

Interest on the 2020 Bonds is includable in gross income for purposes of federal income taxation pursuant to the Internal Revenue Code of 1986, as amended (the "Code"). Bond Counsel is of the opinion that, under the laws of the Commonwealth of Pennsylvania, as enacted and construed on the date hereof, the interest on the 2020 Bonds is exempt from Pennsylvania income tax and Pennsylvania corporate net income tax. For a more complete discussion see "TAX MATTERS" herein.

\$14,580,000
STATE PUBLIC SCHOOL BUILDING AUTHORITY
(Commonwealth of Pennsylvania)
College Revenue Bonds (Community College of Philadelphia Project), Series of 2020
(Federally Taxable)

Dated: Date of Delivery**Principal Due:** June 15, as shown on inside front cover**Interest Due:** June 15 and December 15**First Interest Payment:** June 15, 2021

The \$14,580,000 College Revenue Bonds (Community College of Philadelphia Project), Series of 2020 (Federally Taxable) (the "2020 Bonds") will be fully registered bonds and, when issued, will be registered in the name of Cede & Co., as nominee for The Depository Trust Company, New York, New York ("DTC"), which will act as securities depository for the 2020 Bonds. Purchasers of the 2020 Bonds will not receive certificates representing their ownership interest in the 2020 Bonds. So long as Cede & Co. is the registered owner, as partnership nominee of DTC, references herein to "Owner," "Registered Owner," or "Bondholders" shall mean Cede & Co., as aforesaid and shall not mean beneficial owners of the 2020 Bonds. Beneficial ownership in the 2020 Bonds may be acquired in denominations of \$5,000 or multiples thereof, only under the book-entry-only system maintained by DTC, as more fully described herein.

Principal of, premium, if any, and interest on the 2020 Bonds will be paid by The Bank of New York Mellon Trust Company, N.A., Philadelphia, Pennsylvania, as trustee for the 2020 Bonds (the "Trustee"). So long as DTC or its nominee, Cede & Co., is the registered owner, such payments will be made directly to Cede & Co. 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 DTC Participants and the Indirect Participants, as more fully described herein. Interest on the 2020 Bonds will be payable commencing on June 15, 2021, and semiannually thereafter on June 15 and December 15 of each year (each, an "Interest Payment Date").

The 2020 Bonds are subject to redemption prior to maturity as described under "REDEMPTION OF THE 2020 BONDS" herein.

The 2020 Bonds will be issued by the State Public School Building Authority (the "Authority") and will be secured by a Trust Indenture, dated as of May 1, 2019 between the Authority and the Trustee (the "Original Indenture") as supplemented by the First Supplemental Trust Indenture, dated as of December 1, 2020, between the Authority and the Trustee (the "First Supplemental Indenture" and, together with the Original Indenture, the "Indenture"). The 2020 Bonds are limited obligations of the Authority, payable solely from the payments to be made by the Community College of Philadelphia (the "College") under a Loan Agreement, dated as of May 1, 2019 between the Authority and the College (the "Original Loan Agreement") as supplemented by the First Supplemental Loan Agreement, dated as of December 1, 2020 (the "First Supplemental Loan Agreement" and, together with the Original Loan Agreement, the "Loan Agreement"). The payment obligations of the College under the Loan Agreement and the 2020 Note (as defined herein) are general obligations of the College that are not subordinated to any other debt obligation of the College and are not secured by the pledge or assignment by the College of any of its revenues or other property.

The 2020 Bonds are being issued by the Authority to finance: (1) a portion of the costs of: (a) the development, construction, improvement, furnishing, equipping and outfitting of a new, approximately 75,000 square foot building on land owned by the College in West Philadelphia, which facility will be used to house the College's Career and Advanced Technology Center, and (b) other miscellaneous capital improvements at such site, including parking, landscaping and related improvements; and (2) the costs of issuing and insuring, if applicable, the 2020 Bonds.

THE 2020 BONDS ARE LIMITED OBLIGATIONS OF THE AUTHORITY. NEITHER THE GENERAL CREDIT OF THE AUTHORITY NOR THE CREDIT OR TAXING POWER OF THE UNITED STATES OF AMERICA, THE COMMONWEALTH OF PENNSYLVANIA, THE COUNTY OF PHILADELPHIA OR OF ANY POLITICAL SUBDIVISION THEREOF IS PLEDGED FOR THE PAYMENT OF THE PRINCIPAL OR REDEMPTION PRICE OF THE 2020 BONDS OR THE INTEREST THEREON; NOR SHALL THE 2020 BONDS BE DEEMED A GENERAL OBLIGATION OF THE AUTHORITY OR AN OBLIGATION OF THE UNITED STATES OF AMERICA, THE COMMONWEALTH OF PENNSYLVANIA, THE COUNTY OF PHILADELPHIA OR OF ANY POLITICAL SUBDIVISION THEREOF; NOR SHALL THE UNITED STATES OF AMERICA, THE COMMONWEALTH OF PENNSYLVANIA, THE COUNTY OF PHILADELPHIA OR OF ANY POLITICAL SUBDIVISION THEREOF BE LIABLE FOR THE PAYMENT OF SUCH PRINCIPAL OR INTEREST. THE AUTHORITY HAS NO TAXING POWER.

The scheduled payment of principal of and interest on the 2020 Bonds when due will be guaranteed under a municipal bond insurance policy to be issued concurrently with the delivery of the 2020 Bonds by BUILD AMERICA MUTUAL ASSURANCE COMPANY.



MATURITIES, AMOUNTS, RATES, PRICES/YIELDS AND CUSIPS

See Inside Front Cover

The 2020 Bonds are offered for delivery when, as, and if issued by the Authority subject to the approving legal opinion of Ahmad Zaffarese LLC, Philadelphia, Pennsylvania, Bond Counsel, appointed by the Office of General Counsel. Certain legal matters will be passed upon for the Authority by its counsel, Barley Snyder, LLP, Lancaster, Pennsylvania, and for the College by its counsel, Fox Rothschild LLP, Philadelphia, Pennsylvania. Phoenix Capital Partners, LLP, Philadelphia, Pennsylvania, serves as Financial Advisor to the College and has acted as Financial Advisor in connection with the issuance of the 2020 Bonds. Certain legal matters will be passed upon for the Underwriter by its counsel, Eckert Seamans Cherin & Mellott, LLC, Philadelphia, Pennsylvania. It is expected that the 2020 Bonds will be available for delivery through DTC, on or about December 8, 2020.



\$14,580,000
STATE PUBLIC SCHOOL BUILDING AUTHORITY
(Commonwealth of Pennsylvania)
College Revenue Bonds (Community College of Philadelphia Project)
Series of 2020
(Federally Taxable)

Dated: Date of Delivery

Interest Due: June 15 and December 15

Principal Due: June 15, as shown below

First Interest Payment: June 15, 2021

Maturity Date	Principal	Interest			
<u>(June 15)</u>	<u>Amount</u>	<u>Rate</u>	<u>Yield</u>	<u>Price</u>	<u>CUSIP**</u>
2028	\$ 950,000	2.272%	2.272%	100.000	85732M6K8
2029	970,000	2.372	2.372	100.000	85732M6L6
2030	995,000	2.522	2.522	100.000	85732M6M4
2031	1,020,000	2.672	2.672	100.000	85732M6N2
2032	1,045,000	2.772	2.772	100.000	85732M6P7
2033	1,075,000	2.872	2.872	100.000	85732M6Q5
2034	1,105,000	2.972	2.972	100.000	85732M6R3
2035	1,140,000	3.022	3.022	100.000	85732M6S1

\$6,280,000 Term Bond due June 15, 2040, priced @ 100.000% to yield 3.389% CUSIP**: 85732M6T9

** CUSIP is a registered trademark of the American Bankers Association. CUSIP Global Services (CGS) is managed on behalf of the American Bankers Association by S&P Global Market Intelligence. The CUSIP numbers listed above are being provided solely for the convenience of Bondholders only at the time of issuance of the 2020 Bonds and none of the Authority, the College or 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 2020 Bonds 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 2020 Bonds.

**STATE PUBLIC SCHOOL BUILDING AUTHORITY
COMMONWEALTH OF PENNSYLVANIA**

MEMBERS OF THE AUTHORITY

Honorable Thomas W. Wolf
Governor of the Commonwealth of Pennsylvania President
Honorable Wayne Langerholc Jr.
Designated by the President Pro Tempore of the Senate Vice President
Honorable Andrew E. Dinniman
Designated by the Minority Leader of the Senate Vice President
Honorable Curtis G. Sonney
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Honorable Joseph M. Torsella
State Treasurer Treasurer
Honorable Curtis M. Topper
Secretary of General Services Secretary
Honorable Anthony M. DeLuca
Designated by the Minority Leader of the House of Representatives Board Member
Honorable Eugene A. DePasquale
Auditor General Board Member
Honorable Noe Ortega
Acting Secretary of Education Board Member

EXECUTIVE DIRECTOR

ERIC GUTSHALL

COUNSEL TO THE AUTHORITY

(Appointed by the Office of General Counsel)

BARLEY SNYDER LLP

Lancaster, Pennsylvania

BOND COUNSEL

(Appointed by the Office of General Counsel)

AHMAD ZAFFARESE LLC

Philadelphia, Pennsylvania

COUNSEL TO THE COLLEGE

FOX ROTHSCHILD LLP

Philadelphia, Pennsylvania

FINANCIAL ADVISOR TO THE COLLEGE

PHOENIX CAPITAL PARTNERS, LLP

Philadelphia, Pennsylvania

UNDERWRITER

PNC CAPITAL MARKETS LLC

Philadelphia, Pennsylvania

TRUSTEE

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

Philadelphia, Pennsylvania

AUTHORITY ADDRESS

STATE PUBLIC SCHOOL BUILDING AUTHORITY

1035 Mumma Road

Wormleysburg, Pennsylvania 17043

COMMUNITY COLLEGE OF PHILADELPHIA

BOARD OF TRUSTEES

<u>Name</u>	<u>Office</u>	<u>Term Expiration</u>
Jeremiah J. White, Jr.	Chair	6/2022
Lydia Hernandez-Velez	Vice Chair	6/2021
The Honorable James R. Roebuck, Jr.	Vice Chair	6/2022
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Harold Epps	Member	6/2024
Deana Gamble	Member	6/2021
V. Steve Herzog	Member	6/2022
Sheila Ireland	Member	6/2024
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Mindy Posoff	Member	6/2021
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GIM S. LIM

BUDGET DIRECTOR

DERRICK SAWYER, II

COLLEGE ADDRESS

1700 Spring Garden Street
Philadelphia, Pennsylvania 19130

IN CONNECTION WITH THIS OFFERING, THE UNDERWRITER MAY OVER ALLOT OR EFFECT TRANSACTIONS THAT STABILIZE OR MAINTAIN THE MARKET PRICE OF THE 2020 Bonds AT A LEVEL ABOVE THAT WHICH MIGHT OTHERWISE PREVAIL IN THE OPEN MARKET. SUCH STABILIZING, IF COMMENCED, MAY BE DISCONTINUED AT ANY TIME WITHOUT PRIOR NOTICE.

No dealer, broker, salesperson or other person has been authorized by the Authority or the College to give any information or to make any representations with respect to the 2020 Bonds, other than those contained in this Official Statement. Such other information or representations, if given or made, must not be relied upon as having been authorized by the Authority or the College. This Official Statement does not constitute an offer to sell or the solicitation of an offer to buy, nor shall there be any sale of the 2020 Bonds by any person in any jurisdiction in which it is unlawful for such person to make such offer, solicitation or sale. The information and expressions of opinion herein are subject to change without notice. Neither the delivery of this Official Statement nor any sale made hereunder shall, under any circumstances, create any implication that there has been no change in any of the information set forth herein since the date hereof or the dates of the information contained herein.

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

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

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

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

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

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

THE 2020 BONDS HAVE NOT BEEN REGISTERED UNDER THE SECURITIES ACT OF 1933 NOR HAS THE INDENTURE BEEN QUALIFIED UNDER THE TRUST INDENTURE ACT OF 1939, IN RELIANCE UPON EXEMPTIONS CONTAINED IN SUCH ACTS. THE REGISTRATION OR QUALIFICATION OF THE 2020 BONDS IN ACCORDANCE WITH THE APPLICABLE PROVISIONS OF SECURITIES LAWS OF THE STATES IN WHICH THE 2020 BONDS HAVE BEEN REGISTERED OR QUALIFIED AND THE EXEMPTION FROM REGISTRATION OR QUALIFICATION IN OTHER STATES CANNOT BE REGARDED AS A

RECOMMENDATION THEREOF. NEITHER THESE STATES NOR ANY OF THEIR AGENCIES HAVE PASSED UPON THE MERITS OF THE 2020 BONDS OR THE ACCURACY OR COMPLETENESS OF THIS OFFICIAL STATEMENT.

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OFFICIAL STATEMENT

\$14,580,000

STATE PUBLIC SCHOOL BUILDING AUTHORITY (Commonwealth of Pennsylvania)

**College Revenue Bonds (Community College of Philadelphia Project), Series of 2020
(Federally Taxable)**

INTRODUCTION

This Official Statement, which includes the cover page hereof and the Appendices hereto, provides certain information relating to the State Public School Building Authority (the “Authority”) and the \$14,580,000 aggregate principal amount of College Revenue Bonds (Community College of Philadelphia Project), Series of 2020 (Federally Taxable) (the “2020 Bonds”). The 2020 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 April 11, 2019 (the “Resolution”), and are secured by a Trust Indenture, dated as of May 1, 2019 (the “Original Indenture”), entered into by the Authority and The Bank of New York Mellon Trust Company, N.A., Philadelphia, Pennsylvania, as Trustee (the “Trustee”), as supplemented by a First Supplemental Trust Indenture, dated as of December 1, 2020, between the Authority and the Trustee (the “First Supplemental Indenture” and, together with the Original Indenture, the “Indenture”).

The Authority is a body corporate and politic created in 1947 by the Act. Under the Act, the Authority constitutes a public corporation and governmental instrumentality, having perpetual existence, created for the purpose of acquiring, financing, refinancing, constructing, improving, furnishing, equipping, maintaining and operating buildings for public school and educational broadcasting facilities for use as part of the public school system of the Commonwealth of Pennsylvania (the “Commonwealth”) under the jurisdiction of the Pennsylvania Department of Education (the “Department”). Under the Act, and 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”), the Authority also has for its purpose the acquiring, financing, refinancing, construction, improvement, furnishing, equipping, maintenance and operation of community college buildings.

The Community College of Philadelphia (the “College”) was established in 1964, in accordance with the provisions of the Community College Act and general guidelines for the implementation of the Community College Act prepared by the Department and is currently sponsored by The City of Philadelphia, Pennsylvania (the “City”). The College is a public comprehensive, two year co-educational institution with its main campus located on an attractive 17-acre lot just north of the center of the City; the College also operates three (3) regional centers in other sections of the City. The College offers more than 90 associate degrees and academic and proficiency certificate programs. In fiscal year 2019-2020, the College’s enrollment was 12,721 FTEs (Full-Time Equivalents), inclusive of both full and part-time credit and noncredit students. For further information about the College, see “COMMUNITY COLLEGE OF PHILADELPHIA” herein.

COVID-19

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 March 13, 2020, the President of the United States declared the outbreak of COVID-19 in the United States a national emergency. Pennsylvania Governor Tom Wolf ordered all non-life-sustaining businesses in Pennsylvania to close their physical locations as of 8:00 p.m. March 19, 2020 to slow the spread of COVID-19. On April 1, 2020, the Governor issued a Stay-at-Home order for all Pennsylvania Counties.

As of March 14, 2020, the Community College of Philadelphia closed all campus locations and converted all coursework to remote learning due to the COVID-19 pandemic. Faculty received enhanced training in both the

College's online learning management system, Canvas, and best practices for online teaching. The Faculty Center for Teaching and Learning, an integral part of the College community and faculty professional development, recognized the need to more fully support faculty and the College organized several professional development sessions throughout late spring and summer. Faculty from across the College led professional development sessions on a wide range of topics, from personalizing a model course to engaging students in the online classroom. The emphasis of these sessions was the same: the importance of connecting with students in an online environment.

In addition to the technical challenges of converting all coursework to a remote environment, the College immediately recognized the critical need to establish a virtual community of support for students, which was accomplished through several key initiatives. The College created an online tool, "CCP Cares" which was designed to give students direct access to vital support services, both at the College and in the community. Students can complete a request form for support ranging from tutoring and academic advising to assistance with paying their bills, transportation, food and housing needs. A computer loan program was instituted with approximately 535 laptops provided to students for the Fall 2020 Semester. Each request is shared with a member of a dedicated team of staff from across the College who are committed to promptly addressing the student's need(s). A dedicated COVID-19 webpage was created to provide a centralized resource for the College's announcements and updates related to the coronavirus to keep the entire College community informed. The College also established a Virtual Student Support Center to serve as a one-stop resource for remote access to the College's academic, financial and community resources, where students can go to learn how to access support services from across the College, as well as take part in student club and organization activities, get answers to frequently asked questions and take advantage of community resources.

In October, 2020 the College made the decision that the Spring 2021 semester would continue in a remote fashion except for those courses requiring student hands-on experiences or the use of specialized equipment.

The College accepted approximately \$16.1 million of emergency relief funds from the federal Coronavirus Aid, Relief, and Economic Security Act (the "CARES Act"), of which half is required to go directly to students for emergency aid and received an additional \$1 million as a predominantly black higher education institution. The College's fiscal year 2019-2020 ended with a small operating budget surplus. These surplus funds, along with a very limited amount of reserve funds, are being applied to the fiscal year 2020-2021 operating budget to cover a revenue shortfall related to a decrease in enrollments. The College has taken actions to reduce its operating expenses and is closely monitoring its budgetary situation. The College's liquidity remains strong and as of September 30, 2020 the College had \$42.1million of cash and short-term investments.

Because of the evolving nature of the COVID-19 circumstances, the full impact of COVID-19 and the scope of any adverse impact on the College's finances and operations cannot be fully determined at this time. Adverse consequences of the COVID-19 pandemic could include, but are not limited to: decline in enrollment; decreases in financial support from the State and the City of Philadelphia; and reduction in funding support from donors or other external sources.

Grant Thornton, the College's External Auditors, completed the audit of the June 30, 2020 financial statements; and the auditors issued an unqualified opinion. There were no findings and the information was deemed to be fairly stated in all material respects. The Board of Trustees approved the College's FY 2020-21 budget in June 2020.

PURPOSE OF THE 2020 BONDS

The 2020 Bonds are being issued by the Authority to finance: (1) a portion of the costs of: (a) the development, construction, improvement, furnishing, equipping and outfitting of a new, approximately 75,000 square foot building on land owned by the College in West Philadelphia, which facility will be used to house the College's Career and Advanced Technology Center (the "Technology Center"), and (b) other miscellaneous capital improvements at such site, including parking, landscaping and related improvements (collectively, the "Technology Center Capital Project"); and (2) the costs of issuing and insuring (if applicable) the 2020 Bonds (collectively with the Technology Center Capital Project, the "Technology Center Project").

The College plans to transform the College's existing West Philadelphia Regional Center into the Technology Center, which will provide high-quality academic, career and technical programs supporting career-focused students entering the region's workforce. The Technology Center will provide students with the learning environment to build industry-recognized skills using advanced technology and equipment, preparing them for careers with family-sustaining wages.

The Technology Center will be located at 4750 Market Street in West Philadelphia. The Technology Center will offer career-based education and training using the latest technology and equipment to provide hands-on training and employment skills, fulfilling a regional need for skilled workers in automotive technology, advanced manufacturing, and health care. Program design and development will respond to industry needs using regional and local assessments, surveys, and environmental scans, and will align with local and state workforce development priorities, such as the High Priority Occupation list from the PA Department of Labor and Industry and Fueling Philadelphia's Talent Engine, Philadelphia's citywide workforce development strategy.

The Technology Center will include programs in automotive technology, manufacturing; energy and trades training with advanced specialized industry equipment; business and information technology; and healthcare training. The Career and Advanced Technology Center facility will consist of new state-of-the-art advanced, open and adaptive technologies for instructional space and study areas, and laboratory service bays for automobiles, large vehicles, stationary and marine equipment. Transportation technology curricula in alternative fuels and autonomous cars will provide expanded access to entry level and advanced mechanical career opportunities for the evolving automotive transportation industry. Equipment and resources in all programs will enable the College to grow and expand industry partnerships and respond to regional workforce needs.

PLAN OF FINANCE

On May 22, 2019, the Authority issued its \$9,155,000, aggregate principal amount, State Public School Building Authority, College Revenue Bonds (Community College of Philadelphia Project), Series A of 2019 (the "2019 Bonds"), the proceeds of which were to be used to pay a portion of the costs of: (a) the Technology Center Capital Project; and (2) the costs of issuing and insuring the 2019 Bonds.

The College estimates that the total costs of the Technology Center Capital Project will be approximately \$34,894,557. The expected sources for the Project are as follows:

Proceeds of the 2019 Bonds:	\$10,000,000
Proceeds of New Market Tax Credits:	6,064,557
Redevelopment Assistance Capital Program Grant from the Commonwealth of Pennsylvania	4,250,000
Proceeds of the 2020 Bonds	<u>14,580,000</u>
TOTAL:	\$34,894,557

The 2020 Bonds are being issued under the Indenture as Additional Bonds. The 2020 Bonds are being issued prior to the closing of the new market tax credit transaction. While the College believes that the new markets tax credit transaction will close on or about December 9, 2020, such closing is subject to a number of uncertainties and conditions over which the College has no control. Accordingly, no assurance can be given by the College that the new market tax credit transaction will close and provide proceeds for the Project.

If the new markets tax credits transaction does not close, the College will need to raise additional moneys in order to provide for the total estimated costs of the Project. Such funds could be provided through the issuance of Additional Bonds or other debt; however, no assurance can be given that the College will be able to raise such funds.

Upon the closing of the 2020 Bonds, such proceeds will be deposited into the Project Fund. If the new markets tax credit transaction closes, the College will lend a portion of the proceeds of the 2020 Bonds by way of a leveraged loan, to a community development entity which in turn, through various intermediaries, will lend such proceeds to a limited liability company, 90% of which will be owned by the College and 10% of which will be owned by a nonprofit corporation, which shall seek 501(c)(3) tax-exemption status from the Internal Revenue Service. Such limited liability company will then contribute the lent proceeds and net new market tax credit equity received to the Technology Center Capital Project. The loan to such entity is to be secured by a first priority mortgage and lien on the Technology Center Project.

If the College does not close on the new markets tax credit transaction, proceeds of the 2020 Bonds allocated to Technology Center Capital Project will remain in the Project Fund and will be disbursed in accordance with the provisions of the Loan Agreement and the Indenture to pay a portion of the costs of the Project. See “BONDHOLDERS’ RISKS-Failure to Complete the Technology Center Capital Project” herein.

Estimated Sources and Uses of 2020 Bond Proceeds

The following is a summary of the estimated sources and uses of the proceeds from the issuance of the 2020 Bonds.

Sources

Par Amount of Series 2020 Bonds	\$14,580,000.00
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	\$14,580,000.00
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Uses

Project Fund Deposit	\$13,566,814.00
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Costs of Issuance ⁽¹⁾	1,013,186.00
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	\$14,580,000.00
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⁽¹⁾ Includes legal, financial advisor, printing, rating, bond insurance premium, underwriter’s discount, trustee fee and miscellaneous costs.

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.

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

BAM's financial strength is rated "AA/Stable" by S&P Global Ratings, a business unit of Standard & Poor's Financial Services LLC ("S&P"). An explanation of the significance of the rating and current reports may be obtained from S&P at www.standardandpoors.com. The rating of BAM should be evaluated independently. The rating reflects the S&P's current assessment of the creditworthiness of BAM and its ability to pay claims on its policies of insurance. The above rating is not a recommendation to buy, sell or hold the 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, 2020 and as prepared in accordance with statutory accounting practices prescribed or permitted by the New York State Department of Financial Services were \$505.3 million, \$158.1 million and \$347.2 million, respectively.

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

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

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

Additional Information Available from BAM

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

THE AUTHORITY

The Authority and the Pennsylvania Higher Educational Facilities Authority (PHEFA) share an executive, fiscal and administrative staff, and operate under a joint administrative budget. The Authority serves as a conduit issuer for public school districts, community colleges, 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 2020 Bonds.

Under the Act, the Authority consists of the Governor of the Commonwealth, the State Treasurer, the Auditor General, the Secretary of Education, the Secretary of the Department of General Services, the President Pro Tempore of the Senate, the Speaker of the House of Representatives, the Minority Leader of the Senate and the Minority Leader of the House of Representatives. The President Pro Tempore of the Senate, the 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 2020 Bonds are being issued by the Authority on behalf of the College pursuant to the Act, the Indenture and the Resolution, which reflects the Authority's approval of the projects financed thereunder. 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 2020 Bonds will be pledged to the payment of such other 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.

Beverly M. Nawa
Director of Operations

Ms. Nawa serves as the Director of Operations of both the Authority and PHEFA. She has been with the Authorities since 2004. She served as Acting Executive Director from October 2018 to December 2019. Ms. Nawa is a graduate of Alvernia University with a bachelor's degree in business administration.

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 2020 BONDS

Description of the 2020 Bonds

The 2020 Bonds are being issued by the Authority on behalf of the College in the aggregate principal amount shown on the cover page hereof pursuant to the Act, the Resolution and the Indenture. The 2020 Bonds will be dated the date of delivery thereof and will bear interest from such date at the rates set forth on the inside front cover page hereof, payable semiannually on June 15 and December 15 of each year (each, an "Interest Payment Date"), commencing on June 15, 2021 (until maturity or prior redemption), and will mature on the dates and in the amounts set forth on the inside front cover page hereof. The 2020 Bonds when issued will be registered in the name of Cede & Co., as a nominee for The Depository Trust Company, New York, New York ("DTC"). DTC will act as securities depository for the 2020 Bonds. While the 2020 Bonds are in the Book-Entry-Only System, references to the "owner" or the "registered owner" as described herein are to Cede & Co., as registered owner for DTC. Each beneficial owner of a 2020 Bond may desire to make arrangements with a DTC Participant to receive notices or communications with respect to matters described herein. See "BOOK-ENTRY-ONLY SYSTEM" herein.

The 2020 Bonds will be issued in fully registered form in denominations of \$5,000 or any multiple thereof. While all of the 2020 Bonds are held in Book-Entry-Only form, payments thereon shall be made to Cede & Co., as holder thereof. See "BOOK-ENTRY-ONLY SYSTEM" herein. At all other times, the principal of the 2020 Bonds, and the premium, if any, payable upon redemption, are payable at the designated corporate trust office of the Trustee, and the interest thereon is payable by check mailed by the Trustee on each Interest Payment Date to the persons who were the registered owners of the 2020 Bonds on the registration books maintained by the Trustee, at the close of the fifteenth day of the calendar month (whether or not a business day) immediately preceding the month of an Interest Payment Date (a "Record Date"), irrespective of any transfer or exchange of any 2020 Bond subsequent to such regular record date and prior to such interest payment date, unless the Authority defaults in the payment of interest due on such Interest Payment Date. In the event of any such default, any defaulted interest will be payable to the person in whose name such 2020 Bond is registered at the close of business on a special record date for the payment of such defaulted interest established by notice mailed by the Trustee to the registered owners of the 2020 Bonds not fewer than fifteen (15) business days nor less than ten (10) business days preceding such special record date.

If the date for payment of the principal of, or interest on, the 2020 Bonds shall be a Saturday, Sunday, legal holiday or a day on which banking institutions in any state in which the corporate trust office of the Trustee and any authorized paying agent is located, are authorized or required by law or executive order to close, then the date for such payment shall be the next succeeding day which is not a Saturday, Sunday, legal holiday or a day on which such banking institutions are authorized or required to close, and payment on such date shall have the same force and effect as if made on the nominal date of payment

Use of Proceeds

Pursuant to a Loan Agreement, dated as of May 1, 2019 (the “Original Loan Agreement”), as supplemented by the First Supplemental Loan Agreement, dated as of December 1, 2020 (the “First Supplemental Loan Agreement” and, together with the Original Loan Agreement, the “Loan Agreement”), the Authority will lend the proceeds of the 2020 Bonds to the College, which will use such proceeds as more fully described herein under “PURPOSE OF THE 2020 Bonds”.

Transfer, Exchange and Registration of 2020 Bonds

2020 Bonds may be transferred upon delivery to the Trustee of the 2020 Bond or 2020 Bonds to be transferred, accompanied by a written instrument of transfer in form and with guaranty of signature satisfactory to the Trustee, duly executed by the registered Owner of such 2020 Bond or 2020 Bonds or their duly authorized representative, containing written instructions of transfer. No transfer of any 2020 Bond shall be effective until entered in the bond register. 2020 Bonds may be exchanged for 2020 Bonds of the same maturity and of authorized denomination or denominations in the same aggregate principal amount and bearing the same rate of interest. No exchange or transfer shall be required to be made between the Record Date relating to such 2020 Bond and the next Interest Payment Date, nor shall the Trustee be required to issue, transfer or exchange any 2020 Bond after the giving of notice calling such 2020 Bond for redemption, in whole or in part.

BOOK-ENTRY ONLY SYSTEM

Portions of the following information concerning The Depository Trust Company (“DTC”) and DTC's book-entry-only system have been obtained from DTC. The Authority (sometimes herein referred to as the “Issuer”), the College, the Financial Advisor, and the Underwriter make no representation as to the accuracy of such information.

DTC will act as securities depository for the 2020 Bonds. The 2020 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 Security certificate will be issued for each maturity of the 2020 Bonds, in the aggregate principal amount of such issue, and will be deposited with DTC.

DTC, the world's largest securities depository, is a limited-purpose trust company organized under the New York Banking Law, a “banking organization” within the meaning of the New York Banking Law, a member of the Federal Reserve System, a “clearing corporation” within the meaning of the New York Uniform Commercial Code, and a “clearing agency” registered pursuant to the provisions of Section 17A of the Securities Exchange Act of 1934. DTC holds and provides asset servicing for over 3.6 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.

Purchases of 2020 Bonds under the DTC system must be made by or through Direct Participants, which will receive a credit for the 2020 Bonds on DTC's records. The ownership interest of each actual purchaser of each Security (“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 2020 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 2020 Bonds, except in the event that use of the book-entry system for the 2020 Bonds is discontinued.

To facilitate subsequent transfers, all 2020 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 2020 Bonds with DTC and their registration in the name of Cede & Co. or such other DTC nominee do not affect any change in beneficial ownership. DTC has no knowledge of the actual Beneficial Owners of the 2020 Bonds; DTC's records reflect only the identity of the Direct Participants to whose accounts such 2020 Bonds are credited, which may or may not be the Beneficial Owners. The Direct and Indirect Participants will remain responsible for keeping account of their holdings on behalf of their customers.

Conveyance of notices and other communications by DTC to Direct Participants, by Direct Participants to Indirect Participants, and by Direct Participants and Indirect Participants to Beneficial Owners will be governed by arrangements among them, subject to any statutory or regulatory requirements as may be in effect from time to time. Beneficial Owners of 2020 Bonds may wish to take certain steps to augment the transmission to them of notices of significant events with respect to the 2020 Bonds, such as redemptions, tenders, defaults, and proposed amendments to the Security documents. For example, Beneficial Owners of 2020 Bonds may wish to ascertain that the nominee holding the 2020 Bonds for their benefit has agreed to obtain and transmit notices to Beneficial Owners. In the alternative, Beneficial Owners may wish to provide their names and addresses to the registrar and request that copies of notices be provided directly to them.

Redemption notices shall be sent to DTC. If less than all of the 2020 Bonds within an issue are being redeemed, DTC's practice is to determine by lot the amount of the interest of each Direct Participant in such issue to be redeemed.

Neither DTC nor Cede & Co. (nor any other DTC nominee) will consent or vote with respect to 2020 Bonds unless authorized by a Direct Participant in accordance with DTC's MMI Procedures. Under its usual procedures, DTC mails an Omnibus Proxy to Issuer 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 2020 Bonds are credited on the record date (identified in a listing attached to the Omnibus Proxy).

Principal, interest and redemption payments on the 2020 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 Issuer or Agent, on payable date in accordance with their respective holdings shown on DTC's records. Payments by 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 Participant and not of DTC, Agent, or Issuer, subject to any statutory or regulatory requirements as may be in effect from time to time. Payment of principal, interest and redemption payments on the 2020 Bonds to Cede & Co. (or such other nominee as may be requested by an authorized representative of DTC) is the responsibility of Issuer or Agent, disbursement of such payments to Direct Participants will be the responsibility of DTC, and disbursement of such payments to the Beneficial Owners will be the responsibility of Direct and Indirect Participants.

A Beneficial Owner shall give notice to elect to have its 2020 Bonds purchased or tendered, through its Participant, to Trustee, and shall effect delivery of such 2020 Bonds by causing the Direct Participant to transfer the Participant's interest in the 2020 Bonds, on DTC's records, to Trustee. The requirement for physical delivery of 2020 Bonds in connection with an optional tender or a mandatory purchase will be deemed satisfied when the ownership rights in the 2020 Bonds are transferred by Direct Participants on DTC's records and followed by a book-entry credit of tendered 2020 Bonds to Trustee's DTC account.

DTC may discontinue providing its services as depository with respect to the 2020 Bonds at any time by giving reasonable notice to Issuer or Trustee. Under such circumstances, in the event that a successor depository is not obtained, Security certificates are required to be printed and delivered.

Issuer may decide to discontinue use of the system of book-entry-only transfers through DTC (or a successor securities depository). In that event, Security certificates 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 that Issuer believes to be reliable, but Issuer takes no responsibility for the accuracy thereof.

NEITHER THE AUTHORITY NOR THE TRUSTEE SHALL HAVE ANY RESPONSIBILITY OR OBLIGATION TO ANY DTC PARTICIPANT OR ANY BENEFICIAL OWNER OR ANY OTHER PERSON NOT SHOWN ON THE REGISTRATION BOOKS OF THE TRUSTEE AS BEING A BONDHOLDER WITH RESPECT TO EITHER: (1) THE ACCURACY OF ANY RECORDS MAINTAINED BY DTC OR ANY DTC PARTICIPANT; (2) THE PAYMENT BY DTC OR ANY DTC PARTICIPANT OF ANY AMOUNT DUE TO ANY BENEFICIAL OWNER IN RESPECT OF THE PRINCIPAL OR REDEMPTION PRICE OF OR INTEREST ON THE 2020 BONDS; (3) THE DELIVERY OR THE TIMELINESS OF ANY NOTICE TO ANY BENEFICIAL OWNER WHICH IS REQUIRED OR PERMITTED UNDER THE TERMS OF THE INDENTURE TO BE GIVEN TO THE OWNER OF THE 2020 BONDS; OR (4) ANY CONSENT GIVEN OR OTHER ACTION TAKEN BY DTC AS BONDHOLDER.

Neither the Authority nor the Trustee shall have any responsibility or obligation to any DTC Participant or Indirect Participant with respect to:

- (i) the accuracy of the records of DTC, its nominee or any DTC Participant or Indirect Participant with respect to any beneficial ownership interest in any 2020 Bonds;
- (ii) the delivery to any DTC Participant or Indirect Participant or any other Person, other than the registered owner of a 2020 Bond, as shown in the Bond Register, of any notice with respect to any 2020 Bond, including, without limitation, any notice of redemption;
- (iii) the selection by DTC or any DTC Participant or Indirect Participant of any person to receive payment in the event of a partial redemption of 2020 Bonds;
- (iv) the payment to any DTC Participant or Indirect Participant or any other Person other than the registered owner of a 2020 Bond, as shown in the Bond Register, of any amount with respect to the principal of, redemption price, or interest on, any 2020 Bond; or
- (v) any consent given by DTC as registered owner.

Prior to the discontinuation of the book-entry only system as described herein, the Authority and the Trustee may treat DTC and any successor securities depository to be the absolute owner of the 2020 Bonds for all purposes, including, without limitation:

- (i) the payment of principal of redemption price or interest on the 2020 Bonds;
- (ii) giving notices of redemption and other matters with respect to the 2020 Bonds;

- (iii) registering transfers with respect to the 2020 Bonds; and
- (iv) the selection of 2020 Bonds for redemption.

The Beneficial Owners of the 2020 Bonds have no right to a securities depository for the 2020 Bonds. DTC or any successor securities depository may resign as depository for the 2020 Bonds by giving notice to the Trustee and the Authority and discharging its responsibilities under applicable law. In addition, the Authority may remove DTC or a successor securities depository for any reason at any time. In such event, such 2020 Bonds shall no longer be restricted to being registered in the registration books of the Authority in the name of the securities depository or its nominee, but may be registered in the name of the successor securities depository or its nominee, or in whatever name or names the Depository Participants receiving such 2020 Bonds shall designate, in accordance with the provisions of the Indenture. See “Discontinuance of Book-Entry Only System” below.

Discontinuance of Book-Entry Only System

The book-entry only system for registration of the ownership of the 2020 Bonds may be discontinued at any time if: (i) after written notice to the Authority and the Trustee, DTC determines to resign as securities depository for the 2020 Bonds; or (ii) after written notice to DTC and the Trustee, the Authority determines that continuation of the system of book-entry transfers through DTC (or through a successor securities depository) is not in the best interests of the Beneficial Owners. In any such event, unless the Authority appoints a successor securities depository, such 2020 Bonds shall be delivered in registered certificate form to such persons, and in such maturities and principal amounts, as may be designated in writing by DTC, but without any liability on the part of the Authority or the Trustee for the accuracy of such designation. Whenever DTC requests the Authority or the Trustee to do so, the Authority or the Trustee shall cooperate with DTC in taking appropriate action after reasonable written notice to arrange for another securities depository to maintain custody of certificates evidencing the 2020 Bonds.

THE AUTHORITY, THE COLLEGE AND THE TRUSTEE CANNOT AND DO NOT GIVE ANY ASSURANCES THAT DTC, THE DIRECT PARTICIPANTS OR THE INDIRECT PARTICIPANTS WILL DISTRIBUTE TO THE BENEFICIAL OWNERS OF THE 2020 BONDS (I) PAYMENTS OF PRINCIPAL OR REDEMPTION PRICE OF OR INTEREST ON THE 2020 BONDS, (II) CERTIFICATES REPRESENTING AN OWNERSHIP INTEREST OR OTHER CONFIRMATION OF BENEFICIAL OWNERSHIP INTERESTS IN THE 2020 BONDS, OR (III) REDEMPTION OR OTHER NOTICES SENT TO DTC OR CEDE & CO., ITS PARTNERSHIP NOMINEE, AS THE REGISTERED OWNER OF THE 2020 BONDS, 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.

REDEMPTION OF THE 2020 BONDS

Optional Redemption

The Bonds are subject to optional redemption prior to maturity, at the option of the Authority at the direction of the College, in whole or in part at any time and from time to time, at a redemption price equal to the greater of: (i) 100% of the principal amount thereof; or (ii) the Discounted Value (as defined below) thereof, plus in either case, accrued interest thereon to the date of redemption. The Bonds may be redeemed in any order of maturity and in any principal amount within a maturity as selected by the Authority, at the direction of the College, in its sole discretion, and if in part within a maturity by lot. All calculations and determinations referred to hereunder except as provided in the preceding sentence, are expected (but not required) to be made by a financial advisor or other agent selected by the Authority and College for such purposes (the “Calculation Agent”).

“Discounted Value” means, with respect to each outstanding maturity of the Bonds (or portion thereof) to be redeemed, the sum as determined by the Calculation Agent of the amounts obtained by discounting all remaining scheduled payments of principal and interest (exclusive of interest accrued to the date of redemption) on such maturity (or portion thereof) from their respective scheduled payment dates to the applicable redemption date, at a yield

(computed on a semi-annual basis, assuming a 360-day year consisting of twelve 30-day months) equal to the applicable Discount Yield.

“Discount Yield” means, with respect to each maturity of the Bonds (or portion thereof) to be redeemed on a particular date, the Blended Treasury Yield determined by the Calculation Agent with respect to such maturity of the Bonds (or portion thereof) to be redeemed, plus twenty-five (25) basis points. The Discount Yield will be calculated assuming semi-annual compounding based upon a 360-day year consisting of twelve 30-day months.

“Blended Treasury Yield” means, with respect to the Bonds of a particular maturity, the yield computed by the Calculation Agent as the linear interpolation of two Market Treasury Yields such that the theoretical maturity that corresponds to the interpolated Market Treasury Yield equals the date that corresponds to the remaining average life of the maturity of the Bonds (or portion thereof) to be redeemed. The first Market Treasury Yield shall be based on an actively traded U.S. Treasury security or U.S. Treasury index whose maturity is closest to but no later than the date corresponding to the remaining average life of the maturity of the Bonds (or portion thereof) to be redeemed; the second Market Treasury Yield shall be based on an actively traded U.S. Treasury security or U.S. Treasury index whose maturity is closest to but no earlier than the date corresponding to the remaining average life of the maturity of the Bonds (or portion thereof) to be redeemed.

“Market Treasury Yield” means that yield, as determined by the Calculation Agent, assuming semi-annual compounding based upon a 360-day year consisting of twelve 30-day months, which is equal to:

(i) the yield for the applicable maturity of an actively traded U.S. Treasury security, reported, as of 11:00 a.m., New York City time, on the Valuation Date on the display designated as “Page PX1” of the Bloomberg Financial Markets Services Screen (or, if not available, any other nationally recognized trading screen reporting online intraday trading in U.S. Treasury securities);

(ii) if the yield described in (i) above is not reported as of such time or the yield reported as of such time is not ascertainable, the most recent yield data for the applicable U.S. Treasury maturity index from the federal Reserve Statistical Release H.15 Daily Update (or any comparable or successor publication) reported, as of 11:00 a.m., New York City time, on the Valuation Date; or

(iii) if the yields described in (i) and (ii) above are not reported as of such time or the yields reported as of such time are not ascertainable, the yield for the applicable maturity of any actively traded U.S. Treasury security shall be based upon the average of yield quotations for such security (after excluding the highest and lowest quotations) as of 3:30 p.m., New York City time, on the Valuation Date received from no less than five primary dealers in U.S. Government securities selected by the Authority.

Each yield quotation for each actively traded U.S. Treasury security required in (i) and (iii) above shall be determined using the average of the bid and ask prices for that security.

“Valuation Date” means the third Business Day preceding the redemption date.

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Mandatory Redemption

The Bonds maturing on June 15, 2040 are subject to mandatory sinking fund redemption prior to maturity by the Authority in part by lot on June 15 of the years and in the amounts set forth below, at a redemption price equal to 100% of the principal amount thereof, plus accrued interest to the redemption date:

<u>Year (June 15)</u>	<u>Principal Amount</u>
2036	\$1,175,000
2037	1,215,000
2038	1,255,000
2039	1,295,000
2040	1,340,000*

*Maturity

Purchase of 2020 Bonds In Lieu of Mandatory Redemption

The Trustee is authorized under the Indenture, at the written direction of the College, to purchase 2020 Bonds subject to mandatory redemption at prices not exceeding 100% of the principal amount thereof (including any brokerage fees or costs), together with accrued interest to the date of purchase, from and to the extent of available moneys in the Debt Service Fund (as hereinafter defined) established thereunder and to accept the tender of any such 2020 Bond from the Authority or the College and, in such event, the principal amount of such 2020 Bonds required to be redeemed in any such year shall be reduced by the principal amount of such 2020 Bonds so purchased or tendered in each year. Any such 2020 Bonds so purchased or tendered shall be cancelled by the Trustee. In the event of the purchase of the 2020 Bonds at less than the principal amount thereof, the difference between the amount in the Debt Service Fund representing the principal amount of the 2020 Bonds purchased and the purchase price (exclusive of accrued interest) shall be retained in the Debt Service Fund.

Extraordinary Optional Redemption

The 2020 Bonds will be subject to extraordinary redemption prior to maturity, at the option of the Authority at the direction of the College, in whole or in part at any time, in any order of maturity selected by the College, and within any maturity by lot, upon payment of a redemption price equal to one hundred percent (100%) of the principal amount, plus accrued interest to the date of redemption, but only in the event that all or a portion of the projects financed or refinanced with the proceeds of the 2020 Bonds are condemned or sold under threat of condemnation, damaged or destroyed, and it is determined by the College that repair, replacement or reconstruction is not desirable, practical or financially feasible, from and to the extent of insurance proceeds, condemnation awards, or proceeds of sale in lieu of condemnation payable to the College are deposited for such purposes with the Trustee.

Notice of Redemption

So long as the 2020 Bonds are registered in the name of DTC or its nominee, the Trustee shall cause notice of any optional redemption of the 2020 Bonds to be made only to DTC or its nominee. If at any time the book-entry only system is discontinued with respect to the 2020 Bonds or if any 2020 Bonds are not registered in the name of DTC, its nominee or similar depository or nominee, the Trustee shall cause any notice of redemption to be mailed by first class mail, postage prepaid to the Owners of all the 2020 Bonds to be redeemed at the registered addresses appearing in the Bond Register. Each such notice shall be given in the name of the Authority and shall (i) be mailed not less than twenty (20) nor more than sixty (60) days prior to the redemption date, (ii) identify the 2020 Bonds to be redeemed (specifying the CUSIP numbers, if any, assigned to the 2020 Bonds), (iii) specify the redemption date and the

redemption price, and (iv) state that on the redemption date the 2020 Bonds called for redemption will be redeemable at the corporate trust office in Philadelphia, Pennsylvania of the Trustee or any alternative paying agent, that interest will cease to accrue from the redemption date, and that no representation is made as to the accuracy or correctness of the CUSIP numbers printed therein or on the 2020 Bonds. No defect affecting any particular 2020 Bonds, whether in the notice of redemption or mailing thereof (including any failure to mail such notice), shall affect the validity of the redemption proceedings for the redemption of any other 2020 Bonds.

No further interest shall accrue on any 2020 Bond called for redemption after the redemption date if payment of the redemption price has been duly provided for and the Owners of such 2020 Bonds shall have no rights except payment of the redemption price and the unpaid interest accrued on such 2020 Bonds to the date fixed for redemption.

If at the time of mailing of any notice of redemption the Authority shall not have deposited with the Trustee monies sufficient to redeem all the 2020 Bonds called for redemption, such notice shall state that it is subject to the deposit of the redemption moneys with the Trustee not later than the opening of business on the redemption date and shall be of no effect unless such monies are so deposited. If such monies are not deposited by such date and time, the Trustee shall promptly notify the Owners of all 2020 Bonds called for redemption of such fact.

SOURCE OF PAYMENT AND SECURITY FOR THE BONDS

College Loan Payments

The College will deliver to the Authority a promissory note dated the date of delivery thereof (the “2020 Note”), evidencing its obligation under the Loan Agreement with respect to the 2020 Bonds. The College may from time to time hereafter deliver one or more additional promissory notes (and together with the 2020 Note, the “Notes”) evidencing its obligation under the Loan Agreement with respect to Additional Bonds (as defined in the Indenture). The 2020 Bonds, the 2019 Bonds and any Additional Bonds are limited nonrecourse obligations of the Authority, payable solely from (i) payments received from the College under the Loan Agreement and the Notes, and (ii) certain moneys held by the Trustee in funds established under the Indenture, if any. On the date of issuance of the 2020 Bonds, the Authority and the College will enter into the First Supplemental Loan Agreement pursuant to which the Authority will, among other things, lend the proceeds of the 2020 Bonds to the College.

Under the Loan Agreement, the College agrees to repay such loan in such amounts and at such times as will provide sufficient funds to meet the debt service requirements on the 2020 Bonds. The College will deliver the 2020 Note to the Authority evidencing its obligations under the Loan Agreement with respect to the 2020 Bonds. Pursuant to the Loan Agreement and the 2020 Note, the College shall pay to the Trustee, as assignee of the Authority, in immediately available funds for deposit into the Revenue Fund (as hereinafter defined) established under the Indenture on or before the first day of the months in which the principal of and/or interest on the 2020 Bonds are due, the amounts which, together with other funds available for such purpose, shall be sufficient to pay the principal of and interest on the 2020 Bonds becoming due on such date (the “Loan Payments”).

Under the Loan Agreement, each Loan Payment date is fifteen (15) days prior to the applicable debt service payment date on the 2020 Bonds, thereby providing the Trustee with additional time prior to the due date thereof to notify the Secretary of the Department of the Commonwealth to withhold out of the College’s appropriation due to the College from the Commonwealth, the debt service due on the 2020 Bonds. Provisions of the Community College Act require that, should any community college (including the College) fail to make its required loan payment with respect to a general obligation note such as the 2020 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 loan payment owed by such community college. See “COMMUNITY COLLEGE FUNDING STRUCTURE – Direct Payment of Commonwealth Appropriations to Trustee” herein. If the Loan Payments, together with any amounts received by the Trustee from the Secretary of the Department of the Commonwealth, are not sufficient to pay the principal of and interest on the 2020 Bonds when the same becomes due and payable, it shall be an Event of Default under the Indenture. The payment obligations of the College under the Loan Agreement and the 2020 Note are general obligations of the College that are not subordinated to any other debt obligation of the College and are not secured by the pledge or assignment by the College of any of its revenues or other property. See

“SUMMARIES OF CERTAIN PROVISIONS OF LOAN AGREEMENT AND THE INDENTURE – The Loan Agreement” herein.

The 2020 Bonds are secured under the Indenture by the assignment to the Trustee of all the right, title and interest of the Authority in and to the 2020 Note and the Loan Agreement (except for the Authority’s right to payment of certain fees and expenses and to indemnification) including amounts payable thereunder. **Neither the Authority nor the College have taxing power.**

THE 2020 BONDS ARE LIMITED OBLIGATIONS OF THE AUTHORITY. NEITHER THE GENERAL CREDIT OF THE AUTHORITY NOR THE CREDIT OR TAXING POWER OF THE UNITED STATES OF AMERICA, THE COMMONWEALTH OF PENNSYLVANIA, THE COUNTY OF PHILADELPHIA OR OF ANY POLITICAL SUBDIVISION THEREOF IS PLEDGED FOR THE PAYMENT OF THE PRINCIPAL OR REDEMPTION PRICE OF THE 2020 BONDS OR THE INTEREST THEREON; NOR SHALL THE 2020 BONDS BE DEEMED A GENERAL OBLIGATION OF THE AUTHORITY OR AN OBLIGATION OF THE UNITED STATES OF AMERICA, THE COMMONWEALTH OF PENNSYLVANIA, THE COUNTY OF PHILADELPHIA OR OF ANY POLITICAL SUBDIVISION THEREOF; NOR SHALL THE UNITED STATES OF AMERICA, THE COMMONWEALTH OF PENNSYLVANIA, THE COUNTY OF PHILADELPHIA OR OF ANY POLITICAL SUBDIVISION THEREOF BE LIABLE FOR THE PAYMENT OF SUCH PRINCIPAL OR INTEREST. THE AUTHORITY HAS NO TAXING POWER.

Additional Bonds

Upon compliance with the terms and obligations and conditions of the Indenture and the Loan Agreement, the Authority, at the request of the College, may issue Additional Bonds (collectively, the “Bonds”), for any purpose permitted under the Act. In connection with the issuance of Additional Bonds, additional funds may be established under the Indenture for the benefit of the Bonds. For a further description of the conditions under which such Additional Bonds may be issued, see “SUMMARIES OF CERTAIN PROVISIONS OF LOAN AGREEMENT AND THE INDENTURE – The Indenture” herein.

COMMUNITY COLLEGE FUNDING STRUCTURE

Local Sponsor Obligation

General: Under the Community College Act, all community colleges must be supported by a local sponsor, which in the College’s case is the City of Philadelphia (the “Local Sponsor”).

Capital Expenses: The Local Sponsor is obligated under the Community College Act to pay up to one-half of the College's annual approved capital expenses (including debt service). Funds from the City are received as a lump sum allocation to the College's operating and capital budgets and for the fiscal year ending June 30, 2020, and fiscal year ending June 30, 2021, the Local Sponsor contributed \$36,059,207 and will have contributed \$39,309,207 (plus the restricted \$4,800,952 Octavius Catto Scholarship Program contribution¹), respectively, to the College for capital and operating expenses. The College's remaining capital expenditures are funded through capital fees assessed upon non-city residents on a per credit basis and other revenues. The Commonwealth is also responsible for one-half (1/2) of the College’s annual approved capital expenses. See “**Commonwealth Obligation**” below.

Taxing Power Regarding Community Colleges: The Community College Act authorizes, but does not require, the governing body of a local sponsor of a community college to levy taxes annually on subjects of taxation as

¹ The Octavius Catto Scholarship is the College’s new anti-poverty partnership with the City of Philadelphia which provides free college education and financial and social supports to low income Philadelphians. The City has agreed to support this Scholarship with \$47.4m over five years, impacting 4,488 students, starting in January 2021.

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. The College's Local Sponsor has not adopted or proposed to adopt such a tax. The College has no taxing power.

Commonwealth Obligation

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

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

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

Growth Funding. The remaining 25 percent of the increase to the Commonwealth appropriation is distributed among the colleges that experienced enrollment growth between the last two audited years. Each college's share is allocated proportionately based upon such college's FTE change relative to the total Commonwealth community college FTE change. FTE is defined as the total number of: (1) all students taking more than twelve credits; (2) the number of credits taken by all part time students divided by twelve; and (3) the number of clock hours taken by non-credit students divided by 180. Annual FTEs are computed by totaling semester FTEs for all terms (including summer terms) and dividing by two. Colleges not experiencing growth between the two audited years do not have a reduction in funding, but receive no growth funding. The total of the base and growth funding which results from the above computations establishes the base funding amount used to compute the increase in the base funding for the next fiscal year.

Economic Development (High Priority) Program Funding. This third category of operating funding is for FTEs taught in economic development (high priority) program areas, and is based upon FTEs taught in priority program areas in the immediately preceding fiscal year. Each college, if applicable, is allocated a share of an economic development program pool of funds based upon its FTEs taught in priority programs relative to the total Commonwealth FTEs taught in priority program areas. An individual college's economic development program funding may fluctuate from year to year as a result of enrollment changes, program additions or deletions by the college, and the Commonwealth's determination of which programs and courses are currently high priority.

The Commonwealth has not followed such allocation formula since fiscal year 2010-11 and instead has made lump sum appropriations to community colleges. The College received \$31,653,624 in fiscal year 2018-19, \$32,287,263 in fiscal year 2019-20, and the current allocation for 2020-21 is \$32,287,263.

Capital Expenses: The Community College Act provides that the Commonwealth will pay to a community college on behalf of the local sponsor on account of its capital expenses (including debt service) an amount equal to one-half of such college's annual capital expenses from funds appropriated for that purpose to the extent that said capital expenses have been approved for such reimbursement by the Department. The Commonwealth provided capital funding for debt service in the amounts of \$4,937,072 and \$5,819,210 for fiscal years ended June 30, 2019 and 2020, respectively. For fiscal year ending June 30, 2021, capital funding for debt service will be \$5,812,135.

The Commonwealth also pays an amount equal to one-half of certain approved property and equipment leases. For financial statement purposes, the College classifies these amounts as Operating Funds. The amounts of \$166,252 and \$120,753 were received for fiscal years ended June 30, 2019 and 2020, respectively. For fiscal year ending June 30, 2021, the amount is projected to be \$150,000.

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 or that the allocation formula pursuant to which the Commonwealth distributes such subsidies to the various community colleges throughout the Commonwealth will not be amended at any time. 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 (but not the College) pending the authorization and payment of Commonwealth aid. Consequently, there can be no assurance that financial support from the Commonwealth for community colleges, either for capital projects or education programs in general, will continue at present levels or that moneys will be payable to a community college if indebtedness of such community college is not paid when due.

Direct Payment of Commonwealth Appropriations to Trustee

Provisions of the Community College Act require that, should any community college fail to make its required debt service payment with respect to a general obligation note such as the 2020 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 annual debt service after issuance of the 2020 Bonds and the amount of Commonwealth operating and capital expense appropriations presently budgeted by the College for fiscal year 2020-21 and excluding any reimbursement that may be received from the Department, the Commonwealth ratio of coverage of the College's maximum anticipated debt service would currently be approximately 3.42 times. Any such amounts that would be used pursuant to this section to make required debt service payments are subject to appropriation.

Pennsylvania Department of Education Project Approval

As discussed under the heading “Commonwealth Obligation” section above, the Community College Act provides that the Commonwealth will reimburse a community college up to one-half (1/2) of the annual cost on certain capital projects assuming that said capital projects have been approved by the Department.

In connection with the issuance of the 2020 Bonds, a portion of the proceeds will be used to fund a portion of the costs of the development, construction, improvement, furnishing, equipping and outfitting of the Technology Center and other miscellaneous capital improvements thereto. The Department has already approved the project and will provide 50% reimbursement of the annual debt service costs on borrowing of up to \$20 million, which includes the 2019 and the 2020 Bonds. The College will be responsible for 100% of the debt service of the amount of borrowing that exceeds \$20 million. The College, as part of the Department's annual capital budget request process, has submitted a request for additional reimbursement of debt service for the amount of borrowing on that project that exceeds \$20 million. There is no guarantee the Department will approve such request for additional reimbursement, in which case the College will be responsible for 100% of the debt service on principal in excess of \$20 million.

SUMMARIES OF CERTAIN PROVISIONS OF 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. Capitalized terms used herein and not otherwise defined shall have the meanings set forth in the Loan Agreement and the Indenture.

The Loan Agreement

In connection with the issuance of the 2020 Bonds, the Authority will enter into the First Supplemental Loan Agreement with the College, pursuant to which the Authority will loan the proceeds of the 2020 Bonds to the College. The Loan Agreement requires the College to make loan repayments to the Authority in amounts sufficient to pay the principal or redemption price of and interest on the 2020 Bonds. The obligations of the College under the Loan Agreement with respect to the 2020 Bonds will be evidenced by the 2020 Note. Pursuant to the Loan Agreement and the 2020 Note, the College shall pay to the Trustee, as assignee of the Authority, in immediately available funds for deposit into the Revenue Fund established under the Indenture on or before the first day of the months in which the principal of and/or interest on the 2020 Bonds are due, the amounts which, together with other funds available for such purpose, shall be sufficient to pay the principal of and interest on the 2020 Bonds becoming due on such date. Under the Loan Agreement, each Loan Payment date is fifteen (15) days prior to the applicable debt service payment date on the 2020 Bonds, thereby providing the Trustee with additional time prior to the due date thereof to notify the Secretary of the Department of the Commonwealth to withhold out of the College's appropriation due to the College from the Commonwealth, the debt service due on the 2020 Bonds. If the Loan Payments, together with any amounts received by the Trustee from the Secretary of the Department of the Commonwealth, are not sufficient to pay the principal of and interest on the 2020 Bonds when the same becomes due and payable, it shall be an Event of Default under the Indenture.

Source of Loan Payments. The Loan Payments due under the Loan Agreement and the 2020 Note are general obligations of the College, payable by the College from its general revenues from whatever source derived, but not secured by a pledge or assignment thereof. 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 Loan Agreement and the 2020 Note in such fiscal year.

Remedies for an Event of Default. If the payments by the College on the 2020 Note are insufficient in any fiscal year as the same is due and payable to provide for the Loan Payments and other sums due under the Loan Agreement, the Authority shall notify the Secretary of the Department of the Commonwealth of such failure to make the required Loan Payments 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 Loan Agreement and the 2020 Note, and to pay over to the Trustee, as sinking fund depository for the 2020 Note, the amount so withheld. See "COMMUNITY COLLEGE FUNDING STRUCTURE – Direct Payment of Commonwealth Appropriations to Trustee" herein.

Additional Covenants of the College. The College has covenanted in the Loan Agreement that it will proceed with diligence to undertake and complete the Technology Center Capital Project substantially in accordance with the plans and specifications therefor as approved by the Department and to keep accurate books and records of account with respect to the Technology Center Project and to furnish annual audited financial statements to the Authority within 30 days of availability.

Assignment of the 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 the Loan Agreement and the 2020 Note and all amounts payable thereunder for the benefit and security of the Owners under the Indenture.

Unconditional Obligation. Payment of the principal and interest due under the 2020 Note and Loan Agreement and all other sums payable under the Loan Agreement is an absolute and unconditional obligation of the College. The payments are required to be made in full directly to the Trustee, as assignee, when due without abatement, diminution or deduction for any cause whatsoever, including, without limitation, destruction of the College's facilities, and without any defense, set-off, recoupment or counterclaim which the College may have or assert against the Authority, the Trustee, any Owner of Bonds or any other person.

Amendments of the Loan Agreement Without Bondholder Approval. The Loan Agreement may be amended without the approval of the Owners of the Bonds: (i) in connection with the issuance of Additional Bonds under the Indenture; (ii) to cure any ambiguity, defect or inconsistency or omission in the Loan Agreement or an

amendment thereto; (iii) to grant to or confer upon the Authority any additional rights, remedies, powers, authority or security that lawfully may be granted to or conferred upon it; (iv) to reflect a change in applicable law including, without limitation, any change in the Code; or (v) to provide terms not inconsistent with the Indenture or the Loan Agreement; so long as such amendment does not adversely affect the Owners of the Bonds or reduce the security provided for the benefit of the Owners.

Amendments of the Loan Agreement With Bondholder Approval. The Loan Agreement may be amended or modified other than as listed in the paragraph above if approved by the Owners of a majority in aggregate principal amount of the Outstanding Bonds, except that the consent of the Owners of all Bonds Outstanding is required for any amendment, change or modification of the Loan Agreement that would permit the termination or cancellation of the Loan Agreement or a reduction in or postponement of the payments under the Loan Agreement or any change in the provisions relating to payment thereunder. If the Authority and the College request the consent of the Trustee to any such proposed amendment, the Trustee shall, upon being satisfactorily indemnified with respect to expenses, cause notice of such proposed amendment to be given to Owners of the Bonds; provided that, prior to the delivery of such notice or request, the Trustee and the Authority may require a Favorable Opinion of Bond Counsel for certain Outstanding Bonds.

The Indenture

Limited Obligation of the Authority. **The 2020 Bonds are limited obligations of the Authority. Neither the general credit of the Authority nor the credit or taxing power of the United States of America, the Commonwealth of Pennsylvania, the County of Philadelphia or of any political subdivision thereof is pledged for the payment of the principal or redemption price of the 2020 Bonds or the interest thereon; nor shall the 2020 Bonds be deemed a general obligation of the Authority or an obligation of the United States of America, the Commonwealth of Pennsylvania, the County of Philadelphia or of any political subdivision thereof; nor shall the United States of America, the Commonwealth of Pennsylvania, the County of Philadelphia or of any political subdivision thereof be liable for the payment of such principal or interest. The Authority has no taxing power.**

Pledge and Assignment of Revenues. The Authority, pursuant to the Indenture has pledged and assigned to the Trustee, and granted to the Trustee a security interest in, all Loan Payments and other sums payable by the College under the Loan Agreement and the Notes, for the benefit and security of the registered Owners of the Bonds.

Revenue Fund. All Loan Payments by the College under the Loan Agreement and the Notes are required to be deposited in the revenue fund (the "Revenue Fund") established under the Indenture by the Trustee and shall be payable on or before the date of any required or permitted payment of principal or redemption price of or interest on the 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.

Debt Service Fund. The Trustee shall transfer to the debt service fund (the "Debt Service Fund") established under the Indenture monies from the Revenue Fund, amounts sufficient to make the interest payments, principal payments and redemption payments on the Bonds when due. The Trustee shall apply such monies on deposit in the Debt Service Fund to the payment of the principal and redemption price of and interest on the Bonds when due.

Project Fund. The Trustee shall establish a project fund (the "Project Fund"), and within the Project Fund a 2020 Account, into which shall be deposited the amount of proceeds of the sale of certain of the 2020 Bonds as shown on the Closing Statement for the 2020 Bonds for the purpose of paying certain of the Costs of the Technology Center Capital Project. The monies in the Project Fund shall be held by the Trustee in trust, and secured and invested as provided in the Indenture, and, pending the application thereof to the Costs of the Technology Center Capital Project, upon requisition of the Authority as provided in the Indenture, shall be subject to the lien and charge of the Indenture in favor of the Owners of the Bonds issued and outstanding thereunder.

Additional Bonds. The College may have Additional Bonds issued on its behalf. In connection with the issuance of Additional Bonds, additional funds may be established under the Indenture or another indenture for the benefit of the Bonds.

Investment of Funds. All monies on deposit in all of the funds and accounts established under this Indenture shall be invested and reinvested by the Trustee at the written direction of the College or the Authority in Qualified Investments (as defined below), and the Trustee shall incur no liability for investments made at the direction of the College or the Authority. In the absence of investment instructions from the Authority or the College, the Trustee will hold moneys under the Indenture uninvested. All interest, income and profits received by the Trustee in respect of Qualified Investments (defined below) held in the Project Fund prior to the completion of the Technology Center Capital Project shall be retained in or transferred to such Project Fund and, following the completion of such Technology Center Capital Project shall be retained in or transferred to the Revenue Fund. All interest, income and profits received by the Trustee in respect of Qualified Investments held in the Revenue Fund and the Debt Service Fund shall be credited against the payment obligations of the College under the Loan Agreement and the Notes.

As used herein, the term "Qualified Investments" means and includes any of the following, to the extent permitted under the applicable laws of the Commonwealth:

- (a) Government Obligations;
- (b) obligations of any of the following federal agencies which obligations represent the full faith and credit of the United States of America:
 - Export-Import Bank
 - Farmers Home Administration
 - General Services Administration
 - U.S. Maritime Administration
 - Small Business Administration
 - Government National Mortgage Association
 - U.S. Department of Housing & Urban Development
 - Federal Housing Administration
- (c) bonds, notes or other evidences issued by Fannie Mae, the Federal Home Loan Mortgage Corporation, the Federal Home Loan Bank, the Federal Farm Credit Bank or the Resolution Funding Corporation with remaining maturities not exceeding three years;
- (d) demand deposits, including interest bearing money market accounts, time deposits, trust funds, trust accounts, overnight bank deposits, interest-bearing deposits, other deposit products, certificates of deposit, including those placed by a third party pursuant to an agreement between the Trustee and the Authority or the College, or bankers acceptances of depository institutions, including the Trustee or any of its affiliates;
- (e) commercial paper which is rated at the time of purchase in the single highest classification, "A-1+" by S&P or "P-1" by Moody's, and which matures not more than 270 days after the date of purchase;
- (f) investments in a money market fund rated, at the time of purchase, having a rating in the highest investment category granted thereby from S&P or Moody's, including without limitation, any money market mutual funds for which the Trustee or an affiliate of the Trustee serves as investment manager, administrator, shareholder servicing agent, and/or custodian or subcustodian, notwithstanding that (i) the Trustee or an affiliate of the Trustee receives fees from such funds for services rendered, (ii) the Trustee charges and collects fees for services rendered pursuant to this Indenture, which fees are separate from the fees received from such funds, and (iii) services performed for such funds and pursuant to this Indenture may at times duplicate those provided to such funds by the Trustee or its affiliates;

(g) obligations which are (i) issued by any state or political subdivision thereof or any agency or instrumentality of such a state or political subdivision, and (ii) at the time of purchase, rated by S&P and Moody's in either of their respective two highest rating categories (disregarding qualifications of such categories by symbols such as "+" or "-");

(h) Investment agreements with Qualified Financial Institutions;

(i) repurchase agreements with respect to Government Obligations issued by any bank, trust company or national banking association (which may include the Trustee and any of its affiliates) or by any government securities dealer or other financial services or similar institution (which may include any affiliate of the Trustee), provided that any such repurchase agreement must be (i) issued or guaranteed by an institution whose unsecured, long term senior debt obligations are, at the time of such issuance, rated by S&P and Moody's in either of their respective two highest rating categories (disregarding qualifications of such categories by symbols such as "+" or "-"), and (ii) secured by Government Obligations having a market value, determined weekly, at least equal to 102% of the repurchase price payable under the repurchase agreement; and investment agreements issued by any bank, trust company or national banking association (including the Trustee and any of its affiliates) or by any other financial services or similar institution, provided that any such investment agreement is (i) issued or guaranteed by an institution whose unsecured, long term senior debt obligations are, at the time of such issuance, rated by S&P and Moody's in either of their respective two highest rating categories (disregarding qualifications of such categories by symbols and as "+" or "-"), and (ii) secured by Government Obligations having a market value, determined weekly, at least equal to the principal amount invested under the investment agreement; and

(j) Pre-refunded Municipal Obligations.

For purposes of the above:

“Qualified Financial Institution” shall mean a bank, trust company, national banking association, insurance company or other financial services company whose unsecured long term debt obligations or insurance claims paying abilities (as applicable) are rated by a Rating Agency and, as to any such Rating Agency, in any of its two (2) highest Rating Categories.

“Rating Category” means, with respect to a particular investment or credit facility or to the provider thereof, any of the principal rating categories which are assigned by Moody's or S&P to investments, credit facilities or providers of the type in question; provided that distinctions within any such principal rating category (including distinctions identified by numerical symbols or symbols such as "+" or "-") shall be disregarded for purposes of any specific Rating Category or minimum Rating Category required under the Indenture.

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

Acceleration. Under the Indenture, if an event of default has occurred and is continuing, the Trustee may, and shall upon the written request at the holders of 25% in principal amount of Bonds outstanding, accelerate the payment of the principal of and interest due on the Bonds. The prior written consent of the BAM and of Assured Guaranty Municipal Corporation's ("AGM"), as insurer of the 2019 Bonds, is required as a condition precedent to and in all instances of acceleration.

Legal Proceedings. Under the Indenture, if an Event of Default has occurred and is continuing, then the Trustee may, upon the written request of the holders of 25% in principal amount of the Bonds then Outstanding, and upon the receipt of indemnity to its satisfaction, shall enforce for the benefit of all Owners all of their rights by mandamus or by other suit, action or proceeding at law or in equity to require the College to provide sufficient funds to carry out the provisions of the Loan Agreement and to make its payment obligations under the Notes, and to require the Authority to carry out any other agreements with, or for the benefit of, the holders of the Bonds, and to perform its duties under the Act. For a more complete statement of rights and remedies of the Owners and of the limitations thereon, reference is made to the Indenture.

Maintenance of Books and Records. 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 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 Owners 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 Owners 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 Owners. Certain other modifications may be made to the Indenture, but only with consent of the Owners of not less than 66-2/3% in principal amount of Outstanding Bonds issued thereunder. Any amendment, supplement, modification to, or waiver of, the Indenture that (i) requires the consent of holders of the 2019 Bonds or adversely affects the rights or interests of AGM, as insurer of the 2019 Bonds, shall be subject to the prior written consent of AGM; or (ii) requires the consent of holders of the 2020 Bonds or adversely affects the rights or interests of BAM, as insurer of the 2020 Bonds, shall be subject to the prior written consent of BAM.

Defeasance of Bonds other than the 2020 Bonds. When the principal or redemption price (as the case may be) of all Bonds issued under the Indenture, together with the interest thereon, have been paid, or there shall have been irrevocably deposited with the Trustee any combination of monies, Government Obligations and other Qualified Investments secured by a pledge of Government Obligations which mature as to principal and interest in such amounts and at such times as will be sufficient to pay the principal or redemption price of the Bonds and interest thereon due or to become due to the date or dates of maturity or redemption, as well as all other sums payable hereunder by the Authority, the Indenture shall cease to be of further effect (except as to rights of registration of transfer and exchange; substitution of mutilated, destroyed, lost or stolen Bonds; rights of Owners of the Bonds to receive payments of principal or redemption price, as applicable, and interest when due from amounts deposited pursuant to Section 14.1 of the Indenture; the obligations of the Authority contained in Section 5.3 of the Indenture; and rights, obligations and immunities of the Trustee under the Indenture), and the Trustee upon written request of the Authority (and payment of all compensation and reimbursement of expenses then due and owing the Trustee) shall release the Indenture and the lien thereof and shall execute such documents to evidence such release as may be reasonably required by the Authority and shall turn over to the Authority or to such person, body or authority as may be entitled to receive the same all property pledged under the Indenture and any and all balances remaining in any fund or account established thereunder (except amounts deposited or reserved in any fund or account to pay the principal or redemption price of or interest on the Bonds, and amounts on deposit in the Rebate Fund which are to be applied as set forth in the Indenture). In determining the sufficiency of the monies, Government Obligations and other Qualified Investments deposited pursuant to Section 14.1 of the Indenture, the Trustee shall be entitled to receive, at the expense of the College, and may rely on a verification report of a firm of nationally recognized independent public accountants. The Trustee shall not be required to take any such action unless it shall have received an opinion of Bond Counsel, stating in substance that all conditions precedent provided in the Indenture for such release, cancellation and discharge have been satisfied. Thereafter, the Bonds shall be payable by the Authority solely from the property deposited and pledged pursuant to Section 14.1 of the Indenture.

Deposit of Funds for Payment of Bonds. If the Authority deposits with the Trustee monies or Government Obligations or Qualified Investments secured by a pledge of Government Obligations as provided under the Indenture sufficient to pay the principal or redemption price of any particular Bond or Bonds, either at maturity or by call for redemption or otherwise, together with all interest accruing thereon to the due date, all liability of the Authority with respect to such Bond or Bonds shall cease. Thereafter such Bond or Bonds shall be deemed not to be Outstanding under the Indenture and the Owner or Owners of such Bond or Bonds shall be restricted exclusively to the funds so deposited for any claim whatsoever with respect to such Bond or Bonds, and the Trustee shall hold such funds in trust for such Owner or Owners.

Third Party Beneficiaries. AGM, as insurer of certain of the 2019 Bonds, is recognized as and deemed a third-party beneficiary of the Indenture and the Loan Agreement and may enforce the provisions thereof as if it were a party

thereto. BAM, as insurer of the 2020 Bonds, is recognized as and deemed a third-party beneficiary of the Indenture and the Loan Agreement and may enforce the provisions thereof as if it were a party thereto.

BONDHOLDERS' RISKS

The 2020 Bonds are limited obligations of the Authority and are payable solely from payments made pursuant to the Loan Agreement and from certain funds held by the Trustee pursuant to the Indenture. No representation or assurance can be given to the effect that the College will generate sufficient revenues to meet the College's payment obligations under the Loan Agreement.

Future legislation, regulatory actions, economic conditions, changes in private philanthropy, changes in the number of students in attendance at the College, competition or other factors could adversely affect the College's ability to generate revenues. Demand for attendance at the College may be subject to factors beyond its control, such as general economic and demographic levels, competition and public and private funding of financial aid programs. Neither the Underwriter nor the Authority has made any independent investigation of the extent to which any of these factors could have an adverse impact on the revenues of the College. Without limiting the foregoing, subsidies in the Commonwealth are subject to appropriation. See "COMMUNITY COLLEGE FUNDING STRUCTURE" herein.

Potential Effects of Bankruptcy

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

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

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

Enforceability of Remedies

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

The various legal opinions to be delivered concurrently with the original delivery of the 2020 Bonds will be qualified as to enforceability of the various legal instruments by limitations imposed by bankruptcy, reorganization, insolvency or other similar laws or legal or equitable principles affecting creditors' rights.

No Liens on College Facilities or Security Interest in Revenues of the College

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

Accreditation

The College is currently fully accredited by its regional accreditor, Middle States Commission on Higher Education. Any failure to maintain accreditation would adversely affect the revenues and operations of the College. See “COMMUNITY COLLEGE OF PHILADELPHIA-Accreditation” herein.

Failure to Complete the Technology Center Capital Project

The College currently anticipates receiving new market tax credit equity to finance a portion of the costs of the Technology Center Capital Project and expects to close on the new market tax credit transaction on or about December 9, 2020. However, no representation or assurance can be given that the College will close on such transaction and will receive such new market tax credit equity. If the tax credit transaction fails to close, the College would have to raise additional funds to complete the technology Center Capital Project, including by having Additional Bonds be issued on its behalf. If the College fails to complete the Technology Center Capital Project for any reason, no assurance can be given that the Department will provide reimbursement for any costs thereof, in which case, the College will be responsible for 100% of the debt service on the 2019A Bonds and the 2020 Bonds.

Other Risk Factors

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

- (a) Changes in the demand for higher education in general or for programs offered by the College in particular;
- (b) Competition from other educational institutions;
- (c) Decreases in student retention and graduation rates;
- (d) Higher interest rates, which could strain cash flow or prevent borrowing for needed capital expenditures;
- (e) Increasing costs of compliance with governmental regulations, including accommodations for handicapped or special needs students, and costs of compliance with the changes in such regulations;
- (f) A decline in the market value of the College's investments or a reduction in the College's ability to generate unrestricted revenue from its investments;
- (g) Reduction of funding support from donors or other external sources;
- (h) Increased costs and decreased availability of public liability insurance;
- (i) Employee strikes and other adverse labor actions that could result in a substantial reduction in revenues without corresponding decreases in costs;
- (j) Cost and availability of energy;
- (k) An increase in the salaries and costs of health care benefits, retirement plans, or other benefit packages offered by the College to its employees;

- (l) The occurrence of natural disasters, including floods and hurricanes and pandemics and similar events, which might damage the facilities of the College, interrupt service to such facilities or otherwise impair the operation and ability of such facilities to produce revenue; and
- (m) Factors that may adversely affect the College's reputation and image, including, but not limited safety and security incidents (including data breaches).

COMMUNITY COLLEGE OF PHILADELPHIA

Introduction

Founded in 1964, the College opened for classes in 1965 in a former department store at 34 S. 11th Street in the City while a permanent campus was being sought. In 1971, the College acquired from the federal government the building at 1700 Spring Garden Street that had housed the Third Philadelphia Mint that eventually would become the centerpiece of the College's permanent campus.

Even with renovations of the Mint underway, classes began in 1973. The College maintained both the 11th Street and 17th Street campuses until the spring of 1983 when all of the main campus facilities, including the West and Bonnell buildings, were built and consolidated into the permanent campus at 17th Street.

The Winnet Student Life Building and Athletic Center, at 17th and Buttonwood Streets, was completed and formally dedicated in September 1991. The Center for Business and Industry building located at 18th and Callowhill Streets was completed in January 2003.

The West Regional Center located at 4725 Chestnut Street opened in 1992, the Northeast Regional Center located at 12901 Townsend Road opened in 1994 and the Northwest Regional Center located at 1300 W. Godfrey Avenue opened in 1999.

A major renovation and expansion of the College's Main Campus began in summer 2009. A new Pavilion Building housing the Culinary Arts and Hospitality Management programs, new student and staff dining services, the Welcome Center and portions of the new College Bookstore opened in fall 2011. Renovations to portions of the Bonnell, Mint and West buildings began in January 2010 and were completed in fall 2014.

The College broke ground for a new building at the Northeast Regional Center in April 2009 which was completed in summer 2010. Renovations to the existing Northeast building were completed in December 2010.

In September 2019, the College began another major renovation within areas of the Mint and Bonnell buildings. A Learning Commons which incorporates the Library, the various Learning Labs, and the student academic computing center is being created. This project is expected to be completed in December 2020.

Mission Statement

Community College of Philadelphia is an open-admission, associate-degree-granting institution which provides access to higher education for all who may benefit. Its programs of study in the liberal arts and sciences, career technologies, and basic academic skills provide a coherent foundation for college transfer, employment and lifelong learning. The College serves Philadelphia by preparing its students to be informed and concerned citizens, active participants in the cultural life of the City, and enabled to meet the changing needs of business, industry and the professions. To help address broad economic, cultural and political concerns in the city and beyond, the College draws together students from a wide range of ages and backgrounds and seeks to provide the programs and support they need to achieve their goals.

The College seeks to create a caring environment which is intellectually and culturally dynamic and encourages all students to achieve:

- Greater insight into their strengths, needs and aspirations, and greater appreciation of their own cultural background and experience
- Increased awareness and appreciation of a diverse world where all are interdependent
- Heightened curiosity and active interest in intellectual questions and social issues
- Improved ability to pursue paths of inquiry, to interpret and evaluate what is discovered, and to express reactions effectively
- Self-fulfillment based on service to others, preparation for future work and study, and enjoyment of present challenges and accomplishments

Vision Statement

To serve Philadelphia as a premier learning institution where student success exemplifies the strength of a diverse, urban community.

Core Values

Integrity

The College places fairness and honesty at the center of all of its policies and operations. The College aims to uphold the highest ethical standards in striving for academic and professional integrity in all that it does. It strives to be both responsible and responsive in utilizing resources to meet student and community needs.

Academic Excellence

The College sets, expects and maintains high educational standards consistent with the needs of the students, region and changing workforce. Faculty and staff are committed to providing high-quality, innovative, and flexible educational opportunities and services in an accessible, student-centered environment.

Diversity

The College embraces and understands the importance of providing an education and environment that promotes the uniqueness of students, faculty, staff and the communities that it serves. The College affirms that diversity is crucial to a democratic society, as it enriches the educational experience and celebrates differences among individuals.

Commitment to Teaching and Learning

The College functions as a learning organization, continually adapting, improving and evaluating its services to promote lifelong intellectual and personal development. The College believes that learning is rooted in both curiosity and inquiry, and is engendered by dedicated, creative and enthusiastic teaching which utilizes appropriate, optimal modes of delivery. Technology supports and serves the learning process.

Communication

The College is committed to effective, open and proactive communication and takes responsibility to listen, speak and write clearly to inform others and foster collaboration by using and respecting a matrix of communication channels.

Respect

The College promotes respect, civility and courtesy in its day-to-day interactions with others. The College seeks to instill respect for and appreciation of members of the College community, its facilities, its environment and its community.

Academic Programs

The College offers more than 90 associate degrees and academic and proficiency certificate programs. Recent graduates continue to strengthen Philadelphia's local economy and workforce; seventy-one percent (71%) are employed in the City, and eighty-five percent (85%) work in the Greater Philadelphia region. The College enables students to embark on a path to a bachelor's degree program, with transfer agreements and partnerships to assist in the transition.

Below is a list of current academic offerings of the College:

Health Care

Degree Programs

Dental Hygiene
Diagnostic Medical Imaging
Health Care Studies
Health Services Management
Medical Laboratory Technician
Nursing
Respiratory Care Technology

Certificate Programs

Medical Assistant
Medical Insurance Billing
Ophthalmic Technician
Patient Service Representative

Science & Technology

Degree Programs

Applied Science and Engineering Technology
Biological Sciences
Biology
Chemistry
Computer Information Systems – IT
Computer Science
Cybersecurity
Engineering Science
Mathematics
Network Technology Management and Administration

Certificate Programs

Biomedical Equipment Technology I
Biomedical Equipment Technology II
Computer Programming I – Application, Web and Database Development
Computer Programming II – Algorithms and Computation
Cybersecurity I & II
Data Science
Mobile Application Development
Network and Systems Administration
Web Development I
Web Development II – Cloud Computing

Design, Construction & Transportation

Degree Programs

Architecture
Automotive Technology
Building Science
Construction Management
Facilities Management
Interior Design

Certificate Program

Advanced Automotive Repair Professional
Architectural Visualization
Automotive Service I
Automotive Service II
Energy Conservation

Business, Entrepreneurship & Law

Degree Programs

Accounting
Business – Accelerated
Business – General
Business Leadership
Criminal Justice
Culinary Arts I
Culinary Arts II
Fashion Merchandising and Marketing
Fire Science
Paralegal Studies
Technical Studies
Tourism and Hospitality Management

Certificate Programs

Accounting Paraprofessional
Business Leadership
Corporate Social Responsibility
Culinary Arts I
Culinary Arts II
Digital Investigations
Electronic Discovery
Entrepreneurship
Fashion Retail and Customer Service
Fire Science and Public Safety
Geographic Information Systems
Paralegal Studies
Post-Baccalaureate Accounting
Tourism and Hospitality Management

Creative Arts

Degree Programs

Art and Design
Digital Video Production
Music Performance
Photographic Imaging
Sound Recording and Music Technology
Theater

Certificate Programs

Acting
Digital Imaging
Digital Video Production
Music Production
Piano Technician
Technical Theater

Liberal Arts and Communications

Degree Programs

American Sign Language/English Interpreting
Black Studies
Communication Studies
English
International Studies
Liberal Arts
Liberal Arts – Honors Option
Mass Media
Religious Studies

Certificate Programs

American Sign Language/English Interpreting I
and II Post-Baccalaureate
Creative Writing

Education & Human Services

Degree Programs

Behavioral Health/Human Services
Education: Early Childhood
Education: Middle Level
Education: Secondary Humanities/Social Studies
Option
Education: Secondary Math/Science Option
Liberal Arts – Social/Behavioral Science
Psychology

Certificate Programs

Early Childhood Education
Human Services
Recovery and Transformation
Recovery Leadership

Accreditation

The College is accredited by the Middle States Commission on Higher Education of the Middle States Association of Colleges and Schools. This commission granted initial accreditation in May 1968, and the latest reaffirmation occurred in 2016. The next Self-Study Evaluation is scheduled for 2022-2023.

The following programs have gained further accreditation by the agencies named: Dental Hygiene Program (Commission on Dental Accreditation of the American Dental Association); Nursing Program (Accreditation Commission for Education in Nursing); Medical Laboratory Technology and Phlebotomy (National Accrediting Agency for Clinical Laboratory Sciences (NAACLS)); Diagnostic Medical Imaging (Joint Review Committee on Education in Radiologic Technology (JRCERT)); Respiratory Care Technology (Committee on Accreditation for Respiratory Care); Paralegal Studies (American Bar Association, Council on the Section of Legal Education and Admissions to the Bar); Automotive Technology (ASE Education Foundation; formerly NATEF); and Culinary Arts (American Culinary Federation (ACF)).

Governing Structure

Under a December 1963 City Council of Philadelphia ordinance, the College is governed by a Board of Trustees consisting of fifteen (15) members appointed by the Mayor of Philadelphia (the “Mayor”). The members of the Board are chosen from a list of persons proposed by a nominating panel composed of representatives of specified institutions and organizations of the City. The term of office for Board of Trustees members is six (6) years with the possibility of reappointment for subsequent terms.

Employees and Enrollment

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

Employees	<u>2014-15</u>	<u>2015-16</u>	<u>2016-17</u>	<u>2017-18</u>	<u>2018-19</u>	<u>2019-20</u>
Faculty (Full-time)	412	406	433	420	399	377
% Tenured	81.8%	80.0%	78.3%	82.9%	73.9%	81.4%
Faculty (Part-time)	642	571	535	550	591	528
Administrators	195	204	206	205	204	207
Support Staff	276	266	265	252	231	233

Source: The College.

The College's full time, part-time and support staff employees (with the exception of the administration) are presently represented by three bargaining units: the Faculty and Staff Federation of Community College of Philadelphia, Local 2026; American Federation of Teachers; and the AFL-CIO (the “Unions”). On April 3, 2019, the College and the members of Unions reached an agreement and entered into certain Memorandum of Agreements to amend the terms and conditions of the respective Collective Bargaining Agreements. The Board of Trustees of the College and the membership of the Unions approved the Memorandum of Agreements on April 4, 2019 and April 11, 2019, respectively, which, among other things, extended the term of the Collective Bargaining Agreements to August 31, 2022.

The College provides certain retirement benefits, including multiemployer contributory pension plans and postretirement health benefits, to its employees for which it has accrued liabilities as of June 30, 2020. See Note H (Employee Benefits) of the College’s audited financial statements included in Appendix A hereto.

A retirement incentive option is offered to employees 63 or older, who have completed at least 20 years of full-time service, and whose combined age and years of service equal at least 80. This offer is in place for the three academic years from the time the employee first becomes eligible. During fiscal year 2017-18, a one-time special retirement incentive was offered to all full-time employees 65 years or older with 15 years of full-time service.

The College's enrollment for each of the fiscal years set forth below is or was as follows:

Fiscal Year	Credit Headcount	Credit FTEs	Noncredit Headcount	Non credit FTEs
2015-16	26,845	14,507	3,430	452
2016-17	25,568	13,659	3,347	474
2017-18	24,443	13,360	3,552	504
2018-19	23,134	12,739	2,943	426
2019-20	22,166	12,331	2,660	390
2020-21 (projected)	19,728	10,975	2,367	347

Source: The College.

Budgetary Procedures

The College's annual operating and capital budget is set by the College's Board of Trustees. Revenues to support the budget primarily come from the Commonwealth, the Local Sponsor and student tuition and fees. Other smaller revenue sources include: investment income; net proceeds from auxiliary enterprises; and grants and gifts. For a more complete discussion of the Commonwealth and Local Sponsor funding, and the amounts received by the College in recent years, see "COMMUNITY COLLEGE FUNDING STRUCTURE" herein.

Student tuition is set by the College's Board of Trustees. Under the Community College Act, no more than one-third of the College's operating costs can be allocated to student tuition. Course fees, which range from \$85 to \$345, are charged in high cost areas such as the sciences and allied health disciplines. Student fees are not included in the limitation placed on the tuition level. Students who are residents of the sponsorship district (City of Philadelphia) do not participate in funding of the capital budget. A capital fee is charged to non-city residents only. The average cost per credit, excluding course fees for city residents in 2019-20, was \$193. The average cost for city residents enrolled full-time for two semesters was \$4,632. There were no increases in tuition for 2019-20 and 2020-21.

Management of the College's approved budget, as set forth by the College's Board of Trustees, is the responsibility of the College's administration. The President, Vice Presidents, and other senior staff members maintain fiscal control in their respective areas of responsibility.

Accounting Matters

The College's financial statements are prepared in accordance with Government Accounting Standards Board (GASB) standards.

The College complies with Governmental Accounting Standards Board (GASB) principles, which establish standards for external financial reporting for public colleges and universities and require that financial statements be presented on a basis to focus on the College as a whole.

Potential purchasers of the 2020 Bonds should read the College's audited financial statements for the year ended June 30, 2020 and June 30, 2019 in their entirety for more complete information regarding the College's financial position, results of its operations and changes in its accounting and reporting methods. For more complete information on the College's audited financial statements, see "APPENDIX A" hereto.

In the opinion of the administration of the College, there has been no material adverse change in the financial condition of the College since June 30, 2020, the most recent date of audited financial statements.

Revenue and Expense Summary

The following tables set forth a summary of the College's unrestricted current fund revenues, expenditures and transfers for each of the fiscal years set forth, which are all derived from audited financial statements. For a more complete discussion of the College's financial position and results of operations at June 30, 2020 see "MANAGEMENT'S DISCUSSION AND ANALYSIS" included in the financial information included in Appendix A hereto.

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COMMUNITY COLLEGE OF PHILADELPHIA
AUDITED STATEMENTS OF REVENUES, EXPENSES AND CHANGES IN NET POSITION
(YEARS ENDED JUNE 30)

	<u>2016</u>	<u>2017</u>	<u>2018</u>	<u>2019</u>	<u>2020</u>
OPERATING REVENUES					
Student tuition	\$59,627,838	\$56,351,236	\$57,648,265	\$54,867,461	\$52,897,863
Student fees	17,199,901	17,519,173	17,427,537	16,954,920	17,009,599
Less scholarship allowance	<u>(45,185,037)</u>	<u>(40,878,907)</u>	<u>(41,842,116)</u>	<u>(39,069,284)</u>	<u>(39,371,389)</u>
Net student tuition and fees	31,642,702	32,991,502	33,233,686	32,753,097	30,536,073
Auxiliary enterprises	1,740,088	1,737,187	1,523,215	1,598,939	1,412,855
Other sources	<u>87,288</u>	<u>61,962</u>	<u>45,908</u>	<u>41,888</u>	<u>37,591</u>
Total operating revenues	<u>33,470,078</u>	<u>34,790,651</u>	<u>34,802,809</u>	<u>34,393,924</u>	<u>31,986,519</u>
Operating expenses:					
Educational and general:					
Instruction	66,017,583	65,509,173	64,578,356	56,714,890	49,333,338
Public Service	183,375	124,136	144,542	97,457	104,057
Academic support	18,823,708	18,880,265	19,181,833	16,404,900	13,749,022
Student services	25,142,084	24,404,673	24,212,003	20,529,207	16,672,597
Institutional support	24,429,407	24,853,707	25,111,421	22,639,568	19,176,012
Physical plant operations	14,913,188	15,012,576	15,092,643	14,423,723	13,444,993
Depreciation	8,860,741	8,204,104	8,132,985	7,939,447	7,782,553
Student aid	8,739,358	8,770,096	7,213,061	6,250,428	12,052,409
Auxiliary enterprises	<u>567,452</u>	<u>811,482</u>	<u>733,460</u>	<u>684,534</u>	<u>658,373</u>
Total operating expenses	<u>167,676,896</u>	<u>166,570,212</u>	<u>164,400,304</u>	<u>145,684,154</u>	<u>132,973,354</u>
Operating loss	<u>\$(134,206,818)</u>	<u>\$(131,779,561)</u>	<u>\$(129,597,495)</u>	<u>\$(111,290,230)</u>	<u>\$(100,986,835)</u>
Non-operating revenues (expenses):					
State appropriations	\$30,128,328	\$30,868,302	\$30,891,611	\$31,819,876	\$32,408,016
City appropriations	23,271,627	24,188,416	23,310,452	25,549,440	29,846,548
Federal grants and contracts	53,551,135	48,887,879	49,026,433	46,097,682	52,337,221
Gifts from the Community College of Philadelphia Foundation	225,000	834,700	242,470	160,000	95,000
State grants and contracts	8,278,313	8,126,317	7,952,834	5,988,998	6,620,870
Nongovernmental grants and contracts	1,456,249	1,528,328	1,582,042	2,114,989	2,521,738
Net investment income	815,452	74,971	36,359	1,577,079	1,691,135
Interest on capital asset-related debt service	(3,314,912)	(3,263,189)	(3,413,080)	(3,601,996)	(3,604,374)
Other non-operating revenues	<u>2,579,409</u>	<u>378,200</u>	<u>399,190</u>	<u>410,000</u>	<u>578,254</u>
Net non-operating revenues	<u>116,990,601</u>	<u>111,623,924</u>	<u>110,028,311</u>	<u>110,116,068</u>	<u>122,494,408</u>
Loss before capital appropriations	(17,216,217)	(20,155,637)	(19,569,184)	(1,174,162)	21,507,573
Capital appropriations	<u>12,354,198</u>	<u>11,049,795</u>	<u>12,450,806</u>	<u>11,796,839</u>	<u>12,031,869</u>

Decrease in net position	(4,862,019)	(9,105,842)	(7,118,378)	10,622,677	33,539,442
Net position, beginning, as previously reported	65,918,959	61,056,940	51,951,098	<u>(109,429,195)</u>	<u>(98,806,518)</u>
Change in accounting principle - GASB 68, GASB 75 adjustments	-	-	(154,261,915)	-	-
Net position, beginning of the year, restated	65,918,959	61,056,940	(102,310,817)	(109,429,195)	(98,806,518)
Net position, ending of the year	<u>\$61,056,940</u>	<u>\$51,951,098</u>	<u>\$(109,429,195)</u>	<u>\$(98,806,518)</u>	<u>\$(65,267,076)</u>

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Debt Statement

The Table below shows the outstanding debt of the College as of September 30, 2020.

**COMMUNITY COLLEGE OF PHILADELPHIA
DEBT STATEMENT
(As of September 30, 2020)**

	Gross Outstanding
2013 PNC 8-year Loan	322,284
College Revenue Bonds, Series of 2015	41,155,000
College Revenue Bonds, Series of 2018	19,705,000
College Revenue Bonds, Series of 2019	8,875,000
<i>TOTAL</i>	
<i>DEBT</i>	<u>70,057,284</u>

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Debt Service Requirements

The table below presents the debt service requirements on the College's outstanding debt, including debt service on the 2020 Bonds.

Fiscal	Total		Series of 2020		Total
Year	<u>Other</u>	<u>Principal</u>	<u>Interest</u>	<u>Subtotal</u>	<u>Requirements</u>
2021	\$ 10,942,682.56		\$ 226,946.68	\$ 226,946.68	\$ 11,169,629.24
2022	10,620,381.25		436,902.70	436,902.70	11,057,283.95
2023	10,615,381.25		436,902.70	436,902.70	11,052,283.95
2024	8,481,631.25		436,902.70	436,902.70	8,918,533.95
2025	8,479,631.25		436,902.70	436,902.70	8,916,533.95
2026	7,602,131.25		436,902.70	436,902.70	8,039,033.95
2027	7,607,131.25		436,902.70	436,902.70	8,044,033.95
2028	7,601,881.25	950,000	436,902.70	1,386,902.70	8,988,783.95
2029	1,821,131.25	970,000	415,318.70	1,385,318.70	3,206,449.95
2030	1,822,881.25	995,000	392,310.30	1,387,310.30	3,210,191.55
2031	1,821,631.25	1,020,000	367,216.40	1,387,216.40	3,208,847.65
2032	1,822,381.25	1,045,000	339,962.00	1,384,962.00	3,207,343.25
2033	1,824,881.25	1,075,000	310,994.60	1,385,994.60	3,210,875.85
2034	1,823,881.25	1,105,000	280,120.60	1,385,120.60	3,209,001.85
2035	1,824,381.25	1,140,000	247,280.00	1,387,280.00	3,211,661.25
2036	1,822,831.25	1,175,000	212,829.20	1,387,829.20	3,210,660.45
2037	1,822,493.75	1,215,000	173,008.46	1,388,008.46	3,210,502.21
2038	1,825,287.50	1,255,000	131,832.10	1,386,832.10	3,212,119.60
2039	674,650.00	1,295,000	89,300.16	1,384,300.16	2,058,950.16
2040	-	1,340,000	45,412.60	1,385,412.60	1,385,412.60
Total	\$ 90,857,282.56	\$ 14,580,000	\$ 6,290,850.70	\$ 20,870,850.70	\$ 111,728,133.26

Student Fees and Charges

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

	<u>2016-17</u>	<u>2017-18</u>	<u>2018-19</u>	<u>2019-20</u>	<u>2020-21</u>
Tuition ⁽¹⁾	153	159	159	159	159
Tuition ⁽²⁾	306	318	318	318	318
Tuition ⁽³⁾	459	477	477	477	477
General College Fee (per Credit Hour)	4	4	4	4	0
Technology Fee (Per Credit Hour)	30	30	30	30	30
Total Annual Costs for Full-time Study ⁽⁴⁾	4,488.00	4,632.00	4,632.00	4,632.00	4,536.00

⁽¹⁾Per credit hour for Philadelphia resident students.

⁽²⁾Per credit hour for Pennsylvania resident students (outside the city of Philadelphia).

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

⁽⁴⁾Assumes 12 credit hours at the per credit hour for Philadelphia resident students plus activity and technology fees per semester.

Note: In addition to these fees, the College charges course fees in high-cost course areas such as allied health and laboratory sciences. Course fees range from \$85 to \$345 per course.

Source: The College.

Financial Aid

Students of the College received the following grants, aid, loans and other financial aid in the fiscal years set forth below:

	<u>2015-16</u>	<u>2016-17</u>	<u>2017-18</u>	<u>2018-19</u>	<u>2019-20</u>
Total Grants and Scholarships	\$53,566,512	\$49,087,934	\$48,605,303	\$46,309,680	\$51,416,252
Total Loans	\$38,206,211	\$34,048,302	\$29,607,438	\$24,797,965	\$21,547,060
Total Employment	\$930,500	\$726,315	\$837,093	\$808,577	\$879,826
Total Financial Aid	\$92,703,223	\$83,862,551	\$79,049,834	\$71,916,222	\$73,843,139
Total Number of Students Receiving Financial Aid	17,730	16,364	15,275	13,865	13,546

Source: The College.

Future Capital Plans

The College regularly invests in maintaining, updating and renovating its capital facilities to meet its needs. Other than the Technology Center Capital Project, the College does not currently anticipate undertaking any significant capital projects or improvements.

COMMUNITY COLLEGE OF PHILADELPHIA FOUNDATION

The Community College of Philadelphia Foundation (the “Foundation”) was established in 1985. The Foundation serves as the private funding development arm of the College. The Foundation seeks to support the College's mission by bringing together community leaders who will serve as ambassadors of the College broadening the College's image within the community. The Foundation serves the College by creating partnerships with individuals, businesses, organizations, and foundations to raise private gifts for scholarships, instructional equipment, professional development, and capital needs of the College. The Foundation's total assets for 2020, 2019 and 2018, were \$15.2 million, \$14.4 million, and \$13.9 million, respectively. Total unrestricted net position for 2020, 2019, 2018 for the Foundation was \$1.7 million, \$1.8 million and \$1.8 million, respectively. The remaining net position is restricted based upon donor intent. THE COMMUNITY COLLEGE OF PHILADELPHIA FOUNDATION IS NOT OBLIGATED FOR THE DEBT SERVICE PAYMENTS ON ANY BONDS, INCLUDING THE 2020 BONDS

CONTINUING DISCLOSURE

The College covenants to provide, pursuant to Rule 15c2-12(b) (the “Rule”) promulgated by the Securities and Exchange Commission, for the benefit of the holders of the 2020 Bonds certain financial and operating data on an annual basis in accordance herewith. Under the terms of the Rule, the College (being an “obligated person” within the meaning of the Rule) agrees to provide such information as set forth in the form of Continuing Disclosure Agreement included as Appendix B hereto.

Existing Continuing Disclosure Filing History

During the previous five years, the College failed to timely file operating data pertaining to Tuition and Fees for fiscal years ended 2014 and 2015 with respect to certain outstanding obligations. The College has since posted all necessary information and related failure to file notices.

In other instances, the College timely filed required financial and operating information but inadvertently failed to properly associate such required financial and operating information with all specific relevant obligations.

The foregoing description of instances of non-compliance by the College with its continuing disclosure undertakings should not be construed as an acknowledgement by the College that any such instance was material. As of the date hereof, the College, to the best of its knowledge, is currently in compliance in all material respects with its previous undertakings with regard to continuing disclosure for prior obligations issued. The College has reviewed and updated its disclosure policies and procedures to ensure that the College remains in compliance with its continuing disclosure undertakings in the future.

LITIGATION

The Authority. There is no litigation of any nature now pending or, to the Authority's knowledge, threatened against it restraining or enjoining the issuance, sale, execution or delivery of the 2020 Bonds or in any way contesting or affecting the validity of the 2020 Bonds, the Indenture, or any proceedings of the Authority taken in connection with issuance or sale of the 2020 Bonds, the pledge or application of any moneys or security provided for the payment of the 2020 Bonds, or the existence or powers of the Authority.

The College. There is no litigation, currently pending or to the knowledge of the College threatened against it, which, individually or in the aggregate, will have a material adverse effect on its financial condition or which will affect the validity or enforceability of the Loan Agreement or the 2020 Note, or which in any way contests the existence or powers of the College.

LEGALITY FOR INVESTMENTS

Under the Act, the 2020 Bonds are securities in which all officers of the Commonwealth and its political subdivisions and municipal officers and administrative departments, boards and commissions of the Commonwealth, all banks, savings banks, trust companies, savings and loan association, investment companies and other persons carrying on a banking business, all insurance companies, insurance associations and other persons carrying on an insurance business, and all administrators, executors, guardians, trustees and other fiduciaries, and all other persons who are authorized to invest in 2020 Bonds or other financial obligations of the Commonwealth may properly and legally invest any funds, including capital belonging to them or within their control, and the 2020 Bonds are securities which may properly and legally be deposited with and received by any Commonwealth and municipal officers or agency of the Commonwealth for any purpose for which the deposit of other bonds or other obligations of the Commonwealth is authorized by law.

TAX MATTERS

Federal Income Tax Treatment

Interest on the 2020 Bonds is included in gross income for federal income tax purposes pursuant to the Internal Revenue Code of 1986, as amended.

Pennsylvania Tax Exemption

In the opinion of Bond Counsel, under the laws of the Commonwealth as enacted and construed on the date hereof, the interest on the 2020A Bonds is exempt from Pennsylvania personal income tax and Pennsylvania corporate net income tax. Bond Counsel expresses no opinion regarding any other tax consequences related to the ownership, sale, exchange or other disposition of, or the amount, accrual or receipt of interest on, the 2020 Bonds.

The 2020 Bonds and the interest thereon may be subject to state or local taxes in jurisdictions other than the Commonwealth under applicable state or local tax laws.

This summary is based on laws, regulations, rulings and decisions now in effect, all of which may change. Any change could apply retroactively and could affect the continued validity of this summary.

PROSPECTIVE PURCHASERS OF THE 2020 BONDS SHOULD CONSULT THEIR TAX ADVISERS WITH RESPECT TO THE FEDERAL, STATE AND LOCAL INCOME TAX CONSEQUENCES OF OWNERSHIP OF THE BONDS AND ANY CHANGES IN THE STATUS OF PENDING OR PROPOSED TAX LEGISLATION.

The proposed form of the opinion of Bond Counsel is included herein as APPENDIX C - "FORM OF BOND COUNSEL OPINION."

CERTAIN LEGAL MATTERS

Purchase of the 2020 Bonds by the Underwriter is subject to the receipt of the approving legal opinion of Ahmad Zaffarese LLC, Philadelphia, Pennsylvania, Bond Counsel, whose approving legal opinion will be delivered to the Underwriter at the time of the delivery of the 2020 Bonds. Certain legal matters will be passed upon by Fox Rothschild LLP, Philadelphia, Pennsylvania, Counsel for the College, and for the Authority by Barley Snyder, LLP, Lancaster, Pennsylvania. Certain legal matters will be passed upon for the Underwriter by its counsel, Eckert Seamans Cherin & Mellott, LLC, Philadelphia, Pennsylvania.

INDEPENDENT CERTIFIED PUBLIC ACCOUNTANTS

The financial statements of the Community College of Philadelphia (A Component Unit of the City of Philadelphia) as of June 30, 2020 and 2019 and for the years then ended included in Appendix A have been audited by Grant Thornton LLP, independent certified public accountants, as stated in their report appearing in Appendix A.

UNDERWRITING

The Underwriter has agreed to purchase the 2020 Bonds from the Authority, subject to certain conditions precedent, and will purchase all of the 2020 Bonds if any of such 2020 Bonds are purchased. The 2020 Bonds will be purchased for a purchase price of \$14,519,055.60, equal to the par value of the 2020 Bonds less an underwriter's discount of \$60,944.40.

BOND RATINGS

Moody's Investors Service has assigned its underlying municipal bond rating of "A3" (stable outlook) to this issue of 2020 Bonds. S&P Global Ratings ("S&P") is expected to assign its municipal bond rating of "AA" (stable outlook) to the 2020 Bonds and will do so with the understanding that upon delivery of the 2020 Bonds, the municipal bond insurance policy will be issued by BAM. Such ratings reflect only the view of such organizations and any desired explanation of the significance of such ratings should be obtained from the rating agency furnishing the same, at the following respective address: Moody's Investors Service, 7 World Trade Center at 250 Greenwich Street, New York, New York 10007 and/or S&P Global Ratings, 55 Water Street, New York, New York 10041. Generally, a rating agency bases its rating on the information and materials furnished to it and on investigations, studies and assumptions of its own. There is no assurance that any such rating will continue for any given period of time or that it will not be revised downward or withdrawn entirely by the rating agency, if circumstances so warrant. Any such downward revision or withdrawal of such rating may have an adverse effect on the market price of the 2020 Bonds.

Neither the Authority, the College nor the Underwriter has undertaken to maintain any particular rating on the 2020 Bonds.

CERTAIN RELATIONSHIPS

PNC Bank, National Association currently has and from time to time may have banking or other relationships with the College. PNC Capital Markets LLC is acting as Underwriter of the 2020 Bonds. PNC Capital Markets LLC and PNC Bank, National Association are both wholly-owned subsidiaries of The PNC Financial Services Group, Inc.

FINANCIAL ADVISOR

The College has retained Phoenix Capital Partners, LLP, Philadelphia, Pennsylvania, as financial advisor (the "Financial Advisor") in connection with the preparation, authorization and issuance of the 2020 Bonds. The Financial Advisor is not obligated to undertake, and has not undertaken to make, an independent verification or to assume responsibility for the accuracy, completeness, or fairness of the information contained in the Official Statement. The Financial Advisor is an independent advisory firm and is not engaged in the business of underwriting, trading or distributing municipal securities or other public securities.

MISCELLANEOUS MATTERS

The information set forth in this Official Statement has been compiled, prepared or obtained from the College and from other sources believed to be reliable and, although not guaranteed as to the completeness or accuracy, is believed to be correct as of this date. Insofar as any statement herein includes matters of opinion or estimates about future conditions, it is not intended as representation of fact, and there is no guarantee that it is, or will be, realized. Summaries or descriptions of provisions of the 2020 Bonds, the Indenture, the Loan Agreement and all references to other materials not purporting to be quoted in full are only brief outlines of some of the provisions thereof. Reference is hereby made to the complete documents, copies of which will be furnished by the College or the Financial Advisor upon request. The information assembled in this Official Statement is not to be construed as a contract with holders of the 2020 Bonds.

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

The references herein to the Indenture, the Loan Agreement, the 2020 Note, the Continuing Disclosure Agreement, the Act, the Community College Act and other materials are only brief outlines of certain provisions thereof and do not purport to summarize or describe all the provisions thereof, copies of which will be furnished by the Authority upon request.

The information contained in this Official Statement should not be construed as representing all the conditions affecting the Authority, the College, or the 2020 Bonds.

The Authority has not assisted in the preparation of this Official Statement, except for the statements under the sections, captioned "THE AUTHORITY" and, as it relates to the Authority, "LITIGATION – *The Authority*", 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 affect the issuance of the 2020 Bonds, the Authority has not otherwise assisted in the public offer, sale or distribution of the 2020 Bonds. Accordingly, except as foresaid, the Authority assumes no responsibility for the disclosures set forth in this Official Statement.

STATE PUBLIC SCHOOL BUILDING AUTHORITY

By: /s/ Eric Gutshall

Title: Executive Director

The College hereby approves the use and distribution of this Official Statement in connection with the issuance and the sale of the 2020 Bonds and hereby certifies that, as of the date hereof, the statements contained in this Official Statement relating to the College do not contain an untrue statement of a material fact or omit to state a material fact necessary to make the statements herein, in light of the circumstances under which they were made, not misleading.

APPROVED:

COMMUNITY COLLEGE OF PHILADELPHIA

By: /s/ Jacob Eapen

Title: Vice President for Business and Finance & Treasurer

APPENDIX A
FINANCIAL STATEMENTS AND REPORT OF INDEPENDENT CERTIFIED PUBLIC ACCOUNTANTS
COMMUNITY COLLEGE OF PHILADELPHIA
(A COMPONENT UNIT OF THE CITY OF PHILADELPHIA)
JUNE 30, 2020 and JUNE 30, 2019

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Financial Statements and Report of
Independent Certified Public
Accountants

Community College of Philadelphia
(A Component Unit of the City of Philadelphia)

June 30, 2020 and 2019

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GRANT THORNTON LLP

Two Commerce Square
2001 Market Street, Suite 700
Philadelphia, PA 19103

D +1 215 561 4200

F +1 215 561 1066

REPORT OF INDEPENDENT CERTIFIED PUBLIC ACCOUNTANTS

Board of Trustees
Community College of Philadelphia
(A Component Unit of the City of Philadelphia)

Report on the financial statements

We have audited the accompanying financial statements of the business-type activities and the discretely presented component unit of the Community College of Philadelphia (the "College") as of and for the years ended June 30, 2020 and 2019, and the related notes to the financial statements, which collectively comprise the College's basic financial statements as listed in the table of contents.

Management's responsibility for the financial statements

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

Auditor's responsibility

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

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

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

Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the business-type activities and the discretely presented component unit of the Community College of Philadelphia as of June 30, 2020 and 2019, and the respective changes in financial position and, where applicable, cash flows thereof for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Other matters**Required supplementary information**

Accounting principles generally accepted in the United States of America require that the Management's Discussion and Analysis included on pages 6 through 14 and the required supplementary information on pages 58 through 60 be presented to supplement the basic financial statements. Such information, although not a required 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. This required supplementary information is the responsibility of management. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America. These limited procedures 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 supplementary information

Our audit was conducted for the purpose of forming an opinion on the financial statements that collectively comprise the College's basic financial statements. The other supplementary information on pages 61 through 73 is presented for purposes of additional analysis and is not a required part of the basic financial statements. Such supplementary information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. The information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures. These additional procedures included comparing and reconciling the information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the other supplementary information is fairly stated, in all material respects, in relation to the basic financial statements as a whole.



Other reporting required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report, dated September 28, 2020, on our consideration of the 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 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 the College's internal control over financial reporting and compliance.

Grant Thornton LLP

Philadelphia, Pennsylvania
September 28, 2020

Community College of Philadelphia
(A Component Unit of the City of Philadelphia)

MANAGEMENT'S DISCUSSION AND ANALYSIS (UNAUDITED)

June 30, 2020 and 2019

INTRODUCTION

This Management's Discussion and Analysis (MD&A) is based upon facts, decisions, and conditions known as of the date of the audit report. The results for 2020 are compared to those for the 2019 fiscal year. The MD&A should be read in conjunction with the financial statements and accompanying notes that follow this section.

Community College of Philadelphia (the College) has prepared its financial statements in accordance with Governmental Accounting Standards Board (GASB) principles, which establish standards for external financial reporting for public colleges and universities and require the financial statements presented to focus on the College as a whole. The financial results of the Community College of Philadelphia Foundation (the Foundation) are reported as a component unit. These statements include the statistical reporting section in accordance with GASB Statement 44.

Financial and Institutional Highlights

- COVID-19 caused unprecedented disruptions to the College's operations. All on-campus credit coursework was suspended effective March 16, 2020 and resumed online beginning March 30, 2020. A laptop lending program was immediately implemented to provide students in need of the technology to complete their studies online. Free or discounted internet access was also made available to eligible students. A virtual student support center was established so students may access services including academic advising, tutoring, library services and financial aid online. The college campus and regional centers remained closed except for a very limited amount of coursework where students require practicum, including Dental Hygiene, Phlebotomy, Clinical Microbiology and others.
- New fully online workforce and professional development programs were created or converted for summer and fall 2020 terms. However, many vocational skills training programs, especially those requiring face to face instructions for effective learning or required by licensing bodies, were canceled or suspended in the spring due to COVID-19. Some of these programs have resumed on campus for the fall 2020 semester including ServSafe Food Protection, Electrical Wiring, Massage Therapy, and others.
- In April, the College was awarded \$16.1 million from the United States Department of Education (DOE) through the Coronavirus Aid, Relief, and Economic Security (CARES) Act. Of the \$16.1 million awarded, \$8.05 million was allocated to Emergency Financial Aid Grants to students and the remaining \$8.05 million was allocated to the College to cover any costs associated with significant changes to the delivery of instruction due to COVID-19. As of June 30, 2020, the College had drawn-down and disbursed \$5.4 million of the Emergency Financial Aid Grants to students and this amount is included as an increase in student aid expenses from \$6.2 million in 2019 to \$12.1 million in 2020. The College drew down and spent \$1.2 million of the institutional portion under the grant to purchase laptops for students, expand remote access and distance education software licensing, purchase personal protective equipment, and for converting on-campus courses to remote learning. The College was awarded an additional \$1.0 million from the CARES Minority Serving Institutions grant of which \$145,000 was applied to offset the cost of closing the parking garage.
- Tuition and fees have remained unchanged since the 2017-2018 academic year. However due to the pandemic, the general college fee which supports student activities was not assessed for summer 2020 and fall 2020. The online learning course fee of \$35 per course was waived for students and covered by the CARES Act funding noted above.
- Total enrollment declined 4.2% from 23,139 students in 2018-2019 to 22,160 students in 2019-2020.

**Community College of Philadelphia
(A Component Unit of the City of Philadelphia)**

MANAGEMENT'S DISCUSSION AND ANALYSIS (UNAUDITED) - CONTINUED

June 30, 2020 and 2019

- Prior to the COVID-19 disruptions, the College continued to expand its degree and certificate program offerings in an effort to meet the City's workforce needs. A new AA degree program in Biological Sciences was established. Certificates include Data Science, Mobile Application Development, and Piano Technician.
- The College continued to invest in technology and other resources to further increase intervention and communication initiatives with the goal of improving retention and keeping students on track to degree completion.
- The College instituted a Diversity Fellowship Program that offers Fellows a two-semester Visiting Lecturer position to increase diversity in the faculty pool for full-time positions.
- A number of maintenance and repair projects suspended during the coronavirus lockdown have resumed. Structural repairs to the CBI garage are scheduled to be completed in September 2020, Mint freight elevator modernization is scheduled for completion in November 2020, and the Mint roof replacement was completed in July 2020. A new digital sign on 17th Street was installed in May 2020.
- The Library Learning Commons Project, which involves the reconfiguration of the library and learning labs areas within the Mint and Bonnell Buildings is scheduled for completion in December 2020. The \$16 million project will realign the spaces to create an ideal learning environment including library instructional spaces, technology tools and support for students to access materials and prepare presentations, study group areas, quiet rooms, tutoring services, multi-media and other technology rooms, offices, and bound volume storage and retrieval.
- On May 1, 2019, the College successfully closed on a \$9.2 million Series A 2019 bond to begin the financing of the Career and Advanced Technology Center. The \$33.5 million project consists of the construction of a new 3-story 75,000 square-foot building on the corner of 48th Street and Market Streets. Construction is scheduled to begin in Fall of 2020. Projected completion is late Spring 2022. Additional funding required for the project will be from the City of Philadelphia, Redevelopment Assistance Capital Program (RACP) grants, New Market Tax Credits, private gifts and loans or bonds.
- The College enhanced the Career Connections department to include a heavier emphasis on employer services and engagement with students hiring an Employer Partnerships Manager, expanding job fair and experiential learning experiences across all academic programs.
- The College continued its successful dual enrollment partnerships with the School District of Philadelphia, Mastery Charter Schools, MaST Community Charter School, and the John W. Hallahan Catholic High School for Girls. Students in the dual enrolled programs have the unique opportunity to earn their high school diplomas and associate's degrees simultaneously.
- The College continued to enhance its non-credit ESL program using technology and focusing on basic language acquisition skills for life, conversation and workplace. The College also offers a High School Equivalency (GED and HiSET) prep course.
- The College implemented a new Customer Relation Management (CRM), the Ellucian CRM Recruit module, which will enable improved processing and monitoring of the admissions process and have a positive impact on enrollment.
- Total operating revenues declined 7.0% from \$34.4 million in 2018-2019 to \$32.0 million in 2019-2020 driven by total enrollment declining by 4.2%. The loss of revenues from the 4.2% drop in enrollment was partially offset by total credit hours declining by a lesser percentage of 3.1%.

**Community College of Philadelphia
(A Component Unit of the City of Philadelphia)**

MANAGEMENT'S DISCUSSION AND ANALYSIS (UNAUDITED) - CONTINUED

June 30, 2020 and 2019

- Operating expenses decreased by \$12.7 million or 8.7% due to actuarial changes in computing the College's other post-employment benefits liability, a significant number of vacant positions being frozen during the year, fewer sections offered, and subsidies from the CARES Act.
- Non-operating revenues increased by 11.3% from \$110.1 million in 2018-2019 to \$122.5 million in 2019-2020. This included \$6.6 million in non-operating grant funding received from the CARES Act during the year (\$5.4 million disbursed to students and \$1.2 million spent on institutional expenses related to COVID-19). The College earned an additional \$0.1 million on its cash investments. The State increased its appropriations from \$31.8 million to \$32.4 million and the City's non-capital appropriation increased from \$25.5 million to \$29.8 million. State grants and contracts increased by \$0.6 million and non-governmental grants and contracts increased by \$0.4 million.

Overview of Financial Statements

The College's financial statements focus on the College as a whole, rather than upon individual funds or activities. The GASB reporting model is designed to provide readers with a broad overview of the College's finances and is comprised of three basic statements:

- The *Statement of Net Position* presents information on the College's assets and liabilities, with the difference between the two reported as net assets. Over time, increases or decreases in net assets serve as one indicator of how the financial position of the College is changing.
- The *Statement of Revenues, Expenses and Changes in Net Position* presents information showing how the College's net assets changed during the most recent fiscal year. All changes in net assets are reported as soon as the underlying event giving rise to the change occurs, regardless of the timing of related cash flows. Thus, revenues and expenses are reported in this statement for some items that will result in cash flows in future fiscal periods.
- The *Statement of Cash Flows* is reported using the direct method. The direct method of cash flow reporting portrays net cash flows from operations, financing, and investing receipts and disbursements.

The notes to the financial statements provide additional information that is essential to a full understanding of the data provided in the financial statements. The notes contain details on both the accounting policies and procedures that the College has adopted, as well as additional information about amounts reported in the financial statements.

Net Position

At June 30, 2020, the College's net position was a negative \$65.3 million, with liabilities of \$244.2 million and assets of \$248.4 million. Net position decreased by \$3.1 million in 2020 prior to recording the impact of the post-employment benefit liability. Unrestricted net position increased from a negative \$208.0 million to a negative \$175.4 million. Absent the cumulative impact of the post-employment benefit liability (GASB 75 and 68) reporting requirements, unrestricted net position would currently be at a level of negative \$31.8 million. The other factor contributing to the change in the unrestricted net position value was unfunded depreciation expense for 2020 in the amount of \$7.8 million.

The negative unrestricted net asset position of \$175.4 million reflects the cumulative impact of the post-employment benefit expense accruals in the amount of \$143.6 million.

Community College of Philadelphia
(A Component Unit of the City of Philadelphia)

MANAGEMENT'S DISCUSSION AND ANALYSIS (UNAUDITED) - CONTINUED

June 30, 2020 and 2019

Summary of Net Position June 30,			
	2020	2019	2018
	(In millions)		
Assets:			
Current assets	\$ 51.5	\$ 48.4	\$ 40.9
Noncurrent assets:			
Bond proceeds available for campus construction	20.0	26.5	16.1
Other long-term investments	18.4	17.2	16.4
Capital assets, net	<u>158.6</u>	<u>159.1</u>	<u>164.4</u>
Total assets	<u>\$ 248.5</u>	<u>\$ 251.2</u>	<u>\$ 237.8</u>
Deferred outflows of resources	<u>\$ 5.9</u>	<u>\$ 6.6</u>	<u>\$ 7.3</u>
Liabilities:			
Current liabilities	\$ 29.1	\$ 32.8	\$ 26.4
Noncurrent liabilities	<u>215.1</u>	<u>260.3</u>	<u>261.0</u>
Total liabilities	<u>\$ 244.2</u>	<u>\$ 293.1</u>	<u>\$ 287.4</u>
Deferred inflows of resources	<u>\$ 75.5</u>	<u>\$ 63.5</u>	<u>\$ 67.1</u>
Net position:			
Net investment in capital assets	\$ 104.7	\$ 103.9	\$ 102.0
Restricted:			
Expendable	5.4	5.3	5.1
Unrestricted	<u>(175.4)</u>	<u>(208.0)</u>	<u>(216.5)</u>
Total net position	<u>\$ (65.3)</u>	<u>\$ (98.8)</u>	<u>\$ (109.4)</u>

Assets

Current assets increased by \$3.0 million during 2020. Short-term investments, receivable from government agencies, and net accounts receivable increased, while cash and cash equivalents, accrued interest receivable and other assets decreased.

Noncurrent assets decreased by \$5.8 million. Bond proceeds available for campus construction decreased as construction of the Library and Learning Commons progresses towards completion and expenses started to accrue related to the Center for Advanced Technology as design and planning got underway. The College's capital assets as of June 30, 2020 net of accumulated depreciation were \$158.6 million, a decrease of \$0.5 million over the amount reported for 2019 of \$159.1 million. The decrease in the net value of capital assets is related to the decrease in the value of capital additions not exceeding the accumulated depreciation. Total current liabilities decreased by \$3.7 million in 2020. Payables to government agencies decreased by \$4.0 million primarily due to timing in processing PHEAA state grants student aid. Accounts payable and accrued liabilities increased by \$0.2 million primarily due to timing.

Community College of Philadelphia
(A Component Unit of the City of Philadelphia)

MANAGEMENT'S DISCUSSION AND ANALYSIS (UNAUDITED) - CONTINUED

June 30, 2020 and 2019

The College self-insures its employee medical plan. The College purchases stop loss insurance with a limit of \$250,000 to cap institutional financial exposure for individuals with extraordinarily large claims in a policy year.

The College's outstanding long-term debt was at \$62.5 million as of June 30, 2020, a decrease of \$7.6 million from June 2019. This decrease is due to the increasing principal amounts of each payment made on bonds issued in the past. The post-employment benefits liability amount for 2020 also includes \$4.1 million related to GASB 68, which requires the College to record its relative proportion of the net funded status of certain state cost sharing pension plans. The cumulative estimated value for the accrued post-employment benefit liability in 2020, 2019 and 2018 was \$143.6 million, \$180.3 million and \$182.2 million, respectively. Absent this reporting requirement, the College's net assets as of June 30, 2020 would have been at a level of \$78.4 million.

Capital lease obligations include mainly technology associated with academic and administrative computing.

Statements of Revenues, Expenses and Changes in Net Position

The change in net position for 2020, 2019 and 2018 was a positive \$33.5 million, \$10.6 million, and negative \$7.1 million, respectively. The following table quantifies the changes:

	Revenues, Expenses and Changes in Net Position		
	Year ended June 30,		
	2020	2019	2018
	(In millions)		
Operating revenues:			
Net tuition and fees	\$ 30.5	\$ 32.8	\$ 33.2
Auxiliary enterprises and other sources	1.5	1.6	1.6
Total	32.0	34.4	34.8
Operating expenses	133.0	145.7	164.4
Operating loss	(101.0)	(111.3)	(129.6)
Net nonoperating revenues	122.5	110.1	110.0
Change in net assets before other revenues	21.5	(1.2)	(19.6)
Capital appropriations	12.0	11.8	12.5
Total change in net position	\$ 33.5	\$ 10.6	\$ (7.1)

**Community College of Philadelphia
(A Component Unit of the City of Philadelphia)**

MANAGEMENT'S DISCUSSION AND ANALYSIS (UNAUDITED) - CONTINUED

June 30, 2020 and 2019

Operating Revenues

The largest sources of operating revenue for the College are student tuition and fees and auxiliary enterprises revenues. In both 2020 and 2019, the tuition charge was \$159 per credit. The Technology Fee, General College Fee, and Course Fee also remained unchanged from prior year. The College charges course fees for selected high-cost courses. Course fees range from \$85 to \$345. Average total tuition and fee revenue per credit for 2020 was \$ 224.

Tuition and fee revenue totaled \$69,907,462 in 2020 and \$71,822,381 in 2019, a decline of 2.7%. Total enrolled credit headcount declined 4.7% for the same period.

Scholarship allowance amounts for 2020 and 2019 totaled \$39,371,389 and \$39,069,284, respectively. The scholarship allowance represents tuition and fee payments made using public and private grants and scholarships. The small increase in scholarship allowance amounts between 2020 and 2019 is reflective of the net effect of Pell awards increasing from \$5,920 in 2018-2019 to \$6,195 in 2019-2020 and the decline in enrollment.

Gift revenue from the Community College of Philadelphia Foundation (the Foundation) in the amount of \$95,000 was received in 2020 and is reported in the statement of revenues, expenses and changes in net position. This gift was used to partially pay the College's cost for its partnership with Single Stop USA. Single Stop USA is a nonprofit organization that delivers services to families nationwide by connecting students to state and federal financial resources and local community services. The aim is to help students overcome economic barriers, continue with their education and move toward economic mobility.

Nonoperating Revenues

Commonwealth appropriations in 2020, excluding capital appropriations, totaled \$32,408,016, an increase of \$588,140 (1.8%) over the \$31,819,876 received in 2019.

Total 2020 City funding was \$36,059,207, a \$3.6 million increase (11.3%) over the amount received in 2019. Of the funding appropriation, \$29,846,548 was used for operating budget purposes in 2020. In 2019, \$25,549,440 of the total appropriation was used for operating purposes. Net investment income was \$1,691,135 in 2020 and \$1,577,079 in 2019. Included in net investment income for 2020 is an unrealized gain of \$572,890 and a realized gain of \$528,866 for all investment activity as of June 30, 2020.

As mentioned above, non-operating revenues increased by 11.3% from \$110.1 million in 2018-2019 to \$122.5 million in 2019-2020. This included the impact of \$6.6 million in additional grant funding received from the CARES Act during the year of which \$5.4 million was spent on student aid and \$1.2 million was spent on laptops, PPE, software services and converting on-campus courses to online format as a result of COVID-19.

Community College of Philadelphia
(A Component Unit of the City of Philadelphia)

MANAGEMENT'S DISCUSSION AND ANALYSIS (UNAUDITED) - CONTINUED

June 30, 2020 and 2019

Capital Appropriations

The Commonwealth provided capital funding for debt service and capital purchases in the amounts of \$5,819,210 and \$4,937,072 for 2020 and 2019, respectively. The College used \$6,212,659 of the total City appropriation of \$36,059,207 in 2020 for debt service and capital purchases. In 2019, City appropriations used for debt service and capital purchases were \$6,859,767.

	Expenses by Function		
	Year ended June 30, 2020	2019	2018
Instruction	\$ 49,333,338	\$ 56,714,890	\$ 64,578,356
Public service	104,057	97,457	144,542
Academic support	13,749,022	16,404,900	19,181,833
Student services	16,672,597	20,529,207	24,212,003
Institutional support	19,176,012	22,639,568	25,111,421
Physical plant operations	13,444,993	14,423,723	15,092,643
Depreciation	7,782,553	7,939,447	8,132,985
Student aid	12,052,409	6,250,428	7,213,061
Auxiliary enterprises	<u>658,373</u>	<u>684,534</u>	<u>733,460</u>
Total operating expenses	<u>\$ 132,973,354</u>	<u>\$ 145,684,154</u>	<u>\$ 164,400,304</u>

Exclusive of student aid and depreciation expenses, the College's operating expenses totaled \$113,138,392 in 2020 and \$131,494,279 in 2019. The College's five-year Collective Bargaining Agreement with Faculty and Classified employee unions that was ratified in September 2013 expired August 2016. On April 3, 2019, the College and the members of Unions reached a tentative agreement and entered into certain Memorandum of Agreements to amend the terms and conditions of the respective Collective Bargaining Agreements. The Board of Trustees of the College and the membership of the Unions approved the Memorandum of Agreements on April 4, 2019 and April 11, 2019, respectively, which, among other things, extended the term of the Collective Bargaining Agreements to August 31, 2022.

In 2018, the College adopted GASB 75. Under GASB 75, the College reports the Net OPEB Liability (NOL) on the statement of net position. Changes to the NOL are recognized either in the OPEB Expense and/or as deferred inflows/outflows. The value of the expense for 2020, 2019 and 2018 was a negative \$24,859,895, \$5,802,354 and a positive \$11,924,333, respectively.

Community College of Philadelphia
(A Component Unit of the City of Philadelphia)

MANAGEMENT'S DISCUSSION AND ANALYSIS (UNAUDITED) - CONTINUED

June 30, 2020 and 2019

Expenses by Natural Classification			
Year ended June 30,			
	2020	2019	2018
	(In thousands)		
Expenses:			
Salaries	\$ 77,819	\$ 77,462	\$ 76,986
Benefits	34,790	34,979	36,258
Contracted services	9,276	8,045	7,859
Supplies	4,467	3,059	3,549
Depreciation	7,783	7,939	8,133
Student aid	12,052	6,250	7,213
Other post-employment benefits	(24,590)	(5,426)	12,309
Other	11,376	13,376	12,093
Total operating expenses	<u>132,973</u>	<u>145,684</u>	<u>164,400</u>
Interest on capital asset-related debt service	<u>3,604</u>	<u>3,602</u>	<u>3,413</u>
Total nonoperating expenses	<u>3,604</u>	<u>3,602</u>	<u>3,413</u>
Total expenses	<u>\$ 136,577</u>	<u>\$ 149,286</u>	<u>\$ 167,813</u>

College operating budget expenses were affected by the COVID-19 pandemic as the main campus and regional center sites were closed to students and most staff from mid-March through the end of the fiscal year (June 30, 2020) resulting in the College spending approximately \$10.2 million less than budget. The amount of expenses required for contracted security and cleaning services was reduced and utility costs were lower than budgeted. Additionally, the College incurred lower than budgeted expenses in the following categories: supplies, maintenance & repairs, travel and hospitality. Overall, the College spent almost \$3.3 million less than budget for non-personnel related expenses. A significant number of vacant positions coupled with offering a lower number of sections and the very limited use of part-time staff after mid-March resulted in total salaries being \$3.7 million less than budget. The College also spent \$2.9 million less for staff benefits than budget. Medical claims for the period April 2020 through June 2020 were only 50% of the claims experience for the preceding nine months.

Schedule of Fund Balances

The following chart shows fund balances in the four fund groups: Unrestricted, Restricted, Endowment and Plant. The 2020, 2019 and 2018 amounts reported for unrestricted operations funds were reduced by the impact of accrued expense liability for post-employment benefits. The impact of GASB 75 reporting in 2020 was a negative \$139,511,074, while the impact of GASB 68 reporting i was \$4,113,432. The negative unrestricted plant fund balance reflects the cumulative impact of unfunded depreciation expense.

Community College of Philadelphia
(A Component Unit of the City of Philadelphia)

MANAGEMENT'S DISCUSSION AND ANALYSIS (UNAUDITED) - CONTINUED

June 30, 2020 and 2019

	2020	June 30, 2019	2018
Total unrestricted fund	\$ (166,121,744)	\$ (200,606,226)	\$ (209,777,781)
Endowment fund:			
Quasi endowment (unrestricted)	<u>1,090,992</u>	<u>1,308,208</u>	<u>1,332,152</u>
Total endowment	<u>1,090,992</u>	<u>1,308,208</u>	<u>1,332,152</u>
Plant fund:			
Net investment in capital assets	104,725,788	103,868,972	102,005,246
Restricted expendable - capital projects	5,438,941	5,285,060	5,101,208
Unrestricted	<u>(10,401,053)</u>	<u>(8,662,532)</u>	<u>(8,090,020)</u>
Total plant fund	<u>99,763,676</u>	<u>100,491,500</u>	<u>99,016,434</u>
Total net position	<u>\$ (65,267,076)</u>	<u>\$ (98,806,518)</u>	<u>\$ (109,429,195)</u>

Community College of Philadelphia Foundation

The Foundation was established in 1985. Total assets for 2020 and 2019 were \$15.2 million and \$14.4 million, respectively. Total unrestricted net position for both 2020 and 2019 for the Foundation was \$1.7 million and \$1.8 million, respectively. The remaining net position is restricted based upon donor intent.

Future Impacts

For 2021, City funding to the College was increased by \$8.1 million over the amount received for 2020 of which \$4.8 million is reserved for a new scholarship program. However, there was no increase in the Commonwealth appropriation received during the first quarter of 2021, and no increase is expected for the remaining quarters of the year. The Board voted not to increase student tuition and fees for 2020 and 2021. Credit hour enrollments for the Fall 2020 semester are trending 15.3% below enrollments of Fall 2019. The total credit hours generated by the late summer session, a 2021 term, were 7.3% higher than the previous year.

Community College of Philadelphia
(A Component Unit of the City of Philadelphia)

STATEMENTS OF NET POSITION

June 30,

ASSETS	Business-type activities		Component unit	
	The Community College of Philadelphia		The Community College of Philadelphia Foundation	
	2020	2019	2020	2019
Current assets:				
Cash and cash equivalents (Note B)	\$ 19,589,705	\$ 22,125,355	\$ 1,622,503	\$ 1,427,612
Short-term investments (Note B)	22,557,016	17,776,324	858,020	855,989
Accounts receivable, net (Note C)	5,575,165	5,119,559	308,190	196,700
Receivable from government agencies (Note G)	2,712,287	1,791,386	-	-
Accrued interest receivable	-	72,235	-	-
Other assets	1,056,784	1,537,656	5,758	-
Total current assets	51,490,957	48,422,515	2,794,471	2,480,301
Noncurrent assets:				
Endowment investments (Note B)	-	-	12,369,001	11,880,209
Accounts receivable, net (Note C)	-	-	41,701	87,104
Bond proceeds available for campus construction	19,978,506	26,446,855	-	-
Other long-term investments (Note B)	18,399,026	17,211,715	-	-
Capital assets, net (Note D)	158,579,658	159,125,610	-	-
Total noncurrent assets	196,957,190	202,784,180	12,410,702	11,967,313
Total assets	248,448,147	251,206,695	15,205,173	14,447,614
Deferred outflows of resources:				
Deferred outflows	\$ 5,936,366	\$ 6,629,314	\$ -	\$ -

(Continued)

See accompanying notes to financial statements.

Community College of Philadelphia
(A Component Unit of the City of Philadelphia)

STATEMENTS OF NET POSITION - CONTINUED

June 30,

LIABILITIES AND NET POSITION	Business-type activities		Component unit	
	The Community College of Philadelphia		The Community College of Philadelphia Foundation	
	2020	2019	2020	2019
Current liabilities:				
Accounts payable and accrued liabilities (Note E)	\$ 17,762,425	\$ 17,553,995	\$ 838,980	\$ 477,336
Payable to government agencies (Note G)	269,549	4,222,497	-	-
Deposits	238,612	349,167	4,156	1,931
Unearned revenue	2,080,764	2,218,964	280,063	573,677
Current portion of capital lease obligation (Note F)	468,149	473,448	-	-
Current portion of long-term debt (Note F)	7,557,284	7,240,817	-	-
Unamortized bond premium	728,918	728,918	-	-
Total current liabilities	29,105,701	32,787,806	1,123,199	1,052,944
Noncurrent liabilities:				
Accrued liabilities (Note E)	1,554,638	1,399,630	-	-
Annuity payable	-	-	12,516	8,000
Deposits	250,000	250,000	-	-
Capital lease obligation (Note F)	450,114	918,264	-	-
Long-term debt (Note F)	62,500,000	70,057,284	-	-
Unamortized bond premium	6,711,743	7,440,661	-	-
Other post-employment benefits liability (Note H)	143,624,506	180,264,083	-	-
Total noncurrent liabilities	215,091,001	260,329,922	12,516	8,000
Total liabilities	\$ 244,196,702	\$ 293,117,728	\$ 1,135,715	\$ 1,060,944
Deferred inflows of resources:				
Deferred inflows	\$ 75,454,887	\$ 63,524,799	\$ -	\$ -
Net position:				
Net investment in capital assets	104,725,788	103,868,972	-	-
Restricted:				
Nonexpendable:				
Scholarships, awards and faculty chair	-	-	10,137,142	9,510,728
Annuities	-	-	2,997	7,637
Expendable:				
Scholarships, awards and faculty chair	-	-	2,168,423	2,089,592
Capital projects	5,438,941	5,285,060	77,511	22,186
Unrestricted	(175,431,805)	(207,960,550)	1,683,385	1,756,527
Total net position	\$ (65,267,076)	\$ (98,806,518)	\$ 14,069,458	\$ 13,386,670

See accompanying notes to financial statements.

Community College of Philadelphia
(A Component Unit of the City of Philadelphia)

STATEMENTS OF REVENUES, EXPENSES AND CHANGES IN NET POSITION

Years ended June 30,

	Business-type activities		Component unit	
	The Community College of Philadelphia		The Community College of Philadelphia Foundation	
	2020	2019	2020	2019
Operating revenues:				
Student tuition	\$ 52,897,863	\$ 54,867,461	\$ -	\$ -
Student fees	17,009,599	16,954,920	-	-
Less: scholarship allowance	(39,371,389)	(39,069,284)	-	-
Net student tuition and fees	30,536,073	32,753,097	-	-
Auxiliary enterprises	1,412,855	1,598,939	-	-
Gifts	-	-	1,465,461	1,569,588
Other sources	37,591	41,888	-	-
Total operating revenues	31,986,519	34,393,924	1,465,461	1,569,588
Operating expenses (Note J):				
Educational and general:				
Instruction	49,333,338	56,714,890	109,062	182,105
Public service	104,057	97,457	-	-
Academic support	13,749,022	16,404,900	1,159,053	1,135,611
Student services	16,672,597	20,529,207	184,634	165,107
Institutional support	19,176,012	22,639,568	642,882	789,263
Physical plant operations	13,444,993	14,423,723	-	-
Depreciation	7,782,553	7,939,447	-	-
Student aid	12,052,409	6,250,428	791,771	553,860
Auxiliary enterprises	658,373	684,534	-	-
Total operating expenses	132,973,354	145,684,154	2,887,402	2,825,946
Operating loss	<u>\$ (100,986,835)</u>	<u>\$ (111,290,230)</u>	<u>\$ (1,421,941)</u>	<u>\$ (1,256,358)</u>

(Continued)

See accompanying notes to financial statements.

Community College of Philadelphia
(A Component Unit of the City of Philadelphia)

STATEMENTS OF REVENUES, EXPENSES AND CHANGES IN NET POSITION - CONTINUED

Years ended June 30,

	Business-type activities		Component unit	
	The Community College of Philadelphia		The Community College of Philadelphia Foundation	
	2020	2019	2020	2019
Nonoperating revenues (expenses):				
State appropriations (Note K)	\$ 32,408,016	\$ 31,819,876	\$ -	\$ -
City appropriations (Note K)	29,846,548	25,549,440	-	-
Federal grants and contracts	52,337,221	46,097,682	-	-
Gifts from the Community College of Philadelphia Foundation	95,000	160,000	(95,000)	(160,000)
State grants and contracts	6,620,870	5,988,998	-	-
Nongovernmental grants and contracts	2,521,738	2,114,989	1,713,173	1,871,117
Net investment income	1,691,135	1,577,079	486,556	675,536
Interest on capital asset-related debt service	(3,604,374)	(3,601,996)	-	-
Other nonoperating revenues	578,254	410,000	-	-
Net nonoperating revenues	<u>122,494,408</u>	<u>110,116,068</u>	<u>2,104,729</u>	<u>2,386,653</u>
Gain (loss) before other revenues, expenses, gains or losses	21,507,573	(1,174,162)	682,788	1,130,295
Capital appropriations	<u>12,031,869</u>	<u>11,796,839</u>	<u>-</u>	<u>-</u>
Increase in net position	<u>33,539,442</u>	<u>10,622,677</u>	<u>682,788</u>	<u>1,130,295</u>
Net position, beginning	<u>(98,806,518)</u>	<u>(109,429,195)</u>	<u>13,386,670</u>	<u>12,256,375</u>
Net position, ending	<u>\$ (65,267,076)</u>	<u>\$ (98,806,518)</u>	<u>\$ 14,069,458</u>	<u>\$ 13,386,670</u>

See accompanying notes to financial statements.

Community College of Philadelphia
(A Component Unit of the City of Philadelphia)

(Business-Type Activities - College only)

STATEMENTS OF CASH FLOWS

Years ended June 30,

	2020	2019
Cash flows from operating activities:		
Tuition and fees	\$ 29,438,274	\$ 32,630,642
Payments to suppliers	(23,986,594)	(24,093,551)
Payments to employees	(77,609,032)	(77,082,623)
Payments for employee benefits	(35,601,697)	(34,063,051)
Payments for student aid	(12,052,409)	(6,250,428)
Auxiliary enterprises	1,432,674	1,597,284
Other cash receipts	(67,470)	41,887
Net cash used in operating activities	<u>(118,446,254)</u>	<u>(107,219,840)</u>
Cash flows from non-capital financing activities:		
State appropriations	32,453,515	31,786,853
City appropriations	29,846,548	25,549,440
Gifts and grants	57,576,382	57,887,846
Other non-operating	467,698	480,496
Net cash provided by non-capital financing activities	<u>120,344,143</u>	<u>115,704,635</u>
Cash flows from capital and related financing activities:		
State capital appropriations	5,819,210	4,937,072
City capital appropriations	6,212,659	6,859,767
Proceeds from long-term debt	-	9,155,000
Decrease (increase) in bond proceeds available for campus construction	6,468,349	(10,347,643)
Purchases of capital assets	(7,236,601)	(1,888,156)
Principal payments on long-term debt and amortization of capital leases	(7,714,266)	(7,642,307)
Interest payments on long-term debt and capital leases	(3,778,257)	(2,682,657)
Net cash used in capital and related financing activities	<u>(228,906)</u>	<u>(1,608,924)</u>
Cash flows from investing activities:		
Proceeds from sales and maturities of investments	58,567,715	42,376,198
Purchases of investments	(64,535,718)	(45,489,474)
Interest on investments	1,763,370	1,554,926
Net cash used in investing activities	<u>(4,204,633)</u>	<u>(1,558,350)</u>
(Decrease) increase in cash	(2,535,650)	5,317,521
Cash and cash equivalents, beginning	<u>22,125,355</u>	<u>16,807,834</u>
Cash and cash equivalents, ending	<u>\$ 19,589,705</u>	<u>\$ 22,125,355</u>

(Continued)

See accompanying notes to financial statements.

Community College of Philadelphia
(A Component Unit of the City of Philadelphia)

(Business-Type Activities - College only)

STATEMENTS OF CASH FLOWS - CONTINUED

Years ended June 30,

	<u>2020</u>	<u>2019</u>
Reconciliation of operating loss to net cash used in operating activities:		
Operating loss	\$ (100,986,835)	\$ (111,290,230)
Adjustments to reconcile operating loss to net cash used in operating activities:		
Depreciation	7,782,553	7,939,447
Changes in assets and liabilities:		
Accounts receivable	(1,448,323)	305,116
Prepaid and other assets	480,872	(240,324)
Loans to students and employees	71,814	27,457
Accounts payable and accrued liabilities	395,448	1,561,685
Deferred revenues	(152,135)	(96,900)
Other post-employment benefits	(24,589,648)	(5,426,091)
Net cash used in operating activities	<u>\$ (118,446,254)</u>	<u>\$ (107,219,840)</u>
Supplemental disclosure of non-cash capital financing activity:		
Capital assets acquired via capital lease	<u>\$ -</u>	<u>\$ 805,329</u>

See accompanying notes to financial statements.

**Community College of Philadelphia
(A Component Unit of the City of Philadelphia)**

NOTES TO FINANCIAL STATEMENTS

June 30, 2020 and 2019

NOTE A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Organization

The Community College of Philadelphia (the College) operates in accordance with the provisions of Commonwealth of Pennsylvania (the Commonwealth) legislation and through the sponsorship of the City of Philadelphia (the City). For financial reporting purposes, the College has been determined to be a component unit of the City, and, as such, has adopted the applicable provisions of the Governmental Accounting Standards Board (GASB).

Component Unit

The Community College of Philadelphia Foundation (the Foundation) was established to serve as an organization responsible for College fund-raising activities.

The by-laws of the Foundation give the College's board of trustees the authority to amend the Articles of Incorporation of the Foundation at any time. The Foundation is considered to be a discretely presented component unit of the College, and all financial transactions are reported within the financial statements of the College.

Measurement Focus, Basis of Accounting, and Basis of Presentation

The accompanying financial statements have been prepared using the economic resources measurement focus and the accrual basis of accounting in accordance with accounting principles generally accepted in the United States of America (U.S. GAAP), as prescribed by the GASB. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows. Grants and similar items are recognized as revenue as soon as all eligibility requirements have been met.

The College has determined that it functions as a Business-Type Activity, as defined by the GASB. The effect of interfund activity has been eliminated from these financial statements.

The College's policy is to define operating activities in the statements of revenues, expenses and changes in net position as those that generally result from exchange transactions such as the payment received for services and payment made for the purchase of goods and services. Certain other transactions are reported as nonoperating activities. These nonoperating activities include the College's operating and capital appropriations from the Commonwealth and the City; federal, Commonwealth, and private grants; net investment income; gifts; interest expense; and disposals of capital assets.

Government Appropriations

Revenue from the Commonwealth and the City is recognized in the fiscal year during which the funds are appropriated to the College. The College is fiscally dependent upon these appropriations. Specific accounting policies with regard to government appropriations are as follows:

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NOTES TO FINANCIAL STATEMENTS - CONTINUED

June 30, 2020 and 2019

NOTE A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - Continued

Commonwealth of Pennsylvania

General Commonwealth legislation establishing community colleges provides for the reimbursement of certain college expenses from Commonwealth funds appropriated for this purpose. Act 46 enacted in July 2005 changed the original basis of allocating operating funds to Commonwealth community colleges from a formula approach based upon full-time equivalent (FTE) students taught in the current fiscal year to a Commonwealth-wide community college appropriation. Under Act 46, the Commonwealth-wide operating budget appropriation for community colleges is to be distributed among each of the 14 colleges in three parts: base funding, growth funding and high priority (economic development) program funding. The provisions of Act 46 are intended to ensure that base operating funding for each college will at least equal the amount of funds received in the prior year. Annually, 25% of any new dollars in the operating funding granted community colleges is to be distributed proportionally among the colleges experiencing growth in the prior year based upon their share of the FTE growth. Colleges whose enrollments are stable or decline do not receive any increase from the growth funding.

The other significant operating funding change as a result of Act 46 was the establishment of Economic Development (high priority) program funding. High priority program funding is based upon prior year enrollments in program areas defined by the Commonwealth to contribute to trained worker growth in critical employment areas. Using prior-year FTE enrollments in targeted programs as the allocation mechanism, each college is to receive a proportionate share of the available funds allocated to high priority programs.

For 2020 and 2019, the provisions of Act 46 were not followed in allocating operational funds to Pennsylvania community colleges.

Under the provisions of Act 46, a separate revolving pool was established for community college capital funding. Capital funding, which may include major equipment and furniture purchases, capital improvements to buildings and grounds, debt service on major capital projects, and net rental costs for eligible capital leases, is reimbursed at the rate of 50%. Capital costs not previously approved for annual funding are subject to a competitive application process, with the allocation of available funds made by the Pennsylvania Department of Education using Commonwealth-wide criteria.

Any excesses or deficiencies between provisional payments and the final annual reimbursement calculation of annual Commonwealth funding are reflected as a payable or receivable from the Commonwealth.

Net Position

The College classifies its net position into the following four net position categories:

Net investment in capital assets: Capital assets, net of accumulated depreciation and outstanding principal balances of debt attributable to the acquisition, construction, repair, or improvement of those assets.

Restricted - nonexpendable: Net position subject to externally imposed conditions that the College must maintain them in perpetuity.

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

Unrestricted: All other categories of net position. Unrestricted net position may be designated by actions of the College's Board of Trustees.

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NOTES TO FINANCIAL STATEMENTS - CONTINUED

June 30, 2020 and 2019

NOTE A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - Continued

The College has adopted a policy of generally utilizing restricted - expendable funds, when available, prior to unrestricted funds.

Cash and Cash Equivalents

The College considers all cash accounts and demand deposits with financial banking institutions to be cash. The College considers all short-term investments (primarily certificates of deposit) with a maturity of 90 days or less to be cash equivalents.

Investments

Investments in marketable securities are stated at fair value. Valuations for non-marketable securities are provided by external investment managers and are based upon net asset value (NAV) as provided by investment managers.

Dividends, interest and net gains or losses on investments of endowments and similar funds are reported in the statements of revenues, expenses and changes in net position. Any net earnings not expended are included in net position categories as follows:

- (i) as increases in restricted - nonexpendable net position if the terms of the gift require that they be added to the principal of a permanent endowment fund;
- (ii) as increases in restricted - expendable net position if the terms of the gift or the College's interpretation of relevant Commonwealth law impose restrictions on the current use of the income or net gains; and
- (iii) as increases in unrestricted net position in all other cases.

The College policy permits investments in obligations of the U.S. Treasury, certificates of deposit, commercial paper rated A-1 by Standard and Poor's Corporation or P-1 by Moody's Commercial Paper Record, bankers' acceptances, repurchase agreements, and the Commonfund's Intermediate Term Fund and Multi-Strategy Bond Fund, and specifically approved fixed income securities. The investment practice of the Foundation includes the use of PFM Asset Management as its outsourced chief investment officer. The Foundation also uses Bryn Mawr Trust as its custodian of endowment funds. The Foundation transitioned to Vanguard Institutional Advisory Services as its outsourced Chief Investment Officer in November 2019.

Capital Assets

Real estate assets, including improvements, are generally stated at cost. Furnishings and equipment are stated at cost at date of acquisition or, in the case of gifts, at fair value at date of donation. Interest costs on debt related to capital assets are capitalized during the construction period. There were no capitalized interest costs for the years ended June 30, 2020 or 2019.

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NOTES TO FINANCIAL STATEMENTS - CONTINUED

June 30, 2020 and 2019

NOTE A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - Continued

Assets are depreciated using the straight-line method. The range of estimated useful lives by asset categories is summarized as follows:

Asset category	Years
Buildings and improvements	10 to 50
Equipment and furniture	3 to 10
Library books	10
Microforms	5
Software	3
System software	10

The costs of normal maintenance and repairs that do not increase the value of the asset or materially extend assets' lives are not capitalized.

Compensated Absences

Employees earn the right to be compensated during absences for vacation leave and sick leave. Accrued vacation is the amount earned by all eligible employees through the statement of net position date. Upon retirement, these employees are entitled to receive payment for this accrued balance as defined in the College policy and collective bargaining agreements.

Deposits and Unearned Revenue

Deposits and advance payments received for tuition and fees related to certain summer programs and tuition received for the following academic year are deferred and are recorded as revenues when instruction is provided.

Student Fees

Included in student fees are general college fees of \$ 1,162,740 and \$1,302,496 for the years ended June 30, 2020 and 2019, respectively, which have been designated for use by the various student organizations and activities.

Tax Status

The College generally is exempt from federal and Commonwealth taxes due to its status as an unincorporated association established by the Pennsylvania Community College Act of 1963 (the Act). Under the Act, community colleges are considered to be activities of the Commonwealth.

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NOTES TO FINANCIAL STATEMENTS - CONTINUED

June 30, 2020 and 2019

NOTE A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - Continued

The Foundation is exempt from federal income taxes under Section 501(c)(3) of the Internal Revenue Code (IRC). The Internal Revenue Service (IRS) determined the Foundation is also classified as a public charity under Sections 509(a)(1) and 170(b)(1)(A)(vi) of the IRC to serve as an organization responsible for College fundraising activities. The Foundation follows the accounting guidance for uncertainties in income tax positions which requires that a tax position be recognized or not recognized based on a "more likely than not" threshold. This applies to positions taken or expected to be taken in a tax return. The assessment of the tax position is based solely on the technical merits of the position, without regard to the likelihood that the tax position may be challenged. The Foundation has processes presently in place to ensure the maintenance of its tax-exempt status, to identify and report unrelated income, to determine its filing and tax obligations in jurisdictions for which it has nexus, and to review other matters that may be considered tax positions. The tax years ended June 30, 2017, 2018, 2019, and 2020 are still open to audit for both federal and state purposes. As of June 30, 2020, management has determined that the Foundation has no material uncertain tax positions that would require recognition or disclosure in the accompanying financial statements.

Use of Estimates

The preparation of financial statements in conformity with U.S. GAAP requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Significant estimates include the allowance for doubtful accounts, useful lives of capital assets, assumptions related to self-insurance reserves, and assumptions related to pension and other post-employment benefit accruals. Actual results could differ from those estimates.

Scholarship Discounts and Allowances

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

Self-Insurance

The College participates in a self-insurance medical plan through Independence Blue Cross, which became effective September 1, 2009. A reinsurance limit of \$250,000 is in place to limit institutional financial exposure for individuals with extraordinarily large claims in a policy year. The College has established a self-insurance accrued liability account for incurred claims, as well as an estimate of claims incurred but not reported. The College's self-insurance liability at June 30, 2020 and 2019 was \$1,510,300 and \$1,558,698, respectively, based upon an actuarial calculation based upon historical claim experience.

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NOTES TO FINANCIAL STATEMENTS - CONTINUED

June 30, 2020 and 2019

NOTE A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - Continued

Deferred Outflows/Inflows of Resources

In addition to assets, the statements of net position include a separate section for deferred outflows of resources. This separate financial statement element represents a consumption of net position that applies to future periods and will not be recognized as an outflow of resources until that time. In addition to liabilities, the statements of net position include a separate section for deferred inflows of resources. This separate financial statement element represents an acquisition of a net position that applies to future periods and will not be recognized as an inflow of resources until that time. The College's deferred outflow/inflow relates to amounts recorded in connection with GASB Statement No. 68, *Accounting and Financial Reporting for Pensions* (GASB 68), amounts recorded in connection with GASB Statement No. 75, *Accounting and Financial Reporting for Postemployment Benefits other than Pensions* (GASB 75), as well as the advance refunding of the 2008 Series Community College Revenue Bonds in September 2015.

Additional deferred inflows of \$74.7 million and \$63.0 million in 2020 and 2019, respectively, were recorded under GASB 75.

Pensions

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

Recently Issued Accounting Pronouncements

In June 2017, the GASB issued Statement No. 87, *Leases*. This statement provides guidance for lease contracts for nonfinancial assets - including vehicles, heavy equipment and buildings - but excludes nonexchange transactions, including donated assets, and leases of intangible assets (such as patents and software licenses). The lease definition now focuses on a contract that conveys control of the right to use another entity's nonfinancial assets, which is referred to in the new Statement No. 87 as the underlying asset. Under Statement No. 87, a lessee government is required to recognize (1) a lease liability and (2) an intangible asset representing the lessee's right to use the leased asset. A lessor government is required to recognize (1) a lease receivable and (2) a deferred inflow of resources. A lessor will continue to report the leased asset in its financial statements. The requirements of Statement No. 87 are effective for reporting periods beginning after June 15, 2021, with early adoption permitted. The College is still assessing the impact of Statement No. 87 on its financial statements.

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NOTES TO FINANCIAL STATEMENTS - CONTINUED

June 30, 2020 and 2019

NOTE A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - Continued

In June 2018, the GASB issued Statement No. 89, *Accounting for Interest Cost Incurred before the End of a Construction Period*. Statement No. 89 requires that interest cost incurred before the end of a construction period be recognized as an expense in the period in which the cost is incurred and no longer be included in the historical cost of a capital asset reported in a business-type activity. The requirements of this statement are effective for financial statements for periods beginning after December 15, 2020 and will be applied prospectively. The College is still assessing the impact of Statement No. 89 on its financial statements.

COVID-19 Disruptions

In March 2020, the World Health Organization declared the outbreak of a novel coronavirus (COVID-19) as a pandemic, which continues to spread throughout the United States. As a result, a COVID-19 Exposure Prevention, Preparedness, and Response Plan was implemented by the College. A COVID-19 Safety Team was established to monitor the developing public health situation and ensure the College is in compliance with public health guidance from agencies such as the U.S. Center for Disease Control and Prevention, the Pennsylvania Department of Health, the Department of Public Health for the City of Philadelphia, and the Pennsylvania Department of Education, in order to safeguard the health of its students, employees and community members.

As a result, all on-campus coursework and student activities were suspended effective March 16, 2020. All employees, except certain identified essential employees, were required to work from home. Almost all courses, except for those requiring in-person instruction for effective learning or required by licensing bodies, have been converted to online courses. Some courses already offered on-campus for the fall semester are in the areas of Dental Hygiene, Phlebotomy, Clinical Microbiology, Electrical Wiring, Nurse Aid Training, and ServSafe. Other courses may be added to the list depending on the COVID-19 situation. The College was awarded a total of \$17.1 million from the CARES Act to address the unprecedented COVID-19 challenges. As of June 30, 2020, the College had drawn-down and disbursed \$5.4 million of the Emergency Financial Aid Grants to students and this amount is included as an increase in student aid expenses from \$6.2 million in 2019 to \$12.1 million in 2020. The College drew down and spent \$1.2 million of the institutional portion under the grant to purchase laptops for students, expand remote access and distance education software licensing, purchase personal protective equipment, and for converting on-campus courses to remote learning. The remaining balance from the CARES Act will be drawn down and spent in 2021.

While the disruption is currently expected to be temporary, there is uncertainty around the duration. Therefore, while the College expects this matter to negatively impact its financial position for 2021, the related financial impact cannot be reasonably estimated at this time.

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NOTES TO FINANCIAL STATEMENTS - CONTINUED

June 30, 2020 and 2019

NOTE B - DEPOSITS AND INVESTMENTS

The College invests its funds in accordance with the Board of Trustees' investment policy, which authorizes the College to invest in cash equivalents which consist of treasury bills, money market funds, commercial paper, bankers' acceptances, repurchase agreements and certificates of deposit; fixed income securities including U.S. government and agency securities, corporate notes and bonds, asset-backed bonds, floating rate securities and Yankee notes and bonds; and mutual funds including the Commonfund Multi-Strategy Bond Fund and Commonfund Intermediate Fund. Regardless of fund classifications, certain general tenets apply. Investments in all classifications seek to maintain significant liquidity and maximize annual income for the College while avoiding excessive risk. Specific objectives include maintaining sufficient liquidity to meet anticipated cash needs and the preservation of principal. The College recognizes that it may be necessary to forego opportunities for potential large gains to achieve a reasonable risk posture. Certain investments are prohibited, including equity securities, commodities and futures contracts, private placements, options, limited partnerships, venture capital, tangible personal property, direct real estate, short selling, margin transactions and certain derivative instruments. Diversification, insofar as it reduces portfolio risk, is required. At least annually, the Board of Trustees will review the investment policy and performance to determine any appropriate revisions.

Operating funds may be invested only in corporate bonds rated at a minimum A- by Standard and Poor's or A3 by Moody's Investors Service, Inc. (Moody's) that are of U.S. dollar denomination. Investments in asset-backed and mortgage-backed bonds are limited to those rated AAA/Aaa. Investments in commercial paper must be rated A1/P1 or better. The maximum percentage of investments in any one sector is limited to 100% for U.S. government and agency, 25% for asset-backed bonds, 40% for corporate notes and bonds, and 25% for mortgage-backed bonds.

Deposits are comprised of demand deposit accounts with financial institutions. At both June 30, 2020 and 2019, cash on hand was \$4,000. At June 30, 2020 and 2019, the carrying amount of deposits was \$19,585,705 and \$22,121,355 and the bank balance was \$20,692,394 and \$23,112,544, respectively. The differences were caused primarily by items in transit. Deposits of \$500,000 were covered by federal depository insurance of \$250,000 for the College accounts and \$250,000 for the Foundation account under each ownership category at both June 30, 2020 and 2019.

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NOTES TO FINANCIAL STATEMENTS - CONTINUED

June 30, 2020 and 2019

NOTE B - DEPOSITS AND INVESTMENTS - Continued

The following is the fair value of deposits and investments at June 30, 2020:

	College	Component unit Foundation
Deposits:		
Demand deposits	\$ 19,585,705	\$ 1,622,503
Investments:		
U.S. Treasury obligations	5,181,943	-
U.S. government agency obligations	5,332,734	-
Corporate and foreign bonds	1,776,056	-
Intermediate fixed income mutual fund	5,531,337	4,488,182
Equity mutual fund	-	7,825,563
Multi-strategy bond mutual fund	5,449,926	-
Money market mutual funds	17,684,046	858,020
Private real estate fund	-	55,256
	<u>\$ 60,541,747</u>	<u>\$ 14,849,524</u>
Total deposits and investments		

The following is the fair value of deposits and investments at June 30, 2019:

	College	Component unit Foundation
Deposits:		
Demand deposits	\$ 22,121,355	\$ 1,427,612
Investments:		
U.S. Treasury obligations	5,382,641	349,160
U.S. government agency obligations	207,733	-
Corporate and foreign bonds	5,655,517	-
Intermediate fixed income mutual fund	5,416,342	3,859,841
Equity mutual fund	-	7,625,415
Multi-strategy bond mutual fund	5,191,465	-
Money market mutual funds	13,134,341	855,989
Private real estate fund	-	45,793
	<u>\$ 57,109,394</u>	<u>\$ 14,163,810</u>
Total deposits and investments		

**Community College of Philadelphia
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NOTES TO FINANCIAL STATEMENTS - CONTINUED

June 30, 2020 and 2019

NOTE B - DEPOSITS AND INVESTMENTS - Continued

In addition to the deposits and investments listed above, the College also has bond proceeds available for campus construction held by Sovereign Bank, the State Public School Building Authority, and the Bank of New York (the trustees), under the terms of various bond indentures. Bond proceeds available for campus construction are carried in the financial statements at fair value and consist of short-term investments and government securities. As of June 30, 2020 and 2019, bond proceeds available for campus construction include the following:

	<u>2020</u>	<u>2019</u>
Construction funds	\$ 19,978,506	\$ 26,446,855

The College's investments are subject to various risks. Among these risks are custodial credit risk, credit risk, and interest rate risk. Each one of these risks is discussed in more detail below.

Custodial credit risk is the risk that in the event of a bank failure, the College's deposits may not be returned to the College. The College does not have a deposit policy for custodial credit risk. Commonwealth of Pennsylvania Act 72 of 1971, as amended, allows banking institutions to satisfy the collateralization requirement by pooling eligible investments to cover total public funds on deposit in excess of federal insurance. Such pooled collateral is pledged with the financial institutions' trust departments.

At June 30, 2020 and 2019, the College's bank balance was exposed to custodial credit risk as follows:

	<u>2020</u>	<u>2019</u>
Uninsured and collateral held by pledging bank's trust department not in the College's name	\$ 19,585,705	\$ 22,121,355

The College participates in the Certificate of Deposit Account Registry Service (CDARS) for its certificates of deposit and Insured Cash Sweep (ICS). CDARS and ICS allow the College to access Federal Deposit Insurance Corporation (FDIC) insurance on multi-million dollar certificates of deposit and money market deposit accounts to earn rates that compare favorably to treasuries and money market mutual funds. Custodial credit risk has been eliminated for the College's certificates of deposit as a result of its participation in the CDARS program.

Credit risk is the risk that an issuer or other counterparty to an investment will not fulfill its obligations. The credit risk of a debt instrument is measured by nationally recognized statistical rating agencies such as Moody's.

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NOTES TO FINANCIAL STATEMENTS - CONTINUED

June 30, 2020 and 2019

NOTE B - DEPOSITS AND INVESTMENTS - Continued

The multi-strategy bond mutual fund and the intermediate fixed income mutual fund are mutual funds managed by the Commonfund. The credit quality of the investments that comprise these funds are:

	June 30, 2020	
	Multi-Strategy Bond	Intermediate Fixed Income
Government	11%	22%
Agency	24	25
AAA	11	22
AA	4	5
A	13	14
BBB	23	10
Below BBB	10	2
Non-rated/Other	4	
Total	100%	100%

	June 30, 2019	
	Multi-Strategy Bond	Intermediate Fixed Income
Government	15%	23%
Agency	28	23
AAA	7	23
AA	3	4
A	9	19
BBB	19	7
Below BBB	13	1
Non-rated/Other	6	-
Total	100%	100%

The credit quality of the fixed income investments in which the College directly invests, including U.S. Treasury obligations, U.S. government agency obligations and corporate and foreign bonds, is as follows:

	June 30, 2020	June 30, 2019
	Fixed income investments	Fixed income investments
Aaa	54%	61%
Aa	6	4
A	32	25
Baa	8	10
Total	100%	100%

**Community College of Philadelphia
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NOTES TO FINANCIAL STATEMENTS - CONTINUED

June 30, 2020 and 2019

NOTE B - DEPOSITS AND INVESTMENTS - Continued

Interest rate risk is the risk that changes in interest rates will adversely affect the fair value of fixed income investments. The College's investment policy does not specifically address limitations in the maturities of investments. The weighted average maturities of the College's fixed income investments at June 30, 2020 and 2019 are as follows:

	<u>June 30, 2020</u>	<u>June 30, 2019</u>
	Weighted average maturity (years)	Weighted average maturity (years)
U.S. Treasury obligations	4.27	3.60
U.S. government agency obligations	3.79	2.00
Corporate and foreign bonds	4.92	4.70

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

The College has the following recurring fair value measurements as of June 30, 2020:

Demand deposits, U.S. Treasury obligations, U.S. government agency obligations, and money market mutual funds of \$47,784,428 are valued using quoted market prices (Level 1 inputs).

Corporate and foreign bonds of \$1,776,056 are valued using a matrix pricing model (Level 2 inputs), while the intermediate fixed income mutual fund and the multi-strategy bond mutual fund totaling \$10,981,263 are valued at the NAV per share (or its equivalent) of the investments (Level 2 inputs).

The Foundation has the following recurring fair value measurements as of June 30, 2020:

Demand deposits, equity mutual fund, and money market mutual funds of \$10,306,086 are valued using quoted market prices (Level 1 inputs).

The intermediate fixed income mutual fund of \$4,488,182 is valued at the NAV per share (or its equivalent) of the investments (Level 2 inputs).

The private real estate fund of \$55,256 is valued at the NAV per share (or its equivalent) of the investments (Level 3 inputs).

The College has the following recurring fair value measurements as of June 30, 2019:

Demand deposits, U.S. Treasury obligations, U.S. government agency obligations, and money market mutual funds of \$40,846,070 are valued using quoted market prices (Level 1 inputs).

Corporate and foreign bonds of \$5,655,517 are valued using a matrix pricing model (Level 2 inputs), while the intermediate fixed income mutual fund and the multi-strategy bond mutual fund totaling \$10,607,807 are valued at the NAV per share (or its equivalent) of the investments (Level 2 inputs).

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NOTES TO FINANCIAL STATEMENTS - CONTINUED

June 30, 2020 and 2019

NOTE B - DEPOSITS AND INVESTMENTS - Continued

The Foundation has the following recurring fair value measurements as of June 30, 2019:

Demand deposits, U.S. Treasury obligations, equity mutual fund, and money market mutual funds of \$10,258,176 are valued using quoted market prices (Level 1 inputs).

The intermediate fixed income mutual fund of \$3,859,841 is valued at the NAV per share (or its equivalent) of the investments (Level 2 inputs).

The private real estate fund of \$45,793 is valued at the NAV per share (or its equivalent) of the investments (Level 3 inputs).

The valuation method for investments measured at the NAV per share (or its equivalent) are presented in the following tables.

June 30, 2020
Investments Measured at NAV
(\$ in millions)

	Fair Value	Unfunded Commitments	Redemption Frequency (if currently eligible)	Redemption Notice Period
Intermediate fixed income mutual fund ⁽¹⁾	\$ 10.0	-	Monthly	30 days
Multi-strategy bond mutual fund ⁽²⁾	5.4	-	Weekly	7 days
Private real estate fund ⁽³⁾	<u>0.1</u>	-	N/A	N/A
Total investments measured at NAV	<u>\$ 15.5</u>			

June 30, 2019
Investments Measured at NAV
(\$ in millions)

	Fair Value	Unfunded Commitments	Redemption Frequency (if currently eligible)	Redemption Notice Period
Intermediate fixed income mutual fund ⁽¹⁾	\$ 9.3	-	Monthly	30 days
Multi-strategy bond mutual fund ⁽²⁾	5.2	-	Weekly	7 days
Private real estate fund ⁽³⁾	<u>0.1</u>	-	N/A	N/A
Total investments measured at NAV	<u>\$ 14.6</u>			

(1) *Intermediate Fixed Income Mutual Fund.* The investment objective of the Multi-Strategy Bond Fund is to offer an actively managed, multi-manager investment program that will provide broad exposure to global debt markets. The fund seeks to add value above the return of the broad U.S. bond market as measured by the Barclays Capital U.S. Aggregate Bond Index, net of fees, and to provide competitive returns relative to the Russell U.S. Core Plus Fixed Income Universe. The fund's risk

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NOTES TO FINANCIAL STATEMENTS - CONTINUED

June 30, 2020 and 2019

NOTE B - DEPOSITS AND INVESTMENTS - Continued

characteristics will vary from those of the index due to its diversified exposures to sectors outside of the index, including below investment grade debt and international bond and currency markets. The fair values of the investments in this type have been determined using the NAV per share (or its equivalent) of the investments.

(2) *Multi-Strategy Bond Mutual Fund.* The investment objective of the Intermediate Term Fund is to produce a total return in excess of its benchmark, the Bank of America Merrill Lynch 1-3 Year Treasury Index, but attaches greater emphasis to its goal of generating a higher current yield than short-term money market investments in a manner that mitigates the chances of a negative total return over any 12-month period. The fair values of the investments in this type have been determined using the NAV per share (or its equivalent) of the investments.

(3) *Private Real Estate Fund.* Equus Capital Partners' Fund X (Equus) seeks to acquire value-add properties across all major real estate segments throughout the U.S. It is a sole-acquirer that takes equity positions and does not partner with regional owner-operators through joint ventures that can be dilutive to equity upside profits. The fund aims to be fully diversified across all major property types and across all U.S. property markets. Equus runs a vertically integrated platform, from deal sourcing, through acquisition to portfolio management, property management, renovation, repositioning and exit. The fund includes moderate leverage on its acquisitions, with no debt recourse to the fund level. The fair values of the investments in this type have been determined using the NAV per share (or its equivalent) of the investments.

NOTE C - ACCOUNTS RECEIVABLE

Accounts receivable include the following at June 30, 2020 and 2019:

	2020		2019	
	College	Component unit Foundation	College	Component unit Foundation
Tuition and fee receivables	\$ 6,780,999	\$ -	\$ 7,153,747	\$ -
Grants receivable	-	248,768	-	136,131
Other receivables	1,253,479	-	1,568,328	-
Pledges receivable	-	109,942	-	160,595
Receivable from Foundation	701,664	-	423,344	-
	<u>8,736,142</u>	<u>358,710</u>	<u>9,145,419</u>	<u>296,726</u>
Less: allowance for doubtful accounts	<u>(3,160,977)</u>	<u>(8,819)</u>	<u>(4,025,860)</u>	<u>(12,922)</u>
Total	<u>\$ 5,575,165</u>	<u>\$ 349,891</u>	<u>\$ 5,119,559</u>	<u>\$ 283,804</u>

The College anticipates that all of its net accounts receivable will be collected within one year.

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NOTES TO FINANCIAL STATEMENTS - CONTINUED

June 30, 2020 and 2019

NOTE D - CAPITAL ASSETS

Accounts receivable, tuition and fees and other are reported as net realizable value. Accounts are written off when they are determined to be uncollectible based upon management's assessment of individual accounts. The allowance for doubtful accounts is estimated based on the College's historical losses and periodic review of individual accounts. The allowance was \$3,160,977 and \$4,025,860 at June 30, 2020 and 2019, respectively. All of the Foundation's pledges receivable are expected to be collected subsequent to June 30, 2020, generally on a five-year payment schedule.

Capital assets consist of the following at June 30, 2020:

	Balance July 1, 2019	Additions	Retirements and adjustments	Balance June 30, 2020
Capital assets not depreciated:				
Land and improvements	\$ 31,094,976	\$ -	\$ -	\$ 31,094,976
Construction in progress	1,013,521	6,295,754	(114,441)	7,194,834
Works of art	787,708	114,912	-	902,620
	<u>32,896,205</u>	<u>6,410,666</u>	<u>(114,441)</u>	<u>39,192,430</u>
Capital assets being depreciated:				
Buildings and improvements	243,056,366	325,013	-	243,381,379
Equipment and furniture	43,466,500	515,253	(15,765)	43,965,988
Library books	5,660,902	101,152	-	5,762,054
Microforms	1,669,832	-	-	1,669,832
Software	4,038,895	-	-	4,038,895
System software	6,911,878	-	-	6,911,878
Total before depreciation	<u>304,804,373</u>	<u>941,418</u>	<u>(15,765)</u>	<u>305,730,026</u>
	<u>\$ 337,700,578</u>	<u>\$ 7,352,084</u>	<u>\$ (130,206)</u>	<u>\$ 344,922,456</u>

Accumulated depreciation by asset categories is summarized as follows:

	Balance July 1, 2019	Depreciation	Retirements	Balance June 30, 2020
Buildings and improvements	\$ 124,274,650	\$ 5,890,191	\$ -	\$ 130,164,841
Equipment and furniture	36,897,941	1,732,805	(14,721)	38,616,025
Library books	4,885,042	128,838	-	5,013,880
Microforms	1,669,832	-	-	1,669,832
Software	4,038,895	-	-	4,038,895
System software	6,808,606	30,719	-	6,839,325
Total	<u>\$ 178,574,966</u>	<u>\$ 7,782,553</u>	<u>\$ (14,721)</u>	<u>186,342,798</u>
Net capital assets				<u>\$ 158,579,658</u>

Community College of Philadelphia
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NOTES TO FINANCIAL STATEMENTS - CONTINUED

June 30, 2020 and 2019

NOTE D - CAPITAL ASSETS - continued

Capital assets consist of the following at June 30, 2019:

	Balance July 1, 2018	Additions	Retirements and adjustments	Balance June 30, 2019
Capital assets not depreciated:				
Land and improvements	\$ 31,056,794	\$ 38,182	\$ -	\$ 31,094,976
Construction in progress	543,268	743,389	(273,136)	1,013,521
Works of art	787,708	-	-	787,708
	<u>32,387,770</u>	<u>781,571</u>	<u>(273,136)</u>	<u>32,896,205</u>
Capital assets being depreciated:				
Buildings and improvements	242,601,214	455,152	-	243,056,366
Equipment and furniture	41,966,616	1,595,319	(95,435)	43,466,500
Library books	5,525,888	135,014	-	5,660,902
Microforms	1,669,832	-	-	1,669,832
Software	4,038,895	-	-	4,038,895
System software	6,911,878	-	-	6,911,878
	<u>302,714,323</u>	<u>2,185,485</u>	<u>(95,435)</u>	<u>304,804,373</u>
Total before depreciation	<u>\$ 335,102,093</u>	<u>\$ 2,967,056</u>	<u>\$ (368,571)</u>	<u>\$ 337,700,578</u>

Accumulated depreciation by asset categories is summarized as follows:

	Balance July 1, 2018	Depreciation	Retirements	Balance June 30, 2019
Buildings and improvements	\$ 118,308,425	\$ 5,966,226	\$ -	\$ 124,274,651
Equipment and furniture	35,358,792	1,734,149	(95,000)	36,997,941
Library books	4,748,188	136,855	-	4,885,043
Microforms	1,669,832	-	-	1,669,832
Software	4,038,895	-	-	4,038,895
System software	6,706,389	102,217	-	6,808,606
Total	<u>\$ 170,830,521</u>	<u>\$ 7,939,447</u>	<u>\$ (95,000)</u>	<u>178,674,968</u>
Net capital assets				<u>\$ 159,125,610</u>

Community College of Philadelphia
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NOTES TO FINANCIAL STATEMENTS - CONTINUED

June 30, 2020 and 2019

NOTE E - ACCOUNTS PAYABLE AND ACCRUED LIABILITIES

Accounts payable and accrued liabilities consisted of the following at June 30, 2020:

	<u>College</u>	<u>Component unit Foundation</u>
Category:		
Vendors and others	\$ 8,234,349	\$ 803,216
Accrued salaries	3,784,561	35,764
Accrued benefits	2,053,313	-
Compensated absences	3,420,896	-
Retirement incentive payments	1,130,713	-
Payroll withholding taxes	514,427	-
Accrued interest	178,804	-
Total	<u>\$ 19,317,063</u>	<u>\$ 838,980</u>

Accounts payable and accrued liabilities consisted of the following at June 30, 2019:

	<u>College</u>	<u>Component unit Foundation</u>
Category:		
Vendors and others	\$ 7,232,761	\$ 458,748
Accrued salaries	3,712,096	18,588
Accrued benefits	2,302,592	-
Compensated absences	3,065,436	-
Retirement incentive payments	2,048,645	-
Payroll withholding taxes	395,217	-
Accrued interest	196,878	-
Total	<u>\$ 18,953,625</u>	<u>\$ 477,336</u>

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NOTES TO FINANCIAL STATEMENTS - CONTINUED

June 30, 2020 and 2019

NOTE E - ACCOUNTS PAYABLE AND ACCRUED LIABILITIES - continued

Long-term liability activity for the year ended June 30, 2020 was as follows:

	Beginning balance July 1, 2019	Additions	Deductions	Total ending balance June 30, 2020	Current portion
Long-term liabilities:					
Accounts payable and accrued liabilities	\$ 18,953,625	\$ 544,222	\$ (180,784)	\$ 19,317,063	\$ 17,762,425
Payable to government agencies	4,222,497	-	(3,952,948)	269,549	269,549
Capital lease obligation	1,391,712	-	(473,449)	918,263	468,149
Long-term debt	77,298,101	-	(7,240,817)	70,057,284	7,557,284
Unamortized bond premium	8,169,579	-	(728,918)	7,440,661	728,918
Other post-employment benefits	180,264,083	1,610,577	(38,250,154)	143,624,506	-
	<u>\$ 290,299,597</u>	<u>\$ 2,154,799</u>	<u>\$ (50,827,070)</u>	<u>\$ 241,627,326</u>	<u>\$ 26,786,325</u>

Long-term liability activity for the year ended June 30, 2019 was as follows:

	Beginning balance July 1, 2018	Additions	Deductions	Total ending balance June 30, 2019	Current portion
Long-term liabilities:					
Accounts payable and accrued liabilities	\$ 17,403,319	\$ 2,383,313	\$ (833,007)	\$ 18,953,625	\$ 17,553,995
Payable to government agencies	729,343	3,493,154	-	4,222,497	4,222,497
Capital lease obligation	1,564,211	805,328	(977,827)	1,391,712	473,448
Long-term debt	74,807,581	9,155,000	(6,664,480)	77,298,101	7,240,817
Unamortized bond premium	7,822,756	346,823	-	8,169,579	728,918
Other post-employment benefits	182,233,779	-	(1,969,696)	180,264,083	-
	<u>\$ 284,560,989</u>	<u>\$ 16,183,618</u>	<u>\$ (10,445,010)</u>	<u>\$ 290,299,597</u>	<u>\$ 30,219,675</u>

Community College of Philadelphia
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NOTES TO FINANCIAL STATEMENTS - CONTINUED

June 30, 2020 and 2019

NOTE F - DEBT

The College's debt financing is primarily provided through Community College Revenue Bonds issued by the Hospitals and Higher Education Facilities Authority and the State Public School Building Authority.

Debt consisted of the following at June 30, 2020:

	Balance July 1, 2019	Additions	Principal payments	Balance June 30, 2020	Current portion
2015 Series	\$ 45,535,000	\$ -	\$ (4,380,000)	\$ 41,155,000	\$ 4,595,000
2018 Series	21,970,000	-	(2,265,000)	19,705,000	2,345,000
2019 Series	9,155,000	-	(280,000)	8,875,000	295,000
SPSBA Loan	638,101	-	(315,817)	322,284	322,284
	<u>\$ 77,298,101</u>	<u>\$ -</u>	<u>\$ (7,240,817)</u>	<u>\$ 70,057,284</u>	<u>\$ 7,557,284</u>

Debt consisted of the following at June 30, 2019:

	Balance July 1, 2018	Additions	Principal payments	Balance June 30, 2019	Current portion
2015 Series	\$ 49,705,000	\$ -	\$ (4,170,000)	\$ 45,535,000	\$ 4,380,000
2018 Series	24,155,000	-	(2,185,000)	21,970,000	2,265,000
2019 Series	-	9,155,000	-	9,155,000	280,000
SPSBA Loan	947,581	-	(309,480)	638,101	315,817
	<u>\$ 74,807,581</u>	<u>\$ 9,155,000</u>	<u>\$ (6,664,480)</u>	<u>\$ 77,298,101</u>	<u>\$ 7,240,817</u>

**Community College of Philadelphia
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NOTES TO FINANCIAL STATEMENTS - CONTINUED

June 30, 2020 and 2019

NOTE F - DEBT - continued

Future annual principal and interest payments at June 30, 2020 are as follows:

	Principal	Interest	Total
June 30:			
2021	\$ 7,557,284	\$ 3,385,398	\$ 10,942,682
2022	7,600,000	3,020,381	10,620,381
2023	7,975,000	2,640,381	10,615,381
2024	6,240,000	2,241,631	8,481,631
2025	6,550,000	1,929,631	8,479,631
2026	6,000,000	1,602,131	7,602,131
2027	6,305,000	1,302,131	7,607,131
2028	6,615,000	986,881	7,601,881
2029	1,165,000	656,131	1,821,131
2030	1,225,000	597,881	1,822,881
2031	1,285,000	536,631	1,821,631
2032	1,350,000	472,381	1,822,381
2033	1,420,000	404,881	1,824,881
2034	1,490,000	333,881	1,823,881
2035	1,565,000	259,381	1,824,381
2036	1,630,000	192,831	1,822,831
2037	1,685,000	137,494	1,822,494
2038	1,745,000	80,288	1,825,288
2039	655,000	19,650	674,650
	<u>\$ 70,057,284</u>	<u>\$ 20,799,995</u>	<u>\$ 90,857,279</u>

2015 Series

Under a loan agreement dated September 10, 2015 between the Authority and the College, the College borrowed \$52,075,000 of 2015 Series Community College Revenue Bonds to advance refund a portion of the Authority's Community College Revenue Bonds (Community College of Philadelphia Project), Series of 2008 and additional 2015 Capital Projects. The 2015 Capital Projects consist of the following: (1) renovating the College's biology labs, (2) replacing certain escalators located in the College's West Building, and (3) various other renovations, repairs and capital improvements. All of the foregoing components of the 2015 Capital Projects will be used in connection with the College's operation of its community college buildings in furtherance of its educational mission. The 2015 Series Bonds are payable over 12½ years at rates from 2.00% to 5.00%, with an average debt service payment of \$4,166,000. The unrefunded Series of 2008 were payable over three years, with an average debt service payment of \$2,415,000.

Community College of Philadelphia
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NOTES TO FINANCIAL STATEMENTS - CONTINUED

June 30, 2020 and 2019

NOTE F - DEBT - continued

Remaining principal payments for the 2015 Series Bonds required by the loan agreement are as follows:

	<u>Principal</u>
2021	\$ 4,595,000
2022	4,830,000
2023	5,070,000
2024	5,325,000
2025	5,590,000
2026	4,995,000
2027-2029	<u>10,750,000</u>
	<u>\$ 41,155,000</u>

2018 Series

Under a loan agreement dated May 1, 2018 between the Authority and the College, the College borrowed \$24,155,000 of 2018 Series Community College Revenue Bonds to refund the outstanding Authority's Community College Revenue Bonds (Community College of Philadelphia Project), Series of 2017 and the additional 2018 Capital Projects. The 2018 Capital Projects consist of the renovation and improvements of the Library Learning Commons facility at the main campus. All of the foregoing components of the 2018 Capital Projects will be used in connection with the College's operation of its community college buildings in furtherance of its educational mission. The 2018 Series Bonds are payable over 20½ years at rates from 3.63% to 5.00%, with average debt service payments of \$3,291,851 through 2023 and \$1,148,381 from 2024 through 2038.

	<u>Principal</u>
2021	2,345,000
2022	2,460,000
2023	2,580,000
2024	575,000
2025	600,000
2026	630,000
2027-2038	<u>10,515,000</u>
	<u>\$ 19,705,000</u>

**Community College of Philadelphia
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NOTES TO FINANCIAL STATEMENTS - CONTINUED

June 30, 2020 and 2019

NOTE F - DEBT - continued

2019 Series

Under a loan agreement dated May 2019 between the Authority and the College, the College borrowed \$9,155,000 College Revenue Bonds (Community College of Philadelphia Project), Series A of 2019. The 2019 Capital Projects consist of (a) the development, construction, improvement, furnishing, equipping and outfitting of a new, approximately 75,000 square foot, building on land owned by the College in West Philadelphia, with a facility that will be used to house the College's Career and Advanced Technology Center, (b) the demolition of an existing building on such site, and (c) other miscellaneous capital improvements at such site including parking, landscaping and related improvements. All of the foregoing components of the 2019 Capital Projects will be used in connection with the College's operation of its community college buildings in furtherance of its educational mission. The 2019 Series A Bonds are payable over 20 years at rates from 3.00% to 5.00%, with average debt service payments of \$675,589 from 2020 through 2039.

Principal payments required by the loan agreement are as follows:

	<u>Principal</u>
2021	\$ 295,000
2022	310,000
2023	325,000
2024	340,000
2025	360,000
2026	375,000
2027	395,000
2028-2039	<u>6,475,000</u>
	<u>\$ 8,875,000</u>

Revolving Loan Obligation

Under a loan agreement dated April 1, 2013 with the Authority, the College borrowed \$2,400,000 for the purpose of renovations to several spaces in the West Building on the College's Main Campus to address critical programmatic needs. The loan is scheduled to be repaid over a five-year period through November 1, 2020 at a fixed annual interest rate of 2.03%.

Remaining principal payments required by the loan agreement are as follows:

	<u>Principal</u>
2021	\$ 322,284

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NOTES TO FINANCIAL STATEMENTS - CONTINUED

June 30, 2020 and 2019

NOTE F - DEBT - Continued

Operating Leases

The College leases certain equipment and property under operating lease arrangements that expire through 2026. Rental expense for operating leases was \$513,212 and \$503,652 for the years ended June 30, 2020 and 2019, respectively.

Future minimum lease payments required under operating leases are as follows:

2021	\$ 562,669
2022	430,314
2023	310,274
2024	272,845
2025-2026	<u>301,997</u>
	<u>\$ 1,878,099</u>

Capital Leases

The College leases certain equipment under capital lease arrangements that expire through 2023. These leases are recorded at the lower of cost or present value and amounted to \$918,263 and \$1,391,712 at June 30, 2020 and 2019, respectively. Amortization charges of capital leases were \$1,106,227 and \$1,190,253 for the years ended June 30, 2020 and 2019, respectively.

Future minimum lease payments under capital leases are as follows:

	<u>Principal</u>
2021	\$ 468,149
2022	378,632
2023	<u>71,482</u>
	<u>\$ 918,263</u>

**Community College of Philadelphia
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NOTES TO FINANCIAL STATEMENTS - CONTINUED

June 30, 2020 and 2019

NOTE G - (PAYABLE TO) RECEIVABLE FROM GOVERNMENT AGENCIES

(Payable to) receivable from government agencies includes the following at June 30, 2020 and 2019:

	2020		2019	
	(Payable)	Receivable	(Payable)	Receivable
Commonwealth of Pennsylvania:				
Provision for potential audit findings and reimbursement calculation	\$ (47,999)	\$ -	\$ (2,500)	\$ -
Grants and special projects	-	1,148,570	-	1,086,492
PHEAA for grants	(221,550)	-	(4,219,997)	-
	<u>(269,549)</u>	<u>1,148,570</u>	<u>(4,222,497)</u>	<u>1,086,492</u>
City of Philadelphia grants receivable	-	497,511	-	314,571
Federal:				
Financial aid programs	-	2,644	-	12,605
Grants and special projects	-	1,063,562	-	377,718
	<u>-</u>	<u>1,563,717</u>	<u>-</u>	<u>704,894</u>
Total	<u>\$ (269,549)</u>	<u>\$ 2,712,287</u>	<u>\$ (4,222,497)</u>	<u>\$ 1,791,386</u>

NOTE H - EMPLOYEE BENEFITS

Retirement benefits are provided for substantially all employees through payments to one of the board-authorized retirement programs. Although the College does not offer participation in the SERS or the PSERS, it has grandfathered continued participation for those employees currently enrolled. The College has 10 employees participating in the SERS and 21 employees in the PSERS.

Defined Benefit Plans

The PSERS and SERS are cost-sharing multiple employer defined benefit plans and are administered by the Commonwealth as established under legislative authority. The financial statements for PSERS and SERS can be obtained from the following: Commonwealth of Pennsylvania, Public School Employees' Retirement System, 5 North Fifth Street, P.O. Box 125, Harrisburg, PA 17108-0125; and Commonwealth of Pennsylvania, State Employees' Retirement System, 30 North Third Street, P.O. Box 1147, Harrisburg, PA 17108-1147.

**Community College of Philadelphia
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NOTES TO FINANCIAL STATEMENTS - CONTINUED

June 30, 2020 and 2019

NOTE H - EMPLOYEE BENEFITS - Continued

Benefits Provided

PSERS and SERS provide retirement, disability, and death benefits. For PSERS, retirement benefits are determined as 2.00% or 2.50% (depending on membership class), of the individual's final average salary multiplied by the number of years of credited service. After completion of five years of service, an individual's right to defined benefits is vested, and early retirement may be elected. Individuals are eligible for disability retirement benefits after completion of five years of credited service. Such disability benefits are generally equal to 2.00% to 2.50% (depending on membership class) of the member's final average salary 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. Death benefits are payable upon the death of an active member who has reached age 62 with at least one year of credited service. Such benefits are actuarially equivalent to the benefit that would have been effective if the member had retired on the day before death.

For SERS, retirement benefits are determined at 2.00% or 2.50% (depending on membership date) of the highest three-year average salary times the number of years of service. The vesting period is either 5 or 10 years (depending on membership date) of credited service.

Contributions

For PSERS, the contribution policy is set by Commonwealth statutes and requires contributions by active members, employers and the Commonwealth of Pennsylvania. Funding percentages are determined by the plan in accordance with actuarial calculations and are based on covered payroll. Currently, for full time faculty, administrators and other staff, the College contributes 16.72% of all earnings as long as contributions are adequate to accumulate assets to pay retirement benefits when due. Employee contributions are 6.50% of all earnings for members prior to July 22, 1983 and 7.50% of all earnings for members after July 22, 1983.

For SERS, the contribution policy is set by Commonwealth statutes and requires contributions by active members, employers and the Commonwealth of Pennsylvania. Funding percentages are determined by the plan in accordance with actuarial calculations and are based on covered payroll. Currently, for full-time faculty, administrators and other staff, the College contributes 23.94% and 34.63% of all earnings as long as contributions are adequate to accumulate assets to pay retirement benefits when due. Employee contributions are 6.25% of all earnings.

Pension Liabilities, Pension Expense, and Deferred Outflows and Inflows of Resources

At June 30, 2020, the College reported a liability of \$1,403,000 and \$2,710,432 for its proportional share of the net pension liability for PSERS and SERS, respectively. The net pension liability was measured as of June 30, 2019 for PSERS and December 31, 2019 for SERS, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of that date. The College's proportion of the net pension liability is based on a projection of the College's long-term share of contributions to the pension plan relative to the projected contributions of all participating institutions, actuarially determined. At June 30, 2020 and December 31, 2020, respectively, the College's proportion of PSERS and SERS was 0.0030% and 0.0149%.

**Community College of Philadelphia
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NOTES TO FINANCIAL STATEMENTS - CONTINUED

June 30, 2020 and 2019

NOTE H - EMPLOYEE BENEFITS - Continued

For the year ended June 30, 2020, the College recognized proportional pension expense for PSERS and SERS of \$176,000 and \$441,641, respectively, as provided by the plans' actuarial schedules. At June 30, 2020, the College reported deferred outflows and inflows of resources related to pensions from the following sources:

<u>PSERS</u>	Deferred Outflows of Resources	Deferred Inflows of Resources
Difference between expected and actual experience	\$ 8,000	\$ 46,500
Changes in assumptions	13,000	-
Net difference between projected and actual earnings on pension plan investments	-	4,000
Changes in proportion and differences between College contributions and proportionate share of contributions	26,000	159,500
Total	<u>\$ 47,000</u>	<u>\$ 210,000</u>
 <u>SERS</u>	 Deferred Outflows of Resources	 Deferred Inflows of Resources
Difference between expected and actual experience	\$ 33,795	\$ 18,359
Changes in assumptions	104,446	-
Net difference between projected and actual earnings on pension plan investments	-	193,303
Changes in proportion	236,770	128,584
Changes in proportion and differences between College contributions and proportionate share of contributions	-	188,529
Total	<u>\$ 375,011</u>	<u>\$ 528,775</u>

At June 30, 2019, the College reported a liability of \$1,632,000 and \$3,083,795 for its proportional share of the net pension liability for PSERS and SERS, respectively. The net pension liability was measured as of June 30, 2018 for PSERS and December 31, 2018 for SERS, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of that date. The College's proportion of the net pension liability is based on a projection of the College's long-term share of contributions to the pension plan relative to the projected contributions of all participating institutions, actuarially determined. At June 30, 2019 and December 31, 2019, respectively, the College's proportion of PSERS and SERS was 0.0003% and 0.0148%.

Community College of Philadelphia
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NOTES TO FINANCIAL STATEMENTS - CONTINUED

June 30, 2020 and 2019

NOTE H - EMPLOYEE BENEFITS - Continued

For the year ended June 30, 2019, the College recognized the proportional pension expense for PSERS and SERS of \$263,000 and \$540,387, respectively, as provided by the plans' actuarial schedules. At June 30, 2019, the College reported deferred outflows and inflows of resources related to pensions from the following sources:

PSERS

	Deferred Outflows of Resources	Deferred Inflows of Resources
Difference between expected and actual experience	\$ 13,500	\$ 25,500
Changes in assumptions	30,000	-
Net difference between projected and actual earnings on pension plan investments	8,000	-
Changes in proportion and differences between College contributions and proportionate share of contributions	108,500	27,500
Total	<u>\$ 160,000</u>	<u>\$ 53,000</u>

SERS

	Deferred Outflows of Resources	Deferred Inflows of Resources
Difference between expected and actual experience	\$ 46,278	\$ 33,416
Changes in assumptions	82,160	-
Net difference between projected and actual earnings on pension plan investments	300,034	-
Changes in proportion	416,998	194,069
Changes in proportion and differences between College contributions and proportionate share of contributions	-	168,594
Total	<u>\$ 845,470</u>	<u>\$ 396,079</u>

**Community College of Philadelphia
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NOTES TO FINANCIAL STATEMENTS - CONTINUED

June 30, 2020 and 2019

NOTE H - EMPLOYEE BENEFITS - Continued

Actuarial Assumptions

The following methods and assumptions were used in the actuarial valuations for both years ended June 30, 2020 and 2019, unless otherwise stated. These methods and assumptions were applied to all periods included in the measurement:

PSERS

Actuarial cost method	entry age normal-level % of pay
Investment rate of return	7.25%, includes inflation at 2.75%
Salary increases	effective average of 5.00%, which reflects an allowance for inflation of 2.75%, real wage growth of 2.25% and merit of seniority increases of 2.25%
Mortality rates	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.

SERS

Actuarial cost method	entry age
Amortization method	straight-line amortization of investments over five years and amortization of assumption changes and noninvestment gains/losses over the average expected remaining service lives of all employees that are provided benefits
Investment rate of return	7.125% and 7.25%, net of manager fees including inflation as of June 30, 2020 and 2019, respectively
Projected salary increases	average of 5.60% with range of 3.70% - 8.90% including inflation
Inflation	2.60%
Mortality rate	projected RP-2000 Mortality Tables adjusted for actual plan experience and future improvement
Cost of living adjustments	none (ad hoc)

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NOTES TO FINANCIAL STATEMENTS - CONTINUED

June 30, 2020 and 2019

NOTE H - EMPLOYEE BENEFITS - Continued

PSERS

The long-term expected real rate of return on pension investments is determined using a building-block method in which best estimates of ranges of expected future real rates of return 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 rates of return by the target asset allocation percentage and by adding expected inflation. The target allocation and best estimates of real rates of return are summarized in the following table:

<u>Asset class</u>	<u>Target allocation</u>	<u>June 30, 2020 Long-term expected rate of return</u>	<u>June 30, 2019 Long-term expected rate of return</u>
Global Public Equity	20.00%	5.60%	5.20%
Fixed Income	36.00%	1.90%	2.20%
Commodities	8.00%	2.70%	3.20%
Absolute Return	10.00%	3.40%	3.50%
Risk Parity	10.00%	4.10%	3.90%
Infrastructure/MLPs	8.00%	5.50%	5.20%
Real Estate	10.00%	4.10%	4.20%
Alternative Investments	15.00%	7.40%	6.70%
Cash	3.00%	0.30%	0.40%
Financing (LIBOR)	-20.00%	0.70%	0.90%
Total	<u>100.00%</u>		

**Community College of Philadelphia
(A Component Unit of the City of Philadelphia)**

NOTES TO FINANCIAL STATEMENTS - CONTINUED

June 30, 2020 and 2019

NOTE H - EMPLOYEE BENEFITS - Continued

SERS

Some of the methods and assumptions mentioned above are based on the 17th *Investigation of Actuarial Experience*, which was published in January 2011 and analyzed experience from 2006 through 2010. The long-term expected real rate of return on pension investments is determined using a building-block method in which best estimates of ranges of expected future real rates of return 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 rates of return by the target asset allocation percentage and by adding expected inflation. The target allocation and best estimates of real rates of return are summarized in the following table:

<u>Asset class</u>	<u>Target allocation June 30, 2020</u>	<u>Target allocation June 30, 2019</u>	<u>Long-term expected rate of return June 30, 2020</u>	<u>Long-term expected rate of return June 30, 2019</u>
Private equity	16.00%	16.00%	7.25%	7.25%
Global Public equity	48.00%	48.00%	5.15%	5.15%
Real estate	12.00%	12.00%	5.26%	5.26%
Multi-Strategy	10.00%	10.00%	4.44%	4.44%
Fixed income	11.00%	11.00%	1.26%	1.26%
Cash	3.00%	3.00%	0.00%	0.00%
Total	<u>100.00%</u>	<u>100.00%</u>		

For PSERS and SERS, the discount rate used to measure total pension liability was 7.25% and 7.125%, respectively. 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 these assumptions, the pension plans' 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 plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

Sensitivity of the Net Position Liability

For PSERS, the College's net pension liability is \$1,403,000 using a 7.25% discount rate. The College's net pension liability would have been \$1,748,000 assuming a 1% point decrease (6.25%) in the discount rate and would have been \$1,112,000 assuming a 1% point increase (8.25%) in the discount rate.

For SERS, the College's net pension liability is \$2,710,432 using a 7.125% discount rate. The College's net pension liability would have been \$3,444,047 assuming a 1% point decrease (6.125%) in the discount rate and would have been \$2,082,370 assuming a 1% point increase (8.125%) in the discount rate.

**Community College of Philadelphia
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NOTES TO FINANCIAL STATEMENTS - CONTINUED

June 30, 2020 and 2019

NOTE H - EMPLOYEE BENEFITS - Continued

Defined Contribution Plans

The College also sponsors one defined contribution plan, and as such, benefits depend solely on amounts contributed to the plan plus investment earnings. Full-time faculty and administrative employees are eligible to participate from the date of employment, and clerical employees have a one-year waiting period. Participation is mandatory for full-time faculty and administrative employees upon reaching the age of 30 or after two years of employment, whichever is the later date. Participation is mandatory for full-time classified and confidential employees upon reaching the age of 30 or after four years of employment, whichever is the later date. Part-time faculty may participate after earning four seniority units, as defined in the collective bargaining agreement. College policy and collective bargaining agreements require that both the employee and the College contribute amounts, as set forth below, based on the employee's earnings.

The College's contributions for each employee (and interest allocated to the employee's accounts) are fully vested. Death benefits for value of accumulation are provided to the beneficiary of a participant who dies prior to retirement. Various payment options are available. The College has 1,113 employees participating in this program.

The payroll for employees covered by the three plans was \$61,929,131 and \$62,094,159, and the College's total payroll is \$78,816,030 and \$78,550,472 at June 30, 2020 and 2019, respectively. Contributions made by the College for the years ended June 30, 2020 and 2019 totaled \$5,965,352 and \$5,935,881, respectively, representing 9.63% and 9.56%, respectively, of covered payroll. College employees contributed \$4,833,935 and \$4,849,535, respectively, for the years ended June 30, 2020 and 2019.

A summary of retirement benefits follows:

Type of employee

Full-time faculty	10% of base contract
Visiting lecturers	5% of base contract
Part-time faculty	5% of all earnings
Administrators and other staff	10% of base contract
Others	10% of annual salary
Employee contribution	5% of base salary

Post-Employment Benefits (OPEB)

Program Description

The College provides post-employment benefits other than pensions (OPEB) to eligible retirees of the College and their spouses. Health benefits include medical, prescription drug and dental coverage. Retirees and spouses are eligible to continue coverage for life as long as the retiree premium rates are paid. Life insurance benefit continues until age 65. Spouses are not covered. Life insurance benefit is determined as follows: Administrators = 2.5 times last annual salary, rounded up to next \$1,000; Faculty, Classified, Confidential = 2 times last annual salary, rounded up to next \$1,000; Faculty on Pre-Retirement Half-Time Workload Option = 4 times last annual salary, rounded up to next \$1,000. These healthcare benefits are funded by a single employer plan.

**Community College of Philadelphia
(A Component Unit of the City of Philadelphia)**

NOTES TO FINANCIAL STATEMENTS - CONTINUED

June 30, 2020 and 2019

NOTE H - EMPLOYEE BENEFITS - Continued

Eligibility

Participants must be at least age 62 with 10 years of full-time service and have attained age plus service being greater than or equal to 77.

Funding Policy

Post-employment benefits other than pensions stems from the College's three collective bargaining agreements. For the years ended June 30, 2020 and 2019, the College paid \$0.8 million and \$0.9 million, respectively, on behalf of the retirees and spouses. The College pays 100% of the premium for coverage for retirees until the end of the contract year in which the retiree attains age 65. Thereafter, the retiree pays 50% of the total premium, less the Medicare Part B premium. Pre-65 and post-65 retirees pay 50% of active medical benefits for pre-65 spouses. Post-65 retirees pay 50% of the premium for the coverage of post-65 spouses, less their Medicare Part B premium. Pre-65 retirees pay 0% of the premium for the coverage of post-65 spouses (the College pays 100% of their premium). Surviving spouses must pay 100% of the premium for coverage without getting reimbursed for Medicare Part B premium if over 65. Retirees on Medicare disability are given the Medicare Part B reimbursement regardless of age. The College pays 100% of the premium for retired post-65 part-time teachers and their spouses.

<u>Employees/Retirees/Beneficiaries</u>	<u>Number of Participants as of July 1, 2019</u>	<u>Number of Participants as of July 1, 2018</u>
Actives	833	878
In-actives currently receiving benefit payments	594	515
Total	1,427	1,393

The following tables provide a summary of the changes in the College's total OPEB liability for fiscal years ended June 30, 2020 and 2019. The valuation dates were July 1, 2019 and 2018, and the measurement dates were June 30, 2020 and 2019.

<u>Change in Total OPEB Liability (TOL)</u>	<u>July 1, 2019</u>	<u>July 1, 2018</u>
TOL, beginning of Year	\$ 175,548,288	\$ 177,795,856
Service cost	5,862,664	6,425,503
Interest	6,925,232	5,696,499
Change in benefit terms	(11,026,241)	-
Difference between expected and actual experience	(33,487,521)	-
Benefits paid	(4,928,779)	(4,449,107)
Changes in assumptions	617,431	(9,920,463)
TOL, end of year	\$ 139,511,074	\$ 175,548,288

Community College of Philadelphia
(A Component Unit of the City of Philadelphia)

NOTES TO FINANCIAL STATEMENTS - CONTINUED

June 30, 2020 and 2019

NOTE H - EMPLOYEE BENEFITS - Continued

The following summarizes the development of benefit for the years ended June 30, 2020 and 2019:

	2020	2019
Service cost	\$ 5,862,664	\$ 6,425,503
Interest	6,925,232	5,696,499
Changes in assumptions	154,358	(2,480,116)
Amortization of:		
Total OPEB liability and assumption gain	(32,873,370)	(10,995,133)
Total benefit	<u>\$ (19,931,116)</u>	<u>\$ (1,353,247)</u>
Weighted average assumptions to determine expense:		
Actual benefit payments	\$ 4,928,779	\$ 4,449,107
Discount rate	3.50%	3.87%
Expected return on assets	N/A	N/A
Salary scale	3.00%	3.00%
Current rate	6.50%	5.50%
Ultimate rate / year reached	4.50%/2040	4.50%/2040

Deferred inflows of resources reported by the College at June 30, 2020 and 2019 are as follows:

<u>Date Amortization Base Set</u>	<u>Net Amount at June 30</u>	<u>Amortization Period Remaining at June 30</u>
2020	\$ 74,716,112	4.00
2019	63,075,720	4.00

Deferred outflows of resources reported by the College at June 30, 2020 are as follows:

<u>Date Amortization Base Set</u>	<u>Net Amount at June 30, 2020</u>	<u>Amortization Period Remaining at June 30, 2020</u>
June 30, 2020	\$ 463,073	4.00

**Community College of Philadelphia
(A Component Unit of the City of Philadelphia)**

NOTES TO FINANCIAL STATEMENTS - CONTINUED

June 30, 2020 and 2019

NOTE H - EMPLOYEE BENEFITS - Continued

Deferred Inflows Projection

Amounts reported as deferred inflows of resources will be recognized in expense as follows:

Year ended June 30:

2021	\$21,692,771
2022	21,692,770
2023	19,212,657

Actuarial Assumptions - 2020

Mortality Table: the Pub-2010 Public Retirement Plans Teachers mortality table projected generationally with Scale MP-2019 for faculty participants and Pub-2010 Public Retirement Plans General mortality projected generationally with Scale MP-2019 for all other participants.

Discount Rate: 3.50% for determining June 30, 2020 disclosure and estimated 2021 expense; 3.87% for determining June 30, 2019 liability and 2020 expense.

Discount Rate Determination Method: Under GASB 75, the discount rate for unfunded plans must be based on a yield or index rate for a 20-year, tax-exempt general obligation municipal bonds with an average rating of AA/Aa or higher. Rates were taken from the S&P municipal bond 20-year high grade rate index as of the measurement dates.

A one-percentage point change in the discount rate and assumed health care cost trend rates would have the following impact on the liability for post-employment benefits obligations at June 30, 2020:

Discount Rate Change	<u>1% Decrease</u>	<u>1% Increase</u>
Net OPEB Liability	\$163,386,229	\$120,394,965
Net OPEB Liability Healthcare Trend Rate	\$119,665,431	\$164,490,831

Actuarial Assumptions - 2019

Mortality Table: 88% of rates in the RP-2014 White Collar Healthy Mortality Table backed off to 2006 and projected generationally with Scale MP-2017 plus 12% of rates in the RP-2014 Blue Collar Healthy Mortality Table backed off to 2006 and projected generationally with Scale MP-2017.

Discount Rate: 3.87% for determining June 30, 2019 disclosure and estimated 2020 expense; 3.13% for determining June 30, 2018 liability and 2019 expense.

Discount Rate Determination Method: Under GASB 75, the discount rate for unfunded plans must be based on a yield or index rate for a 20-year, tax-exempt general obligation municipal bonds with an average rating of AA/Aa or higher. Rates were taken from the S&P municipal bond 20 year high grade rate index as of the measurement dates.

Community College of Philadelphia
(A Component Unit of the City of Philadelphia)

NOTES TO FINANCIAL STATEMENTS - CONTINUED

June 30, 2020 and 2019

NOTE H - EMPLOYEE BENEFITS - Continued

A one-percentage point change in the discount rate and assumed health care cost trend rates would have the following impact on the liability for post-employment benefits obligations at June 30, 2019:

Discount Rate Change	<u>1% Decrease</u>	<u>1% Increase</u>
Net OPEB Liability	\$205,088,920	\$151,801,504
Net OPEB Liability Healthcare Trend Rate	\$149,244,835	\$208,729,211

Retirement Incentive Program

Effective September 1, 2014, the collective bargaining agreement provides for a retirement incentive for full-time employees at age 63, 64 or 65 with at least 20 years of service. The incentive payment is a percentage of final pay based on years of service. Forty employees will receive the incentive payment during fiscal years 2020-2021 and 2021-22. The present value of these payments is \$634,824.

NOTE I - COMMITMENTS AND CONTINGENCIES

The use of grant monies received is subject to compliance audits by the disbursing governmental agency. The College believes it is in compliance with all significant grant requirements.

The nature of the educational industry is such that, from time to time, the College is exposed to various risks of loss related to torts; alleged negligence; acts of discrimination; breach of contract; labor disputes; disagreements arising from the interpretation of laws or regulations; theft of, damage to and destruction of assets; errors and omissions; injuries to employees; and natural disasters. While some of these claims may be for substantial amounts, they are not unusual in the ordinary course of providing educational services. The College addresses these risks by purchasing commercial insurance. The College's retention of risk is limited to the deductibles on its insurance policies, which range from \$0 to \$150,000 per claim depending on the nature of the claim.

There have been no significant reductions in insurance coverage from the prior year. There have been no instances where a settlement amount exceeded the insurance coverage for each of the last three years. It is not expected that the resolution of any outstanding claims and litigation will have a material adverse effect on the accompanying financial statements.

Community College of Philadelphia
(A Component Unit of the City of Philadelphia)

NOTES TO FINANCIAL STATEMENTS - CONTINUED

June 30, 2020 and 2019

NOTE J - OPERATING EXPENSES

The College's and component unit Foundation's operating expenses, on a natural classification basis, were comprised of the following for the years ended June 30, 2020 and 2019:

	2020		2019	
	College	Component unit Foundation	College	Component unit Foundation
Salaries	\$ 77,819,073	\$ 996,957	\$ 77,461,641	\$ 1,088,831
Benefits	34,789,946	406,056	34,979,486	457,331
Contracted services	9,276,013	91,285	8,045,022	82,787
Supplies	4,466,810	62,181	3,059,628	104,345
Depreciation	7,782,553	-	7,939,447	-
Student aid	12,052,409	796,069	6,250,428	559,084
Other post-retirement benefits	(24,589,650)	-	(5,426,091)	-
Other	11,376,200	534,856	13,374,593	533,568
Total	<u>\$ 132,973,354</u>	<u>\$ 2,887,402</u>	<u>\$ 145,684,154</u>	<u>\$ 2,825,946</u>

NOTE K - CITY AND COMMONWEALTH APPROPRIATIONS

Appropriations from the Commonwealth and the City for the year ended June 30, 2020 and 2019 are as follows:

	2020		2019	
	Operations	Capital	Operations	Capital
Commonwealth of Pennsylvania	\$ 32,408,016	\$ 5,819,210	\$ 31,819,876	\$ 4,937,072
City of Philadelphia	<u>29,846,548</u>	<u>6,212,659</u>	<u>25,549,440</u>	<u>6,859,767</u>
Total appropriations	<u>\$ 62,254,564</u>	<u>\$ 12,031,869</u>	<u>\$ 57,369,316</u>	<u>\$ 11,796,839</u>

NOTE L - PASS-THROUGH GRANTS

The College distributed \$21,245,772 in 2020 and \$24,578,079 in 2019 for student loans through the U.S. Department of Education Federal Direct Loan Program. These distributions and related funding sources are not included as expenses and revenues, nor as cash disbursements and cash receipts in the accompanying financial statements.

NOTE M - SUBSEQUENT EVENTS

The College has evaluated subsequent events through September 28, 2020, noting no items which would require disclosure in the financial statements.

REQUIRED SUPPLEMENTARY INFORMATION (UNAUDITED)

Community College of Philadelphia
(A Component Unit of the City of Philadelphia)

SCHEDULES OF CHANGES IN TOTAL OPEB LIABILITY AND RELATED RATIOS - LAST 10 YEARS* (UNAUDITED)

Years ended June 30,

(Amounts are in thousands)

	2020	2019	2018
Total OPEB Liability			
Service cost	\$ 5,863	\$ 6,425	\$ 10,624
Interest cost	6,925	5,696	6,234
Actual and expected experience difference	(33,487)	-	(47,379)
Changes in assumptions	617	-	(19,251)
Changes in benefit terms	(11,026)	(9,920)	-
Benefit payments	(4,929)	(4,449)	(4,934)
Net change in total OPEB liability	(36,037)	(2,248)	(54,706)
Total OPEB liability - beginning	175,548	177,796	232,502
Total OPEB liability - ending (a)	<u>\$ 139,511</u>	<u>\$ 175,548</u>	<u>\$ 177,796</u>
Plan Fiduciary Net Position			
Contribution - employer	\$ 4,929	\$ 4,449	\$ 4,934
Benefit payments	(4,929)	(4,449)	(4,934)
Net change in plan fiduciary net position	-	-	-
Plan fiduciary net position - beginning	-	-	-
Plan fiduciary net position - ending (b)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Total OPEB liability - ending (a)-(b)	<u>\$ 139,511</u>	<u>\$ 175,548</u>	<u>\$ 177,796</u>
Covered-employee payroll	53,434	51,546	54,241
Total OPEB liability as a percentage of covered-employee payroll	261%	341%	328%

**This schedule is intended to show information for 10 years. Additional years will be displayed as they become available.*

See accompanying report of independent certified public accountants.

**Community College of Philadelphia
(A Component Unit of the City of Philadelphia)**

SCHEDULES OF PROPORTIONATE SHARE OF THE NET PENSION LIABILITY - LAST 10 YEARS* (UNAUDITED)

Years ended June 30,

	2020	2019	2018	2017	2016	2015
PSERS						
College's proportion of the net pension liability	0.0030%	0.0034%	0.0034%	0.0035%	0.0032%	0.0026%
College's proportionate share of the net pension liability	\$ 1,403,000	\$ 1,632,000	\$ 1,679,000	\$ 1,734,000	\$ 1,386,000	\$ 1,030,000
College's covered employee payroll	\$ 407,745	\$ 456,911	\$ 455,779	\$ 454,763	\$ 413,104	\$ 335,800
Plan fiduciary net position as a percentage of the total pension liability	55.66%	54.00%	51.84%	50.14%	54.36%	57.24%
SERS						
College's proportion of the net pension liability	0.0149%	0.0148%	0.0160%	0.0147%	0.0110%	0.0120%
College's proportionate share of the net pension liability	\$ 2,710,432	\$ 3,083,795	\$ 2,758,923	\$ 2,827,306	\$ 1,998,201	\$ 1,784,684
College's covered employee payroll	\$ 958,066	\$ 930,394	\$ 979,992	\$ 894,293	\$ 653,759	\$ 692,779
Plan fiduciary net position as a percentage of the total pension liability	63.10%	56.40%	63.00%	57.80%	58.90%	64.80%

**This schedule is intended to show information for 10 years. Additional years will be displayed as they become available.*

See accompanying report of independent certified public accountants.

Community College of Philadelphia
(A Component Unit of the City of Philadelphia)

SCHEDULES OF EMPLOYER CONTRIBUTIONS - LAST 10 YEARS* (UNAUDITED)

Years ended June 30,

	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>
PSERS						
Contractually required contribution	\$ 134,000	\$ 144,000	\$ 130,000	\$ 111,000	\$ 83,000	\$ 52,000
Contributions in relation to the contractually required contribution	<u>134,000</u>	<u>144,000</u>	<u>130,000</u>	<u>111,000</u>	<u>83,000</u>	<u>52,000</u>
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Covered employee payroll	\$ 407,745	\$ 456,911	\$ 455,779	\$ 454,763	\$ 413,104	\$ 335,800
Contributions as a % of covered employee payroll	32.8637%	31.5160%	28.5226%	24.4083%	20.0918%	15.4854%
SERS						
Contractually required contribution	\$ 334,491	\$ 323,944	\$ 325,667	\$ 301,735	\$ 202,576	\$ 98,248
Contribution in relation to the contractually required contribution	<u>334,491</u>	<u>323,944</u>	<u>325,667</u>	<u>301,735</u>	<u>202,576</u>	<u>98,248</u>
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Covered employee payroll	\$ 958,066	\$ 930,394	\$ 979,992	\$ 894,293	\$ 653,759	\$ 692,779
Contributions as a % of covered employee payroll	34.9131%	34.8179%	33.2316%	33.7401%	30.9863%	14.1817%

**This schedule is intended to show information for 10 years. Additional years will be displayed as they become available.*

See accompanying report of independent certified public accountants.

OTHER SUPPLEMENTARY INFORMATION

Community College of Philadelphia
(A Component Unit of the City of Philadelphia)

STATISTICAL SECTION - SCHEDULE OF REVENUES BY SOURCE (UNAUDITED)

Year ended June 30,

(Amounts expressed in thousands)

	2020	2019	2018	2017	2016	2015	2014	2013	2012	2011
Revenues:										
Student tuition and fees (net of scholarship allowances)	\$ 30,536,000	\$ 32,753,000	\$ 33,234	\$ 32,992	\$ 31,643	\$ 31,973	\$ 35,338	\$ 32,003	\$ 30,181	\$ 28,132
Auxiliary enterprises	1,413,000	1,599,000	1,523	1,737	1,740	1,786	1,671	1,776	1,827	1,734
Other sources	38,000	42,000	46	62	87	196	166	158	168	180
Total operating revenues	<u>31,987,000</u>	<u>34,394,000</u>	<u>34,803</u>	<u>34,791</u>	<u>33,470</u>	<u>33,955</u>	<u>37,175</u>	<u>33,937</u>	<u>32,176</u>	<u>30,046</u>
City appropriations	29,847,000	25,549,000	23,310	24,189	23,272	21,271	18,346	18,064	17,652	18,092
State appropriations	32,408,000	31,820,000	30,892	30,868	30,128	28,632	28,179	28,240	28,229	29,275
Federal grants and contracts	52,337,000	46,098,000	49,026	48,888	53,551	57,871	58,796	58,715	56,839	58,890
State grants and contracts	6,621,000	5,989,000	7,953	8,126	8,278	7,343	6,591	7,191	6,495	5,967
Gifts from the Community College of Philadelphia Foundation	95,000	160,000	242	835	225	141	100	2,809	-	-
Nongovernmental grants and contracts	2,522,000	2,115,000	1,582	1,528	1,456	1,521	1,704	1,119	1,014	1,419
Net investment income	1,691,000	1,577,000	36	75	815	365	695	333	1,098	718
Other nonoperating revenues	578,000	410,000	399	378	2,579	1,087	324	379	540	333
Total nonoperating revenues	<u>126,099,000</u>	<u>113,718,000</u>	<u>113,440</u>	<u>114,887</u>	<u>120,304</u>	<u>118,231</u>	<u>114,735</u>	<u>116,850</u>	<u>111,867</u>	<u>114,694</u>
Capital appropriations	<u>12,032,000</u>	<u>11,797,000</u>	<u>12,450</u>	<u>11,050</u>	<u>12,354</u>	<u>10,859</u>	<u>13,969</u>	<u>13,730</u>	<u>14,084</u>	<u>13,648</u>
Total revenues	<u>\$ 170,118,000</u>	<u>\$ 159,909,000</u>	<u>\$ 160,693</u>	<u>\$ 160,728</u>	<u>\$ 166,128</u>	<u>\$ 163,045</u>	<u>\$ 165,879</u>	<u>\$ 164,517</u>	<u>\$ 158,127</u>	<u>\$ 158,388</u>

See accompanying report of independent certified public accountants.

Community College of Philadelphia
(A Component Unit of the City of Philadelphia)

STATISTICAL SECTION - SCHEDULE OF REVENUES BY SOURCE (UNAUDITED) - CONTINUED

Year ended June 30,

(Amounts expressed in percentages)

	2020	2019	2018	2017	2016	2015	2014	2013	2012	2011
Revenues:										
Student tuition and fees (net of scholarship allowances)	17.95%	20.48%	20.68%	20.53%	19.05%	19.61%	21.30%	19.45%	19.09%	17.76%
Auxiliary enterprises	0.83	1.00	0.95	1.08	1.05	1.10	1.01	1.08	1.16	1.09
Other sources	0.02	0.03	0.03	0.04	0.05	0.12	0.10	0.10	0.11	0.11
Total operating revenues	18.80	21.51	21.66	21.65	20.15	20.83	22.41	20.63	20.36	18.96
City appropriations	17.54	15.98	14.51	15.04	14.01	13.05	11.06	10.98	11.16	11.42
State appropriations	19.05	19.90	19.22	19.21	18.14	17.56	16.99	17.17	17.85	18.48
Federal grants and contracts	30.77	28.83	30.51	30.42	32.23	35.49	35.45	35.69	35.95	37.18
State grants and contracts	3.89	3.75	4.95	5.06	4.98	4.50	3.97	4.37	4.11	3.77
Gifts from the Community College of Philadelphia Foundation	0.06	0.10	0.15	0.52	0.14	0.09	0.06	1.7	-	-
Nongovernmental grants and contracts	1.48	1.32	0.98	0.95	0.88	0.93	1.02	0.68	0.64	0.90
Net investment income	0.99	0.99	0.02	0.05	0.49	0.22	0.42	0.20	0.69	0.45
Other nonoperating revenues	0.34	0.25	0.25	0.24	1.55	0.67	0.20	0.23	0.33	0.22
Total nonoperating revenues	74.12	71.12	70.59	71.49	72.42	72.51	69.17	71.02	70.73	72.42
Capital appropriations	7.08	7.37	7.75	6.86	7.43	6.66	8.42	8.35	8.91	8.62
Total revenues	100.00%	100.00%	100.00%	100.00%	100.00%	100.00%	100.00%	100.00%	100.00%	100.00%

See accompanying report of independent certified public accountants.

Community College of Philadelphia
(A Component Unit of the City of Philadelphia)

STATISTICAL SECTION - SCHEDULE OF EXPENSES BY USE (UNAUDITED)

Year ended June 30,

(Amounts expressed in thousands)

	2020	2019	2018	2017	2016	2015	2014	2013	2012	2011
Expenses:										
Salaries	\$ 77,819	\$ 77,462	\$ 76,986	\$ 78,629	\$ 77,931	\$ 77,161	\$ 75,438	\$ 76,015	\$ 76,796	\$ 78,168
Benefits	34,790	34,979	36,259	36,417	36,978	36,140	35,885	34,247	32,062	32,500
Contracted services	9,276	8,045	7,859	6,512	6,458	8,331	9,697	11,373	6,057	5,376
Supplies	4,467	3,060	3,549	3,376	3,857	3,073	3,232	3,636	2,760	3,253
Depreciation	7,783	7,939	8,133	8,204	8,861	9,698	10,490	10,423	9,764	7,660
Student aid	12,052	6,250	7,213	8,770	8,739	8,211	10,459	8,328	10,015	7,376
Other	11,376	13,375	12,092	12,959	13,167	12,815	12,314	11,468	11,895	12,948
Other post-retirement benefits	(24,590)	(5,426)	12,309	11,703	11,686	8,016	8,641	8,530	7,611	6,039
Total operating expenses	<u>132,973</u>	<u>145,684</u>	<u>164,400</u>	<u>166,570</u>	<u>167,677</u>	<u>163,445</u>	<u>166,156</u>	<u>164,020</u>	<u>156,960</u>	<u>153,320</u>
Interest on capital asset-related debt service	<u>3,604</u>	<u>3,602</u>	<u>3,413</u>	<u>3,263</u>	<u>3,315</u>	<u>4,225</u>	<u>4,258</u>	<u>4,689</u>	<u>3,927</u>	<u>3,542</u>
Total nonoperating expenses	<u>3,604</u>	<u>3,602</u>	<u>3,413</u>	<u>3,263</u>	<u>3,315</u>	<u>4,225</u>	<u>4,258</u>	<u>4,689</u>	<u>3,927</u>	<u>3,542</u>
Total expenses	<u>\$ 136,577</u>	<u>\$ 149,286</u>	<u>\$ 167,813</u>	<u>\$ 169,833</u>	<u>\$ 170,992</u>	<u>\$ 167,670</u>	<u>\$ 170,414</u>	<u>\$ 168,709</u>	<u>\$ 160,887</u>	<u>\$ 156,862</u>

See accompanying report of independent certified public accountants.

Community College of Philadelphia
(A Component Unit of the City of Philadelphia)

STATISTICAL SECTION - SCHEDULE OF EXPENSES BY USE (UNAUDITED) - CONTINUED

Year ended June 30,

(Amounts expressed in percentages)

	2020	2019	2018	2017	2016	2015	2014	2013	2012	2011
Expenses:										
Salaries	56.98%	51.89%	45.88%	46.30%	45.57%	46.02%	44.27%	45.06%	47.73%	49.83%
Benefits	25.47	23.43	21.61	21.44	21.63	21.55	21.04	20.28	19.93	20.72
Contracted services	6.79	5.39	4.68	3.83	3.78	4.97	5.69	6.74	3.77	3.43
Supplies	3.27	2.05	2.11	1.99	2.26	1.83	1.90	2.16	1.72	2.07
Depreciation	5.70	5.32	4.85	4.83	5.18	5.78	6.16	6.18	6.07	4.88
Student aid	8.82	4.19	4.30	5.16	5.11	4.90	6.14	4.94	6.22	4.70
Other	8.33	8.96	7.21	7.63	7.70	7.64	7.23	6.80	7.39	8.26
Other post-retirement benefits	(18.00)	(3.63)	7.33	6.89	6.83	4.78	5.07	5.06	4.73	3.85
Total operating expenses	97.36	97.60	97.97	98.07	98.06	97.47	97.50	97.22	97.56	97.74
Interest on capital asset-related debt service	2.64	2.40	2.03	1.93	1.94	2.53	2.50	2.78	2.44	2.26
Total nonoperating expenses	2.64	2.40	2.03	1.93	1.94	2.53	2.50	2.78	2.44	2.26
Total expenses	100.00%	100.00%	100.00%	100.00%	100.00%	100.00%	100.00%	100.00%	100.00%	100.00%

See accompanying report of independent certified public accountants.

Community College of Philadelphia
(A Component Unit of the City of Philadelphia)

STATISTICAL SECTION - SCHEDULE OF EXPENSES BY FUNCTION (UNAUDITED)

Year ended June 30,

(Amounts expressed in thousands)

	2020	2019	2018	2017	2016	2015	2014	2013	2012	2011
Expenses by function:										
Instruction	\$ 49,333,000	\$ 56,715,000	\$ 64,578	\$ 65,509	\$ 66,018	\$ 65,046	\$ 66,210	\$ 66,436	\$ 62,162	\$ 62,184
Public service	104,000	97,000	145	124	183	86	109	156	63	92
Academic support	13,749,000	16,405,000	19,182	18,880	18,824	18,372	17,492	17,247	17,723	19,251
Student services	16,673,000	20,529,000	24,212	24,405	25,142	23,494	22,811	21,913	21,075	21,744
Institutional support	19,176,000	22,640,000	25,111	24,854	24,429	24,371	25,229	26,216	23,281	22,003
Physical plant operations	13,445,000	14,424,000	15,093	15,013	14,913	13,336	12,586	12,742	12,244	12,392
Depreciation	7,783,000	7,939,000	8,133	8,204	8,861	9,698	10,490	10,423	9,764	7,660
Student aid	12,052,000	6,250,000	7,213	8,770	8,739	8,211	10,459	8,328	10,015	7,377
Auxiliary enterprises	658,000	685,000	733	811	567	831	770	559	633	617
Interest on capital debt	3,604,000	3,602,000	3,413	3,263	3,315	4,225	4,258	4,689	3,927	3,542
Total expenses by function	<u>\$ 136,577,000</u>	<u>\$ 149,286,000</u>	<u>\$ 167,813</u>	<u>\$ 169,833</u>	<u>\$ 170,991</u>	<u>\$ 167,670</u>	<u>\$ 170,414</u>	<u>\$ 168,709</u>	<u>\$ 160,887</u>	<u>\$ 156,862</u>

	2020	2019	2018	2017	2016	2015	2014	2013	2012	2011
Expenses by function:										
Instruction	36.12%	37.99%	38.48%	38.57%	38.61%	38.79%	38.85%	39.38%	38.64%	39.64%
Public service	0.08	0.06	0.09	0.07	0.11	0.05	0.06	0.09	0.04	0.06
Academic support	10.07	10.99	11.43	11.12	11.01	10.96	10.26	10.22	11.02	12.28
Student services	12.21	13.75	14.43	14.37	14.70	14.01	13.39	12.99	13.10	13.86
Institutional support	14.04	15.17	14.96	14.63	14.29	14.54	14.80	15.54	14.47	14.03
Physical plant operations	9.84	9.66	8.99	8.84	8.72	7.95	7.39	7.55	7.61	7.90
Depreciation	5.70	5.32	4.85	4.83	5.18	5.78	6.16	6.18	6.07	4.88
Student aid	8.82	4.19	4.30	5.16	5.11	4.90	6.14	4.94	6.22	4.70
Auxiliary enterprises	0.48	0.46	0.44	0.48	0.33	0.50	0.45	0.33	0.39	0.39
Interest on capital debt	2.64	2.41	2.03	1.93	1.94	2.52	2.50	2.78	2.44	2.26
Total expenses by function	<u>100.00%</u>	<u>100.00%</u>	<u>100.00%</u>	<u>100.00%</u>	<u>100.00%</u>	<u>100.00%</u>	<u>100.00%</u>	<u>100.00%</u>	<u>100.00%</u>	<u>100.00%</u>

See accompanying report of independent certified public accountants.

Community College of Philadelphia
(A Component Unit of the City of Philadelphia)

STATISTICAL SECTION - SCHEDULE OF NET POSITION AND CHANGES IN NET POSITION (UNAUDITED)

Year ended June 30,

(Amounts expressed in thousands)

	2020	2019	2018	2017	2016	2015	2014	2013	2012	2011
Total revenues (from schedule of revenues by source less capital appropriations)	\$ 158,085	\$ 148,112	\$ 148,423	\$ 149,678	\$ 153,776	\$ 152,186	\$ 151,910	\$ 150,786	\$ 144,042	\$ 144,740
Total operating expenses (from schedule of expenses by use)	136,578	149,286	167,813	169,833	170,992	167,670	170,414	168,709	160,887	156,862
Total changes in net position	21,507	(1,174)	(19,390)	(20,155)	(17,216)	(15,484)	(18,504)	(17,923)	(16,845)	(12,122)
Net position, beginning	(98,806)	(109,429)	51,951	61,057	65,919	72,538	77,072	81,265	85,903	84,377
Net position, ending	<u>\$ (77,299)</u>	<u>\$ (110,603)</u>	<u>\$ 32,561</u>	<u>\$ 40,902</u>	<u>\$ 48,703</u>	<u>\$ 57,054</u>	<u>\$ 58,568</u>	<u>\$ 63,342</u>	<u>\$ 69,058</u>	<u>\$ 72,255</u>
Net investment in capital assets	\$ 104,726	\$ 103,869	\$ 102,005	\$ 99,772	\$ 98,776	\$ 96,979	\$ 93,771	\$ 89,660	\$ 86,331	\$ 80,136
Restricted - expendable	5,439	5,285	5,101	4,939	4,912	4,742	4,742	2,740	1,364	731
Unrestricted	(175,432)	(207,960)	(216,535)	(52,760)	(42,631)	(35,802)	(25,975)	(15,328)	(4,553)	5,036
Total net position	<u>\$ (65,267)</u>	<u>\$ (98,806)</u>	<u>\$ (109,429)</u>	<u>\$ 51,951</u>	<u>\$ 61,057</u>	<u>\$ 65,919</u>	<u>\$ 72,538</u>	<u>\$ 77,072</u>	<u>\$ 83,142</u>	<u>\$ 85,903</u>

See accompanying report of independent certified public accountants.

Community College of Philadelphia
(A Component Unit of the City of Philadelphia)

STATISTICAL SECTION - FISCAL YEAR ENROLLMENT AND DEGREE STATISTICS (UNAUDITED)

Year ended June 30,

	2020	2019	2018	2017	2016	2015	2014	2013	2012	2011
Enrollments and student demographics:										
Credit FTE	12,331	12,740	13,596	13,659	14,481	14,851	15,051	15,116	15,769	16,091
Unduplicated Credit Headcount	22,160	23,139	24,443	25,571	26,837	27,942	28,096	28,264	29,094	29,032
Percentage - Men	34.7%	36.3%	36.3%	37.1%	37.8%	37.7%	37.7%	36.9%	35.5%	35.5%
Percentage - Women	65.3%	63.7%	63.7	62.9	62.2	62.3	62.3	63.1	64.5	64.5
Percentage - Black	41.9	43.1	48.1	48.8	49.4	50.7	50.2	49.7	49.9	49.2
Percentage - White	22.9	23.2	23.5	24.0	23.8	23.9	24.3	25.1	24.6	24.4
Percentage - Asian	11.8	11.4	9.8	9.4	8.9	8.4	8.2	7.7	7.3	7.2
Percentage - Hispanic	15.9	14.9	14.0	13.0	12.8	11.8	11.4	10.6	4.9	6.5
Percentage - American Indian/other	3.9	4.0	0.3	0.3	0.3	0.4	0.4	0.4	0.5	0.5
Percentage - Unknown	3.6	3.4	4.3	4.5	4.8	4.8	5.6	6.5	12.9	12.2
Degrees awarded:										
Associate	1,761	1,770	1,731	1,794	1,880	1,916	1,857	1,712	1,828	1,702
Certificate	225	331	495	471	475	446	338	167	180	214

Source: Department of Institutional Research.

See accompanying report of independent certified public accountants.

Community College of Philadelphia
(A Component Unit of the City of Philadelphia)

STATISTICAL SECTION - FACULTY AND STAFF STATISTICS (UNAUDITED)

For Fall Term in Year

	2020	2019	2018	2017	2016	2015	2014	2013	2012	2011
Faculty:										
Part-time	452	567	543	548	676	635	643	734	757	771
Full-time	336	438	443	467	400	395	407	412	418	413
Percentage tenured	77.7%	67.1%	65.2%	61.8%	74.0%	81.7%	79.9%	80.6%	83.0%	84.0%
Administrative and support staff:										
Part-time	82	76	40	38	18	11	12	20	22	19
Full-time	506	474	470	466	445	453	441	447	472	460
Total employees:										
Part-time	534	643	583	586	694	646	655	754	779	790
Full-time	842	912	913	933	845	848	848	859	890	873
Students per full-time staff:										
Number credit students	15,996	16,672	17,296	18,126	18,099	19,119	19,066	18,692	19,751	19,503
Faculty	48	38	39	39	45	47	47	46	47	47
Administrative and support staff	32	35	37	39	41	42	43	42	42	42
Average annual faculty salary	\$ 65,300	\$ 75,020	\$ 67,883	\$ 69,196	\$ 63,789	\$ 65,212	\$ 64,059	\$ 66,137	\$ 66,236	\$ 67,266

Source: Institutional Human Resource Records.

GROSS SQUARE FEET OF COLLEGE BUILDINGS

	2020	2019	2018	2017	2016	2015	2014	2013	2012	2011
Main Campus - Buildings	911,051	911,051	911,051	911,051	911,051	911,051	911,051	900,613	900,613	852,445
Main Campus - 17 Street Garage	230,360	230,360	230,360	230,360	230,360	230,360	230,360	230,360	230,660	230,660
Main Campus Recreation Deck	62,600	62,600	62,600	62,600	62,600	62,600	62,600	62,600	62,600	62,600
Main Campus - CBI Garage	74,902	74,902	74,902	74,902	74,902	74,902	74,902	74,902	74,902	74,902
Main Campus - 434 North 15th Street	88,500	88,500	88,500	88,500	88,500	88,500	88,500	88,500	88,500	-
Northeast Regional Center	109,075	109,075	109,075	109,075	109,075	109,075	109,075	109,075	109,075	109,075
West Regional Center	39,394	39,394	39,394	39,394	39,394	39,394	39,394	39,394	32,090	32,090
Northwest Regional Center	90,000	90,000	90,000	90,000	90,000	90,000	90,000	90,000	90,000	90,000
Total gross square feet	<u>1,605,882</u>	<u>1,605,882</u>	<u>1,605,882</u>	<u>1,605,882</u>	<u>1,605,882</u>	<u>1,605,882</u>	<u>1,605,882</u>	<u>1,595,444</u>	<u>1,588,440</u>	<u>1,451,772</u>

Source: Institutional Physical Plant Records.

See accompanying report of independent certified public accountants.

**Community College of Philadelphia
(A Component Unit of the City of Philadelphia)**

DEMOGRAPHIC STATISTICS (UNAUDITED)

City of Philadelphia Last Ten Calendar Years

	Population as of June 30	Average annual unemployment rate
Year:		
2010 – 11	1,526,006	10.9
2011 – 12	1,536,471	10.8
2012 – 13	1,547,607	10.5
2013 – 14	1,553,165	7.8
2014 – 15	1,560,297	7.4
2015 – 16	1,567,442	6.9
2016 – 17	1,567,872	5.9
2017 – 18	1,580,863	5.7
2018 – 19	1,584,138	5.1
2019 – 20	1,584,064	7.8

Sources: United States Census Bureau and Bureau of Labor Statistics

See accompanying report of independent certified public accountants.

Community College of Philadelphia
(A Component Unit of the City of Philadelphia)

COMPONENT UNIT STATEMENT OF NET POSITION

June 30, 2020

(In thousands)

Assets:	
Cash on deposit and on hand	\$ 21,212
Investments	54,182
Accounts receivable	9,095
Allowance for doubtful accounts	(3,170)
Due from other governments	2,712
Restricted assets	12,275
Other assets	1,063
Property, plant and equipment	158,580
	<hr/>
Total assets	\$ 255,949
	<hr/>
Deferred outflows of resources:	
Deferred outflows	\$ 5,936
Liabilities:	
Vouchers and accounts payable	14,780
Salaries and wages payable	3,820
Accrued expenses	1,555
Funds held in escrow	243
Due to other governments	270
Deferred revenue	2,361
Current portion of long-term obligations	8,025
Noncurrent portion of long-term obligations	62,950
Other post-employment benefits (GASB 75)	143,625
	<hr/>
Total liabilities	\$ 237,629
	<hr/>
Deferred inflows of resources:	
Deferred inflows	75,455
Net position:	
Net investment in capital assets	\$ 104,726
Restricted for:	
Capital projects	5,516
Tuition stabilization and scholarships	12,309
Unrestricted deficit	(173,748)
	<hr/>
Total net position	\$ (51,197)
	<hr/>

See accompanying report of independent certified public accountants.

Community College of Philadelphia
(A Component Unit of the City of Philadelphia)

COMPONENT UNIT STATEMENT OF REVENUES, EXPENSES AND CHANGES IN NET POSITION

Year ended June 30, 2020

(In thousands)

		Program revenues			Net expense and changes in net position
	Expenses	Charge for services	Operating grants and contributions	Capital grants and contributions	Education activities
Community college services	\$ 139,465	\$ 31,949	\$ 63,193	\$ -	\$ 44,323
				General revenues:	
				Grants and contributions*	74,286
				Interest and investment earnings	2,178
				Miscellaneous	2,082
				Total general revenues	78,546
				Change in net assets	34,223
				Net position - beginning	(85,420)
				Net position - ending	\$ (51,197)

* Includes Commonwealth appropriations of \$38,227 and City of Philadelphia appropriations of \$36,059.

See accompanying report of independent certified public accountants.

Community College of Philadelphia
(A Component Unit of the City of Philadelphia)

COMPONENT UNIT CAPITAL ASSET FORMAT

Year ended June 30, 2020

	Beginning balance	Increases	Decreases	Ending balance
Business-type activities:				
Capital assets not being depreciated:				
Land	\$ 31,094,976	\$ -	\$ -	\$ 31,094,976
Fine arts	787,708	114,912	-	902,620
Construction in process	1,013,521	6,295,754	(114,441)	7,194,834
Total capital assets not being depreciated	32,896,205	6,410,666	(114,441)	39,192,430
Capital assets being depreciated:				
Buildings	242,857,135	325,013	-	243,182,148
Other improvements	18,281,507	101,152	-	18,382,659
Equipment	42,166,198	462,703	(15,765)	42,613,136
Furniture	1,300,302	52,550	-	1,352,852
Leasehold improvements	199,231	-	-	199,231
Total capital assets being depreciated	304,804,373	941,418	(15,765)	305,730,026
Less accumulated depreciation for:				
Buildings	124,093,260	5,887,886	-	129,981,146
Other improvements	17,402,375	159,556	-	17,561,931
Equipment	35,805,576	1,690,944	(14,721)	37,481,799
Furniture	1,092,365	41,861	-	1,134,226
Leasehold improvements	181,390	2,306	-	183,696
Total accumulated depreciation	178,574,966	7,782,553	(14,721)	186,342,798
Total capital assets being depreciated, net	126,229,407	(6,841,135)	(1,044)	119,387,228
Business-type activities capital assets, net	<u>\$ 159,125,612</u>	<u>\$ (430,469)</u>	<u>\$ (115,485)</u>	<u>\$ 158,579,658</u>

See accompanying report of independent certified public accountants.

GRANT THORNTON LLP

Two Commerce Square
2001 Market St., Suite 700
Philadelphia, PA 19103

D +215.561.4200

F +215.561.1066

**REPORT OF INDEPENDENT CERTIFIED PUBLIC ACCOUNTANTS
ON INTERNAL CONTROL OVER FINANCIAL REPORTING AND ON
COMPLIANCE AND OTHER MATTERS REQUIRED BY *GOVERNMENT
AUDITING STANDARDS***

Board of Trustees
Community College of Philadelphia
(A Component Unit of the City of Philadelphia)

We have audited, in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the business-type activities and the discretely presented component unit of the Community College of Philadelphia (the "College") as of and for the years ended June 30, 2020 and 2019, and the related notes to the financial statements, which collectively comprise the College's basic financial statements, and have issued our report thereon dated September 28, 2020.

Internal control over financial reporting

In planning and performing our audit of the financial statements, we considered the College's internal control over financial reporting ("internal control") to design 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 internal control. Accordingly, we do not express an opinion on the effectiveness of the 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 College'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 the College's internal control that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

Compliance and other matters

As part of obtaining reasonable assurance about whether the 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*.

Intended purpose

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 College'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 College's internal control and compliance. Accordingly, this report is not suitable for any other purpose.

Grant Thornton LLP

Philadelphia, Pennsylvania
September 28, 2020

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APPENDIX B
COMMUNITY COLLEGE OF PHILADELPHIA
FORM OF CONTINUING DISCLOSURE AGREEMENT

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\$14,580,000
STATE PUBLIC SCHOOL BUILDING AUTHORITY
(Commonwealth of Pennsylvania)
College Revenue Bonds (Community College of Philadelphia Project), Series of 2020
(Federally Taxable)

CONTINUING DISCLOSURE AGREEMENT

This Continuing Disclosure Agreement (the “Disclosure Agreement”) is executed and delivered as of this 8th day of December, 2020, by and between the Community College of Philadelphia (the “College”) and The Bank of New York Mellon Trust Company, N.A, as dissemination agent hereunder (the “Dissemination Agent”) in connection with the issuance and sale by the State Public School Building Authority (the “Authority”) of its \$14,580,000 College Revenue Bonds (Community College of Philadelphia Project), Series of 2020 (Federally Taxable) (the “Bonds”) pursuant to a Trust Indenture, dated as of May 1, 2019, as amended by the First Supplemental Trust Indenture, dated as of December 1, 2020 (collectively, the “Indenture”) each between the Authority and The Bank of New York Mellon Trust Company, N.A., as trustee (in such capacity, the “Trustee”). 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 May 1, 2019, as amended by the First Supplemental Loan Agreement, dated as of December 1, 2020 each between the Authority and the College.

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.

“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 Business and Finance & 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.

“Financial Obligation” means a (i) debt obligation; (ii) derivative instrument entered into in connection with, or pledged as security or source of payment for, an existing or planned debt obligation; or (iii) guarantee of (i) or (ii). The term Financial Obligation shall not include municipal securities as to which a final official statement has been provided to the Municipal Securities Rulemaking Board consistent with the Rule.

“MSRB” shall mean the Municipal Securities Rulemaking Board.

“Official Statement” shall mean the Official Statement, dated November 24, 2020, relating to the Bonds, including all amendments, if any, made thereto.

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

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

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

“SEC” shall mean the United States Securities and Exchange Commission.

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

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 College on March 13, 2019, as ratified on April 4, 2019 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 Underwriter 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 270 days of the close of each fiscal year of the College, commencing with the fiscal year ending June 30, 2021, the Disclosure Representative shall file with the Dissemination Agent and the Trustee (if the Trustee is not the Dissemination Agent), 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 ten (10) Business Days after the occurrence of the event, notice of any of the following events with respect to the Bonds within the meaning of the Rule (each, a “Reportable Event”):

- (1) Principal and interest payment delinquencies;
- (2) Non-payment related defaults, if material;
- (3) Unscheduled draws on debt service reserves reflecting financial difficulties;
- (4) Unscheduled draws on credit enhancements reflecting financial difficulties;
- (5) Substitution of credit or liquidity providers or their failure to perform;
- (6) Adverse tax opinions, the issuance by the Internal Revenue Service of proposed or final determinations of taxability, Notices of Proposed Issue (IRS Form 5701-TEB) or other material notices or determinations with

respect to the tax status of the Bonds, or other material events affecting the tax status of the Bonds;

- (7) Modifications to the rights of the holders of the Bonds, if material;
- (8) Bond calls, if material, and tender offers;
- (9) Defeasances;
- (10) Release, substitution or sale of property securing repayment of the Bonds, if material;
- (11) Rating changes;
- (12) Bankruptcy, insolvency, receivership or similar event of the College¹;
- (13) The consummation of a merger, consolidation, or acquisition involving the College or the sale of all or substantially all of the assets of the College, other than in the ordinary course of business, the entry into a definitive agreement to undertake such an action or the termination of a definitive agreement relating to any such actions, other than pursuant to its terms, if material;
- (14) Appointment of a successor or additional trustee or the change of name of the trustee, if material;
- (15) 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 College, any of which affects holders of the Bonds, if material; and
- (16) 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 foregoing sixteen Reportable Events are quoted from the Rule. The SEC requires the listing of the Reportable Events set forth in clauses (1) through (16) above although some of such events may not be applicable to the Bonds.

¹ This event is considered to occur when any of the following occur: the appointment of a receiver, fiscal agent 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.

(b) If the Dissemination Agent has been instructed by the College to report a Reportable 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.

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

(d) 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.

(e) At the same time that the College provides any notice pursuant to clauses (a), (b), (c) or (d) of this Section 4 to the MSRB via EMMA, the College shall provide a copy to the Authority, the Bond Insurer and the Trustee (if the Trustee is not the Dissemination Agent).

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) this 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 to send to each Registered Owner, to the Trustee (if the Trustee is not the Dissemination Agent) and to the Authority.

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 Reportable Events specifically provided for herein, nor shall the College be relieved of complying with any applicable law relating to the availability and inspection of public records, if any. Any election by the College to furnish any information not specifically provided for herein in any notice given pursuant to this Disclosure Agreement or by the means of communication provided for herein shall not be deemed to be an additional contractual undertaking and the College shall have no obligation to furnish such information in any subsequent notice or by the same means of communication.

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

Section 7. Default

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

(b) A default under this Disclosure Agreement shall not be or be deemed to be a default or Event of Default (as therein defined) 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. None of the provisions contained in this Agreement shall require the Dissemination Agent to use or advance its own funds in the performance of any of its duties or the exercise of any of its rights or powers hereunder. The rights, protections and immunities granted the trustee pursuant to the Indenture shall deemed to be incorporated in their entirety for the benefit of the Dissemination Agent.

(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 Disclosure 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 this 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 Philadelphia County, Pennsylvania for appointment of a successor agent.

(f) The Dissemination Agent shall retain copies of all Annual Financial Information and notices of Reportable 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; provided, however, that notice to the Dissemination Agent shall not be deemed to be given until received by it:

- (a) To the Dissemination Agent/Trustee:

The Bank of New York Mellon Trust Company, N.A.
500 Ross Street, 12th Floor
Pittsburgh, PA 15262
Telecopy No.: (412) 236-0870

- (b) To the College:

Community College of Philadelphia
1700 Spring Garden Street, Room M1-3
Philadelphia, PA 19130
Attention: Associate Vice President, Budgets & Business Services
Telecopy No.: (215) 751-8365

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

(d) To the Authority:

State Public School Building Authority
1035 Mumma Road
Wormleysburg, PA 17043
Attention: Executive Director
Telecopy No.: (717) 975-2215

(e) To the Bond Insurer:

Build America Mutual Assurance Company
200 Liberty Street, 27th Floor
New York, NY 10281
Attention: Surveillance, Re: Policy No. _____
Telephone: (212) 235-2500
Telecopy: (212) 235-1542
Email: notices@buildamerica.com

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

This 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.

IN WITNESS WHEREOF, COMMUNITY COLLEGE OF PHILADELPHIA has caused this Disclosure Agreement to be executed and attested by the College President and Vice President for Business and Finance & Treasurer, respectively and its seal to be hereunto affixed and **THE BANK OF NEW YORK MELLON TRUST COMPANY, N.A.** has caused this Disclosure Agreement to be executed by its duly authorized officers, and its seal to be hereunto affixed, all as of the day and year first above written.

COMMUNITY COLLEGE OF PHILADELPHIA

(SEAL)

By: _____
President

Attest: _____
Vice President for Business and Finance & Treasurer

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

(SEAL)

By: _____
Authorized Officer

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 the Official Statement, dated November 24, 2020, relating to the Bonds (the “Official Statement”) within 270 days following the end of each fiscal year of the College beginning with the fiscal year ending June 30, 2021, including:

- Enrollment
- Student Fees and Charges

Schedule 2

NOTICE TO THE MSRB OF FAILURE TO FILE ANNUAL REPORT

Name of Issuer: State Public School Building Authority

Name of Bond Issue: State Public School Building Authority (Commonwealth of Pennsylvania) College Revenue Bonds (Community College of Philadelphia Project), Series of 2020 (Federally Taxable) (the "Bonds")

Name of College: Community College of Philadelphia (the "College")

Date of Issue: December 8, 2020

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 as of December __, 2020, 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 Community College of Philadelphia

as Dissemination Agent

By: _____
Authorized Signatory

cc: Community College of Philadelphia

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APPENDIX C
FORM OF OPINION OF BOND COUNSEL

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December 8, 2020

State Public School Building Authority
Harrisburg, Pennsylvania

Re: \$14,580,000 State Public School Building Authority College Revenue Bonds
(Community College of Philadelphia Project), Series of 2020 (Federally Taxable)

Dear State Public School Building Authority:

We have acted as Bond Counsel to the State Public School Building Authority (the "Authority") in connection with the issuance of its \$14,580,000 College Revenue Bonds (Community College of Philadelphia Project), Series of 2020 (Federally Taxable) (the "2020 Bonds"). The 2020 Bonds are issued under and pursuant to the laws of the Commonwealth of Pennsylvania (the "Commonwealth"), including particularly the State Public School Building Authority Act of 1947, P.L. 1217, as amended, and a Trust Indenture, dated as of May 1, 2019 (the "Original Indenture"), between the Authority and The Bank of New York Mellon Trust Company, N.A., as trustee (the "Trustee"), as amended and supplemented by the First Supplemental Trust Indenture, dated December 1, 2020, between the Authority and the Trustee (the "First Supplemental Indenture," and together with the Original Indenture, the "Indenture"). Pursuant to a Bond Purchase Agreement, dated November 24, 2020 (the "Bond Purchase Agreement"), among the Authority, PNC Capital Markets LLC, as Underwriter for the 2020 Bonds (the "Underwriter"), and the Community College of Philadelphia (the "College"), the Underwriter will purchase the 2020 Bonds from the Authority for a public offering price as more fully set forth therein.

The 2020 Bonds are being issued at the request of the College to undertake a project consisting of financing and/or reimbursing all or a portion of the costs of: (1) the development, construction, improvement, furnishing, equipping and outfitting of a new, approximately 75,000 square foot building on land owned by the College in West Philadelphia, which facility will be used to house the College's Career and Advanced Technology Center; (2) other miscellaneous capital improvements at such site, including parking, landscaping and related improvements; and (3) the issuing and insuring of the 2020 Bonds ((1) – (3) collectively referred to herein as the "Project").

The proceeds of the 2020 Bonds are being loaned to the College pursuant to a Loan Agreement, dated as of May 1, 2019, between the Authority and the College (the "Original Loan Agreement"), as amended and supplemented by the First Supplement to Loan Agreement, dated December 1, 2020 (the "First Supplemental Loan Agreement," and together with the Original Loan Agreement, the "Loan Agreement"), 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 2020 Bonds. To evidence its obligation under the Loan Agreement, the College is delivering to the Authority its General Obligation Note, Series of 2020, (the "Note"). The Authority has assigned its interest

in the Loan Agreement (except certain rights as described therein) and the Note to the Trustee as security for the 2020 Bonds.

The 2020 Bonds will be limited obligations of the Authority, payable solely and secured by a valid lien on and pledge from certain payments to be made by the College to the Authority under the Loan Agreement and funds and accounts consisting of monies and securities held by the Trustee under the Indenture (the "Trust Estate"). The Issuer is duly authorized to pledge such Trust Estate, and no further action on the part of the Issuer or any other party is required to perfect the same or the interest of the owners of the 2020 Bonds therein.

In rendering this opinion, we have examined (1) such constitutional provisions and statutes of the Commonwealth, (2) the proceedings authorizing the issuance of the 2020 Bonds, and (3) such certificates, opinions, receipts and other documents, including original counterparts or certified copies of the Indenture, the Loan Agreement, and such other documents as we have deemed necessary. In making the aforesaid examinations, we have assumed and relied upon the truth, completeness, authenticity and due authorization of all documents and certificates examined and of the authenticity of all the signatures thereon and we have not undertaken to verify the factual matters set forth in any certificates or other documents by independent investigation. In addition, we have assumed that all documents submitted to us as copies conform to the originals thereof. We have also assumed that the documents referred to herein have been duly authorized by all parties thereto other than the Authority and are, where appropriate, legally binding obligations of, and enforceable in accordance with their terms against all parties, except the Authority, and that the actions required to be taken with consent required to be obtained by such parties, have or will be taken or obtained.

In rendering this opinion, we have also assumed that the parties to the documents referred to herein, other than the Authority, have acted in full compliance with the terms of applicable laws, regulations and orders. We have relied upon the opinion of Barley Snyder LLP, Lancaster, Pennsylvania, counsel to the Authority, dated the date hereof, with respect to the due organization and existence of the Authority; the authorization, execution and delivery of the Indenture, the Loan Agreement and the 2020 Bonds; and the validity and binding effect thereof on the Authority. We have also relied upon the opinion of Fox Rothschild LLP, Philadelphia, Pennsylvania, counsel to the College, dated the date hereof with respect to the due organization and existence of the College; the authorization, execution and delivery of the Loan Agreement and the Note; and the validity and binding effect thereof on the College.

We have assumed that each party to the Bond Documents will carry out all obligations imposed on such party by the Bond Documents in accordance with the terms thereof and that all representations and certifications contained in the Bond Documents are accurate, true and complete.

On the basis of the foregoing and subject to the qualifications stated herein, we are of the opinion that, under existing law, as presently enacted and construed:

1. The Authority is a body corporate and politic validly existing under the laws of the Commonwealth, and has the power and authority to execute and deliver the Indenture and the Loan Agreement and to issue and deliver the 2020 Bonds.

2. The Indenture and the Loan Agreement have been duly authorized, executed and delivered by the Authority and the obligations of the Authority under the Indenture and the Loan Agreement constitute binding obligations of the Authority, enforceable against the Authority in accordance with their respective terms.

3. The 2020 Bonds have been duly authorized, executed, issued and delivered by the Authority and are the binding limited obligations of the Authority and are enforceable against the Authority in accordance with their terms.

4. Under the laws of the Commonwealth, as presently enacted and construed on the date hereof, the 2020 Bonds are exempt from Commonwealth personal property taxes and interest on the 2020 Bonds is exempt from Commonwealth income tax and Commonwealth corporate net income tax.

The purchasers of the 2020 Bonds should consult their own tax advisor as to collateral state income tax consequences. We express no opinion regarding state tax consequences arising with respect to the 2020 Bonds other than as expressly set forth in numbered paragraph 4 hereof.

We express no opinion herein with respect to the perfection or priority of any lien or security interest or any other matter not set forth herein. We call your attention to the fact that the 2020 Bonds are limited obligations of the Authority, payable only out of certain revenues payable to the Authority under the Loan Agreement and certain other monies available therefor under the Indenture, as provided in the 2020 Bonds, and that the 2020 Bonds do not pledge the general credit of the Authority, or the credit or taxing power of the City of Philadelphia, Pennsylvania, the Commonwealth or any political subdivision thereof. The Authority has no taxing power.

Our opinions as to the validity, binding effect and enforceability of the Indenture, the Loan Agreement and the 2020 Bonds are subject to the effect of any applicable bankruptcy, fraudulent conveyance or transfer, insolvency, reorganization, moratorium or similar law affecting creditors' rights generally and the effect of general principles of equity (regardless of whether such enforceability is considered in a proceeding in equity, at law, or in bankruptcy).

These opinions are rendered on the basis of the laws of the Commonwealth as enacted and construed on the date hereof. We express no opinion as to, and we assume no responsibility for, any matter or information not set forth in the numbered paragraphs above.

We undertake no obligation to supplement this opinion at any time to reflect events, occurrences and changes of law following the date of delivery of the 2020 Bonds.

Very truly yours,

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APPENDIX D
SPECIMEN MUNICIPAL BOND INSURANCE POLICY

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MUNICIPAL BOND INSURANCE POLICY

ISSUER: [NAME OF ISSUER]

Policy No: _____

MEMBER: [NAME OF MEMBER]

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

Effective Date: _____

Risk Premium: \$ _____

Member Surplus Contribution: \$ _____

Total Insurance Payment: \$ _____

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

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

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

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

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

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

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

BUILD AMERICA MUTUAL ASSURANCE COMPANY

By: _____
Authorized Officer

Notices (Unless Otherwise Specified by BAM)

Email:

claims@buildamerica.com

Address:

200 Liberty Street, 27th floor

New York, New York 10281

Telecopy:

212-962-1524 (attention: Claims)

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