

*In the opinion of Bond Counsel, interest on the 2023 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 2023 Bonds is not treated as an item of tax preference for purposes of the federal alternative minimum tax; however, such interest is taken into account in determining the annual adjusted financial statement income of applicable corporations (as defined in Section 59(k) of the Internal Revenue Code of 1986, as amended) for the purpose of computing the alternative minimum tax imposed on corporations for tax years beginning after December 31, 2022. Under the laws of the Commonwealth of Pennsylvania, the 2023 Bonds are exempt from personal property taxes in Pennsylvania, and interest on the 2023 Bonds is exempt from Pennsylvania personal income tax and the Pennsylvania corporate net income tax. For a more complete discussion, see "TAX MATTERS" herein.*



**\$66,500,000**  
**STATE PUBLIC SCHOOL BUILDING AUTHORITY**  
(Commonwealth of Pennsylvania)  
**College Revenue Bonds**  
(Delaware County Community College Project)  
**Series of 2023**

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

**Due:** October 1, As Shown on Inside Front Cover  
**First Interest Payment:** April 1, 2023

The State Public School Building Authority (the "Authority") is issuing its \$66,500,000 College Revenue Bonds (Delaware County Community College Project), Series of 2023 (the "2023 Bonds").

Interest on the 2023 Bonds is payable on April 1 and October 1, in each year until maturity or earlier redemption, commencing April 1, 2023. The 2023 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 2023 Bonds shall mean Cede & Co. and not the Beneficial Owners (as such phrase is defined herein). DTC will act as securities depository of the 2023 Bonds, and purchases of beneficial ownership interest in the 2023 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 2023 Bonds. See "THE 2023 BONDS — Book-Entry-Only System" herein.

Principal or redemption price of and interest on the 2023 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 2023 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 2023 Bonds, as more fully described herein. See "THE 2023 BONDS — Book-Entry-Only System" herein.

**The 2023 Bonds are subject to redemption prior to maturity as more fully described herein.**

The scheduled payment of principal of and interest on the 2023 Bonds when due will be guaranteed under a municipal bond insurance policy to be issued concurrently with the delivery of the 2023 Bonds by **BUILD AMERICA MUTUAL ASSURANCE COMPANY**.



The 2023 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, improvement, renovation, furnishing, equipping and installation of certain alterations and improvements, personal property and/or fixtures at the College's new Southeast Campus; (ii) the payment of capitalized interest during construction; and (iii) the payment of certain costs of issuing and insuring the 2023 Bonds, as more fully described herein.

**THE 2023 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 2023 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 2023 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, Siana Law, Chester Springs, Pennsylvania. It is expected that the 2023 Bonds will be available for delivery through The Depository Trust Company, New York, New York on or about January 31, 2023.



**\$66,500,000**  
**STATE PUBLIC SCHOOL BUILDING AUTHORITY**  
**(Commonwealth of Pennsylvania)**  
**College Revenue Bonds**  
**(Delaware County Community College Project)**  
**Series of 2023**

**MATURITY SCHEDULE**

**Dated:** Date of delivery

**Interest Payable:** April 1 and October 1

**Due:** October 1, as shown below

**First Interest Payment:** April 1, 2023

<b><u>Maturity</u></b> <b><u>(October 1)</u></b>	<b><u>Principal</u></b> <b><u>Amount</u></b>	<b><u>Interest</u></b> <b><u>Rate</u></b>	<b><u>Yield</u></b>	<b><u>Price</u></b>	<b><u>CUSIP No.<sup>1</sup></u></b> <b><u>(85732N)</u></b>
2024	\$1,715,000	5.000%	2.560%	103.952	AP0
2025	1,800,000	5.000	2.470	106.487	AQ8
2026	1,885,000	5.000	2.460	108.850	AR6
2027	1,980,000	5.000	2.460	111.130	AS4
2028	2,080,000	5.000	2.500	113.129	AT2
2029	2,180,000	5.000	2.580	114.731	AU9
2030	2,290,000	5.000	2.600	116.581	AV7
2031	2,410,000	5.000	2.650	118.087	AW5
2032	2,530,000	5.000	2.750*	117.241*	AX3
2033	2,655,000	5.000	2.860*	116.320*	AY1
2034	2,790,000	5.000	3.000*	115.159*	AZ8
2035	2,925,000	5.000	3.190*	113.606*	BA2
2036	3,075,000	5.000	3.390*	111.998*	BB0
2037	3,230,000	5.000	3.480*	111.283*	BC8
2038	3,390,000	5.000	3.580*	110.495*	BD6
2039	3,560,000	4.000	4.000	100.000	BE4
2040	3,700,000	4.000	4.030	99.619	BF1
2041	3,845,000	4.000	4.060	99.215	BG9
2042	4,005,000	4.000	4.070	99.054	BH7
2044**	5,955,000	5.250	3.850*	110.228*	BJ3
2048**	8,500,000	4.125	4.213	98.625	BK0

*\*Priced/Yield to first optional redemption date of October 1, 2031.*

*\*\* Term Bonds.*

† CUSIP is a registered trademark of American Bankers Association. CUSIP numbers have been provided by CUSIP Global Services, which is operated on behalf of the American Bankers Association by FactSet Research Systems Inc. The CUSIP numbers listed above are being provided solely for the convenience of Bondholders only at the time of issuance of the 2023 Bonds and the neither the College, the Authority nor the Underwriter makes any representation with respect to such numbers or undertake any responsibility for their accuracy now or at any time in the future. The CUSIP number for a specific maturity is subject to being changed after the issuance of the 2023 Bonds as a result of various subsequent actions including, but not limited to, a refunding in whole or in part of such maturity or as a result of the procurement of secondary market portfolio insurance or other similar enhancement by investors that is applicable to all or a portion of certain maturities of the 2023 Bonds.

**STATE PUBLIC SCHOOL BUILDING AUTHORITY**  
**(Commonwealth of Pennsylvania)**  
**400 North Street, 6th Floor**  
**Harrisburg, PA 17120**  
**Telephone: 717-975-2209**

**MEMBERS**

Honorable Josh Shapiro  
Governor of the Commonwealth of Pennsylvania ..... Member  
Honorable Kim L. Ward  
President Pro Tempore of the Senate ..... Member  
Honorable Lindsey M. Williams  
Designated by the Minority Leader of the Senate ..... Vice President  
Honorable Mark Rozzi  
Speaker of the House of Representatives ..... Member  
Honorable Stacy Garrity  
State Treasurer ..... Treasurer  
Vacant  
Secretary of General Services ..... Member  
Honorable Napoleon J. Nelson  
Designated by the Minority Leader of the House of Representatives ..... Member  
Honorable Timothy L. DeFoor  
Auditor General ..... Member  
Honorable Khalid N. Mumin  
Acting Secretary of Education ..... Member

**EXECUTIVE DIRECTOR**

Eric Gusthall

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**COLLEGE COUNSEL**

Siana Law  
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**UNDERWRITER**

RBC Capital Markets, LLC  
West Conshohocken, 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 2023 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 2023 BONDS IS MADE ONLY BY MEANS OF THIS ENTIRE OFFICIAL STATEMENT.**

The quotations from and summaries and explanations of provisions of laws and documents contained herein, including the cover page and Appendices attached hereto, do not purport to be complete. Reference is made to such laws and documents for full and complete statements of their provisions. Any statements made in this Official Statement involving estimates or matters of opinion, whether or not expressly so stated, are intended merely as estimates or opinions and not as representations of fact. The information and expressions of opinion herein are subject to change without notice. Neither the delivery of this Official Statement nor any sale of the 2023 Bonds shall under any circumstances create any implication that there has been no change in the affairs of the State Public School Building Authority (the "Authority") or the Delaware County Community College (the "College") since the date of this Official Statement.

**No dealer, broker, salesman or other person has been authorized by the Authority, the College or the Underwriter to give any information or to make any representations, 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, nor shall there be any sale of the 2023 Bonds by any person in any jurisdiction in which it is unlawful for such person to make such offer, solicitation or sale. The information set forth herein has been obtained from the College and other sources which are believed to be reliable, but is not guaranteed as to accuracy or completeness by, and is not to be construed as a representation of, the Underwriter or, as to information from other sources, by the Authority or the College. The information and expressions of opinion 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 the affairs of the Authority or the College or with respect to other matters set forth herein since the date hereof.**

If and when included in this Official Statement, the words "expects," "forecasts," "projects," "intends," "anticipates," "estimates," "assumes" and analogous expressions are intended to identify forward-looking statements and any such statements inherently are subject to a variety of risks and uncertainties that could cause actual results to differ materially from those that have been projected. Such risks and uncertainties which could affect the revenues and obligations of the College include, among others, changes in economic conditions, mandates from other governments and various other events, conditions and circumstances, many of which are beyond the control of the College. Such forward-looking statements speak only as of the date of this Official Statement. The College disclaims any obligation or undertaking to release publicly any updates or revisions to any forward-looking statement contained herein to reflect any changes in the College's expectations with regard thereto or any change in events, conditions or circumstances on which any such statement is based. None of the information contained herein, including any assumptions which relate to any forward-looking statements, has been modified to reflect changes, if any, which may occur as a result of the COVID-19 pandemic.

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.

**IN MAKING AN INVESTMENT DECISION INVESTORS MUST RELY ON THEIR OWN EXAMINATION OF THE TERMS OF THE OFFERING, INCLUDING THE MERITS AND RISKS INVOLVED. THESE SECURITIES HAVE NOT BEEN RECOMMENDED BY ANY FEDERAL OR STATE SECURITIES COMMISSION OR REGULATORY AUTHORITY. FURTHERMORE, THE FOREGOING AUTHORITIES**



HAVE NOT CONFIRMED THE ACCURACY OR DETERMINED THE ADEQUACY OF THIS DOCUMENT. ANY REPRESENTATION TO THE CONTRARY IS A CRIMINAL OFFENSE.

**The 2023 Bonds are not, and will not, be registered under the Securities Act of 1933, as amended, or under any state securities laws, and the 2023 Indenture 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 this Official Statement.**

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

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

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**Official Statement**  
**\$66,500,000**  
**STATE PUBLIC SCHOOL BUILDING AUTHORITY**  
**(Commonwealth of Pennsylvania)**  
**College Revenue Bonds**  
**(Delaware County Community College Project), Series of 2023**

**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 \$66,500,000 College Revenue Bonds (Delaware County Community College Project), Series of 2023 (the “2023 Bonds”). The 2023 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 November 17, 2022 (the “Resolution”).

The 2023 Bonds are being issued and secured in accordance with the terms and provisions of a Trust Indenture, dated as of October 1, 1993, between the Authority and The Bank of New York Mellon Trust Company, N.A., as successor trustee (the “Trustee”), as amended and supplemented from time to time (the “Original Indenture”), as further amended and supplemented by an Eleventh Supplemental Trust Indenture, dated as of January 1, 2023 (the “Eleventh 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 2013 (the “2013 Bonds”) in the original aggregate principal amount of \$2,400,000 (of which \$120,000 remained outstanding as of December 31, 2022); 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 \$9,940,000 remained outstanding as of December 31, 2022); 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 (of which \$27,305,000 remained outstanding as of December 31, 2022); and its College Revenue Bonds (Delaware County Community College Project), Series of 2017 (the “2017 Bonds”) in the original aggregate principal amount of \$9,650,000 (of which \$7,565,000 remained outstanding as of December 31, 2022).

The 2013 Bonds, the 2014 Bonds, the 2015 Bonds, the 2017 Bonds, the 2023 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 2023 Bonds**

Under the Indenture, the 2023 Bonds will be secured on a parity basis with 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) by the Revenues received by the Authority from the College, as such term is defined in the Indenture.

The net proceeds of the 2023 Bonds will be loaned to the College by the Authority pursuant to a Loan and Security Agreement, dated as of October 1, 1993, between the Authority and the College, as amended and supplemented from time to time (the “Original Loan Agreement”), as further amended and supplemented by an Eleventh Supplemental Loan Agreement, dated as of January 1, 2023 (the “Eleventh Supplemental Loan Agreement” and, together with the Original Loan Agreement, the “Loan Agreement”). Under the Eleventh Supplemental Loan Agreement, the Authority will, among other things, lend to the College for deposit with the Trustee the net proceeds of the 2023 Bonds for the purpose of financing the 2023 Project (as hereinafter defined). See “PURPOSE OF THE 2023 BONDS” herein for a description of the 2023 Project and the uses of the proceeds of the 2023 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 2023 BONDS” herein.

**THE 2023 BONDS ARE LIMITED OBLIGATIONS OF THE AUTHORITY, ARE SECURED ON A PARITY BASIS WITH THE 2013 BONDS, THE 2014 BONDS, THE 2015 BONDS, THE 2017 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 2023 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 2023 Bonds. The Continuing Disclosure Agreement will constitute a written undertaking for the benefit of the owners, from time to time, of the 2023 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 2023 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 2023 BONDS**

### **The 2023 Project**

Proceeds of the 2023 Bonds will be applied to provide the funds necessary to undertake the costs of a project (the “2023 Project”), consisting of: (i) constructing, improving, renovating, furnishing, equipping and installing of certain alterations and improvements, personal property and/or fixtures at the College’s new Southeast Campus; (ii) the payment of capitalized interest during construction; and (iii) the payment of certain costs of issuing and insuring the 2023 Bonds.

Specifically, the 2023 Project includes a major facility purchase and renovation and expansion in order to better serve students and to foster greater access and success. This new full-service campus will support the delivery of a variety of academic and career and technical programs, comprehensive student support services (i.e., advising, financial aid and counseling), and community education programs.

The new Southeast Campus will have 15 classrooms which include Chemistry, Biology, Allied Health, an Early Childhood Classroom, computer and general purpose classrooms. It will also include as part of the classrooms, workforce programs such as Carpentry, Electrical and Biotechnology. A state-of-the-art Learning Commons (library) will be designed to support the need for expanding tutoring services and a language laboratory for the high percentage (>50%) of students expected to enroll at this campus who will require developmental preparation for English, Mathematics and Reading.

The Early Childhood Education Center will be a separate building that houses two faculty offices and a dedicated classroom for Early Childhood Education courses. The Center will also include eight toddler/children areas that are anticipated to be operated by The Community YMCA of Eastern Delaware County. This Center will not only provide much-needed childcare for students with children, but it will also serve as a learning lab for students pursuing certificates or a degree in Early Childhood Education.



## Sources and Uses of Funds

The following tables set forth the expected sources and uses of funds for the accomplishment of the 2023 Project:

### Estimated Sources:

Principal Amount of 2023 Bonds	\$66,500,000.00
Net Original Issue Premium	5,171,159.55
Total Sources	<u>\$ 71,671,159.55</u>

### Estimated Uses:

Deposit to 2023 Construction Account	\$68,829,379.89
Capitalized Interest	2,171,889.64
Costs and Expenses of Issuance <sup>1</sup>	<u>669,890.02</u>
Total Uses	<u>\$71,671,159.55</u>

In addition to the proceeds of the 2023 Bonds described above, the College may apply the following sources of funding for and towards the 2023 Project: (i) \$1,000,000 in federal grant funding, and (ii) \$2,500,000 from the College's capital campaign. *See* "SUMMARIES OF CERTAIN PROVISIONS OF THE LOAN AGREEMENT AND THE INDENTURE- The Indenture- 2023 Debt Service Account" herein. *See also*, APPENDIX A – "Additional 2023 Project Funding Sources".

Also, the College expects to apply grant funding in the maximum amount of \$8,500,000 from the Commonwealth of Pennsylvania's Redevelopment Assistance Capital Program ("RACP"). *See* "THE 2023 BONDS- Redemption Provisions- Special Extraordinary Redemption" herein. *See also*, APPENDIX A – "Additional 2023 Project Funding Sources".

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<sup>1</sup> Includes Underwriter's Discount, legal fees, Trustee fees, rating agency fees, printing costs, municipal bond insurance premium, and miscellaneous expenses.

## **THE AUTHORITY**

The Authority and the Pennsylvania Higher Educational Facilities Authority (PHEFA) (together, the “Authorities”) share an executive, fiscal and administrative staff, and operate under a joint administrative budget. The Authority serves as a conduit issuer for school districts, community colleges and technical schools and intermediate units in the Commonwealth and has issued, and will continue to issue, multiple series of bonds to finance various projects. Each such series of bonds is or will be secured by instruments and collateral separate and apart from other series, including the Bonds.

Under the Act, the Authority members are 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 Minority Leader of the Senate, the Speaker of the House of Representatives and the Minority Leader of the House of Representatives may designate any member of his or her legislative body to act as a member of the Authority in his or her stead. The members of the Authority serve without compensation but are entitled to reimbursement for all necessary expenses incurred in connection with the performance of their duties as members. The powers of the Authority are exercised by a governing body consisting of the members of the Authority acting as a board.

The 2023 Bonds are being issued by the Authority on behalf of the College pursuant to the Act, the Indenture and the Resolution. The Authority has and will continue to issue bonds/notes for other eligible institutions and projects in the Commonwealth. None of the revenues of the Authority pledged to payment of the 2023 Bonds will be pledged to the payment of any other of its bonds/notes.

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

**Eric Gutshall**  
**Executive Director**

Mr. Gutshall was appointed by Governor Wolf as Executive Director of the Authority and PHEFA on December 9, 2019. He previously served as Governor Wolf’s Secretary of Intergovernmental Affairs and as Director of Constituent Services. He obtained his Bachelor of Science degree in Business Administration from Central Pennsylvania College and his Master of Public Administration from the University of Pennsylvania.

**Jennifer Sheffield**  
**Director of Operations**

Ms. Sheffield serves as the Director of Operations of both the Authority and PHEFA. She has been with the Authority and PHEFA since 2006. Ms. Sheffield is a graduate of the University of Pittsburgh with a Bachelor's Degree in Business and a Concentration in Accounting.

**David Player**  
**Comptroller & Director of Financial Management**

Mr. Player serves as the Comptroller & Director of Financial Management of both the Authority and PHEFA. He has been with the Authority and PHEFA since 1999. Mr. Player is a graduate of Penn State with a Bachelor's Degree in Accounting and is a Certified Public Accountant.

**THE 2023 BONDS**

**Description of the 2023 Bonds**

The 2023 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 2023 Bonds will bear interest at the rates set forth on the inside cover page hereof, payable initially on April 1, 2023, 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 2023 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 2023 Bonds. Purchases of the 2023 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 2023 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 2023 Bonds. See "Book-Entry-Only System" below.

Principal or redemption price of and interest on the 2023 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 2023 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 2023 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 2023 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 2023 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 2023 BONDS; (E) ANY CONSENT GIVEN OR OTHER ACTION TAKEN BY DTC AS THE OWNERS OF 2023 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 2023 Bonds. The 2023 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 2023 Bond certificate will be issued for each maturity and interest rate of each series of the 2023 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](http://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 2023 Bonds under the DTC system must be made by or through Direct Participants which will receive a credit for the 2023 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 2023 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 2023 Bonds, except in the event that use of the book-entry system for the 2023 Bonds is discontinued.

To facilitate subsequent transfers, all 2023 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 2023 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 2023 Bonds; DTC’s records reflect only the identity of the Direct Participants to whose accounts such 2023 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 2023 Bonds are in the book-entry system, redemption notices will be sent to DTC. If less than all of the 2023 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 2023 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 2023 Bonds are credited on the record date (identified in a listing attached to the Omnibus Proxy).

Principal, premium and interest payments on the 2023 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 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 2023 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 2023 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 2023 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 2023 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 2023 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 2023 Bonds (i) during a period beginning at the opening of business fifteen (15) days before the date of mailing of notice of redemption of 2023 Bonds selected for redemption and ending at the close of business on the day of such mailing; or (ii) for any 2023 Bonds so selected for redemption in whole or in part.

No service charge will be made to the owners of 2023 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 2023 Bonds are subject to redemption as follows:

*Optional Redemption:* The 2023 Bonds maturing on or after October 1, 2032 are subject to optional redemption prior to maturity by the Authority, at the direction of the College, on or after October 1, 2031, 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 2023 Bonds to be redeemed, plus accrued interest to the date fixed for redemption.

In the event that any 2023 Bonds are redeemed and are cancelled by the Trustee, the payment obligations at maturity with respect to the 2023 Bonds of the same maturity and interest rate shall be reduced in the aggregate principal amount of 2023 Bonds so redeemed, in such amounts and in such order of maturity as shall be directed in writing by the College.

### *Mandatory Redemption*

The 2023 Bonds stated to mature on October 1, 2044 and October 1, 2048 are subject to annual mandatory sinking fund redemption in part, as selected by the Trustee by lot, at a redemption price equal to 100% of the state principal amount thereof, plus accrued interest to the redemption date, on October 1 of each of the years and in the respective principal in direct order of maturity pursuant to operation of the Debt Service Fund in the manner set forth in the Indenture in the following principal amounts:

<u>Year</u>	<u>Amount</u>
2043	\$4,165,000
2044	\$1,790,000*

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\*Maturity.

<u>Year</u>	<u>Amount</u>
2045	\$2,315,000
2046	\$1,980,000
2047	\$2,060,000
2048	\$2,145,000*

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\*Final maturity.

*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 2023 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 2023 Bonds to be redeemed, plus accrued interest to the date fixed for redemption. The 2023 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.

*Special Extraordinary Redemption:* In the event that the College receives monies as part of the RACP, the 2023 Bonds stated to mature on October 1, 2048, are subject to redemption by the Authority at the direction of the College in whole or in part on the next scheduled Interest Payment Date, from such RACP funds, upon payment of a redemption price of 100% of the principal amount of 2023 Bonds to be redeemed, plus accrued interest to the date fixed for redemption. The 2023 Bonds of a series shall be selected for redemption as 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 2023 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 2023 Bonds shall not affect the validity of any proceedings for the redemption of other 2023 Bonds for which notice shall be duly given. No further interest shall accrue on the principal of any 2023 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 2023 Bonds shall have no rights with respect to such 2023 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 2023 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 2023 Bonds of any one maturity shall be called for redemption, the particular 2023 Bonds or portion of 2023 Bonds of such maturity to be redeemed shall be selected by lot by DTC in such manner as DTC may determine. If a 2023 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 2023 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 2023 BONDS (I) PAYMENTS OF THE PRINCIPAL OR REDEMPTION PRICE OF, OR INTEREST ON, THE 2023 BONDS, OR (II) CONFIRMATION OF OWNERSHIP INTERESTS IN THE 2023 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 2023 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 2023 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 2023 BONDS, OR (V) ANY OTHER ACTION TAKEN BY DTC, ANY DIRECT PARTICIPANT OR ANY INDIRECT PARTICIPANT.

## Debt Service Requirements

At December 31, 2022, the College's total principal amount of outstanding long-term bond indebtedness was \$44,930,000. The following table sets forth the College's fiscal year debt service requirements after the issuance of the 2023 Bonds.

Fiscal Year (June 30)	Total Existing Debt Service	Series 2023			Total Debt Service
		Principal	Interest	Gross DS	
2023	6,258,256.26		527,719.90	527,719.90	6,785,976.16
2024	6,015,993.76		3,114,412.50	3,114,412.50	9,130,406.26
2025	6,003,393.76	1,715,000.00	3,071,537.50	4,786,537.50	10,789,931.26
2026	5,999,168.76	1,800,000.00	2,983,662.50	4,783,662.50	10,782,831.26
2027	5,997,043.76	1,885,000.00	2,891,537.50	4,776,537.50	10,773,581.26
2028	5,988,543.76	1,980,000.00	2,794,912.50	4,774,912.50	10,763,456.26
2029	4,171,456.26	2,080,000.00	2,693,412.50	4,773,412.50	8,944,868.76
2030	4,167,984.38	2,180,000.00	2,586,912.50	4,766,912.50	8,934,896.88
2031	4,161,787.50	2,290,000.00	2,475,162.50	4,765,162.50	8,926,950.00
2032	4,168,825.00	2,410,000.00	2,357,662.50	4,767,662.50	8,936,487.50
2033	4,164,100.00	2,530,000.00	2,234,162.50	4,764,162.50	8,928,262.50
2034	1,781,106.25	2,655,000.00	2,104,537.50	4,759,537.50	6,540,643.75
2035	1,786,906.25	2,790,000.00	1,968,412.50	4,758,412.50	6,545,318.75
2036	748,875.00	2,925,000.00	1,825,537.50	4,750,537.50	5,499,412.50
2037	748,250.00	3,075,000.00	1,675,537.50	4,750,537.50	5,498,787.50
2038		3,230,000.00	1,517,912.50	4,747,912.50	4,747,912.50
2039		3,390,000.00	1,352,412.50	4,742,412.50	4,742,412.50
2040		3,560,000.00	1,196,462.50	4,756,462.50	4,756,462.50
2041		3,700,000.00	1,051,262.50	4,751,262.50	4,751,262.50
2042		3,845,000.00	900,362.50	4,745,362.50	4,745,362.50
2043		4,005,000.00	743,362.50	4,748,362.50	4,748,362.50
2044		4,165,000.00	553,931.25	4,718,931.25	4,718,931.25
2045		1,790,000.00	397,612.50	2,187,612.50	2,187,612.50
2046		2,315,000.00	302,878.13	2,617,878.13	2,617,878.13
2047		1,980,000.00	214,293.76	2,194,293.76	2,194,293.76
2048		2,060,000.00	130,968.76	2,190,968.76	2,190,968.76
2049		2,145,000.00	44,240.63	2,189,240.63	2,189,240.63
Total	62,161,690.70	66,500,000.00	43,710,819.93	110,210,819.93	172,372,510.63

Note: Totals may not add due to rounding.

## SECURITY AND SOURCE OF PAYMENT FOR THE 2023 BONDS

### General

The 2023 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 2013 Bonds, the 2014 Bonds, the 2015 Bonds, the 2017 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 Eleventh Supplemental Loan Agreement, the Authority will loan the proceeds of the 2023 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 2023 Bonds. The College will deliver its general obligation promissory note (the “Note”) to the Authority evidencing its obligations under the Eleventh Supplemental Loan Agreement with respect to the 2023 Bonds.

The 2023 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 2023 Bonds; nor shall any of the 2023 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, 2022, tuition revenue and fees accounted for approximately 20.79% of operating costs of the College, the local sponsors’ contribution accounted for approximately 8.1% and approximately 26.9% was provided by the Commonwealth. The remaining 44.21% of operating costs of the College is accounted for by federal grants and contracts, interest earnings and other 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. For the fiscal year ending June 30, 2023, the local sponsors of the College are budgeted to provide approximately 25% 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, 2022, the total average payment per eligible full-time equivalent College student was \$12,628. 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, 2022, the Commonwealth’s contribution on account of operating costs was approximately 26.9% 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 has applied for and obtained approval from

the Department of Education for approximately one-half of the \$66,500,000 estimated cost of the 2023 Project.

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, 2022 AND 2021” 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 2023 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 2.70 times.

## **BOND INSURANCE**

### **Bond Insurance Policy**

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

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

### **Build America Mutual Assurance Company**

BAM is a New York domiciled mutual insurance corporation and is licensed to conduct financial guaranty insurance business in all fifty states of the United States and the District of Columbia. 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](http://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](http://www.standardandpoors.com). The rating of BAM should be evaluated independently. The rating reflects the S&P’s current assessment of the creditworthiness of BAM and its ability to pay claims on its policies of insurance. The above rating is not a recommendation to buy, sell or hold the Bonds, and such rating is subject to revision or withdrawal at any time by S&P, including withdrawal initiated at the request of BAM in its sole discretion. Any downward revision or withdrawal of the above rating may have an adverse effect on the market price of the Bonds. BAM only guarantees scheduled principal and scheduled interest payments payable by the issuer of the Bonds on the date(s) when such amounts were initially scheduled to become due and payable (subject to and in accordance with the terms of the Policy), and BAM does not guarantee the market price or liquidity of the Bonds, nor does it guarantee that the rating on the Bonds will not be revised or withdrawn.

### *Capitalization of BAM*

BAM’s total admitted assets, total liabilities, and total capital and surplus, as of September 30, 2022 and as prepared in accordance with statutory accounting practices prescribed

or permitted by the New York State Department of Financial Services were \$512.5 million, \$195.6 million and \$316.9 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](http://www.buildamerica.com), is incorporated herein by reference and may be obtained, without charge, upon request to BAM at its address provided above (Attention: Finance Department). Future financial statements will similarly be made available when published.

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

*Additional Information Available from BAM*

**Credit Insights Videos.** For certain BAM-insured issues, BAM produces and posts a brief Credit Insights video that provides a discussion of the obligor and some of the key factors BAM's analysts and credit committee considered when approving the credit for insurance. The Credit Insights videos are easily accessible on BAM's website at [www.buildamerica.com/videos](http://www.buildamerica.com/videos). (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 [www.buildamerica.com/credit-profiles](http://www.buildamerica.com/credit-profiles). 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 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 Bonds. Neither BAM nor any affiliate of BAM has purchased, or committed to purchase, any of the Bonds, whether at the initial offering or otherwise.

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

The following 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 2023 Bonds, the Authority will enter into the Eleventh Supplemental Loan Agreement with the College, pursuant to which the Authority will loan the proceeds of the 2023 Bonds to the College. The Eleventh Supplemental Loan Agreement requires the College to make loan repayments to the Authority in amounts sufficient to pay the debt service payments on the 2023 Bonds. The obligations of the College under the Eleventh Supplemental Loan Agreement will be evidenced by the Note.

Source of Debt Service Payments. The debt service payments due under the Eleventh 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 Eleventh 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 Eleventh 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 Eleventh 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 2023 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 Eleventh 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 2023 Bonds, nor shall the 2023 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 Eleventh Supplemental Loan Agreement and the Note, for the benefit and security of the registered owners of the 2023 Bonds.

2023 Revenue Account. All loan payments by the College under the Eleventh Supplemental Loan Agreement and Note are required to be deposited in the 2023 Revenue Account within the Revenue Fund established under the Eleventh Supplemental Indenture with the Trustee on or before the date of any required or permitted payment of principal of or interest on the 2023 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

2023 Construction Account. Under the Eleventh Supplemental Indenture a 2023 Construction Account is established (the "2023 Construction Account"). The Trustee shall deposit the amount of proceeds of the sale of the 2023 Bonds and other funds made available for application to the costs of the 2023 Project as set forth in the Eleventh Supplemental Indenture. The monies (including investment earnings) on deposit in the 2023 Construction Account shall be transferred and applied by the Trustee to the payment of the costs of the 2023 Project upon receipt by the Trustee of the documents and instruments described in the Eleventh Supplemental Indenture.

2023 Debt Service Account. The Trustee shall transfer to the 2023 Debt Service Account within the Debt Service Fund established under the Eleventh Supplemental Indenture from moneys in the 2023 Revenue Account, moneys in an amount sufficient to make the interest payments and principal payments on the 2023 Bonds when due.

Certain monies of the College, including federal grants and monies received as part of the College's capital campaign (the "College Funds") may be deposited in the 2023 Debt Service Account and used to make principal and interest payments on the 2023 Bonds pursuant to the provisions contained in Section 4.3 of the Eleventh Supplemental Indenture. Pursuant to

Treasury Regulations 1.148-1 (c)(3)(ii), the College Funds may be used by the Borrower to pay debt service on the 2023 Bonds or for any business purpose of the College. To the extent College Funds are not used to make debt service payments on the 2023 Bonds, such College Funds may be spent for any business purpose throughout the year.

2023 Rebate Fund. Under the Eleventh Supplemental Indenture a 2023 Rebate Fund is established (the “Rebate Fund”). The Authority will periodically and upon retirement of the last of the 2023 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; provided however, the Authority instructs the Trustee to accept investment instructions directly from the College so long as instructions comply with the definition of Investment Securities in the Original 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 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; (b) 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 2023 Bonds under the Indenture; (c) 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; (d) so long as the Policy insuring the 2023 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 2023 Bonds or the Trustee for the benefit of the holders of the 2023 Bonds under the Indenture; and (e) so long as the bond insurance policy insuring any series

of Additional Bonds issued under the Indenture is in effect (each an “Additional Bond Insurance Policy”) and the provider of any such Additional Bond Insurance Policy (each an “Additional Bond Insurer”) is not in default of its obligations thereunder, such Additional Bonds Insurer shall be entitled to control and direct the enforcement of all rights and remedies granted to the holders of such series of Additional Bonds or the Trustee for the benefit of the holders of such series of Additional Bonds under the Indenture.

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

Annual Audit. The Authority covenants that it will keep proper books of record and account in which complete and correct entries shall be made of all transactions of the Authority relating to the 2023 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 2023 Bonds or to any decision to purchase, hold or sell the 2023 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 2023 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 2023 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 2023 Bonds or if and when the College is no longer an “obligated person” with respect to the 2023 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>.

#### *Prior Filing History*

The College failed to file its audited financial statements and operating data for the fiscal year ending June 30, 2018 in a timely manner, failed to file notice of a rating downgrade by Moody’s Investors Service, Inc. in 2018 in a timely manner, and failed to file notices as to the late filing of such information. All such notices have since been filed 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.

#### **COVID-19 PANDEMIC**

The outbreak of COVID-19, a respiratory disease caused by a new strain of coronavirus, has been characterized as a pandemic (the “Pandemic”) by the World Health Organization and is currently affecting many parts of the world, including the United States and the Commonwealth of Pennsylvania. On January 31, 2020, the Secretary of the United States Health and Human Services Department declared a public health emergency for the United States and on March 13, 2020, the President of the United States declared the outbreak of COVID-19 in the United States a national emergency. Subsequently, the President’s Coronavirus Guidelines for America and the United States Centers for Disease Control and Prevention called upon Americans to take actions to slow the spread of COVID-19 in the United States.

On March 6, 2020, pursuant to section 7301(c) of the Emergency Management Services Code, 35 Pa. C.S. § 7301(c), the Governor of the Commonwealth (the “Governor”) proclaimed the existence of a disaster emergency throughout Pennsylvania as a result of the Pandemic, and has since issued, amended and rescinded various executive orders, proclamations and regulations having the force and effect of law, for the purpose of mitigating the spread of the disease. Additionally, the Secretary of Health of the Commonwealth (the “Secretary”) has since ordered, modified and rescinded, general control measures, including, but not limited to, closure, isolation, and quarantine, to the same end. These orders, which have frequently applied to different areas of Pennsylvania (often on a county-by-county basis, depending on the local prevalence of the disease), and the disease itself, have significantly and adversely affected the personal and economic life of the people and businesses of Pennsylvania, including those in the College’s area and the region surrounding it.

While most Pennsylvania COVID-19 mitigation measures were lifted on May 31, 2021 (the main exceptions involving, masking), the pertinent regulations have changed significantly since that time, sometimes being tightened and sometimes loosened, sometimes with little

warning, and could change further at any time. The College continues to monitor the spread of COVID-19 and has worked with federal, state, and local agencies to address the potential continued impact of the Pandemic upon the College and its facilities. The College cannot know to what degree, if any, COVID-19 variants could bring about further restrictions or economic dislocation that might affect the operations or financial condition of the College, and therefore the security for the 2023 Bonds.

Additional information with respect to COVID-19 can be found on Commonwealth websites, including but not limited to the Commonwealth's website (<http://www.pa.gov>), the Governor's office's website (<https://www.governor.pa.gov>), and the Pennsylvania Department of Health (<http://www.health.pa.gov>), and from the Delaware County Health Department (<https://delcopa.gov/health/index.html>). The College has not incorporated by reference the information on such websites and the College does not assume any responsibility for the accuracy of the information on such websites.

### **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 2023 Bonds or in any way contesting or affecting the validity of the 2023 Bonds, the Indenture, or any proceedings of the Authority taken in connection with the issuance or sale of the 2023 Bonds, the pledge or application of any moneys or security provided for the payment of the 2023 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 2023 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 2023 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 2023 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 source of College operating revenue, comprising approximately 77% of its operating revenues in fiscal year 2022. Tuition revenue comprises approximately 20% of the sum of all College operating revenues, non-operating revenues and other revenues in fiscal year 2022. 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 2023 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 86% are tenured. Full time faculty instruct 48% of all course offerings at the College with the balance, 52% 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 the Contract between the College and Delaware County Community College Association of Higher Education for academic years 2023 through 2027, approved by the College on November 15, 2022.

Covenant to Maintain Tax-Exempt Status of the 2023 Bonds. The tax-exempt status of the 2023 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 2023 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 2023 Bonds. Failure to comply with such covenants could cause interest on the 2023 Bonds to become subject to federal income taxation retroactively to the date of issuance of the 2023 Bonds.

The 2023 Bonds are not subject to redemption or repurchase, nor are the rates of interest subject to adjustment, in the event that interest on the 2023 Bonds becomes taxable.

Enforceability of Remedies. The remedies available to the holders of the 2023 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 2023 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.

Cybersecurity. The College has established several initiatives that will help to protect the organization from cybersecurity threats. This includes an engagement with a federal agency to conduct cyber hygiene vulnerability scans. The College has also partnered with third party contractors to provide data and asset security, disaster recovery, external penetration testing and business continuity services. In addition, the College has purchased cyber risk insurance, routinely conducts phishing campaigns, and has implemented multi-factor authentication as well as the appropriate firewall hardware and anti-virus software.

Competition. The College could face additional competition in the future from other educational institutions that offer comparable services and programs to the population which the College presently serves. Such competition could include the establishment of new programs and the construction, renovation or expansion of competing educational institutions. No assurance can be given as to the effect on future operations of such competing services and programs.

Bond Insurance Risk Factors. The College has purchased the Policy to guarantee the scheduled payment of principal and interest on the 2023 Bonds. As such, the following are risk factors relating to the bond insurance.

In the event of a failure of the Authority to make a scheduled payment of principal or interest with respect to the 2023 Bonds when all or some becomes due, the Trustee on behalf of any owner of the 2023 Bonds shall have a claim under the Policy for such payments. However, in the event of any acceleration of the due date of such principal by reason of mandatory or optional redemption or acceleration resulting from default or otherwise, other than any advancement of maturity pursuant to a mandatory sinking fund payment, the payments are to be made in such amounts and at such times as such payments would have been due had there not been any such acceleration. The Policy does not insure the payment of redemption premium, if any. The payment of principal and interest in connection with mandatory or optional prepayment of the 2023 Bonds which is recovered from the Bondholder as a voidable preference under applicable bankruptcy law is covered by the Policy, however, such payments will be made by BAM at such time and in such amounts as would have been due absent such prepayment unless BAM, in its discretion, chooses to pay such amounts at an earlier date.

Default of payment of principal and interest does not result in an acceleration of the obligations of BAM unless BAM consents thereto. BAM may direct and must consent to any

remedies. BAM's 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 2023 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 2023 Bonds, no assurance is given that such event will not adversely affect the market price of the 2023 Bonds or the marketability (liquidity) of the 2023 Bonds.

The long-term ratings on the 2023 Bonds are dependent in part on the financial strength and claims paying ability of BAM. 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 2023 Bonds insured by BAM will not be subject to downgrade and such event could adversely affect the market price of the 2023 Bonds or the marketability (liquidity) of the 2023 Bonds. See "RATINGS" herein.

The obligations of BAM are unsecured obligations of BAM and upon any default by BAM the remedies available may be limited by applicable insurance law or other laws related to insolvency.

Neither the College, the Underwriter nor the Authority 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 College to pay principal and interest on the 2023 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) Increased competition from other institutions of higher learning which may offer similar academic programs or may recruit similar students, and that may result in reduced enrollments and reduced College revenues.



- (6) Cost and availability of energy.
- (7) High interest rates, which could strain cash flow or prevent borrowing for needed capital expenditures.
- (8) An increase in the cost of health care benefits, retirement plans, or other benefit packages offered by the College to its employees and retirees.
- (9) Unknown litigation.
- (10) Safety and security incidents including data breaches.
- (11) Costs associated with regulatory compliance.
- (12) Factors that may adversely affect the College's reputation and image.
- (13) 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.

**The foregoing is NOT an exhaustive list of all possible factors that could adversely impact the ability of the College to make payments on the 2023 Bonds and under the Eleventh Supplemental Loan Agreement, which are the source of payment of the 2023 Bonds.**

## **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 2023 Bonds. These provisions include, but are not limited to, requirements relating to the use and investment of the proceeds of the 2023 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 subsequent to the issuance and delivery of the 2023 Bonds in order for interest thereon to be and remain excludable from gross income for purposes of federal income taxation. The Authority has covenanted to comply with such requirements.

In the opinion of Bond Counsel, interest on the 2023 Bonds 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 comply with all applicable federal income tax law requirements that must be satisfied subsequent to the issuance of the 2023 Bonds in order that interest thereon continues to be excluded from gross income for federal income tax purposes. Failure to comply with certain of such requirements could cause the interest on the 2023 Bonds to be so includable in gross income retroactive to the date of issuance of the 2023 Bonds. The Authority has covenanted to comply with all such requirements. Interest on the 2023 Bonds is not treated as an item of tax preference

for purposes of the federal alternative minimum tax; however, such interest is taken into account in determining the annual adjusted financial statement income of applicable corporations (as defined in Section 59(k) of the Code) for the purpose of computing the alternative minimum tax imposed on corporations for tax years beginning after December 31, 2022.

In addition to the matters addressed below, prospective purchasers of the 2023 Bonds should be aware that ownership of the 2023 Bonds may result in collateral tax consequences to certain taxpayers, including but not limited to, foreign corporations, certain S corporations, financial institutions, recipients of social security and railroad retirement benefits and property or casualty insurance companies. Bond counsel expresses no opinion regarding any other federal tax consequences relating to the 2023 Bonds or the receipt of interest thereon. **Prospective purchasers of the 2023 Bonds should consult their own tax advisors as to the impact of these other tax consequences.**

In the opinion of Bond Counsel, under the laws of the Commonwealth of Pennsylvania as enacted and construed on the date hereof, interest on the 2023 Bonds is 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 2023 Bonds or the interest thereon. Profits, gains or income derived from the sale, exchange, or other disposition of the 2023 Bonds are subject to state and local taxation within the Commonwealth of Pennsylvania. Specifically, interest on the 2023 Bonds is exempt from the Pennsylvania personal income tax and the Pennsylvania corporate net income tax.

Bond Counsel's opinions will be based on federal law and the laws of the Commonwealth of Pennsylvania, as enacted and construed on the date of delivery of the 2023 Bonds. Such opinion is further based on factual representations made to Bond Counsel as of the date of delivery of the 2023 Bonds. Bond Counsel assumes no duty to update or supplement its opinion to reflect any facts or circumstances that may thereafter come to Bond Counsel's attention, or to reflect any changes in law that may thereafter occur or become effective.

### **Alternative Minimum Tax**

Interest on the 2023 Bonds is not treated as an item of tax preference for purposes of the federal alternative minimum tax. However, such interest is taken into account in determining the annual adjusted financial statement income of applicable corporations (as defined in Section 59(k) of the Code) for the purpose of computing the alternative minimum tax imposed on corporations for tax years beginning after December 31, 2022.

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

The Code, subject to limited exceptions not applicable to the 2023 Bonds, denies the interest deduction for indebtedness incurred or continued to purchase or carry tax-exempt obligations, such as the 2023 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 2023 Bonds and any other tax-exempt obligations acquired after August 7, 1986.

## **Property or Casualty Insurance Company**

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

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

The 2023 Bonds maturing on October 1, 2040, through October 1, 2042 and on October 1, 2048, are hereinafter referred to as the “Discount Bonds.” In the opinion of Bond Counsel, the difference between the initial public offering price of the Discount Bonds set forth on the inside front cover page and the stated redemption price at maturity of each such Bond constitutes “original issue discount,” all or a portion of which will, on the disposition or payment of such 2023 Bonds, be treated as tax-exempt interest for federal income tax purposes. Original issue discount will be apportioned to an owner of the Discount Bonds under a “constant interest method,” which utilizes a periodic compounding of accrued interest. If an owner of a Discount Bond who purchases it in the original offering at the initial public offering price owns that Discount Bond to maturity, that Bondholder will not realize taxable gain for federal income tax purposes upon payment of the Discount Bond at maturity. An owner of a Discount Bond who purchases it in the original offering at the initial public offering price and who later disposes of the Discount Bond prior to maturity will be deemed to have accrued tax-exempt income in a manner described above; amounts realized in excess of the sum of the original offering price of such Discount Bond and the amount of accrued original issue discount will be taxable gain.

Purchasers of Discount 2023 Bonds should consult their tax own advisors with respect to the determination and treatment of original issue discount for federal income tax purposes and with respect to the state and local tax consequences of owning Discount Bonds.

The 2023 Bonds maturing on October 1, 2024 through and including October 1, 2038, and on October 1, 2044, 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 stated 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**

The payments of interest on the 2023 Bonds will be reported to the Internal Revenue Service by the payor on Form 1099 unless the holder is an “exempt person” under Section 6049 of the Code. A holder who is not an exempt person may be subject to “backup withholding” at a specified rate prescribed in the Code if the holder does not file Form W-9 with the payor advising the payor of the holder’s taxpayer identification number. Holders should consult with their brokers regarding this matter.

The payor will report to the holders and to the Internal Revenue Service for each calendar year the amount of any “reportable payments” during such year and the amount of tax, if any, with respect to payments made on the 2023 Bonds.

## **CHANGES IN FEDERAL LAW AND STATE LAW**

Legislative or administrative actions and court decisions, at either the federal or state level, could have an impact on the treatment of interest on the 2023 Bonds for federal or state income tax purposes, and thus on the value or marketability of the 2023 Bonds. This could result from changes to federal or state income tax rates, changes in the structure of federal or state income taxes (including replacement with another type of tax), or otherwise. 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 2023 Bonds. It cannot be predicted whether any such regulatory or other actions will be implemented or whether the 2023 Bonds would be impacted thereby.

Purchasers of the 2023 Bonds should consult their tax advisors regarding any pending or proposed legislation, regulatory initiatives or litigation. 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 2023 Bonds, and Bond Counsel has expressed no opinion as of any date subsequent thereto or with respect to any proposed or pending legislation, regulatory initiatives or litigation.

The Inflation Reduction Act, H.R. 5376 (the “IRA”), was signed into law by President Biden on August 16, 2022. The IRA includes a 15 percent alternative minimum tax to be imposed on the “adjusted financial statement income”, as defined in the IRA, of certain corporations for tax years beginning after December 31, 2022. Under the IRA, interest on the 2023 Bonds is included in the “adjusted financial statement income” of such corporations for purposes of computing such alternative minimum tax.

**Prospective purchasers of the 2023 Bonds should be aware that the ownership of tax-exempt obligations, such as the 2023 Bonds, may result in collateral federal income tax consequences. Such prospective purchasers should consult their own tax advisors as to the consequences of investing in the 2023 Bonds.**

## **CERTAIN LEGAL MATTERS**

Certain legal matters incident to the authorization, issuance and sale of the 2023 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, Siana Law, Chester Springs, Pennsylvania.

## **UNDERWRITING**

The Underwriter is purchasing the 2023 Bonds from the Authority for a purchase price equal to \$71,405,159.55 (consisting of the principal amount of the 2023 Bonds plus net original issue premium of \$5,171,159.55, less Underwriter's Discount of \$266,000.00).

The obligation of the Underwriter to purchase the 2023 Bonds is subject to certain terms and conditions set forth in the contract for purchase of the 2023 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 2023 Bonds, if any are purchased.

The Underwriter may offer and sell the 2023 Bonds to certain dealers (including dealers depositing the 2023 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, 2022 AND 2021" 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 2023 Bonds a rating of “AA” (stable outlook), with the understanding that, upon delivery of the 2023 Bonds, a policy insuring the payment when due of the principal of and interest on the 2023 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 2023 Bonds.

In addition, Moody’s Investors Service, Inc. (“Moody’s”) has assigned an independent underlying rating of “A3” (stable outlook) to the 2023 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 College has not undertaken to maintain any rating on the 2023 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 2023 Bonds.

CUSIP identification numbers will be printed on the 2023 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 2023 Bonds.

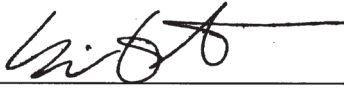
The attached APPENDICES A through E are integral parts of this Official Statement and must be read together with all of the foregoing statements.

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 2023 Bonds, the Authority has not otherwise assisted in the public offer, sale or distribution of the 2023 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/Eric Gusthall  
Eric Gusthall  
Executive Director



Approved by:

DELAWARE COUNTY COMMUNITY COLLEGE

By: /s/Dr. Patricia Benson  
Dr. Patricia Benson  
Vice President of Finance and Administration/Treasurer



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/Eric Gusthall  
Eric Gusthall  
Executive Director

Approved by: Dr. Patricia Benson  
DELAWARE COUNTY COMMUNITY COLLEGE

By: /s/Dr. Patricia Benson  
Dr. Patricia Benson  
Vice President of Finance and Administration/Treasurer

## **APPENDIX A**

### **CERTAIN INFORMATION REGARDING DELAWARE COUNTY COMMUNITY COLLEGE**

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## **CERTAIN INFORMATION REGARDING DELAWARE COUNTY COMMUNITY COLLEGE**

### **General**

Delaware County Community College (the “College”) was founded in 1967 and has grown to educate more than 13,000 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 a convenient college choice for Delaware County and surrounding areas 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 listed below to provide seamless transfer opportunities for its students.

### **Partner Colleges/Universities**

Albright College	Eastern University	Rosemont College
Alvernia University	Gwynedd Mercy	St. Joseph’s University
Arcadia University	University	Strayer University**
Cabrini College	Immaculata University	Temple University*
California University of PA*	La Salle University	Villanova University
Chestnut Hill College	Neumann University	West Chester University*
Cheyney University*	Pennsylvania College of	Widener University
Delaware Valley College	Art & Design	
DeVry: Electrical Engineering &	Pennsylvania State	
Technical Management**	University*	
Drexel University	Pierce College	

\* Denotes public educational institution

\*\* Denotes for-profit educational institution

### **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.

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## Governance Structure

The College is governed by a thirteen-member Board of Trustees who are appointed by the Delaware County Sponsoring School Districts, namely Chester Upland, Garnet Valley, Haverford, Interboro, Radnor, Ridley, Rose Tree Media, Southeast Delco, Springfield, Upper Darby, Wallingford-Swarthmore, and William Penn (collectively, the “Sponsoring School Districts”). Each member of the Board of Trustees is appointed for a six-year term.

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

The names, occupations and terms of the current members<sup>1</sup> are set forth below:

NAME	OCCUPATION	TERM EXPIRES
Dr. Corrinne A. Caldwell	Professor of Education, Temple University (retired)	2025
Bernice Clark-Dickerson	Housing & Community Development Coordinator for Del. Co.	2026
James P. Gaffney	Vice President Goshen Mechanical Contractors	2027
Dr. David H. Grossman (Vice Chair)	Director – Civic House, University of Pennsylvania	2023
Donald L. Heller	Senior Vice Dean, Temple University	2025
Cynthia Jetter (Secretary)	Retired	2027
Robert McCauley	Principal – Strada, LLC Architects (retired)	2025
Kimberly Reid	Sr. Communications Consultant (Hunter Intl)	2027
Kevin B. Scott (Chair)	Partner, Fox Rothschild, LLP (retired)	2025
Marilyn A. Spicer	Associate Director for Computing, University of Pennsylvania	2023
Raymond G. Toto	Senior Manager – KBR Downstream	2027
Elizabeth Shepard-Rabadam	Assistant Dean for Finance and Administration, Temple University	2023

The current administration of the College is as follows:

ADMINISTRATION	TITLE
Dr. L. Joy Gates-Black	President
Dr. Patricia Benson	Vice President for Finance and Administration/Treasurer
Dr. Mary Jo Boyer	Vice President for Branch Operations
Dr. Shenita Brokenburr	Vice President for Human Resources
Dr. Harry Costigan	Chief of Staff
Dr. Karen Kozachyn	Vice President for Workforce Development
Ms. Rachel McCausland	Vice President for Institutional Advancement
Dr. Marian McGorry	Vice President for Academic Affairs
Dr. Mitchell Murtha	Vice President for Enrollment Management
Dr. Justin Owens	Vice President for Student Affairs

Dr. Gates-Black is scheduled to retire on June 30, 2023. On January 23, 2023, the College announced that Dr. Marta Yera Cronin has been appointed President commencing July 1, 2023.

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<sup>1</sup> There is currently one vacancy on the Board of Trustees.

## 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. The most recent re-accreditation occurred in March 2022 and the next evaluation visit is scheduled for fiscal year 2028-2029.

## Investment in the Campus

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, 2017, the College has made over \$22.2 million of capital investment in its facilities. Listed below in Table A-1 is a summary by fiscal year of said investments.

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

	FY Ending June 30, 2018	FY Ending June 30, 2019	FY Ending June 30, 2020	FY Ending June 30, 2021	FY Ending June 30, 2022	Total
Land & Improvements	141,358.00	-	-	-	861,111.00	1,002,469.00
Building & Building Improvements	2,415,484.00	7,714,134.00	1,064,209.00	11,819.00	5,744,582.00	16,950,228.00
Furniture & Equipment	1,163,649.00	1,160,731.00	505,067.00	541,932.00	664,676.00	4,036,055.00
Library Books	52,785.00	57,625.00	45,242.00	30,166.00	38,091.00	223,909.00
Total	3,773,276.00	8,932,490.00	1,614,518.00	583,917.00	7,308,460.00	22,212,661.00

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## Employees

In November 2022, the College reached a new five-year collective bargaining agreement with the Delaware County Community College Association of Higher Education that represents the instructional staff members (ISM). The College's employment information for each of the fiscal years ended June 30, 2018, through June 30, 2022, is set forth in Table A-2 below.

**TABLE A-2**  
**EMPLOYMENT TRENDS**  
**FY 2018 - 2022**

	<b>2018</b>	<b>2019</b>	<b>2020</b>	<b>2021</b>	<b>2022</b>
FT Admin/Staff	305	309	303	282	292
PT Admin/Staff	164	113	151	120	119
FT Faculty	151	148	150	143	145
PT Faculty	526	495	368	414	404
Totals	1146	1065	972	959	960

The College has a total of 143 faculty of which 113 (79%) are tenured.

## Net Pension Liability

The College reported a decrease in its net pension liability of approximately \$2.5 million. The net pension liability was \$8,856,986 for the year ended June 30, 2022, consisting of \$3,683,986 related to SERS and \$5,173,000 related to PSERS. The net pension liability for the year ended June 30, 2021, was \$11,381,087, consisting of \$4,684,087 related to SERS and \$6,697,000 related to PSERS. All full-time faculty and staff are eligible to participate in the College's retirement plan (TIAA). New hires are eligible to be grandfathered in PSERS and SERS only if they are current active members in the plans.

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## Enrollment

The College's enrollment for each of the fiscal years ended June 30, 2018, through June 30, 2022, is set forth below in Table A-3.

**TABLE A-3**

FYE June 30,	FTE		
	Credit	Non-Credit	Total
2018	8385	275	8660
2019	8019	185	8203
2020	7666	210	7875
2021	7004	145	7149
2022	6013	202	6214

As of December 5, 2022, for fiscal year 2022/2023, the College has met 98% of its budgeted fall 2022 enrollment goal of 68,175 credits.

Information regarding new applicants and new matriculating students of the College for the Fall 2018 through Fall 2022 semesters and for the Spring 2019 through Spring 2022 semesters is set forth below in Table A-4.

**TABLE A-4**

Semester	Unduplicated Application Headcount	Matriculated
Fall 2018	8948	3630
Fall 2019	8822	3488
Fall 2020	8631	3565
Fall 2021	7488	3172
Fall 2022	8078	3134
Spring 2019	4510	1556
Spring 2020	4248	1382
Spring 2021	3433	1234
Spring 2022	3310	1173

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## Student Tuition and Fees

The following Table A-5 sets forth the tuition and student fees assessed to students in each of the fiscal years ended June 30, 2018, through June 30, 2022.

**TABLE A-5**

Delaware County Community College  
Student Fees and Charges Analysis  
FY 2018 – 2022

	<b>2018</b>	<b>2019</b>	<b>2020</b>	<b>2021</b>	<b>2022</b>
Tuition per credit hour (1)	\$ 117.00	\$ 121.00	\$ 125.00	\$ 125.00	\$ 125.00
Tuition per credit hour (2)	\$ 234.00	\$ 242.00	\$ 250.00	\$ 250.00	\$ 250.00
Plant Fee per credit hour (2)	\$ 3.00	\$ 3.00	\$ 3.00	\$ 3.00	\$ 3.00
Student Activity Fee per credit hour (2)	\$ 2.00	\$ 2.00	\$ 2.00	\$ 2.00	\$ 2.00
Enrollment Services Fee per credit	\$4 (\$40 Max)	\$4 (\$40 Max)	\$4 (\$40 Max)	\$4 (\$40 Max)	\$4 (\$40 Max)
Instructional Support Fee per credit hour	\$53 - \$63	\$57 - \$67	\$61 - \$71	\$61 - \$71	\$61 - \$71

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

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

Table A-6 sets forth a summary of the College's Statement of Revenues, Expenses, and Changes in Net Position.

**TABLE A-6**

	2018	2019	2020	2021	2022
<b>OPERATING REVENUES</b>					
Student tuition and fees, net	\$24,282,592	\$25,728,857	\$24,575,977	\$24,253,376	\$22,048,049
Auxiliary enterprises	465,415	434,061	342,507	221,654	269,387
Federal grants and contracts	1,941,456	2,415,757	1,896,405	1,800,067	1,410,331
Commonwealth of PA grants, and contracts	2,621,682	2,498,412	2,907,996	3,214,002	3,548,501
Other gifts, grants, and contracts	420,067	386,572	268,795	219,762	424,333
Other operating revenues	1,245,531	1,528,802	1,715,545	2,143,099	986,117
<b>TOTAL OPERATING REVENUES</b>	<b>30,976,743</b>	<b>32,992,461</b>	<b>31,707,225</b>	<b>31,851,960</b>	<b>28,686,718</b>
<b>OPERATING EXPENSES</b>					
Instruction	44,355,193	43,744,847	43,965,256	42,252,155	41,759,091
Academic support	4,979,456	4,952,446	5,369,097	4,930,991	4,052,648
Student services	11,236,395	11,121,699	11,161,771	10,562,959	8,979,489
Institutional support	11,702,783	10,451,712	11,412,621	11,798,893	12,302,976
Operations and maintenance of plant	8,457,776	8,464,020	8,584,408	7,876,881	6,327,040
Financial aid	12,274,467	11,721,115	13,057,208	12,127,096	24,068,625
Depreciation	6,991,234	7,109,170	6,997,921	6,582,592	7,886,355
Auxiliary services	311,872	328,197	289,058	496,829	651,604
<b>TOTAL OPERATING EXPENSES</b>	<b>100,309,176</b>	<b>97,893,206</b>	<b>100,837,340</b>	<b>96,628,396</b>	<b>106,027,828</b>
<b>OPERATING LOSS</b>	<b>(\$69,332,433)</b>	<b>(\$64,900,745)</b>	<b>(\$69,130,115)</b>	<b>(\$64,776,436)</b>	<b>(\$77,341,110)</b>
<b>NONOPERATING REVENUES (EXPENSES)</b>					
Federal grants and contracts	34,440,473	32,686,646	36,278,418	34,886,333	54,084,022
State grants and contracts	19,138,156	19,752,404	20,166,385	20,166,385	20,166,385
State appropriations	1,661,245	1,633,266	1,666,423	1,580,906	1,632,133
Local appropriations	6,386,798	6,469,955	6,555,462	6,642,203	6,787,870
Investment income	1,540,730	3,870,529	3,106,998	4,052,419	(3,967,250)
Interest on capital seats-related debt	(3,031,829)	(2,814,879)	(2,594,262)	(2,311,408)	(2,354,627)
<b>NET NONOPERATING REVENUES (EXPENSES)</b>	<b>60,135,573</b>	<b>61,597,921</b>	<b>65,179,424</b>	<b>65,016,838</b>	<b>76,348,533</b>
<b>INCOME (LOSS) BEFORE OTHER REVENUES</b>	<b>(9,196,860)</b>	<b>(3,302,824)</b>	<b>(3,950,691)</b>	<b>240,402</b>	<b>(992,577)</b>
<b>OTHER REVENUES</b>					
Capital appropriations	5,644,274	5,560,274	6,086,574	5,845,262	5,052,983
Capital fees, grants, and gifts	198,914	471,441	166,117	595,086	365,344
<b>TOTAL OTHER REVENUES</b>	<b>5,843,188</b>	<b>6,031,715</b>	<b>6,252,691</b>	<b>6,440,348</b>	<b>5,418,327</b>
<b>CHANGE IN NET POSITION</b>	<b>(\$3,353,672)</b>	<b>\$2,728,891</b>	<b>\$2,302,000</b>	<b>\$6,680,750</b>	<b>\$4,425,750</b>

*It should be noted that additional State capital appropriations has been approved to partially support the College's debt service obligation related to the (2023) Bonds. See "Commonwealth Obligation" herein.*

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

Operating revenues of the College decreased approximately \$2.2 million or 7.3% between fiscal years ended June 30, 2018, and 2022. For the same period, tuition and fees decreased approximately \$2.2 million or 9.2% due to declining enrollment and student pausing their education due to the global pandemic. Operating expenses increased \$5.7 million or 5.7% between fiscal years 2018 and 2022 due to health and safety efforts along with increasing academic offerings online to better serve the students during the pandemic.

### **Fiscal Year Ended June 30, 2022 Financial Highlights**

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

- The College credit tuition rate was \$125 per credit hour, and the basic instructional support fee was \$61 per credit hour. It should be noted that the fiscal year 2022/2023 operating budget includes a \$5 per credit hour tuition increase and a \$4 per credit hour increase in the basic instructional support fee.
- The appropriation received from the Commonwealth of Pennsylvania totaled \$25,003,530.
- The appropriation from the Sponsoring School Districts totaled \$8,573,321.
- During the year the College earned \$880,357 of interest and dividend income on its portfolio.

Total operating expenses were impacted by the following items:

- In the aggregate, salaries and wages increased by 2.0%. This increase resulted from cost-of-living increases for the Administrative and Support Staff Groups and contractual increase for the College's full-time faculty.
- In addition, capital expenditures increased due to the capitalization of acquisition costs and also land and building improvement costs for architecture fees other related items for the new Southeast campus.

### **Impact of COVID-19 Pandemic on the College**

In March 2020, the College closed its offsite locations in order to consolidate staffing and to accommodate lower enrollment. In April 2021, the Exton location and Southeast location reopened for classes. By May 2021, all of the College's locations were fully reopened.

To ensure health and safety, the College hired an industrial hygienist to review the appropriate cleaning protocols and to train the custodial staff. Operationally, the College limited access to the main campus based on guidance from the State and returned fully to campus in the summer of 2021.

To assist with the pandemic efforts, the College received approximately \$40 million in federal funds to award grants to students and to cover institutional costs associated with significant changes in delivery of instruction. The grants to students were to cover the cost of attendance such

as tuition and course materials. The grants to the College were to cover items such as online services, computers and hotspots to students and health and safety expenses.

### Historical Financial Aid

Students of the College receive the following grants, loans and other financial aid in the fiscal years set forth below in Table A-7.

**TABLE A-7**

Fiscal Year	17-18	18-19	19-20	20-21	21-22
<b>Grants &amp; Scholarships:</b>					
Pell	\$15,119,327	\$15,493,295	\$15,123,383	\$13,106,500	\$12,207,662
PHEAA	\$1,915,253	\$2,231,792	\$2,354,610	\$2,261,288	\$1,939,901
SEOG	\$206,956	\$255,694	\$234,145	\$392,534	\$351,298
Institutional Grants & Scholarships	\$340,887	\$363,406	\$611,184	\$493,987	\$590,435
<b>Loans:</b>					
Federal (Direct Loans; sub, unsub, PLUS)	\$18,526,078	\$17,932,563	\$17,022,448	\$14,522,327	\$11,710,179
Employment	\$412,734	\$409,502	\$436,408	\$216,104	\$257,051
<b>Total Number of Students Receiving Financial Aid</b>	6457	6447	6787	5925	9422

### Investments

As of June 30, 2022, the College's Investments totaled in excess of \$60 million. The following Table A-8 sets forth a summary of the College's investments for the past five fiscal years.

**TABLE A-8**

FYE June 30,	Investments
2018	53,645,333
2019	57,206,744
2020	60,151,586
2021	64,195,719
2022	60,220,453

### Funding from Public and Private Grants: Fiscal Year 2021/22

What follows is a sampling of the Public and Private Grants the College received during fiscal year 2021/22:

The College received \$1,108,500 from the Pennsylvania Department of Community and Economic Development in order to expand capacity for specialized welding careers.

The College received \$350,192 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 has received \$276,741 from the Delaware County Workforce Investment Board to offer computer 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 \$869,720 from the Pennsylvania Department of Human Services to support the KEYS program (Keystone Education Yields Success) to support retention and completion by the College students who receive welfare benefits.

See “Impact of COVID-19 Pandemic on the College” herein for more information on other extraordinary funding received by the College relative to the pandemic.

### **Additional 2023 Project Funding Sources**

In addition to proceeds of the 2023 Bonds, the College may apply the following sources of funding for and towards the 2023 Project: (i) \$1,000,000 in federal grant funding, and (ii) \$2,500,000 from the College’s capital campaign. *See* “PURPOSE OF THE 2023 BONDS - Sources and Uses of Funds”. *See also* “SUMMARIES OF CERTAIN PROVISIONS OF THE LOAN AGREEMENT AND THE INDENTURE- The Indenture- 2023 Debt Service Account” herein.

Also, the College expects to apply grant funding in the maximum amount of \$8,500,000 from the Commonwealth of Pennsylvania’s Redevelopment Assistance Capital Program (“RACP”). *See* “PURPOSE OF THE 2023 BONDS- Sources and Uses of Funds”. *See also*, “THE 2023 BONDS- Redemption Provisions- Special Extraordinary Redemption” herein.

### **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 Finance 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 activities. Once on-going activities and new institutional activities are defined, initiatives for the next fiscal year budget are prioritized and funded. 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 2022/2023 operating budget includes a \$5 per credit hour tuition increase and a \$4 per credit hour increase in the instructional support fee.

The approved fiscal year 2022/2023 operating budget is decreasing by approximately \$729,000 or 0.8%. This slight decrease in expenditures is a combination of several factors, including a reduction of capital expenditures and debt service payments. The College’s 2013 Series Bonds are scheduled to be paid in full during the current fiscal year ending June 30, 2023.

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## **Outstanding Long-Term Indebtedness**

A summary of the outstanding principal amount of long-term indebtedness as of December 31, 2022, is as follows:

### **Delaware County Community College Outstanding Long-Term Indebtedness**

<u>Description</u>	<u>Balance at 12/31/2022</u>
2013 Bonds	120,000
2014 Bonds	9,940,000
2015 Bonds	27,305,000
2017 Bonds	7,565,000
Total	44,930,000

## **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. Other than the pending issuance of the 2023 Bonds, the College does not have any plans for the issuance of bonds to finance capital projects over the next five years.

## **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. The combined effects of increased tuition and fee rates, revenues generated by enrollments 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.

## **Litigation**

The College is not aware of any legal actions that would have a material adverse effect on the College's financial position.

## **Insurance Coverage**

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. Any significant losses are covered by commercial insurance for all major programs. For insured programs, there were no significant reductions in insurance coverages in the renewed policy effective July 1, 2022.

**Risk Management Statement**

The College recognizes that it has a responsibility to manage risks effectively in order to control its assets and liabilities, while protecting its students and employees against potential losses. The College is aware that some risk cannot be eliminated fully, however the institution has controls in place to manage financial and cyber risk.



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**APPENDIX B**

DELAWARE COUNTY COMMUNITY COLLEGE AUDITED FINANCIAL STATEMENTS  
FOR THE YEARS ENDED JUNE 30, 2022 AND 2021

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***DELAWARE COUNTY COMMUNITY COLLEGE***

**FINANCIAL AND COMPLIANCE REPORT**

**Years Ended June 30, 2022 and 2021**



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## INDEPENDENT AUDITOR'S REPORT

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

### Report on the Audit of the Financial Statements

#### Opinions

We have audited the accompanying financial statements of the business-type activities and the aggregate discretely presented component unit of Delaware County Community College, as of and for the years ended June 30, 2022 and 2021, 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.

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, 2022 and 2021, and the respective changes in financial position and cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

#### Basis for Opinions

We conducted our audits in accordance with auditing standards generally accepted in the United States of America and the standards applicable to the financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of Delaware County Community College, and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audits. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

#### Change in Accounting Principles

As described in Note 1 to the financial statements, effective July 1, 2020, Delaware County Community College adopted new accounting guidance, Governmental Accounting Standards Board Statement No. 87, *Leases*. Our opinion is not modified with respect to this matter.

#### Responsibilities of Management for the Financial Statements

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

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about Delaware County Community College's ability to continue as a going concern for twelve months beyond the financial statement date, including any currently known information that may raise substantial doubt shortly thereafter.

### **Auditor's Responsibilities for the Audit of the Financial Statements**

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinions. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with generally accepted auditing standards and *Government Auditing Standards* will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with generally accepted auditing standards and *Government Auditing Standards*, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of Delaware County Community College's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about Delaware County Community College's ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control-related matters that we identified during the audit.



### **Required Supplementary Information**

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis and pension and other postemployment benefit information on pages 84 through 90 be presented to supplement the basic financial statements. Such information is the responsibility of management and, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

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

In accordance with *Government Auditing Standards*, we have also issued our report dated December 14, 2022, on our consideration of 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 solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the Delaware County Community College's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering Delaware County Community College's internal control over financial reporting and compliance.

*Herbein + Company, Inc.*

**Reading, Pennsylvania  
December 14, 2022**

**FY 2021-22 Audit**  
**Delaware County Community College**  
**Management's Discussion and Analysis**

Delaware County Community College is an accredited, publicly supported, comprehensive, open enrollment, postsecondary educational institution serving Delaware and Chester Counties located in Media, Pennsylvania. The College is one of fifteen (15) community colleges in the Commonwealth of Pennsylvania operating in accordance with the provision of the Community College Act of 1963. In addition, the College historically has attracted additional students from surrounding counties and other population centers.

## **FINANCIAL HIGHLIGHTS**

### Enrollment

Credit enrollment for fiscal year 2021-22 totaled 156,016 credits and 5,349 regular full-time equivalent students. This represents a decrease of 23,736 credits (-13.2%) and 466 full-time equivalent students (-8.0%) from fiscal year 2020-21. The enrollment for the College's non-credit programs totaled 6,056 credits, compared to the previous year's credits of 4,181. The current pandemic had a negative effect particularly on the credit programs in FY2021-22.

### Tuition and Fees

Net tuition and fee revenue was \$22,048,049 for the fiscal year 2021-22. There was no tuition and fee increase for the 21-22 fiscal year. For the 22-23 fiscal year, tuition has increased from \$125 per credit to \$130 per credit (4% increase).

### Commonwealth Support

Appropriations from the Commonwealth during fiscal year 2021-22 totaled \$21,798,518. This amount represents a combination of the state subsidy payments and benefit reimbursement. An additional \$3,267,532 was received to cover the Commonwealth's share of debt service and non-mandated capital. Grants in the amount of \$3,548,501 were also received from the Commonwealth.

### Sponsor Support

The College's sponsoring school districts provided annual operating, capital, lease, and debt support of \$8,573,321 for fiscal year 2021-22. This contribution represents 8.7% of total College operating costs less depreciation.

### New Accounting Standards

The College implemented GASB Statement No. 87 related to lease accounting in the current year retroactively to July 1, 2020. The implementation resulted in a decrease in net position as of June 30, 2021 totaling \$167,483. The College also implemented GASB Statement No. 89 related to capitalized interest during construction projects. There were no effects on net position with this standard implementation.

**FY 2021-22 Audit  
Delaware County Community College  
Management's Discussion and Analysis**

**FINANCIAL STATEMENTS**

Statement of Net Position

This statement reports the balances of assets, deferred outflows and inflows of resources, liabilities, and net position of the College as of the fiscal year end. Assets include cash and cash equivalents; the value of outstanding receivables due from students and other parties; the value of outstanding amounts due from restricted sources, local government and the Commonwealth; prepaid expenses; land, buildings and equipment reported at cost, less accumulated depreciation.

Liabilities include payments due to vendors and students; accrued salaries/wages; vacation/sick pay; medical benefits; accrued taxes and other withholdings; amounts due to the Commonwealth; balance of bonds payable. The difference between assets, deferred outflows and inflows of resources, and liabilities is reported as net position.

Statement of Revenues, Expenses, and Changes in Net Position

This statement reports the revenues earned and the expenses incurred in the fiscal year. The result is reported as an increase or decrease in net position on the Statement of Net Position. In accordance with Governmental Accounting Standards Board (GASB) requirements, the College has classified revenues as operating or non-operating. Under GASB, all public colleges report State appropriations as non-operating revenues since they are nonexchange transactions. In addition, GASB requires classification of gifts, investment income and expenses, and losses on disposal of assets as non-operating revenues or other revenues. The College classifies all of its remaining revenues as operating.

Statement of Cash Flows

This statement's primary purpose is to provide relevant information about cash receipts and cash payments of the College. It may be used to determine the College's ability to generate future net cash flows, meet obligations as they come due, and to evaluate the need for external financing.

Net Position

Net position increased by \$4,425,750 in fiscal year 2021-22 compared to \$6,513,267 in the fiscal year 2020-21.

**FY 2021-22 Audit**  
**Delaware County Community College**  
**Management's Discussion and Analysis**

Statement of Net Position

The following is a summary of the Statement of Net Position:

	<b>2022</b>	<b>2021</b>
		(Restated)
<b>ASSETS</b>		
Current assets	\$ 19,051,444	\$ 15,685,571
Noncurrent Assets		
Capital Assets, net of Depreciation	94,205,793	98,070,020
Investments	60,220,448	64,195,719
<b>TOTAL ASSETS</b>	<b>173,477,685</b>	<b>177,951,310</b>
<b>DEFERRED OUTFLOWS OF RESOURCES</b>	<b>4,783,178</b>	<b>5,497,162</b>
<b>LIABILITIES</b>		
Current liabilities	14,000,885	16,355,532
Noncurrent liabilities	64,462,741	72,728,894
Total liabilities	78,463,626	89,084,426
<b>DEFERRED INFLOWS OF RESOURCES</b>	<b>3,526,373</b>	<b>2,518,932</b>
<b>NET POSITION</b>		
Net investment in capital assets	\$ 36,801,434	\$ 35,239,227
Restricted expendable	16,088	9,071
Restricted for capital projects	15,295	39,759
Unrestricted	59,438,047	56,557,057
Total net position	<b>\$ 96,270,864</b>	<b>\$ 91,845,114</b>

**FY 2021-22 Audit  
Delaware County Community College  
Management's Discussion and Analysis**

Statement of Net Position - continued

--Capital assets decreased due to net additions of \$4,022,128 which were then offset by an increase in accumulated depreciation and amortization of \$7,886,355.

--Net investment in capital assets is the cost of land, buildings, improvements, equipment, furnishings and library books, net of accumulated depreciation, less any associated debt (bonds/loans payable). This balance is not available for the College's use in ongoing operations since the underlying assets would have to be sold in order to pay current or long-term obligations.

--Total net position, made up of both non-expendable and expendable assets, represents the balance of funds received from the Commonwealth, donors, or grantors who have placed restrictions on the purposes for which the funds must be spent. Restricted expendable net position represents corpuses of endowments and similar arrangements in which only the associated investment income can be spent.

The restricted expendable net position is available for expenditure as long as any external purpose and time restriction is met.

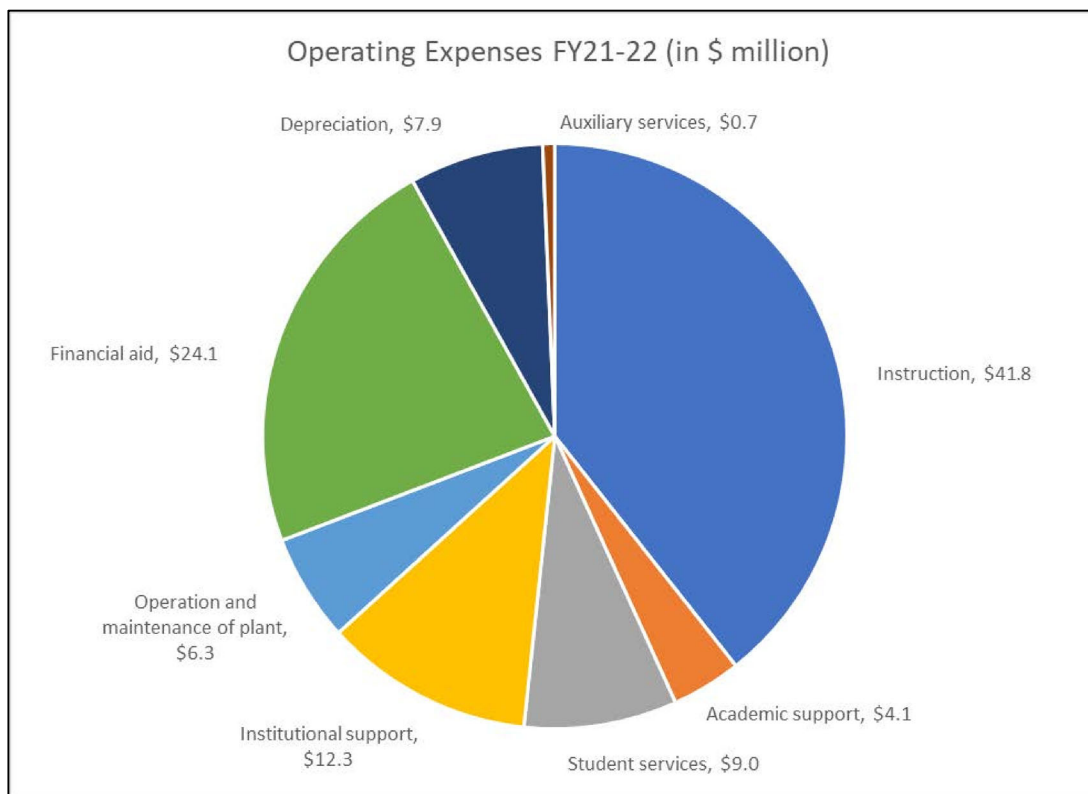
--Unrestricted net position includes funds that the Board of Trustees have designated for specific purposes and all other funds not appropriately classified as restricted or invested in capital assets.

**FY 2021-22 Audit  
Delaware County Community College  
Management's Discussion and Analysis**

Revenues and Expenses

The following is a narrative of significant revenues and expenses in addition to the changes in tuition revenue and Commonwealth support previously discussed in the Financial Highlights section of this analysis:

--Of the \$106 million in operating expenses, \$41.8 million (39.4%) was allocated to instruction, \$24.1 million (22.7%) was allocated to financial aid, \$12.3 million (11.6%) was allocated to institutional support and \$9 million (8.5%) was allocated to student services.



--Financial Aid to students in the form of waivers and scholarships was \$24,068,625, an increase of \$11,941,529 from the previous year. This increase includes Higher Education Emergency Relief Act funding received by the College and passed through to the students of \$14,689,507 in the current year and \$3,016,372 in the prior year.

--Investment income, net for fiscal year 2021-22 was (\$3,967,250), a decrease of \$8,019,669 from the prior year. This reflects the decrease in unrealized gains within the investment portfolio.

--Interest expense on capital asset-related debt totaled \$2,354,627 a decrease due to normal amortization of debt.

--Depreciation and amortization expense totaled \$7,886,355 for the year.

**FY 2021-22 Audit**  
**Delaware County Community College**  
**Management's Discussion and Analysis**

Revenues and Expenses - continued

The following is a summary of revenues and expenses:

	<b>2022</b>	<b>2021</b> (Restated)
Operating revenues		
Tuition and fees	\$ 22,048,049	\$ 24,253,376
Auxiliary enterprises	269,387	221,654
Grants, gifts and contracts	5,383,165	5,233,831
Other operating revenues	986,117	2,143,099
Total operating revenues	28,686,718	31,851,960
Operating expenses	106,027,828	96,512,950
Operating loss	(77,341,110)	(64,660,990)
Nonoperating revenues (expenses)		
Appropriations	28,586,388	28,389,494
Federal grants and contracts	54,084,022	34,886,333
Investment income, net	(3,967,250)	4,052,419
Other nonoperating expense	(2,354,627)	(2,594,337)
Net nonoperating revenues (expenses)	76,348,533	64,733,909
Net income (loss) before other revenues	(992,577)	72,919
Other revenues		
Capital appropriations	5,052,983	5,845,262
Capital gifts, grants and transfers	365,344	595,086
Total other revenues	5,418,327	6,440,348
Increase in net position	4,425,750	6,513,267
Beginning net position	91,845,114	85,331,847
<b>Ending net position (restated)</b>	<b>\$ 96,270,864</b>	<b>\$ 91,845,114</b>

**FY 2021-22 Audit**  
**Delaware County Community College**  
**Management's Discussion and Analysis**

Capital Assets and Debt Administration

At June 30, 2022, the College had \$94,205,793 invested in a broad range of capital assets, including building and improvements, and equipment and furnishings, net of accumulated depreciation and amortization. This amount represents a net decrease (including additions, deletions, and depreciation) of \$3,864,227 or (-3.9%) from the previous fiscal year.

The following is a summary of capital assets, net of depreciation and amortization:

	<b>2022</b>	<b>2021</b>
		(Restated)
Land and land improvements	\$ 10,498,047	\$ 9,636,937
Building and building improvements	163,946,842	158,207,580
Furniture and equipment	32,347,919	31,656,173
Library equipment	1,926,978	1,888,886
Construction in progress	238,189	3,551,593
	<u>208,957,975</u>	<u>204,941,169</u>
Less accumulated depreciation and amortization	<u>114,752,182</u>	<u>106,871,149</u>
Total	<u><u>\$ 94,205,793</u></u>	<u><u>\$ 98,070,020</u></u>

As of June 30, 2022, the College had \$60.3 million in debt outstanding compared to \$66.0 million on June 30, 2021. The table below summarizes the amount by type of debt instrument. For additional debt information, see the notes to the financial statements.

	Outstanding Debt, for the Years Ended June 30	
	<u>2022</u>	<u>2021</u>
		(Restated)
Lease Obligations	\$ 6,425,584	\$ 7,587,293
Financed Purchases	-	13,221
Bonds Payable, net	<u>53,892,292</u>	<u>58,386,674</u>
Totals	<u><u>\$ 60,317,876</u></u>	<u><u>\$ 65,987,188</u></u>

See notes to the financial statements for additional information on capital assets and debt transactions.



**FY 2021-22 Audit  
Delaware County Community College  
Management's Discussion and Analysis**

**ECONOMIC AND DEMOGRAPHICS FACTORS THAT IMPACT THE INSTITUTION**

- The impact of COVID-19 continues to have negative effect on overall enrollment into the 2022 fiscal year with a decrease in Fall 2022 enrollment. The College administration is constantly monitoring the situation and planning actions to counteract its impact over the remainder of this fiscal year.
- The College has received funding this year through several COVID-19 related grant programs, the most significant being the Higher Education Emergency Relief Funds. From the Student Aid Portion, the College allocated \$11,203,458 which was to be distributed directly to students as mandated. As of June 30, 2022, all funds were distributed. The College was allocated an amount of \$17,082,519 for the Institutional Portion and as of June 30, 2022, funds that were used to purchase pandemic related items such as laptops, cleaning and disinfectant, and personal protective equipment were expended as well as recovering lost revenue.
- The state funding model for Pennsylvania community colleges continues to be less than optimally effective as has been the case for several years. Recognizing the Pennsylvania state budget has a large deficit, the Council of Presidents and the Pennsylvania Commission for Community Colleges continue to work closely with our legislators to advocate for funding for community colleges.

**CONTACTING THE COLLEGE'S MANAGEMENT**

This financial report is designed to provide the College's sponsors, enrollees, grantors, investors, and creditors with a general overview of the College's finances and to demonstrate the College's accountability for the money it receives. If you have any questions about this report or need additional financial information, contact:

Dr. Patricia Benson, CPA  
Vice President for Finance and Administration/Treasurer  
Delaware County Community College  
901 S. Media Line Road  
Media, PA 19063-1094

**DELAWARE COUNTY COMMUNITY COLLEGE**

**STATEMENTS OF NET POSITION - PRIMARY INSTITUTION**

	June 30	
	2022	2021 (Restated)
<b>ASSETS</b>		
<b>CURRENT ASSETS</b>		
Cash and investments	\$ 14,739,822	\$ 12,646,172
Restricted cash	39,154	101,654
Receivables:		
Commonwealth of Pennsylvania	441,186	378,666
Federal and local agencies	2,598,890	794,264
Student and other, net	746,070	1,370,620
Prepaid expenses	409,972	351,861
Other current assets	76,350	42,334
	<hr/>	<hr/>
<b>TOTAL CURRENT ASSETS</b>	19,051,444	15,685,571
<b>NONCURRENT ASSETS</b>		
Capital assets not being depreciated:		
Land	2,903,143	2,042,033
Construction in progress	238,189	3,551,593
Capital assets being depreciated, net	84,912,396	85,034,367
Right-to-use lease assets	6,152,065	7,442,027
Capital assets, net	<hr/>	<hr/>
	94,205,793	98,070,020
Other assets:		
Investments	<hr/>	<hr/>
	60,220,448	64,195,719
	<hr/>	<hr/>
<b>TOTAL NONCURRENT ASSETS</b>	154,426,241	162,265,739
	<hr/>	<hr/>
<b>TOTAL ASSETS</b>	173,477,685	177,951,310
	<hr/>	<hr/>
<b>DEFERRED OUTFLOWS OF RESOURCES</b>		
Deferred charge on bond refunding	2,889,658	3,156,395
Deferred outflows of resources for pension	1,823,901	2,280,928
Deferred outflows of resources for other postemployment benefits	<hr/>	<hr/>
	69,619	59,839
	<hr/>	<hr/>
<b>TOTAL DEFERRED OUTFLOWS OF RESOURCES</b>	4,783,178	5,497,162
	<hr/>	<hr/>

See accompanying notes.

**DELAWARE COUNTY COMMUNITY COLLEGE**

**STATEMENTS OF NET POSITION - PRIMARY INSTITUTION - CONTINUED**

	June 30	
	2022	2021 (Restated)
<b>LIABILITIES</b>		
<b>CURRENT LIABILITIES</b>		
Accounts payable	2,452,402	1,754,899
Accrued compensation and benefits	2,947,690	5,131,045
Accrued interest payable	575,537	621,724
Unearned revenue	1,985,934	2,630,015
Other current liabilities	215,910	528,710
Current portion of long term debt, net	4,547,174	4,507,603
Lease payable	1,276,238	1,181,536
<b>TOTAL CURRENT LIABILITIES</b>	<b>14,000,885</b>	<b>16,355,532</b>
<b>NONCURRENT LIABILITIES</b>		
Accrued compensation and benefits	70,291	101,758
Bonds payable, net	49,345,118	53,892,292
Lease payable	5,149,346	6,405,757
Net pension liability	8,856,986	11,381,087
Net other postemployment benefit liabilities	1,041,000	948,000
<b>TOTAL NONCURRENT LIABILITIES</b>	<b>64,462,741</b>	<b>72,728,894</b>
<b>TOTAL LIABILITIES</b>	<b>78,463,626</b>	<b>89,084,426</b>
<b>DEFERRED INFLOWS OF RESOURCES</b>		
Deferred inflows of resources for pension	2,962,012	1,919,481
Deferred inflows of resources for other postemployment benefits	564,361	599,451
<b>TOTAL DEFERRED INFLOWS OF RESOURCES</b>	<b>3,526,373</b>	<b>2,518,932</b>
<b>NET POSITION</b>		
Net investment in capital assets	36,801,434	35,239,227
Restricted expendable	16,088	9,071
Restricted for capital projects	15,295	39,759
Unrestricted	59,438,047	56,557,057
<b>TOTAL NET POSITION</b>	<b>\$ 96,270,864</b>	<b>\$ 91,845,114</b>

See accompanying notes.

**DELAWARE COUNTY COMMUNITY COLLEGE**

**STATEMENTS OF REVENUES, EXPENSES, AND CHANGES IN NET POSITION - PRIMARY INSTITUTION**

	Year Ended June 30	
	2022	2021 (Restated)
<b>OPERATING REVENUES</b>		
Student tuition and fees (net of scholarship allowance of \$19,727,156 in 2022 and \$21,786,011 in 2021)	\$ 22,048,049	\$ 24,253,376
Auxiliary enterprises	269,387	221,654
Federal grants and contracts	1,410,331	1,800,067
Commonwealth of PA grants and contracts	3,548,501	3,214,002
Other gifts, grants, and contracts	424,333	219,762
Other operating revenues	986,117	2,143,099
<b>TOTAL OPERATING REVENUES</b>	<b>28,686,718</b>	<b>31,851,960</b>
<b>OPERATING EXPENSES</b>		
Instruction	41,759,091	42,252,155
Academic support	4,052,648	4,375,991
Student services	8,979,489	10,562,959
Institutional support	12,302,976	11,798,893
Operations and maintenance of plant	6,327,040	7,006,921
Financial aid	24,068,625	12,127,096
Depreciation and amortization	7,886,355	7,892,106
Auxiliary services	651,604	496,829
<b>TOTAL OPERATING EXPENSES</b>	<b>106,027,828</b>	<b>96,512,950</b>
<b>OPERATING LOSS</b>	<b>(77,341,110)</b>	<b>(64,660,990)</b>
<b>NONOPERATING REVENUES (EXPENSES)</b>		
Appropriations:		
Commonwealth of Pennsylvania	20,166,385	20,166,385
Commonwealth of Pennsylvania - benefits	1,632,133	1,580,906
Sponsoring school districts	6,787,870	6,642,203
Federal grants and contracts	54,084,022	34,886,333
Investment income, net	(3,967,250)	4,052,419
Interest expense on capital asset-related debt	(2,354,627)	(2,594,337)
<b>NET NONOPERATING REVENUES (EXPENSES)</b>	<b>76,348,533</b>	<b>64,733,909</b>
<b>(LOSS) INCOME BEFORE OTHER REVENUES</b>	<b>(992,577)</b>	<b>72,919</b>
<b>OTHER REVENUES</b>		
State capital appropriations	3,267,532	3,999,029
Local capital appropriations	1,785,451	1,846,233
Capital gifts and grants	365,344	595,086
<b>TOTAL OTHER REVENUES</b>	<b>5,418,327</b>	<b>6,440,348</b>
<b>CHANGE IN NET POSITION</b>	<b>4,425,750</b>	<b>6,513,267</b>
<b>NET POSITION - BEGINNING OF YEAR - RESTATED</b>	<b>91,845,114</b>	<b>85,331,847</b>
<b>NET POSITION - END OF YEAR - RESTATED</b>	<b>\$ 96,270,864</b>	<b>\$ 91,845,114</b>

See accompanying notes.

**DELAWARE COUNTY COMMUNITY COLLEGE**  
**STATEMENTS OF CASH FLOWS - PRIMARY INSTITUTION**

	Year Ended June 30	
	2022	2021 (Restated)
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
Student tuition and fees	\$ 21,810,635	\$ 23,129,277
Nonsponsoring plant fees	217,883	241,701
Grants, gifts, and contracts	4,727,260	5,463,354
Payments to suppliers for goods and services	(14,727,304)	(14,780,670)
Payments to employees	(61,837,972)	(61,867,174)
Payments for financial aid	(24,068,625)	(12,436,630)
Auxiliary enterprises	269,387	221,654
Other receipts	986,117	2,143,099
<b>NET CASH USED FOR OPERATING ACTIVITIES</b>	<b>(72,622,619)</b>	<b>(57,885,389)</b>
<b>CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES</b>		
Federal grants	52,529,071	36,371,077
State appropriations	21,735,998	21,940,873
Local appropriations	6,787,870	6,642,203
<b>NET CASH PROVIDED BY NONCAPITAL FINANCING ACTIVITIES</b>	<b>81,052,939</b>	<b>64,954,153</b>
<b>CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES</b>		
Capital appropriations:		
State appropriations	3,267,532	3,999,029
Sponsor appropriations	1,785,451	1,846,233
Capital grants	365,344	595,086
Purchases of capital assets	(3,995,857)	(2,412,974)
Principal paid on bonds payable	(4,062,208)	(5,075,091)
Principal paid on financed purchases and note payable	(13,221)	(269,405)
Principal paid on lease obligations	(1,187,980)	(1,164,248)
Interest paid on capital debt	(2,566,251)	(2,774,868)
<b>NET CASH USED FOR CAPITAL AND RELATED FINANCING ACTIVITIES</b>	<b>(6,407,190)</b>	<b>(5,256,238)</b>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>		
Purchase of investments	(3,510,478)	(28,942,868)
Proceeds from the sale of investments	2,750,000	26,008,752
Interest on investments	768,498	2,942,402
<b>NET CASH PROVIDED BY INVESTING ACTIVITIES</b>	<b>8,020</b>	<b>8,286</b>
<b>NET INCREASE IN CASH AND CASH EQUIVALENTS</b>	<b>2,031,150</b>	<b>1,820,812</b>
<b>CASH AND CASH EQUIVALENTS - BEGINNING OF YEAR</b>	<b>12,747,826</b>	<b>10,927,014</b>
<b>CASH AND CASH EQUIVALENTS - END OF YEAR</b>	<b>\$ 14,778,976</b>	<b>\$ 12,747,826</b>

See accompanying notes.

**DELAWARE COUNTY COMMUNITY COLLEGE**

**STATEMENTS OF CASH FLOWS - PRIMARY INSTITUTION - CONTINUED**

	Year Ended June 30	
	2022	2021 (Restated)
<b>RECONCILIATION OF OPERATING LOSS TO NET CASH USED FOR OPERATING ACTIVITIES</b>		
Operating loss	\$ (77,341,110)	\$ (64,660,990)
Adjustments to reconcile operating loss to net cash used for operating activities:		
Depreciation and amortization expense	7,886,355	7,892,106
Bad debt expense	227,419	959,201
Changes in operating assets and deferred outflows and liabilities and deferred inflows:		
Receivables	(258,774)	(908,131)
Prepaid expenses	(58,111)	35,620
Other assets	(34,016)	67,518
Deferred outflows of resources for pensions	457,027	(832,645)
Deferred outflows of resources for other postemployment benefits	(9,780)	5,819
Accounts payable	697,503	(377,354)
Accrued expenses	(2,214,822)	124,702
Unearned revenue	(644,081)	(846,298)
Other liabilities	93,431	228,082
Net pension liability	(2,524,101)	510,362
Net other postemployment benefit liabilities	93,000	(99,000)
Deferred inflows of resources for pensions	1,042,531	(132,595)
Deferred inflows of resources for other postemployment benefits	(35,090)	148,214
<b>NET CASH USED FOR OPERATING ACTIVITIES</b>	<u><u>\$ (72,622,619)</u></u>	<u><u>\$ (57,885,389)</u></u>
<b>SUPPLEMENTAL DISCLOSURE OF CASH FLOW INFORMATION</b>		
Cash paid during the year for interest	\$ 2,566,251	\$ 2,774,868
<b>SUPPLEMENTAL DISCLOSURES OF NONCASH CAPITAL AND RELATED FINANCING ACTIVITIES</b>		
Right-to-use assets acquired via lease issuance	\$ 26,271	\$ -

See accompanying notes.

**DELAWARE COUNTY COMMUNITY COLLEGE**

**STATEMENTS OF FINANCIAL POSITION -  
DELAWARE COUNTY COMMUNITY COLLEGE EDUCATIONAL FOUNDATION - COMPONENT UNIT**

	June 30	
	2022	2021
<b>ASSETS</b>		
<b>CURRENT ASSETS</b>		
Cash	\$ 1,160,475	\$ 1,059,850
Contributions receivable, current portion	<u>388,464</u>	<u>423,820</u>
<b>TOTAL CURRENT ASSETS</b>	1,548,939	1,483,670
<b>CONTRIBUTIONS RECEIVABLE (NONCURRENT), NET</b>	73,844	425,790
<b>CHARITABLE LEAD ANNUITY TRUST RECEIVABLE, NET</b>	136,131	148,160
<b>INVESTMENTS, AT FAIR VALUE</b>	<u>4,599,755</u>	<u>5,373,039</u>
<b>TOTAL ASSETS</b>	<u><u>\$ 6,358,669</u></u>	<u><u>\$ 7,430,659</u></u>
<b>LIABILITIES AND NET ASSETS</b>		
<b>CURRENT LIABILITIES</b>		
Payable to Delaware County Community College	<u>\$ 24,916</u>	<u>\$ 142,064</u>
<b>TOTAL CURRENT LIABILITIES</b>	24,916	142,064
<b>NET ASSETS</b>		
Without donor restrictions	210,309	291,910
With donor restrictions:		
Restricted for time or purpose	3,505,583	4,451,867
Restricted in perpetuity	<u>2,617,861</u>	<u>2,544,818</u>
Total with donor restrictions	<u>6,123,444</u>	<u>6,996,685</u>
<b>TOTAL NET ASSETS</b>	<u>6,333,753</u>	<u>7,288,595</u>
<b>TOTAL LIABILITIES AND NET ASSETS</b>	<u><u>\$ 6,358,669</u></u>	<u><u>\$ 7,430,659</u></u>

See accompanying notes.

**DELAWARE COUNTY COMMUNITY COLLEGE**

**STATEMENTS OF ACTIVITIES -  
DELAWARE COUNTY COMMUNITY COLLEGE EDUCATIONAL FOUNDATION - COMPONENT UNIT**

	Year Ended June 30, 2022			Year Ended June 30, 2021		
	Without Donor Restrictions	With Donor Restrictions	Total	Without Donor Restrictions	With Donor Restrictions	Total
<b>REVENUES AND OTHER SUPPORT</b>						
Contributions	\$ 145,748	\$ 742,355	\$ 888,103	\$ 274,235	\$ 1,423,471	\$ 1,697,706
Special events, net of expenses (2022 - \$25,541, 2021 - \$54,697)	54,573	-	54,573	101,311	-	101,311
Investment return	(35,640)	(696,310)	(731,950)	29,763	969,482	999,245
Interest income	823	-	823	691	-	691
Net assets released from restrictions	919,286	(919,286)	-	1,464,250	(1,464,250)	-
<b>TOTAL REVENUES AND OTHER SUPPORT</b>	<b>1,084,790</b>	<b>(873,241)</b>	<b>211,549</b>	<b>1,870,250</b>	<b>928,703</b>	<b>2,798,953</b>
<b>EXPENSES</b>						
Program services:						
Institutional support	249,439	-	249,439	1,521,779	-	1,521,779
Scholarships and awards	671,555	-	671,555	501,265	-	501,265
Administrative and other expenses (in-kind 2022 - \$83,873, 2021 - \$218,644)	245,397	-	245,397	315,476	-	315,476
<b>TOTAL EXPENSES</b>	<b>1,166,391</b>	<b>-</b>	<b>1,166,391</b>	<b>2,338,520</b>	<b>-</b>	<b>2,338,520</b>
<b>NET INCREASE (DECREASE) IN NET ASSETS</b>	<b>(81,601)</b>	<b>(873,241)</b>	<b>(954,842)</b>	<b>(468,270)</b>	<b>928,703</b>	<b>460,433</b>
<b>NET ASSETS, BEGINNING OF YEAR</b>	<b>291,910</b>	<b>6,996,685</b>	<b>7,288,595</b>	<b>760,180</b>	<b>6,067,982</b>	<b>6,828,162</b>
<b>NET ASSETS, END OF YEAR</b>	<b>\$ 210,309</b>	<b>\$ 6,123,444</b>	<b>\$ 6,333,753</b>	<b>\$ 291,910</b>	<b>\$ 6,996,685</b>	<b>\$ 7,288,595</b>

See accompanying notes.



**DELAWARE COUNTY COMMUNITY COLLEGE**

**STATEMENTS OF CASH FLOWS**

**DELAWARE COUNTY COMMUNITY COLLEGE EDUCATIONAL FOUNDATION - COMPONENT UNIT**

	Year Ended June 30	
	2022	2021
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
Change in net assets	\$ (954,842)	\$ 460,433
Adjustments to reconcile change in net assets to net cash from operating activities:		
Realized (gains) losses on investments	(207,492)	(143,001)
Unrealized (gains) losses on investments	1,065,827	(750,949)
Contributions of permanently restricted gifts	(73,043)	(116,749)
Effects of changes in operating assets and liabilities:		
Prepaid expenses	-	6,580
Contributions receivable	387,302	462,750
Charitable lead annuity trust	12,029	4,576
Payable to Delaware County Community College	(117,148)	115,428
Deferred revenue	-	(69,826)
<b>NET CASH PROVIDED BY (USED FOR) OPERATING ACTIVITIES</b>	<b>112,633</b>	<b>(30,758)</b>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>		
Proceeds from the sale of investments	2,017,589	1,553,329
Purchase of investments	(2,102,640)	(1,339,824)
<b>NET CASH (USED FOR) PROVIDED BY INVESTING ACTIVITIES</b>	<b>(85,051)</b>	<b>213,505</b>
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>		
Contribution of permanently restricted gifts	73,043	116,749
<b>NET INCREASE IN CASH</b>	<b>100,625</b>	<b>299,496</b>
<b>CASH AT BEGINNING OF YEAR</b>	<b>1,059,850</b>	<b>760,354</b>
<b>CASH AT END OF YEAR</b>	<b>\$ 1,160,475</b>	<b>\$ 1,059,850</b>

See accompanying notes.

## **DELAWARE COUNTY COMMUNITY COLLEGE**

### **NOTES TO BASIC FINANCIAL STATEMENTS**

**June 30, 2022 and 2021**

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 12 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**

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The financial statements of the Delaware County Community College have been prepared in accordance with accounting principles generally accepted in the United States of America (GAAP) as applied to governmental units. The Governmental Accounting Standards Board (GASB) is the authoritative standard-setting body for the establishment of governmental accounting and financial reporting principles. The more significant of these accounting principles are as follows:

##### **A. Reporting Entity**

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

The College used guidance contained in generally accepted accounting principles to evaluate the possible inclusion of related entities (authorities, boards, councils, etc.) within its reporting entity. Accounting principles generally accepted in the United States of America require that the reporting entity consists of the primary government and legally separate entities for which the primary government is financially accountable. In addition, the primary government may determine through the exercise of management's professional judgment that the inclusion of a legally separate entity that does not meet the financial accountability criteria is necessary in order to prevent the reporting entity's financial statements from being misleading. In such instances, that legally separate entity should be included as a component unit if the nature and significance of their relationship with the primary government or other component units are such that the exclusion from the financial reporting entity would render the financial reporting entity's financial statements incomplete or misleading. In evaluating how to define the reporting entity, management has considered all potential component units.

**DELAWARE COUNTY COMMUNITY COLLEGE**

**NOTES TO BASIC FINANCIAL STATEMENTS**

**June 30, 2022 and 2021**

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

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**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 - Delaware County Community College Educational Foundation**

Component units which are not blended as part of the primary government are discretely presented, which entails reporting component unit financial data in separate statements from the financial data of the primary government. The component unit presented in this way is the Delaware County Community College Educational Foundation (the "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 achieving its mission 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. 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, 2022 and 2021.

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

During the years ended June 30, 2022 and 2021, the College provided accounting and administrative services to the Foundation. The Foundation paid fees of \$7,500 during both the years ended June 30, 2022 and 2021. Contributed services for salaries and benefits of \$83,873 and \$218,644 were recognized for the years ended June 30, 2022 and 2021, respectively. The Foundation provided institutional support to College related activities of \$249,439 and \$1,521,779 in the years ended June 30, 2022 and 2021, respectively. At June 30, 2022 and 2021, \$24,916 and \$142,064, respectively, was payable to the College.

## DELAWARE COUNTY COMMUNITY COLLEGE

### NOTES TO BASIC FINANCIAL STATEMENTS

June 30, 2022 and 2021

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

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##### **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 statements 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. Under the accrual basis of accounting, revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of timing of related cash flows. Grants and similar items are recognized as revenue when eligibility requirements are met.

##### **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.

DELAWARE COUNTY COMMUNITY COLLEGE

NOTES TO BASIC FINANCIAL STATEMENTS

June 30, 2022 and 2021

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - CONTINUED

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**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. Financial Position**

**1. Cash and Cash Equivalents**

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

**2. Investments**

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.

Investments are exposed to various risks such as interest rate, credit, and overall market volatility. Due to the level of risk associated with certain investment securities, it is reasonably possible that changes in the fair value of investments will occur in the near-term and that such changes could materially affect the amounts reported in the statements of net position.

**3. Restricted Cash**

Restricted cash is for capital escrow accounts and unspent bond proceeds.

**4. Receivables**

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

Accounts receivable and 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. Bad debt expense is netted against student tuition and fees. Bad debt expense was \$227,419 and \$959,201 in 2022 and 2021, respectively.

DELAWARE COUNTY COMMUNITY COLLEGE

NOTES TO BASIC FINANCIAL STATEMENTS

June 30, 2022 and 2021

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - CONTINUED

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E. Financial Position - continued

5. 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.

6. 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. Right-to-use lease assets are reported when a qualifying lease liability is incurred.

Estimated useful lives for depreciable assets are as follows:

	Years
Land improvements	15 - 45
Buildings and building improvements	15 - 45
Furniture and equipment	5 - 25
Library books	7
Right-to-use lease assets	3 - 15

7. Valuation of Long-Lived Assets

Long-lived assets to be held and used are required to be reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount of an asset may not be recoverable. In general, any long-lived assets to be disposed of are reported at the lower of carrying amount or fair value less cost to sell. The College periodically evaluates the recoverability of its long-lived assets, including real estate and improvements and deferred costs, using objective methodologies. Such methodologies include evaluations based on cash flows generated by the underlying assets or other determinants of fair value. None of the College's long-lived assets were considered to be impaired as of June 30, 2022 and 2021.

# DELAWARE COUNTY COMMUNITY COLLEGE

## NOTES TO BASIC FINANCIAL STATEMENTS

June 30, 2022 and 2021

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

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#### E. Financial Position - continued

##### 8. Unearned Revenues

Revenues that are received but not earned are reported as unearned revenues in the statements 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.

##### 9. Compensated Absences

The liability for compensated absences is accounted for in accordance with generally accepted accounting principles, which require the College to accrue employees' right to receive compensation for vacation, sick and termination as such benefits are earned and payment becomes probable.

##### Vacation

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 that may be carried over into the calendar year. Full-time support staff accrue monthly vacation based on years of service to a maximum of 18 months at their accrual rate that may be carried over into the calendar year. Vacation time for regular part-time administrators is accrued per month to a maximum of 132.12 hours that may be carried over into the calendar year and is pro-rated based on the number of hours they are scheduled to work. 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. Faculty is awarded personal days as determined by the terms of an applicable agreement of the collective bargaining agreement.

##### Sick

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 that may be carried over into the calendar year. Sick leave for regular part-time support staff is accrued per pay period, based on the hours actually worked and years of service, and may be accumulated to a maximum of 60 hours that may be carried over into the calendar year. Sick leave for regular part-time administrators is accrued per month to a maximum of 400 hours that may be carried over into the calendar year and is pro-rated based on the number of hours they are scheduled to work. 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.

##### Termination Benefits

Included within accrued compensation and benefits are termination benefits for a former administrator. The agreement includes salary and certain insurance benefits through 2025.

## DELAWARE COUNTY COMMUNITY COLLEGE

### NOTES TO BASIC FINANCIAL STATEMENTS

June 30, 2022 and 2021

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

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##### E. Financial Position - continued

###### 10. Long-Term Liabilities

Long-term liabilities and other long-term obligations are reported as liabilities in the statements of net position. Bond premiums and discounts are deferred and amortized over the life of the bonds using the straight-line method, which approximates the effective interest method. Bonds payable are reported net of the applicable bond premium or discount.

###### 11. Leases

Delaware County Community College is a lessee for a noncancellable lease of equipment. The College recognizes a lease liability and an intangible right-to-use lease asset (lease asset) in the government-wide financial statements. Delaware County Community College recognizes lease liabilities with an initial, individual value of \$2,500 or more.

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

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

- The College uses the interest rate charged by the lessor as the discount rate. When the interest rate charged by the lessor is not provided, the College generally uses its estimated incremental borrowing rate as the discount rate for leases.
- The lease term includes the noncancellable period of the lease. Also included within the lease term are any qualifying lease renewals or early termination options that the College is reasonably certain to exercise or not exercise. Lease payments included in the measurement of the lease liability are composed of fixed payments and purchase option price that the College is reasonably certain to exercise.

The College monitors changes in circumstances that would require a remeasurement of its lease and will remeasure the lease asset and liability if certain changes occur that are expected to significantly affect the amount of the lease liability.

Lease assets are reported with other capital assets and lease liabilities are reported with long-term debt on the statements of net position.



**DELAWARE COUNTY COMMUNITY COLLEGE**

**NOTES TO BASIC FINANCIAL STATEMENTS**

**June 30, 2022 and 2021**

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

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**E. Financial Position - continued**

**12. Retirement Plans**

Employees of the College are enrolled in one of three benefit 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 SERS or PSERS and have not withdrawn their funds in full are automatically enrolled in SERS or PSERS upon employment with the College; otherwise, only TIAA-CREF is available to new employees.

The College accounts for the SERS and PSERS plans under the provisions of GASB Statement No. 68, which establishes standards for the measurement, recognition, and display of pension expense and related liabilities, deferred outflows and deferred inflows of resources related to pension, certain required supplementary information, and note disclosures.

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

DELAWARE COUNTY COMMUNITY COLLEGE

NOTES TO BASIC FINANCIAL STATEMENTS

June 30, 2022 and 2021

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - CONTINUED

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E. Financial Position - continued

**13. Other Postemployment Benefits (OPEB)**

The College's other postemployment benefit plans are accounted for under the provisions of GASB Statement No. 75, which establishes standards for the measurement, recognition, and display of other postemployment benefit expense and related liabilities, deferred outflows and deferred inflows of resources related to other postemployment benefits, certain required supplementary information, and note disclosures. The College provides OPEB under the following two plans:

PSERS OPEB Plan

For purposes of measuring the net OPEB liability, deferred outflows of resources and deferred inflows of resources related to OPEB, and OPEB expense, information about the fiduciary net position of the PSERS, and additions to/deductions from PSERS' fiduciary net position have been determined on the same basis as they are reported by PSERS. For this purpose, benefit payments are recognized when due and payable in accordance with the benefit terms. Investments are reported at fair value.

College OPEB Plan

The College sponsors a single-employer defined benefit OPEB plan. For purposes of measuring the total OPEB liability, deferred outflows of resources and deferred inflows of resources related to OPEB, and OPEB expense, information about the fiduciary net position of the OPEB plan, and additions to/deductions from the plan's fiduciary net position have been determined on the same basis as they are reported by the plan. For this purpose, the plan recognizes benefit payments when due and payable in accordance with the benefit terms. The College OPEB plan is unfunded.

DELAWARE COUNTY COMMUNITY COLLEGE

NOTES TO BASIC FINANCIAL STATEMENTS

June 30, 2022 and 2021

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - CONTINUED

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E. Financial Position - continued

14. Deferred Outflows/Inflows of Resources

In addition to assets, the statements 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 (expenses) until then. The College has three items that qualify for reporting in this category:

*Deferred charge on bond refunding* results from the difference in the carrying value of the refunded debt and its reacquisition price. This amount is deferred and amortized over the shorter of the life of the refunded or refunding debt.

*Deferred outflows of resources for pension* relate to the College's net pension liability and pension expense and arise 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 or funds. These amounts are deferred and amortized over either a closed 5-year period or the average remaining service life of all employees depending on what gave rise to the deferred outflow. Also included are 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 other postemployment benefit liabilities* relate to the College's liability for postemployment benefits other than pensions and related expenses and arise from the 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 plan, or changes in the internal allocation of the net other postemployment benefit liability between governmental and business-type activities or funds. These amounts are deferred and amortized over either a closed 5-year period or the average remaining service life of all employees depending on what gave rise to the deferred outflow. Also included are contributions or benefit payments made subsequent to the measurement date and prior to the College's year end. These payments will be recognized as a reduction to the net other postemployment benefits liability in the following year.

DELAWARE COUNTY COMMUNITY COLLEGE

NOTES TO BASIC FINANCIAL STATEMENTS

June 30, 2022 and 2021

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - CONTINUED

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E. Financial Position - continued

14. Deferred Outflows/Inflows of Resources - continued

In addition to liabilities, the statements 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 two types of items that qualify for reporting in this category:

*Deferred inflows of resources for pensions* relate to the College's net pension liability and pension expense and arise 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 or funds. These amounts are deferred and amortized over either a closed 5-year period or the average remaining service life of all employees depending on what gave rise to the deferred inflow.

*Deferred inflows of resources for other postemployment benefit liabilities* relate to the College's liability for postemployment benefits other than pensions and related expenses and arise 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 plan, or changes in the internal allocation of the other postemployment benefit liability between governmental and business-type activities or funds. These amounts are deferred and amortized over either a closed 5-year period or the average remaining service life of all employees depending on what gave rise to the deferred inflow.

**DELAWARE COUNTY COMMUNITY COLLEGE**

**NOTES TO BASIC FINANCIAL STATEMENTS**

**June 30, 2022 and 2021**

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

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**E. Financial Position - continued**

**15. 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:

- 10% 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 \$7,219,518 and \$7,427,608 for the years ended June 30, 2022 and 2021, 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, 2022 and 2021 budgets were \$6,134,186 and \$6,255,930, 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, 2022 and 2021 budgets, were \$1,483,254 and \$1,478,500, respectively.
- The Reserve Balance as of June 30, 2022 and 2021 totaled \$14,836,958 and \$15,162,038 respectively. The Reserve will be funded 50% or \$7,418,479 for 2022 and \$7,581,019 for 2021 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 Administration.

DELAWARE COUNTY COMMUNITY COLLEGE

NOTES TO BASIC FINANCIAL STATEMENTS

June 30, 2022 and 2021

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - CONTINUED

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**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. This would include revenue that has the characteristics of an exchange transaction such as revenue received used for student tuition since it covers 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 statements 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.

DELAWARE COUNTY COMMUNITY COLLEGE

NOTES TO BASIC FINANCIAL STATEMENTS

June 30, 2022 and 2021

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - CONTINUED

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**G. Component Unit - Foundation**

The financial statements of the Foundation have been prepared under Financial Accounting Standards Board (FASB) accounting standards codification in conformity with accounting principles generally accepted in the United States of America. Significant accounting policies followed by the Foundation are presented below.

**1. Cash**

For the purposes of reporting cash flows, the Foundation considers all highly-liquid investments to be cash on the accompanying statements of financial position. Cash that is received with donor-imposed restrictions for long-term purposes and presented as restricted assets on the statements of financial position is not considered cash for the purposes of the statements of cash flows. At various times during the year and at year end, the Foundation may have balances in excess of the federally insured limit in deposit accounts at local banks.

**2. Investments**

Investments in equity securities, fixed income mutual funds and alternative investments are measured at fair value in the statements of financial position. Investment return, including gains and losses of investments, interest and dividends, and investment fees are included in the statements of activities as increases or decreases in net assets without donor restrictions unless the income or loss is restricted by donor or law.

Investments are exposed to various risks such as interest rate, credit, and overall market volatility. Due to the level of risk associated with certain investment securities, it is reasonably possible that changes in the fair value of investments will occur in the near-term and that such changes could materially affect the amounts reported in the statements of financial position.

**3. 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:

*Net assets Without Donor Restrictions* - Net assets without donor restrictions include funds not subject to donor-imposed stipulations. In general, the revenues received, and expenses incurred in conducting the Foundation's charitable mission are included in this category.

*Net assets With Donor Restrictions* - Net assets with donor restrictions include gifts, grants, and pledges whose use by the Foundation has been limited by donors to later periods of time or after specified dates, or to specified purposes.

Some net assets with donor restrictions include a stipulation that assets provided be maintained permanently (perpetual in nature) while permitting the Foundation to expend the income generated by the assets in accordance with the provisions of additional donor-imposed stipulations or a Board approved spending policy.

## DELAWARE COUNTY COMMUNITY COLLEGE

### NOTES TO BASIC FINANCIAL STATEMENTS

June 30, 2022 and 2021

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

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##### G. Component Unit - Foundation - continued

###### 4. Revenue Recognition

In accordance with Financial Accounting Standards Board (FASB), Accounting Standards Codification Topic 606, *Revenue from Contracts with Customers* ("ASC 606"), the Foundation recognizes revenue when control of the promised goods or services is transferred to the Foundation's outside parties in an amount that reflects the consideration the Foundation expects to be entitled to in exchange for those services. The standard outlines a five-step process whereby revenue is recognized as performance obligations within a contract are satisfied. The Foundation records the following exchange transaction revenue in its statements of activities:

###### Special Events

The Foundation conducts special events in which a portion of the gross proceeds paid by the participant represents payment for the direct cost of the benefits received by the participant at the event (the exchange component), and a portion represents a contribution to the Foundation. The fair value of meals and entertainment provided at special events is measured at the actual cost to the Foundation. The contribution component is the excess of the gross proceeds over the fair value of the direct donor benefit. The direct costs of the special events, which ultimately benefit the donor rather than the Foundation, are recorded as costs of direct donor benefits in the statements of activities. The performance obligation is delivery of the event. For special event fees received before year-end for an event to occur after year-end, the Foundation treats the inherent contribution as conditional on the event taking place and is therefore treated as deferred revenue along with the exchange component.

###### 5. Contribution Revenue

The Foundation recognizes revenue from contributions in accordance with Accounting Standards Update (ASU) 2018-08, *Not-For-Profit Entities (Topic 958); Clarifying the Scope and the Accounting Guidance for Contributions Received and Contributions Made*. In accordance with ASU 2018-08, the Foundation evaluates whether a transfer of assets is (1) an exchange transaction in which a resource provider is receiving commensurate value in return for the resources transferred or (2) a contribution. If the transfer of assets is determined to be an exchange transaction, the Foundation applies guidance under ASC-606. If the transfer of assets is determined to be a contribution, the Foundation evaluates whether the contribution is conditional based upon whether the agreement includes both (1) one or more barriers that must be overcome before the Foundation is entitled to the assets transferred and promised, and (2) a right of return of assets transferred or a right or release of a promisor's obligation to transfer assets.



**DELAWARE COUNTY COMMUNITY COLLEGE**

**NOTES TO BASIC FINANCIAL STATEMENTS**

**June 30, 2022 and 2021**

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

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**G. Component Unit - Foundation - continued**

**5. Contribution Revenue - continued**

The Foundation recognizes contributions received and made, including unconditional promises to give, as revenue in the period received or made. Contributions received are reported as either revenues without donor restrictions or revenues with donor restrictions. Contributions with donor restrictions that are used for the purpose specified by the donor in the same year as the contribution is received are recognized as revenues without donor restrictions. Promises to contribute that stipulate conditions to be met before the contribution is made are not recorded until the conditions are met.

**6. Donated Services and Materials**

Donated materials and certain services are reflected as contributions in the accompanying financial statements at their estimated fair value at the date of receipt. There was no donated equipment during the years ended June 30, 2022 and 2021.

A number of unpaid volunteers, which includes the directors of the Foundation, have made significant contributions of their time toward developing and achieving the Foundation's goals and objectives. The value of such contributions of the volunteers is not reflected in these statements since it is not susceptible to objective measurement or valuation.

**7. 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.

**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. Functional Expense Allocations**

As reported in Note 14, expenses of the Foundation are all program related. The Foundation provides support and assistance to Delaware County Community College through awarding scholarships to students and providing other support to the College. All expenses relate to serving the students and the programs of the College, therefore, no functional expense allocation is necessary. There are no paid employees of the Foundation and management and general expenses are insignificant.

**DELAWARE COUNTY COMMUNITY COLLEGE**

**NOTES TO BASIC FINANCIAL STATEMENTS**

**June 30, 2022 and 2021**

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

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**H. Tax Exempt Status**

The College is considered an activity of the Commonwealth of Pennsylvania and is tax-exempt. Accordingly, no provision for income taxes has been made in the accompanying financial statements. The Foundation is an exempt organization under Section 501(c)(3) of the Internal Revenue Code. The Foundation files Form 990, "Return of Organization Exempt Income Tax".

**I. 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.

**J. Adoption of Accounting Standards**

During the year ended June 30, 2022 the College adopted new accounting guidance GASB Statement No. 87, retroactive to July 1, 2020. GASB Statement No. 87 was issued to recognize certain lease assets and liabilities for leases that previously were classified as operating leases and recognized as inflows of resources or outflows of resources based on the payment provisions of the contract. It establishes a single model for lease accounting based on the foundational principle that leases are financings of the right-to-use an underlying asset. Under this statement, a lessee is required to recognize a lease liability and an intangible right-to-use lease asset, and a lessor is required to recognize a lease receivable and a deferred inflow of resources. Amounts presented for the year ended June 30, 2021 have been restated to account for this implementation. See Note 17 for further information.

Effective July 1, 2021, the College adopted new accounting standard guidance GASB Statement No. 89 related to accounting requirements for interest expenses incurred before the end of a construction period. Under this statement, interest expenses incurred before the end of a construction period must be recognized as an expense in the period in which the expenses are incurred for financial statements prepared using the economic resources measurement focus. The adoption of this standard resulted in no restatement to beginning net position.

## **DELAWARE COUNTY COMMUNITY COLLEGE**

### **NOTES TO BASIC FINANCIAL STATEMENTS**

**June 30, 2022 and 2021**

#### **NOTE 2 - PRIMARY FUNDING SOURCES**

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General state legislation establishing community colleges provides for the reimbursement of certain college expenses from the Commonwealth funds appropriated for this purpose. For the 2022 and 2021 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 ended June 30, 2022 and 2021 were \$25,066,050 and \$25,746,320, respectively.

In addition to the Commonwealth of Pennsylvania appropriation, the College receives funding from sponsoring school districts throughout Delaware County. The College's operating budget 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. The sponsoring school districts' funding totaled \$8,573,321 and \$8,488,436, for the years ended June 30, 2022 and 2021, respectively.

#### **NOTE 3 - CASH AND INVESTMENTS**

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The College's investment policy is in accordance with the Public School Code of 1949 which requires monies to be invested in U.S. treasury bills, short-term obligations of the U.S. government or its agencies or instrumentalities, savings or time accounts, or share accounts of institutions insured by the FDIC, FSLIC, or NCUSIF to the extent such accounts are so insured and, for any amounts above the insured maximum, provided that approved collateral is provided of its agencies or instrumentalities backed by the full faith and credit of the United States of America, the Commonwealth of Pennsylvania (Commonwealth), or any of its agencies or instrumentalities backed by the full faith and credit of the Commonwealth, or of any political subdivision of the Commonwealth or any of its agencies or instrumentalities backed by the full faith and credit of the political subdivision. At June 30, 2022, the College's cash and cash equivalents and restricted cash include deposits with local financial institutions and PLGIT and various petty cash balances held throughout the College.

The deposit and investment policy of the College adheres to state statutes. There were no deposits or investment transactions during the year that were in violation of either the state statutes or the policy of the College.

**DELAWARE COUNTY COMMUNITY COLLEGE**

**NOTES TO BASIC FINANCIAL STATEMENTS**

**June 30, 2022 and 2021**

**NOTE 3 - CASH AND INVESTMENTS - CONTINUED**

The breakdown of total cash and investments is as follows for the years ended June 30:

	2022	2021
Cash-on-hand	\$ 21,276	\$ 13,332
Cash	14,677,985	12,515,580
Pooled cash	79,715	218,914
Investments	60,220,448	64,195,719
	<u>\$ 74,999,424</u>	<u>\$ 76,943,545</u>

**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 to it. The College has adopted a policy for custodial credit risk, which includes monthly monitoring of the assets and annual verification. As of June 30, 2022, the carrying amount of the College's deposits was \$14,677,985 and the bank balance was \$15,856,380. Of the bank balance, \$289,154 was covered by federal depository insurance, and \$15,567,226 was exposed to custodial credit risk.

As of June 30, 2021, the carrying amount of the College's deposits was \$12,515,580 and the bank balance was \$13,037,344. Of the bank balance, \$351,656 was covered by federal depository insurance, and \$12,685,688 was exposed to custodial credit risk.

All balances above federal depository insurance limits and exposed to custodial credit risk noted above were covered by the collateralization requirements in accordance with Act 72 of the 1971 Session of the General Assembly.

**Pooled Cash and Investments**

The College had the following pooled cash and investments as of June 30:

	Carrying Value	
	2022	2021
PA Local Government Investment Trust (PLGIT):		
PLGIT Class	\$ 95,157	\$ 240,024
Less: reconciling items	<u>(15,442)</u>	<u>(21,110)</u>
Total pooled cash and investments	<u>\$ 79,715</u>	<u>\$ 218,914</u>

**DELAWARE COUNTY COMMUNITY COLLEGE**

**NOTES TO BASIC FINANCIAL STATEMENTS**

**June 30, 2022 and 2021**

**NOTE 3 - CASH AND INVESTMENTS - CONTINUED**

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**Pooled Cash and Investments - continued**

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.

PLGIT invests primarily in U.S. Treasury and federal agency securities and repurchase agreements secured by such obligations, as well as certain municipal obligations and collateralized or insured certificates of deposit. The fund manager intends to comply with guidelines similar to those mandated for money-market funds as contained in Rule 2a-7 of the Investment Company Act of 1940.

PLGIT Class Shares are a flexible option within the PLGIT fund which requires no minimum balance, no minimum initial investment, and a one-day minimum investment period. Dividends are paid monthly.

The College's investments held at PLGIT meet certain portfolio maturity, quality, diversification, and liquidity measures and, therefore, are presented at amortized cost consistent with GASB Statement No. 79.

As of June 30, 2022 and 2021, the PLGIT carrying value of \$79,715 and \$218,914, respectively, is considered to be a cash equivalent.

**Investments**

As of June 30, 2022 and 2021, investments consisted of \$60,220,448 and \$64,195,719, respectively, of Common Fund investments. The fair value of investments for the College is presented below as of June 30:

	2022	2021
Common Fund investments:		
S.S. U.S. Government Money Market Fund	\$ 3,058,447	\$ 3,207,013
Intermediate Term Fund	12,172,196	12,772,442
Contingent Asset Portfolio	12,201,987	12,750,000
Core Equity Fund	7,258,703	8,059,340
Strategic Solutions Equity Fund	7,400,192	8,112,730
Multi- Strategy Equity Fund	9,064,956	9,575,000
High Quality Bond Fund	9,063,967	9,719,194
	<hr/>	<hr/>
Total Common Fund investments	\$ 60,220,448	\$ 64,195,719
	<hr/>	<hr/>

**DELAWARE COUNTY COMMUNITY COLLEGE**

**NOTES TO BASIC FINANCIAL STATEMENTS**

**June 30, 2022 and 2021**

**NOTE 3 - CASH AND INVESTMENTS - CONTINUED**

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**Investments - continued**

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 fair value for the year ended June 30, 2022, is assessed using Level 2 inputs consisting of comparable securities analysis and mature pricing with the exception of the S.S. U.S. Government Money Market Fund which is assessed using Level 1 inputs.

**Interest Rate Risk**

The College has an investment policy that limits the College long-term interest rate exposure. The policy defines short-term and long-term investment approaches to allow liquidity that is adequate to meet cash flow requirements. The maximum equity investment in long-term funds shall not exceed 15% of the fund.

**Credit Risk**

The College does have an investment policy that would limit its investment choices to certain credit ratings. As of June 30, 2022, the College's investments were rated as:

Investment	Standard & Poor's
S.S. U.S. Government Money Market Fund	AAA
Intermediate Term Fund	AA
Core Equity Fund	N/A
Strategic Solutions Equity Fund	N/A
High Quality Bond Fund	AA-

**Concentration of Credit Risk**

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

**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.

**DELAWARE COUNTY COMMUNITY COLLEGE**

**NOTES TO BASIC FINANCIAL STATEMENTS**

**June 30, 2022 and 2021**

**NOTE 4 - INVESTMENTS AND FAIR VALUE MEASUREMENTS - COMPONENT UNIT**

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Investments as of June 30 are summarized as follows:

	2022		2021	
	Cost	Fair Value	Cost	Fair Value
Cash and cash equivalents	\$ 206,600	\$ 206,600	\$ 166,598	\$ 166,598
Fixed income	1,716,627	1,510,198	1,695,579	1,720,415
Equities	2,480,674	2,462,821	2,286,021	3,081,814
Alternative investments	412,077	420,136	375,237	404,212
	<u>\$ 4,815,978</u>	<u>\$ 4,599,755</u>	<u>\$ 4,523,435</u>	<u>\$ 5,373,039</u>

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

	2022	2021
Without donor restrictions	\$ 210,309	\$ 291,900
Restricted for time or purpose	1,771,585	2,536,321
Restricted in perpetuity	<u>2,617,861</u>	<u>2,544,818</u>
	<u>\$ 4,599,755</u>	<u>\$ 5,373,039</u>

**DELAWARE COUNTY COMMUNITY COLLEGE**

**NOTES TO BASIC FINANCIAL STATEMENTS**

**June 30, 2022 and 2021**

**NOTE 4 - INVESTMENTS AND FAIR VALUE MEASUREMENTS - COMPONENT UNIT - CONTINUED**

The following schedule summarizes the investment return and its classification in the statements of activities for the years ended June 30:

	2022		
	Without Donor Restrictions	With Donor Restrictions	Total
Realized gains	\$ 10,560	\$ 207,492	\$ 218,052
Unrealized losses	(65,588)	(1,000,239)	(1,065,827)
Interest and dividend income	14,405	130,170	144,575
Endowment administrative income (fee)	33,733	(33,733)	-
Investment fees	(28,750)	-	(28,750)
	<u>\$ (35,640)</u>	<u>\$ (696,310)</u>	<u>\$ (731,950)</u>
	2021		
	Without Donor Restrictions	With Donor Restrictions	Total
Realized gains	\$ 4,615	\$ 143,001	\$ 147,616
Unrealized gains	20,002	730,947	750,949
Interest and dividend income	-	128,987	128,987
Endowment administrative income (fee)	33,453	(33,453)	-
Investment fees	(28,307)	-	(28,307)
	<u>\$ 29,763</u>	<u>\$ 969,482</u>	<u>\$ 999,245</u>

The Foundation has elected to charge all fees to net assets without donor restrictions instead of allocating by fund. Endowment administrative fees are charged to each fund based on their approved agreement.



**DELAWARE COUNTY COMMUNITY COLLEGE**

**NOTES TO BASIC FINANCIAL STATEMENTS**

**June 30, 2022 and 2021**

**NOTE 4 - INVESTMENTS AND FAIR VALUE MEASUREMENTS - COMPONENT UNIT - CONTINUED**

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Generally accepted accounting principles establish a framework for measuring fair value. That framework provides a fair value hierarchy that prioritizes the inputs to valuation techniques used to measure fair value. The hierarchy gives the highest priority to unadjusted quoted prices in active markets for identical assets or liabilities (Level 1 measurements), and the lowest priority to unobservable inputs (Level 3 measurements). The three levels of the fair value hierarchy under the fair value measurement statement are described below:

*Level 1:* Inputs to the valuation methodology are unadjusted quoted prices for identical assets or liabilities in active markets that the Foundation has the ability to access.

*Level 2:* Inputs to the valuation methodology include:

- Quoted prices for similar assets and liabilities in active markets;
- Quoted prices for identical or similar assets and liabilities in inactive markets;
- Inputs other than quoted prices that are observable for the asset or liability;
- Inputs that are derived principally from or corroborated by observable market data by correlation or other means.

*Level 3:* Inputs to the valuation methodology are unobservable and significant to the fair value measurement.

The asset's or liability's fair value measurement level within the fair value hierarchy is based on the lowest level of any input that is significant to the fair value measurement. Valuation techniques used need to maximize the use of observable inputs and minimize the use of unobservable inputs.

Following is a description of the valuation methodologies used for assets measured at fair value. There have been no changes in the methodologies used at June 30, 2022 and 2021.

**Investments**

PNC Institutional Asset Management holds the investments of the Foundation. The investments consist of money market funds, fixed income securities, equity securities, and alternative investments. The bank has rated their holdings in accordance with the fair value hierarchy as noted above with Level 1 consisting of money market funds, fixed income securities, and equity securities and Level 2 consisting of alternative investments.

**DELAWARE COUNTY COMMUNITY COLLEGE**

**NOTES TO BASIC FINANCIAL STATEMENTS**

**June 30, 2022 and 2021**

**NOTE 4 - INVESTMENTS AND FAIR VALUE MEASUREMENTS - COMPONENT UNIT - CONTINUED**

**Investments - continued**

The following tables set forth by level, within the fair value hierarchy, the Foundation's assets at fair value as of June 30:

		2022		
		Level 1	Level 2	Level 3
		Total		
Mutual funds:				
Fixed income	\$ 1,510,198	\$ -	\$ -	\$ 1,510,198
Equities	2,462,821	-	-	2,462,821
Alternative investments	-	420,136	-	420,136
Total	<u>\$ 3,973,019</u>	<u>\$ 420,136</u>	<u>\$ -</u>	<u>\$ 4,393,155</u>

		2021		
		Level 1	Level 2	Level 3
		Total		
Mutual funds:				
Fixed income	\$ 1,720,415	\$ -	\$ -	\$ 1,720,415
Equities	3,081,814	-	-	3,081,814
Alternative investments	-	404,212	-	404,212
Total	<u>\$ 4,802,229</u>	<u>\$ 404,212</u>	<u>\$ -</u>	<u>\$ 5,206,441</u>

**NOTE 5 - 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:

	2022	2021
Accounts receivable, student, and other	\$ 2,149,851	\$ 2,372,747
Less: allowance for doubtful accounts	<u>(1,403,781)</u>	<u>(1,002,127)</u>
Student and other receivables, net	<u>\$ 746,070</u>	<u>\$ 1,370,620</u>

**DELAWARE COUNTY COMMUNITY COLLEGE**

**NOTES TO BASIC FINANCIAL STATEMENTS**

**June 30, 2022 and 2021**

**NOTE 6 - CONTRIBUTIONS RECEIVABLE - COMPONENT UNIT**

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Contributions receivable are recognized when the donor makes a promise to give that is, in substance, unconditional. All donor-restricted contributions are reported as increases in net assets with donor restrictions for time or purpose or in perpetuity depending on the nature of the restrictions. When a restriction expires, net assets with donor restrictions are reclassified to net assets without donor restrictions.

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 2.92% and 0.46% for June 30, 2022 and 2021, respectively, which approximated discount rates for United States Treasury Securities for the applicable collection term. Information on contributions receivable at June 30 is as follows:

	<u>2022</u>	<u>2021</u>
Due in less than one year	\$ 388,464	\$ 423,820
Due in one to five years	<u>76,000</u>	<u>427,749</u>
	464,464	851,569
Discount	<u>(2,156)</u>	<u>(1,959)</u>
Contributions receivable, net	<u><u>\$ 462,308</u></u>	<u><u>\$ 849,610</u></u>

**NOTE 7 - CHARITABLE LEAD ANNUITY TRUST - COMPONENT UNIT**

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In December 2003, a donor established a trust with a local bank naming the Foundation as the lead beneficiary of a charitable lead annuity trust. Under the terms of the trust, the Foundation is to receive an annual distribution of \$12,500 for its unrestricted use for 30 years. At the end of the 30-year period, the trust will terminate, and the remaining trust assets will be distributed to the heirs of the donor. On an annual basis, the Foundation re-measures 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 \$15,625 from the trust for the years ended June 30, 2022 and 2021, respectively, which represented the quarterly payments. The payments were recorded as a reduction in the receivable and a corresponding reclassification from net assets with donor restrictions - time or purpose to net assets without donor restrictions. At June 30, 2022 and 2021, the present value of contributions receivable from the trust is \$136,131 and \$148,160, respectively.

**DELAWARE COUNTY COMMUNITY COLLEGE**

**NOTES TO BASIC FINANCIAL STATEMENTS**

**June 30, 2022 and 2021**

**NOTE 8 - CAPITAL ASSETS, NET**

Capital assets activity for the year ended June 30, 2022, is as follows:

	Balance June 30, 2021 (Restated)	Additions	Deletions/ Transfers	Balance June 30, 2022
Capital assets not being depreciated:				
Land	\$ 2,042,033	\$ 861,110	\$ -	\$ 2,903,143
Construction in progress	3,551,593	238,189	(3,551,593)	238,189
Total capital assets not being depreciated	5,593,626	1,099,299	(3,551,593)	3,141,332
Capital assets being depreciated:				
Land improvements	7,594,904	-	-	7,594,904
Buildings and building improvements	149,528,522	5,744,584	-	155,273,106
Furniture and equipment	31,583,690	664,675	-	32,248,365
Library books	1,888,886	38,092	-	1,926,978
Total capital assets being depreciated	190,596,002	6,447,351	-	197,043,353
Less accumulated depreciation for:				
Land improvements	4,552,015	426,141	-	4,978,156
Buildings and building improvements	71,210,783	5,054,485	-	76,265,268
Furniture and equipment	28,064,722	1,046,481	-	29,111,203
Library books	1,734,115	42,215	-	1,776,330
Total accumulated depreciation	105,561,635	6,569,322	-	112,130,957
Total capital assets being depreciated, net	85,034,367	(121,971)	-	84,912,396
Right-to-use lease assets:				
Buildings and building improvements	8,679,058	-	(5,322)	8,673,736
Furniture and equipment	72,483	27,071	-	99,554
Total right-to-use lease assets	8,751,541	27,071	(5,322)	8,773,290
Less accumulated amortization for:				
Buildings and building improvements	1,285,353	1,285,352	(5,322)	2,565,383
Furniture and equipment	24,161	31,681	-	55,842
Total accumulated amortization	1,309,514	1,317,033	(5,322)	2,621,225
Total right-to-use lease assets, net	7,442,027	(1,289,962)	-	6,152,065
Total capital assets, net	\$ 98,070,020	\$ (312,634)	\$ (3,551,593)	\$ 94,205,793

**DELAWARE COUNTY COMMUNITY COLLEGE**

**NOTES TO BASIC FINANCIAL STATEMENTS**

**June 30, 2022 and 2021**

**NOTE 8 - CAPITAL ASSETS, NET - CONTINUED**

Capital assets activity for the year ended June 30, 2021, is as follows:

	Balance June 30, 2020 (Restated)	Additions	Deletions/ Transfers	Balance June 30, 2021 (Restated)
Capital assets not being depreciated:				
Land	\$ 2,042,033	\$ -	\$ -	\$ 2,042,033
Construction in progress	1,722,536	1,866,505	(37,448)	3,551,593
Total capital assets not being depreciated	3,764,569	1,866,505	(37,448)	5,593,626
Capital assets being depreciated:				
Land improvements	7,594,904	-	-	7,594,904
Buildings and building improvements	149,516,703	-	11,819	149,528,522
Furniture and equipment	31,041,758	516,303	25,629	31,583,690
Library books	1,858,720	30,166	-	1,888,886
Total capital assets being depreciated	190,012,085	546,469	37,448	190,596,002
Less accumulated depreciation for:				
Land improvements	4,125,874	426,141	-	4,552,015
Buildings and building improvements	66,270,789	4,939,994	-	71,210,783
Furniture and equipment	26,894,010	1,170,712	-	28,064,722
Library books	1,688,370	45,745	-	1,734,115
Total accumulated depreciation	98,979,043	6,582,592	-	105,561,635
Total capital assets being depreciated, net	91,033,042	(6,036,123)	37,448	85,034,367
Right-to-use lease assets:				
Buildings and building improvements	8,679,058	-	-	8,679,058
Furniture and equipment	72,483	-	-	72,483
Total right-to-use lease assets	8,751,541	-	-	8,751,541
Less accumulated amortization for:				
Buildings and building improvements	-	1,285,353	-	1,285,353
Furniture and equipment	-	24,161	-	24,161
Total accumulated amortization	-	1,309,514	-	1,309,514
Total right-to-use lease assets, net	8,751,541	(1,309,514)	-	7,442,027
Total capital assets, net	\$ 103,549,152	\$ (5,479,132)	\$ -	\$ 98,070,020

Depreciation and amortization expense for the College for the years ended June 30, 2022 and 2021 was \$7,886,355 and \$7,892,106, respectively.

**DELAWARE COUNTY COMMUNITY COLLEGE**

**NOTES TO BASIC FINANCIAL STATEMENTS**

**June 30, 2022 and 2021**

**NOTE 9 - LONG-TERM LIABILITIES**

Long-term liabilities and activity for the years ended June 30, 2022 and 2021, were as follows:

	Balance June 30, 2021 (Restated)	Additions	Reductions	Balance June 30, 2022	Due Within One Year
Bonds payable*	\$ 52,987,208	\$ -	\$ 4,062,208	\$ 48,925,000	\$ 4,115,000
Premiums	5,531,989	-	442,429	5,089,560	442,429
Discounts	(132,523)	-	(10,255)	(122,268)	(10,255)
Subtotal	<u>58,386,674</u>	<u>-</u>	<u>4,494,382</u>	<u>53,892,292</u>	<u>4,547,174</u>
Financed purchases*	13,221	-	13,221	-	-
Lease payable	7,587,293	26,271	1,187,980	6,425,584	1,276,238
Net pension liability	11,381,087	-	2,524,101	8,856,986	-
Net other postemployment benefit liabilities	948,000	107,629	14,629	1,041,000	-
Compensation and benefits	<u>131,057</u>	<u>-</u>	<u>29,299</u>	<u>101,758</u>	<u>31,467</u>
<b>Total</b>	<u><u>\$ 78,447,332</u></u>	<u><u>\$ 133,900</u></u>	<u><u>\$ 8,263,612</u></u>	<u><u>\$ 70,317,620</u></u>	<u><u>\$ 5,854,879</u></u>

\* All bonds, notes, and financed purchases outstanding for the College are considered direct borrowings.

**DELAWARE COUNTY COMMUNITY COLLEGE**

**NOTES TO BASIC FINANCIAL STATEMENTS**

**June 30, 2022 and 2021**

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

	Balance June 30, 2020 (Restated)	Additions	Reductions	Balance June 30, 2021 (Restated)	Due Within One Year
Bonds payable*	\$ 58,062,299	\$ -	\$ 5,075,091	\$ 52,987,208	\$ 4,062,208
Premiums	5,974,863	-	442,874	5,531,989	442,429
Discounts	(144,007)	-	(11,484)	(132,523)	(10,255)
Subtotal	<u>63,893,155</u>	<u>-</u>	<u>5,506,481</u>	<u>58,386,674</u>	<u>4,494,382</u>
Financed purchases*	25,628	-	12,407	13,221	13,221
Note payable*	256,998	-	256,998	-	-
Lease payable	8,751,541	-	1,164,248	7,587,293	1,181,536
Net pension liability	10,870,725	1,398,107	887,745	11,381,087	-
Net other postemployment benefit liabilities	1,047,000	-	99,000	948,000	-
Compensation and benefits	<u>158,414</u>	<u>-</u>	<u>27,357</u>	<u>131,057</u>	<u>29,299</u>
Total	<u><u>\$ 85,003,461</u></u>	<u><u>\$ 1,398,107</u></u>	<u><u>\$ 7,954,236</u></u>	<u><u>\$ 78,447,332</u></u>	<u><u>\$ 5,718,438</u></u>

Total interest expense for the years ended June 30, 2022 and 2021 was \$2,566,251 and \$2,774,868, respectively. The net pension and PSERS OPEB plan portion of the net OPEB liability will be liquidated through future contributions to the plans at the statutory rates. The College OPEB plan portion of the OPEB liability will be liquidated through future payments as benefits become due.

**DELAWARE COUNTY COMMUNITY COLLEGE**

**NOTES TO BASIC FINANCIAL STATEMENTS**

**June 30, 2022 and 2021**

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

**Bonds Payable**

As of June 30, 2022 and 2021, bonds payable consisted of the following:

	<u>2022</u>	<u>2021</u>
Commonwealth of Pennsylvania State Public School Building Authority Series of 2011: Serial bonds at 2.616% due at various intervals beginning April 1, 2012 through October 1, 2021. (a)	\$ -	\$ 112,208
Commonwealth of Pennsylvania State Public School Building Authority Series of 2013: Serial bonds at 2.117% due at various intervals beginning July 1, 2013 through April 1, 2023. (b)	240,000	480,000
Commonwealth of Pennsylvania State Public School Building Authority Series of 2014: Serial bonds at 2.00% to 5.00% due at various intervals beginning April 1, 2015 through October 1, 2034. (c)	10,560,000	11,165,000
Commonwealth of Pennsylvania State Public School Building Authority Series of 2015: Serial bonds at 3.625% to 5.00% due at various intervals beginning October 1, 2015 through October 1, 2032. Principal payments commence October 1, 2018. (d)	30,185,000	32,925,000
Commonwealth of Pennsylvania State Public School Building Authority Series of 2017: Serial bonds at 2.00% to 5.00% due at various intervals beginning April 1, 2017 through October 1, 2036. (e)	<u>7,940,000</u>	<u>8,305,000</u>
	<u>\$ 48,925,000</u>	<u>\$ 52,987,208</u>

- (a) 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 10 years and mature October 1, 2021.
- (b) 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 10 years and mature April 2023.



**DELAWARE COUNTY COMMUNITY COLLEGE**

**NOTES TO BASIC FINANCIAL STATEMENTS**

**June 30, 2022 and 2021**

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

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**Bonds Payable - continued**

- (c) 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 20 years and mature October 2034.
- (d) 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.
- (e) In January 2017, the College sold the Series of 2017 Revenue Bonds totaling \$9,650,000. The State Public School Building Authority issued the Bonds on behalf of the College. Interest on the 2017 Bonds is payable on April 1 and October 1, in each year until maturity or earlier redemption, commencing on April 1, 2017. The Bonds are due serially over the next 20 years and mature October 2036.

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

<u>Year Ended</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2023	\$ 4,115,000	\$ 2,143,256	\$ 6,258,256
2024	4,045,000	1,970,994	6,015,994
2025	4,220,000	1,783,394	6,003,394
2026	4,430,000	1,569,169	5,999,169
2027	4,655,000	1,342,044	5,997,044
2028 - 2032	18,870,000	3,788,597	22,658,597
2033 - 2037	<u>8,590,000</u>	<u>639,238</u>	<u>9,229,238</u>
Total	<u>\$ 48,925,000</u>	<u>\$ 13,236,692</u>	<u>\$ 62,161,692</u>

**DELAWARE COUNTY COMMUNITY COLLEGE**

**NOTES TO BASIC FINANCIAL STATEMENTS**

**June 30, 2022 and 2021**

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

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**Note 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 2.0%. The loan was fully paid as of June 30, 2021.

**Financed Purchase**

In September 2017, the College entered into a financed purchase agreement for server equipment. The agreement was for 60 months with an option to purchase equipment for \$1. The balance outstanding at June 30, 2021 was \$13,221. The outstanding balance was satisfied during the 2022 fiscal year.

**Event of Default**

The College's bonds and notes contain a provision that in the event of default of non-payment of principal and interest, all amounts outstanding may be declared or may become due and payable immediately. Upon being notified of the event of default, the State Secretary of the Department of Education may withhold out of any state appropriation due to the College under School Code, an amount equal to the sum owed by the College to the SPSBA under the bond agreement. The financed purchase was secured by the underlying equipment which would be repossessed in the event of default.

**Leases**

The College has entered into lease agreements for classrooms and vehicles. The leases have various termination dates through June 2030. These leases include either monthly or annual payments of principal and interest at rates ranging from 2.00% to 4.30%.

Future lease maturities as of June 30 are as follows:

	Principal	Interest	Total
2023	\$ 1,276,238	\$ 212,321	\$ 1,488,559
2024	1,304,593	171,763	1,476,356
2025	1,351,790	130,203	1,481,993
2026	456,734	98,266	555,000
2027	476,765	78,234	554,999
2028 - 2030	1,559,464	105,536	1,665,000
	<u>\$ 6,425,584</u>	<u>\$ 796,323</u>	<u>\$ 7,221,907</u>

## DELAWARE COUNTY COMMUNITY COLLEGE

### NOTES TO BASIC FINANCIAL STATEMENTS

June 30, 2022 and 2021

#### NOTE 10 - EMPLOYEE RETIREMENT PLANS

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##### Employee Defined Benefit Pension Plans

##### *General Information About the Pension Plans*

###### 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. SERS issues a publicly available financial report that can be obtained at [www.sers.pa.gov](http://www.sers.pa.gov).

PSERS is a governmental, cost-sharing, multiple-employer, defined benefit pension plan that provides retirement benefits to public school employees of the Commonwealth of Pennsylvania. 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.pa.gov](http://www.psers.pa.gov).

###### 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 2% times class of service multiplier. According to the State Employees' Retirement Code (retirement code), all obligations of SERS will be assumed by the commonwealth should SERS terminate.

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 2.0% of their final average salary instead of the previous 2.5%. The new vesting period changed from 5 to 10 years of credited service, and the option to withdraw lump-sum accumulated contributions.

**DELAWARE COUNTY COMMUNITY COLLEGE**

**NOTES TO BASIC FINANCIAL STATEMENTS**

**June 30, 2022 and 2021**

**NOTE 10 - EMPLOYEE RETIREMENT PLANS - CONTINUED**

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**Employee Defined Benefit Pension Plans - continued**

***General Information About the Pension Plans - continued***

**Benefits Provided - continued**

PSERS provides retirement, disability, and death benefits. Members are eligible for monthly retirement benefits upon reaching (a) age 62 with at least 1 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 3 years of service or attain a total combination of age and service that is equal to or greater than 92 with a minimum of 35 years of service. Benefits are generally equal to 2% or 2.5%, depending upon membership class, of the member's final average salary (as defined in the Code) multiplied by the number of years of credited service. For members whose membership started prior to July 1, 2011, after completion of five years of service, a member's right to the defined benefits is vested and early retirement benefits may be elected. For Class T-E and Class T-F members, the right to benefits is vested after ten years of service.

Act 5 of 2017 (Act 5) introduced a hybrid benefit plan with two membership classes and a separate defined contribution plan for individuals who become new members on or after July 1, 2019. Act 5 created two new hybrid membership classes, Membership class T-G (Class T-G) and Membership Class T-H (Class T-H) and the separate defined contribution membership class, Membership Class DC (Class DC).

Class T-G and Class T-H members who qualify for a defined benefit normal retirement benefit must work until age 67 with a minimum of 3 years of service or attain a total combination of age and service that is equal to or greater than 97 with a minimum 35 years of service.

Defined benefits for T-G and T-H are 1.25% or 1.00%, 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. A member's right to a defined benefit is vested in 10 years.

Participants are eligible for disability retirement benefits after completion of five years of credited service. Such benefits are generally equal to 2% or 2.5%, depending upon membership class, of the member's final average salary (as defined in the Code) multiplied by the number of years of credited service, but not less than one-third of such salary nor greater than the benefit the member would have had at normal retirement age. Members over normal retirement age may apply for disability benefits.

DELAWARE COUNTY COMMUNITY COLLEGE

NOTES TO BASIC FINANCIAL STATEMENTS

June 30, 2022 and 2021

NOTE 10 - EMPLOYEE RETIREMENT PLANS - CONTINUED

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Employee Defined Benefit Pension Plans - continued

*General Information About the Pension Plans - continued*

Benefits Provided - continued

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

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 periodic active member contributions at statutory rates. The SERS funding policy also provides for periodic employer contributions at actuarially determined rates based on SERS funding valuation, expressed as a percentage of annual retirement covered payroll, such that they, along with employee contributions and an actuarially determined rate of investment return, are adequate to accumulate assets to pay benefits when due.

SERS Member Contributions:

The general membership contribution rate for all Class A and Class AA members is 5.00% and 6.25% of salary, respectively. The general membership contribution rate under Act 2010-120 for A-3 and A-4 members is 6.25% and 9.30% of salary, respectively. The contribution rate for Class D-4 members is 7.5%. All employee contributions are recorded in individually identified accounts that are credited with interest, calculated at 4.00% 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, 2022 and 2021 ranged between 25.90% and 37.46% and 25.47% and 36.84%, respectively, of gross pay depending on the class of employee. Contributions to the pension plan from the College were \$495,793 and \$510,586 for the years ended June 30, 2022 and 2021, respectively.

**DELAWARE COUNTY COMMUNITY COLLEGE**

**NOTES TO BASIC FINANCIAL STATEMENTS**

**June 30, 2022 and 2021**

**NOTE 10 - EMPLOYEE RETIREMENT PLANS - CONTINUED**

**Employee Defined Benefit Pension Plans - continued**

***General Information About the Pension Plans - continued***

PSERS Member Contributions:

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

The contribution rates based on qualified member compensation for virtually all members are presented in the tables below:

<b>Member Contribution Rates</b>				
<b>Membership Class</b>	<b>Continuous Employment Since</b>	<b>Defined Benefit (DB) Contribution Rate</b>	<b>DC Contribution Rate</b>	<b>Total Contribution Rate</b>
<b>T-C</b>	Prior to July 22, 1983	5.25%	N/A	5.25%
				6.25%
<b>T-C</b>	On or after July 22, 1983	6.25%	N/A	6.25%
<b>T-D</b>	Prior to July 22, 1983	6.50%	N/A	6.50%
<b>T-D</b>	On or after July 22, 1983	7.50%	N/A	7.50%
<b>T-E</b>	On or after July 1, 2011	7.50% base rate with shared risk provision	N/A	7.50%
<b>T-F</b>	On or after July 1, 2011	10.30% base rate with shared risk provision	N/A	10.30%
<b>T-G</b>	On or after July 1, 2019	5.50% base rate with shared risk provision	2.75%	8.25%
<b>T-H</b>	On or after July 1, 2019	4.50% base rate with shared risk provision	3.00%	7.50%
<b>DC</b>	On or after July 1, 2019	N/A	7.50%	7.50%

<b>Shared Risk Program Summary</b>				
<b>Membership Class</b>	<b>Defined Benefit (DB) Base Rate</b>	<b>Shared Risk Increment</b>	<b>Minimum</b>	<b>Maximum</b>
T-E	7.50%	+/- 0.50%	5.50%	9.50%
T-F	10.30%	+/- 0.50%	8.30%	12.50%
T-G	5.50%	+/- 0.75%	2.50%	8.50%
T-H	4.50%	+/- 0.75%	1.50%	7.50%

**DELAWARE COUNTY COMMUNITY COLLEGE**

**NOTES TO BASIC FINANCIAL STATEMENTS**

**June 30, 2022 and 2021**

**NOTE 10 - EMPLOYEE RETIREMENT PLANS - CONTINUED**

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**Employee Defined Benefit Pension Plans - continued**

***General Information About the Pension Plans - continued***

**PSERS Employer Contributions:**

The College's contractually required contribution rate for fiscal years ended June 30, 2022 and 2021 was 33.99% and 33.51%, respectively, of covered payroll of which the Commonwealth of Pennsylvania contributes 50% of the College's contractually required contributions. The contractually required contributions are actuarially determined as an amount that, when combined with employee contributions, are expected to finance the costs of benefits earned by employees during the year, with an additional amount to finance any unfunded accrued liability. Contributions to the pension plan from the College were \$539,103 and \$597,812 for the years ended June 30, 2022 and 2021, respectively. Contributions to the defined contribution pension plan from the College were \$2,379 and \$3,211 for the years ended June 30, 2022 and 2021, respectively.

**PSERS State Contributions:**

Pursuant to §8327 of the PSERS Retirement Code, the Commonwealth of Pennsylvania funds 50% 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% 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***

The College reported a net pension liability of \$8,856,986 for the year ended June 30, 2022, consisting of \$3,683,986 related to SERS and \$5,173,000 related to PSERS. The net pension liability for the year ended June 30, 2021, was \$11,381,087, consisting of \$4,684,087 related to SERS and \$6,697,000 related to PSERS.

At June 30, 2022 and 2021, the College reported a liability of \$3,683,986 and \$4,684,087, respectively, for its proportionate share of the SERS net pension liability. The SERS net pension liability and the total pension liability were measured and actuarially determined as of December 31, 2021 and 2020. 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, 2021, the College's proportion was 0.00253%, which was a decrease of 0.0003% from its proportion measured as of December 31, 2020. At December 31, 2020, the College's proportion was 0.00256%, which was an increase of 0.00029% from its proportion measured as of December 31, 2019.

DELAWARE COUNTY COMMUNITY COLLEGE

NOTES TO BASIC FINANCIAL STATEMENTS

June 30, 2022 and 2021

NOTE 10 - EMPLOYEE RETIREMENT PLANS - CONTINUED

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Employee Defined Benefit Pension Plans - continued

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

At June 30, 2022 and 2021, the College reported a liability for its proportionate share of the net pension liability that reflected a reduction for 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:

	<u>2022</u>	<u>2021</u>
College's proportional share of the net pension liability	\$ 5,173,000	\$ 6,697,000
Commonwealth's proportional share of the net pension liability	<u>5,173,000</u>	<u>6,697,000</u>
Total proportionate share of the net pension liability	<u>\$ 10,346,000</u>	<u>\$ 13,394,000</u>

The PSERS net pension liability was measured as of June 30, 2021 and 2020, 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, 2020 to June 30, 2021, and June 30, 2019 to June 30, 2020, respectively. The College's proportion of the PSERS net pension liability was calculated utilizing the employer's one-year reported contributions as it relates to the total one-year reported contributions. At June 30, 2022, the College's proportion was 0.0126%, which was a decrease of 0.0010% from its proportion measured as of June 30, 2021. At June 30, 2021, the College's proportion was 0.0136%, which was a decrease of 0.0008% from its proportion measured as of June 30, 2020.



**DELAWARE COUNTY COMMUNITY COLLEGE**

**NOTES TO BASIC FINANCIAL STATEMENTS**

**June 30, 2022 and 2021**

**NOTE 10 - EMPLOYEE RETIREMENT PLANS - CONTINUED**

**Employee Defined Benefit Pension Plans - continued**

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

For the years ended June 30, 2022 the College recognized a reduction in pension expense from the two plans of \$237,543. For the year ended June 30, 2021, the College recognized total pension expense from the two plans of \$398,227. The College reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources as of June 30:

	Deferred Outflows of Resources		Deferred Inflows of Resources	
	2022	2021	2022	2021
Difference between expected and actual experience	\$ 28,325	\$ 61,980	\$ 89,205	\$ 165,253
Changes of assumptions	630,158	520,848	-	-
Net difference between projected and actual investment earnings	-	294,000	1,888,873	599,306
Changes in proportions	378,418	550,995	923,729	1,112,620
Difference between employer contributions and proportionate share of total contributions	-	-	60,205	42,302
Contributions made subsequent to the measurement date	787,000	853,105	-	-
	<u>\$ 1,823,901</u>	<u>\$ 2,280,928</u>	<u>\$ 2,962,012</u>	<u>\$ 1,919,481</u>

The \$787,000 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 ending June 30, 2023. 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:

2023	\$ (687,347)
2024	(536,690)
2025	(282,568)
2026	(416,036)
2027	(2,470)
	<u>\$ (1,925,111)</u>

DELAWARE COUNTY COMMUNITY COLLEGE

NOTES TO BASIC FINANCIAL STATEMENTS

June 30, 2022 and 2021

NOTE 10 - EMPLOYEE RETIREMENT PLANS - CONTINUED

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Employee Defined Benefit Pension Plans - continued

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

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, 2021 actuarial valuation, with the exception of the discount rate and inflation assumptions, was adopted by the State Employees' Retirement Board based upon actual experience of SERS during the years 2015 through 2019. Based upon subsequent review of SERS investment data and results, the Board approved a reduction in the assumed discount rate from 7.125% to 7.00% effective as of the December 31, 2020 actuarial valuation. In addition, the SERS Board approved a reduction in the inflation rate from 2.60% to 2.50% effective as of the December 31, 2020 actuarial valuation based on the experience study and has remained in effect since then. The following actuarial assumptions, applied to all periods included in the measurement:

- Actuarial cost method - Entry Age
- Investment return - 7.00%, includes inflation at 2.50%
- Salary increases - Effective average of 4.60%, with a range of 3.30% and 6.95% including inflation at 2.50%
- Mortality rates were based on the PubG-2010 and PubNS-2010 Mortality Tables adjusted for actual plan experience and future improvement.

PSERS Actuarial Assumptions

The total pension liability at June 30, 2021, was determined by rolling forward the System's total pension liability at June 30, 2020 to June 30, 2021, using the following actuarial assumptions applied to all periods included in the measurement:

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

The actuarial assumptions used in the June 30, 2021 valuation were based on the results of an actuarial experience study that was performed for the five year period ending June 30, 2015.

For the June 30, 2021 measurement date, the investment return was reduced from 7.25% to 7.00% and inflation was reduced from 2.75% to 2.50%. Salary growth was reduced from 5.00% to 4.50%. There was also an update to the mortality tables.

DELAWARE COUNTY COMMUNITY COLLEGE

NOTES TO BASIC FINANCIAL STATEMENTS

June 30, 2022 and 2021

NOTE 10 - EMPLOYEE RETIREMENT PLANS - CONTINUED

Employee Defined Benefit Pension Plans - continued

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

Long-Term Rate of Return

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

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

The SERS board's adopted asset allocation policy and best estimates of arithmetic real rates of return for each major asset class as of December 31, 2021 is as follows:

Asset Class	Target Allocation	Long-Term Expected Real Rate of Return
Private equity	12.0%	6.00%
Private credit	4.0%	4.25%
Real estate	7.0%	3.75%
U.S. Equity	31.0%	4.60%
International developed markets equity	14.0%	4.50%
Emerging markets equity	5.0%	4.90%
Fixed income	22.0%	(0.25%)
Inflation protection (TIPS)	3.00%	(0.30%)
Cash	2.0%	(1.00%)
	<u>100.0%</u>	

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

DELAWARE COUNTY COMMUNITY COLLEGE

NOTES TO BASIC FINANCIAL STATEMENTS

June 30, 2022 and 2021

NOTE 10 - EMPLOYEE RETIREMENT PLANS - CONTINUED

Employee Defined Benefit Pension Plans - continued

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

The PSERS board's adopted asset allocation policy and best estimates of geometric real rates of return for each major asset class as of June 30, 2021, is:

Asset Class	Target Allocation	Long-Term Expected Real Rate of Return
Global public equity	27.0%	5.2%
Private equity	12.0%	7.3%
Fixed income	35.0%	1.8%
Commodities	10.0%	2.0%
Absolute return	8.0%	3.1%
Infrastructure/ MLPs	8.0%	5.1%
Real estate	10.0%	4.7%
Cash	3.00%	0.1%
Leverage	(13.0%)	0.1%
	<u>100.0%</u>	

Discount Rate - SERS and PSERS

The discount rate used to measure the total pension liability was 7.00% for both SERS and PSERS. This is a decrease in PSERS from 0.25% in the prior valuation. 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.

DELAWARE COUNTY COMMUNITY COLLEGE

NOTES TO BASIC FINANCIAL STATEMENTS

June 30, 2022 and 2021

NOTE 10 - EMPLOYEE RETIREMENT PLANS - CONTINUED

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Employee Defined Benefit Pension Plans - continued

*Pension Liabilities, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions - 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 SERS and PSERS discount rate of 7.00%, as well as what the net pension liability would be if it were calculated using a discount rate that is one-percentage point lower (6.00%) or one-percentage point higher (8.00%) than the current rate as:

	1% Decrease 6.00%	Current Discount Rate 7.00%	1% Increase 8.00%
College's proportionate share of the SERS net pension liability	\$ 4,652,881	\$ 3,683,986	\$ 1,994,628
College's proportionate share of the PSERS net pension liability	\$ 6,790,000	\$ 5,173,000	\$ 3,809,000

Pension Plan Fiduciary Net Position

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](http://www.sers.pa.gov).

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.pa.gov](http://www.psers.pa.gov).

Payables to the Pension Plan

At June 30, 2022 and 2021, the College had an accrued balance due to PSERS, including contributions related to pension and OPEB of \$145,472 and \$158,555, respectively. This amount represents the College's contractually obligated contributions for wages earned in April 2022 through June 2022 and April 2021 through June 2021. The balance was paid in September 2022.

**DELAWARE COUNTY COMMUNITY COLLEGE**

**NOTES TO BASIC FINANCIAL STATEMENTS**

**June 30, 2022 and 2021**

**NOTE 10 - EMPLOYEE RETIREMENT PLANS - CONTINUED**

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**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% of their gross pay. The College contribution rate at June 30, 2022, was 10% 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, 2022, 2021, and 2020 were \$3,076,861, \$3,202,052, and \$3,248,558, respectively.

**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.

**DELAWARE COUNTY COMMUNITY COLLEGE**

**NOTES TO BASIC FINANCIAL STATEMENTS**

**June 30, 2022 and 2021**

**NOTE 11 - OTHER POSTEMPLOYMENT BENEFIT PLANS**

**Employee Defined Benefit Other Postemployment Benefits Plans**

The College has other postemployment benefits (OPEB) under 2 different plans: (1) a cost-sharing, multiple employer, employee defined benefit other postemployment benefits plan administered through PSERS (PSERS OPEB Plan), and (2) a single employer defined benefit healthcare plan (College OPEB Plan). The College's aggregate net OPEB liability and deferred outflows and inflows of resources related to OPEB are as follows as of June 30:

2022			
	Net OPEB Liability	Deferred Outflows of Resources	Deferred Inflows of Resources
PSERS OPEB Plan	\$ 298,000	\$ 48,689	\$ 71,000
College OPEB Plan	743,000	20,930	493,361
Total	<u>\$ 1,041,000</u>	<u>\$ 69,619</u>	<u>\$ 564,361</u>
2021			
	Net OPEB Liability	Deferred Outflows of Resources	Deferred Inflows of Resources
PSERS OPEB Plan	\$ 292,000	\$ 30,629	\$ 70,000
College OPEB Plan	656,000	29,210	529,451
Total	<u>\$ 948,000</u>	<u>\$ 59,839</u>	<u>\$ 599,451</u>

## DELAWARE COUNTY COMMUNITY COLLEGE

### NOTES TO BASIC FINANCIAL STATEMENTS

June 30, 2022 and 2021

#### NOTE 11 - OTHER POSTEMPLOYMENT BENEFIT PLANS - CONTINUED

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##### PSERS OPEB Plan

##### *General Information About the PSERS OPEB Plan*

##### Health Insurance Premium Assistance Program

PSERS provides Premium Assistance which is a governmental, cost-sharing, multiple-employer, other postemployment benefit plan (OPEB) for all eligible retirees who qualify and elect to participate. Employer contribution rates for Premium Assistance are established to provide reserves in the Health Insurance Account that are sufficient for the payment of Premium Assistance benefits for each succeeding year. Effective January 1, 2002, under the provisions of Act 9 of 2001, participating eligible retirees are entitled to receive premium assistance payments equal to the lesser of \$100 per month or their out-of-pocket monthly health insurance premium. To receive premium assistance, eligible retirees must obtain their health insurance through either their school employer or the PSERS' Health Options Program. As of June 30, 2021 and 2020, there were no assumed future benefit increases to participating eligible retirees.

##### Premium Assistance Eligibility Criteria

Retirees of the System can participate in the Premium Assistance Program if they satisfy the following criteria:

- Have 24 ½ or more years of service, or
- Are a disability retiree, or
- Have 15 or more years of service and retired after reaching superannuation age, and
- Participate in the Health Option Program or employer-sponsored health insurance program.

##### Pension Plan Description

PSERS is a governmental, cost-sharing, multiple-employer, defined benefit pension plan that provides retirement benefits to public school employees of the Commonwealth of Pennsylvania. 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.pa.gov](http://www.psers.pa.gov).

##### Benefits Provided

Participating eligible retirees are entitled to receive premium assistance payments equal to the lesser of \$100 per month or their out-of-pocket monthly health insurance premium. To receive premium assistance, eligible retirees must obtain their health insurance through either their school employer or the PSERS' Health Options Program. As of June 30, 2021, there were no assumed future benefit increases to participating eligible retirees.



DELAWARE COUNTY COMMUNITY COLLEGE

NOTES TO BASIC FINANCIAL STATEMENTS

June 30, 2022 and 2021

NOTE 11 - OTHER POSTEMPLOYMENT BENEFIT PLANS - CONTINUED

PSERS OPEB Plan - continued

*General Information About the PSERS OPEB Plan - continued*

Benefits Provided - continued

Contributions:

The contribution policy is set by state statute. A portion of each employer's contribution is set aside for premium assistance. The College's contractually required contribution rate for the fiscal years ended June 30, 2022 and 2021, was 0.80% and 0.82%, respectively, of covered payroll, actuarially determined as an amount that, when combined with employee contributions, is expected to finance the costs of benefits earned by employees during the year, with an additional amount to finance any unfunded accrued liability. Contributions to the OPEB plan from the College were \$12,689 and \$14,629 for the years ended June 30, 2022 and 2021, respectively.

PSERS State Contributions:

Pursuant to §8327 of the PSERS Retirement Code, the Commonwealth of Pennsylvania funds 50% 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 Health Insurance Premium Assistance Program liability and related expense represent 50% of the College's share of these amounts.

***PSERS OPEB Liability, Expense, and Deferred Outflows and Inflows of Resources Related to OPEB***

The College reported a liability for its proportionate share of the net OPEB 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 as of June 30:

	2022	2021
College's proportional share of the net pension liability	\$ 298,000	\$ 292,000
Commonwealth's proportional share of the net pension liability	298,000	292,000
Total proportionate share of the net pension liability	<u>\$ 596,000</u>	<u>\$ 584,000</u>

**DELAWARE COUNTY COMMUNITY COLLEGE**

**NOTES TO BASIC FINANCIAL STATEMENTS**

**June 30, 2022 and 2021**

**NOTE 11 - OTHER POSTEMPLOYMENT BENEFIT PLANS - CONTINUED**

**PSERS OPEB Plan - continued**

***PSERS OPEB Liability, Expense, and Deferred Outflows and Inflows of Resources Related to OPEB - continued***

The net OPEB liability was measured as of June 30, 2021 and June 30, 2020, and the total OPEB liability used to calculate the net OPEB liability was determined by rolling forward the System's total OPEB liability as of June 30, 2020 to June 30, 2021, and June 30, 2019 to June 30, 2020. The College's proportion of the net OPEB 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, 2022, the College's proportion was 0.0126%, which was a decrease of 0.0010% from its proportion measured as of June 30, 2021. At June 30, 2021, the College's proportion was 0.0136%, which was a decrease of 0.0008% from its proportion measured as of June 30, 2020.

For the years ended June 30, 2022 and 2021, the College recognized OPEB expense of \$1,629. For the year ended June 30, 2021 the College recognized a reduction in OPEB expense of (\$832). The College reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources at June 30:

	Deferred Outflows of Resources		Deferred Inflows of Resources	
	2022	2021	2022	2021
Difference between expected and actual experience	\$ 3,000	\$ 3,000	\$ -	\$ -
Changes in assumptions	32,000	12,000	4,000	6,000
Net difference between projected and actual investment earnings	1,000	1,000	-	-
Changes in proportion	-	-	67,000	64,000
Contributions made subsequent to the measurement date	12,689	14,629	-	-
	<u>\$ 48,689</u>	<u>\$ 30,629</u>	<u>\$ 71,000</u>	<u>\$ 70,000</u>

DELAWARE COUNTY COMMUNITY COLLEGE

NOTES TO BASIC FINANCIAL STATEMENTS

June 30, 2022 and 2021

NOTE 11 - OTHER POSTEMPLOYMENT BENEFIT PLANS - CONTINUED

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PSERS OPEB Plan - continued

*PSERS OPEB Liability, Expense, and Deferred Outflows and Inflows of Resources Related to OPEB - continued*

The \$12,689 reported as deferred outflows of resources related to OPEB resulting from College contributions made subsequent to the measurement date will be recognized as a reduction of the net OPEB liability in the year ending June 30, 2023. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to OPEB will be recognized in OPEB expense as follows for the years ending June 30:

2023	\$ (12,000)
2024	(12,000)
2025	(8,000)
2026	(5,000)
2027	(1,000)
Thereafter	3,000
	<u>\$ (35,000)</u>

Actuarial Assumptions

The total OPEB liability as of June 30, 2021, was determined by rolling forward the System's total OPEB liability as of June 30, 2020 to June 30, 2021, using the following actuarial assumptions, applied to all periods included in the measurement:

- Actuarial cost method - Entry Age Normal - level % of pay.
- Investment return - 2.18%- S&P 20 Year Municipal Bond Rate.
- Salary growth - Effective average of 4.50%, comprised of inflation of 2.50% and 2.00% for real wage growth and for merit or seniority increases.
- Premium Assistance reimbursement is capped at \$1,200 per year.
- Assumed Healthcare cost trends were applied to retirees with less than \$1,200 in Premium Assistance per year.
- Mortality rates were based on a blend of 50% PubT-2010 and 50% PubG-2010 Retiree Tables for Males and Females, adjusted to reflect PSERS' experience and projected using a modified version of the MP- 2020 Improvement Scale.
- Participation rate:
  - Eligible retirees will elect to participate Pre-age 65 at 50%
  - Eligible retirees will elect to participate Post-age 65 at 70%

The actuarial assumptions used in the June 30, 2019 valuation were based on the results of an actuarial experience study that was performed for the five year period ended June 30, 2015.

For the June 30, 2021 measurement date, the discount rate was reduced from 2.66% to 2.18%. Salary growth was also reduced from 5.00% to 4.50% as well as an update made to the mortality tables.

DELAWARE COUNTY COMMUNITY COLLEGE

NOTES TO BASIC FINANCIAL STATEMENTS

June 30, 2022 and 2021

NOTE 11 - OTHER POSTEMPLOYMENT BENEFIT PLANS - CONTINUED

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PSERS OPEB Plan - continued

*PSERS OPEB Liability, Expense, and Deferred Outflows and Inflows of Resources Related to OPEB - continued*

Actuarial Assumptions - continued

The following assumptions were used to determine the contribution rate:

- The results of the actuarial valuation as of June 30, 2019 determined the employer contribution rate for fiscal year 2021.
- Cost Method: Amount necessary to assure solvency of Premium Assistance through the third fiscal year after the valuation date.
- Asset valuation method: Market Value.
- Participation rate: 63% of eligible retirees are assumed to elect premium assistance.
- Mortality rates were based on the RP-2014 Mortality Tables for Males and Females, adjusted to reflect PSERS' experience and projected using a modified version of the MP-2015 Mortality Improvement Scale.

Investments consist primarily of short-term assets designed to protect the principal of the plan assets. The expected rate of return on OPEB plan investments was determined using the OPEB asset allocation policy and best estimates of geometric real rates of return for each asset class.

The OPEB plan's policy in regard to the allocation of invested plan assets is established and may be amended by the PSERS Board. Under the program, as defined in the retirement code employer contribution rates for Premium Assistance are established to provide reserves in the Health Insurance Account that are sufficient for the payment of Premium Assistance benefits for each succeeding year.

The PSERS Board's adopted asset allocation policy and best estimates of geometric real rates of return for each major asset class as of June 30, 2021 is as follows:

<u>Asset Class</u>	<u>Target Allocation</u>	<u>Long-Term Expected Real Rate of Return</u>
Cash	79.8%	(1.0%)
U.S. core fixed income	17.5%	(0.1%)
Non-U.S. developed fixed	2.7%	(0.1%)
	<u>100.0%</u>	

DELAWARE COUNTY COMMUNITY COLLEGE

NOTES TO BASIC FINANCIAL STATEMENTS

June 30, 2022 and 2021

NOTE 11 - OTHER POSTEMPLOYMENT BENEFIT PLANS - CONTINUED

PSERS OPEB Plan - continued

*PSERS OPEB Liability, Expense, and Deferred Outflows and Inflows of Resources Related to OPEB - continued*

Discount Rate

The discount rate used to measure the total OPEB liability was 2.18%. Under the plan's funding policy, contributions are structured for short term funding of Premium Assistance. The funding policy sets contribution rates necessary to assure solvency of Premium Assistance through the third fiscal year after the actuarial valuation date. The Premium Assistance account is funded to establish reserves that are sufficient for the payment of Premium Assistance benefits for each succeeding year. Due to the short-term funding policy, the OPEB plan's fiduciary net position was not projected to be sufficient to meet projected future benefit payments, therefore the plan is considered a "pay-as-you-go" plan. A discount rate of 2.18% which represents the S&P 20-year Municipal Bond Rate, at June 30, 2021, was applied to all projected benefit payments to measure the total OPEB liability.

Sensitivity of the College's Proportionate Share of the Net OPEB Liability to Changes in Healthcare Cost Trend Rates

Healthcare cost trends were applied to retirees receiving less than \$1,200 in annual Premium Assistance. As of June 30, 2021, retirees Premium Assistance benefits are not subject to future healthcare cost increases. The annual Premium Assistance reimbursement for qualifying retirees is capped at a maximum of \$1,200. As of June 30, 2021, 93,392 retirees were receiving the maximum amount allowed of \$1,200 per year. As of June 30, 2021, 611 members were receiving less than the maximum amount allowed of \$1,200 per year. The actual number of retirees receiving less than the \$1,200 per year cap is a small percentage of the total population and has a minimal impact on Healthcare Cost Trends as depicted below.

The following presents the College's proportionate share of the net OPEB liability for the June 30, 2021 measurement date, calculated using the current Healthcare cost trends as well as what the College's proportionate share of the net OPEB liability would be if the health cost trends were one-percentage point lower or one-percentage point higher than the current rate:

	<u>1% Decrease</u>	<u>Current Rate</u>	<u>1% Increase</u>
College's proportionate share of the net OPEB liability	<u>\$ 298,000</u>	<u>\$ 298,000</u>	<u>\$ 298,000</u>

DELAWARE COUNTY COMMUNITY COLLEGE

NOTES TO BASIC FINANCIAL STATEMENTS

June 30, 2022 and 2021

NOTE 11 - OTHER POSTEMPLOYMENT BENEFIT PLANS - CONTINUED

PSERS OPEB Plan - continued

*PSERS OPEB Liability, Expense, and Deferred Outflows and Inflows of Resources Related to OPEB - continued*

Sensitivity of the College's Proportionate Share of the Net OPEB Liability to Changes in Healthcare Cost Trend Rates - continued

The following presents the net OPEB liability, calculated using the discount rate of 2.18%, as well as what the net OPEB liability would be if it were calculated using a discount rate that is one-percentage point lower (1.18%) or one-percentage point higher (3.18%) than the current rate:

	1% Decrease 1.18%	Current Discount Rate 2.18%	1% Increase 3.18%
College's proportionate share of the net OPEB liability	<u>\$ 342,000</u>	<u>\$ 298,000</u>	<u>\$ 262,000</u>

OPEB 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.pa.gov](http://www.psers.pa.gov).

Payables Related to the Plan

At June 30, 2022 and 2021, the College had an accrued balance due to PSERS of \$145,472 and \$158,555, respectively, including balances related to pension and OPEB. This amount represents the College's contractually obligated contributions for wages earned in April 2022 through June 2022 and April 2021 through June 2021. The balance was paid in September 2022.

DELAWARE COUNTY COMMUNITY COLLEGE

NOTES TO BASIC FINANCIAL STATEMENTS

June 30, 2022 and 2021

NOTE 11 - OTHER POSTEMPLOYMENT BENEFIT PLANS - CONTINUED

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College OPEB Plan

*General Information About the College OPEB Plan*

Plan Description

Delaware County Community College administers a single-employer defined benefit plan (the OPEB Plan). The OPEB Plan provides medical, dental, and prescription benefits for eligible retirees through the College's OPEB plan, which covers both active and retired members. Benefit provisions are established through negotiation with the College and the unions representing the College's employees. The OPEB Plan does not issue a publicly available financial report and no assets are accumulated in a trust that meets the criteria in Governmental Accounting Standards Board Statement No. 75 to pay related benefits.

Benefits Provided

The College classifies employees as Administrators, Faculty, and Support Staff. To be eligible for membership, employees must have full-time employment with the College. The plan covers both eligible full-time employees and their dependents. Credited Service is earned for full-time employment with the College. Prior service is recognized for eligibility purposes from SERS, PSERS and TIAA/CREF at a rate of 100% for educational service and 50% for non-educational service for eligibility purposes. For service with the College, the adjusted service date provided was assumed to be the date credited service would begin accruing for members. Eligibility for benefits is based on satisfaction of either attainment of 30 years of credited service if retired by January 31, 2013, for administrative employees and support staff and by beginning of 2012-13 academic year for faculty members or total and permanent disability. No coverage is provided if employee retired after these dates. Retiree coverage is provided until the earlier of 7 years of postretirement coverage and the age when 37 years of service would have been completed with the College. Spouse coverage is provided until the earlier of death, date retiree's coverage would end if alive or one year after retiree's death. Coverage for disabled members is provided until the earlier of death and age 65, but not less than 4 years from date of disability. Spouse coverage terminates one year after disability.

Employees Covered by Benefit Terms

At July 1, 2020, the following employees were covered by the benefit terms:

Retired employees	3
Active employees	<u>433</u>
Total	<u><u>436</u></u>

**DELAWARE COUNTY COMMUNITY COLLEGE**

**NOTES TO BASIC FINANCIAL STATEMENTS**

**June 30, 2022 and 2021**

**NOTE 11 - OTHER POSTEMPLOYMENT BENEFIT PLANS - CONTINUED**

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**College OPEB Plan - continued**

***OPEB Liability***

Actuarial Assumptions and Other Inputs

The total OPEB liability as of June 30, 2022, was determined by rolling forward the College's total OPEB liability as of June 30, 2021 to June 30, 2022, using the following actuarial assumptions and other inputs, applied to all periods included in the measurement, unless otherwise specified:

- Actuarial cost method - Entry Age Normal as a Level Percentage of Pay
- Inflation rate - 2.20%
- Salary increases - 3.00%
- Discount rate - 3.54 % - based on the Bond Buyers General Obligation 20-year Municipal Bond Index.
- Mortality rates - Society of Actuaries' Pub-2010 Headcount-weighted Non-Safety Disability Mortality Tables projected forward on a generational basis with Mortality Improvement Scale MP-2020 (based on Society of Actuaries' Retirement Plans Experience Committee), reflecting mortality improvements both before and after the valuation date.
- Healthcare cost trend rates - based on the Society of Actuaries' - Getzen Model Version 2020.3, utilizing baseline assumptions included in the model. Cost trend rates of 5.9% in 2020, 5.5% in 2021, 5.1% in 2022, 4.9% in 2023, 4.8% in 2024, 4.4% in 2029 through 2035, 4.5% in 2039 through 2050, 4.4% in 2054 through 2060, 4.3% in 2064 through 2065, 4.00% in 2069, and decreasing to 3.70% in 2074.
- Only participants actively receiving benefits through the disability benefit are included in the disability census.

The actuarial assumptions were selected using input from the College based on actual experience.



**DELAWARE COUNTY COMMUNITY COLLEGE**

**NOTES TO BASIC FINANCIAL STATEMENTS**

**June 30, 2022 and 2021**

**NOTE 11 - OTHER POSTEMPLOYMENT BENEFIT PLANS - CONTINUED**

**College OPEB Plan - continued**

***Changes in the Total OPEB Liability***

	Total OPEB Liability	
	2022	2021
Balance at beginning of year	\$ 656,000	\$ 741,000
Changes for the year:		
Service cost	158,000	159,491
Interest	17,295	19,607
Effect of economic/demographic gains or losses	(27,513)	(210,316)
Changes of assumptions or other inputs	(34,000)	(27,000)
Benefit payments	(26,782)	(26,782)
Net changes	87,000	(85,000)
Balance at end of year	<u>\$ 743,000</u>	<u>\$ 656,000</u>

Changes of assumptions or other inputs reflect the following changes:

- The increase in the discount rate from 2.16% in 2021 to 3.54% in 2022

**Sensitivity of the Total OPEB Liability to Changes in the Discount Rate**

The following presents the total OPEB liability of the College, as well as what the College's total OPEB liability would be if it were calculated using a discount rate that is one-percentage point lower (2.54%) or one-percentage point higher (4.54%) than the current discount rate:

	1% Decrease 2.54%	Current Discount Rate 3.54%	1% Increase 4.54%
OPEB Plan - Total OPEB liability	<u>\$ 768,000</u>	<u>\$ 743,000</u>	<u>\$ 717,000</u>

**DELAWARE COUNTY COMMUNITY COLLEGE**

**NOTES TO BASIC FINANCIAL STATEMENTS**

**June 30, 2022 and 2021**

**NOTE 11 - OTHER POSTEMPLOYMENT BENEFIT PLANS - CONTINUED**

**College OPEB Plan - continued**

***Changes in the Total OPEB Liability - continued***

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

The following presents total OPEB liability of the College, as well as what the College's total OPEB liability would be if it were calculated using healthcare cost trend rates that are one-percentage point lower or one-percentage point higher than the current healthcare cost trend rates:

	<u>1% Decrease</u>	<u>Healthcare Cost Trend Rate</u>	<u>1% Increase</u>
OPEB Plan - Total OPEB liability	<u>\$ 638,000</u>	<u>\$ 743,000</u>	<u>\$ 866,000</u>

***OPEB Expense and Deferred Outflows of Resources and Deferred Inflows of Resources Related to OPEB***

For the years ended June 30, 2022 and 2021, the College recognized an increase in OPEB expense of \$59,190 and \$70,494, respectively. The College reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources as of June 30:

	<u>Deferred Outflows of Resources</u>		<u>Deferred Inflows of Resources</u>	
	<u>2022</u>	<u>2021</u>	<u>2022</u>	<u>2021</u>
Difference between expected and actual experience	\$ 20,930	\$ 29,210	\$ 425,750	\$ 482,370
Changes in assumptions	<u>-</u>	<u>-</u>	<u>67,611</u>	<u>47,081</u>
	<u>\$ 20,930</u>	<u>\$ 29,210</u>	<u>\$ 493,361</u>	<u>\$ 529,451</u>

DELAWARE COUNTY COMMUNITY COLLEGE

NOTES TO BASIC FINANCIAL STATEMENTS

June 30, 2022 and 2021

NOTE 11 - OTHER POSTEMPLOYMENT BENEFIT PLANS - CONTINUED

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College OPEB Plan - continued

*OPEB Expense and Deferred Outflows of Resources and Deferred Inflows of Resources Related to OPEB - continued*

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

2023	\$ (89,323)
2024	(89,334)
2025	(89,817)
2026	(92,931)
2027	(59,486)
Thereafter	<u>(51,540)</u>
Total	<u>\$ (472,431)</u>

NOTE 12 - NET ASSETS - COMPONENT UNIT

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Net assets with donor restrictions are comprised of the following as of June 30:

	<u>2022</u>	<u>2021</u>
Time or purpose:		
Scholarships and College programs	\$ 3,206,404	\$ 4,214,647
Chester County Campus Capital Campaign	-	89,060
Building Community Campaign - SE Campus	163,048	-
Charitable lead annuity trusts	<u>136,131</u>	<u>148,160</u>
Subtotal time or purpose	3,505,583	4,451,867
Perpetuity:		
Scholarships and College programs	<u>2,617,861</u>	<u>2,544,818</u>
Total net assets with donor restrictions	<u>\$ 6,123,444</u>	<u>\$ 6,996,685</u>

**DELAWARE COUNTY COMMUNITY COLLEGE**

**NOTES TO BASIC FINANCIAL STATEMENTS**

**June 30, 2022 and 2021**

**NOTE 12 - NET ASSETS - COMPONENT UNIT - CONTINUED**

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

	<u>2022</u>	<u>2021</u>
Purpose restriction accomplished:		
Scholarships and College programs	\$ 817,726	\$ 1,146,407
Chester County Campus Capital Campaign	89,060	305,343
Charitable lead annuity trusts	<u>12,500</u>	<u>12,500</u>
Total net assets released from restrictions	<u>\$ 919,286</u>	<u>\$ 1,464,250</u>

**NOTE 13 - ENDOWMENTS - COMPONENT UNIT**

The Foundation's endowments consist of donor-restricted endowment funds established to support a variety of scholarships at Delaware County Community College. As required by generally accepted accounting principles, 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.

DELAWARE COUNTY COMMUNITY COLLEGE

NOTES TO BASIC FINANCIAL STATEMENTS

June 30, 2022 and 2021

NOTE 13 - ENDOWMENTS - COMPONENT UNIT - CONTINUED

**Strategies Employed for Achieving Objectives**

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

**Spending Policy**

The Foundation's spending policy on the endowment awards shall not exceed 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 5%, 4% shall be allocated for the purpose of the fund and 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, 2022, awards from income earned on the permanently restricted net assets were within the guidelines as stipulated in the spending policy.

**Underwater Endowment Funds**

The Foundation considers a fund to be underwater if the fair value of the fund is less than the sum of (a) the original value of initial and subsequent gift amounts donated to the fund and (b) any accumulations to the fund that are required to be maintained in perpetuity in accordance with the director of the applicable donor gift instrument.

At June 30, 2022, the fair value of underwater endowments totaled \$125,841. The original gifts required to be held related to the underwater endowment totaled \$142,458. The deficiencies in the underwater endowment funds totaled \$16,617 at June 30, 2022. The Foundation's policy permits spending from underwater endowment funds unless otherwise precluded by donor intent or wishes or relevant laws and regulations. There were no underwater endowments at June 30, 2021.

Endowment net asset composition by type of fund as of June 30 and the changes in endowment net asset funds by the year ended June 30:

	2022	2021
Restricted endowment funds	<u>\$ 2,617,861</u>	<u>\$ 2,544,818</u>
Net assets, beginning of year	\$ 2,544,818	\$ 2,428,069
Contributions	<u>73,043</u>	<u>116,749</u>
Net assets, end of year	<u>\$ 2,617,861</u>	<u>\$ 2,544,818</u>

**DELAWARE COUNTY COMMUNITY COLLEGE**

**NOTES TO BASIC FINANCIAL STATEMENTS**

**June 30, 2022 and 2021**

**NOTE 14 - ADMINISTRATIVE EXPENSES - COMPONENT UNIT**

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The detail of the administrative and other expenses of the Foundation is as follows for the years ended June 30:

	2022	2021
Audit	\$ 9,500	\$ 9,250
Credit card fees	2,920	2,988
Consulting	125,965	48,500
Legal	1,078	9,062
Meetings and cultivation	13,076	-
Miscellaneous	-	103
Postage	-	43
Printing	1,484	16,706
Salaries and wages	91,374	226,144
Software and subscriptions	-	2,680
	<u>\$ 245,397</u>	<u>\$ 315,476</u>

**NOTE 15 - AVAILABILITY OF FINANCIAL RESOURCES - COMPONENT UNIT**

---

The following reflects the Foundation's financial assets as of June 30, 2022 and 2021 reduced by amounts not available for general use within one year because of contractual or donor-imposed restrictions. The Foundation's financial assets include cash, contributions receivable, investments, and charitable lead annuity trust receivable. The Foundation has restricted funds.

	2022	2021
Cash	\$ 1,160,475	\$ 1,059,850
Contributions receivable	462,308	849,610
Charitable lead annuity trust receivable	136,131	148,160
Investments	<u>4,599,755</u>	<u>5,373,039</u>
Total financial assets	6,358,669	7,430,659
Less amounts not available due to:		
Donor time and purpose restrictions	(3,505,583)	(4,451,867)
Donor restricted in perpetuity	<u>(2,617,861)</u>	<u>(2,544,818)</u>
Financial assets available to meet cash needs for general expenses within one year	<u>\$ 235,225</u>	<u>\$ 433,974</u>

As part of the Foundation's liquidity management, it invests cash in excess of monthly requirements in short-term investments through their investment account.

**DELAWARE COUNTY COMMUNITY COLLEGE**

**NOTES TO BASIC FINANCIAL STATEMENTS**

**June 30, 2022 and 2021**

**NOTE 16 - COMMITMENTS AND CONTINGENCIES**

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Commitments related to construction-in-progress projects were approximately \$936,831 and \$669,411 for the years ended on June 30, 2022 and 2021, 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 2022/2021 years. Settlement amounts have not exceeded insurance coverage for the current year or the three prior years.

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.

In April 2021, the Foundation entered into an agreement with a consulting firm to provide campaign management services. The Foundation is launching a fundraising campaign to raise funds to support the Foundation's mission to provide financial resources for students, faculty, programs, and facilities. The terms of the agreement are for a twenty-four month period through May 1, 2023. Monthly fees are \$10,000, plus reimbursement for expenses incurred in connection with the services, including but not limited to travel, per diem, printing, and parking. Total amount paid for this contract was \$125,965 and \$48,500 for the years ended June 30, 2022 and 2021, respectively.

**DELAWARE COUNTY COMMUNITY COLLEGE**

**NOTES TO BASIC FINANCIAL STATEMENTS**

**June 30, 2022 and 2021**

**NOTE 17 - RESTATEMENT OF BEGINNING NET POSITION**

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During the year ended June 30, 2022 the College adopted new accounting guidance GASB Statement No. 87, retroactive to July 1, 2020. GASB Statement No. 87 was issued to recognize certain lease assets and liabilities for leases that previously were classified as operating leases and recognized as inflows of resources or outflows of resources based on the payment provisions of the contract. The following restatements were made to implement the new accounting guidance:

Net position for June 30, 2020	\$ 85,331,847
Right-to-use asset, net of amortization	8,751,541
Lease liability	<u>(8,751,541)</u>
Restated net position for June 30, 2020	85,331,847
Original change in net position for the year ended June 30, 2021	6,680,750
Lease interest expense	(282,929)
Right-to-use asset amortization	(1,309,514)
Adjustment to operating expenses	<u>1,424,960</u>
Restated net position for June 30, 2021	<u><u>\$ 91,845,114</u></u>



## DELAWARE COUNTY COMMUNITY COLLEGE

### NOTES TO BASIC FINANCIAL STATEMENTS

June 30, 2022 and 2021

#### NOTE 18 - NEW ACCOUNTING PRONOUNCEMENTS

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

- Statement No. 96, *Subscription-Based IT Arrangements* - This statement establishes guidance on the accounting and financial reporting for subscription-based information technology arrangements (SBITAs) for government end users. This statement (1) defines a SBITA; (2) establishes that a SBITA results in a right-to-use subscription asset - an intangible asset - and a corresponding subscription liability; (3) provides the capitalization criteria for outlays other than subscription payments, including implementation costs of a SBITA; and (4) requires note disclosures regarding a SBITA. This statement is effective for the College's fiscal year ending June 30, 2023.
- Statement No. 100, *Accounting Changes and Error Corrections - an Amendment of Statement No. 62* - The primary objective of this statement is to enhance accounting and financial reporting requirements for accounting changes and error corrections to provide more understandable, reliable, relevant, consistent, and comparable information for making decisions or assessing accountability. The requirements of this statement are effective for accounting changes and error corrections made in fiscal years beginning after June 15, 2023, and all reporting periods thereafter. Earlier application is encouraged. This statement is effective for the College's fiscal year ending June 30, 2024.
- Statement No. 101, *Compensated Absences* - The objective of this statement is to better meet the information needs of financial statement users by updating the recognition and measurement guidance for compensated absences. That objective is achieved by aligning the recognition and measurement guidance under a unified model and by amending certain previously required disclosures. This Statement requires that liabilities for compensated absences be recognized for (1) leave that has not been used and (2) leave that has been used but not yet paid in cash or settled through noncash means. this Statement are effective for the College's fiscal year ending June 30, 2025.

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

## **REQUIRED SUPPLEMENTARY INFORMATION**

DELAWARE COUNTY COMMUNITY COLLEGE

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

	LAST TEN FISCAL YEARS									
	2022	2021	2020	2019	2018	2017	2016	2015		
College's proportion of the collective net pension liability	0.0253%	0.0256%	0.0227%	0.02222%	0.0249%	0.0237%	0.0212%	0.0223%		
College's proportionate share of the collective net pension liability	\$ 3,683,986	\$ 4,684,087	\$ 4,133,725	\$ 4,625,076	\$ 4,298,409	\$ 4,565,864	\$ 3,862,441	\$ 3,305,837		
College's covered payroll	\$ 1,616,774	\$ 1,669,469	\$ 1,472,038	\$ 1,458,851	\$ 1,592,053	\$ 1,490,346	\$ 1,377,945	\$ 1,452,867		
College's proportionate share of the net pension liability as a percentage of its covered payroll	227.86%	280.57%	280.82%	317.04%	269.99%	306.36%	280.30%	227.54%		
Plan fiduciary net position as a percentage of the total pension liability	76.00%	67.00%	63.10%	56.40%	63.00%	57.80%	58.90%	64.80%		

The College's covered payroll noted above is as of the measurement date of the net pension liability, which is one year prior to the fiscal year end.

**NOTES TO SCHEDULE**

*Changes of Benefit Terms*  
None.

*Changes of Assumptions*

The following actuarial assumptions were changed for the 2021 measurement date:  
The investment return 7.00%, including inflation at 2.50%, net of expenses  
Salary increases - Average of 4.60% with a range of 3.30% to 6.95%, includes inflation at 2.50%

The following actuarial assumptions were changed for the 2020 measurement date:  
The investment return 7.125%, including inflation at 2.50%, net of expenses

The following actuarial assumptions were changed for the 2017 measurement date:  
The investment return 7.25%, including inflation at 2.60%, net of expenses  
Salary increases - Average of 5.60% with a range of 3.70% to 8.90%, includes inflation at 2.60%  
Changes to mortality rates

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

**DELAWARE COUNTY COMMUNITY COLLEGE**

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

	LAST TEN FISCAL YEARS									
	2022	2021	2020	2019	2018	2017	2016	2015	2014	
College's proportion of the collective net pension liability	0.0126%	0.0136%	0.0144%	0.0162%	0.0174%	0.0181%	0.0194%	0.0186%	0.0193%	
College's proportionate share of the collective net pension liability	\$ 5,173,000	\$ 6,697,000	\$ 6,737,000	\$ 7,777,000	\$ 8,594,000	\$ 8,970,000	\$ 8,403,000	\$ 7,362,000	\$ 7,901,000	
Commonwealth's proportionate share of collective net pension liability	5,173,000	6,697,000	6,737,000	7,777,000	8,594,000	8,970,000	8,403,000	7,362,000	7,901,000	
Total proportionate share of the collective net pension liability	<u>\$ 10,346,000</u>	<u>\$ 13,394,000</u>	<u>\$ 13,474,000</u>	<u>\$ 15,554,000</u>	<u>\$ 17,188,000</u>	<u>\$ 17,940,000</u>	<u>\$ 16,806,000</u>	<u>\$ 14,724,000</u>	<u>\$ 15,802,000</u>	
College's covered payroll	\$ 1,765,556	\$ 1,896,530	\$ 1,981,986	\$ 2,177,259	\$ 2,316,908	\$ 2,349,899	\$ 2,501,641	\$ 2,369,763	\$ 2,471,670	
College's proportionate share of the net pension liability as a percentage of its covered payroll	293.00%	353.12%	339.91%	357.19%	370.93%	381.72%	335.90%	310.66%	319.66%	
Plan fiduciary net position as a percentage of the total pension liability	63.67%	54.32%	55.66%	54.00%	51.84%	50.14%	54.36%	57.24%	54.50%	

The College's covered payroll noted above is as of the measurement date of the net pension liability, which is one year prior to the fiscal year end.

*Changes of Benefit Terms*

With the passage of Act 5 Class T-E and T-F members are now permitted to elect a lump-sum payment of member contributions upon retirement.

*Changes of Assumptions*

The following actuarial assumptions were changed for the 2021 measurement date:

The investment rate of return was adjusted from 7.25% to 7.00%

The inflation assumption was decreased from 2.75% to 2.50%

Salary growth was changed from an effective average rate of 5.00% comprised of inflation 2.75% and 2.25% for real wage growth and for merit or seniority increases; to an effective average of 4.50% comprised of inflation 2.50% and 2.00% for real wage growth and for merit or seniority increases.

Changes to mortality rates

The following actuarial assumptions were changed for the 2017 measurement date:

The investment rate of return was adjusted from 7.50% to 7.25%

The inflation assumption was decreased from 3.0% to 2.75%

Salary growth was changed from an effective average rate of 5.50% which comprised of inflation of 3.00% and real wage growth and for merit or seniority increases of 2.50%; to an effective average of 5.00% comprised of inflation 2.75% and 2.25% for real wage growth and for merit or seniority increases.

Changes to mortality rates

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

DELAWARE COUNTY COMMUNITY COLLEGE

SCHEDULE OF COLLEGE CONTRIBUTIONS - SERS PENSION PLAN

	LAST TEN FISCAL YEARS									
	2022	2021	2020	2019	2018	2017	2016	2015	2014	2013
Contractually required contribution	\$ 495,793	\$ 510,586	\$ 491,316	\$ 417,650	\$ 463,273	\$ 406,377	\$ 324,635	\$ 271,134	\$ 195,192	\$ 128,743
Contributions in relation to the contractually required contribution	495,793	510,586	491,316	417,650	463,273	406,377	324,635	271,134	195,192	128,743
Contribution deficiency (excess)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
College's covered payroll	\$ 1,406,429	\$ 1,539,725	\$ 1,500,593	\$ 1,308,453	\$ 1,519,215	\$ 1,491,126	\$ 1,443,719	\$ 1,534,448	\$ 1,457,145	
Contributions as a percentage of covered payroll	35.25%	33.16%	32.74%	31.92%	30.49%	27.25%	22.49%	17.67%	13.40%	

DELAWARE COUNTY COMMUNITY COLLEGE

SCHEDULE OF COLLEGE CONTRIBUTIONS - PSERS PENSION PLAN

	LAST TEN FISCAL YEARS									
	2022	2021	2020	2019	2018	2017	2016	2015	2014	2013
Contractually required contribution	\$ 539,103	\$ 597,812	\$ 642,087	\$ 646,535	\$ 678,909	\$ 692,867	\$ 606,223	\$ 512,629	\$ 409,297	\$ 302,946
Contributions in relation to the contractually required contribution	539,103	597,812	642,087	646,535	678,909	692,867	606,223	512,629	409,297	302,946
Contribution deficiency (excess)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
College's covered payroll	\$ 1,589,083	\$ 1,765,556	\$ 1,896,530	\$ 1,981,986	\$ 2,177,259	\$ 2,316,908	\$ 2,349,899	\$ 2,501,641	\$ 2,369,763	\$ 2,471,670
Contributions as a percentage of covered payroll	33.93%	33.86%	33.86%	32.62%	31.18%	29.90%	25.80%	20.49%	17.27%	12.26%

**DELAWARE COUNTY COMMUNITY COLLEGE**

**SCHEDULE OF THE COLLEGE'S PROPORTIONATE SHARE OF THE NET OPEB LIABILITY AND RELATED RATIOS - PSERS OPEB PLAN**

	LAST TEN FISCAL YEARS					
	2022	2021	2020	2019	2018	2017
College's proportion of the collective net PSERS OPEB liability	0.0126%	0.0136%	0.0144%	0.0162%	0.0174%	0.0181%
College's proportionate share of the collective net PSERS OPEB liability	\$ 298,000	\$ 292,000	\$ 306,000	\$ 338,000	\$ 355,000	\$ 390,000
Commonwealth's proportionate share of the collective net PSERS OPEB liability	298,000	292,000	306,000	338,000	355,000	390,000
Total proportional share of the collective net PSERS OPEB liability	<u>\$ 596,000</u>	<u>\$ 584,000</u>	<u>\$ 612,000</u>	<u>\$ 676,000</u>	<u>\$ 710,000</u>	<u>\$ 780,000</u>
College's covered payroll	\$ 1,765,556	\$ 1,896,530	\$ 1,981,986	\$ 2,177,259	\$ 2,316,908	\$ 2,349,899
College's proportionate share of the net PSERS OPEB liability as a percentage of its covered payroll	16.88%	15.40%	15.44%	15.52%	15.32%	16.60%
Plan fiduciary net position as a percentage of the total PSERS OPEB liability	5.30%	5.69%	5.56%	5.56%	5.73%	5.47%

The College's covered payroll noted above is as of the measurement date of the net PSERS OPEB liability, which is one year prior to the fiscal year end.

**NOTES TO SCHEDULE**

*Changes of Benefit Terms*  
None.

*Changes of Assumptions*  
The following actuarial assumptions were changed during the 2021 measurement date:  
The discount rate was decreased from 2.66% to 2.18%  
Salary growth - decreased from 5.50% to 4.50%  
Real wage growth and merit or seniority increases - decreased from 2.75% and 2.25% to 2.50% and 2.00%, respectively.  
Changes to mortality rates

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

DELAWARE COUNTY COMMUNITY COLLEGE

SCHEDULE OF COLLEGE CONTRIBUTIONS - PSERS OPEB PLAN

	LAST TEN FISCAL YEARS									
	2022	2021	2020	2019	2018	2017	2016	2015	2014	2013
Contractually required contribution	\$ 12,689	\$ 14,629	\$ 16,168	\$ 16,461	\$ 17,753	\$ 19,695	\$ 20,369	\$ 22,506	\$ 23,790	\$ 22,655
Contributions in relation to the contractually required contribution	12,689	14,629	16,168	16,461	17,753	19,695	20,369	22,506	23,790	22,655
Contribution deficiency (excess)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
College's covered payroll	\$ 1,589,083	\$ 1,765,556	\$ 1,896,530	\$ 1,981,986	\$ 2,177,259	\$ 2,316,908	\$ 2,349,899	\$ 2,501,641	\$ 2,369,763	\$ 2,471,670
Contributions as a percentage of covered payroll	0.80%	0.83%	0.85%	0.83%	0.82%	0.85%	0.87%	0.90%	1.00%	0.92%



**DELAWARE COUNTY COMMUNITY COLLEGE**

**SCHEDULE OF CHANGES IN TOTAL OPEB LIABILITY AND RELATED RATIOS -  
COLLEGE OPEB PLAN**

**LAST TEN FISCAL YEARS**

	2022	2021	2020	2019	2018
<b>Total OPEB liability:</b>					
Service cost	\$ 158,000	\$ 159,491	\$ 150,480	\$ 143,366	\$ 164,059
Interest	17,295	19,607	26,217	43,254	38,962
Effect of plan changes	-	-	-	(16,734)	-
Effect of liability gains or losses	(27,513)	(210,316)	728	(463,092)	38,642
Effect of assumption changes or inputs	(34,000)	(27,000)	(7,000)	(5,150)	(11,343)
Benefit payments	(26,782)	(26,782)	(55,470)	(98,843)	(260,431)
Net change in total OPEB liability	87,000	(85,000)	114,955	(397,199)	(30,111)
Total OPEB liability, beginning	656,000	741,000	626,045	1,023,244	1,053,355
Total OPEB liability, ending	<u>\$ 743,000</u>	<u>\$ 656,000</u>	<u>\$ 741,000</u>	<u>\$ 626,045</u>	<u>\$ 1,023,244</u>
 <b>Covered Employee Payroll</b>	 <u>\$ 29,701,510</u>	 <u>\$ 29,701,510</u>	 <u>\$ 31,584,156</u>	 <u>\$ 31,584,156</u>	 <u>\$ 29,906,607</u>
 <b>Total OPEB Liability as a Percentage of Covered Employee Payroll</b>	 <u>2.50%</u>	 <u>2.21%</u>	 <u>2.35%</u>	 <u>1.98%</u>	 <u>3.42%</u>

**NOTES TO SCHEDULE**

*Changes of Benefit Terms*  
None.

*Changes of Assumptions*  
None.

The discount rate used for fiscal year ended:

2022	3.54%
2021	2.16%
2020	2.21%
2019	3.50%
2018	3.87%

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

**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, 2022, 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, 2022.

**Report on 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) as a basis for designing 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 or significant deficiencies may exist that were not identified.

## **Report on 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, 2022**

## **APPENDIX C**

### **SPECIMEN OF MUNICIPAL BOND INSURANCE POLICY**

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## MUNICIPAL BOND INSURANCE POLICY

ISSUER: [NAME OF ISSUER]

Policy No: \_\_\_\_\_

MEMBER: [NAME OF MEMBER]

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

Effective Date: \_\_\_\_\_

Risk Premium: \$ \_\_\_\_\_

Member Surplus Contribution: \$ \_\_\_\_\_

Total Insurance Payment: \$ \_\_\_\_\_

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

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

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

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

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

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

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

BUILD AMERICA MUTUAL ASSURANCE COMPANY

By: \_\_\_\_\_  
Authorized Officer

**Notices (Unless Otherwise Specified by BAM)**

Email:

[claims@buildamerica.com](mailto:claims@buildamerica.com)

Address:

1 World Financial Center, 27<sup>th</sup> floor  
200 Liberty Street  
New York, New York 10281

Telecopy:

212-962-1524 (attention: Claims)

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## **APPENDIX D**

### **PROPOSED FORM OF OPINION OF BOND COUNSEL**

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[FORM OF OPINION OF BOND COUNSEL]

\_\_\_\_\_, 2023

**\$66,500,000**  
**STATE PUBLIC SCHOOL BUILDING AUTHORITY**  
**(COMMONWEALTH OF PENNSYLVANIA)**  
**COLLEGE REVENUE BONDS**  
**(DELAWARE COUNTY COMMUNITY COLLEGE PROJECT)**  
**SERIES OF 2023**

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 \$66,500,000 aggregate principal amount of the Authority's College Revenue Bonds, Series of 2023 (Delaware County Community College Project), (the "2023 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, a Tenth Supplemental Trust Indenture dated as of January 1, 2017 and an Eleventh Supplemental Trust Indenture (the "Eleventh Supplemental Trust 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 2023 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) constructing, improving, renovating, furnishing, equipping and installing of certain alterations and improvements, personal property and/or fixtures at the College's new Southeast Campus; (ii) funding capitalized interest on the 2023 Bonds during construction; and (iii) the payment of certain costs of issuing and insuring the 2023 Bonds.

The proceeds of the 2023 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, a Tenth Supplemental Loan Agreement dated as of January 1, 2017 and an Eleventh Supplemental Loan Agreement dated as of January 1, 2023 (the "Eleventh 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 2023 Bonds.

To evidence its obligations under the Loan Agreement, the College is delivering to the Authority its General Obligation Note, Series of 2023 (the "2023 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 2023 Note to the Trustee as security for the 2023 Bonds.

As Bond Counsel to the Authority, we have examined a record of the proceedings of the Authority relating to the issuance of the 2023 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 2023 Note and the valid and binding effect of the Loan Agreement and the 2023 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 2023 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 2023 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 Eleventh Supplemental Trust Indenture and the Eleventh Supplemental Loan Agreement, and to issue and sell the 2023 Bonds.

2. The Eleventh Supplemental Trust Indenture and the Eleventh 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 2023 Bonds have been duly authorized by the Authority and the 2023 Bonds have been duly executed and delivered by the Authority and based on the assumption as to execution and authentication stated above, such 2023 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 2023 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 2023 Bonds, or the interest thereon.

5. Interest (including accrued original issue discount) on the 2023 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 College comply with all applicable federal income tax law requirements that must be satisfied subsequent to the issuance of the 2023 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 2023 Bonds to be includable in gross income retroactive to the date of issuance of the 2023 Bonds. The Authority and the College have covenanted to comply with all such requirements. Interest on the 2023 Bonds is not treated as an item of tax preference for purposes of the federal alternative minimum tax; however, such interest is taken into account in determining the annual adjusted financial statement income of applicable corporations (as defined in Section 59(k) of the Code) for the purpose of computing the alternative minimum tax imposed on corporations for tax years beginning after December 31, 2022.

We do not express any opinion herein on the adequacy or accuracy of the preliminary or final Official Statement prepared in respect of the 2023 Bonds, or as to any other matter not set forth herein.

We call to your attention that the 2023 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 2023 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 2023 Bonds. The Authority has no taxing power.

Very truly yours,

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## **APPENDIX E**

### **PROPOSED FORM OF CONTINUING DISCLOSURE AGREEMENT**



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[FORM OF CONTINUING DISCLOSURE AGREEMENT]

**\$66,500,000 aggregate principal amount  
STATE PUBLIC SCHOOL BUILDING AUTHORITY  
(COMMONWEALTH OF PENNSYLVANIA)  
COLLEGE REVENUE BONDS  
(DELAWARE COUNTY COMMUNITY COLLEGE PROJECT)  
SERIES OF 2023**

**Continuing Disclosure Agreement**

This Continuing Disclosure Agreement (the “Disclosure Agreement”) is executed and delivered this 31st day of January, 2023, 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 an Eleventh Supplemental Trust Indenture, dated as of January 1, 2023 (collectively, the “Indenture”), in connection with the issuance and sale by the State Public School Building Authority (the “Authority”), of its \$66,500,000 aggregate principal amount, College Revenue Bonds (Delaware County Community College Project), Series of 2023 (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 an Eleventh Supplemental Loan Agreement, dated as of January 1, 2023.

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.

“Final Official Statement” means a “final official statement,” as defined in paragraph (f)(3) of the Rule.

“Financial Obligation” means a: (A) debt obligation; (B) derivative instrument entered into in connection with, or pledged as security or a source of payment for, an existing or planned debt obligation; or (C) guarantee of (A) or (B). The term Financial Obligation shall not include municipal securities as to which a Final Official Statement has been provided to the MSRB consistent with 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 19, 2023, relating to the Bonds, including all amendments, if any, made thereto.

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

“Registered Owner or Owners” shall mean the person or persons in whose name a Bond is registered on the books of the Authority kept by the Trustee for that purpose in accordance with the Indenture and the Bonds. For so long as the Bonds shall be registered in the name of the Securities Depository or its nominee, the term Registered Owner or Owners shall also mean and include, for the purposes of this Disclosure Agreement, the beneficial owners of the Bonds who, directly or indirectly, through any contract, arrangement, understanding, relationship or otherwise have or share: (a) voting power which includes the power to vote, or to direct the voting of, the Bonds; or (b) investment power which includes the power to dispose or to direct the disposition of a Bond.

“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 January 10, 2023, 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, 2023, 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;
- (ix) bankruptcy, insolvency, receivership or similar proceeding of the College<sup>1</sup>; and
- (x) default, event of acceleration, termination event, modification of terms, or other similar events under the terms of a Financial Obligation of the College, any of which reflect financial difficulties.

The ten 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

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<sup>1</sup> 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.

determining the materiality thereof within the meaning of the Rule, notice of any of the following Material Events with respect to the Bonds:

- (i) non-payment related defaults;
- (ii) the issuance by the Internal Revenue Service of material notices or determinations with respect to the tax status of the Bonds, or material events affecting the tax status of the Bonds;
- (iii) modifications to rights of the holders of the Bonds;
- (iv) Bond calls;
- (v) release, substitution or sale of property securing repayment of the Bonds;
- (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; and
- (viii) incurrence of a Financial Obligation of the College, if material, or agreement to covenants, events of default, remedies, priority rights, or other similar terms of a Financial Obligation of the obligated person, any of which affect security holders.

The eight 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. The Dissemination Agent has no obligation to risk its own funds.

(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, 12<sup>th</sup> 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  
400 North Street, 6th Floor  
Harrisburg, PA 17120  
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 **THE BANK OF NEW YORK MELLON TRUST COMPANY, N.A.** has caused this Disclosure Agreement to be executed and attested by its (Assistant)(Vice) President and Authorized Officer, respectively, all as of the day and year first above written.

**DELAWARE COUNTY COMMUNITY  
COLLEGE**

By: \_\_\_\_\_  
(Vice) President

Attest: \_\_\_\_\_  
(Assistant) Secretary

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

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 19, 2023, 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, 2023, including:

- Enrollment
- Student fees and Charges
- Financial Aid

## **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 2023 (the “Bonds”)

Name of College: Delaware County Community College (the “College”)

Date of Issue: January 31, 2023

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 January 31, 2023, between the College and The Bank of New York Mellon Trust Company, N.A. The College anticipates that the Annual Financial Information will be filed by \_\_\_\_\_.

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

By: \_\_\_\_\_

Authorized Signatory

cc: Delaware County Community College







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