

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

\$52,075,000**STATE PUBLIC SCHOOL BUILDING AUTHORITY****(Commonwealth of Pennsylvania)****College Revenue Bonds (Community College of Philadelphia Project), Series of 2015****Dated:** Date of Delivery**Interest Due:** June 15 and December 15**Principal Due:** June 15, as shown on inside front cover**First Interest Payment:** December 15, 2015

The \$52,075,000 College Revenue Bonds (Community College of Philadelphia Project), Series of 2015 (the "Bonds") will be fully registered bonds and, when issued, will be registered in the name of Cede & Co., as nominee for The Depository Trust Company, New York, New York ("DTC"), which will act as securities depository for the Bonds. Purchasers of the Bonds will not receive certificates representing their ownership interest in the Bonds. So long as Cede & Co. is the registered owner, as partnership nominee of DTC, references herein to "Owner," "Registered Owner," or "Bondholders" shall mean Cede & Co., as aforesaid and shall not mean beneficial owners of the Bonds. Beneficial ownership in the Bonds may be acquired in denominations of \$5,000 or multiples thereof, only under the book-entry-only system maintained by DTC, as more fully described herein.

Principal of, premium, if any, and interest on the Bonds will be paid by The Bank of New York Mellon Trust Company, N.A., Philadelphia, Pennsylvania, as trustee for the Bonds (the "Trustee"). So long as DTC or its nominee, Cede & Co., is the registered owner, such payments will be made directly to Cede & Co. Disbursements of such payments to the DTC Participants is the responsibility of DTC and disbursements of such payments to the beneficial owners is the responsibility of DTC Participants and the Indirect Participants, as more fully described herein. Interest on the Bonds will be payable commencing on December 15, 2015, and semiannually thereafter on June 15 and December 15 of each year (each, an "Interest Payment Date").

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

The Bonds will be issued by the State Public School Building Authority (the "Authority") and will be secured by a Trust Indenture, dated as of September 1, 2015 (the "Indenture") between the Authority and the Trustee. The Bonds are limited obligations of the Authority, payable solely from the payments to be made by the Community College of Philadelphia (the "College") under a Loan Agreement, dated as of September 1, 2015 (the "Loan Agreement") between the Authority and the College.

The Bonds are being issued by the Authority to (1) advance refund a portion of the Authority's Community College Revenue Bonds (Community College of Philadelphia Project), Series of 2008 (the "2008 Bonds"), (2) renovate the College's biology labs, along with other capital projects of the College, (3) replace certain escalators located in the College's West Building, along with other capital projects of the College and (4) to pay the costs and expenses of issuing the Bonds.

THE BONDS ARE LIMITED OBLIGATIONS OF THE AUTHORITY. NEITHER THE PRINCIPAL OR REDEMPTION PRICE OF THE BONDS, NOR THE INTEREST THEREON, SHALL CONSTITUTE A GENERAL INDEBTEDNESS OF THE AUTHORITY OR AN INDEBTEDNESS OF THE COMMONWEALTH OF PENNSYLVANIA OR ANY POLITICAL SUBDIVISION THEREOF WITHIN THE MEANING OF ANY CONSTITUTIONAL OR STATUTORY PROVISION WHATSOEVER; CONSTITUTE A CHARGE AGAINST THE GENERAL CREDIT OF THE AUTHORITY OR THE GENERAL CREDIT OR TAXING POWER OF THE COMMONWEALTH OF PENNSYLVANIA OR ANY POLITICAL SUBDIVISION THEREOF; OR BE DEEMED TO BE A GENERAL OBLIGATION OF THE AUTHORITY OR OBLIGATION OF THE COMMONWEALTH OF PENNSYLVANIA OR ANY POLITICAL SUBDIVISION THEREOF. THE AUTHORITY HAS NO TAXING POWER.

MATURITIES, AMOUNTS, RATES AND PRICES/YIELDS

See Inside Front Cover

The Bonds are offered for delivery when, as, and if issued by the Authority subject to the approving legal opinion of Saul Ewing LLP, Philadelphia, Pennsylvania, Bond Counsel, appointed by the Office of General Counsel. Certain legal matters will be passed upon for the Authority by its counsel, Buchanan Ingersoll & Rooney PC, Pittsburgh, Pennsylvania, and for Community College of Philadelphia (the "College") by its counsel, Fox Rothschild LLP, Philadelphia, Pennsylvania. Public Financial Management, Inc., Harrisburg, Pennsylvania, serves as Financial Advisor to the College and has acted as Financial Advisor in connection with the issuance of the Bonds. Certain legal matters will be passed upon for the Underwriters by its counsel, Dilworth Paxson LLP, Philadelphia, Pennsylvania. It is expected that the Bonds will be available for delivery through DTC, on or about September 10, 2015.

**RBC Capital Markets®**

JANNEY MONTGOMERY SCOTT

QUOIN CAPITAL LLC

\$52,075,000
STATE PUBLIC SCHOOL BUILDING AUTHORITY
(Commonwealth of Pennsylvania)

College Revenue Bonds (Community College of Philadelphia Project)
Series of 2015

Dated: Date of Delivery
Interest Due: June 15 and December 15

Principal Due: June 15, as shown on below
First Interest Payment: December 15, 2015

Maturity Date (June 15)	Principal Amount	Interest Rate	Yield	Price
2016	\$655,000	2.000%	0.700%	100.988%
2017	845,000	3.000	1.140	103.237
2018	870,000	4.000	1.450	106.882
2019	4,170,000	5.000	1.690	112.018
2020	4,380,000	5.000	1.990	113.613
2021	4,595,000	5.000	2.310	114.435
2022	4,830,000	5.000	2.630	114.593
2023	5,070,000	5.000	2.800	115.251
2024	5,325,000	5.000	2.980	115.474
2025	5,590,000	5.000	3.140	115.532
2026	4,995,000	5.000	3.270*	114.355*
2027	5,245,000	5.000	3.350*	113.639*
2028	5,505,000	5.000	3.440*	112.839*

*Yield/Price to Optional Redemption date of June 15, 2025

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

MEMBERS OF THE AUTHORITY

Honorable Thomas W. Wolf
Governor of the Commonwealth of Pennsylvania..... President

Honorable Lloyd K. Smucker
Designated by the President Pro Tempore of the Senate Vice President

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

Honorable Mike Turzai
Speaker of the House of Representatives Vice President

Honorable Timothy A. Reese
State Treasurer Treasurer

Honorable Curtis M. Topper
Secretary of General Services Secretary

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

Honorable Eugene A. DePasquale
Auditor General Board Member

Honorable Pedro A. Rivera
Secretary of Education Board Member

EXECUTIVE DIRECTOR

ROBERT BACCON

COUNSEL TO THE AUTHORITY

(Appointed by the Office of General Counsel)
BUCHANAN INGERSOLL & ROONEY PC
Pittsburgh, Pennsylvania

BOND COUNSEL

(Appointed by the Office of General Counsel)
SAUL EWING LLP
Philadelphia, Pennsylvania

COUNSEL TO THE COLLEGE

FOX ROTHSCHILD LLP
Philadelphia, Pennsylvania

FINANCIAL ADVISOR TO THE COLLEGE

PUBLIC FINANCIAL MANAGEMENT, INC.
Harrisburg, Pennsylvania

UNDERWRITERS

RBC CAPITAL MARKETS, LLC
Philadelphia, Pennsylvania

JANNEY MONTGOMERY SCOTT LLC

Philadelphia, Pennsylvania

QUOIN CAPITAL LLC

Philadelphia, Pennsylvania

TRUSTEE

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

AUTHORITY ADDRESS

STATE PUBLIC SCHOOL BUILDING AUTHORITY
1035 Mumma Road
Wormleysburg, Pennsylvania 17043

COMMUNITY COLLEGE OF PHILADELPHIA

BOARD OF TRUSTEES

<u>Name</u>	<u>Office</u>	<u>Term Expiration</u>
Matthew Bergheiser	Chair	6/2021
Suzanne Biemiller	Vice Chair	6/2021
Mark Edwards	Member	6/2018
Lydia Hernandez Velez, Esq.	Member	6/2021
Mary Horstmann	Member	6/2016
Willie F. Johnson	Member	6/2016
Chad Dion Lassiter	Member	6/2016
Judith Renyi	Member	6/2018
The Honorable James R. Roebuck, Jr.	Vice Chair	6/2016
Jennie Sparandara	Member	6/2018
Stella M. Tsai, Esq.	Member	6/2018
Jeremiah J. White, Jr.	Member	6/2018
Clarence Armbrister	Member	6/2021
Rosalyn McPherson	Member	6/2021
V Steve Herzog	Member	6/2016

PRESIDENT

DR. DONALD GENERALS

VICE PRESIDENT FOR BUSINESS AND FINANCE & TREASURER

JACOB EAPEN

ASSISTANT VICE PRESIDENT, BUDGETS & FINANCIAL SERVICES

JAMES P. SPIEWAK

CONTROLLER

TODD MURPHY

COLLEGE ADDRESS

1700 Spring Garden Street
Philadelphia, Pennsylvania 19130

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

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

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

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

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

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

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

THE BONDS HAVE NOT BEEN REGISTERED UNDER THE SECURITIES ACT OF 1933 NOR HAS THE INDENTURE BEEN QUALIFIED UNDER THE TRUST INDENTURE ACT OF 1939, IN RELIANCE UPON EXEMPTIONS CONTAINED IN SUCH ACTS. THE REGISTRATION OR QUALIFICATION OF THE BONDS IN ACCORDANCE WITH THE APPLICABLE PROVISIONS OF SECURITIES LAWS OF THE STATES IN WHICH THE BONDS HAVE BEEN REGISTERED OR QUALIFIED AND THE EXEMPTION FROM REGISTRATION OR QUALIFICATION IN OTHER STATES CANNOT BE REGARDED AS A RECOMMENDATION THEREOF. NEITHER THESE STATES NOR ANY OF THEIR AGENCIES HAVE PASSED UPON THE MERITS OF THE BONDS OR THE ACCURACY OR COMPLETENESS OF THIS OFFICIAL STATEMENT.

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OFFICIAL STATEMENT

\$52,075,000

STATE PUBLIC SCHOOL BUILDING AUTHORITY

(Commonwealth of Pennsylvania)

College Revenue Bonds (Community College of Philadelphia Project), Series of 2015

INTRODUCTION

This Official Statement of the State Public School Building Authority (the "Authority"), which includes the cover page hereof and the Appendices hereto, provides certain information relating to the Authority and the \$52,075,000 aggregate principal amount of College Revenue Bonds (Community College of Philadelphia Project), Series of 2015 (the "Bonds"). The Bonds are being issued pursuant to the State Public School Building Authority Act of 1947, P.L. 1217, as supplemented and amended (the "Act"), and a resolution duly adopted by the Authority on April 9, 2015 (the "Resolution"), and are secured by a Trust Indenture, dated as of September 1, 2015 (the "Indenture"), entered into by the Authority and The Bank of New York Mellon Trust Company, N.A., Philadelphia, Pennsylvania, as Trustee (the "Trustee").

The Authority is a body corporate and politic created in 1947 by the Act. Under the Act, the Authority is constituted a public corporation and governmental instrumentality, having perpetual existence, for the purpose of acquiring, financing, refinancing, constructing, improving, maintaining and operating public school and educational broadcasting facilities, and furnishing and equipping the same for use as part of the public school system of the Commonwealth of Pennsylvania (the "Commonwealth") under the jurisdiction of the Pennsylvania Department of Education (the "Department"). Under the Act, and Article XIX-A of the Public School Code, Act of July 1, 1985, P.L. 103, No. 31, Section 1 et seq., as amended (the "Community College Act"), the Authority also has for its purpose the acquiring, financing, refinancing, construction, improvement, furnishing, equipping, maintenance and operation of community college buildings.

The Community College of Philadelphia (the "College") was established in 1965, in accordance with the provisions of the Community College Act and general guidelines for the implementation of the Community College Act prepared by the Pennsylvania Department of Education (the "Department") and is currently sponsored by The City of Philadelphia (the "City"). The College is a public comprehensive, two year co-educational institution with its main campus located in an area of the City of Philadelphia, Pennsylvania, on an attractive 17-acre lot just north of the center of the City, and the College operates three regional centers in other sections of the City. The College offers more than 70 associates degrees, academic and proficiency certificate programs. In fiscal year 2014, the College's enrollment was 28,081, inclusive of both full and part-time credit and noncredit students. For further information about the College, see "COMMUNITY COLLEGE OF PHILADELPHIA" herein.

PURPOSE OF THE BONDS

The Bonds are being issued by the Authority to (1) advance refund a portion of the Authority's Community College Revenue Bonds (Community College of Philadelphia Project) Series of 2008 currently outstanding in the aggregate principal amount of \$51,465,000 (the "2008 Bonds"), (2) renovate the College's biology labs, along with other capital projects of the College, (3) replace certain escalators located in the College's West Building, along with other capital projects of the College and (4) pay the costs and expenses of issuing the Bonds.

Advance Refunding of the 2008 Bonds

A portion of the proceeds of the Bonds will be irrevocably deposited into an escrow fund (the "Escrow Fund") maintained by The Bank of New York Mellon Trust Company, N.A., as trustee for the 2008 Bonds, under the terms of a Pledge and Escrow Agreement (the "Escrow Agreement"), dated as of September 1, 2015. A portion of the proceeds of the Bonds so deposited will be used to purchase direct obligations of the United States of America (the "Government Obligations") which will mature and earn interest at such rates as will provide sufficient funds to pay the interest, maturing principal and redemption price of 100% of principal amount plus accrued interest as and when due, and on December 15, 2018, when all of the remaining 2008 Bonds to be refunded will be retired. PFM Asset Management LLC is serving as investment advisor and bidding agent with respect to the structuring of the Government Obligations in the Escrow Fund. PFM Asset Management LLC is a member of The PFM Group.

Escrow Verification

The accuracy of the mathematical computations supporting the adequacy of the maturing principal amounts of, and interest earned on, the Government Obligations deposited pursuant to the Escrow Agreement to pay the principal of, and interest and premium, if any, when due on the 2008 Bonds, and the accuracy of certain mathematical computations supporting the conclusion of Bond Counsel that the Bonds will not be "arbitrage bonds" under Section 103(c) of the Internal Revenue Code, will be verified by BondResource Partners, LP, as a condition to the delivery of the Bonds. BondResource Partners, LP is wholly owned by PFM Asset Management LLC, a member of The PFM Group.

Sources and Uses of Bond Proceeds

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

<u>SOURCE OF FUNDS</u>	<u>Total</u>
Par Amount.....	\$52,075,000.00
Net Original Issue Premium.....	7,163,867.35
Total Sources of Funds	<u>\$59,238,867.35</u>
<u>USE OF FUNDS</u>	
Amount to Call the Refunded 2008 Bonds	\$51,250,226.62
Project Fund Deposit (Biology Labs).....	5,900,000.00
Project Fund Deposit (Escalators).....	1,800,000.00
Cost of Issuance ⁽¹⁾	288,640.73
Total Uses of Funds	<u>\$59,238,867.35</u>

⁽¹⁾Includes legal, financial advisor, printing, rating, underwriters’ discount, verification agent, trustee, redemption fee and miscellaneous costs.

THE AUTHORITY

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

Under the Act, the Authority consists of the Governor of the Commonwealth, the State Treasurer, the Auditor General, the Secretary of Education, the Secretary of the Department of General Services, the President Pro Tempore of the Senate, the Speaker of the House of Representatives, the Minority Leader of the Senate and the Minority Leader of the House of Representatives. The President Pro Tempore of the Senate, the Minority Leader of the Senate, the Speaker of the House of Representatives and the Minority Leader of the House of Representatives may designate any member of his or her legislative body to act as a member of the Authority in his or her stead. The members of the Authority serve without compensation but are entitled to reimbursement for all necessary expenses incurred in connection with the performance of their duties as members. The powers of the Authority are exercised by a governing body consisting of the members of the Authority acting as a board.

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

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

**Robert Baccon
Executive Director**

Mr. Baccon has served as an executive with the Authority and PHEFA (collectively, the “Authorities”) since 1984. He is a graduate of St. John’s University with a bachelor’s degree in management, and holds a master’s degree in international business from the Columbia University Graduate School of Business. Prior to joining the Authority, Mr. Baccon held financial management positions with multinational U.S. corporations and was Vice President - Finance for a major highway construction contractor.

David Player
Comptroller & Director of Financial Management

Mr. Player serves as the Comptroller & Director of Financial Management of both Authorities. He has been with the Authorities since 1999. Prior to his present position, he served as Senior Accountant for both Authorities and as an auditor with the Pennsylvania Department of the Auditor General. Mr. Player is a graduate of the Pennsylvania State University and a Certified Public Accountant.

Beverly M. Nawa
Administrative Officer

Mrs. Nawa has served as the Administrative Officer of both Authorities since 2004. She is a graduate of Alvernia University with a bachelor's degree in business administration. Prior to her present employment, Mrs. Nawa served as an Audit Senior and an Accounting Systems Analyst with the Pennsylvania Department of the Auditor General.

THE BONDS

Description of the Bonds

The Bonds are being issued by the Authority on behalf of the College in the aggregate principal amount shown on the cover page hereof pursuant to the Act, the Resolution and the Indenture. The Bonds will be dated the date of delivery thereof and will bear interest from such date at the rates set forth on the inside front cover page hereof, payable semiannually on June 15 and December 15 of each year (each, an "Interest Payment Date"), commencing on December 15, 2015 (until maturity or prior redemption), and will mature on the dates and in the amounts set forth on the inside front cover page hereof. The Bonds when issued will be registered in the name of Cede & Co., as a nominee for The Depository Trust Company, New York, New York ("DTC"). DTC will act as securities depository for the Bonds. While the Bonds are in the Book-Entry-Only System, references to the "owner" or the "registered owner" as described herein are to Cede & Co., as registered owner for DTC. Each beneficial owner of a Bond may desire to make arrangements with a DTC Participant to receive notices or communications with respect to matters described herein. See "BOOK-ENTRY-ONLY SYSTEM" herein.

The Bonds will be issued in fully registered form in denominations of \$5,000 or any multiple thereof. While all of the Bonds are held in Book-Entry-Only form, payments thereon shall be made to Cede & Co., as holder thereof. See "BOOK-ENTRY-ONLY SYSTEM" herein. At all other times, the principal of the Bonds, and the premium, if any, payable upon redemption, are payable at the designated corporate trust office of the Trustee, and the interest thereon is payable by check mailed by the Trustee on each Interest Payment Date to the persons who were the registered owners of the Bonds on the registration books maintained by the Trustee, at the close of the fifteenth day of the calendar month (whether or not a business day) immediately preceding the month of an Interest Payment Date (a "Regular Record Date"), irrespective of any transfer or exchange of any Bond subsequent to such regular record date and prior to such interest payment date, unless the Authority defaults in the payment of interest due on such Interest Payment Date. In the event of any such default, any defaulted interest will be payable to the person in whose name such Bond is registered at the close of business on a special record date for the payment of such defaulted interest established by notice mailed by the Trustee to the registered owners of the Bonds not fewer than fifteen (15) business days preceding such special record date.

The Bonds may be transferred or exchanged by the registered owner thereof only upon presentation thereof to the Trustee, accompanied by a duly executed instrument of transfer by the registered owner thereof or his authorized representative, and, in the case of a transfer, containing written instructions as to the details of such transfer. Neither the Authority nor the Trustee will be required to issue, exchange or transfer any of the Bonds during the fifteen (15) days preceding the mailing of any notice of redemption of Bonds or to transfer any of the Bonds selected for redemption in whole or in part. The person in whose name any Bond is registered shall be deemed the owner thereof by the Authority and the Trustee, and any notice to the contrary shall not be binding upon the Authority or the Trustee.

No service charge will be made to the Bondholders of the Bonds for any exchange or transfer, but the Authority may require payment of a sum sufficient to pay any tax or other governmental charge that may be imposed in relation thereto. In the event any Bond is mutilated, lost, stolen, or destroyed, the Authority may execute and the Trustee may authenticate a new Bond of like tenor and denomination in accordance with the provisions of the Indenture, and the Authority and the Trustee may charge the registered owner of such Bond with its reasonable fees and expenses and require indemnity in connection therewith.

Use of Proceeds

Pursuant to a Loan Agreement, dated, as of September 1, 2015 (the "Loan Agreement"), the Authority will lend the proceeds of the Bonds to the College, which will use such proceeds as more fully described herein under "PURPOSE OF THE BONDS".

Transfer, Exchange and Registration of Bonds

Each Bond is transferable by the registered owner thereof in person or by his attorney duly authorized in writing or legal representative at the office of the Trustee in Philadelphia, Pennsylvania, or such other offices as may be designated by the Trustee, but only in the manner, subject to the limitations and upon payment of charges provided by the Indenture, and upon surrender and cancellation of such Bond accompanied by a duly executed instrument of transfer in form and with guarantee of signature satisfactory to the Trustee. Upon such transfer, a new Bond or Bonds of the same maturity and of authorized denomination or denominations, for the same aggregate principal amount and bearing the same rate of interest, will be issued to the transferee in exchange therefor at the earliest practicable time. In like

manner each Bond may be exchanged by the registered owner or by his duly authorized attorney or other legal representative for Bonds of the same maturity and of authorized denomination or denominations in the same aggregate principal amount and bearing the same rate of interest. Any such transfer or exchange as described herein shall be made without charge, except for the payment of any taxes or other governmental charges relating thereto. No exchange or transfer shall be required to be made (i) between the Record Date and the related Interest Payment Date, (ii) during a period beginning at the opening of business (15) days before the date of the mailing notice of redemption of Bonds selected for redemption and ending at the close of business on the day of such mailing, or (iii) for any Bonds so selected for redemption in whole or in part. The Authority, the Trustee and any paying agent of the Authority may treat and consider the person in whose name a Bond is registered as the absolute owner thereof for the purpose for receiving payment of, or on account of, the principal or redemption price thereof and the interest due thereon and for all other purposes whatsoever.

BOOK-ENTRY ONLY SYSTEM

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

DTC will act as securities depository for the securities (the “Securities”). The Securities will be issued as fully-registered securities registered in the name of Cede & Co. (DTC’s partnership nominee) or such other name as may be requested by an authorized representative of DTC. One fully-registered Security certificate will be issued for the Securities, in the aggregate principal amount of such issue, and will be deposited with DTC.

DTC, the world’s largest securities depository, is a limited-purpose trust company organized under the New York Banking Law, a “banking organization” within the meaning of the New York Banking Law, a member of the Federal Reserve System, a “clearing corporation” within the meaning of the New York Uniform Commercial Code, and a “clearing agency” registered pursuant to the provisions of Section 17A of the Securities Exchange Act of 1934. DTC holds and provides asset servicing for over 3.6 million issues of U.S. and non-U.S. equity issues, corporate and municipal debt issues, and money market instruments (from over 100 countries) that DTC’s participants (“Direct Participants”) deposit with DTC. DTC also facilitates the post-trade settlement among Direct Participants of sales and other securities transactions in deposited securities, through electronic computerized book-entry transfers and pledges between Direct Participants’ accounts. This eliminates the need for physical movement of securities certificates. Direct Participants include both U.S. and non-U.S. securities brokers and dealers, banks, trust companies, clearing corporations, and certain other organizations. DTC is a wholly-owned subsidiary of The Depository Trust & Clearing Corporation (“DTCC”). DTCC is the holding company for DTC, National Securities Clearing Corporation and Fixed Income Clearing Corporation, all of which are registered clearing agencies. DTCC is owned by the users of its regulated subsidiaries. Access to the DTC system is also available to others such as both U.S. and non-U.S. securities brokers and dealers, banks, trust companies, and clearing corporations that clear through or maintain a custodial relationship with a Direct Participant, either directly or indirectly (“Indirect Participants”). DTC has a Standard & Poor’s rating of AA+. The DTC Rules applicable to its Participants are on file with the Securities and Exchange Commission. More information about DTC can be found at www.dtcc.com.

Purchases of Securities under the DTC system must be made by or through Direct Participants, which will receive a credit for the Securities on DTC’s records. The ownership interest of each actual purchaser of each Security (“Beneficial Owner”) is in turn to be recorded on the Direct and Indirect Participants’ records. Beneficial Owners will not receive written confirmation from DTC of their purchase. Beneficial Owners are, however, expected to receive written confirmations providing details of the transaction, as well as periodic statements of their holdings, from the Direct or Indirect Participant through which the Beneficial Owner entered into the transaction. Transfers of ownership interests in the Securities are to be accomplished by entries made on the books of Direct and Indirect Participants acting on behalf of Beneficial Owners. Beneficial Owners will not receive certificates representing their ownership interests in Securities, except in the event that use of the book-entry system for the Securities is discontinued.

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

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

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

Neither DTC nor Cede & Co. (nor any other DTC nominee) will consent or vote with respect to Securities unless authorized by a Direct Participant in accordance with DTC’s MMI Procedures. Under its usual procedures, DTC mails an Omnibus Proxy to Issuer as soon as

possible after the record date. The Omnibus Proxy assigns Cede & Co.'s consenting or voting rights to those Direct Participants to whose accounts Securities are credited on the record date (identified in a listing attached to the Omnibus Proxy).

Principal, interest and redemption payments on the Bonds will be made to Cede & Co., or such other nominee as may be requested by an authorized representative of DTC. DTC's practice is to credit Direct Participants' accounts upon DTC's receipt of funds and corresponding detail information from Issuer or Agent, on payable date in accordance with their respective holdings shown on DTC's records. Payments by Participants to Beneficial Owners will be governed by standing instructions and customary practices, as is the case with securities held for the accounts of customers in bearer form or registered in "street name," and will be the responsibility of such Participant and not of DTC, Agent, or Issuer, subject to any statutory or regulatory requirements as may be in effect from time to time. Payment of principal, interest and redemption payments on the Bonds to Cede & Co. (or such other nominee as may be requested by an authorized representative of DTC) is the responsibility of Issuer or Agent, disbursement of such payments to Direct Participants will be the responsibility of DTC, and disbursement of such payments to the Beneficial Owners will be the responsibility of Direct and Indirect Participants.

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

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

Issuer may decide to discontinue use of the system of book-entry-only transfers through DTC (or a successor securities depository). In that event, Security certificates will be printed and delivered to DTC.

The information in this section concerning DTC and DTC's book-entry system has been obtained from sources that Issuer believes to be reliable, but Issuer takes no responsibility for the accuracy thereof.

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

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

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

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

- (i) the payment of principal of redemption price or interest on the Bonds;
- (ii) giving notices of redemption and other matters with respect to the Bonds;
- (iii) registering transfers with respect to the Bonds; and
- (iv) the selection of Bonds for redemption.

The Beneficial Owners of the Bonds have no right to a securities depository for the Bonds. DTC or any successor securities depository may resign as depository for the Bonds by giving notice to the Trustee and the Authority and discharging its responsibilities under applicable law. In addition, the Authority, or the Authority at the request of the College, may remove DTC or a successor securities depository for any reason at any time. In such event, the Authority shall (i) appoint a securities depository qualified to act as such under Section 17(a) of the Securities Exchange Act of 1934, notify the prior securities depository of the appointment of such successor depository and transfer separate bond certificates to such successor securities depository or (ii) notify the securities depository of the availability through the securities depository of bond certificates and transfer one or more separate bond certificates to Depository Participants having Bonds credited to their accounts at the securities depository. In such event, such Bonds shall no longer be restricted to being registered in the registration books of the Authority in the name of the securities depository or its nominee, but may be registered in the name of the successor securities depository or its nominee, or in whatever name or names the Depository Participants receiving such Bonds shall designate, in accordance with the provisions of the Indenture.

Discontinuance of Book-Entry Only System

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

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

REDEMPTION OF THE BONDS

Optional Redemption

The Bonds stated to mature on and after June 15, 2026 are subject to redemption prior to maturity, at the option of the Authority at the direction of the College in a whole or from time to time in part, on and after June 15, 2025, at a redemption price equal to 100% of the principal amount of the Bonds to be redeemed, plus accrued interest to the date fixed for redemption.

Any partial redemption may be in any order of maturity and in any principal amount within a maturity as designated by the College. The Bonds to be redeemed within a maturity will be selected by the Trustee by lot.

Extraordinary Optional Redemption

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

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Notice of Redemption

So long as the Bonds are registered in the name of DTC or its nominee, the Trustee shall cause notice of any optional redemption of the Bonds to be made only to DTC or its nominee. If at any time the book-entry only system is discontinued with respect to the Bonds or if any Bonds are not registered in the name of DTC, its nominee or similar depository or nominee, the Trustee shall cause any notice of redemption to be mailed by first class mail, postage prepaid to the Owners of all the Bonds to be redeemed at the registered addresses appearing in the Bond Register. Each such notice shall be given in the name of the Authority and shall (i) be mailed not less than 20 nor more than 60 days prior to the redemption date (ii) identify the Bonds to be redeemed (specifying the CUSIP numbers, if any, assigned to the Bonds), (iii) specify the redemption date and the redemption price, and (iv) state that on the redemption date the Bonds called for redemption will be redeemable at the corporate trust office in Philadelphia, Pennsylvania of the Trustee or any alternative paying agent, that interest will cease to accrue from the redemption date, and that no representation is made as to the accuracy or correctness of the CUSIP numbers printed therein or on the Bonds. No defect affecting any particular Bonds, whether in the notice of redemption or mailing thereof (including any failure to mail such notice), shall affect the validity of the redemption proceedings for the redemption of any other Bonds.

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

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

SOURCE OF PAYMENT AND SECURITY FOR THE BONDS

College Loan Payments

The College will deliver to the Authority a promissory note dated the date of delivery thereof (the "Note"), evidencing its obligation under the Loan Agreement with respect to the Bonds. The Bonds are limited obligations of the Authority, payable solely from (i) payments received from the College under the Loan Agreement and the Note, and (ii) certain moneys held by the Trustee in funds established under the Indenture, if any, excepting, however, sinking or Indenture funds pledged to any Additional Bonds (as defined in the Indenture). See "BOND RATING" herein. On the date of issuance of the Bonds, the Authority and the College will enter into the Loan Agreement pursuant to which the Authority will, among other things, lend the proceeds of the Bonds to the College.

Under the Loan Agreement, the College agrees to repay such loan in such amounts and at such times as will provide sufficient funds to meet the debt service requirements on the Bonds. The College will deliver the Note to the Authority evidencing its obligations under the Loan Agreement with respect to the Bonds. The payment obligations of the College under the Loan Agreement and the Note are general obligations of the College that are not subordinated to any other debt obligation of the College and are not secured by the pledge or assignment by the College of any of its revenues or other property.

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

THE BONDS ARE LIMITED OBLIGATIONS OF THE AUTHORITY. NEITHER THE PRINCIPAL OF OR REDEMPTION PRICE OF THE BONDS, NOR THE INTEREST ACCRUING ON THE BONDS, SHALL CONSTITUTE A GENERAL INDEBTEDNESS OF THE AUTHORITY OR AN INDEBTEDNESS OF THE COMMONWEALTH OR ANY POLITICAL SUBDIVISION THEREOF WITHIN THE MEANING OF ANY CONSTITUTIONAL OR STATUTORY PROVISION WHATSOEVER, CONSTITUTE OR GIVE RISE TO A GENERAL PECUNIARY LIABILITY OF THE AUTHORITY OR A PECUNIARY LIABILITY OF THE COMMONWEALTH OR ANY POLITICAL SUBDIVISION THEREOF, CONSTITUTE A CHARGE AGAINST THE GENERAL CREDIT OF THE AUTHORITY OR THE GENERAL CREDIT OR TAXING POWER OF THE COMMONWEALTH OR ANY POLITICAL SUBDIVISION THEREOF, OR BE DEEMED TO BE A GENERAL OBLIGATION OF THE AUTHORITY OR AN OBLIGATION OF THE COMMONWEALTH OR ANY POLITICAL SUBDIVISION THEREOF. NEITHER THE AUTHORITY NOR THE COLLEGE HAVE TAXING POWER.

Additional Bonds

Upon compliance with the terms and obligations and conditions of the Indenture and the Loan Agreement, the Authority, at the request of the College, may issue Additional Bonds on parity with the Bonds, for any purpose permitted under the Act. In connection with the issuance of Additional Bonds, additional funds may be established under the Indenture for the benefit of such additional series of bonds. In such event, the holders of the Bonds will have no claims or right to any such funds. For a further description of the conditions under which such Additional Bonds may be issued, see "SUMMARIES OF CERTAIN PROVISIONS OF LOAN AGREEMENT AND THE INDENTURE – The Indenture" herein.

COMMUNITY COLLEGE FUNDING STRUCTURE

Local Sponsor Obligation

General: Under the Community College Act all community colleges must be supported by a local sponsor, which in the College's case consists of The City of Philadelphia (the "Local Sponsor").

Capital Expenses: The Local Sponsor is obligated under the Community College Act to pay up to one-half of the College's annual approved capital expenses (including debt service). Funds from the City are received as a lump sum allocation to the College's operating and capital budgets and for the fiscal year ending June 30, 2014, the Local Sponsor contributed \$26,409,207 in total to the College for capital and operating expenses. The College's remaining capital expenditures are funded through capital fees assessed upon non-sponsored students on a per credit basis and other revenues. The Commonwealth is also responsible for one-half of the annual capital expenses. See "Commonwealth Obligation" below.

Taxing Power Regarding Community Colleges: The Community College Act authorizes, but does not require, the governing body of a local sponsor of a community college to levy taxes annually on subjects of taxation as prescribed by law in such School District or municipality for the purpose of establishing, operating and maintaining a community college. The tax levy authorized is in excess of and beyond the millage fixed or limited by law, subject to certain limiting provisions of the Community College Act. The applicable sponsoring municipality has not adopted or proposed to adopt such a tax. The College has no taxing power.

Commonwealth Obligation

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

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

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

The remaining 25 percent of the increase to the Commonwealth appropriation is distributed among the colleges that experienced enrollment growth between the last two audited years. Each college's share is allocated proportionately based upon their FTE (defined below) change relative to the total FTE change. Colleges not experiencing growth between the two audited years do not have a reduction in funding, but receive no growth funding. The total of the base and growth funding which results from the above computations establishes the base funding amount used to compute the increase in the base funding for the next fiscal year.

The third category of operating funding is for FTEs taught in economic development (high priority) program areas. Economic development program funding is provided based upon FTEs taught in priority program areas in the immediately preceding fiscal year. A separate pool of funding for economic development (high priority) programs has been established. Each college is allocated by its share of the economic development program pool based upon its FTEs taught in priority programs relative to the total Commonwealth FTEs taught in priority program areas. An individual college's economic development program funding may fluctuate from year to year as a result of enrollment changes, program additions or deletions by the college, and the Commonwealth's determination of which programs and courses are currently high priority.

For both growth and economic development computations, a semester full time equivalent student ("FTE") is defined as the total number of (1) all students taking more than twelve credits; (2) the number of credits taken by all part time students divided by twelve; and (3) the number of clock hours taken by non-credit students divided by 180. Annual FTEs are computed by totaling semester FTEs for all terms (including summer terms) and dividing by two.

For the fiscal year 2012-13, each community college received a lump sum payment, prorated based on the amount each community college was paid last fiscal year for operating costs. The College received a Commonwealth appropriation, excluding capital appropriations, of \$28,179,310 in fiscal year 2014. In fiscal year 2013, the College received \$28,239,824 and in fiscal year 2012, the College received \$28,229,309. For fiscal year 2015 the College received an increase in funding of approximately \$460,000. No allocation was made as among the various categories of appropriation described above. It is not known at this time how much the Commonwealth will reimburse community colleges in fiscal year 2015-16 or whether it will return to the allocation scheme described above.

Capital Expenses: The Community College Act provides that the Commonwealth will pay to a community college on behalf of the local sponsor on account of its capital expenses (including debt service) an amount equal to one-half of such college's annual capital expenses from funds appropriated for that purpose to the extent that said capital expenses have been approved for such reimbursement by the Department of Education.

All community college subsidies in the Commonwealth are subject to appropriation by the General Assembly. Although the Constitution of the Commonwealth provides that “the General Assembly shall provide for the maintenance and support of a thorough and efficient system of public education to serve the needs of the Commonwealth”, the General Assembly is not legally obligated to appropriate such subsidies and there can be no assurance that it will do so in the future. The allocation formula pursuant to which the Commonwealth distributes such subsidies to the various community colleges throughout the Commonwealth may be amended at any time by the General Assembly. Moreover, the Commonwealth’s ability to make such disbursements will be dependent upon its own financial condition. At various times in the past, the enactment of budget and appropriation laws by the Commonwealth has been delayed, resulting in interim borrowing by certain community colleges pending the authorization and payment of Commonwealth aid. Consequently, there can be no assurance that financial support from the Commonwealth for community colleges, either for capital projects or education programs in general, will continue at present levels or that moneys will be payable to a community college if indebtedness of such community college is not paid when due.

Direct Payment of Commonwealth Appropriations to Trustee

Provisions of the Community College Act require that, should any community college fail to make its required debt service payment with respect to a general obligation note such as the Note, the Secretary of Education is required to withhold from such community college out of any subsidy payment of any type due such community college from the Commonwealth, an amount equal to the debt service payment owed by such community college. Any amounts so withheld are payable to the Trustee under the Indenture. Based on the College’s maximum annual debt service after issuance of the Bonds and the amount of Commonwealth operating and capital expense appropriations presently budgeted by the College for fiscal 2014-15, the Commonwealth coverage of the College’s maximum anticipated debt service would currently be approximately 3.5 times.

Pennsylvania Department of Education Project Approval

As discussed in the Commonwealth Obligation section mentioned above, the Community College Act provides that the Commonwealth will reimburse a community college up to one-half of the annual cost on certain capital projects assuming that said capital projects have been approved by the Department of Education.

In connection with the issuance of the Bonds, in which a portion of the proceeds will be used to advance refund portions of the 2008 Bonds, the Department of Education has already approved the projects related to the 2008 Bonds and is currently providing 50% reimbursement of the annual debt service cost associated with the 2008 Bonds. The College has submitted a letter to the Department of Education for approval on the refunding of the 2008 Bonds and expects to receive approval. Following the issuance of the Bonds, it is expected that the Commonwealth will continue to reimburse an amount equal to 50% of the annual debt service costs of the original debt service of the 2008 Bonds.

In connection with the portion of the Bonds whose proceeds will be used to renovate the College’s biology labs, along with other capital projects of the College, the Department of Education has approved the College’s Application for State Assistance for Construction of Community College Facilities related to the biology lab renewal project. It is expected that the Commonwealth will reimburse 50% of the annual debt service cost associated with the portion of such Bonds.

In connection with the portion of the Bonds whose proceeds will be used to replace certain escalators located in the College’s West Building, along with other capital projects of the College, the Department of Education has not approved any reimbursement for the annual debt service associated with the portion of the Bonds. While the College is hopeful that the escalator project may be approved at some point in the future, it cannot be certain that the Commonwealth will reimburse 50% of the annual debt service costs associated with the portion of such Bonds in the future.

SUMMARIES OF CERTAIN PROVISIONS OF LOAN AGREEMENT AND THE INDENTURE

The following are summaries of certain provisions of the Loan Agreement and the Indenture. These summaries do not purport to be and should not be regarded as complete statements of the terms of the Loan Agreement or the Indenture or as complete statements of the provisions summarized. Reference is made to the documents in their entirety, copies of which may be obtained from the Trustee, for a complete statement of the terms and conditions therein.

The Loan Agreement

In connection with the issuance of the Bonds, the Authority will enter into the Loan Agreement with the College, pursuant to which the Authority will loan the proceeds of the Bonds to the College. The Loan Agreement requires the College to make loan repayments to the Authority in amounts sufficient to pay the principal or redemption price of and interest on the Bonds (“Loan Payments”). The obligations of the College under the Loan Agreement will be evidenced by the Note.

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

Remedies for and Event of Default. If the payments by the College on the Note are insufficient in each fiscal year to provide for the Loan Payments and other sums due under the Loan Agreement, the Authority shall notify the Secretary of the Department of Education of the Commonwealth of such default and request that the Secretary withhold out of any appropriation due the College under the Community College Act an amount equal to the sum or sums owing by the College to the Authority, under the Loan Agreement and the Note, and to pay over to the Trustee, as sinking fund depository for the Note, the amount so withheld.

Assignment of Loan Agreement. The Loan Payments shall be paid by the College directly to the Trustee under an assignment by the Authority to the Trustee of the Loan Agreement and the Note and all amounts payable thereunder for the benefit and security of the Owners under the Indenture.

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

The Indenture

Limited Obligation of the Authority. The Bonds are limited obligations of the Authority and are secured by a pledge and assignment to the Trustee of the loan payments and other revenues or income derived by or for the Authority from or with respect to the Loan Agreement and Note and all moneys to be paid over to the Trustee under the provisions of the Indenture. Neither the general credit of the Authority nor the general credit nor the taxing power of the United States of America, the Commonwealth or any political subdivision thereof is pledged for the payment of the principal of, or the interest on the Bonds, nor shall the Bonds be deemed to be general obligations of the Authority or obligations of the United States of America, the Commonwealth or any political subdivision thereof. The Authority has no taxing power.

Pledge and Assignment of Revenues. The Authority, pursuant to the Indenture will pledge and assign to the Trustee, and grant to the Trustee a security interest in, all Loan Payments and other sums payable by the College under the Loan Agreement and the Note, for the benefit and security of the registered owners of the Bonds.

Revenue Fund. All Loan Payments by the College under the Loan Agreement and the Note are required to be deposited in the revenue fund (the "Revenue Fund") established under the Indenture by the Trustee and shall be payable on or before the date of any required or permitted payment of principal or redemption price of or interest on the Bonds. Amounts in the Revenue Fund are required to be transferred by the Trustee at the times set forth in the Indenture to the various other funds established under the Indenture.

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

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

Rebate Fund. Under the Indenture, a rebate fund is established (the "Rebate Fund"). The Trustee will deposit into the Rebate Fund, at the direction of the Authority, an amount of rebatable arbitrage as set forth in an arbitrage statement, which shall be prepared by the Authority ("Rebate Amount") annually and upon retirement of the last of the Bonds. The Authority will direct the Trustee to pay to the United States Government the Rebate Amounts at the times and in the amounts, if any, required by the Internal Revenue Code of 1986, as amended.

Additional Bonds. The College may have additional bonds issued on its behalf on parity with the Bonds (other than with respect to certain funds under the Indenture). In connection with the issuance of additional bonds, additional funds may be established under the Indenture or another indenture for the benefit of such additional series of bonds. In such event, the holders of the Bonds will have no claims or right to any such funds.

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

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

- (a) Government Obligations;
- (b) obligations of any of the following federal agencies which obligations represent the full faith and credit of the United States of America:
 - Export-Import Bank
 - Farmers Home Administration
 - General Services Administration
 - U.S. Maritime Administration
 - Small Business Administration
 - Government National Mortgage Association
 - U.S. Department of Housing & Urban Development
 - Federal Housing Administration
- (c) bonds, notes or other evidences issued by Fannie Mae, the Federal Home Loan Mortgage Corporation, the Federal Home Loan Bank, the Federal Farm Credit Bank or the Resolution Funding Corporation with remaining maturities not exceeding three years;
- (d) U.S. dollar denominated time and demand deposit accounts, federal funds, trust funds, trust accounts, certificates of deposit and banker's acceptances with domestic commercial banks, including the Trustee and any of its affiliates which have a rating on their short term certificates of deposit on the date of purchase of “A-1” or “A-1+” by S&P or “P-1” by Moody's and maturing no more than 360 days after the date of purchase (ratings on holding companies are not considered as the rating of the bank);
- (e) commercial paper which is rated at the time of purchase in the single highest classification, “A-1+” by S&P and “P-1” by Moody's, and which matures not more than 270 days after the date of purchase;
- (f) investments in a money market fund rated AAAm-G; AAA-m; or AA-m or better by S&P, including without limitation, any money market mutual funds for which the Trustee or an affiliate of the Trustee serves as investment manager, administrator, shareholder servicing agent, and/or custodian or subcustodian, notwithstanding that (i) the Trustee or an affiliate of the Trustee receives fees from such funds for services rendered, (ii) the Trustee charges and collects fees for services rendered pursuant to this Indenture, which fees are separate from the fees received from such funds, and (iii) services performed for such funds and pursuant to this Indenture may at times duplicate those provided to such funds by the Trustee or its affiliates.
- (g) obligations which are (i) issued by any state or political subdivision thereof or any agency or instrumentality of such a state or political subdivision, and (ii) at the time of purchase, rated by S&P and Moody's in either of their respective two highest rating categories (disregarding qualifications of such categories by symbols such as “+” or “-”);
- (h) trust funds, trust accounts, certificates of deposit, time deposit agreements, demand deposits or other comparable banking arrangements, whether negotiable or nonnegotiable, issued by any bank, trust company or national banking association (including the Trustee and any of its affiliates), provided that such investments must be (i) fully insured by the Federal Deposit Insurance Corporation, or (ii) secured, to the extent not insured by the Federal Deposit Insurance Corporation, by Government Obligations held by the Trustee or an appropriate third party approved by the Trustee, having a market value determined weekly, at least equal to the principal amount thereof (or portion thereof not insured as aforesaid), or (iii) issued by an institution whose unsecured, long term senior debt obligations are, at the time of such issuance, rated by S&P and Moody's in either of their respective two highest rating categories (disregarding qualifications of such categories by symbols as “+” or “-”);
- (i) repurchase agreements with respect to Government Obligations issued by any bank, trust company or national banking association (which may include the Trustee and any of its affiliates) or by any government securities dealer or other financial services or similar institution (which may include any affiliate of the Trustee), provided that any such repurchase agreement must be (i) issued or guaranteed by an institution whose unsecured, long term senior debt obligations are, at the time of such issuance, rated by S&P and Moody's in either of their respective two highest rating categories (disregarding qualifications of such categories by symbols such as “+” or “-”), and (ii) secured by Government Obligations having a market value, determined weekly, at least equal to 102% of the repurchase price payable under the repurchase agreement;

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

(k) Pre-refunded Municipal Obligations.

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

Acceleration. Under the Indenture, if an event of default has occurred and is continuing, the Trustee may, and shall upon the written request at the holders of 25% in principal amount of Bonds outstanding, accelerate the payment of the principal of and interest due on the Bonds.

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

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

Modifications and Amendments. Amendments to the Indenture are permitted without consent of Owners for certain purposes, including, but not limited to, the addition of covenants and agreements of the Authority, the modification of the Indenture to conform the same with governmental regulations (so long as the rights of Owners are not adversely affected thereby), the curing of any ambiguity, defect or inconsistency in the Indenture, and the making of provision for matters which are necessary or desirable and which do not adversely affect the interests of Owners. Certain other modifications may be made to the Indenture, but only with consent of the Insurer and the owners of not less than 66-2/3% in principal amount of outstanding Bonds issued thereunder.

BONDHOLDERS' RISKS

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

Future legislation, regulatory actions, economic conditions, changes in private philanthropy, changes in the number of students in attendance at the College, competition or other factors could adversely affect the College's ability to generate revenues. Neither the Underwriters nor the Authority has made any independent investigation of the extent to which any of these factors could have an adverse impact on the revenues of the College. Without limiting the foregoing, subsidies in the Commonwealth are subject to appropriation. See "COMMUNITY COLLEGE FUNDING STRUCTURE" herein.

Potential Effects of Bankruptcy

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

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

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

Enforceability of Remedies

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

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

No Liens on College Facilities

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

Accreditation

The College is currently fully accredited by its regional accreditor, Middle States Commission on Higher Education, but based on the College's most recent self-study, the College is required to provide additional evidence that it is in full compliance with one of the 14 standards of excellence necessary for full affirmation of accreditation. If the Commission were to determine that progress sufficient to demonstrate compliance with its accreditation standards has not been made, it may take further action as allowed under its charter, including non-renewal of accreditation status which would adversely impact the financial status of the College. See "COMMUNITY COLLEGE OF PHILADELPHIA-Accreditation" herein.

Other Risk Factors

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

- (a) Changes in the demand for higher education in general or for programs offered by the College in particular.
- (b) Competition from other educational institutions.
- (c) Higher interest rates, which could strain cash flow or prevent borrowing for needed capital expenditures.
- (d) Increasing costs of compliance with governmental regulations, including accommodations for handicapped or special needs students, and costs of compliance with the changes in such regulations.
- (e) A decline in the market value of the College's investments or a reduction in the College's ability to generate unrestricted revenue from its investments.
- (f) Increased costs and decreased availability of public liability insurance.
- (g) Employee strikes and other adverse labor actions that could result in a substantial reduction in revenues without corresponding decreases in costs.
- (h) Cost and availability of energy.
- (i) An increase in the costs of health care benefits, retirement plans, or other benefit packages offered by the College to its employees.
- (j) The occurrence of natural disasters, including floods and hurricanes and pandemics and similar events, which might damage the facilities of the College, interrupt service to such facilities or otherwise impair the operation and ability of such facilities to produce revenue.

COMMUNITY COLLEGE OF PHILADELPHIA

Introduction

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

Even with renovations of the Mint underway, classes began in 1973. The College maintained both the 11th Street and 17th Street campuses until the spring of 1983 when all of the Main Campus facilities, including the West and Bonnell buildings, were built and consolidated into the permanent campus at 17th Street. The Center for Business and Industry located at 18th and Callowhill Streets was completed in January 2003.

The Winnet Student Life Building and Gymnasium, at 17th and Buttonwood Streets, was completed and formally dedicated in September 1991.

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

The current West Regional Center opened in 1992, the Northeast Regional Center in 1994 and the Northwest Regional Center in 1999.

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

Mission Statement

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

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

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

Vision Statement

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

Core Values

Integrity

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

Academic Excellence

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

Diversity

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

Commitment to Teaching and Learning

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

Communication

The College is committed to effective, open and proactive communication. We take responsibility to listen, speak and write clearly to inform others and foster collaboration by using and respecting a matrix of communication channels. Collaborative partnerships are strengthened when communication is ongoing and productive.

Respect

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

Academic Programs

Community College of Philadelphia offers more than 70 associates' degrees, academic and proficiency certificate programs. Recent graduates continue to strengthen Philadelphia's local economy and workforce —78 percent are employed in Philadelphia, and 93 percent work in the Greater Philadelphia region. The College enables students to embark on a smart path to a bachelor's degree program, with transfer agreements and partnerships to assist in the transition.

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

Architecture and Construction		
Degree Programs Architecture Building Science Computer-Assisted Design Technology Construction Management Facility Management - Construction Option Facility Management - Design Option Interior Design	Academic Certificate Programs Computer-Assisted Design Technology Energy Conservation	
Art, Design & Media		
Degree Programs Art and Design Digital Video Production Mass Media Photographic Imaging Theater	Proficiency Certificate Programs Acting Digital Imaging Digital Video Production Technical Theater	
Business and Technology		
Degree Programs Accounting Business Business Administration Computer Information Systems - Information Technology Computer Science Hospitality Management Mathematics	Proficiency Certificate Programs Accounting Paraprofessional Computer Programming and Software Development Entrepreneurship Network and Systems Administration Receptionist and Office Clerk	
Health Care		
Degree Programs Clinical Laboratory Technician Culture, Science and Technology Dental Hygiene Diagnostic Medical Imaging Health Care Studies Health Services Management Nursing Respiratory Care Technology	Proficiency Certificate Programs Biomedical Technician Clinical Assistant Medical Insurance Billing Patient Service Representative	
Law and Public Service		
Degree Programs Digital Forensics Fire Science Justice Paralegal Studies	Academic Certificate Programs Geographic Information Systems Justice	Proficiency Certificate Programs Geographic Information Systems Paralegal Studies
Liberal Arts		
Degree Programs Communication Studies Education English International Studies Liberal Arts - General Liberal Arts - Honors Liberal Arts - Social/Behavioral Science Music - Non-Performance and Performance Religious Studies Sound Recording and Music Technology Technical Studies	Academic Certificate Programs Creative Writing	
Science		
Degree Programs Applied Science and Engineering Technology Biology Chemical Technology Culture, Science and Technology Engineering Science Science	Proficiency Certificate Programs Process Technology	
Social and Human Services		
Degree Programs American Sign Language/English Interpreting Behavioral Health/Human Services Psychology	Academic Certificate Programs Human Services Recovery and Transformation	Proficiency Certificate Programs Recovery and Transformation Social and Human Service Assistant Youth Work
Technical/Trade		
Degree Programs Automotive Technology - Automotive Management and Marketing Automotive Technology - Automotive Service Technology Culinary Arts	Proficiency Certificate Programs Automotive Service Professional Cooking	

Accreditation

The College is accredited by the Middle States Commission on Higher Education of the Middle States Association of Colleges and Schools. This commission granted initial accreditation in May 1968, and reaffirmation in 1973, 1984, 1988, 2004, and 2009. The Department has authorized the College to award the Associate degree, with specific programs receiving national accreditation.

The following programs have gained further accreditation by the agencies named: Dental Assisting/Hygiene Program (Commission on Dental Accreditation of the American Dental Association); Dietary Managers Program (Dietary Managers Association); Nursing Program (National League for Nursing Accrediting Commission); Medical Assisting Office Management (Commission on Accreditation for Allied Health Education Programs (CAAHEP) upon the recommendation of the Curriculum Review Board of the American Association of Medical Assistants' Endowment (AAMAE)); Clinical Laboratory Technology and Phlebotomy (National Accrediting Agency for Clinical Laboratory Sciences (NAACLS)); Diagnostic Medical Imaging (Joint Review Commission on Education in Radiologic Technology (JRCERT)); Respiratory Care Technology (Commission on Accreditation for Respiratory Care); Health Information Technology Program (American Health Information Management Association (AHIMA)); and Paralegal Studies (American Bar Association, Council on the Section of Legal Education and Admissions to the Bar).

In 2014, the College submitted its decennial self-study to its regional accreditor, the Middle States Commission on Higher Education. The College met the standards for excellence on 13 of the 14 standards and received recognition for services such as the Leadership Institute, Veterans' Center and Center for Male Engagement, among others.

The College did not provide sufficient evidence of meeting standard 14, assessment of student learning, which resulted in a warning being issued by the Commission. The College has until June 2016 to be in compliance with the standard. The College was required to submit a follow up report and provide additional documentation during a small team visit to the College. The College provided a monitoring report and was notified an additional monitoring report is due by December 1, 2015.

The College remains fully accredited through June 2016 and is confident that it will have the requirements documented by that time. If for any reason, there is a delay in having the requirements documented, the College would have ample opportunity to comply before its accreditation would be affected. Reaffirmation of accreditation is an important element to the College's financial health.

Governing Structure

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

Employees and Enrollment

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

Employees	2010-11	2011-12	2012-13	2013-14	2014-15
Faculty (Full-time)	422	427	419	415	412
% Tenured	79.5%	83.0%	80.6%	79.9%	81.8%
Faculty (Part-time)	727	682	685	651	642
Administrators	193	193	188	190	195
Support Staff	281	284	275	267	276

Source: The College.

The College's full time, part-time and support staff employees (with the exception of the administration) are presently represented by the American Federation of Teachers ("AFT") under a contract which expires on August 31, 2016.

The College provides certain retirement benefits, including multiemployer contributory pension plans and postretirement health benefits, to its employees for which it has accrued liabilities as of June 30, 2014. See Note H (Employee Benefits) of the College's audited financial statements included in Appendix A hereto.

A retirement incentive option has been offered to employees 63 or older, who have completed at least 20 years of full-time service, and whose combined age and years of service equal at least 80. This offer is in place for the three academic years from the time the employee first becomes eligible.

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

Fiscal Year	Credit Headcount	Credit FTEs	Noncredit Headcount	Non credit FTEs
2006-07	26,157	13,572	7,696	841
2007-08	26,212	13,942	8,642	907
2008-09	26,868	14,209	8,180	1,039
2009-10	28,783	15,808	10,487	1,032
2010-11	29,009	16,091	9,049	1,014
2011-12	29,084	15,769	10,695	788
2012-13	28,218	15,115	6,427	719
2013-14	28,081	15,051	3,573	556
2014-15 (projected)	28,200	14,828	3,300	507

Source: The College.

Budgetary Procedures

The College's annual operating and capital budget is set by the College's Board of Trustees. Revenues to support the budget primarily come from the Commonwealth, the City of Philadelphia (the "City") (as local sponsor) and student tuition and fees. Other smaller revenue sources include: investment income; net proceeds from auxiliary enterprises; and grants and gifts.

Under Act 46 passed by the State Legislature in July 2005, operating budget funding for Pennsylvania Community Colleges was changed from formula funding based upon FTE enrollments taught in the current fiscal year to an annual appropriation provided at the start of the fiscal year. The appropriation amount has three components: a base allocation equal to prior year base allocation plus any adjustment occurring through the state budget process, a small amount of additional funding if enrollments grew between the last two audited years, and economic development program funding based upon FTEs taught by the College in high priority program areas in the prior fiscal year. Economic development funding is distributed proportionately based upon each college's share of the total FTEs taught. The Commonwealth also provides one-half of approved capital costs, including debt service payments, and eligible capital purchases and equipment and property leases. Total projected Commonwealth funding for the 2014-15 year is \$5,145,100.

Funds from the City of Philadelphia are received as a lump sum appropriation. The College allocates a portion of the lump sum appropriation to pay debt service that is not funded by the Commonwealth. The remaining appropriation is used to fund capital purchases and the operating budget. A funding level is recommended by the Mayor to City Council with the final funding level determined by City Council as part of the overall budget approval process. For fiscal year 2015, City funding to the College was increased by an additional \$500,000.

Student tuition is set by the College's Board of Trustees. Under the Community College Act, no more than one-third of the College's operating costs can be allocated to student tuition. Course fees, which range from \$66 to \$264, are charged in high cost areas such as the sciences and allied health disciplines. Student fees are not included in the limitation placed on the tuition level. Students who are residents of the sponsorship district (City of Philadelphia) do not participate in funding of the capital budget. A capital fee is charged to non-city residents. The average cost per credit, excluding course fees for city residents in 2014-15, was \$185. The average cost for city residents enrolled full-time for two semesters was \$4,440. There was no increase in tuition or fee charges for 2014-15.

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

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Accounting Matters

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

The College has adopted GASB Statements No. 34 and 35 (as amended by GASB Statement No. 37, *Basic Financial Statements and Management's Discussion and Analysis for State and Local Governments: Omnibus*), and No. 38, *Certain Financial Statement Note Disclosures*. These statements establish standards for external financial reporting for public colleges and universities and require that financial statements be presented on a basis to focus on the College as a whole.

Potential purchasers of the Bonds should read the College's audited financial statements for the year ended June 30, 2014 in their entirety for more complete information regarding the College's financial position, results of its operations and changes in its accounting and reporting methods. The report of the College's independent accountants, together with the College's financial statements as of June 30, 2014 and the related notes to financial statements is included in Appendix A of this Official Statement.

In the opinion of the administration of the College, there has been no material adverse change in the financial condition of the College since June 30, 2014, the most recent date of audited financial statements.

Revenue and Expense Summary

The following tables set forth a summary of the College's unrestricted current fund revenues, expenditures and transfers for each of the fiscal years set forth, which are all derived from audited financial statements. For a more complete discussion of the College's financial position and results of operations at June 30, 2014 see "MANAGEMENT'S DISCUSSION AND ANALYSIS" included in the financial information included in Appendix A hereto.

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

	<u>2010</u>	<u>2011</u>	<u>2012</u>	<u>2013</u>	<u>2014</u>
OPERATING REVENUES:					
Student tuition	\$50,645,827	\$54,811,177	\$56,483,928	\$58,228,544	\$61,356,712
Student fees	16,979,519	17,237,456	17,260,995	17,044,260	17,376,046
Less scholarship allowance	<u>(38,017,913)</u>	<u>(43,917,028)</u>	<u>(43,563,813)</u>	<u>(43,269,962)</u>	<u>(43,395,057)</u>
Net student tuition and fees	29,607,433	28,131,605	30,181,110	32,002,842	35,337,701
Auxiliary enterprises	1,650,417	1,734,227	1,827,133	1,775,612	1,671,145
Gifts	0	0	0	0	0
Other operating revenues.....	<u>194,246</u>	<u>180,380</u>	<u>167,258</u>	<u>158,047</u>	<u>166,024</u>
Total Operating Revenues	<u>\$31,452,096</u>	<u>\$30,046,212</u>	<u>\$32,175,501</u>	<u>\$33,936,501</u>	<u>\$37,174,870</u>
OPERATING EXPENSES:					
Instruction	\$57,714,147	\$62,184,084	\$62,162,440	\$66,436,316	\$66,209,598
Public Service.....	46,336	92,076	62,796	155,657	108,954
Academic support.....	18,540,482	19,251,126	17,723,410	17,246,555	17,492,238
Student services and activities.....	20,240,824	21,743,595	21,075,190	21,913,072	22,810,350
Institutional support.....	20,094,558	22,003,441	23,281,334	26,216,369	25,229,115
Plant operations and maintenance	11,306,644	12,392,109	12,244,438	12,741,867	12,585,835
Depreciation	6,492,642	7,659,904	9,764,169	10,423,443	10,490,412
Student aid.....	7,935,012	7,376,466	10,014,970	8,327,636	10,459,176
Auxiliary enterprises	<u>784,937</u>	<u>617,027</u>	<u>632,992</u>	<u>559,068</u>	<u>770,012</u>
Total Operating Expenses.....	<u>\$143,155,582</u>	<u>\$153,319,828</u>	<u>\$156,961,739</u>	<u>\$164,019,983</u>	<u>\$166,155,690</u>
Operating Loss	<u>(\$111,703,486)</u>	<u>(\$123,273,616)</u>	<u>(\$124,786,238)</u>	<u>(\$130,083,482)</u>	<u>(\$128,980,820)</u>
NONOPERATING REVENUES (EXPENSES):					
State appropriations.....	\$28,750,097	\$29,274,872	\$28,229,309	\$28,239,824	\$28,179,310
City appropriations.....	18,945,515	18,091,851	17,652,197	18,063,705	18,346,138
Federal grants and contracts	51,131,086	58,889,668	56,839,421	58,714,660	58,795,574
Gifts from the Community College of Phila. Foundation .	0	0	0	2,809,152	100,000
State grants and contracts	5,584,931	5,967,689	6,495,102	7,190,874	6,591,410
Nongovernmental grants and contracts.....	1,579,639	1,418,653	1,014,162	1,119,415	1,703,933
Net investment income.....	1,587,145	717,865	1,098,141	332,708	695,167
Interest on capital asset-related debt service.....	<u>(1,840,901)</u>	<u>(3,542,128)</u>	<u>(3,926,641)</u>	<u>(4,689,268)</u>	<u>(4,258,483)</u>
Other nonoperating revenues.....	<u>353,028</u>	<u>333,143</u>	<u>539,680</u>	<u>379,512</u>	<u>324,356</u>
Net nonoperating revenues	<u>\$106,090,540</u>	<u>\$111,151,613</u>	<u>\$107,941,371</u>	<u>\$112,160,582</u>	<u>\$110,477,405</u>
(Loss) gain before other revenues, expenses, gains or losses	<u>(5,612,946)</u>	<u>(12,122,003)</u>	<u>(16,844,867)</u>	<u>(17,922,900)</u>	<u>(18,503,415)</u>
Capital appropriations	13,979,230	13,648,012	14,084,101	13,729,591	13,968,871
(DECREASE) INCREASE IN NET POSITION	<u>\$8,366,284</u>	<u>\$1,526,009</u>	<u>(\$2,760,766)</u>	<u>(\$4,193,309)</u>	<u>(\$4,534,544)</u>
NET POSITION - Beginning of year	<u>\$76,010,846</u>	<u>\$84,377,130</u>	<u>\$85,903,139</u>	<u>\$81,265,893</u> *	<u>\$77,072,584</u>
NET POSITION - End of year	<u>\$84,377,130</u>	<u>\$85,903,139</u>	<u>\$83,142,373</u>	<u>\$77,072,584</u>	<u>\$72,538,040</u>

*Restatement.
Source: The College.

Debt Statement

The Table below shows the outstanding debt of the College as of August 5, 2015.

**COMMUNITY COLLEGE OF PHILADELPHIA
DEBT STATEMENT
(As of August 5, 2015)***

	Gross Outstanding
College Revenue Bonds, Series of 2015.....	\$52,075,000
SPSBA Revolving Loan, 2013	826,788
SPSBA Revolving Loan, 2011	121,515
College Revenue Bonds, Series of 2008 (remaining portion).....	7,245,000
College Revenue Bonds, Series of 2007.....	16,295,000
College Revenue Bonds, Series of 2006.....	540,000
TOTAL DEBT	\$77,103,303

* Excludes capital leases and the 2008 Bonds being refunded by the Bonds.

Debt Service Requirements

The table below presents the debt service requirements on the College’s outstanding revenue bonds, including debt service on the Bonds.

Fiscal Year	Total Other Debt*	Series of 2015			Total Requirements
		Principal	Interest	Subtotal	
2016	\$5,468,372	\$655,000	\$1,954,410	\$2,609,410	\$8,077,782
2017	6,749,784	845,000	2,545,400	3,390,400	10,140,184
2018	6,257,969	870,000	2,520,050	3,390,050	9,648,019
2019	2,139,606	4,170,000	2,485,250	6,655,250	8,794,856
2020	2,139,606	4,380,000	2,276,750	6,656,750	8,796,356
2021	2,131,806	4,595,000	2,057,750	6,652,750	8,784,556
2022	2,139,050	4,830,000	1,828,000	6,658,000	8,797,050
2023	2,141,310	5,070,000	1,586,500	6,656,500	8,797,810
2024	0	5,325,000	1,333,000	6,658,000	6,658,000
2025	0	5,590,000	1,066,750	6,656,750	6,656,750
2026	0	4,995,000	787,250	5,782,250	5,782,250
2027	0	5,245,000	537,500	5,782,500	5,782,500
2028	0	5,505,000	275,250	5,780,250	5,780,250
Total	\$29,167,503	\$52,075,000	\$21,253,860	\$73,328,860	\$102,496,363

*Excludes the debt service on the 2008 Bonds being refunded by the Bonds.

Student Fees and Charges

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

	<u>2010-11</u>	<u>2011-12</u>	<u>2012-13</u>	<u>2013-14</u>	<u>2014-15</u>
Tuition ⁽¹⁾	128	138	148	153	153
Tuition ⁽²⁾	256	276	296	306	306
Tuition ⁽³⁾	384	414	444	459	459
General College Fee (per Credit Hour)	4	4	4	4	4
Technology Fee (Per Credit Hour)	28	28	28	28	28
Total Annual Costs for Full-time Study ⁽⁴⁾	3,840.00	4,080.00	4,320.00	4,440.00	4,440.00

⁽¹⁾Per credit hour for Philadelphia resident students.

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

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

⁽⁴⁾Assumes 12 credit hours plus activity and technology fees per semester.

Note: In addition to these fees, the College charges course fees in high cost course areas such as allied health and laboratory sciences. Course fees range from \$66 to \$264 per course.

Source: The College.

Financial Aid

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

	<u>2010-11</u>	<u>2011-12</u>	<u>2012-13</u>	<u>2013-14</u>
Total Grants and Scholarships	\$48,126,032	\$53,392,333	\$51,476,613	\$53,645,011
Total Loans	39,726,166	41,269,869	42,430,511	41,548,421
Total Employment	796,752	676,510	737,432	577,268
Total Financial Aid	\$88,648,950	\$95,338,712	\$94,644,556	\$95,770,700
Total Number of Students Receiving Financial Aid	17,974	19,609	19,713	19,748

Source: The College.

COMMUNITY COLLEGE OF PHILADELPHIA FOUNDATION

The Community College of Philadelphia Foundation (the "Foundation") was established in 1985. The Foundation serves as the private funding development arm of Community College of Philadelphia. The Foundation seeks to support the College's mission by bringing together community leaders who will serve as ambassadors of the College broadening the College's image within the community. The Foundation serves the College by creating partnerships with individuals, businesses, organizations, and foundations to raise private gifts for scholarships, instructional equipment, professional development, and capital needs of the College. The Foundation's total assets for 2014, 2013 and 2012 were \$12.6 million, \$12.6 million and \$12.0 million, respectively. Total unrestricted net position for 2014, 2013 and 2012 for the Foundation was \$1.6 million, \$1.5 million and \$1.3 million, respectively. The remaining net position is restricted based upon donor intent. The Foundation provided \$2.8 million to the College from the proceeds of the Capital Campaign during fiscal year 2013. The Community College of Philadelphia Foundation is not obligated for the debt service payments on the Bonds.

CONTINUING DISCLOSURE

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

Existing Continuing Disclosure Filing History

During the previous five years, the College has failed on occasion to timely file event notices related to certain changes to ratings assigned to bonds issued on behalf of the College due to certain changes relating to the credit quality of a bond insurer; namely, the College failed to file an event notice with respect to Assured Guaranty Municipal Corp., the provider of bond insurance on the College’s outstanding 2007 Bonds, which was downgraded on January 17, 2013 by Moody’s from Aa3 to A2. The College has recently filed a material event notice with EMMA with respect to such downgrade.

In other instances, the College timely filed required financial and operating information but did not associate such required financial and operating information with all specific relevant obligations; specifically, the College’s 1999 Bonds and 2003 Bonds, which are no longer outstanding.

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

LITIGATION

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

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

LEGALITY FOR INVESTMENTS

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

TAX MATTERS

Tax Exemption-Opinion of Bond Counsel

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

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

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

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

Alternative Minimum Tax

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

Branch Profits Tax

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

S Corporations with Passive Investment Income

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

Social Security and Railroad Retirement Benefits

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

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

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

Property or Casualty Insurance Company

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

Accounting Treatment of Amortizable Bond Premium

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

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

Reportable Payments and Backup Withholding

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

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

OTHER MATTERS

Changes in Federal Law

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

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

CERTAIN LEGAL MATTERS

Purchase of the Bonds by the Underwriters is subject to the receipt of the approving legal opinion of Saul Ewing LLP, Philadelphia, Pennsylvania, Bond Counsel, whose approving legal opinion will be delivered to the Underwriters at the time of the delivery of the Bonds. Certain legal matters will be passed upon by Fox Rothschild LLP, Philadelphia, Pennsylvania, Counsel for the College, and for the Authority by Buchanan Ingersoll & Rooney PC, Pittsburgh, Pennsylvania. Certain legal matters will be passed upon for the Underwriters by its counsel, Dilworth Paxson LLP, Philadelphia, Pennsylvania.

FINANCIAL STATEMENTS

The financial statements of the College as of and for the year ended June 30, 2014 included in Appendix A have been audited by Grant Thornton LLP, Philadelphia, Pennsylvania, independent auditors, as stated in its report appearing in Appendix A. In the opinion of the College there has been no material adverse change in the financial conditions of the College since June 30, 2014.

UNDERWRITING

The Underwriters have agreed to purchase the Bonds from the Authority, subject to certain conditions precedent, and will purchase all of the Bonds if any of such Bonds are purchased. The Bonds will be purchased for a purchase price of \$59,129,509.85, equal to the par value of the Bonds plus an original issue premium of \$7,163,867.35, less an underwriters’ discount of \$109,357.50.

RBC Capital Markets, LLC has provided the following information for inclusion in this Official Statement: The Underwriter and its respective affiliates are full-service financial institutions engaged in various activities, that may include securities trading, commercial and investment banking, municipal advisory, brokerage, and asset management. In the ordinary course of business, the Underwriter and its respective affiliates may actively trade debt and, if applicable, equity securities (or related derivative securities) and provide financial instruments (which may include bank loans, credit support or interest rate swaps). The Underwriter and its respective affiliates may engage in transactions for their own accounts involving the securities and instruments made the subject of this securities offering or other offering of the Issuer. The Underwriter and its respective affiliates may also communicate independent investment recommendations, market color or trading ideas and publish independent research views in respect of this securities offering or other offerings of the Issuer. The Underwriter and its respective affiliates may make a market in credit default swaps with respect to municipal securities in the future.

BOND RATING

Moody's Investors Service has assigned its underlying municipal bond rating of "A1" to this issue of Bonds. Such rating reflects only the view of such organization and any desired explanation of the significance of such rating should be obtained from the rating agency furnishing the same, at the following address: 7 World Trade Center at 250 Greenwich Street, New York, New York 10007. Generally, a rating agency bases its rating on the information and materials furnished to it and on investigations, studies and assumptions of its own. There is no assurance that any such rating will continue for any given period of time or that it will not be revised downward or withdrawn entirely by the rating agency, if circumstances so warrant. Any such downward revision or withdrawal of such rating may have an adverse effect on the market price of the Bonds.

FINANCIAL ADVISOR

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

MISCELLANEOUS MATTERS

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

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

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

The information contained in this Official Statement has been compiled or prepared from official and other sources deemed to be reliable and, although not guaranteed as to the completeness or accuracy, is believed to be correct as of this date. Statements involving matters of opinion, whether or not expressly so stated, are intended as such and not as representations of fact.

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

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

STATE PUBLIC SCHOOL BUILDING AUTHORITY

By: /s/ Robert Baccon
Title: Executive Director

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

APPROVED:

COMMUNITY COLLEGE OF PHILADELPHIA

By: /s/ Jacob Eapen
Title: Vice President for Business and Finance & Treasurer

APPENDIX A
COMMUNITY COLLEGE OF PHILADELPHIA
ANNUAL FINANCIAL REPORT
JUNE 30, 2014 and 2013
INDEPENDENT AUDITOR'S REPORT

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Financial Statements and Report of Independent
Certified Public Accountants

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

June 30, 2014 and 2013

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Report of Independent Certified Public Accountants

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

Report on the financial statements

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

Management's responsibility for the financial statements

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

Auditor's responsibility

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

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

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

Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the business-type activities and discretely presented component unit of the Community College of Philadelphia as of June 30, 2014, 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.

Other matters

Required supplementary information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis on pages 6 through 14 and the schedule of funding progress on page 53 be presented to supplement the basic financial statements. Such information, although not a required part of the basic financial statements, is required by the Government Accounting Standards Board, which considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. This required supplementary information is the responsibility of management. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America. These limited procedures consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Supplementary information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the College's basic financial statements. The supplementary schedules on pages 63 to 65 are presented for purposes of additional analysis and are not a required part of the basic financial statements. Such supplementary information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. The information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures. These additional procedures included comparing and reconciling the information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the supplementary information is fairly stated, in all material respects, in relation to the basic financial statements as a whole.

Other information

The statistical section on pages 54 through 62 is presented for purposes of additional analysis and is not a required part of the basic financial statements. Such information has not been subjected to the auditing procedures applied in the audit of the basic financial statements, and accordingly, we do not express an opinion or provide any assurance on it.

Predecessor auditor's opinion

The financial statements of Community College of Philadelphia as of and for the year ended June 30, 2013 were audited by other auditors. Those auditors expressed an unmodified opinion on those 2013 financial statements in their report dated October 23, 2013.

Adoption of new accounting pronouncement

As discussed in Note A to the financial statements, the College changed the manner in which it accounts for bond issuance costs and changed the manner of presenting assets and liabilities as of July 1, 2012 due to the adoption of GASB 65, *Items Previously Reported as Assets and Liabilities*.

Grant Thornton LLP

Philadelphia, Pennsylvania

September 30, 2014

MANAGEMENT'S DISCUSSION AND ANALYSIS (UNAUDITED)

June 30, 2014 and 2013

INTRODUCTION

This Management's Discussion and Analysis (MD&A) is based upon facts, decisions, and conditions known as of the date of the audit report. The results for 2014 are compared to those for the 2013 fiscal year. The MD&A should be read conjunction with the financial statements and accompanying notes which follow this section.

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

Financial and Institutional Highlights

- Credit enrollments continue to be strong. Final credit FTEs were 64 less (.4%) than the prior year, which is better than state-wide and national trends. All semesters, except for the summer 2014 semester, exceeded the budget and the prior year actuals.
- Several renovation projects were completed or reached substantial completion status during the year. These projects included: a suite of classrooms, teaching laboratories and offices for the Architecture, Design and Construction programs; renovation of four chemistry labs and preparatory space; creation of biochemistry and engineering technology laboratories; and creation of a research laboratory.
- For the tenth consecutive year, a balanced budget was achieved.
- Net position decreased by \$4.53 million or 5.9%.
- Operating revenues increased by \$3.24 million or 9.5%.
- Operating expenses increased by \$2.14 million or 1.3%.
- Nonoperating revenues decreased by \$1.68 million or 1.5%.

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 on the direct method. The direct method of cash flow reporting portrays net cash flows from operations, financing, and investing receipts and disbursements.

MANAGEMENT'S DISCUSSION AND ANALYSIS (UNAUDITED) - CONTINUED

June 30, 2014 and 2013

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 for certain amounts reported in the financial statements.

Net Position

The College's net position reflects its investment in capital assets (e.g., land, buildings, machinery, and equipment), less accumulated depreciation and outstanding debt incurred to acquire those assets. The College uses these capital assets to provide services to students, faculty, and administration; consequently, these assets are not available for future spending. Although the College's investment in its capital assets is reported net of related debt, it should be noted that the resources needed to repay this debt must be provided from other sources, since the capital assets themselves cannot be used to liquidate these liabilities.

At June 30, 2014, the College's net position was \$72,538,040, with assets of \$228.5 million exceeding liabilities of \$156.0 million. As a result of financial circumstances which contributed to asset growth, net position increased by \$4.1 million in the 2014 fiscal year prior to recording the impact of the post-employment benefit liability. The change in net assets after recording the post-employment benefit accrual was a negative \$4.5 million. Unrestricted net assets fell from a negative \$15.3 million to a negative \$26.0 million. Absent the cumulative impact of the post-employment benefit liability (GASB 45) reporting requirements, unrestricted net assets would currently be at a level of \$21.4 million. The other factor significantly reducing the unrestricted net asset value was unfunded depreciation expense for 2014 in the amount of \$10.5 million.

The negative unrestricted net asset position (\$26.0 million) reflects the cumulative impact of the post-employment benefit expense accruals in the amount of \$47.4 million.

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

MANAGEMENT'S DISCUSSION AND ANALYSIS (UNAUDITED) - CONTINUED

June 30, 2014 and 2013

Summary of Net Position

	2014	2013	2012
	(In millions)		
Assets:			
Current assets	\$ 32.7	\$ 31.8	\$ 31.8
Noncurrent assets:			
Capital assets net of depreciation	179.5	183.0	179.5
Bond proceeds available for campus construction	0.2	2.4	2.9
Other	16.1	15.8	17.2
Total assets	\$ 228.5	\$ 233.0	\$ 231.4
Liabilities:			
Current liabilities	\$ 29.6	\$ 31.4	\$ 29.5
Noncurrent liabilities	126.4	124.5	118.8
Total liabilities	\$ 156.0	\$ 155.9	\$ 148.3
Net position:			
Net investment in capital assets	\$ 93.8	\$ 89.7	\$ 86.3
Unrestricted	(26.0)	(15.3)	(4.6)
Restricted:			
Expendable	4.7	2.7	1.4
Total net position	\$ 72.5	\$ 77.1	\$ 83.1

MANAGEMENT'S DISCUSSION AND ANALYSIS (UNAUDITED) - CONTINUED

June 30, 2014 and 2013

Assets

Current assets increased by \$.8 million in fiscal year 2014. Net receivables decreased, while cash and cash equivalents and short-term investments increased. The decrease in accounts receivable was primarily related to payment received during the 2014 fiscal year from the Foundation for capital campaign pledges as well as the timing of the settlement of the due to/from Foundation account at June 30, 2014. Other receivables are related to students, vendors and governmental agencies.

Noncurrent assets decreased by \$5.3 million. Bond proceeds available for campus construction decreased as the College completed renovation projects on the Main Campus in the West Building. These completed projects included the creation of a suite of classrooms, teaching labs and offices for the Architecture, Design, and Construction programs (ADC), creating a new biochemistry lab and an engineering technology lab in the space formerly occupied by the ADC program, creation of a research lab, and renovations of two chemistry labs and preparatory space. Renovations to two additional chemistry labs were at substantial completion status as of June 30, 2014. The College's investment in capital assets as of June 30, 2014 net of accumulated depreciation was \$179.5 million, a decrease of \$3.46 million over the amount reported for 2013 of \$183.0 million. The decrease in the net value of assets is related to the increase in accumulated depreciation which exceeded the value of capital additions.

Liabilities

Total current liabilities decreased by \$1.8 million in fiscal year 2014. Accounts payable and accrued liabilities decreased by \$564,000. Included in this category of current liabilities is \$1,079,362 that represents the value of medical claims incurred prior to June 30, 2014 that have not yet been processed and billed by the College's health care providers. The College self-insures its employee medical plan. A reinsurance limit of \$225,000 was in place for the 2014 fiscal year to cap institutional financial exposure for individuals with extraordinarily large claims in a policy year.

The current portion of long-term debt decreased by \$2.34 million. This decrease was related to making the final payments for the 2013 bond issue (which was a refinancing of the remaining principal of the 2009 bond issue) and a decrease in the amount due for the 2008 bond issue based upon the amortization schedule. Payables to government agencies increased by \$1.1 million primarily due to unused State PHEAA funds.

The College's outstanding long-term debt was at \$71.3 million as of June 2014, a decrease of \$6.19 million from June 2013 reflecting principal payments made during the fiscal year. The present value of future post-retirement benefits other than pensions, projected to be paid to retired employees, was prepared as of July 1, 2013 for reporting as of June 30, 2014. As a result of some changes in actuarial assumptions, the amount of the liability increased by \$8,641,201 in fiscal year 2014. The increase was tempered by some changes made in the conditions of eligibility for the post-retirement benefit that were included in the new collective bargaining agreement. The College has elected to phase in the reporting of the post-employment benefit liability over a 30-year period and to continue to fund the costs of the post-retirement benefit out of the College's annual budgeted revenues. A separate trust has not been established to fund any portion of this liability. The cumulative estimated value for the accrued post-employment benefit liability in fiscal years 2014, 2013, and 2012 was \$47,396,561, \$38,755,360, and \$30,225,327, respectively. Absent this reporting requirement, the College's net assets as of June 30, 2014 would have been at a level of \$119.9 million.

MANAGEMENT'S DISCUSSION AND ANALYSIS (UNAUDITED) - CONTINUED

June 30, 2014 and 2013

Capital lease obligations include technology associated with academic and administrative computing, as well as digital press and copier equipment. It also includes the remaining obligations (\$3.6 million) associated with a 15-year performance guarantee contract with Johnson Controls, Inc. Under the terms of this contract, the College completed ten separate capital projects, having a value of \$5.3 million, which addressed critical infrastructure renewal needs at the College's main campus facilities and are reducing operating costs through energy and other facility operating cost savings. The performance contract terms guarantee that the operational costs savings from the ten projects will pay a substantial portion of the capital lease expense.

Statement of Revenues, Expenses and Changes in Net Position

The change in net position for fiscal years 2014, 2013, and 2012 was a negative \$4.5 million, negative \$4.2 million and negative \$2.8 million, respectively. The following table quantifies the changes:

Revenues, Expenses and Changes in Net Position

	June 30,		
	2014	2013	2012
	(In millions)		
Operating revenues:			
Net tuition and fees	\$ 35.3	\$ 32.0	\$ 30.1
Auxiliary enterprises and other sources	1.8	1.9	2.1
Total	37.1	33.9	32.2
Operating expenses	166.1	164.0	157.0
Operating loss	(129.0)	(130.1)	(124.8)
Net nonoperating revenues	110.5	112.2	108.0
Change in net assets before other revenues	(18.5)	(17.9)	(16.8)
Net capital revenue and changes to endowments	14.0	13.7	14.0
Total change in net position	\$ (4.5)	\$ (4.2)	\$ (2.8)

MANAGEMENT'S DISCUSSION AND ANALYSIS (UNAUDITED) - CONTINUED

June 30, 2014 and 2013

Operating Revenues

The largest sources of operating revenue for the College are student tuition and fees and auxiliary enterprise revenues. In 2014, the tuition charge per credit was \$153, an increase of \$5 over the 2013 per credit tuition charge of \$148. The Technology Fee was unchanged at \$28 per credit. The General College Fee, which supports student life programs and athletics, remained unchanged at \$4 per credit. The College charges course fees which range from \$75 to \$300 in selected high-cost courses. Average total tuition and fee revenue per credit for 2014 was \$192.61, an increase of \$4.84 or 2.6% over the average per credit charge in fiscal 2013 of \$187.61. Auxiliary enterprise revenues are generated from bookstore, food service and parking operations.

Tuition and fee revenue totaled \$78,732,758 in fiscal year 2014, \$75,272,804 in 2013 and \$73,744,923 in 2012, which is offset by the scholarship allowance amounts for 2014, 2013, and 2012, respectively, of \$43,395,057, \$43,269,962, and \$43,563,813. The scholarship allowance represents tuition and fee payments made using public and private grants and scholarships. The relatively stable scholarship allowance amounts between fiscal 2014 and fiscal 2013 are reflective of the stable enrollments coupled with the small increase in the federal Pell financial aid award amounts for the 2014 fiscal year. The increase in student tuition was driven by two factors: the \$5 per credit hour increase that went into effect for the Fall 2013 semester and a change in billing policy for course withdrawals prior to census date.

Gift revenue in the amount of \$100,000 was received in 2014 and is reported in the Statement of Revenues, Expenses and Changes in Net Assets. This value reflects a contribution received from the Foundation that was used to partially pay the College's cost for its partnership with Single Stop USA. Single Stop USA is a nonprofit organization that delivers services to families nationwide by connecting students to state and federal financial resources and local community services. The aim is to help students overcome economic barriers, continue with their education and move toward economic mobility.

Nonoperating Revenues

State appropriations in fiscal year 2014, excluding capital appropriations, totaled \$28,179,310, a slight decrease of \$60,514 over the \$28,239,824 received in fiscal year 2013. In fiscal year 2012, the College received \$28,229,309.

Total 2014 City funding was \$26,409,207, a \$1 million increase (3.9%) over the amount received in fiscal years 2013 and 2012. Of the funding appropriation, \$18,346,138 was used for operating budget purposes in 2014. In fiscal year 2013, \$18,063,705 of the total appropriation was used for operating purposes and \$17,562,197 in fiscal year 2012. Net investment income was \$695,167 in fiscal year 2014, \$332,708 in 2013, and \$1,098,141 in 2012. Included in net investment income for 2014 is an unrealized gain of \$323,866 and a realized loss of \$109,351 for all investment activity as of June 30, 2014.

In fiscal year 2012-13, the College received a gift from the Foundation in the amount of \$2,809,152. This represented the value of contributions and pledges received for the construction projects. State grants and contracts decreased by approximately \$600,000, and nongovernmental grants increased by approximately \$585,000. The decrease in state grants and contracts was primarily related to the receipt of a RACP grant in fiscal year 2013, while the increase in nongovernmental grants was related to additional funding for the Gateway to College program.

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

MANAGEMENT'S DISCUSSION AND ANALYSIS (UNAUDITED) - CONTINUED

June 30, 2014 and 2013

Capital Appropriations

The State provided capital funding for debt service and capital purchases in the amounts of \$6,109,663 and \$6,384,089 for fiscal years 2014 and 2013, respectively. The amount received in fiscal year 2012 was \$6,327,091. The College used \$7,859,206 of the total City appropriation of \$26,409,207 in fiscal year 2014 for debt service and capital purchases. In fiscal years 2013 and 2012, City appropriations used for debt service and capital purchases was \$7,435,502 and \$7,757,010, respectively. Included in unearned revenues is \$407,722 of funds associated with the conversion of general purpose classrooms to "smart" classrooms. The \$407,722 represents funding from the State (\$203,861) and use of City appropriations (\$203,861) received in 2014.

Expenses by Function

June 30,

	2014	2013	2012
Instruction	\$ 66,209,598	\$ 66,436,316	\$ 62,162,440
Public service	108,954	155,657	62,796
Academic support	17,492,238	17,246,555	17,723,410
Student services	22,810,350	21,913,072	21,075,190
Institutional support	25,229,115	26,216,369	23,281,334
Physical plant operations	12,585,835	12,741,867	12,244,438
Depreciation	10,490,412	10,423,443	9,764,169
Student aid	10,459,176	8,327,636	10,014,970
Auxiliary enterprises	770,012	559,068	632,992
Total operating expenses	\$ 166,155,690	\$ 164,019,983	\$ 156,961,739

Exclusive of Student Aid and Depreciation expenses, the College's operating expenses totaled \$145,206,102 in fiscal 2014, \$145,268,904 in fiscal 2013, and \$137,182,600 in fiscal 2012. September 1, 2013 began year three of a five-year labor contract that was ratified by the union in September 2013.

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

MANAGEMENT'S DISCUSSION AND ANALYSIS (UNAUDITED) - CONTINUED

June 30, 2014 and 2013

In fiscal 2008, the College implemented the GASB 45 accounting standard. This standard requires that the present value of future post-retirement benefits other than pensions, projected to be paid to retired employees be recorded as an expense in public institutions' financial statements. The value of the expense for fiscal years 2014, 2013 and 2012 was \$8,641,201, \$8,530,033, and \$7,611,002, respectively.

Expenses by Natural Classifications

June 30,

	<u>2014</u>	<u>2013</u>	<u>2012</u>
		(In thousands)	
Expenses:			
Salaries	\$ 75,438	\$ 76,015	\$ 76,798
Benefits	35,885	34,247	32,062
Contracted services	9,697	11,373	6,057
Supplies	3,232	3,636	2,760
Depreciation	10,490	10,423	9,764
Student aid	10,459	8,328	10,015
Other	12,314	11,468	11,895
GASB 45 (Other post-employment benefits) accrual	<u>8,641</u>	<u>8,530</u>	<u>7,611</u>
 Total operating expenses	 <u>166,156</u>	 <u>164,020</u>	 <u>156,962</u>
 Interest on capital asset-related debt service	 <u>4,258</u>	 <u>4,689</u>	 <u>3,927</u>
 Total nonoperating expenses	 <u>4,258</u>	 <u>4,689</u>	 <u>3,927</u>
 Total expenses	 <u>\$ 170,414</u>	 <u>\$ 168,709</u>	 <u>\$ 160,889</u>

In fiscal year 2014, expenses associated with the College's operating budget increased modestly by 2.3% (\$2.9 million) over the expenses in fiscal year 2013. Operating budget expenses were tightly managed, with fiscal year 2014 salaries lower than those of 2013. Fringe benefit costs were higher (\$1.6 million) primarily due to medical claims experience that exceeded prior year totals. Expenses associated with restricted grants decreased by \$1.48 million (10.6%) from the fiscal year 2013 expenses. This decrease was related to the TAACCCT grant which, in fiscal year 2014, had \$2.37 million less expenses than in fiscal year 2013.

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

MANAGEMENT'S DISCUSSION AND ANALYSIS (UNAUDITED) - CONTINUED

June 30, 2014 and 2013

Schedule of Fund Balances

The following chart shows fund balances in the four fund groups: Unrestricted, Restricted, Endowment and Plant. The 2014, 2013 and 2012 amounts reported for unrestricted operations funds were reduced by the impact of GASB 45 reporting of an accrued expense liability for post-employment benefits. The impact of GASB 45 reporting in 2014 was \$8,641,201, in 2013 was \$8,530,033 and in 2012 was \$7,611,002. The negative unrestricted plant fund balance reflects the cumulative impact of unfunded depreciation expense.

	June 30,		
	<u>2014</u>	<u>2013</u>	<u>2012</u>
Total unrestricted fund	\$ (16,669,094)	\$ (8,297,655)	\$ 100,502
Endowment fund:			
Quasi endowment (unrestricted)	<u>1,762,678</u>	<u>1,859,894</u>	<u>1,914,234</u>
Total endowment	<u>1,762,678</u>	<u>1,859,894</u>	<u>1,914,234</u>
Plant fund:			
Net invested in capital assets	93,771,459	89,660,198	86,330,902
Restricted expendable - capital	4,742,069	2,740,642	1,364,726
Unrestricted	<u>(11,069,072)</u>	<u>(8,890,495)</u>	<u>(6,567,991)</u>
Total plant fund	<u>87,444,456</u>	<u>83,510,345</u>	<u>81,127,637</u>
Total net position	<u>\$ 72,538,040</u>	<u>\$ 77,072,584</u>	<u>\$ 83,142,373</u>

Community College of Philadelphia Foundation

The Foundation was established in 1985. Total assets for 2014, 2013, and 2012 were \$12.6 million, \$12.6 million and \$12.0 million, respectively. Total unrestricted net position for 2014, 2013, and 2012 for the Foundation was \$1.6 million, \$1.5 million and \$1.3 million, respectively. The remaining net position is restricted based upon donor intent. The Foundation provided \$2.8 million to the College from the proceeds of the Capital Campaign during fiscal year 2013.

Future Impacts

For fiscal year 2015, City funding to the College was increased by an additional \$500,000. The final State budget included an additional \$3.5 million in operating funds for community colleges; the additional funding to the College was \$462,509. Student tuition and fees remained at the same level as fiscal year 2013-14. Credit FTE enrollments for the fall 2014 semester are trending 1% below 2014 enrollments of fall 2013.

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

STATEMENTS OF NET POSITION

June 30, 2014 and 2013

ASSETS	Business-type activities		Component unit	
	The Community College of Philadelphia		The Community College of Philadelphia Foundation	
	2014	2013	2014	2013
Current assets:				
Cash and cash equivalents (Note B)	\$ 10,601,463	\$ 11,967,374	\$ 127,848	\$ 344,345
Short-term investments (Note B)	13,384,688	10,325,397	1,738,570	3,485,382
Accounts receivable, net (Note C)	4,410,755	5,414,648	534,445	383,344
Receivable from government agencies (Note G)	2,650,481	2,752,692	-	-
Accrued interest receivable	48,062	47,943	-	-
Other assets	1,559,866	1,338,150	-	-
Total current assets	32,655,315	31,846,204	2,400,863	4,213,071
Noncurrent assets:				
Endowment investments (Note B)	-	-	8,415,537	7,460,107
Accounts receivable, net (Note C)	-	-	977,110	926,381
Bond proceeds available for campus construction	207,733	2,444,146	-	-
Other long-term investments (Note B)	16,134,491	15,750,134	-	-
Capital assets, net (Note D)	179,492,948	182,960,237	-	-
Total noncurrent assets	195,835,172	201,154,517	9,392,647	8,386,488
Total assets	\$ 228,490,487	\$ 233,000,721	\$ 11,793,510	\$ 12,599,559

See accompanying notes to financial statements.

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

STATEMENTS OF NET POSITION - CONTINUED

June 30, 2014 and 2013

LIABILITIES AND NET POSITION	Business-type activities		Component unit	
	The Community College of Philadelphia		The Community College of Philadelphia Foundation	
	2014	2013	2014	2013
Current liabilities:				
Accounts payable and accrued liabilities (Note E)	\$ 15,429,984	\$ 15,994,555	\$ 359,368	\$ 1,959,082
Payable to government agencies (Note G)	3,025,477	1,907,504	-	-
Deposits	460,793	186,902	-	-
Unearned revenue	2,561,108	2,430,576	1,067,505	986,999
Current portion of capital lease obligation (Note F)	1,909,178	2,324,476	-	-
Current portion of long-term debt (Note F)	6,157,176	8,498,508	-	-
Unamortized bond premium	51,170	51,170	-	-
Total current liabilities	29,594,886	31,393,691	1,426,873	2,946,081
Noncurrent liabilities:				
Accrued liabilities (Note E)	1,149,303	902,430	-	-
Annuity payable	-	-	9,367	377
Capital lease obligation (Note F)	6,069,858	6,890,209	-	-
Long-term debt (Note F)	71,323,947	77,517,384	-	-
Unamortized bond premium	417,892	469,063	-	-
Other post-employment benefits liability (Note H)	47,396,561	38,755,360	-	-
Total noncurrent liabilities	126,357,561	124,534,446	9,367	377
Total liabilities	155,952,447	155,928,137	1,436,240	2,946,458
Net position:				
Net investment in capital assets	93,771,458	89,660,198	-	-
Restricted:				
Nonexpendable:				
Scholarships, awards and faculty chair	-	-	6,638,178	5,791,697
Annuities	-	-	9,021	11,347
Expendable:				
Scholarships, awards and faculty chair	-	-	1,465,496	1,775,546
Capital projects	4,742,069	2,740,642	613,710	577,902
Unrestricted	(25,975,487)	(15,328,256)	1,630,865	1,496,609
Total net position	\$ 72,538,040	\$ 77,072,584	\$ 10,357,270	\$ 9,653,101

See accompanying notes to financial statements.

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

STATEMENTS OF REVENUES, EXPENSES AND CHANGES IN NET POSITION

Years ended June 30, 2014 and 2013

	Business-type activities		Component unit	
	The Community College of Philadelphia		The Community College of Philadelphia Foundation	
	2014	2013	2014	2013
Operating revenues:				
Student tuition	\$ 61,356,712	\$ 58,228,544	\$ -	\$ -
Student fees	17,376,046	17,044,260	-	-
Less scholarship allowance	<u>(43,395,057)</u>	<u>(43,269,962)</u>	<u>-</u>	<u>-</u>
Net student tuition and fees	35,337,701	32,002,842	-	-
Auxiliary enterprises	1,671,145	1,775,612	-	-
Gifts	-	-	532,223	738,617
Other sources	<u>166,024</u>	<u>158,047</u>	<u>130,783</u>	<u>70,208</u>
Total operating revenues	<u>37,174,870</u>	<u>33,936,501</u>	<u>663,006</u>	<u>808,825</u>
Operating expenses (Note J):				
Educational and general:				
Instruction	66,209,598	66,436,316	28,607	80,469
Public service	108,954	155,657	-	-
Academic support	17,492,238	17,246,555	-	-
Student services	22,810,350	21,913,072	24,082	7,589
Institutional support	25,229,115	26,216,369	2,110,740	1,582,774
Physical plant operations	12,585,835	12,741,867	-	-
Depreciation	10,490,412	10,423,443	-	-
Student aid	10,459,176	8,327,636	270,038	238,178
Auxiliary enterprises	<u>770,012</u>	<u>559,068</u>	<u>-</u>	<u>-</u>
Total operating expenses	<u>166,155,690</u>	<u>164,019,983</u>	<u>2,433,467</u>	<u>1,909,010</u>
Operating loss	<u>\$ (128,980,820)</u>	<u>\$ (130,083,482)</u>	<u>\$ (1,770,461)</u>	<u>\$ (1,100,185)</u>

See accompanying notes to financial statements.

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

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

Years ended June 30, 2014 and 2013

	Business-type activities		Component unit	
	The Community College of Philadelphia		The Community College of Philadelphia Foundation	
	2014	2013	2014	2013
Nonoperating revenues (expenses):				
State appropriations (Note K)	\$ 28,179,310	\$ 28,239,824	\$ -	\$ -
City appropriations (Note K)	18,346,138	18,063,705	-	-
Federal grants and contracts	58,795,574	58,714,660	-	-
Gifts from the Community College of Philadelphia Foundation	100,000	2,809,152	(100,000)	(2,809,152)
State grants and contracts	6,591,410	7,190,874	-	-
Nongovernmental grants and contracts	1,703,933	1,119,415	1,746,152	1,078,297
Net investment income	695,167	332,708	828,478	1,036,731
Interest on capital asset-related debt service	(4,258,483)	(4,689,268)	-	-
Other nonoperating revenues	324,356	379,512	-	-
	<u>110,477,405</u>	<u>112,160,582</u>	<u>2,474,630</u>	<u>(694,124)</u>
Net nonoperating revenues				
(Loss) gain before other revenues, expenses, gains or losses	(18,503,415)	(17,922,900)	704,169	(1,794,309)
Capital appropriations	<u>13,968,871</u>	<u>13,729,591</u>	<u>-</u>	<u>-</u>
(Decrease) increase in net position	(4,534,544)	(4,193,309)	704,169	(1,794,309)
Net position, beginning, as restated (Note A)	<u>77,072,584</u>	<u>81,265,893</u>	<u>9,653,101</u>	<u>11,447,410</u>
Net position, ending	<u>\$ 72,538,040</u>	<u>\$ 77,072,584</u>	<u>\$ 10,357,270</u>	<u>\$ 9,653,101</u>

See accompanying notes to financial statements.

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

(Business-Type Activities - College only)

STATEMENTS OF CASH FLOWS

Years ended June 30,

	2014	2013
Cash flows from operating activities:		
Tuition and fees	\$ 35,016,023	\$ 31,910,181
Payments to suppliers	(22,531,001)	(27,987,848)
Payments to employees	(76,666,839)	(74,669,197)
Payments for employee benefits	(36,319,049)	(34,201,811)
Payments for student aid	(10,459,176)	(8,327,636)
Auxiliary enterprises	1,685,121	1,772,166
Other cash receipts	166,024	158,047
Net cash used in operating activities	(109,108,897)	(111,346,098)
Cash flows from noncapital financing activities:		
State appropriations	28,168,713	28,209,309
City appropriations	18,346,138	18,063,705
Gifts and grants	68,319,487	69,353,397
Other nonoperating	598,247	442,920
Net cash provided by noncapital financing activities	115,432,585	116,069,331
Cash flows from capital and related financing activities:		
State capital appropriations	6,109,663	6,384,089
City capital appropriations	7,859,208	7,345,502
Decrease in bond proceeds available for campus construction	2,236,413	503,364
Proceeds from capital debt	-	6,775,092
Purchases of capital assets	(5,854,492)	(9,875,352)
Principal on capital debt and amortization of capital leases	(10,939,049)	(12,968,909)
Interest on capital debt and capital leases	(4,352,741)	(4,777,353)
Net cash used in capital and related financing activities	(4,940,998)	(6,613,567)
Cash flows from investing activities:		
Proceeds from sales and maturities of investments	20,833,100	47,400,465
Purchases of investments	(24,276,749)	(45,440,628)
Interest on investments	695,048	335,000
Net cash (used in) provided by investing activities	(2,748,601)	2,294,837
(Decrease) increase in cash	(1,365,911)	404,503
Cash and cash equivalents, beginning	11,967,374	11,562,871
Cash and cash equivalents, ending	\$ 10,601,463	\$ 11,967,374

See accompanying notes to financial statements.

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

(Business-Type Activities - College only)

STATEMENTS OF CASH FLOWS - CONTINUED

Years ended June 30,

	2014	2013
Reconciliation of net operating loss to net cash used in operating activities:		
Operating loss	\$ (128,980,820)	\$ (130,083,482)
Adjustments to reconcile net operating loss to net cash used in operating activities:		
Depreciation	10,490,412	10,423,443
Changes in assets and liabilities:		
Accounts receivable	948,329	(1,681,822)
Prepaid and other assets	(221,716)	(201,454)
Loans to students and employees	157,775	102,870
Accounts payable and accrued liabilities	(271,373)	1,453,169
Deferred revenues	127,295	111,145
Other post-employment benefits	8,641,201	8,530,033
Net cash used in operating activities	\$ (109,108,897)	\$ (111,346,098)
Supplemental disclosure of noncash capital financing activity:		
Capital assets acquired via capital lease	\$ 699,553	\$ 1,116,328

See accompanying notes to financial statements.

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

NOTES TO FINANCIAL STATEMENTS

June 30, 2014 and 2013

NOTE A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

1. 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 Government Accounting Standards Board (GASB).

Component Unit

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

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

2. Measurement Focus, Basis of Accounting, and Basis of Presentation

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

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

The College's policy is to define operating activities in the 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 nonoperating activities. These nonoperating activities include the College's operating and capital appropriations from the Commonwealth and the City; federal, state, and private grants; net investment income; gifts; interest expense; and disposals of capital assets.

(Continued)

NOTES TO FINANCIAL STATEMENTS - CONTINUED

June 30, 2014 and 2013

NOTE A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - Continued

3. 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 state 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 state-wide community college appropriation. Under Act 46, the state-wide operating budget appropriation for community colleges is to be distributed among each of the 14 colleges in three parts: base funding, growth funding and high priority (economic development) program funding. The provisions of Act 46 are intended to ensure that base operating funding for each college will at least equal the amount of funds received in the prior year. Annually, 25% of any new dollars in the operating funding granted community colleges is to be distributed proportionally among the colleges experiencing growth in the prior year based upon their share of the FTE growth. Colleges whose enrollments are stable or decline do not receive any increase from the growth funding.

The other significant operating funding change as a result of Act 46 was the establishment of Economic Development (high priority) program funding. High priority program funding is based upon prior year enrollments in program areas defined by the State 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 the 2014 and 2013 fiscal years, the provisions of Act 46 were not followed in allocating operational funds to Pennsylvania community colleges. In fiscal 2011 and fiscal 2012, the total state operating allocation to community colleges was unchanged from 2010 funding levels, but 9.1% of the revenues were allocated by the State from Federal Economic Stimulus Funds provided by the Federal Government to the Commonwealth of Pennsylvania. The State appropriation to the College funded from Federal Stimulus funds was \$2.8 million in each of the two years. Federal Stimulus funding was not replaced upon the expiration of the federal program. The fiscal 2012-13 operating allocation to the College was reduced by the \$2.8 million previously funded through the Federal Stimulus Funds in the 2011 and 2012 fiscal years.

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 state-wide criteria.

(Continued)

NOTES TO FINANCIAL STATEMENTS - CONTINUED

June 30, 2014 and 2013

NOTE A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - Continued

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.

4. 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.

5. Cash and Cash Equivalents

The College considers all petty 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.

6. Investments

Investments in marketable securities are stated at fair value. Valuations for marketable securities are provided by external investment managers or are based on audited financial statements when available.

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:

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

(Continued)

NOTES TO FINANCIAL STATEMENTS - CONTINUED

June 30, 2014 and 2013

NOTE A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - Continued

The College policy permits investments in obligations of the U.S. Treasury; certificates of deposit; commercial paper rated A-1 by Standard and Poor's Corporation or P-1 by Moody's Commercial Paper Record; bankers' acceptances; repurchase agreements; and the Commonfund's Intermediate Term Fund and Multi-Strategy Bond Fund, and specifically approved fixed income securities. The investment practice of the Foundation includes the use of the Commonfund Multi-Strategy Equity Funds, Multi-Strategy Bond Funds, and specifically approved fixed income securities.

7. Capital Assets

Real estate assets, including improvements, are generally stated at cost. Furnishings and equipment are stated at cost at date of acquisition or, in the case of gifts, at fair value at date of donation. Interest costs on debt related to capital assets are capitalized during the construction period.

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	10 to 50
Furniture and equipment	3 to 10
Library books	10
Audiovisual media	5
Computer desktop software	3
Computer 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.

8. 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.

9. Students' 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.

(Continued)

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

NOTES TO FINANCIAL STATEMENTS - CONTINUED

June 30, 2014 and 2013

NOTE A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - Continued

10. Student Fees

Included in student fees are general college fees of \$1,536,150 and \$1,459,960 for the years ended June 30, 2014 and 2013, respectively, which have been designated for use by the various student organizations and activities.

11. Tax Status

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

The Foundation is exempt from federal income taxes under Section 501(c)(3) of the Internal Revenue Code.

The Internal Revenue Service (IRS) determined the Foundation is also classified as a public charity under Sections 509(a)(1) and 170(b)(1)(A)(vi) of the Internal Revenue Code to serve as an organization responsible for College fund-raising activities.

12. Use of Estimates

The preparation of financial statements in conformity with U.S. GAAP requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

13. Scholarship Discounts and Allowances

Student tuition and fee revenues, and certain other revenues from students, are reported net of scholarship discounts and allowances in the statement of revenues, expenses and changes in net position. Scholarship discounts and allowances are the difference between the stated charge for goods and services provided by the College and the amount that is paid by students and/or third parties making payments on students' behalf. Certain governmental grants are recorded as either operating or nonoperating revenues in the College's financial statements. To the extent that revenues from such programs are used to satisfy tuition and fees and other student charges, the College has recorded a scholarship discount and allowance.

14. Self-Insurance

The Community College of Philadelphia Board of Trustees approved the College's participation in a self-insurance medical plan through Independence Blue Cross, which became effective September 1, 2009. A reinsurance limit of \$225,000 is in place to limit institutional financial exposure for individuals with extraordinarily large claims in a policy year. The College has established a self-insurance accrued liability account for incurred claims as well as an estimate of claims incurred but not reported. The College's self-insurance liability at June 30, 2014 and 2013 was \$1,079,362 and \$961,161, respectively, based upon an actuarial calculation based upon historical claim experience.

(Continued)

NOTES TO FINANCIAL STATEMENTS - CONTINUED

June 30, 2014 and 2013

NOTE A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - Continued

15. Reclassifications

Certain reclassifications have been made to the 2013 financial statement information to conform to the 2014 financial statement presentation. There was no impact on the previously reported change in net position of the College.

16. Recent Accounting Pronouncements

The GASB issued Statement No. 61, *The Financial Reporting Entity: Omnibus*, in November 2010 (GASB 61), which was effective for the College's fiscal year ended June 30, 2013. This statement is an amendment of GASB Statements No. 14, *The Financial Reporting Entity*, and No. 34, *Basic Financial Statements—and Management's Discussion and Analysis—for State and Local Governments*. GASB 61 amends certain requirements for inclusion of component units in the reporting government's financial reporting entity and the conditions under which component units are consolidated as blended component units rather than discretely presented. Under the amended guidance, the College's component unit foundation continues to be reported as a component unit because the College is financially accountable for the foundation, as defined in the standard. The Foundation continues to be discretely presented because 1) the Board and management of the Foundation are separate from those of the College, 2) the Foundation provides scholarships and other benefits directly to students of the College, as well as providing fund-raising on behalf of the College itself, and 3) the Foundation has no outstanding debt.

The GASB issued Statement No. 62, *Codification of Accounting and Financial Reporting Guidance Contained in Pre-November 30, 1989 FASB and AICPA Pronouncements* (GASB 62), in December 2010, which was effective for the College's fiscal year ended June 30, 2013. The statement incorporates into the GASB's own pronouncements certain accounting and financial reporting guidance that is included in pronouncements issued on or before November 30, 1989 that do not conflict with or contradict GASB pronouncements including Financial Accounting Standards Board (FASB) Statements and Interpretations, Accounting Principles Board Opinions, and Accounting Research Bulletins of the American Institute of Certified Public Accountants' (AICPA) Committee on Accounting Procedure. GASB 62 did not have an impact on the College's financial statements because the provisions of the standard are generally consistent with the original GASB and AICPA requirements, except where clarification was necessary to appropriately apply the standards to governmental entities.

The College adopted the provisions of GASB Statement No. 63, *Financial Reporting of Deferred Outflows of Resources, Deferred Inflows of Resources, and Net Position* (GASB 63), for the year ended June 30, 2013. The GASB 63 objective is to provide guidance for reporting deferred outflows of resources, deferred inflows of resources, and net position in a statement of financial position and related disclosures. The adoption of GASB 63 did not have a significant impact on the financial statements as the underlying accounting and financial reporting guidance has not changed. The College has no items that are classified as deferred inflows or outflows of resources as of June 30, 2014.

(Continued)

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

NOTES TO FINANCIAL STATEMENTS - CONTINUED

June 30, 2014 and 2013

NOTE A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - Continued

GASB Statement No. 65, *Items Previously Reported as Assets and Liabilities* (GASB 65), was adopted for the College's fiscal year ended June 30, 2014, establishes accounting and financial reporting standards that reclassify, as deferred outflows of resources or deferred inflows of resources, certain items that were previously reported as assets and liabilities. As a result of the adoption of GASB 65, debt issuance costs are recognized as expense in the period incurred, rather than as an asset. Conforming changes were made retroactively to all years presented. The following is a reconciliation of major categories affected by this change as of and for the year ended June 30, 2013:

	As previously reported	Adjustments	As restated
Statement of net position			
Short-term unamortized bond issuance costs	\$ 153,680	\$ (153,680)	\$ -
Long-term unamortized bond issuance costs	1,277,911	(1,277,911)	-
Short-term unamortized bond premium	(32,651)	(18,519)	(51,170)
Long-term unamortized bond premium	(209,794)	(259,269)	(469,063)
Net investment in capital assets	<u>(91,369,577)</u>	<u>1,709,379</u>	<u>(89,660,198)</u>
Statement of revenues, expenses and changes in net position			
Interest on capital asset-related debt service	4,856,369	(167,101)	4,689,268
Net position, beginning	<u>(83,142,373)</u>	<u>1,876,480</u>	<u>(81,265,893)</u>

NOTE B - DEPOSITS AND INVESTMENTS

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

(Continued)

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

NOTES TO FINANCIAL STATEMENTS - CONTINUED

June 30, 2014 and 2013

NOTE B - DEPOSITS AND INVESTMENTS - Continued

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

Deposits are comprised of demand deposit accounts with financial institutions. At both June 30, 2014 and 2013, cash on hand was \$4,000. At June 30, 2014 and 2013, the carrying amount of deposits was \$10,597,463 and \$11,963,374, and the bank balance was \$11,625,165 and \$13,065,228, respectively. The differences were caused primarily by items in transit. Deposits of \$1,000,000 were covered by federal depository insurance of \$250,000 for each of four bank accounts at both June 30, 2014 and 2013.

Demand deposits include \$369,281 in restricted cash at June 30, 2014, which represents unused proceeds of the 2013 SPSBA PNC Loan to be used for specific state-approved capital projects and included in cash and cash equivalents in the accompanying statements of net position.

The following is the carrying value (fair value) of deposits and investments at June 30, 2014:

	College	Foundation
Deposits:		
Demand deposits	\$ 10,597,463	\$ 127,848
Investments:		
Insured money market deposit	2,194,886	-
U.S. Treasury obligations	4,739,619	-
U.S. government agency obligations	1,815,598	-
Corporate and foreign bonds	3,915,844	384,086
Intermediate fixed income mutual fund	5,522,522	-
Equity mutual fund	-	5,648,714
Multi-strategy bond mutual fund	5,336,381	2,236,480
Money market mutual funds	5,994,329	1,738,570
Private real estate	-	146,257
	\$ 40,116,642	\$ 10,281,955
Total deposits and investments		

(Continued)

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

NOTES TO FINANCIAL STATEMENTS - CONTINUED

June 30, 2014 and 2013

NOTE B - DEPOSITS AND INVESTMENTS - Continued

The following is the carrying value (fair value) of deposits and investments at June 30, 2013:

	College	Foundation
Deposits:		
Demand deposits	\$ 11,963,374	\$ 344,345
Investments:		
Insured money market deposit	3,160,910	-
U.S. Treasury obligations	3,735,124	-
U.S. government agency obligations	2,387,710	-
Corporate and foreign bonds	3,819,385	-
Intermediate fixed income mutual fund	5,510,950	-
Multi-strategy equity mutual fund	-	5,479,208
Multi-strategy bond mutual fund	5,210,826	1,980,899
Money market mutual funds	2,250,626	3,485,382
Total deposits and investments	\$ 38,038,905	\$ 11,289,834

In addition to the deposits and investments listed above, the College also has bond proceeds available for campus construction held by Sovereign Bank, the State Public School Building Authority, and the Bank of New York (the trustees), under the terms of various bond indentures. Bond proceeds available for campus construction are carried in the financial statements at fair value and consist of short-term investments and government securities. As of June 30, 2014 and 2013, bond proceeds available for campus construction include the following:

	2014	2013
Construction funds	\$ 207,733	\$ 2,444,146

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.

(Continued)

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

NOTES TO FINANCIAL STATEMENTS - CONTINUED

June 30, 2014 and 2013

NOTE B - DEPOSITS AND INVESTMENTS - Continued

At June 30, 2014 and 2013, the College's bank balance was exposed to custodial credit risk as follows:

	2014	2013
Uninsured and collateral held by pledging bank's trust department not in the College's name	\$ 10,625,165	\$ 12,065,228

The College participates in the Certificate of Deposit Account Registry Service (CDARS) for its certificate of deposit and Insured Cash Sweep (ICS). CDARS and ICS allow the College to access Federal Deposit Insurance Corporation (FDIC) insurance on multi-million dollar certificates of deposit and money market deposit accounts to earn rates that compare favorably to treasuries and money market mutual funds. Custodial credit risk has been eliminated for the College's certificate 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 fund and the intermediate fixed income fund are mutual funds managed by the Commonfund. The credit quality of the investments that comprise these funds are:

	June 30, 2014	
	Multi-Strategy Bond	Intermediate
Government	17%	39%
Agency	27	10
AAA	8	19
AA	4	8
A	12	16
BBB	16	7
Below BBB	10	1
Non-Rated/Other	6	-
Total	100%	100%

(Continued)

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

NOTES TO FINANCIAL STATEMENTS - CONTINUED

June 30, 2014 and 2013

NOTE B - DEPOSITS AND INVESTMENTS - Continued

	June 30, 2013	
	Multi-Strategy	
	Bond	Intermediate
Government	21%	22%
Agency	26	13
AAA	8	20
AA	3	11
A	10	22
BBB	14	9
Below BBB	11	3
Non-Rated/Other	7	-
Total	100%	100%

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

	June 30, 2014	June 30, 2013
	Fixed income securities	Fixed income securities
Aaa	63%	62%
Aa	-	7
A	20	16
Baa	17	15
Total	100%	100%

(Continued)

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

NOTES TO FINANCIAL STATEMENTS - CONTINUED

June 30, 2014 and 2013

NOTE B - DEPOSITS AND INVESTMENTS - Continued

Interest rate risk is the risk that changes in interest rates will adversely affect the fair value of fixed income investments. The College's investment policy does not specifically address limitations in the maturities of investments. The weighted average maturities of the College's fixed income investments at June 30, 2014 and 2013 are as follows:

	June 30, 2014	June 30, 2013
	Weighted average maturity (years)	Weighted average maturity (years)
U.S. Treasury obligations	2.53	4.00
U.S. government agency obligations	3.35	3.00
Corporate bonds	4.76	5.10

NOTE C - ACCOUNTS RECEIVABLE

Accounts receivable include the following at June 30:

	2014		2013	
		Component unit		Component unit
	College	Foundation	College	Foundation
Tuition and fee receivables	\$ 6,191,729	\$ -	\$ 5,049,777	\$ -
Grants receivable	60,384	390,516	30,478	108,136
Other receivables	1,468,680	-	1,969,407	-
Pledges receivable	-	1,223,573	-	1,310,553
Receivable from Foundation	167,852	-	963,091	-
	7,888,645	1,614,089	8,012,753	1,418,689
Less allowance for doubtful accounts	(3,477,890)	(102,534)	(2,598,105)	(108,964)
Total	\$ 4,410,755	\$ 1,511,555	\$ 5,414,648	\$ 1,309,725

(Continued)

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

NOTES TO FINANCIAL STATEMENTS - CONTINUED

June 30, 2014 and 2013

NOTE C - ACCOUNTS RECEIVABLE - Continued

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 at net realizable value. Accounts are written off when they are determined to be uncollectible based upon management's assessment of individual accounts. The allowance for doubtful accounts is estimated based on the College's historical losses and periodic review of individual accounts. The allowance was \$3,477,890 and \$2,598,105 for the years ended June 30, 2014 and 2013, respectively. \$977,110 of the Foundation's pledges receivable are expected to be collected subsequent to June 30, 2014, generally on a five-year payment schedule.

NOTE D - CAPITAL ASSETS

Capital assets consist of the following at June 30, 2014:

	<u>Balance July 1, 2013</u>	<u>Additions</u>	<u>Retirements and adjustments</u>	<u>Balance June 30, 2014</u>
Capital assets not depreciated:				
Land and improvements	\$ 29,054,933	\$ -	\$ -	\$ 29,054,933
Construction in progress	1,116,503	3,647,681	(4,412,432)	351,752
Works of art	<u>705,208</u>	<u>-</u>	<u>-</u>	<u>705,208</u>
	<u>30,876,644</u>	<u>3,647,681</u>	<u>(4,412,432)</u>	<u>30,111,893</u>
Capital assets being depreciated:				
Buildings and improvements	227,040,303	6,245,328	(757,932)	232,527,699
Equipment and furniture	38,791,583	921,332	(3,080,078)	36,632,837
Library books	4,839,108	179,569	-	5,018,677
Microforms	1,671,710	-	-	1,671,710
Software	4,039,594	-	-	4,039,594
System software	<u>8,080,668</u>	<u>34,425</u>	<u>-</u>	<u>8,115,093</u>
Total before depreciation	<u>284,462,966</u>	<u>7,380,654</u>	<u>(3,838,010)</u>	<u>288,005,610</u>
	<u>\$ 315,339,610</u>	<u>\$ 11,028,335</u>	<u>\$ (8,250,442)</u>	<u>\$ 318,117,503</u>

(Continued)

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

NOTES TO FINANCIAL STATEMENTS - CONTINUED

June 30, 2014 and 2013

NOTE D - CAPITAL ASSETS - Continued

Accumulated depreciation by asset categories is summarized as follows:

	Balance July 1, 2013	Depreciation	Retirements	Balance June 30, 2014
Buildings and improvements	\$ 89,867,806	\$ 6,038,571	\$ (721,003)	\$ 95,185,374
Equipment and furniture	26,535,758	3,809,712	(3,524,227)	26,821,243
Library books	4,010,826	154,201	-	4,165,027
Microforms	1,655,015	9,209	-	1,664,224
Software	3,419,047	10,115	-	3,429,162
System software	6,890,921	468,604	-	7,359,525
Total	\$ 132,379,373	\$ 10,490,412	\$ (4,245,230)	138,624,555
Net capital assets				\$ 179,492,948

Capital assets consist of the following at June 30, 2013:

	Balance July 1, 2012	Additions	Retirements and adjustments	Balance June 30, 2013
Capital assets not depreciated:				
Land and improvements	\$ 28,072,235	\$ 982,698	\$ -	\$ 29,054,933
Construction in progress	17,590,440	5,598,370	(22,072,307)	1,116,503
Works of art	705,208	-	-	705,208
	<u>46,367,883</u>	<u>6,581,068</u>	<u>(22,072,307)</u>	<u>30,876,644</u>
Capital assets being depreciated:				
Buildings and improvements	202,508,856	24,531,447	-	227,040,303
Equipment and furniture	38,853,330	1,609,066	(1,670,813)	38,791,583
Library books	4,657,905	181,203	-	4,839,108
Microforms	1,671,710	-	-	1,671,710
Software	4,039,594	-	-	4,039,594
System software	8,080,668	-	-	8,080,668
Total before depreciation	259,812,063	26,321,716	(1,670,813)	284,462,966
	\$ 306,179,946	\$ 32,902,784	\$ (23,743,120)	\$ 315,339,610

(Continued)

Community College of Philadelphia
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NOTES TO FINANCIAL STATEMENTS - CONTINUED

June 30, 2014 and 2013

NOTE D - CAPITAL ASSETS - Continued

Accumulated depreciation by asset categories is summarized as follows:

	Balance July 1, 2012	Depreciation	Retirements	Balance June 30, 2013
Buildings and improvements	\$ 84,013,359	\$ 5,854,447	\$ -	\$ 89,867,806
Equipment and furniture	28,028,785	3,246,466	(4,739,493)	26,535,758
Library books	3,856,699	154,127	-	4,010,826
Microforms	1,641,286	13,729	-	1,655,015
Software	3,408,932	10,115	-	3,419,047
System software	5,746,362	1,144,559	-	6,890,921
Total	\$ 126,695,423	\$ 10,423,443	\$ (4,739,493)	132,379,373
Net capital assets				\$ 182,960,237

NOTE E - ACCOUNTS PAYABLE AND ACCRUED LIABILITIES

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

	2014		2013	
	College	Component unit Foundation	College	Component unit Foundation
Category:				
Vendors and others	\$ 7,849,176	\$ 191,516	\$ 6,335,591	\$ 995,990
Accrued salaries	2,674,853	-	4,085,888	-
Accrued benefits	2,063,472	-	2,016,985	-
Compensated absences	3,098,015	-	3,141,021	-
Retirement incentive payments	388,775	-	826,619	-
Payroll withholding taxes	206,129	-	148,925	-
Accrued interest	298,867	-	341,956	-
Payable to College	-	167,852	-	963,092
Total	\$ 16,579,287	\$ 359,368	\$ 16,896,985	\$ 1,959,082

Retirement incentive payments are described in Note I.

(Continued)

Community College of Philadelphia
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NOTES TO FINANCIAL STATEMENTS - CONTINUED

June 30, 2014 and 2013

NOTE E - ACCOUNTS PAYABLE AND ACCRUED LIABILITIES - Continued

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

<u>2014</u>	<u>Beginning balance</u>	<u>Additions</u>	<u>Deductions</u>	<u>Total ending balance</u>	<u>Current portion</u>
Long-term liabilities:					
Accrued liabilities	\$ 16,896,985	\$ 596,920	\$ (914,618)	\$ 16,579,287	\$ 15,429,984
Payable to government agencies	1,907,504	2,096,125	(978,152)	3,025,477	3,025,477
Capital lease obligation	9,214,685	1,168,631	(2,404,280)	7,979,036	1,909,178
Long-term debt	86,015,892	-	(8,534,769)	77,481,123	6,157,176
Unamortized bond premium	520,233	-	(51,171)	469,062	51,170
Other post-employment benefits	38,755,360	8,641,201	-	47,396,561	-
	<u>\$ 153,310,659</u>	<u>\$ 12,502,877</u>	<u>\$ (12,882,990)</u>	<u>\$ 152,930,546</u>	<u>\$ 26,572,985</u>

Long-term liability activity for the year ended June 30, 2013 was as follows:

<u>2013</u>	<u>Beginning balance</u>	<u>Additions</u>	<u>Deductions</u>	<u>Total ending balance</u>	<u>Current portion</u>
Long-term liabilities:					
Accrued liabilities	\$ 15,470,712	\$ 1,975,995	\$ (549,722)	\$ 16,896,985	\$ 15,994,555
Payable to government agencies	2,418,723	-	(511,219)	1,907,504	1,907,504
Capital lease obligation	7,179,616	4,023,805	(1,988,736)	9,214,685	2,324,476
Long-term debt	90,220,973	6,775,092	(10,980,173)	86,015,892	8,498,508
Unamortized bond premium	602,956	-	(82,723)	520,233	51,170
Other post-employment benefits	30,225,327	8,530,033	-	38,755,360	-
	<u>\$ 146,118,307</u>	<u>\$ 21,304,925</u>	<u>\$ (14,112,573)</u>	<u>\$ 153,310,659</u>	<u>\$ 28,776,213</u>

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

NOTES TO FINANCIAL STATEMENTS - CONTINUED

June 30, 2014 and 2013

NOTE F - DEBT

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

Debt consisted of the following at June 30, 2014:

	Balance July 1, 2013	Additions	Principal payments	Balance June 30, 2014	Current portion
2006 Series	\$ 1,205,000	\$ -	\$ (325,000)	\$ 880,000	\$ 340,000
2007 Series	20,315,000	-	(1,965,000)	18,350,000	2,055,000
2008 Series	57,915,000	-	(3,775,000)	54,140,000	2,675,000
2013B Series	1,336,553	-	(1,336,553)	-	-
SPSBA Loan	526,486	-	(281,154)	245,332	245,332
SPSBA Loan	706,474	-	(199,451)	507,023	202,861
SPSBA Loan	1,611,379	-	(377,242)	1,234,137	353,606
SPSBA Loan	2,400,000	-	(275,369)	2,124,631	285,377
	<u>\$ 86,015,892</u>	<u>\$ -</u>	<u>\$ (8,534,769)</u>	<u>\$ 77,481,123</u>	<u>\$ 6,157,176</u>
	Balance July 1, 2012	Additions	Principal payments	Balance June 30, 2013	Current portion
1999 Series	\$ 2,525,000	\$ -	\$ (2,525,000)	\$ -	\$ -
2003 Series	800,000	-	(800,000)	-	-
2006 Series	1,520,000	-	(315,000)	1,205,000	325,000
2007 Series	22,185,000	-	(1,870,000)	20,315,000	1,965,000
2008 Series	61,490,000	-	(3,575,000)	57,915,000	3,775,000
2013B Series	-	2,575,092	(1,238,539)	1,336,553	1,336,553
SPSBA Loan	794,300	-	(267,814)	526,486	278,037
SPSBA Loan	906,673	-	(200,199)	706,474	196,910
SPSBA Loan	-	1,800,000	(188,621)	1,611,379	346,639
SPSBA Loan	-	2,400,000	-	2,400,000	275,369
	<u>\$ 90,220,973</u>	<u>\$ 6,775,092</u>	<u>\$ (10,980,173)</u>	<u>\$ 86,015,892</u>	<u>\$ 8,498,508</u>

(Continued)

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

NOTES TO FINANCIAL STATEMENTS - CONTINUED

June 30, 2014 and 2013

NOTE F - DEBT - Continued

Future annual principal and interest payments at June 30, 2014 are as follows:

	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
June 30:			
2015	\$ 6,157,176	\$ 4,101,700	\$ 10,258,876
2016	6,170,886	3,796,374	9,967,260
2017	6,145,316	3,530,135	9,675,451
2018	5,950,163	3,237,249	9,187,412
2019	5,329,480	2,916,632	8,246,112
2020	5,580,817	2,664,532	8,245,349
2021	5,842,284	2,394,068	8,236,352
2022	5,815,000	2,105,850	7,920,850
2023	6,130,000	1,792,390	7,922,390
2024	4,320,000	1,461,600	5,781,600
2025	4,580,000	1,202,400	5,782,400
2026	4,855,000	927,600	5,782,600
2027	5,150,000	636,300	5,786,300
2028	5,455,000	327,300	5,782,300
	<u>\$ 77,481,122</u>	<u>\$ 31,094,130</u>	<u>\$ 108,575,252</u>

1. 2006 Series

Under a loan agreement dated September 15, 2006 with the State Public School Building Authority (the Authority), the College borrowed \$3,000,000 of 2006 Series Community College Revenue Bonds. Of the total obligation, \$3,000,000 went toward deferred maintenance including roof repairs (Bonnell, West, Gymnasium, Winnet Building and West Philadelphia Regional Center); exterior brick repairs (Winnet Building and Gymnasium); and 16th Street sidewalk replacement. The College also received \$50,000 from the Authority that was applied to issuance cost. The Bonds are scheduled to be repaid over a 10-year period through June 20, 2017 at the interest rate of 4.5%, with an average annual debt service payment of \$349,372.

(Continued)

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

NOTES TO FINANCIAL STATEMENTS - CONTINUED

June 30, 2014 and 2013

NOTE F - DEBT - Continued

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

	Principal
2015	\$ 340,000
2016	355,000
2017	185,000
	\$ 880,000

2. 2007 Series

Under a loan agreement dated February 21, 2007 with the State Public School Building Authority, the College borrowed \$30,525,000 of 2007 Community College Refunding Revenue Bonds. Of the total obligation, \$30,525,000 (including bond premium net of bond discount and issuance cost of \$449,782) was used to purchase U.S. government securities, which were deposited in an irrevocable trust with an escrow agent to provide for future debt service payments on the 1998 Series Bonds and 2001 Series Bonds. As a result, that portion of the 1998 Series Bonds and 2001 Series Bonds is considered to be defeased, and the related liability (\$6,730,000 and \$23,970,000, respectively) has been removed from the statement of net position. The 1998 and 2001 Series Bonds were called as of November 1, 2011, and the related escrow with the trustee of the defeased bonds is zero. The 2007 Series Bonds are payable over 16½ years at rates from 4.00% to 5.00%, with an average annual debt service payment of \$2,602,675.

Principal payments required by the loan agreement are as follows:

	Principal
2015	\$ 2,055,000
2016	2,160,000
2017	2,270,000
2018	2,385,000
2019	1,750,000
2020- 2023	7,730,000
	\$ 18,350,000

(Continued)

NOTES TO FINANCIAL STATEMENTS - CONTINUED

June 30, 2014 and 2013

NOTE F - DEBT - Continued

3. 2008 Series

Under a loan agreement dated October 9, 2008 with the State Public School Building Authority, the College borrowed \$74,770,000 of 2008 Series Community College Revenue Bonds. The bonds were issued for the benefit of the College to finance a project consisting of: (a) the construction, equipping and furnishing of an approximately 45,000 square foot building for instructional facilities and student meeting spaces on the main campus of the College, and other capital projects related thereto; (b) the renovation and expansion of administrative buildings for the provision of student services on the main campus of the College; (c) the expansion of the campus facilities comprising the Northeast Regional Center of the College in Northeast Philadelphia; and (d) the payment of costs and expenses incident to the issuance of the bonds. The College also received \$50,000 from the State Public School Building Authority that was applied to issuance cost. The bonds are scheduled to be repaid over a 20-year period through June 15, 2028 at the interest rate of 3.00% to 6.25%, with an average annual debt service payment of \$6,064,257.

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

	<u>Principal</u>
2015	\$ 2,675,000
2016	2,795,000
2017	2,930,000
2018	3,110,000
2019	3,270,000
2020 - 2023	15,000,000
2024 - 2028	<u>24,360,000</u>
	<u>\$ 54,140,000</u>

4. 2013B Series

Under a loan agreement dated March 29, 2013 with the State Public School Building Authority, the College borrowed \$2,575,092 for the purpose of refinancing the remaining principal from the 1999 Series Bonds. The net present value savings of this transaction is \$54,642 of the refunded principal. The bond is scheduled to be repaid over a two-year period through May 1, 2014 at a fixed annual interest rate of 1.198%, with an average annual debt service payment of \$1,296,923. The 2013B Series have been fully repaid as of May 1, 2014.

(Continued)

Community College of Philadelphia
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NOTES TO FINANCIAL STATEMENTS - CONTINUED

June 30, 2014 and 2013

NOTE F - DEBT - Continued

5. Revolving Loan Obligation

Under a loan agreement dated February 26, 2010 with the State Public School Building Authority, the College borrowed \$1,350,000 for the purpose of completing three capital projects: Mint Building Masonry Renewal, West Building elevator renovations and the replacement of the Northwest Regional Center chiller plant. The loan is scheduled to be repaid over a five-year period through May 15, 2015 at a fixed annual interest rate of 2.50%, with an average annual debt service payment of \$290,402.

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

	<u>Principal</u>
2015	\$ 245,332
2016	<u>-</u>
	<u>\$ 245,332</u>

6. Revolving Loan Obligation

Under a loan agreement dated July 15, 2011 with the State Public School Building Authority, the College borrowed \$1,000,000 for the purpose of completing the build out of 7,291 square feet of space to be leased adjacent to the current West Regional Center. The loan is scheduled to be repaid over a five-year period through July 15, 2016 at a fixed annual interest rate of 3.00%, with an average annual debt service payment of \$216,899.

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

	<u>Principal</u>
2015	\$ 202,861
2016	208,992
2017	<u>95,170</u>
	<u>\$ 507,023</u>

(Continued)

Community College of Philadelphia
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NOTES TO FINANCIAL STATEMENTS - CONTINUED

June 30, 2014 and 2013

NOTE F - DEBT - Continued

7. Revolving Loan Obligation

Under a loan agreement dated January 31, 2013 with the State Public School Building Authority, the College borrowed \$1,800,000 for the purpose of completing the renewal and update of four chemistry labs, an instrumentation lab and the associated prep room in the West Building on the College's Main Campus. The loan is scheduled to be repaid over a five-year period through September 15, 2017 at a fixed annual interest rate of 2.00%, with an average annual debt service payment of \$377,242.

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

	Principal
2015	\$ 353,606
2016	360,673
2017	367,963
2018	151,894
	\$ 1,234,136

8. Revolving Loan Obligation

Under a loan agreement dated April 1, 2013 with the State Public School Building Authority, the College borrowed \$2,400,000 for the purpose of renovations to several spaces in the West Building on the College's Main Campus to address critical programmatic needs. The loan is scheduled to be repaid over a five-year period through November 1, 2020 at a fixed annual interest rate of 2.027%, with an average annual debt service payment of \$325,551.

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

	Principal
2015	\$ 285,377
2016	291,220
2017	297,184
2018	303,269
2019	309,479
2020 - 2021	638,102
	\$ 2,124,631

(Continued)

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

NOTES TO FINANCIAL STATEMENTS - CONTINUED

June 30, 2014 and 2013

NOTE F - DEBT - Continued

9. Operating Leases

The College leases certain equipment and property under operating lease arrangements that expire through 2022. Rental expense for operating leases was \$825,362 and \$851,300 for the years ended June 30, 2014 and 2013, respectively.

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

	Principal
2015	\$ 640,761
2016	274,032
2017	197,529
2018	156,987
2019	161,696
2020 - 2022	338,091
	\$ 1,769,096

10. Capital Leases

The College leases certain equipment under capital lease arrangements that expire in 2023. These leases are recorded at the lower of cost or present value and amounted to \$7,979,036 and \$9,214,685 at June 30, 2014 and 2013, respectively. Amortization charges of capital leases were \$2,404,280 and \$1,988,736 for the years ended June 30, 2014 and 2013, respectively.

Future minimum lease payments under capital leases are as follows:

	Principal	Interest	Total
June 30:			
2015	\$ 1,909,178	\$ 208,374	\$ 2,117,552
2016	1,566,605	158,522	1,725,127
2017	1,315,812	116,589	1,432,401
2018	971,847	83,321	1,055,168
2019	564,094	60,907	625,001
2020 - 2023	1,651,500	93,810	1,745,310
	\$ 7,979,036	\$ 721,523	\$ 8,700,559

Community College of Philadelphia
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NOTES TO FINANCIAL STATEMENTS - CONTINUED

June 30, 2014 and 2013

NOTE G - (PAYABLE TO) RECEIVABLE FROM GOVERNMENT AGENCIES

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

	2014		2013	
	Payable	Receivable	Payable	Receivable
Commonwealth of Pennsylvania:				
Provision for potential audit findings and reimbursement calculation	\$ 38,487	\$ -	\$ 49,084	\$ -
Grants and special projects	-	388,981	-	439,175
PHEAA for grants	2,846,825	-	1,858,420	2,923
	2,885,312	388,981	1,907,504	442,098
City of Philadelphia grants receivable	-	-	-	17,069
Federal:				
Financial aid programs	-	259,926	-	346,172
Grants and special projects	140,165	2,001,574	-	1,947,353
	140,165	2,261,500	-	2,310,594
Total	\$ 3,025,477	\$ 2,650,481	\$ 1,907,504	\$ 2,752,692

NOTE H - EMPLOYEE BENEFITS

1. Defined Benefit Plans

Retirement benefits are provided for substantially all employees through payments to one of the board-authorized retirement programs. The authorized pension plans at June 30, 2014 and 2013 are the Teachers' Insurance and Annuity Association - College Retirement Equities Fund (TIAA-CREF) and Fidelity Investments. Although the College no longer offers participation in the State Employees Retirement System (SERS) or the Pennsylvania Public School Employees Retirement System (PSERS), it has grandfathered continued participation for those employees currently enrolled. The College has 11 employees participating in the SERS and 21 employees in the PSERS.

The PSERS and SERS are defined benefit plans and are administered by the Commonwealth as established under legislative authority. Contributions are made by employees, the College and the Commonwealth according to the schedule below. Death benefits are available to employee beneficiaries according to various options at time of death. The financial statements for PSERS and SERS can be obtained from the 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.

(Continued)

NOTES TO FINANCIAL STATEMENTS - CONTINUED

June 30, 2014 and 2013

NOTE H - EMPLOYEE BENEFITS - Continued

A retirement incentive option has been offered to employees 62 or older, who have completed at least 15 years of full-time service, and whose combined age and years of service equal at least 80. This option expires August 31, 2014. At June 30, 2014, there were two people who accepted the early retirement and incentive options; the present value of future payments of \$145,266 and \$478,804 has been accrued at June 30, 2014 and 2013, respectively. Future payments in the next two fiscal years are expected to be \$145,266 and \$-0-, respectively.

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.

2. Defined Contribution Plans

The College also sponsors two defined contribution plans, 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 in the amount of the full present value of accumulation are provided to the beneficiary of a participant who dies prior to retirement. Various payment options are available. The College has 1,219 employees participating in this program.

(Continued)

Community College of Philadelphia
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NOTES TO FINANCIAL STATEMENTS - CONTINUED

June 30, 2014 and 2013

NOTE H - EMPLOYEE BENEFITS - Continued

The payroll for employees covered by the four plans was \$65,026,016 and \$62,337,917; and the College's total payroll is \$76,380,018 and \$76,649,169 at June 30, 2014 and 2013, respectively. Contributions made by the College during fiscal 2014 and 2013 totaled \$5,718,375 and \$5,475,891, respectively, representing 8.79% and 8.78%, respectively, of covered payroll. College employees contributed \$4,901,936 and \$4,855,664, respectively. A summary of retirement benefits follows:

Type of employee	Defined contribution plans	PSERS	SERS
Full-time faculty	10% of base contract	8.46% of all earnings	15.12% of all earnings
Visiting lecturers	5% of base contract	N/A	N/A
Part-time faculty	5% of all earnings	N/A	N/A
Administrators and other staff	10% of base contract	8.46% of all earnings	15.12% of all earnings
Others	10% of annual salary	8.46% of all earnings	15.12% of all earnings
Employee contribution	5% of base salary	Members prior to July 22, 1983: 6.5% of all earnings Members after * July 22, 1983: 7.5% of all earnings	6.25% of all earnings

Other Post-employment Benefits Liability

3. Plan Description

The College's Retirement Benefits Plan is a single-employer plan, which offers board-authorized post-employment benefits, other than pension, to eligible retirees. The plan provides post-retirement medical, prescription drug, dental and life insurance benefits. The plan is unfunded, and no financial report is prepared. These benefits are accounted for in accordance with GASB Statement No. 45, *Accounting and Financial Reporting by Employers for Post-employment Benefits Other Than Pensions*.

4. Funding Policy

The contribution requirements of plan members and the College are established and may be amended by the College's Board of Trustees. The plan is funded on a pay-as-you-go basis (i.e., premiums are paid to fund the health care benefits provided to current retirees). The College paid premiums of \$2,478,737 and \$1,873,156 for the fiscal years ended June 30, 2014 and 2013, respectively. Total retiree contributions made by plan members were \$625,488 and \$589,471 for the fiscal years ended June 30, 2014 and 2013, respectively.

(Continued)

Community College of Philadelphia
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NOTES TO FINANCIAL STATEMENTS - CONTINUED

June 30, 2014 and 2013

NOTE H - EMPLOYEE BENEFITS - Continued

The Retiree Drug Subsidy (RDS) was created as part of the 2003 federal law that created the Medicare prescription drug program and was included to encourage employers to retain the prescription benefits offered to Medicare-eligible retirees. Under the law, employers that retain prescription drug coverage for retirees that is at least equivalent to Medicare Part D coverage receive a subsidy from the U.S. government equal to 28% of the employer's annual drug costs that fall within a certain range. The College received payments of \$232,609 for the fiscal year ended June 30, 2014 and \$260,502 for fiscal year ended June 30, 2013.

The College also provides life insurance for retirees until the end of the contract year in which the employee turns 65 years of age. Contract year is defined as fiscal year for Administrators/Confidential and academic year for Faculty/Classified. The College paid premiums of \$14,915 covering 38 retirees for the fiscal year ended June 30, 2014 and \$10,129 covering 36 retirees for the fiscal year ended June 30, 2013.

5. Annual OPEB Cost and Net OPEB Obligation

The College's annual other post-employment benefit (OPEB) cost (expense) is calculated based on the annual required contribution of the employer (ARC), an amount actuarially determined in accordance with the parameters of GASB Statement No. 45. The ARC represents a level of funding that, if paid on an ongoing basis, is projected to cover normal cost each year and amortize any unfunded actuarial liabilities (or funding excess) over a period not to exceed 30 years. The following show the components of the College's annual OPEB cost for the year, the amount actually contributed to the plan, and changes in the College's net OPEB obligation:

	<u>2014</u>	<u>2013</u>	<u>2012</u>
Annual required contribution	\$ 13,249,915	\$ 12,255,644	\$ 10,982,860
Annual OPEB cost (expense)	13,249,915	12,255,644	10,982,860
Contributions made	<u>(4,608,714)</u>	<u>(3,725,611)</u>	<u>(3,371,858)</u>
Increase in net OPEB obligation	8,641,201	8,530,033	7,611,002
Net OPEB obligation at July 1	<u>38,755,360</u>	<u>30,225,327</u>	<u>22,614,325</u>
Net OPEB obligation at June 30	<u>\$ 47,396,561</u>	<u>\$ 38,755,360</u>	<u>\$ 30,225,327</u>

(Continued)

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

NOTES TO FINANCIAL STATEMENTS - CONTINUED

June 30, 2014 and 2013

NOTE H - EMPLOYEE BENEFITS - Continued

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

	<u>Annual OPEB principal</u>	<u>Percentage of annual OPEB cost contributed</u>	<u>Net OPEB total</u>
Fiscal year ended:			
June 30, 2014	\$ 13,249,915	34.78%	\$ 47,396,561
June 30, 2013	12,255,644	30.39	38,755,360
June 30, 2012	10,982,860	30.70	30,225,327

6. Funded Status and Funding Progress

Actuarial valuations of an ongoing plan involve estimates of the value of reported amounts and assumptions about the probability of occurrence of events far into the future. Examples include assumptions about future employment, mortality and the health care cost trend. Actuarial amounts determined regarding the funded status of the plan and the annual required contributions of the College are subject to continual revision as actual results are compared with past expectations and new estimates are made about the future. The funded status of the plan as of the most recent valuation date is as follows:

Actuarial valuation date	<u>July 1, 2013</u>
Actuarial value of assets	\$ -
Actuarial accrued liability	<u>142,548,317</u>
Unfunded actuarial accrued liability (UAAL)	<u>\$ 142,548,317</u>
Funded ratio	0.00%
Annual covered payroll (Note J)	\$ 76,380,018
UAAL as a percentage of covered payroll	186.63%

The schedule of funding progress, presented as required supplementary information following the notes to the financial statements, presents multiyear trend information about the plan's funding.

(Continued)

NOTES TO FINANCIAL STATEMENTS - CONTINUED

June 30, 2014 and 2013

NOTE H - EMPLOYEE BENEFITS - Continued

7. Actuarial Methods and Assumptions

The calculations are based on the types of benefits provided under the terms of the College's Retirement Benefits Plan at the time of the valuation. The projection of benefits for financial reporting purposes does not explicitly incorporate the potential effects of legal or contractual funding limitations in the future. The actuarial methods and assumptions used include techniques that are designed to reduce the effects of short-term volatility in actuarial accrued liabilities and the actuarial value of assets, consistent with the long-term perspective of the calculations. The following actuarial methods and significant assumptions were used for the July 1, 2013 valuation:

Actuarial cost method	Projected unit credit
Amortization method	Closed, level dollar amortization over 30 years
Remaining amortization period	23 years
Discount rate	4.00%
Medical trend rate	7.50% gradually decreasing to 4.50% in 2027
Prescription drug trend rate	7.50% gradually decreasing to 4.50% in 2021
Dental trend rate	3.00%
Mortality table	RP-2000 healthy mortality table projected to 2014 with scale AA

NOTE I - COMMITMENTS AND CONTINGENCIES

Based upon the provisions of Act 46 enacted in 2005 and effective with the June 2007 fiscal year, the Commonwealth no longer audits the funding received. In lieu of the state audit, an enrollment verification and capital expenditure audit is completed by the College's independent auditor. The College has accrued for audit findings through 2006, the last year Commonwealth audits were performed.

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

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

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

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

NOTES TO FINANCIAL STATEMENTS - CONTINUED

June 30, 2014 and 2013

NOTE J - OPERATING EXPENSES

The College and component unit Foundation's operating expenses, on a natural classification basis, were comprised of the following:

	2014		2013	
	College	Component unit Foundation	College	Component unit Foundation
Salaries	\$ 75,438,209	\$ 941,809	\$ 76,015,530	\$ 633,639
Benefits	35,884,685	250,719	34,247,087	133,897
Contracted services	9,696,574	296,273	11,372,678	260,438
Supplies	3,231,590	122,298	3,635,794	91,302
Depreciation	10,490,412	-	10,423,443	-
Student aid	10,459,176	387,194	8,327,636	302,451
Other post-retirement benefits	8,641,201	-	8,530,033	-
Gifts from the Community College of Philadelphia Foundation	-	100,000	-	2,809,152
Other	12,313,843	435,174	11,467,782	487,283
Total	<u>\$166,155,690</u>	<u>\$ 2,533,467</u>	<u>\$164,019,983</u>	<u>\$ 4,718,162</u>

NOTE K - CITY AND STATE APPROPRIATIONS

Appropriations from the Commonwealth and the City for the years ended June 30, 2014 and 2013 are as follows:

	2014		2013	
	Operations	Capital	Operations	Capital
Commonwealth of Pennsylvania	\$ 28,179,310	\$ 6,109,663	\$ 28,239,824	\$ 6,384,089
City of Philadelphia	18,346,138	7,859,208	18,063,705	7,345,502
Total appropriations	<u>\$ 46,525,448</u>	<u>\$ 13,968,871</u>	<u>\$ 46,303,529</u>	<u>\$ 13,729,591</u>

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

NOTES TO FINANCIAL STATEMENTS - CONTINUED

June 30, 2014 and 2013

NOTE L - PASS-THROUGH GRANTS

The College distributed \$44,548,421 in 2014 and \$42,430,511 in 2013 for student loans through the U.S. Department of Education Federal Direct Loan Program. These distributions and related funding sources are not included as expenses and revenues, nor as cash disbursements and cash receipts in the accompanying financial statements.

NOTE M - SUBSEQUENT EVENTS

The College has evaluated subsequent events through September 30, 2014, noting no items which would require disclosure in the financial statements.

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SUPPLEMENTARY INFORMATION

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

SCHEDULE OF FUNDING PROGRESS

June 30, 2014 and 2013

Valuation date	Actuarial value of assets (a)	Actuarial accrued liability (AAL) (b)	Unfunded AAL (b-a)	Funded ratio (a/b)	Covered payroll (c)	UAAL (OAAL) percentage of covered payroll ((a-b)/c)
July 1, 2007	\$ -	\$ 72,351,392	\$ 72,351,392	\$ -	\$ 64,747,493	111.74%
July 1, 2009	-	81,337,622	81,337,622	-	73,489,322	110.68
July 1, 2011	-	103,846,976	103,846,976	-	76,796,463	135.22
July 1, 2012	-	124,575,199	124,575,199	-	76,015,530	163.88
July 1, 2013	-	142,548,317	142,548,317	-	76,380,018	186.63

Schedule of contributions from the College

Fiscal year	Annual required contribution	Contribution	Percentage contributed
June 30, 2008	\$ 7,257,715	\$ 2,063,042	28.43%
June 30, 2009	7,463,367	2,281,821	30.57
June 30, 2010	8,590,625	2,391,154	27.83
June 30, 2011	8,872,232	2,833,597	31.94
June 30, 2012	10,982,860	3,371,858	30.70
June 30, 2013	12,255,644	3,725,611	30.40
June 30, 2014	13,249,915	4,608,714	34.78

The information presented above was determined as part of the actuarial valuation at the date indicated.

Actuarial cost method	Projected Unit Credit
Asset valuation method	N/A
Remaining amortization period	23 years

Actuarial assumptions:

Discount rate	4.00%
Medical cost trend rate	7.50% gradually decreasing to 4.50% in 2027
Prescription drug cost trend rate	7.50% gradually decreasing to 4.50% in 2021
Dental cost trend rate	3.00%
Mortality table	RP-2000 healthy mortality table projected to 2014 with scale AA

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)

Year ended June 30,

(Amounts expressed in thousands)

	2014	2013	2012	2011	2010	2009	2008	2007	2006
Revenues:									
Student tuition and fees (net of scholarship allowances)	\$ 35,338	\$ 32,003	\$ 30,181	\$ 28,132	\$ 29,608	\$ 31,618	\$ 29,723	\$ 27,146	\$ 26,258
State grants and contracts	-	-	-	-	-	-	-	-	-
Nongovernmental grants and contracts	-	-	-	-	-	-	-	75	50
Sales of auxiliary enterprises	1,671	1,776	1,827	1,734	1,650	1,371	1,274	1,132	1,075
Other operating revenues	166	158	168	180	194	95	76	73	65
Total operating revenues	37,175	33,937	32,176	30,046	31,452	33,084	31,073	28,426	27,448
City appropriations	18,346	18,064	17,652	18,092	18,946	19,245	20,243	19,644	18,958
State appropriations	28,179	28,240	28,229	29,275	28,750	31,496	31,554	30,855	29,564
Federal grants and contracts	58,796	58,715	56,839	58,890	51,131	32,552	30,668	27,391	28,823
State grants and contracts	6,591	7,191	6,495	5,967	5,585	5,831	7,818	8,570	8,662
Gifts from the Community College of Philadelphia Foundation	100	2,809	-	-	-	-	-	-	-
Nongovernmental grants and contracts	1,704	1,119	1,014	1,419	1,580	2,688	1,632	1,332	785
Private gifts	-	-	-	-	-	-	-	-	1
Net investment income	695	333	1,098	718	1,587	249	1,084	1,780	1,148
Other nonoperating revenue	324	379	540	333	353	354	1,237	321	151
Total nonoperating revenues	114,735	116,850	111,867	114,694	107,932	92,415	94,236	89,893	88,092
Capital appropriations	13,969	13,730	14,084	13,648	13,979	13,721	8,316	7,762	7,235
Total revenues	\$ 165,879	\$ 164,517	\$ 158,127	\$ 158,388	\$ 153,363	\$ 139,220	\$ 133,625	\$ 126,081	\$ 122,775

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)

Year ended June 30,

(Amounts expressed in percentages)

	2014	2013	2012	2011	2010	2009	2008	2007	2006
Revenues:									
Student tuition and fees (net of scholarship allowances)	21.30%	19.45%	19.09%	17.76%	19.31%	22.71%	22.24%	21.53%	21.39%
State grants and contracts	-	-	-	-	-	-	-	-	-
Nongovernmental grants and contracts	-	-	-	-	-	-	-	0.06	0.04
Sales of auxiliary enterprises	1.01	1.08	1.16	1.09	1.08	0.98	0.95	0.90	0.88
Other operating revenues	<u>0.10</u>	<u>0.10</u>	<u>0.11</u>	<u>0.11</u>	<u>0.13</u>	<u>0.07</u>	<u>0.06</u>	<u>0.06</u>	<u>0.05</u>
Total operating revenues	<u>22.41</u>	<u>20.63</u>	<u>20.36</u>	<u>18.96</u>	<u>20.52</u>	<u>23.76</u>	<u>23.25</u>	<u>22.55</u>	<u>22.36</u>
City appropriations	11.06	10.98	11.16	11.42	12.35	13.82	15.15	15.58	15.44
State appropriations	16.99	17.17	17.85	18.48	18.75	22.62	23.61	24.47	24.08
Federal grants and contracts	35.45	35.69	35.95	37.18	33.34	23.38	22.95	21.72	23.48
State grants and contracts	3.97	4.37	4.11	3.77	3.64	4.19	5.85	6.80	7.06
Gifts from the Community College of Philadelphia Foundation	0.06	1.70	-	-	-	-	-	-	-
Nongovernmental grants and contracts	1.02	0.68	0.64	0.90	1.03	1.93	1.22	1.06	0.64
Private gifts	-	-	-	-	-	-	-	-	-
Net investment income	0.42	0.20	0.69	0.45	1.03	0.18	0.81	1.41	0.94
Other nonoperating revenue	<u>0.20</u>	<u>0.23</u>	<u>0.33</u>	<u>0.22</u>	<u>0.23</u>	<u>0.26</u>	<u>0.94</u>	<u>0.25</u>	<u>0.11</u>
Total nonoperating revenues	<u>69.17</u>	<u>71.02</u>	<u>70.73</u>	<u>72.42</u>	<u>70.37</u>	<u>66.38</u>	<u>70.53</u>	<u>71.29</u>	<u>71.75</u>
Capital appropriations	<u>8.42</u>	<u>8.35</u>	<u>8.91</u>	<u>8.62</u>	<u>9.11</u>	<u>9.86</u>	<u>6.22</u>	<u>6.16</u>	<u>5.89</u>
Total revenues	<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 EXPENSES BY USE (UNAUDITED)

Year ended June 30,

(Amounts expressed in thousands)

	2014	2013	2012	2011	2010	2009	2008	2007	2006
Expenses:									
Salaries	\$ 75,438	\$ 76,015	\$ 76,796	\$ 78,168	\$ 73,489	\$ 69,694	\$ 68,333	\$ 64,747	\$ 63,350
Benefits	35,885	34,247	32,062	32,500	30,231	27,121	25,210	25,309	23,980
Contracted services	9,697	11,373	6,057	5,376	4,881	5,214	4,869	4,089	4,212
Supplies	3,232	3,636	2,760	3,253	2,198	2,107	2,416	1,996	2,183
Depreciation	10,490	10,423	9,764	7,660	6,493	6,588	6,374	5,947	6,086
Student aid	10,459	8,328	10,015	7,376	7,935	4,409	4,326	4,342	6,975
Other	12,314	11,468	11,895	12,948	11,730	12,269	11,692	11,109	11,383
GASB 45 (Other post-employment benefits) accrual	8,641	8,530	7,611	6,039	6,199	5,181	5,195	-	-
Total operating expenses	<u>166,156</u>	<u>164,020</u>	<u>156,960</u>	<u>153,320</u>	<u>143,156</u>	<u>132,583</u>	<u>128,415</u>	<u>117,539</u>	<u>118,169</u>
Interest on capital asset-related debt service	<u>4,258</u>	<u>4,689</u>	<u>3,927</u>	<u>3,542</u>	<u>1,841</u>	<u>1,889</u>	<u>2,273</u>	<u>1,993</u>	<u>2,603</u>
Total nonoperating expenses	<u>4,258</u>	<u>4,689</u>	<u>3,927</u>	<u>3,542</u>	<u>1,841</u>	<u>1,889</u>	<u>2,273</u>	<u>1,993</u>	<u>2,603</u>
Total expenses	<u>\$ 170,414</u>	<u>\$ 168,709</u>	<u>\$ 160,887</u>	<u>\$ 156,862</u>	<u>\$ 144,997</u>	<u>\$ 134,472</u>	<u>\$ 130,688</u>	<u>\$ 119,532</u>	<u>\$ 120,772</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)

Year ended June 30,

(Amounts expressed in percentages)

	2014	2013	2012	2011	2010	2009	2008	2007	2006
Expenses:									
Salaries	44.27%	45.06%	47.73%	49.83%	50.68%	51.83%	52.29%	54.17%	52.45%
Benefits	21.04	20.28	19.93	20.72	20.85	20.17	19.29	21.17	19.86
Contracted services	5.69	6.74	3.77	3.43	3.37	3.88	3.72	3.42	3.49
Supplies	1.90	2.16	1.72	2.07	1.52	1.57	1.85	1.67	1.81
Depreciation	6.16	6.18	6.07	4.88	4.48	4.90	4.88	4.98	5.04
Student aid	6.14	4.94	6.22	4.70	5.47	3.28	3.31	3.63	5.78
Other	7.23	6.80	7.39	8.26	8.09	9.12	8.95	9.29	9.41
GASB 45 (Other post-employment benefits) accrual	<u>5.07</u>	<u>5.06</u>	<u>4.73</u>	<u>3.85</u>	<u>4.27</u>	<u>3.85</u>	<u>3.97</u>	<u>-</u>	<u>-</u>
Total operating expenses	<u>97.50</u>	<u>97.22</u>	<u>97.56</u>	<u>97.74</u>	<u>98.73</u>	<u>98.60</u>	<u>98.26</u>	<u>98.33</u>	<u>97.84</u>
Interest on capital asset-related debt service	<u>2.50</u>	<u>2.78</u>	<u>2.44</u>	<u>2.26</u>	<u>1.27</u>	<u>1.40</u>	<u>1.74</u>	<u>1.67</u>	<u>2.16</u>
Total nonoperating expenses	<u>2.50</u>	<u>2.78</u>	<u>2.44</u>	<u>2.26</u>	<u>1.27</u>	<u>1.40</u>	<u>1.74</u>	<u>1.67</u>	<u>2.16</u>
Total expenses	<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 EXPENSES BY FUNCTION (UNAUDITED)

Year ended June 30,

(Amounts expressed in thousands)

	2014	2013	2012	2011	2010	2009	2008	2007	2006
Expenses by function:									
Instruction	\$ 66,210	\$ 66,436	\$ 62,162	\$ 62,184	\$ 57,714	\$ 53,368	\$ 51,996	\$ 48,457	\$ 47,272
Public service	109	156	63	92	46	123	93	30	70
Academic support	17,492	17,247	17,723	19,251	18,540	16,828	14,920	13,927	12,577
Student services	22,811	21,913	21,075	21,744	20,241	18,212	17,776	16,315	17,030
Institutional support	25,229	26,216	23,281	22,003	20,095	21,385	21,296	17,956	17,365
Operation and maintenance of plant	12,586	12,742	12,244	12,392	11,307	10,905	10,949	9,964	9,632
Depreciation	10,490	10,423	9,764	7,660	6,493	6,588	6,374	5,947	6,086
Student aid	10,459	8,328	10,015	7,377	7,935	4,409	4,326	4,342	7,440
Auxiliary enterprises	770	559	633	617	785	765	685	601	618
Other	-	-	-	-	-	-	-	-	78
Interest on capital debt	4,258	4,689	3,927	3,542	1,841	1,889	2,273	1,993	2,603
Total expenses by function	\$ 170,414	\$ 168,709	\$ 160,887	\$ 156,862	\$ 144,997	\$ 134,472	\$ 130,688	\$ 119,532	\$ 120,771

(Amounts expressed in percentages)

	2014	2013	2012	2011	2010	2009	2008	2007	2006
Expenses by function:									
Instruction	38.85%	39.38%	38.64%	39.64%	39.80%	39.69%	39.79%	40.54%	39.14%
Public service	0.06	0.09	0.04	0.06	0.03	0.09	0.07	0.03	0.06
Academic support	10.26	10.22	11.02	12.28	12.79	12.51	11.42	11.65	10.41
Student services	13.39	12.99	13.10	13.86	13.96	13.54	13.60	13.65	14.10
Institutional support	14.80	15.54	14.47	14.03	13.86	15.90	16.30	15.02	14.38
Operation and maintenance of plant	7.39	7.55	7.61	7.90	7.80	8.12	8.37	8.33	7.98
Depreciation	6.16	6.18	6.07	4.88	4.48	4.90	4.88	4.98	5.04
Student aid	6.14	4.94	6.22	4.70	5.47	3.28	3.31	3.63	6.16
Auxiliary enterprises	0.45	0.33	0.39	0.39	0.54	0.57	0.52	0.50	0.51
Other	-	-	-	-	-	-	-	-	0.06
Interest on capital debt	2.50	2.78	2.44	2.26	1.27	1.40	1.74	1.67	2.16
Total expenses by function	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 NET POSITION AND CHANGES IN NET POSITION (UNAUDITED)

Year ended June 30,

(Amounts expressed in thousands)

	2014	2013	2012	2011	2010	2009	2008	2007	2006
Total revenues (from schedule of revenues by source less capital appropriations)	\$ 151,910	\$ 150,786	\$ 144,042	\$ 144,740	\$ 139,384	\$ 125,499	\$ 125,309	\$ 118,318	\$ 115,541
Total operating expenses (from schedule of expenses by use)	170,414	168,709	160,887	156,862	144,997	134,472	130,688	119,532	120,771
Income before other revenues and expenses	(18,504)	(17,923)	(16,845)	(12,122)	(5,613)	(8,973)	(5,379)	(1,214)	(5,230)
Capital grants and contracts	-	-	-	-	-	-	-	35	235
Deductions to permanent endowments	-	-	-	-	-	-	(14)	(106)	(22)
Total changes in net position	(18,504)	(17,923)	(16,845)	(12,122)	(5,613)	(8,973)	(5,393)	(1,285)	(5,017)
Net position, beginning	77,072	81,265	85,903	84,377	76,011	71,263	68,340	61,863	59,646
Net position, ending	\$ 58,568	\$ 63,342	\$ 69,058	\$ 72,255	\$ 70,398	\$ 62,290	\$ 62,947	\$ 60,578	\$ 54,629
Net investment in capital assets	\$ 93,771	\$ 89,660	\$ 86,331	\$ 80,136	\$ 69,278	\$ 60,947	\$ 54,231	\$ 49,504	\$ 49,416
Restricted - nonexpendable	-	-	-	-	-	-	-	13	79
Restricted - expendable	4,742	2,740	1,364	731	511	511	1,874	920	145
Unrestricted	(25,975)	(15,328)	(4,553)	5,036	14,588	14,553	15,158	17,903	12,222
Total net position	\$ 72,538	\$ 77,072	\$ 83,142	\$ 85,903	\$ 84,377	\$ 76,011	\$ 71,263	\$ 68,340	\$ 61,862

Source: Audited financial statements.

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

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

Year ended June 30,

	2014	2013	2012	2011	2010	2009	2008	2007	2006
Enrollments and student demographics:									
Credit FTE	15,051	15,116	15,769	16,091	15,808	14,208	13,942	13,570	13,594
Unduplicated Credit Headcount	28,096	28,264	29,094	29,032	28,783	26,868	26,212	26,157	26,293
Percentage - Men	37.7%	36.9%	35.5%	35.5%	34.5%	33.7%	33.2%	32.8%	32.9%
Percentage - Women	62.3	63.1	64.5	64.5	65.5	66.3	66.8	67.2	67.1
Percentage - Black	50.2	49.7	49.9	49.2	48.9	48.6	48.0	48.3	47.8
Percentage - White	24.3	25.1	24.6	24.4	25.0	25.7	25.2	26.0	26.8
Percentage - Asian	8.2	7.7	7.3	7.2	7.1	7.4	7.7	7.6	7.3
Percentage - Hispanic	11.4	10.6	4.9	6.5	7.0	6.8	6.3	5.9	5.6
Percentage - American Indian/other	0.4	0.4	0.5	0.5	0.4	0.4	0.4	0.5	0.5
Percentage - Unknown	5.6	6.5	12.9	12.2	11.6	11.1	12.4	11.7	12.0
Degrees awarded:									
Associate	1,857	1,712	1,828	1,702	1,667	1,741	1,592	1,481	1,465
Certificate	338	167	180	214	216	259	319	232	170

Source: Department of Institutional Research.

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

STATISTICAL SECTION - FACULTY AND STAFF STATISTICS (UNAUDITED)

For Fall Term in Year

	2014	2013	2012	2011	2010	2009	2008	2007	2006
Faculty:									
Part-time	643	734	757	771	737	684	641	623	787
Full-time	407	412	418	413	395	393	395	399	399
Percentage tenured	79.9%	80.6%	83.0%	84.0%	79.5%	79.6%	78.5%	76.1%	74.1%
Administrative and support staff:									
Part-time	12	20	22	19	19	23	31	31	28
Full-time	441	447	472	460	462	457	426	429	424
Total employees:									
Part-time	655	754	779	790	756	707	672	654	815
Full-time	848	859	890	873	857	850	821	828	823
Students per full-time staff:									
Number credit students	19,066	18,692	19,751	19,503	19,047	17,327	17,352	16,871	16,889
Faculty	47	46	47	47	48	44	44	42	42
Administrative and support staff	43	42	42	42	44	38	41	39	40
Average annual faculty salary	\$ 64,059	\$ 66,137	\$ 66,236	\$ 67,266	\$ 65,381	\$ 63,408	\$ 60,799	\$ 57,346	\$ 58,473

Source: Institutional Human Resource Records.

GROSS SQUARE FEET OF COLLEGE BUILDINGS

	2014	2013	2012	2011	2010	2009	2008	2007	2006
Main Campus - Buildings	911,051	911,051	900,613	900,613	852,445	852,445	852,445	852,445	852,445
Main Campus - 17 Street Garage	230,360	230,360	230,360	230,660	230,660	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
Main Campus - CBI Garage	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	-	-	-	-	-
Northeast Regional Center	109,075	109,075	109,075	109,075	109,075	59,876	59,876	59,876	59,876
West Regional Center	39,394	39,394	39,394	32,090	32,090	32,090	32,090	32,090	32,090
Northwest Regional Center	90,000	90,000	90,000	90,000	90,000	90,000	90,000	90,000	90,000
Total gross square feet	1,605,882	1,605,882	1,595,444	1,588,440	1,451,772	1,402,273	1,402,273	1,402,273	1,402,273

Source: Institutional Physical Plant Records.

Demographic Statistics

City of Philadelphia Last Eight Calendar Years

Year:	<u>Population as of June 30</u>	<u>Average annual unemployment rate</u>
2005 – 06	1,463,281	6.7
2006 – 07	1,448,394	6.2
2007 – 08	1,449,634	6.0
2008 – 09	1,540,351	7.1
2009 – 10	1,547,297	9.8
2010 – 11	1,526,006	10.9
2011 – 12	1,536,471	10.8
2012 – 13	1,547,607	10.5
2013 – 14	1,553,165	7.8

Sources: United States Census Bureau and Bureau of Labor Statistics

See accompanying report of independent certified public accountants.

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

COMPONENT UNIT SCHEDULE OF NET POSITION

Year ended June 30, 2014

(In thousands)

Assets:	
Cash on deposit and on hand	\$ 10,729
Equity in pooled cash and investments	-
Equity in treasurer's account	-
Investments	39,673
Internal balances	-
Amounts held by fiscal agent	-
Notes receivable	-
Taxes receivable	-
Accounts receivable	9,509
Allowance for doubtful accounts	(3,587)
Interest and dividends receivable	48
Due from other governments	2,651
Restricted assets	(271)
Inventories	-
Other assets	1,560
Property, plant and equipment	<u>179,493</u>
 Total assets	 <u>\$ 239,805</u>
Liabilities:	
Notes payable	\$ -
Vouchers and accounts payable	13,114
Salaries and wages payable	2,675
Accrued expenses	1,149
Funds held in escrow	461
Due to other governments	3,025
Deferred revenue	3,629
Current portion of long-term obligations	8,275
Noncurrent portion of long-term obligations	77,185
Other post-employment benefits (GASB 45)	<u>47,397</u>
 Total liabilities	 <u>\$ 156,910</u>
Net position:	
Net investment in capital assets	\$ 93,771
Restricted for:	
Capital projects	5,356
Debt service	-
Community development projects	-
Behavioral health programs	-
Intergovernmental financing	-
Tuition stabilization and scholarships	8,113
Rate stabilization	-
Unrestricted (deficit)	<u>(24,345)</u>
 Total net position	 <u>\$ 82,895</u>

See accompanying report of independent certified public accountants.

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

COMPONENT UNIT SCHEDULE OF ACTIVITIES

Year ended June 30, 2014

(In thousands)

	Program revenues			Net expense and changes in net position
Expenses	Charge for services	Operating grants and contributions	Capital grants and contributions	Education activities
Community college services	\$ 172,848	\$ 37,009	\$ 68,837	\$ 67,002
			General revenues:	
			Taxes	
			Grants and contributions*	60,494
			Interest and investment earnings	1,524
			Miscellaneous	1,153
			Special items	-
			Transfers	-
			Total general revenues, special items and transfers	63,171
			Change in net assets	(3,831)
			Net position - beginning	86,726
			Net position - ending	\$ 82,895

* Includes Commonwealth appropriations of \$34,289 and City of Philadelphia appropriations of \$26,205.

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

COMPONENT UNIT CAPITAL ASSET FORMAT

Years ended June 30, 2014 and 2013

	<u>Beginning balance</u>	<u>Increases</u>	<u>Decreases</u>	<u>Ending balance</u>
Business-type activities:				
Capital assets not being depreciated:				
Land	\$ 29,054,933	\$ -	\$ -	\$ 29,054,933
Fine arts	705,208	-	-	705,208
Construction in process	<u>1,116,503</u>	<u>3,647,681</u>	<u>(4,412,432)</u>	<u>351,752</u>
Total capital assets not being depreciated	<u>30,876,644</u>	<u>3,647,681</u>	<u>(4,412,432)</u>	<u>30,111,893</u>
Capital assets being depreciated:				
Buildings	226,864,126	6,245,329	(757,932)	232,351,523
Other improvements	18,030,087	213,994	-	18,244,081
Equipment	38,242,626	845,750	(3,003,037)	36,085,339
Furniture	1,149,951	75,581	(77,041)	1,148,491
Leasehold improvements	176,176	-	-	176,176
Infrastructure	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total capital assets being depreciated	<u>284,462,966</u>	<u>7,380,654</u>	<u>(3,838,010)</u>	<u>288,005,610</u>
Less accumulated depreciation for:				
Buildings	89,712,732	6,024,117	(721,002)	95,015,847
Other improvements	15,975,808	642,130	-	16,617,938
Equipment	25,474,851	3,791,144	(3,447,946)	25,818,049
Furniture	1,060,908	18,567	(76,282)	1,003,193
Leasehold improvements	155,074	14,454	-	169,528
Infrastructure	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total accumulated depreciation	<u>132,379,373</u>	<u>10,490,412</u>	<u>(4,245,230)</u>	<u>138,624,555</u>
Total capital assets being depreciated, net	<u>152,083,593</u>	<u>(3,109,758)</u>	<u>407,220</u>	<u>149,381,055</u>
Business-type activities capital assets, net	<u>\$ 182,960,237</u>	<u>\$ 537,923</u>	<u>\$ (4,005,212)</u>	<u>\$ 179,492,948</u>

See accompanying report of independent certified public accountants.

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

We have audited, in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the business-type activities and the discretely presented component unit of the Community College of Philadelphia (the College) as of and for the year ended June 30, 2014, and the related notes to the financial statements, which collectively comprise the College's basic financial statements, and have issued our report thereon dated September 30, 2014.

Internal control over financial reporting

In planning and performing our audit of the financial statements, we considered the College's internal control over financial reporting (internal control) to design audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of internal control. Accordingly, we do not express an opinion on the effectiveness of the College's internal control.

A deficiency in internal control exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. A material weakness is a deficiency, or a combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the College's financial statements will not be prevented, or detected and corrected, on a timely basis. A significant deficiency is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies and, therefore, material weaknesses or significant deficiencies may exist that were not identified. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified. We did identify a certain deficiency in internal control, described in the accompanying schedule of finding as item #2014-01, that we consider to be a significant deficiency in the College's internal control.

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Compliance and other matters

As part of obtaining reasonable assurance about whether the College's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

Entity's response to findings

The College's response to our findings, which is described in the accompanying schedule of finding, was not subjected to the auditing procedures applied in the audit of the financial statements, and accordingly, we express no opinion on the College's response.

Intended purpose

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the College's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the College's internal control and compliance. Accordingly, this report is not suitable for any other purpose.

Grant Thornton LLP

Philadelphia, Pennsylvania

September 30, 2014

SCHEDULE OF FINDING

June 30, 2014

Finding #2014-01

Criteria

Management is required to design and implement effective internal controls over financial reporting, which include assessing the accounting treatment over routine transactions.

Condition

In connection with our financial statement audit, we identified an adjustment related to capital leases, which led to an adjustment to the recording on the statement of net position of the capital lease obligation and capital assets. The same adjustment also resulted in a change to the statement of revenues, expenses and changes in net position for the difference between recording interest on the straight line method versus effective interest method.

Cause/Effect

Management's periodic review of accounting policies did not identify that the capital lease obligation was being inappropriately recorded. As a result, there was an error in the financial statements that required an audit adjustment.

Recommendation

We recommend that management adjust accounting policies and standard journal entries to reflect the appropriate recording of capital leases and modify control reviews to ensure standard journal entries are compared to U.S. GAAP.

Management's Response

The College concurs with this finding. The accounting treatment outlined above was the result of an inadvertent misapplication of the accounting standard for capital leases, which occurred ten years ago and was not identified during the College's routine annual account analysis procedures because of the small amount of the yearly difference. Consequently, the required audit adjustment represents the cumulative effect of the difference in the interest on the straight line method versus effective interest method for the last ten years. The College has changed its accounting procedures to apply the appropriate standard journal entries related to capital leases.

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APPENDIX B
COMMUNITY COLLEGE OF PHILADELPHIA
FORM OF CONTINUING DISCLOSURE AGREEMENT

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\$52,075,000
STATE PUBLIC SCHOOL BUILDING AUTHORITY
(Commonwealth of Pennsylvania)
College Revenue Bonds (Community College of Philadelphia Project), Series of 2015

CONTINUING DISCLOSURE AGREEMENT

This Continuing Disclosure Agreement (the "Disclosure Agreement") is executed and delivered as of this 1st day of September, 2015, by and between the Community College of Philadelphia (the "College") and The Bank of New York Mellon Trust Company, N.A., Philadelphia, Pennsylvania, as trustee (the "Trustee") under a Trust Indenture, dated as of September 1, 2015 (the "Indenture"), in connection with the issuance and sale by the State Public School Building Authority (the "Authority"), of its \$52,075,000 College Revenue Bonds, Series of 2015 (Community College of Philadelphia Project) (the "2015 Bonds"), The Bank of New York Mellon Trust Company, N.A., serving in its capacity as dissemination agent hereunder (the "Dissemination Agent"). The Bonds are being issued by the Authority pursuant to the State Public School Building Authority Act of 1947, P.L. 1217, as amended and supplemented (the "Act"). Proceeds of the Bonds will be loaned to the College by the Authority pursuant to the terms and provisions of a Loan and Security Agreement, dated as of September 1, 2015.

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

Section 1. Definitions

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

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

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

"Commonwealth" shall mean the Commonwealth of Pennsylvania.

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

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

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

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

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

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

"MSRB" shall mean the Municipal Securities Rulemaking Board.

"Official Statement" shall mean the Official Statement, dated August 5, 2015, relating to the Bonds, including all amendments, if any, made thereto.

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

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

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

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

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

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

Section 2. Authorization and Purpose of Disclosure Agreement

This Disclosure Agreement is authorized to be executed and delivered by the College pursuant to a resolution adopted by the College on April 2, 2015 in order to assist the Participating Underwriter in complying with the requirements of the Rule. The College covenants to comply with all requirements of this Disclosure Agreement in order to enable the Participating Underwriters to comply with the Rule.

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

Section 3. Annual Financial Information

(a) Within 270 days of the close of each fiscal year of the College, commencing with the fiscal year ending June 30, 2015, the Disclosure Representative shall file, with the Dissemination Agent and the Trustee (if the Trustee is not the Dissemination Agent), Annual Financial Information for such fiscal year.

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

Section 4. Reportable Events

(a) The College agrees that it shall provide to the Dissemination Agent, in a timely manner, not in excess of ten (10) Business Days after the occurrence of the event, notice of any of the following Listed Events with respect to the Bonds:

- (i) principal and interest payment delinquencies;
- (ii) unscheduled draws on debt service reserves reflecting financial difficulties;
- (iii) unscheduled draws on credit enhancements reflecting financial difficulties;
- (iv) substitution of credit or liquidity providers, or their failure to perform;
- (v) adverse tax opinions, the issuance by the Internal Revenue Service of proposed or final determinations of taxability, or Notices of Proposed Issue (IRS Form 5701-TEB);

- (vi) tender offers;
- (vii) defeasances;
- (viii) rating changes; and
- (ix) bankruptcy, insolvency, receivership or similar proceeding of the College.¹

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

(b) The College agrees that it shall provide to the Dissemination Agent, in a timely manner not in excess of ten (10) Business Days after the occurrence of the event, and upon determining the materiality thereof within the meaning of the Rule, notice of any of the following Material Events with respect to the Bonds:

- (i) non-payment related defaults;
- (ii) the issuance by the Internal Revenue Service of material notices or determinations with respect to the tax status of the Bonds, or material events affecting the tax status of the Bonds;
- (iii) modifications to rights of the holders of the Bonds;
- (iv) Bond calls;
- (v) release, substitution or sale of property securing repayment of the Bonds;
- (vi) appointment of a successor or additional trustee, or the change of name of a trustee; and
- (vii) the consummation of a merger, consolidation, or acquisition involving the College, the sale of all or substantially all of the assets of the College, other than in the ordinary course of business, the entry into a definitive agreement to undertake such an action or the

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

termination of a definitive agreement relating to any such actions, other than pursuant to its terms.

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

(c) Whenever the College concludes that a Listed Event or Material Event has occurred, it shall provide to the Dissemination Agent in a timely manner not in excess of ten (10) Business Days after the occurrence of such event, a notice of such occurrence specifying the Listed Event or Material Event. If the Dissemination Agent has been instructed by the College to report the occurrence of a Listed Event or Material Event, the Dissemination Agent shall promptly file the notice of such occurrence with the MSRB via EMMA not later than its close of business on the next Business Day.

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

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

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

Section 5. Amendment; Waiver

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

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

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

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

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

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

Section 6. Other Information; Duties Under the Indenture

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

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

Section 7. Default

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

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

Section 8. Concerning the Dissemination Agent

(a) The Dissemination Agent accepts and agrees to perform the duties imposed on it by this Disclosure Agreement, and no further duties or responsibilities shall be implied, but only upon the terms and conditions set forth herein. The Dissemination Agent may execute any powers hereunder and perform any duties required of it through attorneys, agents, and other experts, officers, or employees, selected by it, and the written advice of such counsel or other experts shall be full and complete authorization and protection in respect of any action taken, suffered or omitted by it hereunder in good faith and in reliance thereon. The Dissemination Agent shall not be answerable for the default or misconduct of any attorney, agent, expert or employee selected by it with reasonable care. The Dissemination Agent shall not be answerable for the exercise of any discretion or power under this Disclosure Agreement, except only its own willful misconduct or negligence. None of the provisions contained in this Agreement shall require the Dissemination Agent to use or advance its own funds in the performance of any of its duties or the exercise of any of its rights or powers hereunder.

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

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

(d) The Dissemination Agent may act on any ordinance, notice, telegram, request, consent, waiver, certificate, statement, affidavit, or other paper or document which it in good

faith believes to be genuine and to have been passed or signed by the proper persons or to have been prepared and furnished pursuant to any of the provisions of this Disclosure Agreement; and the Dissemination Agent shall be under no duty to make any investigation as to any statement contained in any such instrument, but may accept the same as conclusive evidence of the accuracy of such statement in the absence of actual notice to the contrary.

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

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

Section 9. Term of Disclosure Agreement

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

Section 10. Beneficiaries

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

Section 11. Notices

Any written notice to or demand may be served, presented or made to the persons named below and shall be sufficiently given or filed for all purposes of this Disclosure Agreement if deposited in the United States mail, first class postage prepaid or in a recognized form of overnight mail or by electronic facsimile ("Fax") with confirmation of receipt, addressed; provided, however, that notice to the Dissemination Agent shall not be deemed to be given until received by it:

- (a) To the Dissemination Agent/Trustee:

The Bank of New York Mellon Trust Company, N.A.
1735 Market Street, 6th Floor
AIM #193-0650
Philadelphia, PA 19103
Telecopy No.: (215) 553-6931

- (b) To the College Representative:

Community College of Philadelphia
1700 Spring Garden Street, Room M1-3
Philadelphia, PA 19130
Attention: Assistant Vice President, Budgets & Financial Services

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

- (d) To the Authority:

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

Section 12. No Personal Recourse

No personal recourse shall be had for any claim based on this Disclosure Agreement against any member, officer, or employee, past, present or future, of the Board of the Authority, the Board of Trustees of the College, or of any successor bodies of such, either directly or through the Board of the Authority, the Authority, the Board of Trustees of the College or the College (including without limitation, the Disclosure Representative), or successor bodies of such, under any constitutional provision, statute or rule of law or by the enforcement of any assessment or penalty or otherwise. The Authority shall have no responsibility for compliance by the College and the Dissemination Agent with their respective obligations hereunder or for any information contained or omitted from the Annual Financial Information or notices of Listed Events and Material Events. The College shall indemnify to the extent permitted by law the Authority and each of its members, officers and employees, past, present and future against any claims or expenses (including, without limitation, reasonable attorneys' fees) arising from any breach of this Disclosure Agreement or from information contained in or omitted from the Annual Financial Information or notices of Listed Events and Material Events.

Section 13. Controlling Law

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

Section 14. Successors and Assigns

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

Section 15. Headings for Convenience Only

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

Section 16. Counterparts

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

[SIGNATURES APPEAR ON THE FOLLOWING PAGE]

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

COMMUNITY COLLEGE OF PHILADELPHIA

(SEAL)

By: _____
President

Attest: _____
Vice President for Business and Finance & Treasurer

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

(SEAL)

By: _____
Authorized Officer

Attest: _____
Authorized Officer

Schedule 1

Annual Financial Information

The College will provide financial and operating data, including audited financial statements, generally consistent with the following information contained in the Official Statement, dated August 5, 2015, relating to the Bonds (the "Official Statement") within 270 days following the end of each fiscal year of the College beginning with the fiscal year ending June 30, 2015, including:

- Enrollment
- Student Fees and Charges

Schedule 2

NOTICE THE MSRB OF FAILURE TO FILE ANNUAL REPORT

Name of Issuer: State Public School Building Authority

Name of Bond Issue: State Public School Building Authority (Commonwealth of Pennsylvania) College Revenue Bonds (Community College of Philadelphia Project), Series of 2015 (the "Bonds")

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

Date of Issue: September 10, 2015

NOTICE IS HEREBY GIVEN that the College has not provided its Annual Financial Information with respect to the Bonds as required by the Continuing Disclosure Agreement, dated as of September 1, 2015, between the College and The Bank of New York Mellon Trust Company, N.A. The College anticipates that the Annual Financial Information will be filed by _____.

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

as Dissemination Agent

By: _____

Authorized Signatory

cc: Community College of Philadelphia

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APPENDIX C
FORM OF OPINION OF BOND COUNSEL

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[FORM OF OPINION OF BOND COUNSEL]

_____, 2015

\$52,075,000

**STATE PUBLIC SCHOOL BUILDING AUTHORITY
(Commonwealth of Pennsylvania)**

College Revenue Bonds (Community College of Philadelphia Project), Series of 2015

OPINION

To the Purchasers of the Above-Entitled Bonds:

We have acted as Bond Counsel in connection with the issuance and sale by the State Public School Building Authority (the "Authority") of \$52,075,000 aggregate principal amount of the Authority's College Revenue Bonds (Community College of Philadelphia Project), Series of 2015 (the "2015 Bonds"). The 2015 being issued under the provisions of the State Public School Building Authority Act of 1947, P.L. 1217, as supplemented and amended (the "Act"), and pursuant to a Trust Indenture dated as of September 1, 2015 (the "Indenture") by and between the Authority and The Bank of New York Mellon Trust Company, N.A., as trustee (the "Trustee").

The 2015 Bonds are being issued at the request of the Community College of Philadelphia (the "College") to provide funds for a project consisting of financing (i) certain capital projects of the College including (a) renovating the College's biology labs, (b) replacing certain escalators located in the College's West Building, and (c) various other renovations, repairs and capital improvements to its facilities; and (ii) the payment of certain costs of such financing; (the "2015 Capital Project") and a project for the purpose of the advance refunding of all or a portion of Authority's Community College Revenue Bonds, Series of 2008 (the "2008 Bonds") (the "Refunding Project" and together with the 2015 Capital Project, the "Project").

The proceeds of the 2015 Bonds are being loaned by the Authority to the College pursuant to a Loan Agreement dated as of September 1, 2015 (the "Loan Agreement") between the Authority and the College, pursuant to which the College is required to make payments in an amount sufficient to pay, among other things, the principal of and interest on the 2015 Bonds. To evidence its obligations under the Loan Agreement, the College is delivering to the Authority its General Obligation Note (the "2015 Note"). The Authority has assigned its interest in the Loan Agreement (except its rights to receive certain administrative fees and expenses and except for its rights of indemnification) and the 2015 Note to the Trustee as security for the 2015 Bonds.

As Bond Counsel to the Authority, we have examined a record of the proceedings of the Authority relating to the issuance of the 2015 Bonds, including original counterparts or certified copies of the Indenture, the Loan Agreement, and such and other materials as we have deemed necessary and appropriate to render the opinion set forth herein. In rendering such opinion, we have examined and relied upon (i) the opinion of counsel to the Authority with respect to the due

organization and existence of the Authority, the authorization, execution and delivery of the documents to which the Authority is a party and the valid and binding effect thereof on the Authority; and (ii) the opinion of counsel to the College with respect to the due authorization, execution and delivery by the College of the Loan Agreement and the 2015 Note and the valid and binding effect of the Loan Agreement and the 2015 Note on the College.

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

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

1. The Authority is a body corporate and politic validly existing under the laws of the Commonwealth of Pennsylvania with full power and authority to undertake the Project, to execute and deliver the Indenture and the Loan Agreement, and to issue and sell the 2015 Bonds.
2. The Indenture and the Loan Agreement have been duly authorized, executed and delivered by the Authority and the covenants of the Authority therein are legal, valid and binding obligations of the Authority enforceable against the Authority in accordance with their terms, except as the rights created thereunder and the enforcement thereof may be limited by bankruptcy, insolvency and other laws and equitable principles affecting the enforcement of creditors' rights generally.
3. The issuance and sale of the 2015 Bonds have been duly authorized by the Authority and the 2015 Bonds have been duly executed and delivered by the Authority and based on the assumption as to execution and authentication stated above, such 2015 Bonds are valid, binding and enforceable obligations of the Authority and are entitled to the benefit and security of the Indenture, except as the rights created thereunder and the enforcement thereof may be limited by bankruptcy, insolvency and other laws and equitable principles affecting the enforcement of creditors' rights generally.
4. Under the laws of the Commonwealth of Pennsylvania as enacted and construed on the date hereof, the 2015 Bonds and the interest thereon are free from taxation for state and local purposes within the Commonwealth of Pennsylvania, but such exemption does not extend to gift, estate, succession or inheritance taxes or any other taxes not levied or assessed directly on the 2015 Bonds, or the interest thereon.

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

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

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

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

Very truly yours,

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