, notice of any of the following Listed Events with respect to the Bonds:

(i) principal and interest payment delinquencies;

(ii) unscheduled draws on debt service reserves reflecting financial difficulties;

(iii) unscheduled draws on credit enhancements reflecting financial difficulties;

(iv) substitution of credit or liquidity providers, or their failure to perform;

(v) adverse tax opinions, the issuance by the Internal Revenue Service of proposed or final determinations of taxability, or Notices of Proposed Issue (IRS Form 5701-TEB);

(vi) tender offers;

(vii) defeasances;

(viii) rating changes; and

(ix) bankruptcy, insolvency, receivership or similar proceeding of the College.[1]

The nine Listed Events listed in this Section 4(a) are quoted directly from the Rule. Item (a)(ii) above is not applicable to the Bonds on the date of issuance thereof.

(b) The College agrees that it shall provide to the Dissemination Agent, in a timely manner not in excess of eight (8) Business Days after the occurrence of the event, and upon determining the materiality thereof within the meaning of the Rule, notice of any of the following Material Events with respect to the Bonds:

(i) non-payment related defaults;

(ii) the issuance by the Internal Revenue Service of material notices or determinations with respect to the tax status of the Bonds, or material events affecting the tax status of the Bonds;

(iii) modifications to rights of the holders of the Bonds;

(iv) Bond calls;

(v) release, substitution or sale of property securing repayment of the Bonds;

[1] This event is considered to occur when any of the following occur: the appointment of a receiver, trustee or similar officer for an obligated person in a proceeding under the U.S. Bankruptcy Code or in any other proceeding under state or federal law in which a court or governmental authority has assumed jurisdiction over substantially all of the assets or business of the obligated person, or if such jurisdiction has been assumed by leaving the existing governing body and officials or officers in possession but subject to the supervision and orders of a court or governmental authority, or the entry of an order confirming a plan of reorganization, arrangement or liquidation by a court or governmental authority having supervision or jurisdiction over substantially all of the assets or business of the obligated person.

(vi) appointment of a successor or additional trustee, or the change of name of a trustee; and

(vii) the consummation of a merger, consolidation, or acquisition involving the College, 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.

The seven Material Events listed in this Section 4(b) are quoted directly from the Rule.

(c) Whenever the College concludes that a Listed Event or Material Event has occurred, it shall provide to the Dissemination Agent in a timely manner not in excess of eight (8) Business Days after the occurrence of such event, a notice of such occurrence specifying the Listed Event or Material Event. If the Dissemination Agent has been instructed by the College to report the occurrence of a Listed Event or Material Event, the Dissemination Agent shall promptly file the notice of such occurrence with the MSRB via EMMA not later than its close of business on the next Business Day.

(d) The Dissemination Agent shall obtain a written acknowledgment of or a receipt (including an electronic receipt or confirmation) for any notice delivered to the MSRB via EMMA, which shall specify, among other things, the date the notice was received. All such written acknowledgements or receipts of notice shall be sent to the College and shall be retained by the Dissemination Agent and the College until the termination of this Disclosure Agreement.

(e) The Dissemination Agent agrees that it will also provide to the MSRB via EMMA notice of any failure by the College to timely file the Annual Financial Information required by Section 3 hereof, in substantially the form of Schedule 2, attached hereto and incorporated herein by this reference, and shall also provide a copy of such notice to the College.

(f) At the same time that the College provides any notice pursuant to clauses (a), (b), (c) or (e) of this Section 4 to the MSRB via EMMA, the College shall provide a copy to the Authority, the Trustee (if the Trustee is not the Dissemination Agent), and, so long as the Municipal Bond Insurance Policy is in effect and the Bond Insurer is not in default of its obligations thereunder, to the Bond Insurer.

**Section 5. Amendment; Waiver**

(a) Notwithstanding any other provision of this Disclosure Agreement, the College and the Dissemination Agent may amend this Disclosure Agreement or waive any of the provisions hereof, provided that no such amendment or waiver shall be executed by the parties hereto or effective unless:

(i) the amendment or waiver is made in connection with a change in circumstances that arises from a change in legal requirements, change in law or change in identity, nature or status of the College or the governmental operations conducted by the College or a change in the identity, nature or status of the Dissemination Agent;

(ii) the Disclosure Agreement, as amended by the amendment or waiver, would have been the written undertaking contemplated by the Rule at the time of original issuance of the Bonds, after taking into account any amendments or interpretations of the Rule, as well as any change in circumstances; and

(iii) the amendment or waiver does not materially impair the interests of the Registered Owners of the Bonds.

(b) Evidence of compliance with the conditions set forth in clause (a) of this Section 5 shall be satisfied by the delivery to the Dissemination Agent of an opinion of counsel having recognized experience and skill in the issuance of municipal securities and federal securities law, acceptable to the College and the Dissemination Agent, to the effect that the amendment or waiver satisfies the conditions set forth in clauses (a)(i), (ii), and (iii) of this Section 5.

(c) Notice of any amendment or waiver containing an explanation of the reasons therefor shall be given by the Disclosure Representative to the Dissemination Agent upon execution of the amendment or waiver and the Dissemination Agent shall file such notice with the MSRB via EMMA, at the time of filing of the Annual Financial Information filed pursuant to Section 3 hereof. The Dissemination Agent shall also send notice of the amendment or waiver to each Registered Owner, to the Trustee (if the Trustee is not the Dissemination Agent), to the Authority, and so long as the Municipal Bond Insurance Policy is in effect and the Bond Insurer is not in default of its obligations thereunder, to the Bond Insurer.

**Section 6. Other Information; Duties Under the Indenture**

(a) Nothing in this Disclosure Agreement shall preclude the College from disseminating any other information with respect to the College or the Bonds, using the means of communication provided in this Disclosure Agreement or otherwise, in addition to the Annual Financial Information and the notices of Listed Events and Material Events specifically provided for herein, nor shall the College be relieved of complying with any applicable law relating to the availability and inspection of public records, if any. Any election by the College to furnish any information not specifically provided for herein in any notice given pursuant to this Disclosure Agreement or by the means of communication provided for herein shall not be deemed to be an additional contractual undertaking and the College shall have no obligation to furnish such information in any subsequent notice or by the same means of communication.

(b) Nothing in this Disclosure Agreement shall relieve the Dissemination Agent, in its capacity as Trustee, of any of its duties and obligations under the Indenture.

**Section 7. Default**

(a) In the event that the College or the Dissemination Agent fails to comply with any provision of this Disclosure Agreement, the Dissemination Agent or any Registered Owner of the Bonds shall have the right, by mandamus, suit, action or proceeding at law or in equity, to compel the College or the Dissemination Agent to perform each and every term, provision and covenant contained in this Disclosure Agreement applicable to the College or the Dissemination Agent. The Dissemination Agent shall be under no obligation to take any action in respect of any default hereunder unless it has received the direction in writing to do so by the Registered Owners of at least 25% of the outstanding principal amount of the Bonds and if, in the Dissemination Agent's opinion, such action may tend to involve expense or liability, unless it is also furnished with indemnity and security for expenses reasonably satisfactory to it.

(b) A default under the Disclosure Agreement shall not be or be deemed to be a default under the Bonds, the Indenture or the Act and the sole remedy in the event of a failure by the College or the Dissemination Agent to comply with the provisions hereof shall be the action to compel performance described in clause (a) above. In any event, the College and the Dissemination Agent shall not be liable for money damages to any person in connection with the occurrence of any default hereunder. In no event shall the College and the Dissemination Agent be liable, directly or indirectly, for any special, punitive or consequential damages to any person in connection with this Disclosure Agreement, even if advised of the possibility of such damages.

**Section 8. Concerning the Dissemination Agent**

(a) The Dissemination Agent accepts and agrees to perform the duties imposed on it by this Disclosure Agreement, and no further duties or responsibilities shall be implied, but only upon the terms and conditions set forth herein. The Dissemination Agent may execute any powers hereunder and perform any duties required of it through attorneys, agents, and other experts, officers, or employees, selected by it, and the written advice of such counsel or other experts shall be full and complete authorization and protection in respect of any action taken, suffered or omitted by it hereunder in good faith and in reliance thereon. The Dissemination Agent shall not be answerable for the default or misconduct of any attorney, agent, expert or employee selected by it with reasonable care. The Dissemination Agent shall not be answerable for the exercise of any discretion or power under this Disclosure Agreement, except only its own willful misconduct or negligence.

(b) The College shall pay the Dissemination Agent reasonable compensation for its services hereunder, and also all its reasonable expenses and disbursements, including reasonable fees and expenses of its counsel or other experts, as shall be agreed upon by the Dissemination Agent and the College, and, to the extent permitted by law, the College shall reimburse the Dissemination Agent for any amount of any direct liabilities, costs and expenses which it may incur in the exercise and performance of its powers and duties hereunder, except with respect to its own negligence or willful misconduct.

(c) Notwithstanding any provision contained herein to the contrary, the Dissemination Agent, including its officers, directors, employees and agents, shall be indemnified and saved harmless by the College, to the extent that the College is lawfully able to do so and without representing or providing a warranty that it is lawfully able to do so, from all losses, liabilities, costs and expenses, including attorney fees and expenses, which may be incurred by it as a result of its acceptance or the performance of its duties hereunder, unless such losses, liabilities, costs and expenses shall have been finally adjudicated to have resulted from the willful misconduct or negligence of the Dissemination Agent, and such indemnification shall survive its resignation or removal, or the termination of this Agreement.

(d) The Dissemination Agent may act on any ordinance, notice, telegram, request, consent, waiver, certificate, statement, affidavit, or other paper or document which it in good faith believes to be genuine and to have been passed or signed by the proper persons or to have been prepared and furnished pursuant to any of the provisions of this Disclosure Agreement; and the Dissemination Agent shall be under no duty to make any investigation as to any statement contained in any such instrument, but may accept the same as conclusive evidence of the accuracy of such statement in the absence of actual notice to the contrary.

(e) The Dissemination Agent may resign and be discharged of the duties created by this Disclosure Agreement, by executing an instrument in writing, resigning such duties, specifying the date when such resignation shall take effect, and filing the same with the Disclosure Representative not less than sixty (60) days before the date specified in such instrument when such resignation shall take effect. Such resignation shall take effect on the day specified in such instrument and notice, unless previously a successor agent shall be appointed by the College in which event such resignation shall take effect immediately upon the appointment of such successor agent. In no event shall such resignation take effect until the appointment of a successor agent. In the event that the College fails to appoint a successor agent within sixty (60) days of the date of the notice, either the College or the Dissemination Agent, at the expense of the College, may petition the Court of Common Pleas of Delaware County, Pennsylvania for appointment of a successor agent.

(f) The Dissemination Agent shall retain copies of all Annual Financial Information and notices of Listed Events and Material Events filed with it by the College until the termination of this Disclosure Agreement.

**Section 9. Term of Disclosure Agreement**

This Disclosure Agreement shall terminate (1) upon payment or provision for payment in full of the Bonds, (2) upon repeal or rescission of Section (b)(5) of the Rule, or (3) upon a final determination that Section (b)(5) of the Rule is invalid or unenforceable.

**Section 10. Beneficiaries**

This Disclosure Agreement shall inure solely to the benefit of the College, the Dissemination Agent and the Registered Owners from time to time of the Bonds and nothing herein contained shall confer any right upon any other person.

**Section 11. Notices**

Any written notice to or demand may be served, presented or made to the persons named below and shall be sufficiently given or filed for all purposes of this Disclosure Agreement if deposited in the United States mail, first class postage prepaid or in a recognized form of overnight mail or by electronic facsimile ("Fax") with confirmation of receipt, addressed:

(a) To the Dissemination Agent/Trustee:

The Bank of New York Mellon Trust Company, N.A.
One Oxford Center
Suite 1100
301 Grant Street
Pittsburgh, PA 15219
Telecopy No.: (412) 456-5565/5567

(b) To the College Representative:

Delaware County Community College
Office of the Vice President for Administration and Treasurer
901 South Media Line Road
Media, PA 19063
Attention: Vice President for Administration and Treasurer
Telecopy No.: (610) 359-5105

(c) To the MSRB at http://emma.msrb.org; or such other address as may be designated by the MSRB.

(d) To the Authority:

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

(e) To the Bond Insurer:

Build America Mutual Assurance Company
One World Financial Center
200 Liberty Street, 27th Floor
New York, New York 10281
Attention: Closing Coordinator

**Section 12. No Personal Recourse**

No personal recourse shall be had for any claim based on this Disclosure Agreement against any member, officer, or employee, past, present or future, of the Board of the Authority, the Board of Trustees of the College, or of any successor bodies of such, either directly or through the Board of the Authority, the Authority, the Board of Trustees of the College or the College (including without limitation, the Disclosure Representative), or successor bodies of such, under any constitutional provision, statute or rule of law or by the enforcement of any assessment or penalty or otherwise. The Authority shall have no responsibility for compliance by the College and the Dissemination Agent with their respective obligations hereunder or for any information contained or omitted from the Annual Financial Information or notices of Listed

Events and Material Events. The College shall indemnify to the extent permitted by law the Authority and each of its members, officers and employees, past, present and future against any claims or expenses (including, without limitation, reasonable attorneys' fees) arising from any breach of this Disclosure Agreement or from information contained in or omitted from the Annual Financial Information or notices of Listed Events and Material Events.

**Section 13. Controlling Law**

This Disclosure Agreement and all matters arising out of or related to this Disclosure Agreement shall be governed by and construed in accordance with the laws of the Commonwealth, without regard to its conflict of laws principles.

**Section 14. Successors and Assigns**

All of the covenants, promises and agreements contained in this Disclosure Agreement by or on behalf of the College or by or on behalf of the Dissemination Agent shall bind and inure to the benefit of their respective successors and assigns, whether so expressed or not.

**Section 15. Headings for Convenience Only**

The descriptive headings in this Disclosure Agreement are inserted for convenience of reference only and shall not control or affect the meaning or construction of any of the provisions hereof.

**Section 16. Counterparts**

The Disclosure Agreement may be executed in any number of counterparts, each of which when so executed and delivered shall be an original; but such counterparts shall together constitute but one and the same instrument.

[SIGNATURES APPEAR ON THE FOLLOWING PAGE]

**IN WITNESS WHEREOF, DELAWARE COUNTY COMMUNITY COLLEGE** has caused this Disclosure Agreement to be executed and attested by its (Vice) President and (Assistant) Secretary, respectively and its seal to be hereunto affixed and **THE BANK OF NEW YORK MELLON TRUST COMPANY, N.A.** has caused this Disclosure Agreement to be executed by its (Assistant)(Vice) President and Authorized Officer, respectively, and its seal to be hereunto affixed, all as of the day and year first above written.

**DELAWARE COUNTY COMMUNITY COLLEGE**

(SEAL)

By:________________________________________
(Vice) President

Attest:______________________________________
(Assistant) Secretary

**THE BANK OF NEW YORK MELLON TRUST COMPANY, N.A.**, as Dissemination Agent

(SEAL)

By:________________________________________
(Assistant) (Vice) President

Attest:______________________________________
Authorized Officer

## Schedule 1

Annual Financial Information

The College will provide financial and operating data, including audited financial statements, generally consistent with the following information contained in Appendix A of the Official Statement, dated April 21, 2015, relating to the Bonds (the "Official Statement") within 180 days following the end of each fiscal year of the College beginning with the fiscal year ending June 30, 2015, including:

- Enrollment
- Student fees and Charges
- Financial Aid

## Schedule 2

NOTICE THE MSRB OF FAILURE TO FILE ANNUAL REPORT

| | |
|---|---|
| Name of Issuer: | State Public School Building Authority |
| Name of Bond Issue: | State Public School Building Authority (Commonwealth of Pennsylvania) College Revenue Refunding Bonds (Delaware County Community College Project), Series of 2015 (the "Bonds") |
| Name of College: | Delaware County Community College (the "College") |
| Date of Issue: | April 30, 2015 |

NOTICE IS HEREBY GIVEN that the College has not provided its Annual Financial Information with respect to the Bonds as required by the Continuing Disclosure Agreement, dated April 30, 2015, between the College and The Bank of New York Mellon Trust Company, N.A. The College anticipates that the Annual Financial Information will be filed by ____________________.

THE BANK OF NEW YORK MELLON TRUST COMPANY, N.A.,
on behalf of Delaware County Community College

as Dissemination Agent

By:__________________________

Authorized Signatory

cc: Delaware County Community College

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Delaware County
Community College