NEW ISSUE
BOOK-ENTRY-ONLY

Rating: See "RATINGS" herein.

In the opinion of Bond Counsel, interest on the 2017 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 2017 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 2017 Bonds. Under the laws of the Commonwealth of Pennsylvania, the 2017 Bonds are exempt from personal property taxes in Pennsylvania, and interest on the 2017 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

$9,650,000
STATE PUBLIC SCHOOL BUILDING AUTHORITY
(Commonwealth of Pennsylvania)
College Revenue Bonds
(Delaware County Community College Project)
Series of 2017

Dated: Delivery Date
Interest Payable: April 1 and October 1

Due: October 1, As Shown on Inside Front Cover
First Interest Payment: April 1, 2017

The State Public School Building Authority (the "Authority") is issuing its $9,650,000 College Revenue Bonds (Delaware County Community College Project), Series of 2017 (the "2017 Bonds").

Interest on the 2017 Bonds is payable on April 1 and October 1, in each year until maturity or earlier redemption, commencing April 1, 2017. The 2017 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 2017 Bonds shall mean Cede & Co. and not the Beneficial Owners (as such phrase is defined herein). DTC will act as securities depository of the 2017 Bonds, and purchases of beneficial ownership interest in the 2017 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 2017 Bonds. See "THE 2017 BONDS — Book-Entry-Only System" herein.

Principal or redemption price of and interest on the 2017 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 2017 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 2017 Bonds, as more fully described herein. See "THE 2017 BONDS — Book-Entry-Only System" herein.

The 2017 Bonds are subject to redemption prior to maturity as more fully described herein.

The scheduled payment of principal of and interest on the 2017 Bonds when due will be guaranteed under an insurance policy to be issued concurrently with the delivery of the 2017 Bonds by **BUILD AMERICA MUTUAL ASSURANCE COMPANY.**

BAM

The 2017 Bonds are being issued by the Authority on behalf of Delaware County Community College (the "College") to finance a project consisting of: (i) the acquisition, construction, furnishing, equipping and installing of certain capital projects at the College's Delaware County Marple Campus and Chester County Downington Campus; and (ii) the payment of certain costs of issuing and insuring the 2017 Bonds, as more fully described herein.

THE 2017 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 2017 BONDS, NOR THE INTEREST ACCRUING OR DUE 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 2017 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, Barley Snyder LLP, Lancaster, 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 2017 Bonds will be available for delivery through The Depository Trust Company, New York, New York on or about January 19, 2017.

RBC Capital Markets®

Dated: January 12, 2017

$9,650,000
STATE PUBLIC SCHOOL BUILDING AUTHORITY
(Commonwealth of Pennsylvania)
College Revenue Bonds
(Delaware County Community College Project)
Series of 2017

MATURITY SCHEDULE

Dated: Date of delivery
Interest Payable: April 1 and October 1

Due: October 1, as shown below
First Interest Payment: April 1, 2017

Due October 1	Principal Amount	Interest Rate	Price	Yield	CUSIP Number†
2017	$320,000	2.000%	100.709	0.980%	85732MR82
2018	330,000	3.000	102.779	1.340	85732MR90
2019	340,000	4.000	106.124	1.670	85732MS24
2020	355,000	3.000	103.620	1.980	85732MS32
2021	365,000	3.000	103.642	2.180	85732MS40
2022	375,000	3.000	103.500	2.340	85732MS57
2023	390,000	4.000	109.262	2.490	85732MS65
2024	405,000	4.000	109.198	2.670	85732MS73
2025	425,000	5.000	116.710	2.820	85732MS81
2026	445,000	5.000	117.640	2.900	85732MS99
2027	465,000	5.000	117.179	2.950*	85732MT23
2028	490,000	5.000	116.080	3.070*	85732MT72
2029	515,000	5.000	115.535	3.130*	85732MT31
2030	540,000	5.000	114.993	3.190*	85732MT80
2031	570,000	5.000	114.455	3.250*	85732MT49
2032	600,000	5.000	113.919	3.310*	85732MU39
2033	630,000	5.000	113.386	3.370*	85732MT56
2034	665,000	5.000	112.856	3.430*	85732MT98
2035	695,000	5.000	112.417	3.480*	85732MU21
2036	730,000	5.000	112.067	3.520*	85732MT64

* *Yield to first optional call date of October 1, 2026.*

† 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
Governor of the Commonwealth of Pennsylvania ..... President

Honorable Joseph B. Scarnati, III
President Pro Tempore of the Senate ..... Vice President

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

Honorable Stanley E. Saylor
Designated by the Speaker of the House of Representatives ..... Vice President

Honorable Timothy A. Reese
State Treasurer ..... Treasurer

Honorable Curtis M. Topper
Secretary of General Services ..... Secretary

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

Honorable Eugene A. DePasquale
Auditor General ..... Board Member

Honorable Pedro A.Rivera
Secretary of Education ..... Board Member

EXECUTIVE DIRECTOR
Robert Baccon

AUTHORITY COUNSEL
(Appointed by the Office of General Counsel)
Barley Snyder LLP
Lancaster, 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 2017 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 2017 BONDS IS MADE ONLY BY MEANS OF THIS ENTIRE OFFICIAL STATEMENT.

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 2017 Bonds or the advisability of investing in the 2017 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 2017 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 2017 Bonds in any jurisdiction in which it is unlawful to make such an offer, solicitation or sale.

The 2017 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

Page

INTRODUCTION 1
General 1
The Authority 2
The College 2
Security for the 2017 Bonds 2
Continuing Disclosure 3
Availability of the Documents 3
Certain Bondholders' Risks 3
Forward-Looking Statements 4
PURPOSE OF THE 2017 BONDS 4
The 2017 Project 4
Sources and Uses of Funds 5
THE AUTHORITY 5
THE 2017 BONDS 7
Description of the 2017 Bonds 7
Book-Entry-Only System 7
Transfers and Exchanges 10
Redemption Provisions 10
Notice of Redemption 11
Debt Service Requirements 13
SECURITY AND SOURCE OF PAYMENT FOR THE 2017 BONDS 14
General 14
Community College Sponsorship 14
Taxing Power Regarding Community Colleges 14
Local Sponsor Obligation 15
Commonwealth Obligation 15
Direct Payment of Commonwealth Appropriations to Trustee 16
BOND INSURANCE 17
Bond Insurance Policy 17
Build America Mutual Assurance Company 17
SUMMARIES OF CERTAIN PROVISIONS OF THE LOAN AGREEMENT AND THE INDENTURE 20
The Loan Agreement 20
The Indenture 20
CONTINUING DISCLOSURE 23
LITIGATION 24
LEGALITY FOR INVESTMENT 24
CERTAIN BONDHOLDERS' RISKS 25
TAX MATTERS 28
Tax Exemption-Opinion of Bond Counsel 28
Alternative Minimum Tax 29
Branch Profits Tax 29
S Corporations with Passive Investment Income 29

Social Security and Railroad Retirement Benefits 29
Deduction for Interest Paid by Financial Institutions to Purchase or Carry Tax-Exempt Obligations 29
Property or Casualty Insurance Company 30
Amortizable Bond Premium 30
Reportable Payments and Backup Withholding 30
OTHER MATTERS 30
Changes in Federal Law 30
CERTAIN LEGAL MATTERS 31
UNDERWRITING 31
INDEPENDENT AUDITORS 32
RATINGS 32
MISCELLANEOUS 32

APPENDIX A -- CERTAIN INFORMATION REGARDING DELAWARE COUNTY COMMUNITY COLLEGE
APPENDIX B -- DELAWARE COUNTY COMMUNITY COLLEGE AUDITED FINANCIAL STATEMENTS FOR THE YEARS ENDED JUNE 30, 2016 AND 2015
APPENDIX C -- SPECIMEN OF MUNICIPAL BOND INSURANCE POLICY
APPENDIX D -- PROPOSED FORM OF OPINION OF BOND COUNSEL
APPENDIX E -- PROPOSED FORM OF CONTINUING DISCLOSURE AGREEMENT

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.

[THIS PAGE INTENTIONALLY LEFT BLANK]

Official Statement
$9,650,000
STATE PUBLIC SCHOOL BUILDING AUTHORITY
(Commonwealth of Pennsylvania)
College Revenue Bonds
(Delaware County Community College Project)
Series of 2017

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 $9,650,000 College Revenue Bonds (Delaware County Community College Project), Series of 2017 (the "2017 Bonds"). The 2017 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 October 6, 2016 (the "Resolution").

The 2017 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 a Tenth Supplemental Trust Indenture, dated as of January 1, 2017 (the "Tenth 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 (the "2005 Bonds") in the original aggregate principal amount of $11,800,000 (of which $3,980,000 remained outstanding as of November 1, 2016); its 2008 Bonds in the original aggregate principal amount of $59,635,000 (of which $2,280,000 remained outstanding as of November 1, 2016); 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 $1,059,100 remained outstanding as of November 1, 2016); 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 $1,560,000 remained outstanding as of November 1, 2016); 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 (of which $13,400,000 remained outstanding as of November 1, 2016); and its College Revenue Bonds (Delaware County Community College Project), Series of 2015 (the "2015 Bonds") in the original aggregate principal amount of $40,395,000 (all of which remained outstanding as of November 1, 2016).

The 2005 Bonds, the 2008 Bonds, the 2011 Bonds, the 2013 Bonds, the 2014 Bonds, the 2015 Bonds, the 2017 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 2017 Bonds

Under the Indenture, the 2017 Bonds will be secured on a parity basis with the 2005 Bonds, the 2008 Bonds, the 2011 Bonds, the 2013 Bonds, the 2014 Bonds, the 2015 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 2017 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 a Tenth Supplemental Loan Agreement, dated as of January 1, 2017 (the "Tenth Supplemental Loan Agreement" and, together with the Original Loan Agreement, the "Loan Agreement"). Under the Tenth Supplemental Loan Agreement, the Authority will, among other things, lend to the College for deposit with the Trustee the net proceeds of the 2017 Bonds for the purpose of financing the 2017 Project (as hereinafter defined). See "PURPOSE OF THE 2017 BONDS" herein for a description of the 2017 Project and the uses of the proceeds of the 2017 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 2017 BONDS" herein.

THE 2017 BONDS ARE LIMITED OBLIGATIONS OF THE AUTHORITY, ARE SECURED ON A PARITY BASIS WITH THE 2005 BONDS, THE 2008 BONDS, THE 2011 BONDS, THE 2013 BONDS, THE 2014 BONDS, THE 2015 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 2017 BONDS, NOR THE INTEREST ACCRUING OR DUE 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 2017 Bonds. The Continuing Disclosure Agreement will constitute a written undertaking for the benefit of the owners, from time to time, of the 2017 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 2017 Bonds are described herein under the caption "CERTAIN BONDHOLDERS' 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 2017 BONDS

The 2017 Project

Proceeds of the 2017 Bonds will be applied to provide the funds necessary to undertake the costs of a project (the "2017 Project"), consisting of: (i) the acquisition, construction, furnishing, equipping and installing of certain capital projects at the College's Delaware County Marple Campus and Chester County Downington Campus; and (ii) the payment of certain costs of issuing and insuring the 2017 Bonds.

Specifically, the 2017 Project includes the following: (a) at the Delaware County Marple Campus; (i) renovations to classroom spaces, (ii) construction of student pedestrian paths, (iii) exterior signage including campus identification, vehicular directional, parking lots, building identification, pedestrian directional, site directory/kiosks, and regulatory signage, and (iv) roof replacement; and (b) the construction of a STEM Building on the Chester County Downington Campus.

Sources and Uses of Funds

The following tables set forth the expected sources and uses of funds for the accomplishment of the 2017 Project:

Estimated Sources:	
Principal Amount of 2017 Bonds	$9,650,000.00
Original Issue Premium	1,124,180.35
Total Sources	$10,774,180.35
Estimated Uses:	
Deposit to 2017 Construction Account	$10,610,000.00
Costs and Expenses of Issuance[1]	164,180.35
Total Uses	$10,774,180.35

[1] Includes Underwriter's Discount, legal fees, Trustee 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, 2016, bonds issued by the Authority were outstanding in the amount of $3,092,532,081. The 2017 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 2017 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 2017 BONDS

Description of the 2017 Bonds

The 2017 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 2017 Bonds will bear interest at the rates set forth on the inside cover page hereof, payable initially on April 1, 2017, 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 2017 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 2017 Bonds. Purchases of the 2017 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 2017 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 2017 Bonds. See "Book-Entry-Only System" below.

Principal or redemption price of and interest on the 2017 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 2017 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 2017 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 2017 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 2017 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 2017 BONDS; (E) ANY CONSENT GIVEN OR OTHER ACTION TAKEN BY DTC AS THE OWNERS OF 2017 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 2017 Bonds. The 2017 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 2017 Bond certificate will be issued for each maturity and interest rate of each series of the 2017 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 2017 Bonds under the DTC system must be made by or through Direct Participants which will receive a credit for the 2017 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 2017 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 2017 Bonds, except in the event that use of the book-entry system for the 2017 Bonds is discontinued.

To facilitate subsequent transfers, all 2017 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 2017 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 2017 Bonds; DTC's records reflect only the identity of the Direct Participants to whose accounts such 2017 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 2017 Bonds are in the book-entry system, redemption notices will be sent to DTC. If less than all of the 2017 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 2017 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 2017 Bonds are credited on the record date (identified in a listing attached to the Omnibus Proxy).

Principal, premium and interest payments on the 2017 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 2017 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 2017 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 2017 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 2017 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 2017 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 2017 Bonds (i) during a period beginning at the opening of business fifteen (15) days before the date of mailing of notice of redemption of 2017 Bonds selected for redemption and ending at the close of business on the day of such mailing; or (ii) for any 2017 Bonds so selected for redemption in whole or in part.

No service charge will be made to the owners of 2017 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 2017 Bonds are subject to redemption as follows:

Optional Redemption: The 2017 Bonds maturing on or after October 1, 2027 are subject to optional redemption prior to maturity by the Authority, at the direction of the College, on or after October 1, 2026, 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 2017 Bonds to be redeemed, plus accrued interest to the date fixed for redemption.

In the event that any 2017 Bonds are redeemed and are cancelled by the Trustee, the payment obligations at maturity with respect to the 2017 Bonds of the same maturity and interest rate shall be reduced in the aggregate principal amount of 2017 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 2017 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 2017 Bonds to be redeemed, plus accrued interest to the date fixed for redemption. The 2017 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 2017 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 2017 Bonds shall not affect the validity of any proceedings for the redemption of other 2017 Bonds for which notice shall be duly given. No further interest shall accrue on the principal of any 2017 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 2017 Bonds shall have no rights with respect to such 2017 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 2017 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 2017 Bonds of any one maturity shall be called for redemption, the particular 2017 Bonds or portion of 2017 Bonds of such maturity to be redeemed shall be selected by lot by DTC in such manner as DTC may determine. If a 2017 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 2017

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 2017 BONDS (I) PAYMENTS OF THE PRINCIPAL OR REDEMPTION PRICE OF, OR INTEREST ON, THE 2017 BONDS, OR (II) CONFIRMATION OF OWNERSHIP INTERESTS IN THE 2017 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 2017 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 2017 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 2017 BONDS, OR (V) ANY OTHER ACTION TAKEN BY DTC, ANY DIRECT PARTICIPANT OR ANY INDIRECT PARTICIPANT.

Debt Service Requirements

At November 1, 2016, the College's total principal amount of outstanding long-term indebtedness was $62,674,100. In addition to the outstanding long-term indebtedness of the College, in October 2015, the College obtained a five-year $3,000,000 loan through the State Public School Building Association's Revolving Loan Fund (the "SBPBA Loan"). The SPSBA Loan is a general obligation of the College and is not secured under the Indenture. The total outstanding indebtedness of the College, including the SPSBA Loan, as of November 1, 2016 was $65,391,420. The following table sets forth the College's fiscal year debt service requirements after the issuance of the 2017 Bonds.

Fiscal Year Ending June 30	Debt Service on Outstanding Bond Indebtedness	2017 Bonds			Total Bond Debt Service Obligations
		Principal	Interest	Total	
2017	$6,882,461		$86,610	$86,610	$6,969,071
2018	6,878,771	$320,000	429,850	749,850	7,628,621
2019	6,842,806	330,000	421,700	751,700	7,594,506
2020	6,837,141	340,000	409,950	749,950	7,587,091
2021	6,832,167	355,000	397,825	752,825	7,584,992
2022	5,624,963	365,000	387,025	752,025	6,376,988
2023	5,507,331	375,000	375,925	750,925	6,258,256
2024	5,263,494	390,000	362,500	752,500	6,015,994
2025	5,251,794	405,000	346,600	751,600	6,003,394
2026	5,246,294	425,000	327,875	752,875	5,999,169
2027	5,245,919	445,000	306,125	751,125	5,997,044
2028	5,240,169	465,000	283,375	748,375	5,988,544
2029	3,421,956	490,000	259,500	749,500	4,171,456
2030	3,418,609	515,000	234,375	749,375	4,167,984
2031	3,413,788	540,000	208,000	748,000	4,161,788
2032	3,418,575	570,000	180,250	750,250	4,168,825
2033	3,413,100	600,000	151,000	751,000	4,164,100
2034	1,030,856	630,000	120,250	750,250	1,781,106
2035	1,034,031	665,000	87,875	752,875	1,786,906
2036		695,000	53,875	748,875	748,875
2037		730,000	18,250	748,250	748,250
Total[1]	**$90,804,225**	**$9,650,000**	**$5,448,735**	**$15,098,735**	**$105,902,960**

[1] Columns may not total due to rounding.

SECURITY AND SOURCE OF PAYMENT FOR THE 2017 BONDS

General

The 2017 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, the 2011 Bonds, the 2013 Bonds, the 2014 Bonds, the 2015 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 Tenth Supplemental Loan Agreement, the Authority will loan the proceeds of the 2017 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 2017 Bonds. The College will deliver its general obligation promissory note (the "Note") to the Authority evidencing its obligations under the Tenth Supplemental Loan Agreement with respect to the 2017 Bonds.

The 2017 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 2017 Bonds; nor shall any of the 2017 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, 2016, tuition revenue and fees accounted for approximately 62.71% of operating costs of the College, the local sponsors' contribution accounted for approximately 7.85% and approximately 25.44% was provided by the Commonwealth. The remaining 3.07% 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, 2016, the local sponsors of the College provided approximately 24.32% 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, 2016, the total average payment per eligible full-time equivalent College student was $2,071. 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, 2016, the Commonwealth's contribution on account of operating costs was approximately 25.44% of total operating costs.

Capital Expenses: The Community College Act provides that, if available, 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. In accordance with the Commonwealth's guidelines, the College will submit its request for funding of the 2017 Project in April 2017.

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 YEARS ENDED JUNE 30, 2016 AND 2015" 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 2017 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 2.95 times.

BOND INSURANCE

Bond Insurance Policy

Concurrently with the issuance of the 2017 Bonds, Build America Mutual Assurance Company ("BAM") will issue its Municipal Bond Insurance Policy for the 2017 Bonds (the "Policy"). The Policy guarantees the scheduled payment of principal of and interest on the 2017 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 S&P Global Ratings, a business unit of Standard & Poor's Financial Services LLC ("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 2017 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 2017 Bonds. BAM only guarantees scheduled principal and scheduled interest payments payable by the issuer of the 2017 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 2017 Bonds, nor does it guarantee that the rating on the 2017 Bonds will not be revised or withdrawn.

Capitalization of BAM

BAM's total admitted assets, total liabilities, and total capital and surplus, as of September 30, 2016 and as prepared in accordance with statutory accounting practices prescribed or permitted by the New York State Department of Financial Services were $493.9 million, $61.0 million and $432.8 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 2017 Bonds or the advisability of investing in the 2017 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/. (The preceding website address is provided for convenience of reference only. Information available at such address is not incorporated herein by reference.)

Credit Profiles. Prior to the pricing of bonds that BAM has been selected to insure, BAM may prepare a pre-sale Credit Profile for those bonds. These pre-sale Credit Profiles provide information about the sector designation (e.g. general obligation, sales tax); a preliminary summary of financial information and key ratios; and demographic and economic data relevant to the obligor, if available. Subsequent to closing, for any offering that includes bonds insured by BAM, any pre-sale Credit Profile will be updated and superseded by a final Credit Profile to include information about the gross par insured by CUSIP, maturity and coupon. BAM pre-sale and final Credit Profiles are easily accessible on BAM's website at buildamerica.com/obligor/. BAM will produce a Credit Profile for all bonds insured by BAM, whether or not a pre-sale Credit Profile has been prepared for such bonds. (The preceding website address is provided for convenience of reference only. Information available at such address is not incorporated herein by reference.)

Disclaimers. The Credit Profiles 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 Credit Profiles 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 Credit Profiles and Credit Insight videos are prepared by BAM; they have not been reviewed or approved by the issuer of or the underwriter for the 2017 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 2017 Bonds. Neither BAM nor any affiliate of BAM has purchased, or committed to purchase, any of the 2017 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 2017 Bonds, the Authority will enter into the Tenth Supplemental Loan Agreement with the College, pursuant to which the Authority will loan the proceeds of the 2017 Bonds to the College. The Tenth Supplemental Loan Agreement requires the College to make loan repayments to the Authority in amounts sufficient to pay the debt service payments on the 2017 Bonds. The obligations of the College under the Tenth Supplemental Loan Agreement will be evidenced by the Note.

Source of Debt Service Payments. The debt service payments due under the Tenth 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 Tenth 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 Tenth 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 Tenth 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 2017 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 Tenth 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 2017 Bonds, nor shall the 2017 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 Tenth Supplemental Loan Agreement and the Note, for the benefit and security of the registered owners of the 2017 Bonds.

2017 Revenue Account. All loan payments by the College under the Tenth Supplemental Loan Agreement and Note are required to be deposited in the 2017 Revenue Account within the Revenue Fund established under the Tenth Supplemental Indenture with the Trustee on or before the date of any required or permitted payment of principal of or interest on the 2017 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

2017 Construction Account. Under the Tenth Supplemental Indenture a 2017 Construction Account is established (the "2017 Construction Account"). The Trustee shall deposit the amount of proceeds of the sale of the 2017 Bonds and other funds made available for application to the costs of the 2017 Project as set forth in the Tenth Supplemental Indenture. The monies (including investment earnings) on deposit in the 2017 Construction Account shall be transferred and applied by the Trustee to the payment of the costs of the 2017 Project upon receipt by the Trustee of the documents and instruments described in the Tenth Supplemental Indenture.

2017 Debt Service Account. The Trustee shall transfer to the 2017 Debt Service Account within the Debt Service Fund established under the Tenth Supplemental Indenture from moneys in the 2017 Revenue Account, moneys in an amount sufficient to make the interest payments and principal payments on the 2017 Bonds when due.

2017 Rebate Fund. Under the Tenth Supplemental Indenture a 2017 Rebate Fund is established (the "Rebate Fund"). The Authority will periodically and upon retirement of the last of the 2017 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 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 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 Build America Mutual Assurance Company (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 2017 Bonds under the Indenture; (e) so long as the Policy insuring the 2017 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 2017 Bonds or the Trustee for the benefit of the holders of the 2017 Bonds under the Indenture; and (f) 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 2017 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

It has been determined that no financial or operating data concerning the Authority is material to an evaluation of the offering of the 2017 Bonds or to any decision to purchase, hold or sell the 2017 Bonds, and no such information is being provided. 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 2017 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 2017 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 2017 Bonds or if and when the College is no longer an "obligated person" with respect to the 2017 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 2017 Bonds or in any way contesting or affecting the validity of the 2017 Bonds, the Indenture, or any proceedings of the Authority taken in connection with the issuance or sale of the 2017 Bonds, the pledge or application of any moneys or security provided for the payment of the 2017 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 2017 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 2017 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 2017 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 62.7% of its revenues in fiscal year 2016. 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 2017 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 39% of all course offerings at the College with the balance, 61% 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 2017 Bonds. The tax-exempt status of the 2017 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 2017 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 2017 Bonds. Failure to comply with such covenants could cause interest on the 2017 Bonds to become subject to federal income taxation retroactively to the date of issuance of the 2017 Bonds.

The 2017 Bonds are not subject to redemption or repurchase, nor are the rates of interest subject to adjustment, in the event that interest on the 2017 Bonds becomes taxable.

Enforceability of Remedies. The remedies available to the holders of the 2017 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 2017 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 2017 Bonds when all or some becomes due, any owner of the 2017 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 2017 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 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 BAM without appropriate consent. BAM may direct and must consent to any remedies and BAM consent may be required in connection with amendments to any applicable bond documents.

In the event BAM is unable to make payment of principal and interest as such payments become due under the Policy, the 2017 Bonds are payable solely from the moneys received pursuant to the applicable bond documents. In the event BAM becomes obligated to make payments with respect to the 2017 Bonds, no assurance is given that such event will not adversely affect the market price of the 2017 Bonds or the marketability (liquidity) for the 2017 Bonds.

The long-term ratings on the 2017 Bonds are dependent in part on the financial strength of BAM and its claim paying ability. 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 BAM and of the ratings on the 2017 Bonds insured by BAM will not be subject to downgrade and such event could adversely affect the market price of the 2017 Bonds or the marketability (liquidity) for the 2017 Bonds. See description of "RATINGS" herein.

The obligations of BAM are general obligations of BAM and in an event of default by 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 BAM and no assurance or representation regarding the financial strength or projected financial strength of 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 2017 Bonds and the claims paying ability of BAM, particularly over the life of the investment. See "BOND INSURANCE" herein for further information provided by BAM and the Policy, which includes further instructions for obtaining current financial information concerning 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 2017 Bonds. These provisions include, but are not limited to, requirements relating to the use and investment of the proceeds of the 2017 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 2017 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 2017 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 2017 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 2017 Bonds to be so includable in gross income retroactive to the date of issuance of the 2017 Bonds. The Authority and the College have covenanted to comply with all such requirements.

Interest on the 2017 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 2017 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 2017 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," "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 2017 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 2017 Bonds or the interest thereon. Profits, gains or income derived from the sale, exchange, or other disposition of the 2017 Bonds are subject to state and local taxation within the Commonwealth of Pennsylvania. Specifically, the 2017 Bonds are exempt from personal property taxes in Pennsylvania and interest on the 2017 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 2017 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 2017 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 2017 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 2017 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 2017 Bonds, denies the interest deduction for indebtedness incurred or continued to purchase or carry tax-exempt obligations, such as the 2017 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 2017 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.

Amortizable Bond Premium

The 2017 Bonds maturing on October 1 in the years 2017 through, and including, 2036 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 2017 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 2017 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 2017 Bonds or otherwise prevent holders of the 2017 Bonds from realizing the full benefit of the tax exemption of interest on the 2017 Bonds. Further, such proposals may impact the marketability or market value of the 2017 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 2017 Bonds. It cannot be predicted whether any such regulatory or other actions will be implemented or whether the 2017 Bonds would be impacted thereby.

Purchasers of the 2017 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 2017 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 2017 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, Barley Snyder LLP, Lancaster, 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 2017 Bonds from the Authority for a purchase price equal to $10,742,817.85 (consisting of the principal amount of the 2017 Bonds plus original issue premium of $1,124,180.35, less Underwriter's Discount of $31,362.50).

The obligation of the Underwriter to purchase the 2017 Bonds is subject to certain terms and conditions set forth in the contract for purchase of the 2017 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 2017 Bonds, if any are purchased.

The Underwriter may offer and sell the 2017 Bonds to certain dealers (including dealers depositing the 2017 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 and its affiliates are full-service financial institutions engaged in various activities, that may include securities trading, commercial and investment banking, municipal advisory, brokerage, and asset management. In the ordinary course of business, the Underwriter and its affiliates may actively trade debt and, if applicable, equity securities (or related derivative securities) and provide financial instruments (which may include bank loans, credit support or interest rate swaps). The Underwriter and its affiliates may engage in transactions for their own accounts involving the securities and instruments made the subject of this securities offering or other offering of the Authority. The Underwriter and its affiliates may also communicate independent investment recommendations, market color or trading ideas and publish independent research views in respect of this securities offering or other offerings of the Authority. The

Underwriter does not make a market in credit default swaps with respect to municipal securities at this time but may do so in the future.

INDEPENDENT AUDITORS

The financial statements of the College included in "APPENDIX B – DELAWARE COUNTY COMMUNITY COLLEGE AUDITED FINANCIAL STATEMENTS FOR THE YEARS ENDED JUNE 30, 2016 AND 2015" 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 2017 Bonds a rating of "AA" (stable outlook), with the understanding that, upon delivery of the 2017 Bonds, a policy insuring the payment when due of the principal of and interest on the 2017 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 2017 Bonds.

In addition, Moody's Investors Service, Inc. ("Moody's) has assigned an independent underlying rating of "A1" (negative outlook) to the 2017 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 2017 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 Continuing Disclosure Agreement or 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 2017 Bonds.

CUSIP identification numbers will be printed on the 2017 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 2017 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, solely as to and for purposes of distribution, 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 concerning the Authority 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 2017 Bonds, the Authority has not otherwise assisted in the public offer, sale or distribution of the 2017 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

[THIS PAGE INTENTIONALLY LEFT BLANK]

CERTAIN INFORMATION REGARDING
DELAWARE COUNTY COMMUNITY COLLEGE

General

Delaware County Community College (the "College") was founded in 1967 and has grown to serve more than 28,000 students each year in Delaware and Chester Counties, Pennsylvania. With nine major locations that offer a total of 28 associate degrees, 23 transfer degrees and 36 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. 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, the 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
Alvernia University
Arcadia University
Cabrini College
California University of PA
Delaware Valley College
Cheyney University
DeVry: Electrical Engineering & Technical Management
Drexel University
Chestnut Hill College
Eastern University
Gwynedd University
Immaculata University
La Salle University
Neumann University
Pierce College
Penn State University
Pennsylvania College of Art & Design
Rosemont College
St. Joseph's University
Strayer University
Temple University
Villanova University
West Chester University
Widener University

Mission Statement

The mission of the 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

The 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.

The College is the center of educational opportunity in Delaware and Chester Counties, Pennsylvania. 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

The 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.

[REMAINDER OF THIS PAGE INTENTIONALLY LEFT BLANK]

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, Investment 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	2021
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
Cynthia Jetter	Director of Community Partnerships, Swarthmore College	2021
Robert McCauley	Principal – Strada, LLC Architects	2019
Michael L. Ranck	President, Community YMCA of Eastern Delaware County	2021
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	2021
James R. Flick, Esq.	College Solicitor	

The current administration of the College is as follows:

ADMINISTRATION	TITLE
Dr. Jerome S. Parker	President[1]
John A. Glavin	Vice President for Finance and Administration
Dr. Eric R. Wellington	Acting 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
George Sullivan	Vice President for Information Technology & CIO

[1] Dr. Parker has decided to retire and has submitted his resignation, effective as of June 30, 2017. A search committee has been formed and a new president is expected to be in place commencing on or about July 1, 2017.

Accreditation

The 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 major renovations/infrastructure improvements to its Marple (Delaware County) and Downingtown (Chester County) Campuses. Since July 1, 2011, the College has made over $42,647,000 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, 2012	FY Ending June 30, 2013	FY Ending June 30, 2014	FY Ending June 30, 2015	FY Ending June 30, 2016	Total
Land & Improvements	14,000	414,661	415,225	376,129	804,005	2,024,020
Building & Building Improvements	6,993,188	483,782	11,604,452	1,058,400	11,255,323	31,395,145
Furniture & Equipment	1,507,774	2,981,354	1,760,453	384,740	2,364,074	8,998,395
Library Books	49,954	56,992	41,699	42,244	38,675	229,564
Total	8,564,916	3,936,789	13,821,829	1,861,513	14,462,077	42,647,124

[REMAINDER OF THIS PAGE INTENTIONALLY LEFT BLANK]

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, 2016 the early retirement benefits totaling approximately $173,000 have been recorded in the College's financial reports. The final payments representing the $173,000 liability were paid January 2, 2017. The College's employment information for each of the fiscal years ended June 30, 2012 through June 30, 2016 is set forth in Table A-2 below.

TABLE A-2
EMPLOYMENT TRENDS
FY 2012- 2016

Delaware County Community College
Employment Trends

	2012	2013	2014	2015	2016
Faculty, full Time	172	169	168	171	173
% Tenured	89%	89%	90%	91%	90%
Faculty, part time	794	726	795	703	743
Administrators, full time	148	158	167	172	170
Administrators, part time	26	22	25	21	24
Support Staff, full-time	165	160	153	156	148
Support Staff, part-time	141	125	126	114	124
Total	1,446	1,360	1,434	1,337	1,382
Tenure	153	151	151	155	156
Faculty, full Time	172	169	168	171	173
%	89%	89%	90%	91%	90%

The College administers a single-employer defined benefit plan (the "Other Postemployment Benefit Plan"). As of July 1, 2014, the Other Postemployment Benefit Plan was zero percent funded. The actuarial accrued liability was $2.9 million, which is equivalent to the unfunded actuarial accrued liability (UAAL). The covered payroll (annual payroll of active employees covered by the plan) was $28.4 million and the ratio of the UAAL to the covered payroll was 10.2 percent. As of October 1, 2012, the College's Other Postemployment Benefit Plan was terminated. For further information, see Appendix B to the Official Statement – "DELAWARE COUNTY COMMUNITY COLLEGE AUDITED FINANCIAL STATEMENTS FOR THE YEARS ENDED JUNE 30, 2016 AND 2015."

Enrollment

The College's enrollment for each of the fiscal years ended June 30, 2012 through June 30, 2016 is set forth below in Table A-3.

TABLE A-3

	FTE		
FYE June 30,	Credit	Non Credit	Total
2012	11,425	561	11,986
2013	11,250	540	11,790
2014	10,924	538	11,462
2015	10,222	497	10,719
2016	9,539	429	9,968

In fiscal year 2016/2017, the College budgeted for a 3% enrollment decline. As of October 26, 2016, enrollments for fiscal year 2016/2017 are tracking to be slightly higher (.40%) than what was originally anticipated.

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 ended June 30, 2013 through June 30, 2017.

TABLE A-4

Delaware County Community College
Student Fees and Charges Analysis
FY 2013 - 2017

	2013	2014	2015	2016	2017
Tuition per credit hour (1)	$ 104	$ 105	$ 106	$ 110	$ 113
Tuition per credit hour (2)	$ 208	$ 210	$ 212	$ 220	$ 226
Plant Fee per credit hour (2)	$ 3	$ 3	$ 3	$ 3	$ 3
Activity Fee per credit hour	$ 2	$ 2	$ 2	$ 2	$ 2
Application Fee	$ 25	$ 25	$ 25	$ 25	$ 25
Records Processing Fee	$ 20	$ 20	$ 20	$ 20	$ 20
Instructional Support Fee per credit hour	$38 - $48	$39 - $49	$42 - $52	$46 - $56	$49 - $59

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

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

Delaware County Community College
Current Unrestricted Funds
Five Year Analysis

Revenues	2012	2013	2014	2015	2016	Five Year Summary
Tuition and Fees	$54,115,339	$55,662,882	$55,065,693	$52,417,806	$49,219,973	$ 266,481,693
Governmental appropriations:						
Sponsoring School Districts	6,146,558	6,221,154	6,533,528	6,660,277	6,134,122	31,695,639
Commonwealth	18,788,345	18,862,832	18,868,794	19,150,876	20,281,638	95,952,485
Gifts & private grants	463,878	465,303	364,492	454,019	375,990	2,123,682
Other	1,311,149	1,269,680	1,238,001	1,365,984	2,541,938	7,726,752
Auxiliary services	700,218	629,725	590,273	542,683	541,747	3,004,646
Total Revenues	81,525,487	83,111,575	82,660,781	80,591,645	79,095,408	247,297,843
Expenditures and Mandatory Transfers						
Educational & General						
Instruction	40,461,624	39,581,064	40,207,155	41,948,354	42,835,464	205,033,661
Academic Support	7,319,841	5,099,631	5,024,969	5,171,274	5,228,879	27,844,594
Student Services	9,250,791	8,992,383	9,076,873	10,057,908	10,604,105	47,982,060
Institutional Support	9,901,015	10,628,995	11,201,319	10,716,353	10,698,642	53,146,324
Operation & Maintenance of Physical Plant	6,042,144	6,102,278	6,525,815	8,321,296	8,369,637	35,361,170
Student Aid	130,550	437,870	367,976	473,723	325,291	1,735,410
Total Educational & General Expenditures	73,105,965	70,842,222	72,404,107	76,688,908	78,062,018	371,103,220
Mandatory Transfers in (out)	-					-
Total Educational & General Expenditures & Mandatory Transfers	73,105,965	70,842,222	72,404,107	76,688,908	78,062,018	216,352,294
Auxiliary Enterprises	390,191	303,480	281,108	304,733	322,135	1,601,647
Total Expenditures & Mandatory Transfers	73,496,156	71,145,701	72,685,215	76,993,641	78,384,153	217,327,072
Net increase (decrease) in unrestricted fund balances pre Non-mandatory transfers	8,029,331	11,965,874	9,975,566	3,598,004	711,255	29,970,771
Non-mandatory transfers from (to) other funds	(12,926,342)	(223,568)	(308,527)	(37,062,119)	(341,213)	(50,861,769)
Net increase (decrease) in unrestricted fund balances	(4,897,011)	11,742,306	9,667,039	(33,464,115)	370,042	16,512,334
Net increase (decrease) in Net Position	7,003,966	9,691,240	7,086,440	172,628	(1,836,108)	22,118,166

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.
FY 2014/15 - Mandatory Transfers in (out) - Board designated to the Renewals and Replacement Fund so as to support future capital expenditures and debt service obligations.
FY 2014/15 - Mandatory Transfers in (out) - The College adopted GAS 68 & 71. The cost to adopt these pronouncements totaled approximately $12 million.

Management's Analysis of Financial Performance of the College

Operating revenues of the College decreased $2,335,089 or 2.9% between fiscal years 2011/2012 and 2015/2016. For the same period of time, tuition and fees decreased $4,800,374 or 9.7% reflecting consolidations in enrollments and steady increases in tuition and fee rates.

Operating expenses increased $5,027,032 or 9.3% between fiscal years 2011/2012 and 2015/2016.

Fiscal Year 2015/2016 Financial Highlights

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

- The College raised credit tuition rates to $110 from $106 per credit hour, and the basic instructional support fee increased by $4 per credit hour for a combined tuition and fee increase of 5.4%. It should be noted, that the fiscal year 2016/2017 operating budget includes a $3 per credit hour tuition increase and a $3 per credit hour increase in the basic instructional support fee.

- During fiscal year 2015/2016, the College's enrolled credit hours totaled 228,958. Furthermore, the ten-year compound rate of credit hour growth for the College was .79%. Since fiscal year 2006/2007, enrolled hours have increased by 17,224 credits.

- The appropriation received from the Commonwealth of Pennsylvania totaled $23,776,809.

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

- During the year the College earned $603,541 of interest and dividend income on its internal and external managed portfolios.

Total operating expenses, absent of depreciation and financial aid, increased by 1.9%. Significant items by object were:

- In the aggregate, salaries and wages increased by 2.1%. 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 five-year contract with the Association. In fiscal year 2015/2016, the contracted increase for faculty was approximately 4.1%.

- Benefits (health, medical, and employment related costs) increased by 6.2%. 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 $203,000 in fiscal year 2015/2016. Included in the 6.2% increase in benefit costs are one-time expenditures associated with an early retirement incentive program. The costs incurred for the early retirement incentive program totaled approximately $662,900.

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

	2012	2013	2014	2015	2016
Grants & Scholarships:					
Pell	$19,398,585	$ 20,849,993	$ 19,343,340	$ 18,812,538	$ 16,947,024
PHEAA	$2,001,421	$ 2,344,540	$ 2,040,887	$ 3,634,424	$ 2,101,810
SEOG	$125,226	$ 145,435	$ 131,703	$ 268,760	$ 194,394
Institutional Grants & Scholarships	$183,055	$ 207,960	$ 216,405	$ 240,132	$ 321,938
Loans:					
Stafford Loans	$28,784,923	$ 23,330,311	$ 22,588,632	$ 21,533,016	$ 22,152,688
Employment:					
Federal	$333,567	$ 343,787	$ 341,523	$ 361,044	$ 377,377
Institutional	$445,638	$ 499,954	$ 303,346	$ 270,076	$ 250,285
Total Number of Students Receiving Financial Aid	8,691	8,911	8,731	8,439	7,416

[REMAINDER OF THIS PAGE INTENTIONALLY LEFT BLANK]

Treasurer's Report

As a result of the positive change in Net Assets, the College's Investible Cash has remained relatively constant in the past five years. As of June 30, 2016, the College's Cash and Investments totaled in excess of $70 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 June 30th.

TABLE A-7

Cash & Investments
Multi-Year June's

Period	Investment Balance as of June 30th
6/30/2012	$ 68,544,867
6/30/2013	$ 69,559,028
6/30/2014	$ 72,005,968
6/30/2015	$ 73,504,972
6/30/2016	$ 70,902,821

Funding from Public and Private Grants: Fiscal Year 2015/16

What follows is a sampling of the Public and Private Grants the College received during fiscal year 2015/16:

The College received $189,159 from the Pennsylvania Department of Education to provide adult literacy services in Delaware and Chester Counties.

The College received $637,465 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 $66,610 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 $60,000 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 $44,512 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 $187,552 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 $295,657 from the Pennsylvania Department of Public Welfare to support the KEYS program (Keystone Education Yields Success) to support retention and completion by the College students who receive welfare benefits.

The College has received $750,000 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 fiscal year 2016/2017 operating budget includes a $3 per credit hour tuition increase and a $3 per credit hour increase in the instructional support fee.

The approved fiscal year 2016/2017 operating budget is decreasing by approximately $453,000 or 0.5%. This slight decrease in expenditures is a combination of several factors, including a reduction of salary and fringe benefit costs totaling $862,000 and other cost containment measures:

- In fiscal year 2016/2017, the College's variable costs associated with part-time faculty salaries are projected to total $7.8 million which represents a $1.2 million decrease from fiscal year 2014/2015.

- The College anticipates marked increased costs in its health care premium and its share of PSERS; however, this is significantly off-set by the College's declining exposure to contractually obligated post-retirement benefits. Overall, fringe benefits are anticipated to decrease by about 1.4%.

Outstanding Long Term Indebtedness

A summary of the outstanding principal amount of long term indebtedness as of November 1, 2016 is as follows:

Delaware County Community College
Outstanding Long Term Indebtedness

Description		Balance at 11/01/2016
2005 Bonds	$	3,980,000
2008 Bonds	$	2,280,000
2011 Bonds	$	1,059,100
2013 Bonds	$	1,560,000
2014 Bonds	$	13,400,000
2015 Bonds	$	40,395,000
Total	$	62,674,100

In addition to the outstanding long-term indebtedness of the College, in October 2015, the College obtained a five-year $3,000,000 loan through the State Public School Building Association's Revolving Loan Fund (the "SBPBA Loan"). The SPSBA Loan is a general obligation of the College and is not secured under the Trust Indenture, dated as of October 1, 1993, between the State Public School Building Authority and The Bank of New York Mellon Trust Company, N.A., as successor trustee, as amended and supplemented from time to time. The total outstanding indebtedness of the College, including the SPSBA Loan, as of November 1, 2016 was $65,391,420.

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 2017 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 the College is committed to remaining both academically and financially strong. Management continues to be steadfast in its commitment to the mission of the 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.

APPENDIX B

DELAWARE COUNTY COMMUNITY COLLEGE AUDITED FINANCIAL STATEMENTS
FOR THE YEARS ENDED JUNE 30, 2016 AND 2015

[THIS PAGE INTENTIONALLY LEFT BLANK]

HERBEIN
CPAS + CONSULTANTS

Delaware County Community College

DELAWARE COUNTY COMMUNITY COLLEGE

FINANCIAL AND COMPLIANCE REPORT

Years Ended June 30, 2016 and 2015

TABLE OF CONTENTS

	Pages
INDEPENDENT AUDITOR'S REPORT	1 - 2
MANAGEMENT'S DISCUSSION AND ANALYSIS	3 - 12
BASIC FINANCIAL STATEMENTS	
Statements of Net Position	13 - 14
Statements of Revenues, Expenses, and Changes in Net Position	15
Statements of Cash Flows	16 - 17
Notes to Basic Financial Statements	18 - 65
REQUIRED SUPPLEMENTARY INFORMATION	
Schedule of the College's Proportionate Share of the Net Pension Liability - PSERS Pension Plan	66
Schedule of the College's Proportionate Share of the Net Pension Liability - SERS Pension Plan	67
Schedule of College Contributions - PSERS Pension Plan	68
Schedule of College Contributions - SERS Pension Plan	69
Schedule of Funding Progress - Other Postemployment Benefits Plan	70
SUPPLEMENTARY INFORMATION	
Single Audit	
Schedule of Expenditures of Federal Awards	71
Notes to the Schedule of Expenditures of Federal Awards	72
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*	73 - 74
INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE FOR EACH MAJOR PROGRAM AND ON INTERNAL CONTROL OVER COMPLIANCE REQUIRED BY UNIFORM GUIDANCE	75 - 76
SCHEDULE OF FINDINGS AND QUESTIONED COSTS	77 - 78
STATUS OF PRIOR YEAR FINDINGS AND QUESTIONED COSTS	79

Herbein + Company, Inc.
2763 Century Boulevard
Reading, PA 19610
P: 610.378.1175
F: 610.378.0999
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, 2016 and 2015, 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, 2016 and 2015, and the respective changes in financial position and, where applicable, cash flows thereof for the years then ended in accordance with accounting principles generally accepted in the United States of America.

HERBEIN

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis, pension and other postemployment benefit information on pages 66 through 70, 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.

Supplementary Information

Our audits were conducted for the purpose of forming opinions on the financial statements that collectively comprise the 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 Title 2 U.S. *Code of Federal Regulations* (CFR) Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards,* 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 14, 2016, 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 14, 2016

Management's Discussion and Analysis

Academically, this fiscal year was remarkable for the College. Enrollment was up 28% for dual enrollment students, 21% for new Hispanic students, 10% for new Black/African American Students, and 8% for new international students. The enrollment at the Upper Darby site which opened in 2012 continues to grow rapidly and is up 20% from last year. In addition, even with the College having a larger percentage of part-time students enrolled during 2015-2016, the fall to spring retention rate has remained at 73%, the College's all-time high.

During the academic year the College dedicated considerable time and effort in completing the Middle States Periodic Review Report. The development of this report engaged faculty, staff, and administrators over an intensive two-year process. The College responded to recommendations stemming from its previous Self-Study Report and the Decennial Report prepared by the Middle States site team in 2011. In particular, the College's faculty spent countless hours reviewing and revising courses and programs to align them with the new College Learning Goals to comply with recommendations from these two reports. Middle States has reviewed the College's Periodic Review Report and indicated that "Delaware County Community College has clearly addressed all 36 recommendations from its last Self-Study in 2011. The College has provided ample evidence that it is in compliance with all fourteen accreditation standards. The College is to be commended in particular for its faculty-driven review and revision of the College's learning goals and its robust assessment efforts."

For the seventh straight year, the Chronicle of Higher Education honored the College as one of the "Great Colleges to Work for". In addition, the College completed its fourth year as a Leader College of Achieving the Dream, a national initiative designed to enhance student success, retention, and program completion.

As a part of the Completion Plan developed during the previous year, the College has moved forward with implementing a number of initiatives to facilitate student success and completion. These include the introduction of Degree Works to integrate career and academic goals to facilitate the development of educational pathways; the implementation of Starfish, an early alert system to intervene earlier with at-risk students; acceleration for the completion of developmental courses for students; and the development of an enhanced new student orientation. The College is a member of the Integrated Planning and Advising for Student Success (IPASS), an initiative led by the Bill and Melinda Gates Foundation. This initiative involves the use and integration of technology to enhance and streamline the student experience of academic, career, and financial advising and planning services.

The academic and student support divisions continue to provide high quality programs, courses, and services to meet the needs of both the students and the community.

Below are some highlights, additions, and changes in the academic and student support areas of the College's offerings:

- New academic programs developed during the year included associate degrees in two programs (Creative Writing and Political Science) and certificates in two programs (Electro-Mechanical Technology and Paramedic).

- Almost all of the existing academic programs at the College were reviewed and revised to update them to reflect the new College Academic Learning Goals.

- More than 50 new courses were developed and over 50 present courses were revised to ensure that the courses and programs being taught remain current and relevant to the needs of the community and the students. A sampling of some of the new courses include: Genetics, Culinary Externship, Stem topics, Energy Efficiency Construction, Troubleshooting and Old Work Wiring, Myth, Communication Theory, Figure Painting, Life Drawing, and Arithmetic Review.

- Signed a comprehensive transfer articulation agreement with Cheyney University.

- Developed a Culinary Arts Partnership with Widener University.

- Launched an Early College Program in Automotive Services at the Pennocks Bridge Campus.

- Prepared for the implementation of the Virtual College, which is starting in the fall of 2016 with nine academic majors being available for students to complete online.

- Started a new commercial driver's license partnership with Education Evolve to train students for their commercial driver's license.

Financially, the College has experienced a negative change in its Net Position. During the fiscal year, the College experienced a decrease in enrollments which caused a $1.3 million decrease in tuition and fee revenue. In the aggregate, operating expenses absent of depreciation increased by more than 0.06%. The drivers impacting the College's increased operating expenditures relate to significant upturns in health and welfare costs and contractually obligated salary increase.

Fiscal Year 2015/2016 Financial Highlights

The College's net position decreased $1,836,108 as a result of this year's operations. This amount is net of a depreciation expense of $6,452,909.

During Fiscal Year 2015/2016, the College realized revenue from several principal funding sources:

- The College raised credit tuition rates to $110 from $106 per credit hour, and the basic instructional support fee increased by $4 per credit hour.
- During Fiscal Year 2015/2016, the College's enrolled credit hours totaled 228,958.
- The appropriation received from the Commonwealth of Pennsylvania totaled $23,776,809.
- The appropriation from the Sponsoring School Districts totaled $8,005,124.

Total operating expenses, absent of depreciation and financial aid, increased by 1.9%. Significant items by object were:

- In the aggregate, salaries and wages increased by 2.1%. This increase resulted from a cost of living increase for the Administrative and Support Staff groups and the 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 five-year contract with the Association. In Fiscal Year 2015/2016, the contracted increase for faculty was approximately 4.1%. In Fiscal Year 2014/2015, contractually obligated salaries totaled approximately $13.2 million, in Fiscal Year 2015/2016 that amount approached $13.7 million.
- Pension Benefits – In Fiscal Year 2015/2016, on-going pension costs increased by approximately $203,000 or 5.23%. During the fiscal year, the College made $4 million of payments for its share of pension costs for its employees.
- In the aggregate, other supplies and service costs decreased by 3.3% or by $ 500,000 million. Specific decreases follow:
    - Building and Grounds Maintenance and Repair costs decreased by $76,000.
    - Non-capital Furniture/Furnishings costs decreased by approximately $164,000.
    - Printing and Advertising Services decreased by approximately $251,000.
- The College earned approximately $1.4 million on investments during the year.

With the assistance of the Commonwealth of Pennsylvania, the College's Sponsoring School Districts, enrollments, and increases in student fees, the College continued to make significant upgrades to its physical plant. What follows is a list of some of these upgrades:

- The College completed a number of projects associated with its Phase III renovation plan including upgrades to its Café, Student Testing Area, and several Student Lounge Spaces.
- The completion of the final phase of the Parapet Wall replacement project on the Marple Campus.
- The replacement of its main roadway and guardrail system on the Marple Campus.

Significant year-end capital assets consist of the following:

	2016	2015
Land and land improvements	$ 8,968,714	$ 8,164,709
Building and building improvements	133,874,016	122,618,693
Furniture and equipment	26,545,216	24,202,685
Library equipment	1,657,354	1,618,679
Construction in progress	2,670,176	10,210,975
	173,715,476	166,815,741
Less accumulated depreciation	71,173,934	64,742,568
Total	$ 102,541,542	$ 102,073,173

During Fiscal Year 2015/2016, the College received $44,248,148 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	637,465
PDE Adult Education – GED	275,019
Office of Employment and Training – Training & Support Services	232,064
US Department of Health and Human Services Education – KEYS Grant	295,657
Trade Adjustment Assistance	94,474
ACT 101 State Grant	81,875
PA Department of Labor and Industry – New Choices	54,742

The College presents its financial statements in accordance with accounting principles generally accepted in the United States of America and the standards applicable to financial reporting contained in Governmental Accounting Standards Board (GASB). The following is a description of the statements:

- The Statement of Net Position includes all assets, deferred outflows and inflows 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,

	2016	2015
ASSETS		
Current assets	$ 34,315,545	$ 71,507,766
Noncurrent Assets		
Capital Assets, net of Depreciation	102,541,542	102,073,173
Investments	41,170,427	11,794,000
TOTAL ASSETS	$ 178,027,514	$ 185,374,939
DEFERRED OUTFLOWS OF RESOURCES	6,434,253	5,782,823
LIABILITIES		
Current liabilities	$ 16,043,338	$ 17,528,483
Noncurrent liabilities	83,235,962	86,025,919
Total liabilities	99,279,300	103,554,402
DEFERRED INFLOWS OF RESOURCES	1,374,342	1,959,127
NET POSITION		
Net investment in capital assets	34,394,215	30,016,337
Restricted expendable	14,078	43,622
Restricted for capital projects	1,362,543	7,250,435
Unrestricted	48,037,289	48,333,839
Total net position	$ 83,808,125	$ 85,644,233

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

	2016	2015
Operating revenues		
Tuition and fees	$ 23,547,825	$ 24,737,572
Auxiliary enterprises	541,747	542,683
Grants, gifts and contracts	4,482,599	6,083,919
Other Operating revenues	1,148,549	1,081,735
Total operating revenues	29,720,720	32,445,909
Operating expenses	102,685,983	101,384,044
Operating loss	(72,965,263)	(68,938,135)
Nonoperating revenues (expenses)		
Appropriations	26,429,384	25,824,777
Federal Grants and Contracts	39,765,549	41,103,102
Other nonoperating income	1,395,401	292,104
Other nonoperating expense	(2,992,755)	(3,159,758)
Net nonoperating revenues (expenses)	64,597,579	64,060,225
Net income before other revenues	(8,367,684)	(4,877,910)
Other Revenues		
Capital appropriations	5,352,549	4,708,482
Capital gifts, grants and transfers	1,179,027	342,055
Total other revenues	6,531,576	5,050,537
Increase in net position	(1,836,108)	172,627
Beginning net position	85,644,233	85,471,606
Ending net position	$ 83,808,125	$ 85,644,233

	2016	2015
Operating Expenses by Function		
Instruction	$ 43,612,673	$ 42,841,632
Academic Support	5,314,252	5,237,620
Student Services	11,427,873	10,869,672
Institutional support	10,707,367	10,716,543
Operating and maintenance of plant	8,369,637	8,321,296
Financial Aid	16,479,138	17,410,012
Depreciation	6,452,909	5,682,536
Auxiliary Services	322,134	304,733
Total operating expenses by functional classification	$ 102,685,983	$ 101,384,044
Operating Expenses by Object		
Salaries and wages	$ 46,805,670	$ 45,836,651
Benefits	17,421,878	16,345,565
Scholarships and Fellowships	16,318,357	17,237,773
Utilities	1,018,373	1,112,719
Other supplies and services	14,668,796	15,168,800
Depreciation	6,452,909	5,682,536
Total operating expenses by object classification	$ 102,685,983	$ 101,384,044

The Statement of Cash Flows 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 become 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 September 2014, the College sold a bond. Proceeds from that sale are being used to support the Phase III renovation, which includes the College's Enrollment Management, First Year Experience, Campus Life, Human Resources, Public Relations, and Institutional Advancement areas.

It should be noted, included in the Fiscal Year 2015/2016 Current Assets figure of $35,515,552 is $1,362,543 of Restricted Cash and Cash Equivalents related to the 2014 Bond issuance proceeds.

Statement of Cash Flows Summary
For the Years Ended June 30

	2016	2015
Cash provided by (used for):		
Operating activities	$ (68,179,775)	$ (62,432,592)
Non-capital financing activities	65,440,939	66,977,620
Capital financing activities	(7,155,008)	3,772,301
Investing activities	(27,981,026)	6,393,104
Net increase (decrease) in cash	(37,874,870)	14,710,433
Cash, beginning of year	68,969,813	54,259,380
Cash, end of year	$ 31,094,943	$ 68,969,813

In June 30, 2016, the College had $72.9 million in debt outstanding compared to the $77.2 million and $60.4 million on June 30, 2015 and 2014, respectively. The table below summarizes the amount by type of debt instrument.

	Outstanding Debt, for the Years Ended June 30		
	2016	2015	2014
Lease Obligations	$ 26,824	$ 60,963	$ 93,032
Notes Payable	35,961	-	-
Bonds Payable, net	72,877,050	77,126,278	60,292,877
Totals	$ 72,939,835	$ 77,187,241	$ 60,385,909

This financial report is designed to provide a general overview of the College's financial position. The success from 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.

In closing, the management of Delaware County Community College is committed to having the College remain 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	
	2016	2015	2016	2015
ASSETS				
CURRENT ASSETS				
Cash and investments	$ 29,732,400	$ 61,719,378	$ 267,769	$ 460,666
Restricted cash for capital projects	1,362,543	7,250,435	-	-
Receivables:				
Commonwealth of Pennsylvania	255,731	56,848	-	-
Federal and state agencies	2,431,421	831,375	-	-
Student and other, net	132,266	1,294,694	30	1,030
Contributions receivable, current portion	-	-	8,965	10,187
Prepaid expenses	375,962	286,617	-	-
Other current assets	25,222	68,419	-	-
TOTAL CURRENT ASSETS	34,315,545	71,507,766	276,764	471,883
NONCURRENT ASSETS				
Capital assets:				
Land	2,042,033	2,042,033	-	-
Construction in progress	2,670,176	10,210,975	-	-
Depreciable assets, net	97,829,333	89,820,165	-	-
Capital assets, net	102,541,542	102,073,173	-	-
Other assets:				
Contributions receivable - noncurrent, net	-	-	6,589	5,913
Charitable Lead Annuity Trust Receivable, net	-	-	230,407	254,914
Investments	41,170,427	11,794,000	4,562,979	5,392,977
TOTAL NONCURRENT ASSETS	143,711,969	113,867,173	4,799,975	5,653,804
TOTAL ASSETS	178,027,514	185,374,939	5,076,739	6,125,687
DEFERRED OUTFLOWS OF RESOURCES				
Deferred charge on bond refunding	4,792,508	5,130,405	-	-
Deferred outflows of resources for pension	873,205	-	-	-
Pension contributions made subsequent to the measurement date	768,540	652,418	-	-
TOTAL DEFERRED OUTFLOWS OF RESOURCES	6,434,253	5,782,823	-	-

See accompanying notes.

DELAWARE COUNTY COMMUNITY COLLEGE

STATEMENTS OF NET POSITION - CONTINUED

	Delaware County Community College June 30		Delaware County Community College Educational Foundation June 30	
	2016	2015	2016	2015
LIABILITIES				
CURRENT LIABILITIES				
Accounts payable	2,024,721	3,526,443	-	449
Accounts payable to the College	-	-	143,192	99,491
Accrued compensation and benefits	3,951,062	3,439,208	-	-
Accrued interest payable	736,389	599,225	-	-
Unearned revenue	3,635,699	4,402,206		
Other current liabilities	398,435	589,713	-	-
Capital lease obligations - current	26,824	34,139	-	-
Bonds payable, net - current	4,398,028	4,262,275	-	-
Notes payable - current	35,961	-	-	-
Postemployment benefits obligation	836,221	675,274	-	-
TOTAL CURRENT LIABILITIES	16,043,340	17,528,483	143,192	99,940
NONCURRENT LIABILITIES				
Capital lease obligations	-	26,824	-	-
Bonds payable, net	68,479,022	72,864,003		
Net pension liability	12,265,441	10,667,837	-	-
Other postemployment benefits obligation	2,491,497	2,467,255	-	-
TOTAL NONCURRENT LIABILITIES	83,235,960	86,025,919	-	-
TOTAL LIABILITIES	99,279,300	103,554,402	143,192	99,940
DEFERRED INFLOWS OF RESOURCES				
Deferred inflows of resources for pension	1,374,342	1,959,127	-	-
NET POSITION				
Net investment in capital assets	34,394,215	30,016,337	-	-
Restricted expendable	14,078	43,622	-	-
Restricted for capital projects	1,362,543	7,250,435	-	-
Unrestricted	48,037,289	48,333,839	105,975	117,261
Temporarily restricted	-	-	2,952,995	4,126,244
Permanently restricted	-	-	1,874,577	1,782,242
TOTAL NET POSITION	$ 83,808,125	$ 85,644,233	$ 4,933,547	$ 6,025,747

See accompanying notes.

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	
	2016	2015	2016	2015
OPERATING REVENUES				
Student tuition and fees (net of scholarship allowance of $25,976,631 in 2016 and $28,023,701 in 2015)	$ 23,547,825	$ 24,737,572	$ -	$ -
Auxiliary enterprises	541,747	542,683	-	-
Federal grants and contracts	1,522,525	1,630,722	-	-
Commonwealth of PA grants and contracts	2,536,277	3,965,178	-	-
Other gifts, grants, and contracts	423,797	488,019	1,269,877	1,125,242
Investment income	-	-	140,871	158,195
Realized gains (losses) on investments	-	-	86,072	149,177
Unrealized gains (losses) on investments	-	-	(249,928)	(152,640)
Other operating revenues	1,148,549	1,081,735	-	-
TOTAL OPERATING REVENUES	29,720,720	32,445,909	1,246,892	1,279,974
OPERATING EXPENSES				
Instruction	43,612,673	42,841,632	-	-
Academic support	5,314,252	5,237,620	-	-
Student services	11,427,873	10,869,672	321,939	240,132
Institutional support	10,707,367	10,716,543	1,911,408	1,224,523
Operations and maintenance of plant	8,369,637	8,321,296	-	-
Financial aid	16,479,138	17,410,012	-	-
Depreciation	6,452,909	5,682,536	-	-
Auxiliary services	322,134	304,733	-	-
Other expenses	-	-	198,080	199,513
TOTAL OPERATING EXPENSES	102,685,983	101,384,044	2,431,427	1,664,168
OPERATING INCOME (LOSS)	(72,965,263)	(68,938,135)	(1,184,535)	(384,194)
NONOPERATING REVENUES (EXPENSES)				
Appropriations:				
Commonwealth of Pennsylvania	18,635,522	17,569,405	-	-
Commonwealth of Pennsylvania - benefits	1,659,740	1,595,095	-	-
Sponsoring school districts	6,134,122	6,660,277	-	-
Federal grants and contracts	39,765,549	41,103,102	-	-
Investment income, net	1,395,401	292,104	-	-
Interest expense on capital asset-related debt	(2,992,755)	(3,159,758)	-	-
NET NONOPERATING REVENUES (EXPENSES)	64,597,579	64,060,225	-	-
INCOME (LOSS) BEFORE OTHER REVENUES	(8,367,684)	(4,877,910)	(1,184,535)	(384,194)
OTHER REVENUES				
State capital appropriations	3,481,547	3,363,635	-	-
Local capital appropriations	1,871,002	1,344,847	-	-
Capital gifts and grants	1,179,027	342,055	-	-
Long-term gifts and grants	-	-	92,335	303,626
TOTAL OTHER REVENUES	6,531,576	5,050,537	92,335	303,626
CHANGE IN NET POSITION	(1,836,108)	172,627	(1,092,200)	(80,568)
NET POSITION - BEGINNING OF YEAR	85,644,233	85,471,606	6,025,747	6,106,315
NET POSITION - END OF YEAR	$ 83,808,125	$ 85,644,233	$ 4,933,547	$ 6,025,747

See accompanying notes.

DELAWARE COUNTY COMMUNITY COLLEGE

STATEMENTS OF CASH FLOWS

	Delaware County Community College June 30	
	2016	2015
CASH FLOWS FROM OPERATING ACTIVITIES		
Student tuition and fees	$ 23,639,262	$ 23,596,581
Nonsponsoring plant fees	304,484	343,467
Grants, gifts, and contracts	3,437,870	6,064,169
Payments to suppliers for goods and services	(17,426,316)	(15,281,194)
Payments to employees	(63,507,014)	(61,542,260)
Payments for financial aid	(16,318,357)	(17,237,773)
Auxiliary enterprises	541,747	542,683
Other receipts	1,148,549	1,081,735
NET CASH USED FOR OPERATING ACTIVITIES	(68,179,775)	(62,432,592)
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES		
Federal grants	39,210,438	41,148,234
State appropriations	20,096,379	19,169,109
Local appropriations	6,134,122	6,660,277
NET CASH PROVIDED BY NONCAPITAL FINANCING ACTIVITIES	65,440,939	66,977,620
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES		
Capital appropriations:		
State appropriations	3,481,547	3,363,635
Sponsor appropriations	1,871,002	1,344,847
Capital grants	1,179,027	342,055
Purchases of capital assets	(6,921,278)	(10,127,605)
Proceeds from bonds payable	-	15,339,730
Proceeds from notes payable	322,641	-
Principal paid on bonds payable	(3,863,182)	(3,253,313)
Principal paid on notes payable	(286,680)	-
Principal paid on capital lease obligations	(34,139)	(32,069)
Interest paid on capital debt	(2,903,946)	(3,204,979)
NET CASH PROVIDED BY (USED FOR) CAPITAL AND RELATED FINANCING ACTIVITIES	(7,155,008)	3,772,301
CASH FLOWS FROM INVESTING ACTIVITIES		
Purchase of investments	(141,443,005)	-
Proceeds from the sale of investments	112,821,755	6,101,000
Interest on investments	640,224	292,104
NET CASH PROVIDED BY (USED FOR) INVESTING ACTIVITIES	(27,981,026)	6,393,104
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	(37,874,870)	14,710,433
CASH AND CASH EQUIVALENTS - BEGINNING OF YEAR	68,969,813	54,259,380
CASH AND CASH EQUIVALENTS - END OF YEAR	$ 31,094,943	$ 68,969,813

See accompanying notes.

DELAWARE COUNTY COMMUNITY COLLEGE

STATEMENTS OF CASH FLOWS - CONTINUED

	Delaware County Community College June 30	
	2016	2015
RECONCILIATION OF OPERATING INCOME (LOSS) TO NET CASH USED FOR OPERATING ACTIVITIES		
Operating income (loss)	$ (72,965,263)	$ (68,938,135)
Adjustments to reconcile operating income (loss) to net cash used for operating activities:		
Depreciation expense	6,452,909	5,682,536
Bad debt expense	1,239,164	764,892
Other adjustments - tuition reserve	-	(217,714)
Changes in operating assets and deferred outflows and liabilities and deferred inflows:		
Accounts receivable	(1,121,465)	(771,800)
Prepaid expenses	(89,345)	32,513
Other assets	43,197	(61,455)
Deferred outflows of resources for pension	(989,327)	(168,342)
Accounts payable	(1,501,722)	926,140
Accrued expenses	511,854	1,108,497
Unearned revenue	(766,507)	(572,902)
Other liabilities	(191,278)	83,378
Net pension liability	1,597,604	(1,873,619)
Other postemployment benefits obligation	185,189	(385,708)
Deferred inflows of resources for pension	(584,785)	1,959,127
NET CASH USED FOR OPERATING ACTIVITIES	$ (68,179,775)	$ (62,432,592)
NONCASH CAPITAL AND RELATED FINANCING ACTIVITIES		
Repayment of debt outstanding and related items via proceeds from refunding bond payable	$ -	$ 46,309,138

See accompanying notes.

DELAWARE COUNTY COMMUNITY COLLEGE

NOTES TO BASIC FINANCIAL STATEMENTS

June 30, 2016 and 2015

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 organization's 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.

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - CONTINUED

A. Reporting Entity - continued

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, 2016 and 2015.

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

   During the years ended June 30, 2016 and 2015, the College provided accounting and administrative services to the Foundation. The Foundation paid fees of $7,500 in both 2016 and 2015. Contributed services for salaries and benefits of $123,825 and $118,511 were recognized for the years ended June 30, 2016 and 2015, respectively. The Foundation provided institutional support to College related activities of $1,851,895 and $1,190,523 in the years ended June 30, 2016 and 2015, respectively. At June 30, 2016 and 2015, $143,192 and $99,491, respectively, was payable to the College.

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - CONTINUED

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. For financial reporting purposes, the College is considered a special-purpose government engaged only in business-type activities. All activities of the College are accounted for within a single proprietary (enterprise) fund. 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.

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) is segregated into net investment in capital assets, restricted expendable, and unrestricted elements.

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.

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - CONTINUED

D. Budgetary Information - continued

***Budgetary Accounting* - continued**

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.

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

1. Cash and Investments

For purposes of the statement of cash flows, the College considers all highly-liquid investments with a maturity of three months or less when purchased to be cash equivalents.

Investments are valued at fair value in accordance with Governmental Accounting Standards Board Statement No. 72, *Fair Value Measurement and Application*, except for investments in external investment pools, which are valued at amortized costs if required criteria are met as outlined in Governmental Accounting Standards Board Statement No. 79, *Certain External Investment Pools and Pool Participants*.

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

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 $1,239,164 and $764,892 in 2016 and 2015, 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.

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - CONTINUED

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

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:

	Years
Land improvements	15 - 45 years
Buildings and Building Improvements	15 - 45 years
Furniture and equipment	5 - 25 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 three items that qualify for reporting in this category, which are a deferred charge on bond refunding, a deferred pension contribution, and deferred outflows of resources for pension which are reported in the statement of net position. A deferred charge on bond 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. A deferred pension contribution results from contributions made to the pension plan subsequent to the measurement date and prior to the College's year end. The contributions will be recognized as a reduction in net pension liability in the following year. Deferred outflows of resources for pension relates to the College's net pension liability and pension expense and arises from changes in assumptions, actual versus expected results, changes in benefits, variances in expected versus actual investment earnings, changes in the employer's proportion, differences between employer contributions and the proportionate share of total contributions reported by the pension plan, or changes in the internal allocation of the net pension liability between governmental and business-type activities. These amounts are deferred and amortized over either a closed five-year period or the average remaining service life of all employees depending on what gave rise to the deferred outflow.

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 has one item that qualifies for reporting in this category, which is deferred inflows of resources for pension. The deferred inflows of resources for pension relates to the College's net pension liability and pension expense and arises from changes in assumptions, actual versus expected results, changes in benefits, variances in expected versus actual investment earnings, changes in the employer's proportion, or differences between employer contributions and the proportionate share of total contributions reported by the pension plan. These amounts are deferred and amortized over either a closed fixed-year period or the average remaining service life of all employees depending on what gave rise to the deferred inflow.

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.

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - CONTINUED

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

7. Net Position and Flow Assumptions

Net position represents the difference between assets and deferred outflows of resources less liabilities and deferred inflows of resources. Net investment in capital assets component of net position is comprised of capital assets, net of accumulated depreciation, reduced by the outstanding balances of any borrowings used for the acquisition, construction or improvement of those assets. In addition, any deferred outflows of resources and/or deferred inflows of resources related to such capital assets or liabilities associated with the capital assets should also be added to or deducted from the overall net investment in capital assets. The restricted component of net position is used when there are limitations imposed on their use either through the enabling legislation adopted by a higher governmental authority or through external restrictions imposed by creditors, grantors, or laws or regulations of other governments. The remaining component of net position is unrestricted.

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 $7,845,513 and $7,699,364 for the years ended June 30, 2016 and 2015, 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, 2016 and 2015 budgets were $7,515,618 and $7,021,352, 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, 2016 and 2015 budgets, were $1,499,537 and $1,509,606, respectively.

- The Reserve Balance as of June 30, 2016 and 2015, totaled $16,860,668 and $16,230,322, respectively. The Reserve will be funded 50 percent or $8,430,334 for 2016 and $8,115,161 for 2015 by cash and investments. The other requirement of the Reserve Practice states that funds will reside in the Unrestricted Net Position.

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.

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - CONTINUED

F. Revenues and Expenses

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, depreciation and amortization, and student aid. All revenues and expenses not meeting this definition are reported as nonoperating or other revenues and expenses. Nonoperating and other revenues include such items as 1) local and state appropriations, 2) most federal grants and contracts, 3) gifts and contributions, and 4) investment income. The primary nonoperating expense for the College is interest expense.

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 and years of service 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 personal 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 Expenses - 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 and years of service. 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 in the statements of financial position as more fully described in Note 7. Adjustments to reflect increases or decreases in fair value are reported in the statements of activities 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. Institutional Support (Distributions to College)

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 statements of activities as net assets released from restrictions.

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - CONTINUED

H. Component Unit - Foundation - continued

7. Contributed Services, Facilities, and Equipment

Volunteers, including the board of directors of the Foundation, have made significant contributions of their time toward developing and achieving the Foundation's goals and objectives. Also, Delaware County Community College has provided facilities and appropriate personnel to assist the Foundation in achieving its goals and objectives. The value of these contributions are not reflected in these states as no objective measurement of the value can be readily determined.

8. Services Received from Personnel of an Affiliate

In accordance with ASU 2013-06, a not-for-profit entity must recognize the services received from personnel of an affiliate that directly benefits the recipient not-for-profit and for which the affiliate does not charge the recipient not-for-profit. This applies prospectively for fiscal years beginning after June 15, 2014, and annual periods thereafter. There is no effect on the net income, as both the related in-kind contribution and expense are recognized.

9. 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 complies with 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 statements of financial position or statements of activities.

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 2016 and 2015 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. Total appropriations from the Commonwealth for the years ending June 30, 2016 and 2015 were $23,776,809 and $22,528,135, respectively.

NOTE 2 - PRIMARY FUNDING SOURCES - CONTINUED

In addition to the Commonwealth of Pennsylvania appropriation, the College receives funding from sponsoring school districts throughout Delaware County. 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 2015/2016 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:

	2016	2015
Cash-on-hand	$ 4,600	$ 4,400
Cash	17,597,234	33,994,479
Pooled cash	1,699,109	1,732,934
Investments	52,964,427	45,032,000
	$ 72,265,370	$ 80,763,813

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, 2016, the carrying amount of the College's deposits was $17,597,234 and the bank balance was $19,022,236. Of the bank balance, $500,000 was covered by federal depository insurance, and $18,522,236 was exposed to custodial credit risk. As of June 30, 2015, the carrying amount of the College's deposits was $33,994,479 and the bank balance was $33,842,233. Of the bank balance, $500,000 was covered by federal depository insurance, and $33,342,233 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.

NOTE 3 - CASH AND INVESTMENTS - CONTINUED

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).

Pennsylvania Act 10 of 2016 became effective May 25, 2016, and expanded the permitted investment types to include commercial paper, bankers' acceptances, negotiable certificates of deposit, and insured bank deposit reciprocals as long as certain safeguards related to credit quality and maturity are met.

A portion of the College's deposits are in the Pennsylvania Local Government Investment Trust (PLGIT). Although not registered with the Securities and Exchange Commission and not subject to regulatory oversight, the fund acts like a money market mutual fund in that their objective is to maintain a stable net asset value of $1 per share, is rated by a nationally recognized statistical rating organization, and is subject to an independent annual audit.

The College's cash equivalent investments in PLGIT cannot be classified by risk category because they are not evidenced by securities that exist in physical or book entry form. The fair value of the College's position in the external investment pool is the same as the value of the pool shares. All investments in external investment pools that are not registered with the Securities and Exchange Commission are subject to oversight by the Commonwealth of Pennsylvania.

As of June 30, 2016 and 2015, the PLGIT book balance of $1,699,109 and $1,732,934, respectively, is considered to be a cash equivalent.

Investments consisted of the following as of June 30:

	2016	2015
Certificates of deposit:		
Certificates of deposit > 1 year	$ 3,500,000	$ 11,794,000
Certificates of deposit < 1 year	8,294,000	33,238,000
Common Fund investments	41,170,427	-
Total investments	$ 52,964,427	$ 45,032,000

NOTE 3 - CASH AND INVESTMENTS - CONTINUED

The fair value of investments for the College is presented below as of June 30, 2016:

Common Fund Investments:	
S.S. US Government Money Market Fund	5,097,889
Limited Duration Fund	5,014,271
Intermediate Term Fund	12,254,711
Strategic Solutions Equity Fund	5,387,328
High Quality Bond Fund	13,416,228
Total Common Fund Investments	$ 41,170,427

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

The College's entire investment carrying value of $41,170,427 for the year ended June 30, 2016 is assessed using Level 2 inputs consisting of comparable securities analysis.

Interest Rate Risk

Fair value fluctuates with interest rates, and increasing interest rates could cause fair value to decline below original cost. College management 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 does have an investment policy that would limit its investment choices to certain credit ratings. As of June 30, 2016, the College's investments were rated as:

Investment	Standard & Poor's
S.S. US Government Money Market Fund	AAA
Limited Duration Fund	AA
Intermediate Term Fund	AA
Strategic Solutions Equity Fund	A+
High Quality Bond Fund	AA-

Concentration of Credit Risk

The comingled funds structure used by the above investments minimizes the concertation of credit risk for the College.

NOTE 3 - CASH AND INVESTMENTS - CONTINUED

Custodial Credit Risk

For an investment, this is the risk that in the event of the failure of the counterparty, the College will not be able to recover the value of its investments or collateral securities that are in the possession of an outside party. Investments are held in the name of the College or in money market mutual funds and, therefore, are not 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:

	2016	2015
Accounts receivable, student, and other	$ 1,531,049	$ 2,357,570
Less allowance for doubtful accounts	(1,398,783)	(1,062,876)
Student and other receivables, net	$ 132,266	$ 1,294,694

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 .28 percent for June 30, 2016 and 2015, which approximated discount rates for United States Treasury Securities for the applicable collection term. Information on contributions receivable at June 30, 2016, and 2015 is as follows:

	2016	2015
Due in less than one year	$ 8,965	$ 10,187
Due in one to five years	6,605	5,930
	15,570	16,117
Discount	(16)	(17)
Contributions receivable, net	$ 15,554	$ 16,100

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 15 and 30 years, respectively, for the two trusts. At the end of the 15 and 30 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 $12,500 and $9,375 from each of the trusts for the years ended June 30, 2016 and 2015, respectively, which represented three quarterly payments. The payments were recorded as a reduction in the receivable and a corresponding reclassification from temporarily restricted to unrestricted net assets. At June 30, 2016 and 2015, the present value of contributions receivable from these trusts is $230,407 and $254,914, respectively.

NOTE 7 - INVESTMENTS - COMPONENT UNIT

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

	2016		
	Cost	Fair Value	Unrealized Gain
Mutual funds	$ 4,347,065	$ 4,562,979	$ 215,914

	2015		
	Cost	Fair Value	Unrealized Gain
Mutual funds	$ 4,927,558	$ 5,392,977	$ 465,419

NOTE 7 - INVESTMENTS - COMPONENT UNIT - CONTINUED

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

	2016	2015
Unrestricted	$ 95,446	$ 117,275
Temporarily restricted	2,613,430	3,493,460
Permanently restricted	1,854,103	1,782,242
	$ 4,562,979	$ 5,392,977

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

	2016		
	Unrestricted	Temporarily Restricted	Total
Realized and unrealized gains (losses), net	$ (5,186)	$ (158,670)	$ (163,856)
Interest and dividend income	2,905	137,966	140,871
	$ (2,281)	$ (20,704)	$ (22,985)

	2015		
	Unrestricted	Temporarily Restricted	Total
Realized and unrealized gains (losses), net	$ 1,212	$ (4,675)	$ (3,463)
Interest and dividend income	2,833	155,362	158,195
	$ 4,045	$ 150,687	$ 154,732

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, 2016, capital assets consisted of the following:

	Balance June 30 2015	Additions	Deletions/ Transfers	Balance June 30 2016
Capital assets not being depreciated:				
Land	$ 2,042,033	$ -	$ -	$ 2,042,033
Construction in progress	10,210,975	2,360,534	9,901,333	2,670,176
Total capital assets not being depreciated	12,253,008	2,360,534	9,901,333	4,712,209
Capital assets being depreciated:				
Land improvements	6,122,676	804,005	-	6,926,681
Building and building improvements	122,618,693	11,255,323	-	133,874,016
Furniture and equipment	24,202,685	2,364,074	21,543	26,545,216
Library books	1,618,679	38,675	-	1,657,354
Total capital assets being depreciated	154,562,733	14,462,077	21,543	169,003,267
Less accumulated depreciation for:				
Land improvements	2,059,644	372,660	-	2,432,304
Buildings and building improvements	42,327,501	4,458,380	-	46,785,881
Furniture and equipment	18,917,598	1,564,946	21,543	20,461,001
Library books	1,437,825	56,923	-	1,494,748
Total accumulated depreciation	64,742,568	6,452,909	21,543	71,173,934
Total capital assets being depreciated, net	89,820,165	8,009,168	-	97,829,333
Total capital assets, net	$ 102,073,173	$ 10,369,702	$ 9,901,333	$ 102,541,542

NOTE 8 - CAPITAL ASSETS, NET - CONTINUED

At June 30, 2015, capital assets consisted of the following:

	Balance June 30 2014	Additions	Deletions/ Transfers	Balance June 30 2015
Capital assets not being depreciated:				
Land	$ 2,042,033	$ -	$ -	$ 2,042,033
Construction in progress	1,946,884	9,115,345	851,254	10,210,975
Total capital assets not being depreciated	3,988,917	9,115,345	851,254	12,253,008
Capital assets being depreciated:				
Land improvements	5,746,547	376,129	-	6,122,676
Building and building improvements	121,560,293	1,058,400	-	122,618,693
Furniture and equipment	23,855,217	384,740	37,272	24,202,685
Library books	1,574,434	44,245	-	1,618,679
Total capital assets being depreciated	152,736,491	1,863,514	37,272	154,562,733
Less accumulated depreciation for:				
Land improvements	1,735,831	323,813	-	2,059,644
Buildings and building improvements	38,504,447	3,823,054	-	42,327,501
Furniture and equipment	17,482,037	1,472,833	37,272	18,917,598
Library books	1,374,989	62,836	-	1,437,825
Total accumulated depreciation	59,097,304	5,682,536	37,272	64,742,568
Total capital assets being depreciated, net	93,639,187	(3,819,022)	-	89,820,165
Total capital assets, net	$ 97,628,104	$ 5,296,323	$ 851,254	$ 102,073,173

Depreciation expense for the College for the years ended June 30, 2016 and 2015 was $6,452,909 and $5,682,536, respectively.

NOTE 9 - LONG-TERM LIABILITIES

Long-term liability activity, except for the postemployment benefits obligation, for the year ended June 30, 2016, was as follows:

	Balance June 30 2015	Additions	Reductions	Balance June 30 2016	Due Within One Year
Bonds payable	$ 70,335,778	$ -	$ 3,863,182	$ 66,472,596	$ 4,018,359
Less deferred amounts:					
For issuance premiums	7,042,938	-	413,314	6,629,624	406,006
For issuance discounts	(252,438)	-	(27,268)	(225,170)	(26,337)
Subtotal	77,126,278	-	4,249,228	72,877,050	4,398,028
Other Liabilities:					
Notes payable	-	322,641	286,680	35,961	35,961
Capital leases	60,963	-	34,139	26,824	26,824
Total	$ 77,187,241	$ 322,641	$ 4,570,047	$ 72,939,835	$ 4,460,813

NOTE 9 - LONG-TERM LIABILITIES - CONTINUED

Bonds Payable

As of June 30, 2016 and 2015, bonds payable consisted of the following:

	2016	2015
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.	$ 4,880,000	$ 5,745,000
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, 2017.	4,450,000	6,515,000
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.	1,157,596	1,350,778
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.	1,680,000	1,920,000
Commonwealth of Pennsylvania State Public School Building Authority Series of 2014 (e): Serial bonds at 2.00% to 5.00% due at various intervals beginning April 1, 2015 through October 1, 2034.	13,910,000	14,410,000
Commonwealth of Pennsylvania State Public School Building Authority Series of 2015 (f): Serial bonds at 3.625% to 5.00% due at various intervals beginning October 1, 2015 through October 1, 2032.	40,395,000	40,395,000
	$ 66,472,596	$ 70,335,778

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. On February 18, 2015, the College's Board of Trustees approved the partial advanced refunding of the Series of 2008 Revenue Bonds with the issuance of the Series of 2015 Revenue Bonds. Details of this new series are described in item (f) below.

(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.

(e) In September 2014, the College sold 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, commencing on April 1, 2015. The Bonds are due serially over the next twenty years and mature October 2034.

(f) In April 2015, the College sold the Series of 2015 Revenue Bonds totaling $40,395,000 to advance refund a portion of the outstanding Series of 2008 Revenue Bonds. The net proceeds of this issuance were deposited in an escrow account to provide for the advance refunding of $41,350,000 principal of the 2008 Bonds. As a result of the advance refunding, the College reduced its debt service requirement by $2,903,731, which resulted in an economic gain (difference between the present value of the debt service payments on the old and new debt) of $2,307,748.49. The State Public School Building Authority issued the Bonds on behalf of the College. Interest on the 2015 Bonds is payable on April 1 and October 1, in each year until maturity or earlier redemption, commencing on October 1, 2015. The Bonds are due serially over the next eighteen years and mature October 2032.

NOTE 9 - LONG-TERM LIABILITIES - CONTINUED

The following sets forth principal maturities and interest payments of all bonds payable as of June 30, 2016:

Year Ended	Principal	Interest	Total
2017	$ 4,018,359	$ 2,864,103	$ 6,882,462
2018	4,188,582	2,690,190	6,878,772
2019	4,338,943	2,503,864	6,842,807
2020	4,524,413	2,312,728	6,837,141
2021 - 2025	19,627,299	8,852,450	28,479,749
2026 - 2030	18,310,000	4,262,947	22,572,947
2030 - 2034	11,465,000	845,350	12,310,350
Total	$ 66,472,596	$ 24,331,632	$ 90,804,228

Notes Payable

Under a revolving agreement, dated October 15, 2015, 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 is scheduled to be repaid over a five-year period through October 15, 2020, at a fixed interest rate of 2.00 percent. As of June 30, 2016, the College had drawn down $322,641 of the loan and has $35,961 outstanding. The remainder of the note was drawn down subsequent to year end.

The following sets forth principal maturities and interest payments for this note when fully drawn as of June 30:

Year Ended	Principal	Interest	Total
2017	$ 582,146	$ 51,379	$ 633,525
2018	593,847	39,678	633,525
2019	605,784	27,741	633,525
2020	617,926	15,599	633,525
2021	313,617	3,145	316,762
Total	$ 2,713,320	$ 137,542	$ 2,850,862

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:

	2016	2015
Cost of assets	$ 138,591	$ 138,591
Accumulated depreciation	(103,943)	(69,295)
Carrying value	$ 34,648	$ 69,296

Future minimum lease obligations and the net present value of these minimum lease payments as of June 30, 2016, are as follows:

Year ending June 30, 2017	$ 28,556
Less: Amount representing interest	1,732
Present value of net minimum lease payments	$ 26,824

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. On September 18, 2014, the College amended this lease to extend the previous amendment term of the lease for five additional years commencing on July 1, 2015, and ending June 30, 2020. Monthly payments under the amended lease are $26,017. The lease costs were $312,206 and $308,352 at June 30, 2016 and 2015, respectively.

NOTE 10 - LEASE OBLIGATIONS - CONTINUED

Operating Leases - continued

Delaware County - continued

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 2016 and 2015 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 2016 and 2015, the lease cost was $334,322.

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 $80,000 and $120,000 in advance lease payments for the years ended June 30, 2016 and 2015, 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 $398,435 and $589,713 for the years ended June 30, 2016 and 2015, 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 each of the fiscal years 2016 and 2015 was $34,293. This lease is scheduled to expire June 30, 2017.

NOTE 10 - LEASE OBLIGATIONS - CONTINUED

Operating Leases - continued

Chester County - continued

In September 2014, the College's Board of Trustees approved a lease agreement with the Chester County Intermediate Unit for approximately 8,914 square feet within the Chester County Intermediate Unit's Technical College High School facility located on Charlestown Road in Phoenixville, Chester County. The initial payment on this lease was made on August, 2014. Monthly payments are $6,740. The lease cost totaled $74,140 for the year ended June 30, 2015. The College amended the lease on August 1, 2015. Under this amendment, the College extended the term of the lease for one additional year commencing August 1, 2015, and ending July 31, 2016. Monthly payments under the amended lease are $6,740. The lease cost totaled $80,880 for the year ended June 30, 2016. The College amended the lease on August 1, 2016. Under this amendment, the College extended the term of the lease for one additional year commencing August 1, 2016, and ending July 31, 2017. Monthly payments under the amended lease are $4,196.

The minimum future lease payments under these agreements are as follows for the years ended June 30:

2017	$ 1,481,103
2018	1,398,110
2019	838,914
2020	838,914
2021	526,708
2022	526,708
Total	$ 5,610,457

The College has other noncancelable operating leases that generally have terms of one to three years. The rental expense for these leases was $237,688 and $217,868 for the years ended June 30, 2016 and 2015, respectively.

NOTE 11 - EMPLOYEE RETIREMENT PLANS

Retirement Plans

Employees of the College are currently enrolled in one of three retirement plans. The Pennsylvania State Employees' Retirement System ("SERS") and the Public School Employees' Retirement System ("PSERS") each administer a cost-sharing, multiple employer defined benefit plan. The Teachers Insurance and Annuity Association/College Retirement and Equity Fund ("TIAA/CREF") administers a multiple employer defined contribution plan. Employees who were previously a member of PSERS and SERS and have not withdrawn their funds in full are automatically enrolled in PSERS or SERS upon employment with the College; otherwise, only TIAA/CREF is available to new employees.

NOTE 11 - EMPLOYEE RETIREMENT PLANS - CONTINUED

Employee Defined Benefit Pension Plans

Summary of Significant Accounting Policies

Pension Plans

For the purposes of measuring the net pension liability, deferred outflows of resources and deferred inflows of resources related to pensions, and pension expense, information about the fiduciary net position of the Public School Employees' Retirement System (PSERS) and the Pennsylvania State Employees' Retirement System (SERS), and additions to/deductions from PSERS' and SERS fiduciary net position have been determined on the same basis as they are reported by PSERS and SERS. For the purpose, benefit payments (including refunds of employee contributions) are recognized when due and payable in accordance with the benefit terms. Investments from these plans are reported at fair value.

General Information about the Pension Plan

Plan Descriptions

SERS is a governmental cost-sharing multi-employer defined benefit pension plan established by the Commonwealth of Pennsylvania to provide pension benefits for employees of state government and certain independent agencies. SERS is a component unit of the commonwealth and is included in the commonwealth's financial report as a pension trust fund.

PSERS is a governmental cost-sharing multi-employer defined benefit pension plan that provides retirement benefits to public school employees of the Commonwealth of Pennsylvania under Title 24 Part IV of the Pennsylvania General Assembly. The members eligible to participate in the System include all full-time public school employees, part-time hourly public school employees who render at least 500 hours of service in the school year, and part-time per diem public school employees who render at least 80 days of service in the school year in any of the reporting entities in Pennsylvania. PSERS issues a publicly available financial report that can be obtained at www.psers.state.pa.us.

Benefits Provided

SERS provides retirement, death, and disability benefits. Cost of Living Adjustments (COLA) are provided ad hoc at the discretion of the General Assembly. Article II of the Commonwealth of Pennsylvania's Constitution assigns the authority to establish and amend the benefit provision of the plan to the General Assembly. Member retirement benefits are determined by taking years of credited service times final average salary times two percent times class of service multiplier.

NOTE 11 - EMPLOYEE RETIREMENT PLANS - CONTINUED

Prior to Act 2010-120, employees who retire at age 60 with three years of service, or with 35 years of service if under age 60, are entitled to a normal annual retirement benefit. Members of the General Assembly and certain employees classified in hazardous duty positions can retire with full benefits at age 50, with at least three years of service. Act 2010-120 preserved all benefits in place for members, but mandated a number of benefit reductions for new members effective January 1, 2011. The benefit reduction included a new class of membership that accrues benefits at 2 percent of their final average salary instead of the previous 2.5 percent. The new vesting period changed from 5 to 10 years of credited service, and the option to withdraw lump-sum accumulated

PSERS provides retirement, disability, and death benefits. Members are eligible for monthly retirement benefits upon reaching (a) age 62 with at least one year of credited service; (b) age 60 with 30 or more years of credited service; or (c) 35 or more years of service regardless of age. Act 120 of 2010 (Act 120) preserves the benefits of existing members and introduced benefit reductions for individuals who become new members on or after July 1, 2011. Act 120 created two new membership classes, Membership Class T-E (Class T-E) and Membership Class T-F (Class T-F). To qualify for normal retirement, Class T-E and Class T-F members must work until age 65 with a minimum of three years of service or attain a total combination of age and service that is equal to or greater than 92 with a minimum of 35 years of service. Benefits are generally equal to 2.0 percent or 2.5 percent, depending upon membership class, of the member's final average salary (as defined in the Code) multiplied by the number of years of credited service. For members whose membership started prior to July 1, 2011, after completion of five years of service, a member's right to the defined benefits is vested and early retirement benefits may be elected. For Class T-E and Class T-F members, the right to benefits is vested after ten years of service.

PSERS participants are eligible for disability retirement benefits after completion of five years of credited service. Such benefits are generally equal to 2.0 percent or 2.5 percent, depending upon membership class, of the member's final average salary (as defined in the Code) multiplied by the number of years of credited service, but not less than one-third of such salary nor greater than the benefit the member would have had at normal retirement age. Members over normal retirement age may apply for disability benefits.

Death benefits are payable upon the death of an active PSERS member who has reached age 62 with at least one year of credited service (age 65 with at least three years of credited service for Class T-E and Class T-F members) or who has at least five years of credited service (ten years for Class T-E and Class T-F members). Such benefits are actuarially equivalent to the benefit that would have been effective if the member had retired on the day before death.

NOTE 11 - EMPLOYEE RETIREMENT PLANS - CONTINUED

Contributions

Pursuant to 5507 of the SERC (71 PA. C.S. §5507) requires the Commonwealth and other employers whose employees are SERS members to make contributions to the fund on behalf of all active members and annuitants necessary to fund the liabilities and provide the annuity reserves required to pay benefits. SERS funding policy, as set by the board, provides for a periodic active member contributions as statutory rates. The SERS funding policy also provides for periodic employer contributions at actuarially determined rates based on SERS funding valuation, expressed as a percentage of annual retirement covered payroll such that they, along with employee contributions and an actuarially determined rate of investment return, are adequate to accumulate assets to pay benefits when due. However, Act 2010-120 imposes rate increase collars (limits on annual rate increases) on employer contributions that keep the employer contribution rate below the rates established in accordance with the actuarial parameters. The collar of the Commonwealth fiscal year 2013-2014 was 4.5 percent and will remain at that rate until no longer needed.

SERS Member Contributions:

The general membership contribution rate for all Class A and Class AA members is 5.00 percent and 6.25 percent of salary, respectively. The general membership contribution rate under Act 2010-120 for A-3 and A-4 members is 6.25 percent and 9.30 percent of salary, respectively. All employee contributions are recorded in individually identified accounts that are credited with interest, calculated at 4 percent per annum, as mandated by statute.

SERS Employer Contributions:

Participating employer contributions for SERS are based upon an actuarially determined percentage of gross pay that is necessary to provide SERS with assets sufficient to meet the benefits to be paid to members. The College contribution rate at June 30, 2016, ranged between 17.18 percent and 24.86 percent of gross pay depending on the class of employee. Contributions to the pension plan from the College were $324,635 and $271,134 for the years ended June 30, 2016 and 2015, respectively.

The PSERS contribution policy is set by state statute and requires contributions by active members, employees, and the Commonwealth of Pennsylvania.

PSERS Member Contributions:

Active members who joined the System prior to July 22, 1983, contribute at 5.25 percent (Membership Class T-C) or at 6.50 percent (Membership Class T-D) of the member's qualifying compensation.

Members who joined the System on or after July 22, 1983, and who were active or inactive as of July 1, 2001, contribute at 6.25 percent (Membership Class T-C) or at 7.50 percent (Membership Class T-D) of the member's qualifying compensation.

NOTE 11 - EMPLOYEE RETIREMENT PLANS - CONTINUED

Members who joined the System after June 30, 2001, and before July 1, 2011, contribute at 7.50 percent (automatic Membership Class T-D). For all new hires and for members who elected Class T-D membership, the higher contribution rates began with service rendered on or after January 1, 2002.

Members who joined the System after June 30, 2011, automatically contribute at the Membership Class T-E rate of 7.5 percent (base rate) of the member's qualifying compensation. All new hires after June 30, 2011, who elect Class T-F membership, contribute at 10.3 percent (base rate) of the member's qualifying compensation. Membership Class T-E and Class T-F are affected by a "shared risk" provision in Act 120 of 2010 that in future fiscal years could cause the Membership Class T-E contribution rate to fluctuate between 7.5 percent and 9.5 percent and Membership Class T-F contribution rate to fluctuate between 10.3 percent and 12.3 percent.

PSERS Employer Contributions:

The College's contractually required contribution rate for fiscal year ended June 30, 2016, was 25.00 percent of covered payroll of which the Commonwealth of Pennsylvania contributes 50 percent of the College's contractually required contributions. The contractually required contributions are actuarially determined as an amount that, when combined with employee contributions, is expected to finance the costs of benefits earned by employees during the year, with an additional amount to finance any unfunded accrued liability. The rate was certified by the PSERS board of trustees. Contributions to the pension plan from the College were $606,223 and $512,629 for the years ended June 30, 2016 and 2015, respectively.

PSERS State Contributions:

Pursuant to §8327 of the PSERS Retirement Code, the Commonwealth of Pennsylvania funds 50 percent of the College's retirement expense directly to the plan. This arrangement does meet the criteria of a special funding situation in accordance with GASB standards. Therefore, the net pension liabilities and related pension expense represent 50 percent of the College's share of these amounts.

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

At June 30, 2016, the College reported a liability of $ $3,862,441 for its proportionate shares of the SERS net pension liability. The SERS net pension liability was measured as of December 31, 2015, and the total pension liability used to calculate the net pension liability was determined by rolling forward the System's total pension liability as of December 31, 2014, to December 31, 2015. The College's proportion of the SERS net pension liability was calculated utilizing the projected employer's contributions for the following year as it relates to the total projected employer's contributions for the following year. At December 31, 2015, the College's proportion was 0.0212 percent, which was a decrease of 0.0011 percent from its proportion measured as of December 31, 2014.

NOTE 11 - EMPLOYEE RETIREMENT PLANS - CONTINUED

At June 30, 2016, the College reported a liability for its proportionate share of the PSERS net pension liability that reflected a reduction for Commonwealth of Pennsylvania pension support provided to the College. The amount recognized by the College as its proportionate share of net pension liability, the related Commonwealth support, and the total portion of the net pension liability that was associated with the College are as follows:

College's proportionate share of the net pension liability	$ 8,403,000
Commonwealth's proportionate share of the net pension liability	8,403,000
Total proportionate share of the net pension liability	$ 16,806,000

The PSERS net pension liability was measured as of June 30, 2015, and the total pension liability used to calculate the net pension liability was determined by rolling forward the System's total pension liability as of June 30, 2014, to June 30, 2015. The College's proportion of the PSERS net pension liability was calculated utilizing the employer's one-year reported covered payroll as it relates to the total one-year reported covered payroll. At June 30, 2015, the College's proportion was 0.0194 percent, which was an increase of 0.0008 percent from its proportion measured as of June 30, 2014.

For the year ended June 30, 2016, the College recognized total pension expense from the two plans of $954,982. At June 30, 2016, the College reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Net difference between projected and actual investment earnings	$ 393,268	$ 17,000
Change in assumptions	114,753	-
Net difference between expected and actual experience	78,205	35,000
Changes in proportions	271,000	1,320,728
Difference between employer contributions and proportionate share of total contributions	15,979	1,614
Contributions subsequent to the measurement date	768,540	-
	$ 1,641,745	$ 1,374,342

The $768,540 reported as deferred outflows of resources resulting from College pension contributions made subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ended June 30, 2017.

NOTE 11 - EMPLOYEE RETIREMENT PLANS - CONTINUED

Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows for the years ending June 30:

2017	$ (194,771)
2018	(194,771)
2019	(194,771)
2020	79,430
2021	3,746
	$ (501,137)

SERS Actuarial Assumptions

The actuarial valuation uses assumptions regarding future rates of investment return and rates of retirement, withdrawal, death, and disability among SERS members and their beneficiaries. The current set of assumptions used in the December 31, 2013 actuarial valuation, with the exception of the discount rate assumption, was adopted by the State Employees' Retirement Board based upon actual experience of SERS during the years 2006 through 2010. Based upon subsequent review of SERS investment data and results, the Board approved a reduction in the assumed discount rate from 8.00 percent to 7.50 percent effective as of the December 31, 2011 actuarial valuation and the 7.50 percent assumption has remained in effect since then. The following actuarial assumptions, applied to all periods included in the measurement:

- Actuarial cost method - Entry Age Normal
- Investment return - 7.50 percent, includes inflation at 2.75 percent
- Salary increases - Effective average of 6.10 percent, with a range of 4.30 percent and 11.05 percent including inflation at 2.75 percent.
- Mortality rates were based on the RP-2000 Mortality Tables adjusted for actual plan experience and future improvement.

PSERS Actuarial Assumptions

The total pension liability as of June 30, 2014, was determined by rolling forward the System's total pension liability as of the June 30, 2013 actuarial valuation to June 30, 2014, using the following actuarial assumptions, applied to all periods included in the measurement:

- Actuarial cost method - Entry Age Normal - level percent of pay
- Investment return - 7.50 percent, includes inflation at 3.00 percent
- Salary increases - Effective average of 5.50 percent, which reflects an allowance for inflation of 3.00 percent, real wage growth of 1.00 percent, and merit or seniority increases of 1.50 percent

NOTE 11 - EMPLOYEE RETIREMENT PLANS - CONTINUED

- Mortality rates were based on the RP-2000 Combined Healthy Annuitant Tables (male and female) with age set back three years for both males and females. For disabled annuitants the RP-2000 Combined Disabled Tables (male and female) with age set back seven years for males and three years for females.

The actuarial assumptions used in the June 30, 2013 valuation were based on the experience study that was performed for the five-year period ended June 30, 2010. The recommended assumption changes based on this experience study were adopted by the board at its March 11, 2011 board meeting, and were effective beginning with the June 30, 2011 actuarial valuation.

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

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

Asset Class	Target Allocation	Long-Term Expected Real Rate of Return
Alternative investments	15%	8.50%
Global public equity	40%	5.40%
Real assets	17%	4.95%
Diversifying assets	10%	5.00%
Fixed income	15%	1.50%
Liquidity reserve	3%	0.00%
	100%	

The above was the board's adopted asset allocation policy and best estimates of geometric real rates of return for each major asset class as of December 31, 2015.

NOTE 11 - EMPLOYEE RETIREMENT PLANS - CONTINUED

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

Asset Class	Target Allocation	Long-Term Expected Real Rate of Return
Public markets global equity	22.5%	4.8%
Private markets (equity)	15.0%	6.6%
Private real estate	12.0%	4.5%
Global fixed income	7.5%	2.4%
U.S. long treasuries	3.0%	1.4%
TIPS	12.0%	1.1%
High yield bonds	6.0%	3.3%
Cash	3.0%	0.7%
Absolute return	10.0%	4.9%
Risk parity	10.0%	3.7%
MLPs/Infrastructure	5.0%	5.2%
Commodities	8.0%	3.1%
Financing (LIBOR)	-14.0%	1.1%
	100%	

The above was the board's adopted asset allocation policy and best estimates of geometric real rates of return for each major asset class as of June 30, 2015.

Discount Rate - SERS and PSERS

The discount rate used to measure the total pension liability was 7.50 percent. The projection of cash flows used to determine the discount rate assumed that contributions from plan members will be made at the current contribution rate and that contributions from employers will be made at contractually required rates, actuarially determined. Based on those assumptions, the pension plan's fiduciary net position was projected to be available to make all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

NOTE 11 - EMPLOYEE RETIREMENT PLANS - CONTINUED

Sensitivity of the College's Proportionate Share of the Net Pension Liability to Changes in the Discount Rate

The following presents the net pension liability, calculated using the discount rate of 7.50 percent, as well as what the net pension liability would be if it were calculated using a discount rate that is 1 percentage point lower (6.50%) or 1 percentage point higher (8.50%) than the current rate:

	1% Decrease 6.50%	Current Discount Rate 7.50%	1% Increase 8.50%
College's proportionate share of the SERS net pension liability	$ 4,797,879	$ 3,862,440	$ 3,060,354
College's proportionate share of the PSERS net pension liability	10,358,000	8,403,000	6,760,000

Pension Plan Fiduciary Net Position

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

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

Payables to the Pension Plan

At June 30, 2016, the College had an accrued balance due to PSERS of $163,572. This amount represents the College's contractually obligated contributions for wages earned in April 2016 through June 2016. The balance will be paid in September 2016.

Employee Defined Contribution Pension Plan

TIAA-CREF is a cost-sharing multi-employer defined contribution plan and an option to employees who wish to participate in a program whose benefits depend solely on amounts contributed plus investment earnings. Employees who elect to participate in this plan are required to make a contribution of 5% percent of their gross pay. The College contribution rate at June 30, 2016, was 10% percent of gross pay depending on the class of employee. Beyond that salary-based contribution, the College bears no responsibility for any liabilities, funded or unfunded, of TIAA/CREF. Contributions are immediately and fully vested. The contributions to TIAA-CREF for the years ended June 30, 2016, 2015, and 2014 were $3,079,227; $2,980,267; and $2,832,985; respectively.

NOTE 11 - EMPLOYEE RETIREMENT PLANS - CONTINUED

403(b) Tax Shelter Plan

The College has established a 403(b) tax shelter plan permitting the establishment of accounts for college employees to voluntarily set aside monies to supplement their retirement income. All college employees are eligible to participate. The College does not contribute to the Plan.

NOTE 12 - EMPLOYEE BENEFITS

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, 2014	$ 755,714
Contributions to plan as of June 30, 2015	(310,640)
Net ER pension obligation, June 30, 2015	445,074
Additional liability (new retirees)	662,920
Contributions to plan as of June 30, 2016	(271,773)
Net ER pension obligation, June 30, 2016	$ 836,221

In June 2015, the College approved an early retirement incentive program for faculty and administrators. Only staff who notified the College of their retirement intentions by October 30, 2015, were included in this plan. The Plan offered to each staff a one-time lump sum payment equal to one week of current salary (effective as of the date of termination of employment) for each year of full-time continuous service computed through June 30, 2016. In addition, participating employees will continue their existing health care coverage until December 31, 2016. The total cost for the plan was $662,920 of which $600,428 represents the total cash portion of the benefits.

NOTE 12 - EMPLOYEE BENEFITS - CONTINUED

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
6/30/16	$ 271,773	100.0%	$ 836,221
6/30/15	310,640	100.0%	445,075
6/30/14	343,842	100.0%	755,714

Other Postemployment Benefits

Plan Description

Delaware Country Community College administers a single-employer defined benefit plan (the Other 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 other 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%
January 1, 2014 - December 31, 2014	5%	5%
January 1, 2015 - December 31, 2015	5%	5%

NOTE 12 - EMPLOYEE BENEFITS - CONTINUED

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 30 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:

	2016	2015
Annual required contribution	$ 192,603	$ 3,142,454
Interest on net OPEB obligation	46,440	74,381
Adjustment to annual required contribution	-	(2,846,903)
Annual OPEB cost	239,043	369,932
Contributions made	(445,000)	(445,000)
Increase in net OPEB obligation	(205,957)	(75,068)
Net OPEB obligation - beginning of year	2,697,454	2,772,522
Net OPEB obligation - end of year	$ 2,491,497	$ 2,697,454

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
6/30/16	$ 239,043	186.2%	$ 2,491,497
6/30/15	369,932	120.3%	2,697,454
6/30/14	226,858	229.2%	2,479,380

Funded Status and Funding Progress

As of July 1, 2014, the Plan was zero percent funded. The actuarial accrued liability was $2.9 million, which is equivalent to the unfunded actuarial accrued liability (UAAL). The covered payroll (annual payroll of active employees covered by the plan) was $28.4 million and the ratio of the UAAL to the covered payroll was 10.2 percent.

NOTE 12 - 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, 2014 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 using the Society of Actuaries-Getzen Model version 2014 utilizing the baseline assumptions included within the model, except inflation is expected to be 2.5 percent and real GDP growth is expected to be 1.8 percent per year, for fiscal years 2021 and later. The unfunded liability is being amortized using a level dollar method over a one-year amortization period.

NOTE 13 - 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, 2015, this tuition fund was fully exhausted.

NOTE 14 - 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, 2016 and 2015, those amounts totaled $726,836 and $1,030,476, respectively, for the Chester County Campus Capital Campaign, and $756,390 and $1,459,475, respectively, for the Science, Technology, Engineering, and Math Complex. The remaining balances in temporarily restricted net assets at June 30, 2016 and 2015 are $230,407 and $254,914, respectively, for the present value of the balances due on the Charitable Lead Annuity Trusts, and $1,239,362 and $1,381,379, 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:

	2016	2015
Scholarships	$ 301,300	$ 240,132
Programs	142,630	135,711
Charitable Lead Annuity Trusts	25,000	18,750
Chester County Technical College High School	750,002	700,000
Chester County Campus Capital Campaign	300,000	200,000
Science, Technology, Engineering, and Math Complex	700,000	200,000
	$ 2,218,932	$ 1,494,593

NOTE 15 - PERMANENTLY RESTRICTED NET ASSETS - COMPONENT UNIT

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

	2016	2015
Louis W. Scott III Memorial Scholarship Fund	$ 244,374	$ 225,362
Independence Nursing Scholarship	200,000	200,000
Marge Ailes Memorial Elder Week Fund	115,625	115,625
Marge Ailes Memorial Endowment Scholarship	115,000	115,000
Wong-Moss Alumni Award	104,314	104,314
DCCC/Student Government Association Scholarship	98,992	94,466
Edith Garlow Memorial Poetry Fund	78,696	78,696
Dr. Carolyn McKinley Mathematics, Science, and English Award	76,470	76,470
Gould Memorial Faculty Award	57,495	52,795
Richard D. DeCosmo Scholarship Fund	56,146	56,146
Kevin Coleman Memorial Scholarship	47,120	46,520
Steve Pahides Memorial Scholarship	42,460	41,460
American Food Service Scholarship	35,000	35,000
Chester Pike Rotary Scholarship	32,477	30,477
SAP Business & Technology Scholarship	30,000	30,000
EM Kavjiam MD Memorial Scholarship	26,310	11,000
Drexelbrook Community Scholarship	25,000	25,000
Knotopouls Memorial Scholarships	25,000	17,500
Thomas J. Anderson Scholarship	24,000	19,000
Murphey Family Memorial Scholarship	23,585	23,585
Phil-Hanna Endowed Scholarship	23,221	20,021
Teresa K. Freda Scholarship Fund	22,805	22,805
Ann Marie Vitale Memorial Scholarship	21,812	21,812
Ryan-Motta Memorial Scholarship	21,000	16,000
Fox Pfizenmayer Scholarship	19,300	19,300
Marc C. Bender Memorial Scholarship Fund	18,715	18,716
Ellen Ann Roberts Memorial Scholarship Fund	14,105	14,105
Donnelly-Barnes Scholarship	13,615	13,215
Harry L. LeFever Scholarship	12,975	12,725
Phi Theta Kappa Scholarship	12,619	12,619
Barry Gibbons Scholarship	12,480	12,480
Air Conditioning Contractors of America Scholarship	12,297	11,797
Phyllis Wexler Memorial Scholarship	11,600	11,600
Joseph Sherlock Jr Memorial Scholarship	11,000	-
Jane Rothrock RN/BSN Scholar	10,930	10,930
Delco Tavern Association Scholarship	10,000	10,000
Charles W. Crist Memorial Scholarship	10,000	10,000
Jerome Parker Presidential Endowed Scholarship	10,000	-

NOTE 15 - PERMANENTLY RESTRICTED NET ASSETS - COMPONENT UNIT - CONTINUED

	2016	2015
Robert Slough Memorial Scholarship	10,000	10,000
Meghan E Smith Scholarship	10,000	10,000
Anthony D'Angelo Business Society Scholarship	9,630	9,630
Timothy Finian Hockey Scholarship	9,520	8,695
Sagle/Perkins Scholarship	8,500	8,500
E.R. Pechin Nursing Scholarship	8,152	8,152
J.R. Finio and Sons Scholarship Fund	6,920	6,945
Maryann DiGiandomenico Memorial Scholarship	6,534	6,534
Kreitzberg Endowed Scholarship Fund	6,916	6,379
Michael and Teresa Morochko Scholarship	6,065	6,065
Labron K. Shuman, Esquire, Award	6,000	6,000
David Baldwin Memorial Scholarship	5,788	5,788
Kuehner-Oyler Nursing Scholarship	5,880	5,380
Mimi Greenwood Memorial Scholarship	5,100	5,100
Frank and Mary Jelinek Scholarship	5,000	5,000
Marie Patriarca Staff Award	5,000	5,000
Spelina-McAfee Memorial Scholarship	5,000	4,500
Karen L Berlant Memorial Award	4,220	4,220
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	2,451	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	2,000
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
	$ 1,874,577	$ 1,782,242

NOTE 16 - ENDOWMENTS - COMPONENT UNIT

The Foundation's endowments consist of 68 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.

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.

NOTE 16 - ENDOWMENTS - COMPONENT UNIT - CONTINUED

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, 2016, awards from income earned on the permanently restricted net assets were within the guidelines as stipulated in the spending policy.

Endowment net asset composition by type of fund as of June 30:

	2016		
	Temporarily Restricted	Permanently Restricted	Total
Donor restricted endowment funds	$ 666,233	$ 1,874,577	$ 2,540,810

	2015		
	Temporarily Restricted	Permanently Restricted	Total
Donor restricted endowment funds	$ 767,386	$ 1,782,242	$ 2,549,628

NOTE 16 - ENDOWMENTS - COMPONENT UNIT - CONTINUED

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

	2016		
	Temporarily Restricted	Permanently Restricted	Total
Net assets, beginning of year	$ 767,386	$ 1,782,242	$ 2,549,628
Investment return:			
Interest and dividends	86,998	-	86,998
Net realized and unrealized gains/(losses)	(100,278)	-	(100,278)
Total	754,106	1,782,242	2,536,348
Contributions	-	92,335	92,335
Appropriation of endowment assets for expenditures and management fees	(87,873)	-	(87,873)
Net assets, end of year	$ 666,233	$ 1,874,577	$ 2,540,810

	2015		
	Temporarily Restricted	Permanently Restricted	Total
Net assets, beginning of year	$ 771,788	$ 1,486,850	$ 2,258,638
Investment return:			
Interest and dividends	73,997	-	73,997
Net realized and unrealized gains	(1,443)	-	(1,443)
Total	844,342	1,486,850	2,331,192
Contributions	-	303,626	303,626
Appropriation of endowment assets for	8,234	(8,234)	
expenditures and management fees	(85,190)	-	(85,190)
Net assets, end of year	$ 767,386	$ 1,782,242	$ 2,549,628

NOTE 17 - 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, 2016 and 2015, 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:

	2016			
	Level 1	Level 2	Level 3	Total
Mutual funds:				
Fixed income	$ 2,711,209	$ -	$ -	$ 2,711,209
Equities	1,727,697	-	-	1,727,697
Alternative investments	-	124,073	-	124,073
Total	$ 4,438,906	$ 124,073	$ -	$ 4,562,979

	2015			
	Level 1	Level 2	Level 3	Total
Mutual funds:				
Balanced	$ 2,308,715	$ -	$ -	$ 2,308,715
Growth	386,738	-	-	386,738
Fixed income	2,697,524	-	-	2,697,524
Total	$ 5,392,977	$ -	$ -	$ 5,392,977

NOTE 18 - COMMITMENT AND CONTINGENCIES

Commitments related to construction-in-progress projects were approximately $2,498,239 and $3,290,178 for the years ended on June 30, 2016 and 2015, 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 2015/2016 years. The College has no unfunded liability.

Revenues reflected by the College from federal and state government organizations are subject to audit and verification by the applicable organization. Any disallowed claims, including amounts already collected, may constitute a liability of applicable funds. The amount, if any, of expenditures which may be disallowed or claims that may be disallowed cannot be determined by the College at this time, although the College expects such amount, if any, to be immaterial.

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 19 - NEW ACCOUNTING PRONOUNCEMENTS

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

- Statement No. 74, *Financial Reporting for Postemployment Benefits Other Than Pension Plans* - The objective of this statement is to improve the usefulness of information about other postemployment benefits other than pensions included in the general purpose external financial reports of state and local governmental OPEB plans for making decisions and assessing accountability. This statement is effective for the College's fiscal year ending June 30, 2017.

- Statement No. 75, *Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions* - This statement replaces the requirements of Statement No. 45, *Accounting and Financial Reporting by Employers for Postemployment Benefits Other Than Pensions*. The scope of this statement addresses accounting and financial reporting for OPEB that is provided to the employees of state and local governmental employers. This statement establishes standards for recognizing and measuring liabilities, deferred outflows of resources, deferred inflows of resources, and expense/expenditures. This statement is effective for the College's fiscal year ending June 30, 2018.

NOTE 19 - NEW ACCOUNTING PRONOUNCEMENTS - CONTINUED

- Statement No. 82, *Pension Issues - an amendment of GASB Statements No. 67, No. 68, and No. 73* - This statement addresses certain issues that have been raised with respect to GASB Statements No. 67, No. 68, and No. 73 related to (1) the presentation of payroll-related measures in required supplementary information, (2) the selection of assumptions of the treatment of deviations from the guidance in Actuarial Standard of Practice for financial reporting purposes, and (3) the classification of payments made by employers to satisfy employee (plan member) contribution requirements. This statement is effective for the College's fiscal year ending June 30, 2017.

The College has not yet completed the analysis necessary to estimate the financial statement impact of these new pronouncements.

[THIS PAGE INTENTIONALLY LEFT BLANK]

REQUIRED SUPPLEMENTARY INFORMATION

DELAWARE COUNTY COMMUNITY COLLEGE

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

	2016	2015	2014
College's proportion of the collective net pension liability	0.0194%	0.0186%	0.0193%
College's proportionate share of the collective net pension liability	$ 8,403,000	$ 7,362,000	$ 7,901,000
Commonwealth's proportionate share of collective net pension liability	8,403,000	7,362,000	7,901,000
Total proportionate share of the collective net pension liability	$ 16,806,000	$ 14,724,000	$ 15,802,000
College's covered employee payroll	$ 2,501,641	$ 2,369,763	$ 2,471,670
College's proportionate share of the net pension liability as a percentage of its covered employee payroll	335.90%	310.66%	319.66%
Plan fiduciary net position as a percentage of the total pension liability	54.36%	57.24%	54.50%

The College's covered employee payroll noted above is as of the measurement date of the net pension liability (June 30, 2015, 2014, and 2013).

Note: This schedule is to present the requirement to show information for 10 years. However, until a full 10-year trend is compiled, information for only those years for which information is available is shown.

DELAWARE COUNTY COMMUNITY COLLEGE

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

	2016	2015
College's proportion of the collective net pension liability	0.0212%	0.0223%
College's proportionate share of the collective net pension liability	$ 3,862,441	$ 3,305,837
College's covered employee payroll	$ 1,377,945	$ 1,452,867
College's proportionate share of the net pension liability as a percentage of its covered employee payroll	280.30%	227.54%
Plan fiduciary net position as a percentage of the total pension liability	58.90%	64.80%

The College's covered employee payroll noted above is as of the measurement date of the net pension liability (December 31, 2015, and 2014).

Note: This schedule is to present the requirement to show information for 10 years. However, until a full 10-year trend is compiled, information for only those years for which information is available is shown.

DELAWARE COUNTY COMMUNITY COLLEGE

SCHEDULE OF COLLEGE CONTRIBUTIONS - PSERS PENSION PLAN

LAST 10 FISCAL YEARS

	2016	2015	2014	2013	2012	2011	2010	2009	2008	2007
Contractually required contribution	$ 606,223	$ 512,629	$ 409,297	$ 302,946	$ 234,017	$ 174,491	$ 137,448	$ 120,115	$ 160,617	$ 150,904
Contributions in relation to the contractually required contribution	606,223	512,629	409,297	302,946	234,017	174,491	137,448	120,115	160,617	150,904
Contribution deficiency (excess)	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -
College's covered employee payroll	$ 2,349,062	$ 2,501,641	$ 2,369,763	$ 2,471,670						
Contributions as a percentage of covered employee payroll	25.81%	20.49%	17.27%	12.26%						

NOTE: This schedule is presented to present the requirement to show information for 10 years. However, until a full 10-year trend is compiled, information for only those years for which information is available is shown.

DELAWARE COUNTY COMMUNITY COLLEGE

SCHEDULE OF COLLEGE CONTRIBUTIONS - SERS PENSION PLAN

LAST 10 FISCAL YEARS

	2016	2015	2014	2013	2012	2011	2010	2009	2008	2007
Contractually required contribution	$ 324,635	$ 271,134	$ 195,192	$ 128,743	$ 72,643	$ 37,458	$ 26,497	$ 23,872	$ 13,506	$ 11,744
Contributions in relation to the contractually required contribution	324,635	271,134	195,192	128,743	72,643	37,458	26,497	23,872	13,506	11,744
Contribution deficiency (excess)	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -
College's covered employee payroll	$ 1,443,719	$ 1,534,448	$ 1,457,145							
Contributions as a percentage of covered employee payroll	22.49%	17.67%	13.40%							

NOTE: This schedule is presented to present the requirement to show information for 10 years. However, until a full 10-year trend is compiled, information for only those years for which information is available is shown.

Schedule of Funding Progress for Other 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
7/1/2014	$ -	$ 2,903,410	$ 2,903,410	0.00%	$ 28,434,424	10.2%
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%

Effective October 1, 2012, all postretirement medical, dental, and vision benefits have been eliminated. The actuarial liability does still reflect the liabilities and costs associated with future disabled members in addition to existing retirees. Further assumptions for the actuarial liability are disclosed in Note 12.

SUPPLEMENTARY INFORMATION

DELAWARE COUNTY COMMUNITY COLLEGE

SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

For the Year Ended June 30, 2016

Grantor / Pass-Through / Program Title	Source Code	CFDA Number	Pass-Through Grantors Number	Contract Date	Award Amount	Received 6/30/2016	Accrued 6/30/2015	Revenue / Expenditures	Accrued 6/30/2016
Department of Education:									
Federal Pell Grant Program	D	84.063	P063P152891	03/23/15-08/31/21	$ 16,267,900	$ 15,485,000	$ -	$ 16,297,079	$ 812,079
Federal Pell Grant Program	D	84.063	P063P142891	03/23/14-08/31/20	18,010,017	870,209	213,626	656,583	-
Federal Pell Grant Program	D	84.063	P063P132891	03/23/13-08/31/19	20,072,739	(10,071)	-	(10,071)	-
Federal Pell Grant Program	D	84.063	P063P122891	03/23/12-08/31/18	20,798,574	3,433	-	3,433	-
Federal Work-Study Program (Including Administrative Allowance)	D	84.033	P033A153566	03/30/15-08/31/21	294,696	248,942	-	308,692	59,750
Federal Work-Study Program (Including Administrative Allowance)	D	84.033	P033A143566	04/14/14-08/31/20	293,293	24,247	21,557	2,690	-
Supplemental Education Opportunity Grant (Including Administrative Allowance)	D	84.007	P007A153566	07/01/14-08/31/20	300,000	170,844	-	208,487	37,643
Supplemental Education Opportunity Grant (Including Administrative Allowance)	D	84.007	P007A143566	07/01/14-08/31/20	300,000	266,148	263,773	2,375	-
Federal Direct Student Loans	D	84.268	P268K152891	01/01/15-07/31/37	24,015,012	21,600,000	-	21,983,084	383,084
Federal Direct Student Loans	D	84.268	P268K142891	01/01/14-07/31/36	24,207,907	745,896	211,862	534,034	-
Federal Direct Student Loans	D	84.268	P268K132891	01/01/13-07/31/35	23,352,114	(23,208)	-	(23,208)	-
Student Financial Assistance Cluster Subtotal						39,381,440	710,818	39,963,178	1,292,556
Department of Education:									
Passed through Pennsylvania Department of Education:									
Career and Technical Education - Basic Grants to States	I	84.048	381-16-004	07/01/15-06/30/16	637,465	584,343	-	637,465	53,122
Career and Technical Education - Basic Grants to States	I	84.048	381-15-007	07/01/14-06/30/15	653,292	(88,824)	(88,824)	-	-
Subtotal						495,519	(88,824)	637,465	53,122
Adult Education - Basic Grants to States	I	84.002	064-16-0016	07/01/15-06/30/16	189,159	189,159	-	189,159	-
Adult Education - Basic Grants to States	I	84.002	064-15-0017	04/01/14-06/30/15	180,728	(25,944)	(25,944)	-	-
Subtotal						163,215	(25,944)	189,159	-
Passed through Berks County Intermediate Unit:									
Race to the Top - CKC Alignment Grant	I	84.412		04/01/15-3/30/16	13,223	13,223	-	13,223	-
Total Department of Education						40,053,397	596,050	40,803,025	1,345,678
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	010-056-15A/D	07/01/15-06/30/16	22,256	16,268	-	22,256	5,988
Workforce Investment Act - PC Workshops for Career Link	I	17.278	010-056-15A/D	07/01/15-06/30/16	22,256	16,268	-	22,256	5,988
Workforce Investment Act - PC Workshops for Career Link	I	17.258	010-054-14A/D	07/01/14-06/30/15	24,310	9,757	9,954	-	197
Workforce Investment Act - PC Workshops for Career Link	I	17.278	010-054-14A/D	07/01/14-06/30/15	24,310	9,757	9,954	-	197
Workforce Investment Act - Adult Training-Assessment Program	I	17.258	010-055-15A/D	07/01/15-06/30/16	93,776	65,915	-	93,776	27,861
Workforce Investment Act - Adult Training-Assessment Program	I	17.278	010-055-15A/D	07/01/15-06/30/16	93,776	65,915	-	93,776	27,861
Workforce Investment Act - Adult Training-Assessment Program	I	17.258	010-053-14A/D	07/01/14-06/30/15	86,401	27,847	27,847	-	-
Workforce Investment Act - Adult Training-Assessment Program	I	17.278	010-053-14A/D	07/01/14-06/30/15	86,401	27,847	27,847	-	-
Workforce Investment Act Cluster Subtotal						239,574	75,602	232,064	68,092
Passed through Pennsylvania Department of Education:									
WIA Title V Incentive	I	17.267	AET-16-0002	11/18/15-06/30/16	8,774	8,774	-	8,774	-
Passed through the Community College of Philadelphia:									
Trade Adj. Asst. Community College and Career Training (TAACCCT)	I	17.282	TC-22519-11-60-A-42	10/01/11-09/30/15	1,085,505	474,417	469,312	5,105	-
Passed through Pennsylvania Department of Labor and Industry:									
Trade Adjustment Assistance (TAA)	I	17.245	TAA-0050-14	07/1/14-06/30/19	N/A	75,929	-	94,474	18,545
Total Department of Labor						798,694	544,914	340,417	86,637
Department of Health and Human Services:									
Refugee and Entrant Assistance - Discretionary Grant	D	93.576		07/01/14-06/30/15	N/A	2,500	2,500	-	-
Chafee Education and Training Vouchers Program	D	93.599	2421035589	07/01/15-06/30/16	N/A	21,375	-	18,028	(3,347)
Subtotal						23,875	2,500	18,028	(3,347)
Passed through Inspiritec:									
Temporary Assistance for Needy Families (Keys) Grant	I	93.558	KEYS-Delaware-119711	07/01/15-06/30/16	295,657	223,962	-	295,657	71,695
Temporary Assistance for Needy Families (Keys) Grant	I	93.558	KEYS-Delaware-119711	07/01/14-06/30/15	237,320	122,759	122,759	-	-
Subtotal						346,721	122,759	295,657	71,695
Total Department of Health and Human Services						370,596	125,259	313,685	68,348
TOTAL FEDERAL AWARDS						$ 41,222,687	$ 1,266,223	$ 41,457,127	$ 1,500,663

Sources: I = Indirect, D = Direct

NOTE: *No funds were passed through to subrecipients in the year ended June 30, 2016*

See notes to the schedule of expenditures of federal awards.

DELAWARE COUNTY COMMUNITY COLLEGE

NOTES TO THE SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

Year Ended June 30, 2016

NOTE 1 - BASIS OF PRESENTATION

The accompanying schedule of expenditures of federal awards (the Schedule) includes the federal award activity of the College under programs of the federal government for the year ended June 30, 2016. The information in this Schedule is presented in accordance with the requirements of Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Because the Schedule presents only a selected portion of the operations of the College, it is not intended to and does not present the financial position, changes in net position, or cash flows of the College.

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Expenditures reported on the Schedule are reported on the accrual basis of accounting. Such expenditures are recognized following the cost principles contained in Uniform Guidance, wherein certain types of expenditures are not allowable or are limited as to the reimbursement. Negative amounts shown on the Schedule represent adjustment or credits made in the normal course of business amounts reported as expenditures in prior years.

NOTE 3 - STUDENT FINANCIAL ASSISTANCE LOAN PROGRAMS

The total loans granted under the Federal Direct Student Loan Program, which were not made by the College but were received by its students, were $22,493,910 for the year ended June 30, 2016.

NOTE 4 - DE MINIMUS RATE FOR INDIRECT COSTS

The College did not elect to use the De Minimus rate for indirect costs.

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 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, 2016, 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 14, 2016.

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 14, 2016

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 THE UNIFORM GUIDANCE

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 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, 2016. 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 federal statutes, regulations, and the terms and conditions of its federal awards 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 the audit requirements of Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Those standards and the Uniform Guidance 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.

HERBEIN

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, 2016.

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 Uniform Guidance, 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 considered 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 the Uniform Guidance. Accordingly, this report is not suitable for any other purpose.

Herbein + Company, Inc.

Reading, Pennsylvania
December 14, 2015

DELAWARE COUNTY COMMUNITY COLLEGE

SCHEDULE OF FINDINGS AND QUESTIONED COSTS

Year Ended June 30, 2016

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 2 CFR Section 200.516(a)? ____ yes X no

Identification of major programs:

CFDA Number(s)	Name of Federal Program or Cluster
Student Financial Assistance Cluster	
84.007	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: $750,000

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

DELAWARE COUNTY COMMUNITY COLLEGE

SCHEDULE OF FINDINGS AND QUESTIONED COSTS

Year Ended June 30, 2016

Section II - Financial Statement Findings

There were no financial statement findings at June 30, 2016.

Section III - Federal Award Findings and Questioned Costs

There were no federal award findings at June 30, 2016.

DELAWARE COUNTY COMMUNITY COLLEGE

STATUS OF PRIOR YEAR FINDINGS AND QUESTIONED COSTS

Year Ended June 30, 2016

There were no financial statement findings at June 30, 2015.

There were no federal award findings at June 30, 2015.

APPENDIX C

SPECIMEN OF MUNICIPAL BOND INSURANCE POLICY

[THIS PAGE INTENTIONALLY LEFT BLANK]

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.

SPECIMEN

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)

SPECIMEN

[THIS PAGE INTENTIONALLY LEFT BLANK]

APPENDIX D

PROPOSED FORM OF OPINION OF BOND COUNSEL

[THIS PAGE INTENTIONALLY LEFT BLANK]

[FORM OF CONTINUING DISCLOSURE AGREEMENT]

$9,650,000 aggregate principal amount
STATE PUBLIC SCHOOL BUILDING AUTHORITY
(COMMONWEALTH OF PENNSYLVANIA)
COLLEGE REVENUE BONDS
(DELAWARE COUNTY COMMUNITY COLLEGE PROJECT)
SERIES OF 2017

Continuing Disclosure Agreement

This Continuing Disclosure Agreement (the "Disclosure Agreement") is executed and delivered this ___ day of _____, 2017, by and between the Delaware County Community College (the "College"), 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 a Tenth Supplemental Trust Indenture, dated as of January 1, 2017 (collectively, the "Indenture"), in connection with the issuance and sale by the State Public School Building Authority (the "Authority"), of its $9,650,000 aggregate principal amount, College Revenue Bonds (Delaware County Community College Project), Series of 2017 (the "Bonds"), and 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 a Tenth Supplemental Loan Agreement, dated as of January 1, 2017.

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 January 12, 2017, 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

or inheritance taxes or any other taxes not levied or assessed directly on the 2017 Bonds, or the interest thereon.

5. Interest on the 2017 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 2017 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 2017 Bonds to be includable in gross income retroactive to the date of issuance of the 2017 Bonds. The Authority and the College have covenanted to comply with all such requirements.

Interest on the 2017 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 2017 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 2017 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 2017 Bonds, or as to any other matter not set forth herein.

We call to your attention that the 2017 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 2017 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 2017 Bonds. The Authority has no taxing power.

Very truly yours,

[THIS PAGE INTENTIONALLY LEFT BLANK]

APPENDIX E

PROPOSED FORM OF CONTINUING DISCLOSURE AGREEMENT

[THIS PAGE INTENTIONALLY LEFT BLANK]

[FORM OF OPINION OF BOND COUNSEL]

_____, 2017

$9,650,000
STATE PUBLIC SCHOOL BUILDING AUTHORITY
(COMMONWEALTH OF PENNSYLVANIA)
COLLEGE REVENUE BONDS, SERIES OF 2017
(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 $9,650,000 aggregate principal amount of the Authority's College Revenue Bonds, Series of 2017 (Delaware County Community College Project), (the "2017 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, a Ninth Supplemental Trust Indenture dated as of April 15, 2015 and a Tenth Supplemental Indenture dated as of January 1, 2017 (the "Tenth 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 2017 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 acquisition, construction, improvement, renovation, furnishing, equipping and installation of certain alterations and improvements, personal property and/or fixtures at the College's Delaware County and Chester County campuses; and (ii) the payment of certain costs of issuing the 2017 Bonds.

The proceeds of the 2017 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, a Ninth Supplemental Loan Agreement dated as of April 15, 2015 and a Tenth Supplemental Loan Agreement dated as of January 1, 2017 (the "Tenth 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 2017 Bonds.

To evidence its obligations under the Loan Agreement, the College is delivering to the Authority its General Obligation Note, Series of 2017 (the "2017 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 2017 Note to the Trustee as security for the 2017 Bonds.

As Bond Counsel to the Authority, we have examined a record of the proceedings of the Authority relating to the issuance of the 2017 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 2017 Note and the valid and binding effect of the Loan Agreement and the 2017 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 2017 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 2017 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 Tenth Supplemental Indenture and the Tenth Supplemental Loan Agreement, and to issue and sell the 2017 Bonds.

2. The Tenth Supplemental Indenture and the Tenth 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 2017 Bonds have been duly authorized by the Authority and the 2017 Bonds have been duly executed and delivered by the Authority and based on the assumption as to execution and authentication stated above, such 2017 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 2017 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

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.

"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 September 21, 2016, 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, 2017, 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;

---

[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.

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

(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 Annual Financial Information delivered to the MSRB via EMMA or 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), or (c) of this Section 4 to the Dissemination Agent, 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 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.
500 Ross Street, 12th Floor
Pittsburgh, PA 15262
Telecopy No.: (412) 236-0870

(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
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 obligations under or responsibility for this Disclosure Agreement or 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 this Disclosure Agreement, 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 January 12, 2017, 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, 2017, including:

- Enrollment
- Student fees and Charges
- Financial Aid

[THIS PAGE INTENTIONALLY LEFT BLANK]

Schedule 2

NOTICE TO 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 Bonds (Delaware County Community College Project), Series of 2017 (the "Bonds")
Name of College:	Delaware County Community College (the "College")
Date of Issue:	_____, 2017

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 _____, 2017, 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

[THIS PAGE INTENTIONALLY LEFT BLANK]

Delaware County
Community College