

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

NOTES TO FINANCIAL STATEMENTS - CONTINUED

June 30, 2017 and 2016

NOTE D - CAPITAL ASSETS

Capital assets consist of the following at June 30, 2017:

	Balance July 1, 2016	Additions	Retirements and adjustments	Balance June 30, 2017
	<u> </u>	<u> </u>	<u> </u>	<u> </u>
Capital assets not depreciated:				
Land and improvements	\$ 30,572,094	\$ 484,700	\$ -	\$ 31,056,794
Construction in progress	501,534	5,563,950	(1,985,340)	4,080,144
Works of art	787,708	-	-	787,708
	<u>31,861,336</u>	<u>6,048,650</u>	<u>(1,985,340)</u>	<u>35,924,646</u>
Capital assets being depreciated:				
Buildings and improvements	233,601,416	1,949,913	(271,533)	235,279,796
Equipment and furniture	37,459,693	1,415,324	(52,338)	38,822,679
Library books	5,277,591	114,925	-	5,392,516
Microforms	1,671,710	-	-	1,671,710
Software	4,039,594	-	-	4,039,594
System software	7,454,942	-	-	7,454,942
	<u>289,504,946</u>	<u>3,480,162</u>	<u>(323,871)</u>	<u>292,661,237</u>
Total before depreciation	<u>289,504,946</u>	<u>3,480,162</u>	<u>(323,871)</u>	<u>292,661,237</u>
	<u>\$ 321,366,282</u>	<u>\$ 9,528,812</u>	<u>\$ (2,309,211)</u>	<u>\$ 328,585,883</u>

Accumulated depreciation by asset categories is summarized as follows:

	Balance July 1, 2016	Depreciation	Retirements	Balance June 30, 2017
	<u> </u>	<u> </u>	<u> </u>	<u> </u>
Buildings and improvements	\$ 106,945,025	\$ 5,820,124	\$ (271,533)	\$ 112,493,616
Equipment and furniture	31,207,030	2,134,727	(52,338)	33,289,419
Library books	4,461,856	144,803	-	4,606,659
Microforms	1,671,170	540	-	1,671,710
Software	3,438,604	-	-	3,438,604
System software	7,099,996	103,910	-	7,203,906
	<u>154,823,681</u>	<u>8,204,104</u>	<u>(323,871)</u>	<u>162,703,914</u>
Total	<u>\$ 154,823,681</u>	<u>\$ 8,204,104</u>	<u>\$ (323,871)</u>	<u>162,703,914</u>
Net capital assets				<u>\$ 165,881,969</u>

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NOTES TO FINANCIAL STATEMENTS - CONTINUED

June 30, 2017 and 2016

NOTE D - CAPITAL ASSETS - Continued

Capital assets consist of the following at June 30, 2016:

	Balance July 1, 2015	Additions	Retirements and adjustments	Balance June 30, 2016
Capital assets not depreciated:				
Land and improvements	\$ 29,206,260	\$ 1,365,834	\$ -	\$ 30,572,094
Construction in progress	193,754	2,501,050	(2,193,270)	501,534
Works of art	705,208	82,500	-	787,708
	<u>30,105,222</u>	<u>3,949,384</u>	<u>(2,193,270)</u>	<u>31,861,336</u>
Capital assets being depreciated:				
Buildings and improvements	233,051,875	549,541	-	233,601,416
Equipment and furniture	35,988,926	1,576,731	(105,964)	37,459,693
Library books	5,133,921	143,670	-	5,277,591
Microforms	1,671,710	-	-	1,671,710
Software	4,039,594	-	-	4,039,594
System software	8,115,093	91,266	(751,417)	7,454,942
	<u>288,001,119</u>	<u>2,361,208</u>	<u>(857,381)</u>	<u>289,504,946</u>
Total before depreciation	<u>288,001,119</u>	<u>2,361,208</u>	<u>(857,381)</u>	<u>289,504,946</u>
	<u>\$ 318,106,341</u>	<u>\$ 6,310,592</u>	<u>\$ (3,050,651)</u>	<u>\$ 321,366,282</u>

Accumulated depreciation by asset categories is summarized as follows:

	Balance July 1, 2015	Depreciation	Retirements	Balance June 30, 2016
Buildings and improvements	\$ 101,085,869	\$ 5,859,156	\$ -	\$ 106,945,025
Equipment and furniture	28,547,457	2,758,106	(98,533)	31,207,030
Library books	4,314,394	147,462	-	4,461,856
Microforms	1,668,715	2,455	-	1,671,170
Software	3,438,604	-	-	3,438,604
System software	7,757,851	93,562	(751,417)	7,099,996
	<u>146,812,890</u>	<u>8,860,741</u>	<u>(849,950)</u>	<u>154,823,681</u>
Total	<u>\$ 146,812,890</u>	<u>\$ 8,860,741</u>	<u>\$ (849,950)</u>	<u>154,823,681</u>
Net capital assets				<u>\$ 166,542,601</u>

Community College of Philadelphia
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NOTES TO FINANCIAL STATEMENTS - CONTINUED

June 30, 2017 and 2016

NOTE E - ACCOUNTS PAYABLE AND ACCRUED LIABILITIES

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

	2017		2016	
	College	Component unit Foundation	College	Component unit Foundation
Category:				
Vendors and others	\$ 6,644,305	\$ 114,978	\$ 6,768,024	\$ 58,754
Accrued salaries	3,608,047	-	3,478,599	-
Accrued benefits	2,520,766	-	2,251,943	-
Compensated absences	3,044,365	-	3,021,805	-
Retirement incentive payments	1,092,047	-	339,756	-
Payroll withholding taxes	565,806	-	479,797	-
Accrued interest	165,196	-	232,239	-
Payable to College	-	367,580	-	429,805
Total	\$ 17,640,532	\$ 482,558	\$ 16,572,163	\$ 488,559

Long-term liability activity for the year ended June 30, 2017 was as follows:

2017	Beginning balance	Additions	Deductions	Total ending balance	Current portion
Long-term liabilities:					
Accounts payable and accrued liabilities	\$ 16,572,163	\$ 1,493,412	\$ (425,043)	\$ 17,640,532	\$ 15,962,989
Payable to government agencies	61,159	-	(9,153)	52,006	52,006
Capital lease obligation	1,024,846	259,483	-	1,284,329	463,331
Long-term debt	73,853,265	-	(6,853,643)	66,999,622	6,407,040
Unamortized bond premium	7,244,037	-	(939,834)	6,304,203	573,109
Other post-employment benefits	70,428,317	12,373,103	-	82,801,420	-
	\$ 169,183,787	\$ 14,125,998	\$ (8,227,673)	\$ 175,082,112	\$ 23,458,475

(Continued)

Community College of Philadelphia
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NOTES TO FINANCIAL STATEMENTS - CONTINUED

June 30, 2017 and 2016

NOTE E - ACCOUNTS PAYABLE AND ACCRUED LIABILITIES - Continued

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

2016	Beginning balance	Additions	Deductions	Total ending balance	Current portion
Long-term liabilities:					
Accounts payable and accrued liabilities	\$ 17,601,997	\$ 76,539	\$ (1,106,373)	\$ 16,572,163	\$ 15,412,294
Payable to government agencies	490,637	-	(429,478)	61,159	61,159
Capital lease obligation	2,708,983	-	(1,684,137)	1,024,846	358,836
Long-term debt	71,192,638	2,660,627	-	73,853,265	6,910,051
Unamortized bond premium	417,894	6,826,143	-	7,244,037	573,109
Other post-employment benefits	58,227,563	12,200,754	-	70,428,317	-
	<u>\$ 150,639,712</u>	<u>\$ 21,764,063</u>	<u>\$ (3,219,988)</u>	<u>\$ 169,183,787</u>	<u>\$ 23,315,449</u>

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, 2017:

	Balance July 1, 2016	Additions	Principal payments	Balance June 30, 2017	Current portion
2006 Series	\$ 185,000	\$ -	\$ (185,000)	\$ -	\$ -
2007 Series	14,135,000	(11,865,000)	(2,270,000)	-	-
2008 Series	6,040,000	-	(2,930,000)	3,110,000	3,110,000
2015 Series	51,420,000	-	(845,000)	50,575,000	870,000
2017 Series	-	11,922,300	-	11,922,300	1,982,300
SPSBA Loan	14,906	-	(14,906)	-	-
SPSBA Loan	510,325	-	(368,854)	141,471	141,471
SPSBA Loan	1,548,034	-	(297,183)	1,250,851	303,269
	<u>\$ 73,853,265</u>	<u>\$ 57,300</u>	<u>\$ (6,910,943)</u>	<u>\$ 66,999,622</u>	<u>\$ 6,407,040</u>

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Community College of Philadelphia
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NOTES TO FINANCIAL STATEMENTS - CONTINUED

June 30, 2017 and 2016

NOTE F - DEBT - Continued

Debt consisted of the following at June 30, 2016:

	<u>Balance</u> <u>July 1, 2015</u>	<u>Additions</u>	<u>Principal</u> <u>payments</u>	<u>Balance</u> <u>June 30, 2016</u>	<u>Current</u> <u>portion</u>
2006 Series	\$ 540,000	\$ -	\$ (355,000)	\$ 185,000	\$ 185,000
2007 Series	16,295,000	-	(2,160,000)	14,135,000	2,270,000
2008 Series	51,465,000	-	(45,425,000)	6,040,000	2,930,000
2015 Series	-	52,075,000	(655,000)	51,420,000	845,000
SPSBA Loan	226,596	-	(211,690)	14,906	14,903
SPSBA Loan	826,788	-	(316,463)	510,325	367,963
SPSBA Loan	1,839,254	-	(291,220)	1,548,034	297,185
	<u>\$ 71,192,638</u>	<u>\$ 52,075,000</u>	<u>\$ (49,414,373)</u>	<u>\$ 73,853,265</u>	<u>\$ 6,910,051</u>

Future annual principal and interest payments at June 30, 2017 are as follows:

	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
June 30:			
2018	\$ 6,407,040	\$ 3,029,338	\$ 9,436,378
2019	6,374,481	2,735,805	9,110,286
2020	6,635,817	2,476,265	9,112,082
2021	6,897,284	2,205,033	9,102,317
2022	6,865,000	1,925,309	8,790,309
2023	7,160,000	1,635,803	8,795,803
2024	5,325,000	1,333,000	6,658,000
2025	5,590,000	1,066,750	6,656,750
2026	4,995,000	787,250	5,782,250
2027	5,245,000	537,500	5,782,500
2028	5,505,000	275,250	5,780,250
	<u>\$ 66,999,622</u>	<u>\$ 18,007,303</u>	<u>\$ 85,006,925</u>

(Continued)

NOTES TO FINANCIAL STATEMENTS - CONTINUED

June 30, 2017 and 2016

NOTE F - DEBT - Continued

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 were 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.

2. 2007 Series and 2017 Series

Under a loan agreement dated February 21, 2007 with the 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 was considered to be defeased. 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.

Under a loan agreement dated May 1, 2017 between the Authority and the College, the College borrowed \$11,922,300 of 2017 Series Community College Revenue Bonds to advance refund a portion of the Authority's Community College Revenue Bonds (Community College of Philadelphia Project), Series of 2007. The 2017 Capital Projects consist of the 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. All of the foregoing components of the 2017 Capital Projects will be used in connection with the College's operation of its community college buildings in furtherance of its educational mission. The 2017 Series Bonds are payable over 6 years at rates from 2.359%, with an average debt service payment of \$2,153,074.

(Continued)

NOTES TO FINANCIAL STATEMENTS - CONTINUED

June 30, 2017 and 2016

NOTE F - DEBT - Continued

Principal payments required by the loan agreement are as follows:

	<u>Principal</u>
2018	\$ 1,982,300
2019	1,895,000
2020	1,940,000
2021	1,980,000
2022	2,035,000
2023	<u>2,090,000</u>
	<u>\$ 11,922,300</u>

3. 2008 Series and 2015 Series

Under a loan agreement dated October 9, 2008 with the 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 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. The 2008 Series Bonds were partially refunded in September 2015 with the 2015 Series Bonds.

Under a loan agreement dated September 10, 2015 between the Authority and the College, the College borrowed \$52,075,000 of 2015 Series Community College Revenue Bonds to advance refund a portion of the Authority's Community College Revenue Bonds (Community College of Philadelphia Project), Series of 2008 and additional 2015 Capital Projects. The 2015 Capital Projects consist of the following: (1) Renovating the College's biology labs; (2) Replacing certain escalators located in the College's West Building; and (3) Various other renovations, repairs and capital improvements. All of the foregoing components of the 2015 Capital Projects will be used in connection with the College's operation of its community college buildings in furtherance of its educational mission. The 2015 Series Bonds are payable over 12½ years at rates from 2% to 5%, with an average debt service payment of \$4,166,000. The unrefunded series of 2008 are payable over 3 years, with an average debt service payment of \$2,415,000.

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Community College of Philadelphia
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NOTES TO FINANCIAL STATEMENTS - CONTINUED

June 30, 2017 and 2016

NOTE F - DEBT - Continued

Remaining principal payments for the 2015 Series Bonds and the unrefunded Series of 2008 Bonds required by the loan agreement are as follows:

	<u>Principal</u>
2018	\$ 3,980,000
2019	4,170,000
2020	4,380,000
2021	4,595,000
2022	4,830,000
2023	5,070,000
2024	5,325,000
2025	5,590,000
2026-2029	<u>15,745,000</u>
	<u>\$ 53,685,000</u>

4. Revolving Loan Obligation

Under a loan agreement dated July 15, 2011 with the 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 was 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.

5. Revolving Loan Obligation

Under a loan agreement dated January 31, 2013 with the 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.

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Community College of Philadelphia
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NOTES TO FINANCIAL STATEMENTS - CONTINUED

June 30, 2017 and 2016

NOTE F - DEBT - Continued

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

	<u>Principal</u>
2018	\$ 141,471
	<u>\$ 141,471</u>

6. Revolving Loan Obligation

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

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

	<u>Principal</u>
2018	\$ 303,269
2019	309,481
2020	315,817
2021	<u>322,284</u>
	<u>\$ 1,250,851</u>

7. Operating Leases

The College leases certain equipment and property under operating lease arrangements that expire through 2021. Rental expense for operating leases was \$607,692 and \$730,485 for the years ended June 30, 2017 and 2016, respectively.

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Community College of Philadelphia
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NOTES TO FINANCIAL STATEMENTS - CONTINUED

June 30, 2017 and 2016

NOTE F - DEBT - Continued

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

2018	\$	425,832
2019		409,518
2020		412,062
2021		<u>171,543</u>
	<u>\$</u>	<u>1,418,955</u>

8. Capital Leases

The College leases certain equipment under capital lease arrangements that expire through 2021. These leases are recorded at the lower of cost or present value and amounted to \$1,284,329 and \$1,024,846 at June 30, 2017 and 2016, respectively. Amortization charges of capital leases were \$1,618,526 and \$1,919,844 for the years ended June 30, 2017 and 2016, respectively.

Future minimum lease payments under capital leases are as follows:

	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
June 30:			
2018	\$ 463,331	\$ 34,321	\$ 497,652
2019	426,296	20,864	447,160
2020	285,592	8,582	294,174
2021	<u>109,110</u>	<u>1,380</u>	<u>110,490</u>
	<u>\$ 1,284,329</u>	<u>\$ 65,147</u>	<u>\$ 1,349,476</u>

Community College of Philadelphia
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NOTES TO FINANCIAL STATEMENTS - CONTINUED

June 30, 2017 and 2016

NOTE G - (PAYABLE TO) RECEIVABLE FROM GOVERNMENT AGENCIES

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

	2017		2016	
	(Payable)	Receivable	(Payable)	Receivable
Commonwealth of Pennsylvania:				
Provision for potential audit findings and reimbursement calculation	\$ (35,468)	\$ -	\$ (17,226)	\$ -
Grants and special projects	-	879,287	-	968,015
PHEAA for grants	(16,538)	-	(29,190)	-
	(52,006)	879,287	(46,416)	968,015
City of Philadelphia grants receivable	-	781,105	-	15,602
Federal:				
Financial aid programs	-	12,586	(1,906)	10,243
Grants and special projects	-	663,841	(12,837)	414,202
	-	1,457,532	(14,743)	440,047
Total	\$ (52,006)	\$ 2,336,819	\$ (61,159)	\$ 1,408,062

NOTE H - EMPLOYEE BENEFITS

Retirement benefits are provided for substantially all employees through payments to one of the board-authorized retirement programs. Although the College does not offer participation in the 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 14 employees participating in the SERS and 24 employees in the PSERS.

1. Defined Benefit Plans

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

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NOTES TO FINANCIAL STATEMENTS - CONTINUED

June 30, 2017 and 2016

NOTE H - EMPLOYEE BENEFITS - Continued

Benefits Provided

PSERS and SERS provide retirement, disability, and death benefits. For PSERS, retirement benefits are determined as 2% or 2.5% (depending on membership class), of the individual's final average salary multiplied by the number of years of credited service. After completion of five years of service, an individual's right to defined benefits is vested, and early retirement may be elected. Individuals are eligible for disability retirement benefits after completion of five years of credited service. Such disability benefits are generally equal to 2% to 2.5% (depending on membership class) of the member's final average salary multiplied by the number of years of credited service, but not less than one-third of such salary nor greater than the benefit the member would have had at normal retirement age. Death benefits are payable upon the death of an active member who has reached age 62 with at least one year of credited service. Such benefits are actuarially equivalent to the benefit that would have been effective if the member had retired on the day before death.

For SERS, retirement benefits are determined at 2% or 2.5% (depending on membership date) of the highest three-year average salary times the number of years of service. The vesting period is either 5 or 10 years (depending on membership date) of credited service.

Contributions

For PSERS, the contribution policy is set by Commonwealth statutes and requires contributions by active members, employers and the Commonwealth of Pennsylvania. Funding percentages are determined by the plan in accordance with actuarial calculations and are based on covered payroll. Currently, for full time faculty, administrators and other staff, the College contributes 10.7% of all earnings as long as contributions are adequate to accumulate assets to pay retirement benefits when due. Employee contributions are 6.5% of all earnings for members prior to July 22, 1983 and 7.5% of all earnings for members after July 22, 1983.

For SERS, the contribution policy is set by Commonwealth statutes and requires contributions by active members, employers and the Commonwealth of Pennsylvania. Funding percentages are determined by the plan in accordance with actuarial calculations and are based on covered payroll. Currently, for full time faculty, administrators and other staff, the College contributes 19.92% of all earnings as long as contributions are adequate to accumulate assets to pay retirement benefits when due. Employee contributions are 6.25% of all earnings.

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

At June 30, 2017, the College reported a liability of \$1,734,000 and \$2,827,306 for its proportional share of the net pension liability for PSERS and SERS, respectively. The net pension liability was measured as of June 30, 2016 for PSERS and December 31, 2016 for SERS, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of that date. The College's proportion of the net pension liability is based on a projection of the College's long-term share of contributions to the pension plan relative to the projected contributions of all participating institutions, actuarially determined. At June 30, 2016 and December 31, 2016, respectively, the College's proportion of PSERS and SERS was 0.0035% and 0.01468%.

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Community College of Philadelphia
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NOTES TO FINANCIAL STATEMENTS - CONTINUED

June 30, 2017 and 2016

NOTE H - EMPLOYEE BENEFITS - Continued

For the year ended June 30, 2017, the College recognized the proportional pension expense for PSERS and SERS of \$285,000 and \$537,104, respectively, as provided by the plans' actuarial schedules. At June 30, 2017, the College reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

<u>PSERS</u>	Deferred Outflows of Resources	Deferred Inflows of Resources
Difference between expected and actual experience	\$ -	\$ 14,000
Changes in assumptions	62,000	-
Net difference between projected and actual earnings on pension plan investments	97,000	-
Changes in proportion and differences between College contributions and proportionate share of contributions	<u>326,000</u>	<u>-</u>
Total	<u>\$ 485,000</u>	<u>\$ 14,000</u>
<u>SERS</u>	Deferred Outflows of Resources	Deferred Inflows of Resources
Difference between expected and actual experience	\$ 40,811	\$ 63,256
Changes of assumption	172,696	-
Net difference between projected and actual earnings on pension plan investments	237,606	-
Changes in proportion	-	90,340
Changes in proportion and differences between College contributions and proportionate share of contributions	<u>657,824</u>	<u>106,732</u>
Total	<u>\$ 1,108,937</u>	<u>\$ 260,328</u>

At June 30, 2016, the College reported a liability of \$1,386,000 and \$1,998,201 for its proportional share of the net pension liability for PSERS and SERS, respectively. The net pension liability was measured as of June 30, 2015 for PSERS and December 31, 2015 for SERS, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of that date. The College's proportion of the net pension liability is based on a projection of the College's long-term share of contributions to the pension plan relative to the projected contributions of all participating institutions, actuarially determined. At June 30, 2015 and December 31, 2015, respectively, the College's proportion of PSERS and SERS was 0.0032% and 0.0110%.

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NOTES TO FINANCIAL STATEMENTS - CONTINUED

June 30, 2017 and 2016

NOTE H - EMPLOYEE BENEFITS - Continued

For the year ended June 30, 2016, the College recognized the proportional pension expense for PSERS and SERS of \$203,000 and \$297,780, respectively, as provided by the plans' actuarial schedules. At June 30, 2016, the College reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

<u>PSERS</u>	Deferred Outflows of Resources	Deferred Inflows of Resources
Difference between expected actual experience	\$ -	\$ 6,000
Net difference between projected and actual earnings on pension plan investments	-	3,000
Changes in proportion and differences between College contributions and proportionate share of contributions	304,000	-
Total	\$ 304,000	\$ 9,000
<u>SERS</u>	Deferred Outflows of Resources	Deferred Inflows of Resources
Difference between expected and actual experience	\$ 9,688	\$ -
Net difference between projected and actual earnings on pension plan investments	1,565	-
Changes in proportion and differences between College contributions and proportionate share of contributions	350,422	23,351
Total	\$ 361,675	\$ 23,351

Actuarial Assumptions

The following methods and assumptions were used in the actuarial valuations for the year ended June 30, 2017. These methods and assumptions were applied to all periods included in the measurement:

PSERS

Actuarial cost method	entry age normal-level % of pay
Investment rate of return	7.25%, includes inflation at 2.75%

(Continued)

NOTES TO FINANCIAL STATEMENTS - CONTINUED

June 30, 2017 and 2016

NOTE H - EMPLOYEE BENEFITS - Continued

Salary increases	effective average of 5%, which reflects an allowance for inflation of 2.75%, real wage growth of 2.25% and merit of seniority increases of 2.25%
Mortality rates	based on the RP-2000 Combined Healthy Annuitant Tables (male and female) with age set back three years for both males and females. For disabled annuitants, the RP-2000 Combined Disabled Tables (male and female) with age set back seven years for males and three years for females.

SERS

Actuarial cost method	entry age
Amortization method	straight-line amortization of investments over five years and amortization of assumption changes and noninvestment gains/losses over the average expected remaining service lives of all employees that are provided benefits
Investment rate of return	7.25% net of expenses including inflation
Projected salary increases	average of 5.60% with range of 3.70% - 8.90% including inflation
Inflation	2.60%
Mortality rate	projected RP-2000 Mortality Tables adjusted for actual plan experience and future improvement
Cost of living adjustments	ad hoc

The following methods and assumptions were used in the actuarial valuations for the year ended June 30, 2016. These methods and assumptions were applied to all periods included in the measurement:

PSERS

Actuarial cost method	entry age normal-level % of pay
Investment rate of return	7.50%, includes inflation at 3.00%
Salary increases	effective average of 5.50%, which reflects an allowance for inflation of 3%, real wage growth of 1% and merit of seniority increases of 1.5%
Mortality rates	based on the RP-2000 Combined Healthy Annuitant Tables (male and female) with age set back three years for both males and females. For disabled annuitants, the RP-2000 Combined Disabled Tables (male and female) with age set back seven years for males and three years for females.

(Continued)

NOTES TO FINANCIAL STATEMENTS - CONTINUED

June 30, 2017 and 2016

NOTE H - EMPLOYEE BENEFITS - Continued

SERS

Actuarial cost method	entry age
Amortization method	straight-line amortization of investments over five years and amortization of assumption changes and noninvestment gains/losses over the average expected remaining service lives of all employees that are provided benefits
Investment rate of return	7.50% net of expenses including inflation
Projected salary increases	average of 5.70% with range of 3.85% - 9.05% including inflation
Inflation	2.75%
Mortality rate	projected RP-2000 Mortality Tables adjusted for actual plan experience and future improvement
Cost of living adjustments	ad hoc

PSERS

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

<u>Asset class</u>	<u>Target allocation</u>	<u>Long-term expected rate of return</u>
Global Public Equity	22.50%	5.30%
Fixed Income	28.50%	2.10%
Commodities	8.00%	2.50%
Absolute Return	10.00%	3.30%
Risk Parity	10.00%	3.90%
Infrastructure/MLPs	5.00%	4.80%
Real Estate	12.00%	4.00%
Alternative Investments	15.00%	6.60%
Cash	3.00%	0.20%
Financing (LIBOR)	-14.00%	0.50%
Total	100.00%	

(Continued)

NOTES TO FINANCIAL STATEMENTS - CONTINUED

June 30, 2017 and 2016

NOTE H - EMPLOYEE BENEFITS - Continued

SERS

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

<u>Asset class</u>	<u>Target allocation</u>	<u>Long-term expected rate of return</u>
Private Equity	16.00%	8.00%
Global Public Equity	43.00%	5.30%
Real Estate	12.00%	5.44%
Hedge Funds	12.00%	4.75%
Fixed Income	14.00%	1.63%
Cash	3.00%	-0.25%
Total	<u>100.00%</u>	

For PSERS and SERS, the discount rate used to measure total pension liability was 7.25%. The projection of cash flows used to determine the discount rate assumed that contributions from plan members will be made at the current contribution rate and that contributions from employers will be made at contractually required rates, actuarially determined. Based on these assumptions, the pension plans' fiduciary net position was projected to be available to make all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

Sensitivity of the Net Position Liability

For PSERS, the College's net pension liability is \$1,734,000 using a 7.25% discount rate. The College's net pension liability would have been \$2,122,000 assuming a 1% point decrease (6.25%) in the discount rate and would have been \$1,409,000 assuming a 1% point increase (8.25%) in the discount rate.

For SERS, the College's net pension liability is \$2,827,306 using a 7.25% discount rate. The College's net pension liability would have been \$3,498,923 assuming a 1% point decrease (6.25%) in the discount rate and would have been \$2,252,163 assuming a 1% point increase (8.25%) in the discount rate.

(Continued)

NOTES TO FINANCIAL STATEMENTS - CONTINUED

June 30, 2017 and 2016

NOTE H - EMPLOYEE BENEFITS - Continued

2. Defined Contribution Plans

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

The College's contributions for each employee (and interest allocated to the employee's accounts) are fully vested. Death benefits 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 1,226 employees participating in this program.

The payroll for employees covered by the three plans was \$66,904,082 and \$65,256,751; and the College's total payroll is \$79,552,794 and \$78,702,353 at June 30, 2017 and 2016, respectively. Contributions made by the College during fiscal 2017 and 2016 totaled \$5,916,232 and \$5,832,078, respectively, representing 8.84% and 8.94%, respectively, of covered payroll. College employees contributed \$4,835,278 and \$4,906,108, respectively, during fiscal 2017 and 2016. A summary of retirement benefits follows:

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

3. Other Post-employment Benefits Liability

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*.

(Continued)

NOTES TO FINANCIAL STATEMENTS - CONTINUED

June 30, 2017 and 2016

NOTE H - EMPLOYEE BENEFITS - Continued

Funding

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 \$2,563,770 and \$2,765,425 for the fiscal years ended June 30, 2017 and 2016, respectively. Total retiree contributions made by plan members were \$929,027 and \$870,799 for the fiscal years ended June 30, 2017 and 2016, respectively.

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 \$245,793 for the year ended June 30, 2017 and \$237,252 for the year ended June 30, 2016.

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 \$16,915 covering 29 retirees for the fiscal year ended June 30, 2017 and \$14,933 covering 34 retirees for the fiscal year ended June 30, 2016.

Annual OPEB Cost and Net OPEB Obligation

The College's annual 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 shows the components of the College's annual OPEB cost for the year, the amount actually contributed to the plan, and changes in the College's net OPEB obligation:

	2017	2016	2015
Annual required contribution	\$ 16,454,957	\$ 16,338,357	\$ 13,289,050
Annual OPEB cost (expense)	16,454,957	16,338,357	13,289,050
Contributions made	(5,258,960)	(4,707,120)	(5,272,731)
Increase in net OPEB obligation	11,195,997	11,631,237	8,016,319
Net OPEB obligation at July 1	67,044,117	55,412,880	47,396,561
Net OPEB obligation at June 30	\$ 78,240,114	\$ 67,044,117	\$ 55,412,880

(Continued)

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

NOTES TO FINANCIAL STATEMENTS - CONTINUED

June 30, 2017 and 2016

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>
Year ended:			
June 30, 2017	\$ 16,454,958	31.96%	\$ 78,240,114
June 30, 2016	16,338,357	28.81%	67,044,117
June 30, 2015	13,289,050	39.67%	55,412,880

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, 2015</u>
Actuarial value of assets	\$ -
Actuarial accrued liability	<u>172,815,908</u>
Unfunded actuarial accrued liability (UAAL)	<u>\$ 172,815,908</u>
Funded ratio	0.00%
Annual covered payroll	\$ 54,031,275
UAAL as a percentage of covered payroll	319.84%

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, 2017 and 2016

NOTE H - EMPLOYEE BENEFITS - Continued

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, 2015 valuation:

Actuarial cost method	Projected unit credit
Amortization method	Closed, level dollar amortization over 30 years
Remaining amortization period	22 years
Discount rate	4.00%
Medical/prescription drug trend rate	6.85%, gradually decreasing to 4% in 2036
Dental trend rate	1.00%
Mortality table	88% of rates in the RP-2014 White Collar Healthy Mortality Table backed off to 2006 and projected to 2020 with Scale MP-2015 plus 12% of rates in the RP-2014 Blue Collar Healthy Mortality Table backed off to 2006 and projected to 2020 with Scale MP-2015.

4. Retirement Incentive Program

A retirement incentive option was offered to employees 62 years 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 expired August 31, 2014. During 2015, there were two people who accepted the early retirement and incentive options; the present value of future payments as of June 30, 2017 and 2016 of \$831,620 and \$85,460, respectively, has been accrued. Future payments in the next two fiscal years are each expected to be \$470,093.

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. Twenty-one employees received or will receive the incentive payment during fiscal years 2016-17, 2017-18 and 2018-19.

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 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.

(Continued)

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

NOTES TO FINANCIAL STATEMENTS - CONTINUED

June 30, 2017 and 2016

NOTE I - COMMITMENTS AND CONTINGENCIES - Continued

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 determines whether an estimated loss from a contingency should be accrued by assessing whether a loss is deemed probable and can be reasonably estimated. The College assesses potential liability by analyzing litigation matters using available information including consultation with outside and in-house counsel handling the defense in these matters, which involves an analysis of potential results, assuming a combination of litigation and settlement strategies. The College has accrued \$741,389 for legal contingencies. Additionally, 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.

NOTE J - OPERATING EXPENSES

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

	2017		2016	
	College	Component unit Foundation	College	Component unit Foundation
Salaries	\$ 78,628,656	\$ 924,138	\$ 77,930,971	\$ 771,382
Benefits	36,417,151	258,873	36,978,141	280,654
Contracted services	6,512,361	34,749	6,457,843	83,286
Supplies	3,376,437	59,733	3,857,149	59,440
Depreciation	8,204,104	-	8,860,741	-
Student aid	8,770,096	562,825	8,739,358	495,904
Other post-retirement benefits	11,702,876	-	11,686,120	-
Other	12,958,531	438,632	13,166,573	507,665
Total	\$ 166,570,212	\$ 2,278,950	\$ 167,676,896	\$ 2,198,331

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

NOTES TO FINANCIAL STATEMENTS - CONTINUED

June 30, 2017 and 2016

NOTE K - CITY AND COMMONWEALTH APPROPRIATIONS

Appropriations from the Commonwealth and the City for the years ended June 30, 2017 and 2016 are as follows:

	2017		2016	
	Operations	Capital	Operations	Capital
Commonwealth of Pennsylvania	\$ 30,868,302	\$ 5,329,004	\$ 30,128,328	\$ 5,316,618
City of Philadelphia	24,188,416	5,720,791	23,271,627	7,037,580
Total appropriations	\$ 55,056,718	\$ 11,049,795	\$ 53,399,955	\$ 12,354,198

NOTE L - PASS-THROUGH GRANTS

The College distributed \$34,048,302 in 2017 and \$38,206,211 in 2016 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 29, 2017, noting no items which would require disclosure in the financial statements.

SUPPLEMENTARY INFORMATION

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

SCHEDULE OF FUNDING PROGRESS (UNAUDITED)

June 30, 2017 and 2016

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 ((b-a)/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
July 1, 2015	-	172,815,908	172,815,908	-	78,702,353	219.58

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
June 30, 2015	13,289,050	5,272,732	39.68
June 30, 2016	16,338,357	4,707,120	28.81
June 30, 2017	16,454,958	5,258,960	31.96

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	22 years

Actuarial assumptions:

Discount rate	4.00%
Medical cost trend rate	7.00% gradually decreasing to 4.50% in 2036
Prescription drug cost trend rate	7.00% gradually decreasing to 4.50% in 2036
Dental cost trend rate	1.00%
Mortality table	88% of rates in the RP-2014 White Collar Healthy Mortality Table backed off to 2006 and projected to 2020 with Scale MP-2015 plus 12% of rates in the RP-2014 Blue Collar Healthy Mortality Table backed off to 2006 and projected to 2020 with Scale MP-2015.

See accompanying report of independent certified public accountants.

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

SCHEDULE OF PROPORTIONATE SHARE OF NET PENSION LIABILITY

Years ended June 30,

	<u>2017</u>	<u>2016</u>	<u>2015</u>
PSERS			
College's proportion of the net pension liability (asset)	0.0035%	0.0032%	0.0026%
College's proportionate share of the net pension liability (asset)	\$ 1,734,000	\$ 1,386,000	\$ 1,030,000
College's covered employee payroll	\$ 454,763	\$ 413,104	\$ 335,800
Plan fiduciary net position as a percentage of the total pension liability	50.14%	54.36%	57.24%
SERS			
College's proportion of the net pension liability (asset)	0.0147%	0.0110%	0.0120%
College's proportionate share of the net pension liability (asset)	\$ 2,827,306	\$ 1,998,201	\$ 1,784,684
College's covered employee payroll	\$ 894,293	\$ 653,759	\$ 692,779
Plan fiduciary net position as a percentage of the total pension liability	57.80%	58.90%	64.80%

See accompanying report of independent certified public accountants.

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

SCHEDULE OF CONTRIBUTIONS

Years ended June 30,

	<u>2017</u>	<u>2016</u>	<u>2015</u>
PSERS			
Contractually required contribution	\$ 111,000	\$ 83,000	\$ 52,000
Contribution in relation to the contractually required contribution	<u>111,000</u>	<u>83,000</u>	<u>52,000</u>
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Covered employee payroll	\$ 454,763	\$ 413,104	\$ 335,800
Contributions as a % of covered employee payroll	24.4083%	20.0918%	15.4854%
SERS			
Contractually required contribution	\$ 301,735	\$ 202,576	\$ 98,248
Contribution in relation to the contractually required contribution	<u>301,735</u>	<u>202,576</u>	<u>98,248</u>
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Covered employee payroll	\$ 894,293	\$ 653,759	\$ 692,779
Contributions as a % of covered employee payroll	33.7401%	30.9863%	14.1817%

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)

	2017	2016	2015	2014	2013	2012	2011	2010	2009	2008
Revenues:										
Student tuition and fees (net of scholarship allowances)	\$ 32,992	\$ 31,643	\$ 31,973	\$ 35,338	\$ 32,003	\$ 30,181	\$ 28,132	\$ 29,608	\$ 31,618	\$ 29,723
Nongovernmental grants and contracts	-	-	-	-	-	-	-	-	-	-
Sales of auxiliary enterprises	1,737	1,740	1,786	1,671	1,776	1,827	1,734	1,650	1,371	1,274
Other operating revenues	<u>62</u>	<u>87</u>	<u>196</u>	<u>166</u>	<u>158</u>	<u>168</u>	<u>180</u>	<u>194</u>	<u>95</u>	<u>76</u>
Total operating revenues	<u>34,791</u>	<u>33,470</u>	<u>33,955</u>	<u>37,175</u>	<u>33,937</u>	<u>32,176</u>	<u>30,046</u>	<u>31,452</u>	<u>33,084</u>	<u>31,073</u>
City appropriations	24,189	23,272	21,271	18,346	18,064	17,652	18,092	18,946	19,245	20,243
State appropriations	30,868	30,128	28,632	28,179	28,240	28,229	29,275	28,750	31,496	31,554
Federal grants and contracts	48,888	53,551	57,871	58,796	58,715	56,839	58,890	51,131	32,552	30,668
State grants and contracts	8,126	8,278	7,343	6,591	7,191	6,495	5,967	5,585	5,831	7,818
Gifts from the Community College of Philadelphia Foundation	835	225	141	100	2,809	-	-	-	-	-
Nongovernmental grants and contracts	1,528	1,456	1,521	1,704	1,119	1,014	1,419	1,580	2,688	1,632
Net investment income	75	815	365	695	333	1,098	718	1,587	249	1,084
Other nonoperating revenue	<u>378</u>	<u>2,579</u>	<u>1,087</u>	<u>324</u>	<u>379</u>	<u>540</u>	<u>333</u>	<u>353</u>	<u>354</u>	<u>1,237</u>
Total nonoperating revenues	<u>114,887</u>	<u>120,304</u>	<u>118,231</u>	<u>114,735</u>	<u>116,850</u>	<u>111,867</u>	<u>114,694</u>	<u>107,932</u>	<u>92,415</u>	<u>94,236</u>
Capital appropriations	<u>11,050</u>	<u>12,354</u>	<u>10,859</u>	<u>13,969</u>	<u>13,730</u>	<u>14,084</u>	<u>13,648</u>	<u>13,979</u>	<u>13,721</u>	<u>8,316</u>
Total revenues	<u>\$ 160,728</u>	<u>\$ 166,128</u>	<u>\$ 163,045</u>	<u>\$ 165,879</u>	<u>\$ 164,517</u>	<u>\$ 158,127</u>	<u>\$ 158,388</u>	<u>\$ 153,363</u>	<u>\$ 139,220</u>	<u>\$ 133,625</u>

See accompanying report of independent certified public accountants.

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

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

Year ended June 30,

(Amounts expressed in percentages)

	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>	<u>2013</u>	<u>2012</u>	<u>2011</u>	<u>2010</u>	<u>2009</u>	<u>2008</u>
Revenues:										
Student tuition and fees (net of scholarship allowances)	20.53%	19.05%	19.61%	21.30%	19.45%	19.09%	17.76%	19.31%	22.71%	22.24%
Nongovernmental grants and contracts	-	-	-	-	-	-	-	-	-	-
Sales of auxiliary enterprises	1.08	1.05	1.10	1.01	1.08	1.16	1.09	1.08	0.98	0.95
Other operating revenues	<u>0.04</u>	<u>0.05</u>	<u>0.12</u>	<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>
Total operating revenues	<u>21.65</u>	<u>20.15</u>	<u>20.83</u>	<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>
City appropriations	15.04	14.01	13.05	11.06	10.98	11.16	11.42	12.35	13.82	15.15
State appropriations	19.21	18.14	17.56	16.99	17.17	17.85	18.48	18.75	22.62	23.61
Federal grants and contracts	30.42	32.23	35.49	35.45	35.69	35.95	37.18	33.34	23.38	22.95
State grants and contracts	5.06	4.98	4.50	3.97	4.37	4.11	3.77	3.64	4.19	5.85
Gifts from the Community College of Philadelphia Foundation	0.52	0.14	0.09	0.06	1.7	-	-	-	-	-
Nongovernmental grants and contracts	0.95	0.88	0.93	1.02	0.68	0.64	0.90	1.03	1.93	1.22
Net investment income	0.05	0.49	0.22	0.42	0.20	0.69	0.45	1.03	0.18	0.81
Other nonoperating revenue	<u>0.24</u>	<u>1.55</u>	<u>0.67</u>	<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>
Total nonoperating revenues	<u>71.49</u>	<u>72.42</u>	<u>72.51</u>	<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>
Capital appropriations	<u>6.86</u>	<u>7.43</u>	<u>6.66</u>	<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>
Total revenues	<u>100.00%</u>	<u>100.00%</u>	<u>100.00%</u>	<u>100.00%</u>	<u>100.00%</u>	<u>100.00%</u>	<u>100.00%</u>	<u>100.00%</u>	<u>100.00%</u>	<u>100.00%</u>

See accompanying report of independent certified public accountants.

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

STATISTICAL SECTION - SCHEDULE OF EXPENSES BY USE (UNAUDITED)

Year ended June 30,

(Amounts expressed in thousands)

	2017	2016	2015	2014	2013	2012	2011	2010	2009	2008
Expenses:										
Salaries	\$ 78,629	\$ 77,931	\$ 77,161	\$ 75,438	\$ 76,015	\$ 76,796	\$ 78,168	\$ 73,489	\$ 69,694	\$ 68,333
Benefits	36,417	36,978	36,140	35,885	34,247	32,062	32,500	30,231	27,121	25,210
Contracted services	6,512	6,458	8,331	9,697	11,373	6,057	5,376	4,881	5,214	4,869
Supplies	3,376	3,857	3,073	3,232	3,636	2,760	3,253	2,198	2,107	2,416
Depreciation	8,204	8,861	9,698	10,490	10,423	9,764	7,660	6,493	6,588	6,374
Student aid	8,770	8,739	8,211	10,459	8,328	10,015	7,376	7,935	4,409	4,326
Other	12,959	13,167	12,815	12,314	11,468	11,895	12,948	11,730	12,269	11,692
GASB 45 (Other post-employment benefits) accrual	<u>11,703</u>	<u>11,686</u>	<u>8,016</u>	<u>8,641</u>	<u>8,530</u>	<u>7,611</u>	<u>6,039</u>	<u>6,199</u>	<u>5,181</u>	<u>5,195</u>
Total operating expenses	<u>166,570</u>	<u>167,677</u>	<u>163,445</u>	<u>166,156</u>	<u>164,020</u>	<u>156,960</u>	<u>153,320</u>	<u>143,156</u>	<u>132,583</u>	<u>128,415</u>
Interest on capital asset-related debt service	<u>3,263</u>	<u>3,315</u>	<u>4,225</u>	<u>4,258</u>	<u>4,689</u>	<u>3,927</u>	<u>3,542</u>	<u>1,841</u>	<u>1,889</u>	<u>2,273</u>
Total nonoperating expenses	<u>3,263</u>	<u>3,315</u>	<u>4,225</u>	<u>4,258</u>	<u>4,689</u>	<u>3,927</u>	<u>3,542</u>	<u>1,841</u>	<u>1,889</u>	<u>2,273</u>
Total expenses	<u>\$ 169,833</u>	<u>\$ 170,992</u>	<u>\$ 167,670</u>	<u>\$ 170,414</u>	<u>\$ 168,709</u>	<u>\$ 160,887</u>	<u>\$ 156,862</u>	<u>\$ 144,997</u>	<u>\$ 134,472</u>	<u>\$ 130,688</u>

See accompanying report of independent certified public accountants.

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

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

Year ended June 30,

(Amounts expressed in percentages)

	2017	2016	2015	2014	2013	2012	2011	2010	2009	2008
Expenses:										
Salaries	46.30%	45.57%	46.02%	44.27%	45.06%	47.73%	49.83%	50.68%	51.83%	52.29%
Benefits	21.44	21.63	21.55	21.04	20.28	19.93	20.72	20.85	20.17	19.29
Contracted services	3.83	3.78	4.97	5.69	6.74	3.77	3.43	3.37	3.88	3.72
Supplies	1.99	2.26	1.83	1.90	2.16	1.72	2.07	1.52	1.57	1.85
Depreciation	4.83	5.18	5.78	6.16	6.18	6.07	4.88	4.48	4.90	4.88
Student aid	5.16	5.11	4.90	6.14	4.94	6.22	4.70	5.47	3.28	3.31
Other	7.63	7.70	7.64	7.23	6.80	7.39	8.26	8.09	9.12	8.95
GASB 45 (Other post-employment benefits) accrual	<u>6.89</u>	<u>6.83</u>	<u>4.78</u>	<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>
Total operating expenses	<u>98.07</u>	<u>98.06</u>	<u>97.47</u>	<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>
Interest on capital asset-related debt service	<u>1.93</u>	<u>1.94</u>	<u>2.53</u>	<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>
Total nonoperating expenses	<u>1.93</u>	<u>1.94</u>	<u>2.53</u>	<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>
Total expenses	<u>100.00%</u>	<u>100.00%</u>	<u>100.00%</u>	<u>100.00%</u>	<u>100.00%</u>	<u>100.00%</u>	<u>100.00%</u>	<u>100.00%</u>	<u>100.00%</u>	<u>100.00%</u>

See accompanying report of independent certified public accountants.

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

STATISTICAL SECTION - SCHEDULE OF EXPENSES BY FUNCTION (UNAUDITED)

Year ended June 30,

(Amounts expressed in thousands)

	2017	2016	2015	2014	2013	2012	2011	2010	2009	2008
Expenses by function:										
Instruction	\$ 65,509	\$ 66,018	\$ 65,046	\$ 66,210	\$ 66,436	\$ 62,162	\$ 62,184	\$ 57,714	\$ 53,368	\$ 51,996
Public service	124	183	86	109	156	63	92	46	123	93
Academic support	18,880	18,824	18,372	17,492	17,247	17,723	19,251	18,540	16,828	14,920
Student services	24,405	25,142	23,494	22,811	21,913	21,075	21,744	20,241	18,212	17,776
Institutional support	24,854	24,429	24,371	25,229	26,216	23,281	22,003	20,095	21,385	21,296
Operation and maintenance of plant	15,013	14,913	13,336	12,586	12,742	12,244	12,392	11,307	10,905	10,949
Depreciation	8,204	8,861	9,698	10,490	10,423	9,764	7,660	6,493	6,588	6,374
Student aid	8,770	8,739	8,211	10,459	8,328	10,015	7,377	7,935	4,409	4,326
Auxiliary enterprises	811	567	831	770	559	633	617	785	765	685
Interest on capital debt	3,263	3,315	4,225	4,258	4,689	3,927	3,542	1,841	1,889	2,273
Total expenses by function	<u>\$ 169,833</u>	<u>\$ 170,991</u>	<u>\$ 167,670</u>	<u>\$ 170,414</u>	<u>\$ 168,709</u>	<u>\$ 160,887</u>	<u>\$ 156,862</u>	<u>\$ 144,997</u>	<u>\$ 134,472</u>	<u>\$ 130,688</u>

(Amounts expressed in percentages)

	2017	2016	2015	2014	2013	2012	2011	2010	2009	2008
Expenses by function:										
Instruction	38.57%	38.61%	38.79%	38.85%	39.38%	38.64%	39.64%	39.80%	39.69%	39.79%
Public service	0.07	0.11	0.05	0.06	0.09	0.04	0.06	0.03	0.09	0.07
Academic support	11.12	11.01	10.96	10.26	10.22	11.02	12.28	12.79	12.51	11.42
Student services	14.37	14.70	14.01	13.39	12.99	13.10	13.86	13.96	13.54	13.60
Institutional support	14.63	14.29	14.54	14.80	15.54	14.47	14.03	13.86	15.90	16.30
Operation and maintenance of plant	8.84	8.72	7.95	7.39	7.55	7.61	7.90	7.80	8.12	8.37
Depreciation	4.83	5.18	5.78	6.16	6.18	6.07	4.88	4.48	4.90	4.88
Student aid	5.16	5.11	4.90	6.14	4.94	6.22	4.70	5.47	3.28	3.31
Auxiliary enterprises	0.48	0.33	0.50	0.45	0.33	0.39	0.39	0.54	0.57	0.52
Interest on capital debt	1.93	1.94	2.52	2.50	2.78	2.44	2.26	1.27	1.40	1.74
Total expenses by function	<u>100.00%</u>	<u>100.00%</u>	<u>100.00%</u>	<u>100.00%</u>	<u>100.00%</u>	<u>100.00%</u>	<u>100.00%</u>	<u>100.00%</u>	<u>100.00%</u>	<u>100.00%</u>

See accompanying report of independent certified public accountants.

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

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

Year ended June 30,

(Amounts expressed in thousands)

	2017	2016	2015	2014	2013	2012	2011	2010	2009	2008
Total revenues (from schedule of revenues by source less capital appropriations)	\$ 149,678	\$ 153,776	\$ 152,186	\$ 151,910	\$ 150,786	\$ 144,042	\$ 144,740	\$ 139,384	\$ 125,499	\$ 125,309
Total operating expenses (from schedule of expenses by use)	<u>169,833</u>	<u>170,992</u>	<u>167,670</u>	<u>170,414</u>	<u>168,709</u>	<u>160,887</u>	<u>156,862</u>	<u>144,997</u>	<u>134,472</u>	<u>130,688</u>
Income before other revenues and expenses	(20,155)	(17,216)	(15,484)	(18,504)	(17,923)	(16,845)	(12,122)	(5,613)	(8,973)	(5,379)
Capital grants and contracts	-	-	-	-	-	-	-	-	-	-
Deductions to permanent endowments	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(14)</u>
Total changes in net position	(20,155)	(17,216)	(15,484)	(18,504)	(17,923)	(16,845)	(12,122)	(5,613)	(8,973)	(5,393)
Net position, beginning	<u>61,057</u>	<u>65,919</u>	<u>72,538</u>	<u>77,072</u>	<u>81,265</u>	<u>85,903</u>	<u>84,377</u>	<u>76,011</u>	<u>71,263</u>	<u>68,340</u>
Net position, ending	<u>\$ 40,902</u>	<u>\$ 48,703</u>	<u>\$ 57,054</u>	<u>\$ 58,568</u>	<u>\$ 63,342</u>	<u>\$ 69,058</u>	<u>\$ 72,255</u>	<u>\$ 70,398</u>	<u>\$ 62,290</u>	<u>\$ 62,947</u>
Net investment in capital assets	\$ 99,772	\$ 98,776	\$ 96,979	\$ 93,771	\$ 89,660	\$ 86,331	\$ 80,136	\$ 69,278	\$ 60,947	\$ 54,231
Restricted - nonexpendable	-	-	-	-	-	-	-	-	-	-
Restricted - expendable	4,939	4,912	4,742	4,742	2,740	1,364	731	511	511	1,874
Unrestricted	<u>(52,760)</u>	<u>(42,631)</u>	<u>(35,802)</u>	<u>(25,975)</u>	<u>(15,328)</u>	<u>(4,553)</u>	<u>5,036</u>	<u>14,588</u>	<u>14,553</u>	<u>15,158</u>
Total net position	<u>\$ 51,951</u>	<u>\$ 61,057</u>	<u>\$ 65,919</u>	<u>\$ 72,538</u>	<u>\$ 77,072</u>	<u>\$ 83,142</u>	<u>\$ 85,903</u>	<u>\$ 84,377</u>	<u>\$ 76,011</u>	<u>\$ 71,263</u>

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,

	2017	2016	2015	2014	2013	2012	2011	2010	2009	2008
Enrollments and student demographics:										
Credit FTE	13,659	14,481	14,851	15,051	15,116	15,769	16,091	15,808	14,208	13,942
Unduplicated Credit Headcount	25,571	26,837	27,942	28,096	28,264	29,094	29,032	28,783	26,868	26,212
Percentage - Men	37.1%	37.8%	37.7%	37.7%	36.9%	35.5%	35.5%	34.5%	33.7%	33.2%
Percentage - Women	62.9	62.2	62.3	62.3	63.1	64.5	64.5	65.5	66.3	66.8
Percentage - Black	48.8	49.4	50.7	50.2	49.7	49.9	49.2	48.9	48.6	48.0
Percentage - White	24.0	23.8	23.9	24.3	25.1	24.6	24.4	25.0	25.7	25.2
Percentage - Asian	9.4	8.9	8.4	8.2	7.7	7.3	7.2	7.1	7.4	7.7
Percentage - Hispanic	13.0	12.8	11.8	11.4	10.6	4.9	6.5	7.0	6.8	6.3
Percentage - American Indian/other	0.3	0.3	0.4	0.4	0.4	0.5	0.5	0.4	0.4	0.4
Percentage - Unknown	4.5	4.8	4.8	5.6	6.5	12.9	12.2	11.6	11.1	12.4
Degrees awarded:										
Associate	1,794	1,880	1,916	1,857	1,712	1,828	1,702	1,667	1,741	1,592
Certificate	471	475	446	338	167	180	214	216	259	319

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

	2017	2016	2015	2014	2013	2012	2011	2010	2009	2008
Faculty:										
Part-time	548	676	635	643	734	757	771	737	684	641
Full-time	467	400	395	407	412	418	413	395	393	395
Percentage tenured	61.8%	74.0%	81.7%	79.9%	80.6%	83.0%	84.0%	79.5%	79.6%	78.5%
Administrative and support staff:										
Part-time	38	18	11	12	20	22	19	19	23	31
Full-time	466	445	453	441	447	472	460	462	457	426
Total employees:										
Part-time	586	694	646	655	754	779	790	756	707	672
Full-time	933	845	848	848	859	890	873	857	850	821
Students per full-time staff:										
Number credit students	18,126	18,099	19,119	19,066	18,692	19,751	19,503	19,047	17,327	17,352
Faculty	39	45	47	47	46	47	47	48	44	44
Administrative and support staff	39	41	42	43	42	42	42	44	38	41
Average annual faculty salary	\$ 69,196	\$ 63,789	\$ 65,212	\$ 64,059	\$ 66,137	\$ 66,236	\$ 67,266	\$ 65,381	\$ 63,408	\$ 60,799

Source: Institutional Human Resource Records.

GROSS SQUARE FEET OF COLLEGE BUILDINGS

	2017	2016	2015	2014	2013	2012	2011	2010	2009	2008
Main Campus - Buildings	911,051	911,051	911,051	911,051	900,613	900,613	852,445	852,445	852,445	852,445
Main Campus - 17 Street Garage	230,360	230,360	230,360	230,360	230,360	230,660	230,660	230,360	230,360	230,360
Main Campus Recreation Deck	62,600	62,600	62,600	62,600	62,600	62,600	62,600	62,600	62,600	62,600
Main Campus - CBI Garage	74,902	74,902	74,902	74,902	74,902	74,902	74,902	74,902	74,902	74,902
Main Campus - 434 North 15th Street	88,500	88,500	88,500	88,500	88,500	88,500	-	-	-	-
Northeast Regional Center	109,075	109,075	109,075	109,075	109,075	109,075	109,075	59,876	59,876	59,876
West Regional Center	39,394	39,394	39,394	39,394	39,394	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	90,000
Total gross square feet	<u>1,605,882</u>	<u>1,605,882</u>	<u>1,605,882</u>	<u>1,605,882</u>	<u>1,595,444</u>	<u>1,588,440</u>	<u>1,451,772</u>	<u>1,402,273</u>	<u>1,402,273</u>	<u>1,402,273</u>

Source: Institutional Physical Plant Records.

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

DEMOGRAPHIC STATISTICS

City of Philadelphia Last Ten Calendar Years

Year:	<u>Population as of June 30</u>	<u>Average annual unemployment rate</u>
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
2014 – 15	1,560,297	7.4
2015 – 16	1,567,442	6.9
2016 – 17	1,567,872	5.9

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)

SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

Year ended June 30, 2017

Federal Agency Grantor/Pass-through Grantor/Program or Cluster Title	Federal CFDA Number	Pass-Through Grantor Number	Federal Expenditures
U.S. Department of Education			
Student Financial Assistance Cluster			
Federal Supplemental Educational Opportunity Grants (FSEOG)	84.007		\$ 974,989
Federal Work-Study Program (FWS)	84.033		726,315
Federal Pell Grant Program (PELL)	84.063		42,628,291
Federal Direct Student Loans (Direct Loan)	84.268		<u>34,048,302</u>
Total Student Financial Assistance Cluster			78,377,897
TRIO Cluster			
TRIO - Student Support Services	84.042A		264,349
TRIO - Upward Bound	84.047A		<u>306,264</u>
Total TRIO Cluster			570,613
Strengthening Minority-Serving Institutions (Center for Male Engagement)	84.382		569,525
Higher Education Institutional Aid (Predominantly Black Institutions Formula Grant)	84.031		232,205
Passed-through Pennsylvania Department of Education			
Career and Technical Education - Basic Grants to States	84.048	381-17-0015	1,513,843
Undergraduate International Studies and Foreign Language Programs	84.016	PO17A140008	11,161
Passed-through University of Pennsylvania			
National Resource Centers and Fellowships Program for Language and Area	84.015A		5,700
Minority Science and Engineering Improvement (Raising Interest in STEM (RISE))	84.120A		<u>193,319</u>
Total U.S. Department of Education			81,474,263
U.S. Department of Health and Human Services			
Passed-through the Philadelphia Hospital and Health Care District 1199C			
National Workforce Diversity Pipeline Program	93.137	CPIMP151091-01-00	17,719
Nursing Workforce Diversity	93.178		298,026
Substance Abuse and Mental Health Services_Projects of Regional and National Significance	93.243		147,044
Passed-through the Commonwealth of Pennsylvania, Department of Human Services			
Temporary Assistance for Needy Families (TANF) State Programs	93.558	4100064205	<u>366,304</u>
Total U.S. Department of Health and Human Services			829,093
U.S. Department of Labor			
Passed-through the Commonwealth of PA, Dept. of Labor and Industry			
Microcredentials (Workforce Innovation Fund)	17.283		100,379
Job Corps H-1B Job Training Grants	17.268		<u>19,246</u>
Total U.S. Department of Labor			119,625
U.S. Department of Transportation			
Passed-through Highway Administration			
Highway Training and Education (Eisenhower Community College Fellowship - Research and Development)	20.215	DTS-TP-20	13,117
National Science Foundation			
Passed-through Drexel University			
Education and Human Resources (Alliance for Minority Partnership - Research and Development)	47.076	HRD-1408052	21,905
ATE Biomedical/Cultures Project (Research and Development)	NSF 11-692	DUE-1400433	83,394
Passed-through the Trustees of the University of Pennsylvania			
Education and Human Resources (NNCI: Mid-Atlantic Nanotechnology Hub (MANTH))	47.041	ECCS-1542153	<u>20,220</u>
Total National Science Foundation			125,519

(Continued)

See notes to Schedule of Expenditures of Federal Awards.

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

SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS - CONTINUED

Year ended June 30, 2017

Federal Agency Grantor/Pass-through Grantor/Program or Cluster Title	Federal CFDA Number	Pass-Through Grantor Number	Federal Expenditures
National Endowment for the Humanities Promotion of the Humanities_Teaching and Learning Resources and Curriculum Development	45.162	ME-50046-14	\$ 28,972
U.S. Department of Agriculture Passed-through Bureau of Program Support, State Administrative Matching Grants Supplemental Nutrition and Assistance Program (SNAP)	10.561	4100064205	58,620
U.S. Department of Justice Passed-through Pennsylvania Commission on Crime and Delinquency Edward Byrne Memorial Justice Assistance Grant Program (Reentry Support Project)	16.738	2014-MU-BX-1052	<u>29,318</u>
Total expenditures of federal awards			<u>\$ 82,678,527</u>

See notes to Schedule of Expenditures of Federal Awards.

NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

June 30, 2017

NOTE A - BASIS OF PRESENTATION

The accompanying Schedule of Expenditures of Federal Awards (the schedule) summarizes the expenditures of the Community College of Philadelphia (the College) under programs of the federal government for the year ended June 30, 2017. The Schedule of Expenditures of Federal awards presents only a selected portion of the operations of the College; it is not intended to, and does not, present the financial position, changes in net position, and cash flows of the College.

For the purposes of the Schedule of Expenditures of Federal Awards, federal awards include all grants, contracts and similar agreements entered into directly between the College and agencies and departments of the federal government and all sub-awards to the College by non-federal organizations pursuant to federal grants, contracts and similar agreements. Federal awards are included in contracts and other exchange transactions on the accompanying statement of net position.

NOTE B - BASIS OF ACCOUNTING

The accompanying Schedule of Expenditures of Federal Awards is presented using the accrual basis of accounting. The information in the schedule is presented in accordance with *Title 2 U.S. Code of Federal Regulations (CFR) Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*. Therefore, some amounts presented in the schedule may differ from amounts presented in, or used in the preparation of, the basic financial statements. The College has elected not to use the 10 percent de minimis indirect cost rate allowed under the Uniform Guidance.

NOTE C - FEDERAL STUDENT LOAN PROGRAM

Federally guaranteed loans issued to students of the College during the year ended June 30, 2017 totaled \$34,048,302. This amount has been included in the schedule. The College is responsible only for the performance of certain administrative duties with respect to federally guaranteed student loan programs, and accordingly, these loans are not included in its financial statements.

The College has terminated its participation in the Federal Perkins Loan Program. There are no outstanding loans remaining under this program.

NOTE D - ADMINISTRATIVE COSTS

The College's expenditures include administrative expenses of \$68,910 for Federal Pell Grants, \$37,795 in Federal Work Study, and \$46,750 for Federal Supplemental Educational Opportunity Grants.

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, 2017, 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 29, 2017.

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.

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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*.

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.

A handwritten signature in black ink that reads "Grant Thornton LLP". The signature is written in a cursive, professional style.

Philadelphia, Pennsylvania

September 29, 2017

Report of Independent Certified Public Accountants
on Compliance for Each Major Federal Program and
on Internal Control over Compliance Required by
OMB Uniform Guidance

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

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Report on compliance for each major federal program

We have audited the compliance of the Community College of Philadelphia (the College) with the types of compliance requirements described in the U.S. Office of Management and Budget's *OMB Compliance Supplement* that could have a direct and material effect on its major federal programs for the year ended June 30, 2017. The College's major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

Management's responsibility

Management is responsible for compliance with the requirements of laws, regulations, contracts, and grants applicable to the College's federal programs.

Auditor's responsibility

Our responsibility is to express an opinion on compliance for the College's major federal programs based on our audit of the types of compliance requirements referred to above. We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States; and the audit requirements of *Title 2 U.S. Code of Federal Regulations (CFR) Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance).

The above-mentioned standards and the Uniform Guidance require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about the College's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances.

We believe that our audit provides a reasonable basis for our opinion on compliance for each major federal program. However, our audit does not provide a legal determination of the College's compliance.

Opinion on each major federal program

In our opinion, the College complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on its major federal programs for the year ended June 30, 2017.

Report on internal control over compliance

Management of the College is responsible for designing, implementing, and maintaining effective internal control over compliance with the types of compliance requirements referred to above. In planning and performing our audit of compliance, we considered the College's internal control over compliance with the types of compliance requirements that could have a direct and material effect on each major federal program to design audit procedures that are appropriate in the circumstances for the purpose of expressing an opinion on compliance for each major federal program and to test and report on internal control over compliance in accordance with the Uniform Guidance, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of the College's internal control over compliance.

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

Our consideration of internal control over compliance was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in the College's internal control over compliance that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

Intended purpose

The purpose of this Report on Internal Control Over Compliance is solely to describe the scope of our testing of internal control over compliance and the results of that testing based on the requirements of the Uniform Guidance. Accordingly, this report is not suitable for any other purpose.



Philadelphia, Pennsylvania

March 28, 2018

SCHEDULE OF FINDINGS AND QUESTIONED COSTS

Year ended June 30, 2017

Section I - Summary of Auditor's Results

Financial Statements

Type of auditor's report issued: Unmodified

Internal control over financial reporting:

- Material weakness(es) identified? _____ yes X no
- Significant deficiency(s) identified that are not considered to be material weakness(es)? _____ yes X none reported
- Noncompliance material to financial statements noted? _____ yes X no

Federal Awards

Internal control over major programs:

- Material weakness(es) identified? _____ yes X no
- Significant deficiency(s) identified that are not considered to be material weakness(es)? _____ yes X none reported

Type of auditor's report issued on compliance for major programs: Unmodified

Any audit findings disclosed that are required to be reported in accordance with 2 CFR 200.516(a)? _____ yes X no

Identification of major programs:

<i>CFDA Number</i>	<i>Name of Federal Program or Cluster</i>
84.033 84.007 84.063 84.268	Student Financial Assistance Cluster: Federal Work-Study Program Federal Supplemental Educational Opportunity Grants Federal Pell Grant Program Federal Direct Student Loans

Dollar threshold used to distinguish between type A and type B programs: \$750,000

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

SCHEDULE OF FINDINGS AND QUESTIONED COSTS - CONTINUED

Year ended June 30, 2017

Section II - Financial Statement Findings

None.

Section III - Federal Award Findings and Questioned Costs

None.

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

SCHEDULE OF PRIOR YEAR FINDINGS

Year ended June 30, 2017

No matters to report.