

Financial Statements and
Supplementary Information with Report
of Independent Certified Public
Accountants

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

June 30, 2023

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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**Opinion**

We have audited the financial statements of the business-type activities and the aggregate discretely presented component units of the Community College of Philadelphia (the College), as of and for the year ended June 30, 2023, and the related notes to the financial statements, which collectively comprise the College's basic financial statements as listed in the table of contents.

In our opinion, the accompanying financial statements present fairly, in all material respects, the respective financial position of the business-type activities and the aggregate discretely presented component units of the College as of June 30, 2023, and the respective changes in financial position and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for opinion

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

Responsibilities of management for the financial statements

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

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the College's ability to continue as a going concern for twelve months

beyond the financial statement date, including any currently known information that may raise substantial doubt shortly thereafter.

Auditor's responsibilities for the audit of the financial statements

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

In performing an audit in accordance with US GAAS and *Government Auditing Standards*, we:

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

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

Required supplementary information

Accounting principles generally accepted in the United States of America require that the Management's Discussion and Analysis included on pages 7 through 14 and the required supplementary information on pages 54 through 56 be presented to supplement the basic financial statements. Such information is the responsibility of management and, 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. We have applied certain limited procedures to the required supplementary information in accordance with US GAAS. 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, comprised of the reformatted schedule of net position, reformatted schedule of activities, and schedule of changes in capital asset balances on pages 58 through 60 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 such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with US GAAS. In our opinion, the accompanying supplementary information is fairly stated, in all material respects, in relation to the basic financial statements as a whole.

Other information

The other information comprises the statistical section and demographic statistics on pages 62 through 70, is presented for purposes of additional analysis and is not a required part of the basic financial statements. We have applied certain limited procedures to the other information in accordance with US GAAS. 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 any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

In connection with our audit of the basic financial statements, our responsibility is to read the other information and consider whether a material inconsistency exists between the other information and the basic financial statements, or the other information otherwise appears to be materially misstated. If, based on the work performed, we conclude that an uncorrected material misstatement of the other information exists, we are required to describe it in our report.

Other reporting required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated October 24, 2023 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
October 24, 2023

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

MANAGEMENT'S DISCUSSION AND ANALYSIS (UNAUDITED)

June 30, 2023

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 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 Community College of Philadelphia Foundation (the Foundation) and CCP Development, LLC are reported as discrete component units. The Foundation was incorporated exclusively to secure philanthropic funding to benefit academic and student success. CCP Development, LLC was organized as a qualified active low-income community business (QALICB) to secure new market tax credit funding for the construction of the College's Career and Advanced Technology Center at 4750 Market Street, Philadelphia, Pennsylvania.

Financial and Institutional Highlights

- The College continued its commitment to keep higher education affordable for all Philadelphia residents by freezing tuition for the fifth consecutive year while also increasing students support services.
- The College expanded and enhanced the new office of enrollment navigators. The office provides 1:1 support ensuring students complete each step of the enrollment and registration process seamlessly.
- The College distributed more than \$200,000 in emergency funds directly to students experiencing crises who would have otherwise withdrawn from the College.
- The College launched a successful pilot program to provide students who have earned more than 30 credits additional time to satisfy outstanding account balances without fear of being dropped for nonpayment. In the first year of the initiative, more than 500 students were able to continue taking classes, contributing to retention growth.
- Following last year's launch of the student equity initiative, the Faculty Center for Teaching and Learning implemented a project to focus on supporting students with invisible disabilities. The project provided faculty with resources that could inform, educate and support them in meeting the needs of students with invisible disabilities.
- The Catto Scholarship was offered for the third year with 1,255 students receiving free tuition, books, and monthly stipends. The Catto Scholarship is a bold new anti-poverty initiative sponsored by the City of Philadelphia. The Scholarship provides comprehensive wrap around services including individualized success coaching, last-dollar tuition funding, and financial support to cover the cost of student basic needs such as food, transportation, and books. In 2023, the College recorded expenses of more than \$5.4 million to support the Catto Scholarship program.
- The College continued supporting high school students to enroll in college level courses via contracts with the School District of Philadelphia. High school students enrolled in Gateway to College or Parkway Center City Middle College High School will graduate with a high school diploma and College credits up to an Associate's degree.

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

MANAGEMENT'S DISCUSSION AND ANALYSIS (UNAUDITED) - CONTINUED

June 30, 2023

- The 75,000 square feet Career and Advanced Technology Center (CATC) opened in August 2022 and now brings state of the art career training and community engagement to a low-income neighborhood. CATC currently offers workforce development programs in the areas of Advanced Manufacturing, Healthcare and Automotive Technology. Under the advanced manufacturing suite of programs are Welding, Computer Numeric Control (CNC) and Electro-mechanical technology. In the healthcare suite of programs are Sterile Processing Technician, Pharmacy Technician, Dental Assistant and Nurse Aide programs. Several technology and engineering focused programs were launched in May 2023. The Electro-Mechanical Technology program will provide participants with Festo Level 1 Fundamentals NC3 certifications for all 6 modules. This will prepare students for careers in industrial maintenance and opportunities to become electro-mechanical technicians. The Computer Support Specialist program will prepare students to earn a network and systems administration proficiency certificate or a cybersecurity proficiency certificate. CompTia A+ certification and CompTIA Network+ are additional certifications that students will be able to earn.
- The Jr. STEM Academy at CATC continued to offer summer programming in robotics; drone building, programming, and operation; app development; and advanced manufacturing to students from West Philadelphia middle schools and offer after school and summer programming in robotics; drone building, programming, and operation; app development; and advanced manufacturing. During the year, a full-time administrator was added to run the program.
- To better position the College as an effective resource for workforce development, the Workforce and Economic Innovation unit was integrated into Academics and Student Success under the leadership of the newly created Provost, and the Associate Provost for Academic Affairs and Workforce Development.
- A new 10-week non-credit Aseptic Technician training program was launched with students on waitlist. Aseptic Technicians assemble finished sterile products, ensure that laboratory clean rooms remain in a state of constant cleanliness, and perform other activities within production facilities to support manufacture of Cell and Gene Therapy products.
- While the overall student population remains smaller than at its pre-pandemic peak, each part of every term since fall 2022 has seen year-over-year growth in overall headcount as well as in credit hour generation. Enrollment trends appear to have stabilized and the College is hopeful it has moved to sustained growth. Total enrollment increased 1.0% from 16,596 students in 2021-2022 to 16,769 students in 2022-2023.
- In fiscal year 2024, the College will be launching a new website with anticipated enhancements in search engine optimization and easier student usability. The College will also launch a newly envisioned brand identity and increase marketing visibility. The College anticipates these efforts will result in greater rates of inquiries and applications.
- During the year ended June 30, 2023, the College refunded more than \$3.9 million directly to students under the American Rescue Plan (ARP) program. Another \$0.7 million of the College's Supplemental Support under American Rescue Plan (SSARP) institutional funds were applied to discharge unpaid student balances, relieving 521 students from their debt obligations.
- The College continued to provide loaner laptops to students in need of technology to participate in hybrid and distance education course. During the year ended June 30, 2023, the College was awarded a \$2.95 million federal grant to expand minority communities access to technology and broadband connectivity. This pilot project will further assist many of its students.

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

MANAGEMENT'S DISCUSSION AND ANALYSIS (UNAUDITED) - CONTINUED

June 30, 2023

- During the year ended June 30, 2023, the College implemented GASB 96, *Subscription-Based Information Technology Arrangements* (SBITAs), and the adoption has been reflected as of the beginning of the earliest period presented in the financial statements, resulting in a \$5.0 million increase in right-of-use SBITA (included within capital assets, net in the statement of net position) as well as a SBITA liability of \$4.1 million. The impact of the adoption of this standard did not have a material impact on the unrestricted net position at July 1, 2022, and therefore no restatement of opening net position balances is reflected within the College's financial statements.

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, 2023, the College's net position was \$18.7 million, with liabilities of \$268.1 million and assets of \$332.5 million. Net position increased by \$22.3 million in 2023 prior to recording the impact of the post-employment benefit liability. Unrestricted net position improved from a negative \$119.8 million to a negative \$82.0 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 positive \$60.9 million. The other factor contributing to the change in the unrestricted net position value was unfunded depreciation expense for 2023 in the amount of \$7.2 million.

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

MANAGEMENT'S DISCUSSION AND ANALYSIS (UNAUDITED) - CONTINUED

June 30, 2023

	Summary of Net Position	
	June 30,	
	2023	2022
	(in millions)	
Assets:		
Current assets	\$ 84.8	\$ 80.9
Noncurrent assets:		
Loan receivable	19.9	19.9
Bond proceeds available for campus construction	6.5	7.5
Other long-term investments	27.2	20.4
Long-term lease receivable	19.3	16.1
Investment in CCP Development, LLC	-	5.0
Capital assets, net	174.8	163.1
Total assets	332.5	312.9
Deferred outflows of resources	15.1	25.1
Liabilities:		
Current liabilities	47.9	31.4
Noncurrent liabilities	220.2	261.8
Total liabilities	268.1	293.2
Deferred inflows of resources	60.8	48.6
Net position:		
Net investment in capital assets	94.5	110.4
Restricted: expendable	6.2	5.8
Unrestricted	(82.0)	(119.8)
Total net position	\$ 18.7	\$ (3.6)

Assets

Current assets increased by \$3.9 million during 2023. Short-term investments, accounts receivable and other assets decreased due to timing differences offset by increase in receivable from government agencies.

Noncurrent assets increased by \$15.7 million. This is primarily attributable to the implementation of GASB 96 which resulted in the College recording a long-term lease receivable of \$19.8 million. Bond proceeds available for campus construction decreased as construction of the Library and Learning Commons and the Center for Advanced Technology progressed towards completion. The College's capital assets as of June 30, 2023 net of accumulated depreciation were \$174.8 million, an increase of \$11.7 million over the amount reported for 2022 of \$163.1 million. The increase in the net value of capital assets is related to the increase in the value of capital additions exceeding the accumulated depreciation as well as \$5.0 million of SBITA subscription assets recorded due to the implementation of GASB 96. Total current liabilities increased by \$16.5 million in 2023. Accounts payable and accrued liabilities increased by \$1.8 million primarily due to timing, current portion of long-term debt decreased by \$1.7 million and unearned revenue increased by \$15.4 million due to the College's receipt of \$15.0 million from the City for future capital projects.

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

MANAGEMENT'S DISCUSSION AND ANALYSIS (UNAUDITED) - CONTINUED

June 30, 2023

The College's outstanding long-term debt was \$61.5 million as of June 30, 2023, a decrease of \$8.0 million from June 2022. This decrease is due to the debt service payments made during the year. The pension liability amount for 2023 also includes \$5.5 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 other post-employment benefit liability in 2023 and 2022 was \$154.2 million and \$192.1 million, respectively. Absent this reporting requirement, the College's net assets as of June 30, 2023 would have been at a level of \$172.9 million.

Statements of Revenues, Expenses and Changes in Net Position

The change in net position for 2023 and 2022 was a positive \$22.3 million and \$24.8 million, respectively. The following table quantifies the changes:

	Revenues, Expenses and Changes in Net Position	
	Year ended June 30,	
	2023	2022
	(in millions)	
Operating revenues:		
Net tuition and fees	\$ 23.2	\$ 24.8
Auxiliary enterprises and other sources	0.9	0.1
Total	24.1	24.9
Operating expenses	141.1	188.5
Operating loss	(117.0)	(163.6)
Net non-operating revenues	124.8	176.9
Change in net position before other revenues	7.8	13.3
Capital appropriations	14.5	11.5
Total change in net position	\$ 22.3	\$ 24.8

Operating Revenues

The largest sources of operating revenue for the College are student tuition and fees and auxiliary enterprises revenues. In 2023, tuition charge was unchanged at \$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 \$70 to \$345. Average total tuition and fee revenue per credit for 2023 was \$235.

Tuition and fee revenue totaled \$55.0 million in 2023 and \$53.1 million in 2022, an increase of 3.7%. Total enrolled credit headcount increased 1% for the same period.

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

MANAGEMENT'S DISCUSSION AND ANALYSIS (UNAUDITED) - CONTINUED

June 30, 2023

Scholarship allowance amounts for 2023 and 2022 totaled \$31.8 million and \$28.3 million, respectively. The scholarship allowance represents tuition and fee payments made using public and private grants and scholarships. The increase in scholarship allowance amounts between 2023 and 2022 is reflective of the 1.0% increase in overall credit enrollment and maximum Pell award increasing from \$6,495 in 2021-2022 to \$6,895 in 2022-2023.

Non-operating Revenues

Commonwealth appropriations in 2023, excluding capital appropriations, totaled \$33.6 million, an increase of \$1.3 million or 4.0% over the \$32.3 million received in 2022.

Total 2023 City funding was \$46.0 million. Of the funding appropriation, \$40.6 million was used for operating budget purposes in 2023 and \$5.4 million was used for CATTO Scholarships. In 2022, \$37.2 million of the total appropriation was used for operating purposes and \$3.3 million was used for CATTO Scholarships. Net investment income (loss) was \$3.8 million in 2023 and \$(3.9 million) in 2022.

As shown above, non-operating revenues decreased by 29.5% from \$176.9 million in 2021-2022 to \$124.8 million in 2022-2023 primarily due to the College's expenditures of its Higher Education Emergency Relief Funds. The reduction was partially offset by the College's current year expenditures of an additional \$7.1 million in grant funding received from the United States Department of Education (DOE) through the American Rescue Plan (ARP) Act of which \$4.0 million was spent on student aid and \$3.1 million was spent on laptops, PPE, software services and converting on campus courses to online format, as well as lost tuition, fee, and auxiliary revenues because of COVID-19.

Capital Appropriations

The Commonwealth provided capital funding for debt service and capital purchases in the amount of \$5.7 for both 2023 and 2022. The College used \$5.4 million of the total City of Philadelphia appropriation of \$46.0 million in 2023 for debt service. In 2022, City of Philadelphia appropriations used for debt service were \$5.9 million.

	Expenses by Function Year ended June 30,	
	2023	2022
	(in millions)	
Instruction	\$ 49.9	\$ 54.7
Public service	0.1	0.1
Academic support	15.3	16.4
Student services	19.8	21.0
Institutional support	21.1	36.6
Physical plant operations	15.7	14.8
Depreciation and amortization	7.2	7.6
Student aid	11.5	37.0
Auxiliary enterprises	0.5	0.4
	<u>141.1</u>	<u>188.6</u>
Total operating expenses	\$ 141.1	\$ 188.6

Exclusive of student aid and depreciation expenses, the College's operating expenses totaled \$122.4 million in 2023 and \$144.0 million in 2022. On October 25, 2021, the College and the Faculty and Staff Federation agreed to extend the Collective Bargaining Agreements through August 31, 2024.

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

MANAGEMENT'S DISCUSSION AND ANALYSIS (UNAUDITED) - CONTINUED

June 30, 2023

In 2018, the College adopted GASB 75, *Accounting and Financial Reporting for Postemployment Benefits other than Pensions (OPEB)*. 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 2023 and 2022 was a credit of \$19.2 million and \$6.3 million, respectively.

	Expenses by Natural Classification	
	Year ended June 30,	
	2023	2022
	(in millions)	
Salaries	\$ 77.0	\$ 75.9
Benefits	35.5	36.6
Contracted services	10.9	11.0
Supplies	2.0	2.9
Depreciation	7.2	7.6
Student aid	11.6	37.0
Other post-employment benefits	(19.2)	(6.3)
Other	16.1	23.9
	<hr/>	<hr/>
Total operating expenses	141.1	188.6
	<hr/>	<hr/>
Interest on capital asset-related debt service	2.9	3.3
	<hr/>	<hr/>
Total nonoperating expenses	2.9	3.3
	<hr/>	<hr/>
Total expenses	\$ 144.0	\$ 191.9
	<hr/> <hr/>	<hr/> <hr/>

Schedule of Fund Balances

The 2023 and 2022 amounts reported for unrestricted operating funds were reduced by the impact of accrued expense liability for post-employment benefits (GASB 75). The impact of GASB 75 reporting in 2023 was a negative \$148.7 million while the impact of GASB 68 reporting was a negative \$5.5 million. The negative unrestricted plant fund balance reflects the cumulative impact of unfunded depreciation expense of \$7.2 million.

	June 30,	
	2023	2022
	(in millions)	
Total unrestricted fund	\$ (93.4)	\$ (110.8)
	<hr/>	<hr/>
Total endowment	(93.4)	(110.8)
	<hr/>	<hr/>
Plant fund:		
Net investment in capital assets	94.5	110.4
Restricted expendable - capital projects	5.8	5.8
Unrestricted	11.8	(9.0)
	<hr/>	<hr/>
Total plant fund	112.1	107.2
	<hr/>	<hr/>
Total net position	\$ 18.7	\$ (3.6)
	<hr/> <hr/>	<hr/> <hr/>

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

MANAGEMENT'S DISCUSSION AND ANALYSIS (UNAUDITED) - CONTINUED

June 30, 2023

Community College of Philadelphia Foundation

The Foundation was established in 1985 for the exclusive purpose of raising friends and funds to support student scholarships, programs, and facility needs. Total assets for 2023 and 2022 were \$20.7 million and \$17.8 million, respectively. Total unrestricted net position for 2023 and 2022 for the Foundation was \$3.2 million and \$2.2 million, respectively. The remaining net position is restricted based upon donor intent.

CCP Development, LLC

CCP Development, LLC, is a Pennsylvania limited liability company established in 2020 for purposes of obtaining New Market Tax Credit (NMTC) financing for the construction of the Career and Advanced Technology Center at 4750 Market Street, Philadelphia, Pennsylvania. Total assets for 2023 and 2022 were \$33.2 million and \$33.7 million, respectively, and total net position for 2023 and 2022 was \$7.0 million and \$5.3 million, respectively.

Future Impacts

The Mayor's final City Budget Plan for 2023-2024 provided a one-time allocation of \$15 million for the College's multi-year capital budget. An additional \$807K was appropriated for the Octavius Catto Scholarship program, which includes \$150K dedicated for dual enrollment programs bringing the total appropriations dedicated to the scholarship program to \$11.7 million.

While the disruptions from COVID-19 have abated, there is still uncertainty around returning to normalcy. The College expects this matter to continue to negatively impact its financial position for 2024 but with less intensity.

Requests for information

Questions concerning any of the information provided in this report or requests for additional financial information should be addressed to the Controller's Office, Community College of Philadelphia, 1700 Spring Garden Street, M1-7, Philadelphia, PA 19130.

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

STATEMENT OF NET POSITION

June 30, 2023

	<u>Business-Type Activities Community College of Philadelphia</u>	<u>Component Unit Community College of Philadelphia Foundation</u>	<u>Component Unit CCP Development, LLC</u>
ASSETS			
Current assets			
Cash and cash equivalents (Note B)	\$ 57,089,197	\$ 3,449,807	\$ -
Short-term investments (Note B)	11,728,566	2,645,698	3,067,293
Current portion of lease receivable (Note E)	450,000	-	-
Current portion of debt proceeds available for CATC construction (Note B)	-	-	54,045
Accounts receivable, net (Note C)	5,319,788	4,594	-
Receivable from government agencies (Note I)	8,893,458	-	-
Other assets	1,314,876	-	-
Total current assets	<u>84,795,885</u>	<u>6,100,099</u>	<u>3,121,338</u>
Non-current assets			
Endowment investments (Note B)	-	14,633,301	-
Loan receivable (Note O)	19,880,421	-	-
Bond proceeds available for campus construction (Note B)	6,551,526	-	-
Other long-term investments (Note B)	27,194,161	-	-
Long-term lease receivable (Note E)	19,310,972	-	-
Capital assets, net (Note D)	174,788,012	-	30,084,066
Total non-current assets	<u>247,725,092</u>	<u>14,633,301</u>	<u>30,084,066</u>
Total assets	<u>\$ 332,520,977</u>	<u>\$ 20,733,400</u>	<u>\$ 33,205,404</u>
Deferred outflows of resources			
Deferred outflows	<u>\$ 15,082,744</u>	<u>\$ -</u>	<u>\$ -</u>

The accompanying notes are an integral part of this financial statement.

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

STATEMENT OF NET POSITION - CONTINUED

June 30, 2023

	<u>Business-Type Activities</u> <u>Community College</u> <u>of Philadelphia</u>	<u>Component Unit</u> <u>Community College</u> <u>of Philadelphia Foundation</u>	<u>Component Unit</u> <u>CCP</u> <u>Development, LLC</u>
LIABILITIES AND NET POSITION			
Current liabilities			
Accounts payable and accrued liabilities (Note G)	\$ 21,135,482	\$ 620,364	\$ 209,921
Payable to government agencies (Note I)	221,213	-	-
Deposits	275,223	1,931	-
Unearned revenue	17,996,650	1,122,297	-
Current portion of lease obligation (Note E)	258,268	-	-
Current portion of subscription obligation (Note F)	1,092,807	-	-
Current portion of long-term debt (Note H)	6,240,000	-	-
Unamortized bond premium	728,918	-	-
	<u>47,948,561</u>	<u>1,744,592</u>	<u>209,921</u>
Non-current liabilities			
Accrued liabilities (Note G)	1,803,664	-	-
Payable to government agencies (Note I)	691,336	-	-
Annuity payable	-	33,817	-
Deposits	250,000	-	-
Lease obligation (Note E)	365,180	-	-
Subscription obligation (Note F)	3,047,263	-	-
Long-term debt (Note H)	55,265,000	-	-
Notes payable (Note O)	-	-	25,945,000
Unamortized bond premium	4,524,989	-	-
Other post-employment benefits liability (Note J)	154,213,535	-	-
	<u>220,160,967</u>	<u>33,817</u>	<u>25,945,000</u>
Total non-current liabilities	<u>220,160,967</u>	<u>33,817</u>	<u>25,945,000</u>
Total liabilities	<u>\$ 268,109,528</u>	<u>\$ 1,778,409</u>	<u>\$ 26,154,921</u>
Deferred inflows of resources			
Deferred inflows	<u>\$ 60,746,536</u>	<u>\$ 4,276</u>	<u>\$ -</u>
Net position			
Net investment in capital assets	\$ 94,532,446	\$ -	\$ -
Restricted:			
Nonexpendable:			
Scholarships, awards and faculty chair	-	12,602,890	-
Annuities	-	6,408	-
Expendable:			
Scholarships, awards and faculty chair	361,283	2,936,366	-
Capital projects	5,843,064	178,679	6,621,484
Unrestricted	<u>(81,989,136)</u>	<u>3,226,372</u>	<u>428,999</u>
Total net position	<u>\$ 18,747,657</u>	<u>\$ 18,950,715</u>	<u>\$ 7,050,483</u>

The accompanying notes are an integral part of this financial statement.

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

STATEMENT OF REVENUES, EXPENSES AND CHANGES IN NET POSITION

Year ended June 30, 2023

	<u>Business-Type Activities</u> Community College of Philadelphia	<u>Component Unit</u> Community College of Philadelphia Foundation	<u>Component Unit</u> CCP Development, LLC
Operating revenues			
Student tuition	\$ 41,675,886	\$ -	\$ -
Student fees	13,372,548	-	-
Less: scholarship allowance	<u>(31,801,174)</u>	<u>-</u>	<u>-</u>
Net student tuition and fees	23,247,260	-	-
Auxiliary enterprises	827,375	-	-
Gifts	-	2,759,716	-
Other sources	<u>35,366</u>	<u>-</u>	<u>-</u>
Total operating revenues	<u>24,110,001</u>	<u>2,759,716</u>	<u>-</u>
Operating expenses			
Educational and general:			
Instruction	49,896,835	51,663	-
Public service	21,131	-	-
Academic support	15,323,736	1,348,404	-
Student services	19,818,236	359,256	-
Institutional support	21,146,669	525,709	-
Physical plant operations	15,675,366	-	14,165
Depreciation	7,197,810	-	1,115,059
Student aid	11,552,569	1,703,824	-
Auxiliary enterprises	<u>476,325</u>	<u>-</u>	<u>-</u>
Total operating expenses	<u>141,108,677</u>	<u>3,988,856</u>	<u>1,129,224</u>
OPERATING LOSS	<u>\$ (116,998,676)</u>	<u>\$ (1,229,140)</u>	<u>\$ (1,129,224)</u>

The accompanying notes are an integral part of this financial statement.

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

STATEMENT OF REVENUES, EXPENSES AND CHANGES IN NET POSITION

Year ended June 30, 2023

	<u>Business-Type Activities</u> <u>Community College</u> <u>of Philadelphia</u>	<u>Component Unit</u> <u>Community College</u> <u>of Philadelphia Foundation</u>	<u>Component Unit</u> <u>CCP</u> <u>Development, LLC</u>
Non-operating revenues (expenses)			
Commonwealth appropriations (Note M)	\$ 33,561,416	\$ -	\$ -
City appropriations (Note M)	40,637,106	-	-
Federal grants and contracts	40,560,236	-	-
Gifts from the Community College of Philadelphia Foundation	66,727	183,273	(250,000)
Commonwealth grants and contracts	5,721,710	-	-
Nongovernmental grants and contracts	2,259,599	1,885,445	-
Net investment gain	3,813,466	1,517,921	-
Interest on capital asset-related debt service	(2,928,699)	-	(483,355)
Other nonoperating revenues (expenses)	1,149,142	(183,273)	3,614,993
Net non-operating revenues (expenses)	<u>124,840,703</u>	<u>3,403,366</u>	<u>2,881,638</u>
Gain (loss) before other revenues, expenses, gains or losses	7,842,027	2,174,226	1,752,414
Capital appropriations	<u>14,516,725</u>	<u>-</u>	<u>-</u>
Increase in net position	<u>22,358,752</u>	<u>2,174,226</u>	<u>1,752,414</u>
Net position, beginning of the year	<u>(3,611,095)</u>	<u>16,776,489</u>	<u>5,298,069</u>
Net position, ending of the year	<u>\$ 18,747,657</u>	<u>\$ 18,950,715</u>	<u>\$ 7,050,483</u>

The accompanying notes are an integral part of this financial statement.

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

STATEMENT OF CASH FLOWS

**Year ended June 30, 2023
(Business-Type Activities - College Only)**

Cash flows from operating activities	
Tuition and fees	\$ 22,720,009
Grants and contracts	30,266,966
Payments to suppliers	(29,193,539)
Payments to employees	(105,493,768)
Payments for employee benefits	(7,105,215)
Payments for student aid	(11,552,569)
Auxiliary enterprises	827,375
Other cash receipts	<u>35,366</u>
Net cash used in operating activities	<u>(99,495,375)</u>
Cash flows from non-capital financing activities	
Commonwealth appropriations	33,892,302
City appropriations	41,328,442
Supplemental City appropriations	15,000,000
Gifts and grants	48,541,544
Other nonoperating	<u>1,207,233</u>
Net cash provided by non-capital financing activities	<u>139,969,521</u>
Cash flows from capital and related financing activities	
Capital appropriations	14,516,725
Capital contributions from CCP Development, LLC	5,023,069
Increase in subscription obligation	4,140,070
Decrease in bond proceeds available for campus construction	962,822
Purchases of capital assets	(53,463,545)
Retirements and adjustments to capital assets	34,585,987
Principal payments on long-term debt and amortization of leases	(7,760,909)
Interest payments on long-term debt and leases	<u>(3,674,305)</u>
Net cash used in capital and related financing activities	<u>(5,670,086)</u>
Cash flows from investing activities	
Proceeds from sales and maturities of investments	7,933,167
Purchases of investments	(10,413,752)
Lease receivable	(306,540)
Interest on investments	<u>3,813,466</u>
Net cash provided by investing activities	<u>1,026,341</u>
INCREASE IN CASH	<u>35,830,401</u>
Cash and cash equivalents, beginning	<u>21,258,796</u>
Cash and cash equivalents, ending	<u>\$ 57,089,197</u>

The accompanying notes are an integral part of this financial statement.

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

STATEMENT OF CASH FLOWS - CONTINUED

Year ended June 30, 2023
(Business-Type Activities - College Only)

Reconciliation of operating loss to net cash used in operating activities	
Operating loss	\$ (116,998,676)
Adjustments to reconcile operating loss to net cash used in operating activities:	
Depreciation	7,197,810
Changes in assets and liabilities:	
Accounts receivable	(2,688,515)
Receivables from government agencies	30,266,966
Other assets	140,201
Accounts payable and accrued liabilities	1,607,960
Unearned revenue	133,125
Other post-employment benefits	<u>(19,154,246)</u>
Net cash used in operating activities	<u><u>\$ (99,495,375)</u></u>

The accompanying notes are an integral part of this financial statement.

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

NOTES TO FINANCIAL STATEMENTS

June 30, 2023

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 Units

In accordance with GASB Statement No. 61, *The Financial Reporting Entity: Omnibus - an Amendment of GASB Statements No. 14 and No. 34*, GASB Statement No. 39, *Determining Whether Certain Organizations Are Component Units - an Amendment of GASB Statement No. 14*, GASB Statement No. 80, *Blending Requirements for Certain Component Units – an Amendment of GASB Statement No. 14*, and GASB Statement No. 14, *The Financial Reporting Entity*, the College has determined that the Community College of Philadelphia Foundation (the Foundation) and CCP Development LLC should be included in the College's financial statements as discretely presented component units. A component unit is a legally separate organization for which the primary institution is financially accountable or to which the primary institution is closely related.

The Foundation was established to serve as an organization responsible for college fund raising activities. The bylaws of the Foundation give the College's board of trustees the authority to amend the Articles of Incorporation of the Foundation at any time. Although the College does not control the timing or amount of receipts from the Foundation, the resources, or income thereon, the Foundation holds investments that are used exclusively for the benefit, support, and promotion of the College for its educational activities. Because these resources held by the Foundation can only be used by, or for the benefit of, the College, the Foundation is considered a component unit of the College and is discretely presented in the College's financial statements.

CCP Development, LLC was established on October 20, 2020 under the Limited Liability Company Law of the Commonwealth of Pennsylvania and organized as a Qualified Active Low Income Community Business (QALICB) to secure New Market Tax Credits (NMTC) to finance the construction of a career-based education and training facility at 4750 Market Street, Philadelphia, Pennsylvania. The facility will create jobs and provide training for the low-income community where it is located. CCP Development, LLC is 90% owned by the College and 10% owned by Career and Advanced Technology Center, Inc., a 501(c)3 corporation. Because of its relationship with the College, CCP Development, LLC is considered a component unit of the College and is discretely presented in the College's financial statements.

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 (US 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.

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

NOTES TO FINANCIAL STATEMENTS - CONTINUED

June 30, 2023

The College's policy is to define operating activities in the statement 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 non-operating activities. These non-operating 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 gains/losses on 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:

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 3 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 2023, the provisions of Act 46 were not followed in allocating operational funds to Pennsylvania community colleges. Instead, the 2022-23 operating allocations for community colleges were based on the General Appropriation Act of 2021, Act 1A.

Previously, 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.

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

NOTES TO FINANCIAL STATEMENTS - CONTINUED

June 30, 2023

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.

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 statement of revenues, expenses and changes in net position. Any net earnings not expended are included in net position categories as follows:

1. 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;
2. 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
3. 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 A1 by Standard and Poor's Corporation or P1 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.

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

NOTES TO FINANCIAL STATEMENTS - CONTINUED

June 30, 2023

Lease Receivables

Lease receivables are recorded by the College as the present value of lease payments expected to be received under all leases other than short-term. Lease receivables are subsequently reduced over the life of the lease as cash is received in the applicable reporting period. Short-term leases, those with a maximum period of 12 months, are recognized as collected.

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.

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

<u>Asset Category</u>	<u>Years</u>
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.

Right-of-Use Lease Assets and Lease Liability

Right-of-use (ROU) assets are recognized at the lease commencement date and represent the College's right to use an underlying asset for the lease term. ROU assets are measured at the initial value of the lease liability plus any payments made to the lessor before commencement and initial direct costs. These assets are included within capital assets, net, on the statement of net position.

Lease liabilities represent the College's obligation to make lease payments arising from leases other than short-term leases. Lease liabilities are recognized at the lease commencement date based on the present value of future lease payments over the remaining lease term. Present value of lease payments is discounted at the College's incremental borrowing rate. Short-term leases, those with a maximum period of 12 months, are expensed as incurred.

Right-of-Use Subscription Assets and Subscription Liability (SBITAs)

Right-of-use (ROU) SBITA assets are initially measured at an amount equal to the initial measurement of the related SBITA liability plus any SBITA payments made prior to the subscription term, less SBITA incentives, and plus any ancillary charges necessary to place the SBITA into service. The SBITA assets are amortized on a straight-line basis over the life of the related contract.

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

NOTES TO FINANCIAL STATEMENTS - CONTINUED

June 30, 2023

SBITA liabilities represent the College's obligation to make SBITA payments arising from contracts other than short-term SBITAs. SBITA liabilities are recognized at the SBITA commencement date based on the present value of future SBITA payments over the remaining SBITA term. Present value of SBITA payments is discounted at the College's incremental borrowing rate. Short-term SBITAs, those with a maximum period of 12 months, are expensed as incurred. SBITAs which are based on variable payments (or user seats) are not recorded as subscription assets or liabilities and are expensed as incurred.

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

Student fees for the year ended June 30, 2023 are general college fees of \$940,840, 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 activities of the Commonwealth.

Use of Estimates

The preparation of financial statements in conformity with US 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 non-operating 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.

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

NOTES TO FINANCIAL STATEMENTS - CONTINUED

June 30, 2023

Self-Insurance

The College participates in a self-insurance medical plan with a reinsurance limit of \$250,000 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, 2023 was \$1,703,600 based upon an actuarial calculation based upon historical claim experience.

Deferred Outflows/Inflows of Resources

In addition to assets, the statement of net position includes 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 statement of net position includes 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), GASB Statement No. 87, *Leases*, as well as the advance refunding of the 2008 Series Community College Revenue Bonds in September 2015. See Notes E, G, J, and O for additional details.

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.

Accounting Pronouncements

In May 2020, the GASB issued Statement No. 96, *Subscription-Based Information Technology Arrangements*. The requirements of this Statement provide guidance on the accounting and financial reporting for Subscription-Based Information Technology Arrangements (SBITAs) for government end users. This Statement (1) defines a SBITA (2) establishes that a SBITA results in a right-to-use subscription asset (intangible asset) and a corresponding subscription liability; (3) provides the capitalization criteria for outlays other than subscription payments, included implementation costs of a SBITA; and (4) requires note disclosures regarding a SBITA. The College adopted the requirements of the guidance effective July 1, 2022. See Notes D and F for further information.

In June 2022, the GASB issued Statement No. 101, *Compensated Absences*. The objective of this Statement is to better meet the information needs of financial statement users by updating the recognition and measurement guidance for compensated absences. That objective is achieved by aligning the recognition and measurement guidance under a unified model and by amending certain previously required disclosures. The requirements of this Statement are effective for periods beginning after December 15, 2023, and all reporting periods thereafter. The College has not yet determined the impact of the Statement on the financial statements.

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

NOTES TO FINANCIAL STATEMENTS - CONTINUED

June 30, 2023

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; stock equities and mutual funds including the Commonfund Multi-Strategy Bond Fund, Commonfund Intermediate Fund and Core Equity 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 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. The Investment Subcommittee of the Business Affairs Committee meets quarterly to oversee the College's investment portfolio, guidelines and to consider any recommended changes. At least annually, the Business Affairs Committee will report to the Executive Committee on the performance of the investments and recommended changes, if any.

Fixed-income portfolio must be of investment grade overall (equivalent of Moody's credit rating of Baa3 rating or higher. The average quality rating for the corporate bond portfolio should not fall below Moody's rating of AA3.

Deposits are comprised of demand deposit accounts with financial institutions. At June 30, 2023, cash on hand was \$4,000. At June 30, 2023, the carrying amount of deposits was \$57,085,197 and the bank balance was \$62,049,758. The differences were caused primarily by items in transit.

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

NOTES TO FINANCIAL STATEMENTS - CONTINUED

June 30, 2023

The following is the fair value of deposits and investments at June 30, 2023:

	Component Unit		
	College	Foundation	CCP Development, LLC
Deposits:			
Demand deposits	\$ 57,089,197	\$ 3,449,807	\$ 3,067,293
Investments:			
U.S. equity funds	6,068,824	-	-
International equity funds	-	3,673,194	-
U.S. Treasury obligations	5,917,199	-	-
U.S. government agency obligations	399,552	-	-
Corporate and foreign bonds	3,056,422	-	-
Long-term fixed income mutual funds	-	2,891,448	-
Intermediate fixed income mutual fund	4,517,458	670,340	-
Short-term fixed income mutual funds	-	1,052,622	-
Investment in subsidiary	5,990,779	-	-
Multi-strategy bond mutual fund	4,953,914	-	-
Core equity fund	6,961,109	6,345,450	-
Money market mutual funds	1,057,470	2,645,945	-
	<u>\$ 96,011,924</u>	<u>\$ 20,728,806</u>	<u>\$ 3,067,293</u>

In addition to the deposits and investments listed above, the College also has bond proceeds available for campus construction held by 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, 2023, bond proceeds available for campus construction were \$6,551,526.

As of June 30, 2023, CCP Development, LLC has debt proceeds available for CATC construction of \$54,045. See Note O for additional details. 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, 2023, the College's bank balance was exposed to custodial credit risk as follows:

Uninsured and collateral held by pledging bank's trust department not in the College's name	<u>\$ 57,085,197</u>
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**Community College of Philadelphia
(A Component Unit of the City of Philadelphia)**

NOTES TO FINANCIAL STATEMENTS - CONTINUED

June 30, 2023

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 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.

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 at June 30, 2023 are:

	Multi-Strategy Bond	Intermediate Fixed Income
Government	17%	32%
Agency	24	23
AAA	13	18
AA	2	5
A	9	17
BBB	17	4
Below BBB	12	1
Non-rated/other	6	-
	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, at June 30, 2023, is as follows:

	Fixed Income Investments
Aaa	61%
Aa	12
A	18
Baa	9
	100%

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NOTES TO FINANCIAL STATEMENTS - CONTINUED

June 30, 2023

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, 2023 are as follows:

	Weighted-Average Maturity (Years)
U.S. Treasury obligations	4.06
U.S. government agency obligations	3.11
Corporate and foreign bonds	4.72

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, 2023:

Demand deposits, U.S. Treasury obligations, U.S. government agency obligations, equity mutual funds and money market mutual funds of \$77,493,351 are valued using quoted market prices (Level 1 inputs).

Corporate and foreign bonds of \$3,056,422 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 \$9,471,372 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, 2023:

Demand deposits, equity mutual fund, and money market mutual funds of \$16,114,396 are valued using quoted market prices (Level 1 inputs).

The fixed income mutual funds of \$4,614,410 are valued at the NAV per share (or its equivalent) of the investments (Level 2 inputs).

CCP Development, LLC has the following recurring fair value measurements as of June 30, 2023:

Demand deposits \$3,067,293 are valued using quoted market prices (Level 1 inputs).

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June 30, 2023

The valuation method for investments measured at the NAV per share (or its equivalent) at June 30, 2023 are presented in the following table:

	<u>Fair Value</u>	<u>Unfunded Commitments</u>	<u>Redemption Frequency (If Currently Eligible)</u>	<u>Redemption Notice Period</u>
Intermediate term fixed income mutual fund ⁽¹⁾	\$ 4,517,458	-	Monthly	30 days
Multi-strategy bond mutual fund ⁽²⁾	<u>4,953,914</u>	-	Weekly	7 days
Total investments measured at NAV	<u>\$ 9,471,619</u>			

⁽¹⁾ *Intermediate Fixed Income 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 one to three 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.

⁽²⁾ *Multi-Strategy Bond 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 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.

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NOTES TO FINANCIAL STATEMENTS - CONTINUED

June 30, 2023

NOTE C - ACCOUNTS RECEIVABLE

Accounts receivable include the following at June 30, 2023:

	College	Component Unit Foundation
Tuition and fee receivables	\$ 3,951,590	\$ -
Grants receivable	-	4,594
Other receivables	718,197	-
Receivable from Foundation	2,555,629	-
	7,225,416	4,594
Less: allowance for doubtful accounts	(1,905,628)	-
Total	\$ 5,319,788	\$ 4,594

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

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.

NOTE D - CAPITAL ASSETS

The College's capital assets consist of the following at June 30, 2023:

	Balance July 1, 2022	Additions	Retirements and Adjustments	Balance June 30, 2023
Capital assets not depreciated:				
Land and improvements	\$ 31,094,976	\$ 6,996,600	\$ (246,600)	\$ 37,844,976
Construction in progress	2,438,533	1,367,064	(2,312,375)	1,493,222
Works of art	902,620	-	-	902,620
	34,436,129	8,363,664	(2,558,975)	40,240,818
Capital assets being depreciated:				
Buildings and improvements	262,896,107	32,104,322	(27,189,546)	267,810,883
Equipment and furniture	17,225,486	7,507,779	(3,399,636)	21,333,629
Library books	6,054,054	168,408	-	6,222,462
Microforms	1,669,831	-	-	1,669,831
Leases	30,991,592	-	-	30,991,592
Software	4,038,895	263,511	(207,112)	4,095,294
System software	6,911,878	6,728	-	6,918,606
SBITAs	5,049,133	-	-	5,049,133
Total before depreciation	334,836,976	40,050,748	(30,796,294)	344,091,430
	\$ 369,273,105	\$ 48,114,412	\$ (33,355,269)	\$ 384,332,248

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NOTES TO FINANCIAL STATEMENTS - CONTINUED

June 30, 2023

Accumulated depreciation/amortization by asset categories is summarized as follows:

	Balance July 1, 2022	Additions	Retirements and Adjustments	Balance June 30, 2023
Buildings and improvements	\$ 141,381,738	\$ 5,667,459	\$ -	\$ 147,049,197
Equipment and furniture	12,288,145	1,163,157	(61,275)	13,390,027
Library books	5,294,014	133,238	-	5,427,252
Microforms	1,669,832	-	-	1,669,832
Leases	29,569,347	179,038	382,930	30,131,315
Software	4,038,895	6,267	-	4,045,162
System software	6,873,737	12,203	-	6,885,940
SBITAs	-	36,448	909,063	945,511
	<u>\$ 201,115,708</u>	<u>\$ 7,197,810</u>	<u>\$ 1,230,718</u>	<u>\$ 209,544,236</u>
Total accumulated depreciation and amortization				<u>\$ 174,788,012</u>

CCP Development's capital assets consist of the following at June 30, 2023:

	Balance July 1, 2022	Additions	Retirements and Adjustments	Balance June 30, 2023
Capital assets not depreciated:				
Land and improvements	\$ -	\$ 246,600	\$ -	\$ 246,600
	<u>-</u>	<u>246,600</u>	<u>-</u>	<u>246,600</u>
Capital assets being depreciated:				
Buildings and improvements	-	27,520,135	-	27,520,135
Equipment and furniture	-	3,225,278	-	3,225,278
Software	-	207,112	-	207,112
	<u>-</u>	<u>30,952,525</u>	<u>-</u>	<u>30,952,525</u>
Total before depreciation				
	<u>\$ -</u>	<u>\$ 31,199,125</u>	<u>\$ -</u>	<u>\$ 31,199,125</u>

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NOTES TO FINANCIAL STATEMENTS - CONTINUED

June 30, 2023

Accumulated depreciation/amortization by asset categories is summarized as follows:

	Balance July 1, 2022	Additions	Retirements and Adjustments	Balance June 30, 2023
Buildings and improvements	\$ -	\$ 679,284	\$ -	\$ 679,284
Equipment and furniture	-	378,244	-	378,244
Software	-	57,531	-	57,531
Total accumulated depreciation and amortization	<u>\$ -</u>	<u>\$ 1,115,059</u>	<u>\$ -</u>	<u>\$ 1,115,059</u>
				<u>\$ 30,084,066</u>

NOTE E - LEASES

Leases Where College is the Lessor

On May 17, 2017, the College entered into a ground lease agreement with RPG Hamilton. The lease term is for 75 years with an option to extend the lease for an additional 24 years. Annual lease rental is payable to the College every quarter. The agreement allows RPG Hamilton to develop, operate and manage a mixed-use development to be built in two phases. Phase 1 consists of 2,000 square feet of retail space, 47,800 square feet of parking, and 290 apartments. Phase 1 was completed on April 5, 2019. Phase 2 consists of 297 apartment units. Phase 2 was completed on October 18, 2021. The addition of housing, retail space, and parking adjacent to the College provides an important marketing advantage for recruiting students, especially international and out of state students by providing a safe and secure environment while providing additional revenue to the College.

Under GASB 87, the College as a lessor, reports receivables for all leases of land, buildings, and equipment (except for short-term leases and contracts that transfer ownership). As of June 30, 2023 the College had a lease receivable and deferred inflow of \$19,760,972. For the year ended June 30, 2023, the College received \$550,000 in lease revenue and \$306,541 in lease interest revenue.

The following is a schedule by year of lease receivable principal and interest repayments to maturity of the lease where the College is the lessor:

Future Minimum Rental Payments	Principal	Interest	Total
2024	\$ (104,643)	\$ 554,643	\$ 450,000
2025	(107,611)	557,611	450,000
2026	(110,663)	560,663	450,000
2027	(113,802)	563,802	450,000
2028	(117,030)	567,030	450,000
Thereafter	<u>19,643,981</u>	<u>46,148,582</u>	<u>65,792,563</u>
	<u>\$ 19,090,232</u>	<u>\$ 48,952,331</u>	<u>\$ 68,042,563</u>

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NOTES TO FINANCIAL STATEMENTS - CONTINUED

June 30, 2023

Leases Where College is the Lessee

The College leases certain equipment and property under lease arrangements through 2026. The principal and interest for the next five years and beyond are projected below for lease obligations:

<u>June 30,</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2024	\$ 258,268	\$ 14,577	\$ 272,845
2025	271,444	6,866	278,310
2026	93,737	552	94,289
	<u>\$ 623,449</u>	<u>\$ 21,995</u>	<u>\$ 645,444</u>

NOTE F - SUBSCRIPTION-BASED INFORMATION TECHNOLOGY ARRANGEMENTS (SBITA)

The College has entered into SBITAs for finance, reporting, communication, and learning software through 2028. The principal and interest for the next five years and beyond are projected below for SBITAs:

<u>June 30,</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2024	\$ 972,734	\$ 120,073	\$ 1,092,807
2025	1,115,934	87,617	1,203,551
2026	976,385	53,009	1,029,394
2027	789,013	23,730	812,743
2028	1,571	4	1,575
	<u>\$ 3,855,637</u>	<u>\$ 284,433</u>	<u>\$ 4,140,070</u>

For the year ended June 30, 2023, the College had SBITAs with variable payments of \$64,869 that were based on user seats.

For the year ended June 30, 2023, the College had no other payments, such as termination penalties, not previously included in the measurement of the subscription liability.

For the year ended June 30, 2023, the College had no commitments under SBITAs before the commencement of the subscription term or any losses associated with an impairment.

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NOTES TO FINANCIAL STATEMENTS - CONTINUED

June 30, 2023

NOTE G - ACCOUNTS PAYABLE AND ACCRUED LIABILITIES

Accounts payable and accrued liabilities consisted of the following at June 30, 2023:

Category:	College	Component Unit Foundation	Component Unit CCP Development LLC
Vendors and others	\$ 12,245,633	\$ 608,595	\$ 209,921
Accrued salaries	2,970,515	11,769	-
Accrued benefits	1,955,892	-	-
Compensated absences	3,827,534	-	-
Retirement incentive payments	1,749,237	-	-
Accrued Interest	190,335	-	-
	<u>\$ 22,939,146</u>	<u>\$ 620,364</u>	<u>\$ 209,921</u>

Long-term liability activity for the year ended June 30, 2023 was as follows:

	Beginning Balance July 1, 2022	Additions	Deductions	Total Ending Balance June 30, 2023	Current Portion
Long-term liabilities:					
Accounts payable and accrued liabilities	\$ 21,347,872	\$ 1,591,274	\$ -	\$ 22,939,146	\$ 21,135,482
Payable to government agencies	203,827	861,447	(152,725)	912,549	221,213
Lease liability	982,466	-	(359,018)	623,448	258,268
SBITA liability	4,985,001	-	(844,931)	4,140,070	1,092,807
Long-term debt	69,480,000	-	(7,975,000)	61,505,000	6,240,000
Unamortized bond premium	5,982,825	-	(728,918)	5,253,907	728,918
Other post- employment benefits	192,064,573	1,869,211	(39,720,249)	154,213,535	-
	<u>\$295,046,564</u>	<u>\$ 4,321,932</u>	<u>\$ (49,780,841)</u>	<u>\$249,587,655</u>	<u>\$ 29,676,688</u>

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June 30, 2023

NOTE H - 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, 2023:

	<u>Balance July 1, 2022</u>	<u>Additions</u>	<u>Principal Payments</u>	<u>Balance June 30, 2023</u>	<u>Current Portion</u>
2015 Series	\$ 31,730,000	\$ -	\$ (5,070,000)	\$ 26,660,000	\$ 5,325,000
2018 Series	14,900,000	-	(2,580,000)	12,320,000	575,000
2019 Series	8,270,000	-	(325,000)	7,945,000	340,000
2020 Series	14,580,000	-	-	14,580,000	-
	<u>\$ 69,480,000</u>	<u>\$ -</u>	<u>\$ (7,975,000)</u>	<u>\$ 61,505,000</u>	<u>\$ 6,240,000</u>

Future annual principal and interest payments at June 30, 2023 are as follows:

	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
June 30:			
2024	\$ 6,240,000	\$ 2,678,534	\$ 8,918,534
2025	6,550,000	2,366,534	8,916,534
2026	6,000,000	2,039,034	8,039,034
2027	6,305,000	1,739,034	8,044,034
2028	7,565,000	1,423,784	8,988,784
2029	2,135,000	1,071,450	3,206,450
2030	2,220,000	990,192	3,210,192
2031	2,305,000	903,848	3,208,848
2032	2,395,000	812,343	3,207,343
2033	2,495,000	715,876	3,210,876
2034	2,595,000	614,002	3,209,002
2035	2,705,000	506,661	3,211,661
2036	2,805,000	405,660	3,210,660
2037	2,900,000	310,502	3,210,502
2038	3,000,000	212,120	3,212,120
2039	1,950,000	108,950	2,058,950
2040	1,340,000	45,413	1,385,413
	<u>\$ 61,505,000</u>	<u>\$ 16,943,937</u>	<u>\$ 78,448,937</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.

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NOTES TO FINANCIAL STATEMENTS - CONTINUED

June 30, 2023

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

	Principal
2024	\$ 5,325,000
2025	5,590,000
2026	4,995,000
2027	5,245,000
2028	5,505,000
	\$ 26,660,000

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 principal and interest payments of \$2,534,943 through 2024 and \$1,146,218 from 2025 through 2038.

	Principal
2024	\$ 575,000
2025	600,000
2026	630,000
2027	665,000
2028	695,000
2029-2038	9,155,000
	\$ 12,320,000

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 75,500 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 21 years at rates from 3.00% to 5.00%, with average debt service principal and interest payments of \$675,473 from 2019 through 2039.

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June 30, 2023

Principal payments required by the loan agreement are as follows:

	Principal
2024	\$ 340,000
2025	360,000
2026	375,000
2027	395,000
2028	415,000
2029-2040	6,060,000
	\$ 7,945,000

2020 Series

Under a loan agreement dated December 8, 2020, between the Authority and the College, the College borrowed \$14,580,000 College Revenue Bonds (Community College of Philadelphia Project), Series of 2020 (Federally Taxable). The 2020 Capital Project is completion funding for the 2019 Capital Project and consists 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.

The 2020 Series Bonds were issued prior to the closing of the new market tax credit transaction which occurred on December 9, 2020. A portion of the proceeds of the 2020 Series Bonds was used as a leveraged loan to an investment fund which in turn, through three community development entities, lent such proceeds to CCP Development, LLC, which is 90% owned by the College and 10% owned by Career and Advanced Technology Center, Inc., a 501(c)(3) tax-exempt nonprofit corporation. CCP Development, LLC will use the proceeds and net new market tax credit equity received to construct the Career and Advanced Technology Center. The loan to CCP Development, LLC is secured by a first priority mortgage and lien on the Career and Advanced Technology Center. All of the foregoing components of the 2020 Capital Project will be used in conjunction with College's operation of its community college buildings in furtherance of its educational mission. Refer to Note O for additional details.

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

	Principal
2028	\$ 950,000
2029	970,000
2030	995,000
2031	1,020,000
2032	1,045,000
2033-2040	9,600,000
	\$ 14,580,000

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June 30, 2023

NOTE I - (PAYABLE TO) RECEIVABLE FROM GOVERNMENT AGENCIES

(Payable to) receivable from government agencies includes the following at June 30, 2023:

	(Payable)	Receivable
Commonwealth of Pennsylvania:		
Provision for potential audit findings and reimbursement calculation	\$ (132,130)	\$ -
Grants and special projects	-	940,343
PHEAA for grants	(89,083)	
Other programs	-	2,168
	(221,213)	942,511
City of Philadelphia:		
Grants receivable	-	4,081,383
Federal:		
Financial aid programs	-	13,733
Grants and special projects	-	3,855,831
Other	(691,336)	-
	(691,336)	7,950,947
Total	\$ (912,549)	\$ 8,893,458

NOTE J - 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 Pennsylvania SERS or the PSERS, it has grandfathered continued participation for those employees currently enrolled. The College has 14 employees participating in the SERS and 27 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.

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

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June 30, 2023

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 five 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 17.00% 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 27.60%, 32.24%, and 41.09% 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, 2023, the College reported a liability of \$1,556,000 and \$3,991,775, within other post-employment benefits liability on the statements of net position, for its proportional share of the net pension liability for PSERS and SERS, respectively. The net pension liability was measured as of June 30, 2022 for PSERS and December 31, 2022 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, 2022 and December 31, 2022, the College's proportion of PSERS and SERS was 0.0035% and 0.0174%, respectively.

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June 30, 2023

For the year ended June 30, 2023, the College recognized proportional pension expense for PSERS and SERS of \$120,000 and \$463,663, respectively, as provided by the plans' actuarial schedules. At June 30, 2023, 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	\$ 1,000	\$ 13,000
Net difference between projected and actual earnings on pension plan investments	46,000	27,000
Changes in proportion and differences between College contributions and proportionate share of contributions	242,000	24,000
Total	\$ 289,000	\$ 64,000

SERS

	Deferred Outflows of Resources	Deferred Inflows of Resources
Difference between expected and actual experience	\$ 58,013	\$ 11,079
Changes in assumptions	269,226	-
Net difference between projected and actual earnings on pension plan investments	542,205	-
Changes in proportion	-	11,175
Changes in proportion and differences between College contributions and proportionate share of contributions	276,364	253,060
Total	\$ 1,145,808	\$ 275,314

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

NOTES TO FINANCIAL STATEMENTS - CONTINUED

June 30, 2023

Actuarial Assumptions

The following methods and assumptions were used in the actuarial valuations for the year ended June 30, 2023, 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	7.00%, includes inflation at 2.50%
Salary increases	effective average of 4.50%, which reflects an allowance for inflation of 2.50%, real wage growth of 2.00% for real wage growth which reflects an allowance for inflation of 2.75% real wage growth for merit of seniority increases
Mortality rates	Mortality rates were based on a blend of 50% PubT-2010 and 50% PubG-2010 Retiree Tables for males and females, adjusted to reflect PSERS experience and projected using a modified version of the MP-2020 Improvement Scale.

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	6.875% net of manager fees including inflation as of June 30, 2023
Projected salary increases	average of 4.55% with range of 3.30% - 6.95% including inflation
Inflation	2.50%
Mortality rate	projected PubG-2010 and PubNS-2010 Mortality Tables adjusted for actual plan experience and future improvement for retirees, beneficiaries, and survivors and rates determined by SERS actuaries using actual SERS experience for pre-retirement active members
Cost of living adjustments	none (ad hoc)

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

June 30, 2023

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 at June 30, 2023, in the following table:

<u>Asset Class</u>	<u>Target Allocation</u>	<u>Long-Term Expected Rate of Return</u>
Global Public Equity	28.00%	5.30%
Private Equity	12.00%	8.00%
Fixed Income	33.00%	2.30%
Commodities	9.00%	2.30%
Absolute Return	6.00%	3.50%
Infrastructure/MLPs	9.00%	5.40%
Real Estate	11.00%	4.60%
Cash	3.00%	0.50%
Financing (LIBOR)	(11.00)%	0.50%
	<u>100.00%</u>	

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

June 30, 2023

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, at June 30, 2023, in the following table:

<u>Asset Class</u>	<u>Total Allocation</u>	<u>Long-Term Expected Rate of Return</u>
Private equity	16.00%	5.75%
Private credit	0.00%	0.00%
Real estate	7.00%	5.12%
U.S. equity	31.00%	4.35%
International developed markets equity	14.00%	4.25%
Emerging markets equity	5.00%	4.65%
Fixed income - core	22.00%	(0.50)%
Inflation protection (TIPS)	3.00%	(1.00)%
Cash	2.00%	(1.05)%
	<u>100.00%</u>	

For both PSERS and SERS, the discount rate used to measure total pension liability was 7.00% and 6.875%. 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 at June 30, 2023 is \$1,556,000 using a 7.00% discount rate. The College's net pension liability would have been \$2,013,000 assuming a 1%-point decrease (6.00%) in the discount rate and would have been \$1,171,000 assuming a 1%-point increase (8.00%) in the discount rate.

For SERS, the College's net pension liability at June 30, 2023 is \$3,991,775 using a 6.875% discount rate. The College's net pension liability assuming a 1%-point decrease (5.875%) and 1%-point increase 7.875% in the discount rate was not provided in the Annual Comprehensive Financial Report.

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

June 30, 2023

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 1,013 employees participating in this program.

The payroll for employees covered by the three plans was \$75,405,839 and the College's total payroll is \$76,981,849 at June 30, 2023. Contributions made by the College for the year ended June 30, 2023 are \$6,137,933, representing 8.14% of covered payroll. College employees contributed \$5,036,910 for the year ended June 30, 2023.

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.

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.

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

June 30, 2023

Funding Policy

Post-employment benefits other than pensions stem from the College's three collective bargaining agreements. For the year ended June 30, 2023, the College paid \$288,055 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, 2022</u>
Actives	487
In-actives currently receiving benefit payments	<u>258</u>
	<u>745</u>

The following table provides a summary of the changes in the College's total OPEB liability for fiscal year ended June 30, 2023. The valuation date was July 1, 2022 and the measurement date was June 30, 2023.

<u>Change in Total OPEB Liability (TOL)</u>	<u>July 1, 2022</u>
TOL, beginning of year	\$ 188,386,009
Service cost	4,972,761
Interest	4,128,077
Benefits paid	(4,488,226)
Changes in assumptions	<u>(44,332,861)</u>
TOL, end of year	<u>\$ 148,665,760</u>

The following summarizes the development of benefit for the year ended June 30, 2023:

	<u>2023</u>
Service cost	\$ 4,972,761
Interest	4,128,077
Changes in assumptions	1,570,256
Amortization of:	
Total OPEB liability and assumption gain	<u>(35,375,648)</u>
Total benefit	<u>\$ (24,704,554)</u>

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

June 30, 2023

	2023
Weighted-average assumptions to determine expense:	
Actual benefit payments	\$ 4,488,226
Discount rate	3.69%
Expected return on assets	N/A
Salary scale	3.00%
Current rate	7.50%
Ultimate rate/year reached	4.50%/2043

Deferred inflows of resources reported by the College at June 30, 2023 are as follows:

<u>Date Amortization Base Set</u>	<u>Net Amount</u>	<u>Amortization Period Remaining</u>
June 30, 2023	\$ (41,210,082)	3.00%

Deferred outflows of resources reported by the College at June 30, 2023 are as follows:

<u>Date Amortization Base Set</u>	<u>Net Amount</u>	<u>Amortization Period Remaining</u>
June 30, 2023	\$ 10,184,884	3.00%

Deferred Inflows Projection

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

<u>Years Ending June 30:</u>		
2024		\$ (16,247,577)
2025		(14,777,621)

Actuarial Assumptions - 2022

Mortality Table: The Pub-2011 Public Retirement Plans Teachers mortality table projected generationally with Scale MP-2021 for faculty participants and Pub-2011 Public Retirement Plans General mortality projected generationally with Scale MP-2021 for all other participants.

Discount Rate: 3.69% for determining June 30, 2023 disclosure and estimated 2023 expense; 2.16% for determining June 30, 2022 disclosure and estimated 2023 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 Bond Buyer 20-Bond Go index as of the measurement dates.

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

June 30, 2023

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, 2023:

<u>Discount Rate Change</u>	<u>1% Decrease</u>	<u>1% Increase</u>
Net OPEB Liability	\$ 173,148,948	\$ 128,998,741
Net OPEB Liability Healthcare Trend Rate	\$ 127,104,655	\$ 175,834,586

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. 30 employees will receive the incentive payment during fiscal year 2023-24. The present value of these payments is \$2,005,350.

NOTE K - 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.

The College's Collective Bargaining Agreement with Faculty and Classified employee unions expires on August 31, 2024.

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

NOTES TO FINANCIAL STATEMENTS - CONTINUED

June 30, 2023

NOTE L - OPERATING EXPENSES

The College's and component unit operating expenses, on a natural-classification basis, were comprised of the following for the year ended June 30, 2023:

	<u>College</u>	<u>Component Unit Foundation</u>	<u>Component Unit CCP Development</u>
Salaries	\$ 76,981,849	\$ 952,385	\$ -
Benefits	35,524,937	346,974	-
Contracted services	10,900,602	20,587	-
Supplies	1,988,560	56,588	-
Depreciation	7,197,810	-	1,115,059
Student aid	11,552,569	1,697,336	-
Other post-retirement benefits	(19,154,245)	-	-
Other	16,116,595	914,986	14,165
	<u>\$ 141,108,677</u>	<u>\$ 3,988,856</u>	<u>\$ 1,129,224</u>

NOTE M - CITY AND COMMONWEALTH APPROPRIATIONS

Appropriations from the Commonwealth and the City for the year ending June 30, 2023 were as follows:

	<u>Operations</u>	<u>Capital</u>
Commonwealth of Pennsylvania	\$ 33,561,416	\$ 5,656,539
City of Philadelphia	40,637,106	5,397,333
	<u>\$ 74,198,522</u>	<u>\$ 11,053,872</u>

NOTE N - PASS-THROUGH GRANTS

The College distributed \$24,570,012 during the year ended June 30, 2023 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 O - NEW MARKET TAX CREDITS (CAREER AND ADVANCED TECHNOLOGY CENTER PROJECT)

On April 5, 2018, the Board of Trustees of the College approved a Resolution authorizing the West Regional Center Expansion. The West Regional Center Expansion is a capital project consisting of the development, construction, improvement, furnishing, equipping and fit out of a new building of approximately 75,000 square foot on land owned by the College in West Philadelphia. The building is being referred to as the Career and Advanced Technology Center (the CATC).

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

June 30, 2023

The construction of CATC is supported by several mechanisms that include tax-exempt and taxable municipal bonds, Pennsylvania Department of Education capital funding, Redevelopment Assistance Capital Program (RACP) grants and New Market Tax Credits (NMTC).

On August 15, 2018, the Pennsylvania Department of Education approved the College's application for State assistance for the construction of community college facilities to expand the West Regional Center. The Department provided \$10,000,000 towards the capital expense of this Project in the form of debt service for the Series 2019 bonds, with the remainder to be financed by local sponsorship and other sources.

On May 8, 2019, the College successfully issued \$9,155,000 Series 2019 bonds with a premium of \$1,028,784 for total proceeds of \$10,183,784. The Series 2019 bonds were issued to assist with the construction of the CATC.

For additional funding of the CATC, the College utilized NMTC by which investors provide capital to community development entities (CDEs), and in exchange are awarded credits against their federal tax obligations. The NMTC program offers credits against federal income taxes over a seven-year period for Qualified Equity Investments in designated CDEs pursuant to Section 45D of the Internal Revenue Code in order to assist eligible businesses in making investments in certain low-income communities.

The CATC is located at 4750 Market Street, Philadelphia, Pennsylvania, within a census tract that constitutes a "low-income community" and therefore qualified for the NMTC program. CCP Development, LLC (the LLC) was established as a qualified active low-income community business (QALICB) and serves as the leveraged loan lender for the NMTC transaction. The LLC was allocated \$25,945,000 of NMTC's from three separate CDEs which invested in the CATC.

As part of the NMTC transaction, an investment fund (the Fund) was established and funded through an investment of NMTC equity from an investor (Fund Investor). The Fund invested in the three CDEs which made loans to the LLC on December 9, 2020 in the aggregate amount of \$25,945,000.

The construction of the CATC building was completed in August 2022 and leased to the College per the Master Lease Agreement between the LLC and the College. The College is responsible for all operating and maintenance costs of the CATC since completion. The base rent of \$137,500 is due quarterly on the first day of February, May, August and November. A one-time base rent payment in the amount of \$90,000 shall be made on December 9, 2027. A one-time base rent payment in the amount of \$66,000 shall be made on February 1, 2028. Quarterly payments due on payment dates occurring during the period beginning May 1, 2028 and ending on November 1, 2028, shall be in the amount of \$156,000. The College plans to exercise its option to terminate the lease arrangement at the end of the seven-year tax credit investment period.

Interest on the three loans is paid by the LLC, commencing on February 5, 2021, at 1.836% per annum. The notes all mature on November 1, 2050 with interest only payments through October 31, 2028 and principal and interest payments from February 5, 2029 and continuing each annual payment date thereafter through and including August 5, 2050. The College provided a limited payment guaranty and completion guaranty to the CDEs to secure the loans.

The loan receivable and related interest receivable from the Fund to the College are recorded as a loan receivable within the statement of net position. The LLC recorded the three loan obligations owed to the CDEs as notes payable within the statement of net position. Because there is no right of offset between the loan receivable due to the College and the notes payable by the LLC, the loan receivable and notes payable are presented separately in the statement of net position at June 30, 2023.

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

June 30, 2023

The leveraged loans mature on August 1, 2046, and the Fund will pay the College interest only at a rate of 2.197% per annum for the outstanding balance commencing December 9, 2020. Amortization begins February 1, 2029 with the first amortizing payment due February 15, 2029. At the end of the 7-year tax credit investment period, and for the following six months (Put Option Period), between December 9, 2027 and May 9, 2028, the Fund Investor has an option, but not an obligation, to sell to the College the Fund Investor's interest in the Fund for a put exercise price of \$1,000. If the put is not exercised, then the College has the right and option, at any time during the 6-month period following the Put Option Period, to elect to purchase the Fund Investor's interest in the Fund, at an amount equal to the fair market value at the time of exercise.

The College hosted the grand opening of the new CATC Building on August 18, 2022 and classes were held beginning in the fall semester. The building is equipped to serve as a learning hub for the College's updated career training programs centered around the health care, advanced manufacturing and auto tech industries. In September 2022, the College purchased a piece of land on 4701 Chestnut Street for \$6,750,000 million and converted it to a parking lot for CATC employees and students.

NOTE P - SUBSEQUENT EVENTS

The College has evaluated subsequent events through October 24, 2023, 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)

	<u>2023</u>	<u>2022</u>	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>
Total OPEB Liability						
Service cost	\$ 4,973	\$ 5,707	\$ 3,923	\$ 5,863	\$ 6,425	\$ 10,624
Interest cost	4,128	3,974	4,952	6,925	5,696	6,234
Difference between expected and actual experience	-	2,021	-	(33,487)	-	(47,379)
Changes in assumptions	(44,333)	4,711	31,764	617	-	(19,251)
Changes in benefit terms	-	-	-	(11,026)	(9,920)	-
Benefit payments	(4,488)	(4,303)	(3,874)	(4,929)	(4,449)	(4,934)
Net change in total OPEB liability	(39,720)	12,110	36,765	(36,037)	(2,248)	(54,706)
Total OPEB liability - beginning	<u>188,386</u>	<u>176,276</u>	<u>139,511</u>	<u>175,548</u>	<u>177,796</u>	<u>232,502</u>
Total OPEB liability - ending (a)	<u>\$ 148,666</u>	<u>\$ 188,386</u>	<u>\$ 176,276</u>	<u>\$ 139,511</u>	<u>\$ 175,548</u>	<u>\$ 177,796</u>
Plan Fiduciary Net Position						
Contribution - employer	\$ 4,488	\$ 4,303	\$ 3,874	\$ 4,929	\$ 4,449	\$ 4,934
Benefit payments	(4,488)	(4,303)	(3,874)	(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>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Net OPEB liability - ending (a)-(b)	<u>\$ 148,666</u>	<u>\$ 188,386</u>	<u>\$ 176,276</u>	<u>\$ 139,511</u>	<u>\$ 175,548</u>	<u>\$ 177,796</u>
Covered-employee payroll	\$ 59,397	\$ 56,145	\$ 55,279	\$ 53,434	\$ 51,546	\$ 54,241
Total OPEB liability as a percentage of covered-employee payroll	250%	336%	319%	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,

	2023	2022	2021	2020	2019	2018	2017	2016	2015
PSERS									
College's proportion of the net pension liability	0.0035%	0.0028%	0.0028%	0.0030%	0.0034%	0.0034%	0.0035%	0.0032%	0.0026%
College's proportionate share of the net pension liability	\$ 1,556,000	\$ 1,150,000	\$ 1,379,000	\$ 1,403,000	\$ 1,632,000	\$ 1,679,000	\$ 1,734,000	\$ 1,386,000	\$ 1,030,000
College's covered employee payroll	\$ 215,604	\$ 268,640	\$ 244,157	\$ 407,745	\$ 456,911	\$ 455,779	\$ 454,763	\$ 413,104	\$ 335,800
Plan fiduciary net position as a percentage of the total pension liability	61.34%	63.67%	54.32%	55.66%	54.00%	51.84%	50.14%	54.36%	57.24%
SERS									
College's proportion of the net pension liability	0.0174%	0.0173%	0.0155%	0.0149%	0.0148%	0.0160%	0.0147%	0.0110%	0.0120%
College's proportionate share of the net pension liability	\$ 3,991,775	\$ 2,528,564	\$ 2,831,037	\$ 2,710,432	\$ 3,083,795	\$ 2,758,923	\$ 2,827,306	\$ 1,998,201	\$ 1,784,684
College's covered employee payroll	\$ 1,179,551	\$ 1,165,438	\$ 1,021,917	\$ 958,066	\$ 930,394	\$ 979,992	\$ 894,293	\$ 653,759	\$ 692,779
Plan fiduciary net position as a percentage of the total pension liability	61.50%	76.00%	67.00%	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
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SCHEDULES OF EMPLOYER CONTRIBUTIONS - LAST 10 YEARS* (UNAUDITED)

Years ended June 30,

	<u>2023</u>	<u>2022</u>	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>
PSERS									
Contractually required contribution	\$ 92,170	\$ 95,000	\$ 175,000	\$ 134,000	\$ 144,000	\$ 130,000	\$ 111,000	\$ 83,000	\$ 52,000
Contribution in relation to the contractually required contribution	<u>92,170</u>	<u>95,000</u>	<u>175,000</u>	<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>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Covered employee payroll	\$ 215,604	\$ 268,640	\$ 244,157	\$ 407,745	\$ 456,911	\$ 455,779	\$ 454,763	\$ 413,104	\$ 335,800
Contributions as a % of covered employee payroll	42.7497%	35.3633%	71.6752%	32.8637%	31.5160%	28.5226%	24.4083%	20.0918%	15.4854%
SERS									
Contractually required contribution	\$ 263,580	\$ 229,696	\$ 352,495	\$ 334,491	\$ 323,944	\$ 325,667	\$ 301,735	\$ 202,576	\$ 98,248
Contribution in relation to the contractually required contribution	<u>263,580</u>	<u>229,696</u>	<u>352,495</u>	<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>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Covered employee payroll	\$ 880,309	\$ 1,165,438	\$ 1,021,917	\$ 958,066	\$ 930,394	\$ 979,992	\$ 894,293	\$ 653,759	\$ 692,779
Contributions as a % of covered employee payroll	29.9418%	19.7090%	34.4935%	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)

REFORMATTED SCHEDULE OF NET POSITION

Year ended June 30, 2023
(In thousands)

	Community College of Philadelphia Foundation	CCP Development, LLC
Cash on deposit and on hand	\$ 60,539	\$ -
Investments	41,568	3,067
Accounts receivable	41,624	-
Allowance for doubtful accounts	(1,906)	-
Due from other governments	8,893	-
Restricted assets	21,178	-
Other assets	1,315	54
Property, plant and equipment	174,788	30,084
Total assets	\$ 347,999	\$ 33,205
Deferred outflows of resources:		
Deferred outflows	\$ 15,083	\$ -
Liabilities:		
Vouchers and accounts payable	\$ 12,854	\$ 210
Salaries and wages payable	10,515	-
Accrued expenses	5,022	-
Funds held in escrow	527	-
Due to other governments	221	-
Deferred revenue	19,119	-
Current portion of long-term obligations	6,498	-
Noncurrent portion of long-term obligations	55,630	25,945
Notes payable	34	-
Other post-employment benefits (GASB 75)	154,214	-
Total liabilities	\$ 264,634	\$ 26,155
Deferred inflows of resources:		
Deferred inflows	\$ 60,751	\$ -
Net position:		
Net investment in capital assets	\$ 94,532	\$ -
Restricted for:		
Capital projects	6,022	6,621
Tuition stabilization and scholarships	15,907	429
Unrestricted deficit	(78,763)	-
Total net position	\$ 37,698	\$ 7,050

See accompanying report of independent certified public accountants.

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

REFORMATTED SCHEDULE OF ACTIVITIES

Year ended June 30, 2023
(In thousands)

Programs/Functions	Expenses	Program Revenues			Net Expense and Changes in Net Position
		Charge for Services	Operating Grants and Contributions	Capital Grants and Contributions	Education Activities
Community college services	\$ 148,026	\$ 24,075	\$ 50,427	\$ -	\$ 73,524
				General revenues:	
				Grants and contributions*	88,715
				Interest and investment earnings	5,331
				Miscellaneous	4,011
				Total general revenues	98,057
				Change in net assets	24,533
				Net position - beginning	13,165
				Net position - ending	<u>\$ 37,698</u>

* Includes Commonwealth appropriations of \$37,998,398 and City of Philadelphia appropriations of \$43,061,896.

Programs/Functions	Expenses	Program Revenues			Net Expense and Changes in Net Position
		Charge for Services	Operating Grants and Contributions	Capital Grants and Contributions	Education Activities
CCP Development, LLC services	\$ 1,612	\$ -	\$ (250)	\$ -	\$ 1,862
				General revenues:	
				Grants and contributions	3,064
				Interest and investment earnings	-
				Miscellaneous	550
				Total general revenues	3,614
				Change in net assets	1,752
				Net position - beginning	5,298
				Net position - ending	<u>\$ 7,050</u>

See accompanying report of independent certified public accountants.

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

SCHEDULE OF CHANGES IN CAPITAL ASSET BALANCES

Year ended June 30, 2023

	<u>Beginning Balance</u>	<u>Additions</u>	<u>Retirements & Adjustments</u>	<u>Ending Balance</u>
Business-type activities:				
Capital assets not being depreciated:				
Land	\$ 31,094,976	\$ 6,996,600	\$ (246,600)	\$ 37,844,976
Works of art	902,620	-	-	902,620
Construction in process	2,438,533	1,367,064	(2,312,375)	1,493,222
	<u>34,436,129</u>	<u>8,363,664</u>	<u>(2,558,975)</u>	<u>40,240,818</u>
Total capital assets not being depreciated				
Capital assets being depreciated:				
Buildings	262,896,107	32,104,322	(27,189,546)	267,810,883
Other improvements	23,723,791	438,647	(207,112)	23,955,326
Equipment	17,225,486	7,507,779	(3,399,636)	21,333,629
Furniture	30,991,592	-	-	30,991,592
	<u>334,836,976</u>	<u>40,050,748</u>	<u>(30,796,294)</u>	<u>344,091,430</u>
Total capital assets being depreciated				
Less accumulated depreciation for:				
Buildings	141,381,738	5,667,459	-	147,049,197
Other improvements	17,876,478	209,239	615,096	18,700,813
Equipment	12,288,145	759,144	(293,441)	12,753,848
Furniture	29,569,347	561,968	-	30,131,315
SBITAs	-	-	909,063	909,063
	<u>201,115,708</u>	<u>7,197,810</u>	<u>1,230,718</u>	<u>209,544,236</u>
Total accumulated depreciation				
Total capital assets being depreciated, net	<u>133,721,268</u>	<u>32,852,938</u>	<u>(32,027,012)</u>	<u>134,547,194</u>
Business-type activities capital assets, net	<u>\$ 168,157,397</u>	<u>\$ 41,216,602</u>	<u>\$ (34,585,987)</u>	<u>\$ 174,788,012</u>

See accompanying report of independent certified public accountants.

OTHER INFORMATION (UNAUDITED)

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

STATISTICAL SECTION - SCHEDULE OF REVENUES BY SOURCE (UNAUDITED)

Years ended June 30,
(Amounts expressed in thousands)

	2023	2022	2021	2020	2019	2018	2017	2016	2015	2014
Revenues:										
Student tuition and fees (net of scholarship allowances)	\$ 23,247	\$ 24,759	\$ 28,424	\$ 30,536	\$ 32,753	\$ 33,234	\$ 32,992	\$ 31,643	\$ 31,973	\$ 35,338
Sales of auxiliary enterprises	827	113	408	1,413	1,599	1,523	1,737	1,740	1,786	1,671
Other operating revenues	35	13	23	38	42	46	62	87	196	166
Total operating revenues	24,109	24,885	28,855	31,987	34,394	34,803	34,791	33,470	33,955	37,175
State appropriations	33,561	32,341	32,389	32,408	31,820	30,892	30,868	30,128	28,632	28,179
City appropriations	40,637	37,172	34,451	29,847	25,549	23,310	24,189	23,272	21,271	18,346
Federal grants and contracts	40,560	105,571	65,187	52,337	46,098	49,026	48,888	53,551	57,871	58,796
Gifts from the Community College of Philadelphia Foundation	67	375	12	95	160	242	835	225	141	100
State grants and contracts	5,722	5,718	6,061	6,621	5,989	7,953	8,126	8,278	7,343	6,591
Nongovernmental grants and contracts	2,260	1,948	2,884	2,522	2,115	1,582	1,528	1,456	1,521	1,704
Net investment (loss) income	3,813	(3,894)	451	1,691	1,577	36	75	815	365	695
Interest on capital asset-related debt service	(2,928)	-	-	-	-	-	-	-	-	-
Other nonoperating revenue	1,149	950	509	578	410	399	378	2,579	1,087	324
Total nonoperating revenues	124,841	180,181	141,944	126,099	113,718	113,440	114,887	120,304	118,231	114,735
Capital appropriations	14,517	11,548	12,990	12,032	11,797	12,450	11,050	12,354	10,859	13,969
Total revenues	\$ 163,467	\$ 216,614	\$ 183,789	\$ 170,118	\$ 159,909	\$ 160,693	\$ 160,728	\$ 166,128	\$ 163,045	\$ 165,879

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

Years ended June 30,
(Amounts expressed in percentages)

	2023	2022	2021	2020	2019	2018	2017	2016	2015	2014
Revenues:										
Student tuition and fees (net of scholarship allowances)	14.22%	11.43%	15.47%	17.95%	20.48%	20.68%	20.53%	19.05%	19.61%	21.30%
Sales of auxiliary enterprises	0.51	0.05	0.22	0.83	1.00	0.95	1.08	1.05	1.10	1.01
Other operating revenues	0.02	0.10	0.01	0.02	0.03	0.03	0.04	0.05	0.12	0.10
Total operating revenues	14.75	11.49	15.70	18.80	21.51	21.66	21.65	20.15	20.83	22.41
State appropriations	20.53	14.93	17.62	19.05	19.90	19.22	19.21	18.14	17.56	16.99
City appropriations	24.86	17.16	18.74	17.54	15.98	14.51	15.04	14.01	13.05	11.06
Federal grants and contracts	24.81	48.74	35.47	30.77	28.83	30.51	30.42	32.23	35.49	35.45
State grants and contracts	3.50	2.64	3.30	3.89	3.75	4.95	5.06	4.98	4.50	3.97
Gifts from the Community College of Philadelphia Foundation	0.04	0.17	0.01	0.06	0.10	0.15	0.52	0.14	0.09	0.06
Nongovernmental grants and contracts	1.38	0.90	1.57	1.48	1.32	0.98	0.95	0.88	0.93	1.02
Net investment (loss) income	2.33	(1.80)	0.25	0.99	0.99	0.02	0.05	0.49	0.22	0.42
Interest on capital asset-related debt service	(1.79)	-	-	-	-	-	-	-	-	-
Other nonoperating revenue	0.70	0.44	0.28	0.34	0.25	0.25	0.24	1.55	0.67	0.20
Total nonoperating revenues	76.37	83.18	77.24	74.12	71.12	70.59	71.49	72.42	72.51	69.17
Capital appropriations	8.88	5.33	7.06	7.08	7.37	7.75	6.86	7.43	6.66	8.42
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)

Years ended June 30,
(Amounts expressed in thousands)

	2023	2022	2021	2020	2019	2018	2017	2016	2015	2014
Expenses:										
Salaries	\$ 76,982	\$ 75,891	\$ 74,041	\$ 77,819	\$ 77,462	\$ 76,986	\$ 78,629	\$ 77,931	\$ 77,161	\$ 75,438
Benefits	35,525	36,603	32,570	34,790	34,979	36,259	36,417	36,978	36,140	35,885
Contracted services	10,901	10,983	9,247	9,276	8,045	7,859	6,512	6,458	8,331	9,697
Supplies	1,988	2,927	5,564	4,467	3,060	3,549	3,376	3,857	3,073	3,232
Depreciation	7,198	7,610	7,464	7,783	7,939	8,133	8,204	8,861	9,698	10,490
Student aid	11,552	36,951	12,644	12,052	6,250	7,213	8,770	8,739	8,211	10,459
Other	16,117	23,848	10,231	11,376	13,375	12,092	12,959	13,167	12,815	12,314
GASB 75 (Other post-employment benefits) accrual	(19,154)	(6,274)	(8,754)	(24,590)	(5,426)	12,309	11,703	11,686	8,016	8,641
Total operating expenses	<u>141,109</u>	<u>188,539</u>	<u>143,007</u>	<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>
Interest on capital asset-related debt service	<u>2,929</u>	<u>3,320</u>	<u>3,882</u>	<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>
Total nonoperating expenses	<u>2,929</u>	<u>3,320</u>	<u>3,882</u>	<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>
Total expenses	<u>\$ 144,038</u>	<u>\$ 191,859</u>	<u>\$ 146,889</u>	<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>

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

Years ended June 30,
(Amounts expressed in percentages)

	2023	2022	2021	2020	2019	2018	2017	2016	2015	2014
Expenses:										
Salaries	53.45%	39.56%	50.41%	56.98%	51.89%	45.88%	46.30%	45.57%	46.02%	44.27%
Benefits	24.66	19.08	22.17	25.47	23.43	21.61	21.44	21.63	21.55	21.04
Contracted services	7.57	5.72	6.30	6.79	5.39	4.68	3.83	3.78	4.97	5.69
Supplies	1.38	1.53	3.79	3.27	2.05	2.11	1.99	2.26	1.83	1.90
Depreciation	5.00	3.97	5.08	5.70	5.32	4.85	4.83	5.18	5.78	6.16
Student aid	8.02	19.26	8.61	8.82	4.19	4.30	5.16	5.11	4.90	6.14
Other	11.19	12.43	6.97	8.33	8.96	7.21	7.63	7.70	7.64	7.23
GASB 75 (Other post-employment benefits) accrual	(13.30)	(3.27)	(5.96)	(18.00)	(3.63)	7.33	6.89	6.83	4.78	5.07
Total operating expenses	97.97	98.27	97.37	97.36	97.60	97.97	98.07	98.06	97.47	97.50
Interest on capital asset-related debt service	2.03	1.73	2.63	2.64	2.40	2.03	1.93	1.94	2.53	2.50
Total nonoperating expenses	2.03	1.73	2.63	2.64	2.40	2.03	1.93	1.94	2.53	2.50
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)

Years ended June 30,
(Amounts expressed in thousands)

	<u>2023</u>	<u>2022</u>	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>
Expenses by function:										
Instruction	\$ 49,897	\$ 54,725	\$ 50,333	\$ 49,333	\$ 56,715	\$ 64,578	\$ 65,509	\$ 66,018	\$ 65,046	\$ 66,210
Public service	21	39	38	104	97	145	124	183	86	109
Academic support	15,324	16,437	14,763	13,749	16,405	19,182	18,880	18,824	18,372	17,492
Student services	19,818	20,964	18,891	16,673	20,529	24,212	24,405	25,142	23,494	22,811
Institutional support	21,147	36,592	28,428	19,176	22,640	25,111	24,854	24,429	24,371	25,229
Operation and maintenance of plant	15,675	14,805	10,105	13,445	14,424	15,093	15,013	14,913	13,336	12,586
Depreciation	7,197	7,610	7,464	7,783	7,939	8,133	8,204	8,861	9,698	10,490
Student aid	11,553	36,951	12,644	12,052	6,250	7,213	8,770	8,739	8,211	10,459
Auxiliary enterprises	477	416	342	658	685	733	811	567	831	770
Interest on capital debt	2,929	3,320	3,882	3,604	3,602	3,413	3,263	3,315	4,225	4,258
Total expenses by function	<u>\$ 144,038</u>	<u>\$ 191,859</u>	<u>\$ 146,890</u>	<u>\$ 136,577</u>	<u>\$ 149,286</u>	<u>\$ 167,813</u>	<u>\$ 169,833</u>	<u>\$ 170,991</u>	<u>\$ 167,670</u>	<u>\$ 170,414</u>

(Amounts expressed in percentages)

	<u>2023</u>	<u>2022</u>	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>
Expenses by function:										
Instruction	34.64%	28.52%	34.27%	36.12%	37.99%	38.48%	38.57%	38.61%	38.79%	38.85%
Public service	0.01	0.02	0.03	0.08	0.06	0.09	0.07	0.11	0.05	0.06
Academic support	10.64	8.57	10.05	10.07	10.99	11.43	11.12	11.01	10.96	10.26
Student services	13.76	10.93	12.86	12.21	13.75	14.43	14.37	14.70	14.01	13.39
Institutional support	14.68	19.07	19.35	14.04	15.17	14.96	14.63	14.29	14.54	14.80
Operation and maintenance of plant	10.88	7.72	6.88	9.84	9.66	8.99	8.84	8.72	7.95	7.39
Depreciation	5.00	3.97	5.08	5.70	5.32	4.85	4.83	5.18	5.78	6.16
Student aid	8.02	19.26	8.61	8.82	4.19	4.30	5.16	5.11	4.90	6.14
Auxiliary enterprises	0.33	0.22	0.23	0.48	0.46	0.44	0.48	0.33	0.50	0.45
Interest on capital debt	2.03	1.73	2.64	2.64	2.41	2.03	1.92	1.94	2.52	2.50
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)

Years ended June 30,
(Amounts expressed in thousands)

	<u>2023</u>	<u>2022</u>	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>
Total revenues (from schedule of revenues by source less capital appropriations)	\$ 148,950	\$ 205,066	\$ 170,798	\$ 158,085	\$ 148,112	\$ 148,423	\$ 149,678	\$ 153,776	\$ 152,186	\$ 151,910
Total operating expenses (from schedule of expenses by use)	<u>144,038</u>	<u>191,859</u>	<u>146,889</u>	<u>136,578</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>
Total changes in net position	4,912	13,207	23,909	21,507	(1,174)	(19,390)	(20,155)	(17,216)	(15,484)	(18,504)
Net position, beginning	<u>(3,611)</u>	<u>(28,368)</u>	<u>(65,267)</u>	<u>(98,807)</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>
Net position, ending	<u>\$ 1,301</u>	<u>\$ (15,161)</u>	<u>\$ (41,358)</u>	<u>\$ (77,300)</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>
Net investment in capital assets	\$ 94,532	\$ 110,433	\$ 116,734	\$ 104,726	\$ 103,869	\$ 102,005	\$ 99,772	\$ 98,776	\$ 96,979	\$ 93,771
Restricted - expendable	6,205	5,784	5,727	5,439	5,284	5,101	4,939	4,912	4,742	4,742
Unrestricted	<u>(81,989)</u>	<u>(119,828)</u>	<u>(150,829)</u>	<u>(175,432)</u>	<u>(207,960)</u>	<u>(216,535)</u>	<u>(52,760)</u>	<u>(42,631)</u>	<u>(35,802)</u>	<u>(25,975)</u>
Total net position	<u>\$ 18,748</u>	<u>\$ (3,611)</u>	<u>\$ (28,368)</u>	<u>\$ (65,267)</u>	<u>\$ (98,807)</u>	<u>\$ (109,429)</u>	<u>\$ 51,951</u>	<u>\$ 61,057</u>	<u>\$ 65,919</u>	<u>\$ 72,538</u>

Source: Audited financial statements.

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)

Years ended June 30,

	2023	2022	2021	2020	2019	2018	2017	2016	2015	2014
Enrollments and student demographics:										
Credit FTE	9,161	8,935	10,608	12,331	12,740	13,596	13,659	14,481	14,851	15,051
Unduplicated Credit Headcount	16,769	16,596	19,266	22,160	23,139	24,443	25,571	26,837	27,942	28,096
Percentage - Men	33.2%	31.6%	31.2%	34.7%	36.3%	36.3%	37.1%	37.8%	37.7%	37.7%
Percentage - Women	66.2	68.4	68.4	65.3	63.7	63.7	62.9	62.2	62.3	62.3
Percentage - Black	44.7	42.5	41.7	41.9	43.1	48.1	48.8	49.4	50.7	50.2
Percentage - White	20.7	23.3	24.4	22.9	23.2	23.5	24.0	23.8	23.9	24.3
Percentage - Asian	10.7	10.8	10.4	11.8	11.4	9.8	9.4	8.9	8.4	8.2
Percentage - Hispanic	17.1	16.4	15.7	15.9	14.9	14.0	13.0	12.8	11.8	11.4
Percentage - American Indian/other	4.2	4.1	4.0	3.9	4.0	0.3	0.3	0.3	0.4	0.4
Percentage - Unknown	2.6	3.0	3.8	3.6	3.4	4.3	4.5	4.8	4.8	5.6
Degrees awarded:										
Associate	1,429	1,806	1,954	1,761	1,770	1,731	1,794	1,880	1,916	1,857
Certificate	154	229	178	225	331	495	471	475	446	338

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

	<u>2023</u>	<u>2022</u>	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>
Faculty:										
Part-time	614	526	297	452	567	543	548	676	635	643
Full-time	279	361	310	336	438	443	467	400	395	407
Percentage tenured	86.4%	74.2%	77.7%	77.7%	67.1%	65.2%	61.8%	74.0%	81.7%	79.9%
Administrative and support staff:										
Part-time	37	77	55	82	76	40	38	18	11	12
Full-time	500	495	503	506	474	470	466	445	453	441
Total employees:										
Part-time	651	603	352	534	643	583	586	694	646	655
Full-time	779	856	813	842	912	913	933	845	848	848
Students per full-time staff:										
Number credit students	11,636	11,647	13,672	15,996	16,672	17,296	18,126	18,099	19,119	19,066
Faculty	42	32	44	48	38	39	39	45	47	47
Administrative and support staff	23	24	27	32	35	37	39	41	42	43
Average annual faculty salary	\$ 69,675	\$ 61,894	\$ 66,597	\$ 65,300	\$ 75,020	\$ 67,883	\$ 69,196	\$ 63,789	\$ 65,212	\$ 64,059

Source: Institutional Human Resource Records.

GROSS SQUARE FEET OF COLLEGE BUILDINGS (UNAUDITED)

	<u>2023</u>	<u>2022</u>	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>
Main Campus - Buildings	911,051	911,051	911,051	911,051	911,051	911,051	911,051	911,051	911,051	900,613
Main Campus - 17 Street Garage	230,360	230,360	230,360	230,360	230,360	230,360	230,360	230,360	230,360	230,360
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	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	39,394	39,394
Northwest Regional Center	90,000	-	-	-	-	-	-	-	-	-
Career & Advance Technology Center (CATC)	75,500	90,000	90,000	90,000	90,000	90,000	90,000	90,000	90,000	90,000
Total gross square feet	<u>1,681,382</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>1,605,882</u>	<u>1,605,882</u>	<u>1,595,444</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

Year:	<u>Population as of June 30</u>	<u>Average Annual Unemployment Rate</u>
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
2020 – 21	1,587,232	9.4
2021 – 22	1,576,251	5.7
2022 – 23	1,567,258	4.4

Sources: United States Census Bureau and Bureau of Labor Statistics

See accompanying report of independent certified public accountants.

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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 (*Government Auditing Standards*), the financial statements of the business-type activities and the aggregate discretely presented component units of Community College of Philadelphia (the College) as of and for the year ended June 30, 2023, and the related notes to the financial statements, which collectively comprise the College's basic financial statements, and have issued our report thereon dated October 24, 2023.

Report on 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) as a basis for designing audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the College's 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 internal control that we consider to be material weaknesses. However, material weaknesses or significant deficiencies may exist that were not identified.

Report on compliance and other matters

As part of obtaining reasonable assurance about whether 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 financial statements. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

Purpose of this report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the 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
October 24, 2023