

City of Philadelphia

Since 1682

Annual Financial Report

**Fiscal Year Ended
June 30, 2012**



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CITY OF PHILADELPHIA

OFFICE OF THE DIRECTOR OF FINANCE

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Suite 1340, Municipal Services Building
Philadelphia, Pennsylvania 19102-1693

ROB DUBOW

Director of Finance

October 29, 2012

To the Honorable Mayor and Members of City Council of the City of Philadelphia:

The Annual Financial Report of the Director of Finance for the fiscal year ended June 30, 2012 is hereby submitted.

This report was issued in compliance with the Philadelphia Home Rule Charter (Charter), which requires that the Director of Finance *"Issue within one hundred and twenty days after the close of each fiscal year a statement as of the end of that year showing the balances in all funds of the City, the amounts of the City's known liabilities, and such other information as is necessary to furnish a true picture of the City's financial condition"*. This report is intended to meet these requirements and is not audited. The Comprehensive Annual Financial Report will be published at a later date.

The report contains financial statements for all City governmental funds and blended component units presented on the modified accrual basis. The proprietary and fiduciary funds are presented on the full accrual basis. It also contains budgetary comparison schedules for those funds that are subject to an annual budget. The financial statements of the City's discretely presented component units that were available as of the date of this report are also presented.

GENERAL GOVERNMENT FUNCTIONS

GENERAL FUND

At June 30, 2012 an unreserved fund balance surplus of \$146.8 million was reported on the budgetary basis while the actual unassigned fund balance deficit of \$11.0 million was reported on the modified accrual basis. The difference of \$157.8 million represents Business Privilege Tax receipts received in advance of being earned on the modified accrual basis.

The following schedules present a summary of General Fund revenues and expenditures on the modified accrual basis and the amount and percentages of increases and decreases in relation to the prior year

Amounts in Millions in USD

<u>Revenues</u>	<u>FY2012</u>	<u>Percent of Total</u>	<u>FY2011</u>	<u>Increase (Decrease)</u>	<u>Percent of Increase (Decrease)</u>
Tax Revenue	2,562.4	78.9%	2,447.0	115.4	4.7%
Locally Generated Non-Tax Revenue	256.7	7.9%	280.4	(23.7)	-8.5%
Revenue from Other Governments	413.2	12.7%	772.7	(359.5)	-46.5%
Other Revenue	17.3	0.5%	15.2	2.1	13.8%
<u>Total</u>	<u>3,249.6</u>	<u>100.0%</u>	<u>3,515.3</u>	<u>(265.7)</u>	<u>-7.6%</u>

Amounts in Millions of USD

<u>Expenditures</u>	<u>FY2012</u>	<u>Percent of Total</u>	<u>FY2011</u>	<u>Increase (Decrease)</u>	<u>Percent of Increase (Decrease)</u>
Economic Development	27.3	0.8%	35.3	(8.0)	-22.7%
Streets & Highways	49.5	1.5%	55.7	(6.2)	-11.1%
Mass Transit	67.3	2.0%	66.7	0.6	0.9%
Police	1,006.3	30.3%	932.3	74.0	7.9%
Prisons	316.1	9.5%	310.5	5.6	1.8%
Courts	262.9	7.9%	239.6	23.3	9.7%
EMS	46.1	1.4%	49.3	(3.2)	-6.5%
Health Services	147.1	4.4%	143.4	3.7	2.6%
Housing	2.7	0.1%	1.8	0.9	50.0%
Recreation and Parks	77.2	2.3%	74.2	3.0	4.0%
Libraries and Museums	61.9	1.9%	57.9	4.0	6.9%
Social Services	187.9	5.7%	625.9	(438.0)	-70.0%
Education	74.3	2.2%	64.0	10.3	16.1%
Inspections and Demolitions	26.5	0.8%	24.0	2.5	10.4%
Sanitation	143.7	4.3%	129.8	13.9	10.7%
Fire	266.6	8.0%	254.2	12.4	4.9%
General Management	553.8	16.7%	532.1	21.7	4.1%
	<u>3,317.2</u>	<u>100.0%</u>	<u>3,596.7</u>	<u>(279.5)</u>	<u>-7.8%</u>

The following schedules present a summary of General Fund revenues and obligations on the budgetary basis and the amount and percentages of increases and decreases in relation to the prior year:

Amounts in Millions in USD

<u>Revenues</u>	<u>FY2012</u>	<u>Percent of Total</u>	<u>FY2011</u>	<u>Increase (Decrease)</u>	<u>Percent of Increase (Decrease)</u>
Tax Revenue	2570.4	71.6%	2,459.0	111.4	4.5%
Locally Generated Non-Tax Revenue	256.7	7.1%	280.0	(23.3)	-8.3%
Revenue from Other Governments	715.9	19.9%	1,067.0	(351.1)	-32.9%
Revenue from Other Funds	48.3	1.3%	55.0	(6.7)	-12.2%
Total	3591.3	100.0%	3,861.0	(269.7)	-7.0%

Amounts in Millions in USD

<u>Obligations</u>	<u>FY2012</u>	<u>Percent of Total</u>	<u>FY2011</u>	<u>Increase (Decrease)</u>	<u>Percent of Increase (Decrease)</u>
Personal Services	1,319.0	37.9%	1,360.4	(41.4)	-3.0%
Pension Contributions	547.8	15.7%	485.2	62.6	12.9%
Other Employee Benefits	518.4	14.9%	481.9	36.5	7.6%
Purchase of Services	760.8	21.8%	1,127.9	(367.1)	-32.5%
Materials and Supplies	68.6	2.0%	65.8	2.8	4.3%
Equipment	11.3	0.3%	12.4	(1.1)	-8.9%
Contributions, Indemnities and Taxes	118.0	3.4%	111.1	6.9	6.2%
Debt Service	111.3	3.2%	110.4	0.9	0.8%
Payments to Other Funds	29.5	0.8%	30.3	(0.8)	-2.6%
Advances, Subsidies, Miscellaneous	-	0.0%	-	-	0.0%
Total	3,484.7	100.0%	3,785.4	(300.7)	-7.9%

A more detailed comparison of budgetary basis revenue and expenditures can be found in Exhibit 16.

SPECIAL REVENUE FUNDS

Special Revenue Funds consist of the County Liquid Fuels Tax Fund, the Special Gasoline Tax Fund, the HealthChoices Behavioral Health Fund, the Hotel Room Rental Tax Fund, the Grants Revenue Fund, the Community Development Fund, the Car Rental Tax Fund, the Housing Trust Fund, the Acute Care Hospital Assessment Fund, the Riverview Residents Fund, the Philadelphia Prisons Fund, the Arbitration Appeals Fund, the Departmental Fund, the Philadelphia Municipal Authority Administrative Fund and the PICA Administrative Fund.

The following schedules present a summary of the Special Revenue Funds' revenues and expenditures for the fiscal year using the modified accrual basis:

Amounts in Millions of USD

<u>Revenues</u>	<u>FY2012</u>	<u>Percent of Total</u>	<u>FY2011</u>	<u>Increase (Decrease)</u>	<u>Percent of Increase (Decrease)</u>
Tax Revenue	550.1	22.9%	547.9	2.2	0.4%
Locally Generated Non-Tax Revenue	74.2	3.1%	85.3	(11.1)	-13.0%
Revenue from Other Governments	1,767.7	73.6%	1,696.4	71.3	4.2%
Other Revenue	9.2	0.4%	10.6	(1.4)	0.0%
<u>Total</u>	<u>2,401.2</u>	<u>100.0%</u>	<u>2,340.2</u>	<u>61.0</u>	<u>2.6%</u>

Amounts in Millions in USD

<u>Expenditures</u>	<u>FY2012</u>	<u>Percent of Total</u>	<u>FY2011</u>	<u>Increase (Decrease)</u>	<u>Percent of Increase (Decrease)</u>
Economic Development	61.6	2.8%	47.3	14.3	30.2%
Streets & Highways	26.1	1.2%	30.9	(4.8)	-15.5%
Mass Transit	0.4	0.0%	0.4	-	-
Police	13.7	0.6%	11.0	2.7	24.5%
Prisons	0.7	0.0%	2.6	(1.9)	-73.1%
Courts	49.4	2.2%	52.5	(3.1)	-5.9%
EMS	0.6	0.0%	1.0	(0.4)	-40.0%
Health Services	1,345.9	61.0%	1,370.6	(24.7)	-1.8%
Housing	131.1	5.9%	124.3	6.8	5.5%
Recreation and Parks	14.6	0.7%	13.6	1.0	7.4%
Libraries and Museums	9.9	0.4%	10.1	(0.2)	-2.0%
Social Services	477.1	21.6%	60.2	416.9	692.5%
Inspections and Demolitions	5.7	0.3%	10.5	(4.8)	0.0%
Sanitation	2.5	0.1%	2.8	(0.3)	-10.7%
Fire	1.2	0.1%	0.5	0.7	0.0%
General Management	66.7	3.0%	63.8	2.9	4.5%
	<u>2,207.2</u>	<u>100.0%</u>	<u>1,802.1</u>	<u>405.1</u>	<u>22.5%</u>

ENTERPRISE OPERATIONS

The City's Enterprise Operations are comprised of three separate and distinct activities and are accounted for in the following funds: Water Fund, Aviation Fund and Industrial and Commercial Development Fund. The Water Fund provides water, sewer and storm water services on a user charge basis. The Aviation Fund covers airport operations under a long-term lease agreement with the

individual user airlines that became effective July 1, 2007. The Industrial and Commercial Development Fund accounts for acquisition and disposition of land for industrial and commercial purposes. The following summary reflects actual revenues, expenses and results of operations for the individual Enterprise Funds:

Amounts in Millions of USD

	<u>Water Fund</u>	<u>Aviation Fund</u>	<u>Industrial & Commercial Development Fund</u>	<u>Totals</u>
Operating Revenues	603.3	274.7	0.4	878.4
Operating Expenses	392.9	292.1	0.0	685.0
Operating Income (Loss)	210.4	(17.4)	0.4	193.4
Non-Operating Revenues(Expenses)	(79.8)	27.1	0.0	(52.7)
Transfers (To) From Other Funds	(27.5)	0.0	0.0	(27.5)
Capital Contributions	0.5	30.3	2.7	33.4
Change in Net Assets	103.6	40.0	3.1	146.7
Net Assets-July 1, 2011	778.0	835.3	16.7	1,630.0
Net Assets-June 30, 2012	881.6	875.3	19.8	1,776.7

CASH MANAGEMENT

Cash temporarily idle during the year is invested mainly in U.S. Treasury and agency obligations, certificates of deposit, commercial paper, highly rated corporate bonds, money market mutual funds, and repurchase agreements. The goals of the City's cash management are preservation of principal, maintenance of liquidity and maximization of return.

The City's investment policy is to minimize credit and market risks while maintaining a competitive yield on its portfolio. Accordingly, deposits were either insured by federal depository insurance or collateralized. All collateral on deposits was held either by the City, its agent, the Federal Reserve Bank, or a financial institution's trust department in the City's name. The Pension Trust Fund's investment portfolio also includes stocks, corporate bonds, real estate and other items.

RISK MANAGEMENT

The City and several of its component units are primarily self-insured for fire damage, casualty losses, public liability, Worker's Compensation, and Unemployment Compensation. Liabilities arising in these areas are liquidated with available resources of the respective operating funds. The Airports, the Philadelphia Gas Works and the remaining component units are principally insured through insurance carriers.

PENSION AND OTHER POST-EMPLOYMENT BENEFITS

The Charter mandates that the City maintain an actuarially sound pension and retirement system. To satisfy that mandate, the City's Board of Pensions and Retirement maintains the single-employer Municipal Pension Plan (the Plan). The Plan covers all officers and employees of the City and officers and employees of three other governmental and quasi-governmental organizations. By authority of two Ordinances and related amendments passed by City Council, the Plan provides retirement benefits as well as death and disability benefits. Benefits vary by the class of employee. The plan has two major classes of members - those covered under the 1967 Plan and those covered under the 1987 Plan. Both

of these plans has multiple divisions and are defined benefit plans. A third plan was recently enacted that features a defined benefit component and a defined contribution component.

DEBT ADMINISTRATION

At fiscal year end, the City's (excluding component units) bond ratings were as follows:

Bond Type	Moody's Investor Service	Standard & Poor's Corporation	Fitch IBCA
General Obligation Bonds	A2	BBB+	A-
Water Revenue Bonds	A1	A	A+
Aviation Revenue Bonds	A2	A+	A

Under current state statutes, the City's general obligation bonded debt issuances are subject to a legal limitation. At June 30, 2012 the City's (excluding component units) net general obligation authorized debt of \$1,542.4 million was \$79.9million below the legal limit of \$1,622.3 million.

AWARDS AND ACKNOWLEDGEMENTS

The preparation of the Annual Financial Report on a timely basis was made possible by the dedicated service of the entire staff of the Office of the Director of Finance as well as various City departments and component units. Each has my sincere appreciation for their valuable contributions.

Respectfully submitted,



ROB DUBOW
Director of Finance



City of Philadelphia
Balance Sheet
Governmental Funds
June 30, 2012

Exhibit 1

Amounts in thousands of USD

	Special Revenue														
	General	County Liquid Fuels Tax	Special Gasoline Tax	Health Choices Behavioral Health	Hotel Room Rental Tax	Grants Revenue	Community Development	Car Rental Tax	Housing Trust	Acute Care Hospital Assessment	Riverview Residents	Philadelphia Prisons	Arbitration Appeals	Departmental	Municipal Authority Administrative
Assets															
Cash on Deposit and on Hand	10,090	-	-	-	-	104	-	-	-	-	-	-	-	5,513	405
Equity in Treasurer's Account	299,406	3,149	22,428	220,330	7,165	33,325	-	5,929	11,612	10,294	34	4,747	-	1,438	-
Investments	-	-	-	-	-	-	-	-	-	-	-	-	-	1,034	100
Due from Other Funds	7,531	-	-	-	-	-	-	-	-	-	-	-	-	460	-
Due from Component Units	9,283	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Amounts Held by Fiscal Agent	18,104	-	-	-	-	38,861	-	-	-	-	-	-	-	-	-
Taxes Receivable	635,976	-	-	-	5,189	-	-	511	-	2,317	-	-	-	-	-
Accounts Receivable	295,283	-	-	-	-	1,187	-	-	-	-	-	-	-	-	6,147
Due from Other Governmental Units	187,586	-	-	60,941	-	232,071	-	-	-	(1,816)	-	-	-	-	-
Allowance for Doubtful Accounts	(538,443)	-	-	-	(266)	-	-	(5)	-	-	-	-	-	-	-
Interest and Dividends Receivable	63	-	-	1,321	-	-	-	1	-	-	-	-	-	-	-
Other Assets	-	-	-	-	-	-	-	-	-	-	-	-	-	547	-
Total Assets	924,879	3,149	22,428	282,592	12,088	305,548	9,233	6,436	11,612	10,795	34	4,747	-	8,992	6,652
Liabilities and Fund Balances															
Liabilities:															
Vouchers Payable	23,078	-	212	304	-	15,283	829	-	197	66	-	73	-	147	-
Accounts Payable	41,208	570	1,629	7,042	1,787	105,515	5,439	-	886	1,186	-	-	-	896	6,346
Salaries and Wages Payable	50,475	-	-	-	-	3,339	142	-	-	64	-	-	-	-	-
Due to Other Funds	800	-	-	-	-	-	2,864	-	-	-	-	27	-	388	-
Due to Component Units	-	-	-	44,565	-	-	-	-	-	-	-	-	-	-	-
Funds Held in Escrow	39,256	-	-	-	-	-	-	-	-	-	-	447	-	762	-
Due to Other Governmental Units	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Deferred Revenue	570,638	-	-	-	-	275,364	6,444	-	-	8	-	-	-	-	-
Obligations Under Capital Leases	110,814	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Total Liabilities	836,269	570	1,841	51,911	1,787	399,501	15,718	-	1,083	1,324	-	547	-	2,193	6,346
Fund Balances:															
Nonspendable	-	-	-	-	-	-	-	-	-	-	-	-	-	200	-
Restricted	18,104	2,579	20,587	230,681	10,301	81,129	-	6,436	10,529	9,471	-	-	-	5,743	306
Committed	-	-	-	-	-	-	-	-	-	-	34	4,200	-	856	-
Assigned	70,506	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Unassigned	-	-	-	-	-	(175,082)	(6,485)	-	-	-	-	-	-	-	-
Total Fund Balances	88,610	2,579	20,587	230,681	10,301	(93,953)	(6,485)	6,436	10,529	9,471	34	4,200	-	6,799	306
Total Liabilities and Fund Balances	924,879	3,149	22,428	282,592	12,088	305,548	9,233	6,436	11,612	10,795	34	4,747	-	8,992	6,652

City of Philadelphia
Balance Sheet
Governmental Funds(Continued)
June 30, 2012

Exhibit 1

Amounts in thousands of US\$

	Debt Service			Capital Improvement			Permanent		Total Governmental Funds
	PICA Administrative	Total Special Revenue	City	Municipal Authority	PICA	Total	City	Municipal Authority	
Assets									
Cash on Deposit and on Hand	32,186	38,208	-	-	31,520	31,520	-	-	82,649
Equity in Treasurer's Account	-	320,451	1,322	-	1,322	1,322	110,623	-	731,802
Investments	8,172	9,306	-	11	49,588	49,599	47,777	2,695	109,377
Due from Other Funds	-	460	-	-	-	-	-	-	7,991
Due from Component Units	-	-	-	-	-	-	-	-	9,283
Amounts Held by Fiscal Agent	-	38,861	-	-	-	-	-	-	56,965
Taxes Receivable	4,665	12,682	-	-	-	-	-	-	648,658
Accounts Receivable	-	10,527	-	-	-	-	-	-	305,810
Due from Other Governmental Units	-	299,052	-	-	-	-	34,527	-	521,165
Allowance for Doubtful Accounts	-	(2,087)	-	-	-	-	-	-	(540,530)
Interest and Dividends Receivable	8	1,330	-	-	5	5	33	8	1,439
Other Assets	20	567	-	-	-	-	-	-	568
Total Assets	45,051	729,357	1,322	11	81,113	82,446	145,183	47,785	1,935,177
Liabilities and Fund Balances									
Liabilities:									
Vouchers Payable	-	17,111	-	-	-	-	5,665	-	45,854
Accounts Payable	124	131,420	-	-	-	-	22,177	14	200,260
Salaries and Wages Payable	25	3,570	-	-	-	-	81	-	54,126
Due to Other Funds	-	3,279	-	-	-	-	-	72	4,151
Due to Component Units	-	44,565	-	-	-	-	-	-	44,565
Funds Held in Escrow	-	1,209	-	-	-	-	1,845	-	42,310
Due to Other Governmental Units	4,666	4,666	-	-	-	-	29,275	-	4,666
Deferred Revenue	-	281,816	-	-	-	-	-	-	881,729
Obligations Under Capital Leases	-	-	-	-	-	-	-	-	110,814
Total Liabilities	4,815	487,636	-	-	-	-	59,043	5,441	1,388,475
Fund Balances:									
Nonspendable	-	200	-	-	-	-	-	-	2,614
Restricted	40,236	417,998	1,322	11	81,113	82,446	86,140	42,344	650,059
Committed	-	5,090	-	-	-	-	-	-	5,090
Assigned	-	-	-	-	-	-	-	-	70,506
Unassigned	-	(181,567)	-	-	-	-	-	-	(181,567)
Total Fund Balances	40,236	241,721	1,322	11	81,113	82,446	86,140	42,344	546,702
Total Liabilities and Fund Balances	45,051	729,357	1,322	11	81,113	82,446	145,183	47,785	1,935,177

**City of Philadelphia
Combining Statement of Revenues, Expenditures and Changes in Fund Balances
Governmental Funds
For the Fiscal Year Ended June 30, 2012**

Amounts in thousands of US\$

	Special Revenue											Municipal Authority Administrative			
	General	County Liquid Fuels Tax	Special Gasoline Tax	Health Choices Behavioral Health	Hotel Room Rental Tax	Grants Revenue	Community Development	Car Rental Tax	Housing Trust	Acute Care Hospital Assessment	Riverview Residents		Philadelphia Prisons	Arbitration Appeals	Departmental
Revenues															
Tax Revenue	2,562,434	-	-	-	47,651	-	-	5,166	-	139,531	-	-	-	-	-
Locally Generated Non-Tax Revenue	256,654	-	3	812	-	-	-	7	8,569	-	-	2,958	364	6,515	59
Revenue from Other Governments	413,205	5,186	24,601	799,872	-	895,557	43,332	-	-	-	-	-	-	-	-
Other Revenues	17,319	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Total Revenues	3,249,612	5,186	24,604	800,684	47,653	936,146	55,809	5,173	8,569	139,531	-	2,958	364	6,515	59
Expenditures															
Current Operating:															
Economic Development	27,302	-	-	-	43,914	17,642	-	-	-	-	-	-	-	-	-
Transportation:															
Streets & Highways	49,455	4,755	20,145	-	-	1,217	-	-	-	-	-	-	-	-	-
Mass Transit	67,315	-	-	-	-	359	-	-	-	-	-	-	-	-	-
Judiciary and Law Enforcement:															
Police	1,006,333	-	-	-	-	13,689	-	-	-	-	-	-	-	-	-
Prisons	316,147	-	-	-	-	695	-	-	-	-	-	-	-	-	-
Courts	262,890	-	-	-	-	49,439	-	-	-	-	-	-	-	-	-
Conservation of Health:															
Emergency Medical Services	46,095	-	-	-	-	563	-	-	-	-	-	-	-	-	-
Health Services	146,781	-	-	820,120	-	390,450	-	-	135,330	-	-	-	-	-	-
Housing and Neighborhood Development															
Cultural and Recreational:															
Recreation	2,665	-	-	-	-	64,390	58,249	-	8,497	-	-	-	-	-	-
Parks & Recreation	77,246	-	-	-	-	8,676	-	-	-	-	-	-	-	-	-
Libraries and Museums	36	-	-	-	-	792	-	-	-	-	-	-	-	5,149	-
Improvements to General Welfare:															
Social Services	61,938	-	-	-	-	9,754	-	-	-	-	-	-	-	182	-
Education	187,897	-	-	-	-	477,072	-	-	-	-	-	-	-	-	-
Inspections and Demolitions	74,339	-	-	-	-	5,682	-	-	-	-	-	-	-	-	-
Service to Property:															
Sanitation	26,540	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Fire	143,734	-	-	-	-	2,488	-	-	-	-	-	-	-	-	-
General Management and Support	266,617	-	-	-	-	1,174	-	-	-	-	-	-	-	-	-
Capital Outlay	553,831	-	-	-	-	19,349	-	5,000	-	-	4	2,332	364	1,691	37,045
Debt Service:															
Principal	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Interest	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Bond Issuance Cost	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Total Expenditures	3,317,161	4,755	20,145	820,120	43,914	1,063,431	58,249	5,000	8,497	135,330	4	2,332	364	7,022	37,045
Excess (Deficiency) of Revenues Over (Under) Expenditures	(67,549)	431	4,459	(19,436)	3,739	(127,285)	(2,440)	173	72	4,201	(4)	626	-	(507)	(36,986)
Other Financing Sources (Uses)															
Issuance of Debt	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Issuance of Refunding Bonds	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Bond Issuance Premium	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Bond Defeasance	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Transfers In	333,688	-	-	-	-	1,552	-	-	-	-	-	-	-	1,150	37,044
Transfers Out	(153,629)	-	-	-	-	(32,130)	-	-	-	(3,500)	-	-	-	-	-
Total Other Financing Sources (Uses)	180,059	-	-	-	-	(30,578)	-	-	-	(3,500)	-	-	-	1,150	37,044
Net Change in Fund Balances	112,510	431	4,459	(19,436)	3,739	(157,863)	(2,440)	173	72	701	(4)	626	-	643	58
Fund Balance - July 1, 2011	(23,900)	2,148	16,128	250,117	6,562	63,910	(4,045)	6,263	10,457	8,770	38	3,574	-	6,156	248
Adjustment	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Fund Balance Adjusted - July 1, 2011	(23,900)	2,148	16,128	250,117	6,562	63,910	(4,045)	6,263	10,457	8,770	38	3,574	-	6,156	248
Fund Balance - June 30, 2012	88,610	2,579	20,587	230,681	10,301	(93,953)	(6,485)	6,436	10,529	9,471	34	4,200	-	6,799	306

City of Philadelphia
 Combining Statement of Revenues, Expenditures and Changes in Fund Balances
 Governmental Funds(Continued)
 For the Fiscal Year Ended June 30, 2012

	Amounts in thousands of US\$												
	Total			Debt Service			Capital Improvement			Permanents			
	PICA Administrative	Special Revenue	Total	City	Municipal Authority	PICA	Total	City	Municipal Authority	Total	Libraries & Parks	Governmental Funds	Total
Revenues													
Tax Revenue	357,725	550,073	-	-	-	-	-	-	-	-	-	-	3,112,507
Locally Generated Non-Tax Revenue	943	73,298	-	-	-	3,489	3,489	25	25	25	98	98	333,564
Revenue from Other Governments	-	1,768,548	-	-	-	-	36,939	-	-	36,939	-	-	2,218,692
Other Revenues	9,164	9,164	-	-	-	-	989	-	-	989	-	-	27,472
Total Revenues	367,832	2,401,083	-	-	-	3,489	3,489	25	25	37,928	98	98	5,692,235
Expenditures													
Current Operating:													
Economic Development	-	61,556	-	-	-	-	-	-	-	-	-	-	88,858
Transportation:													
Streets & Highways	-	26,117	-	-	-	-	-	-	-	-	-	-	75,572
Mass Transit	-	359	-	-	-	-	-	-	-	-	-	-	67,674
Judiciary and Law Enforcement:													
Police	-	13,689	-	-	-	-	-	-	-	-	-	-	1,020,022
Prisons	-	695	-	-	-	-	-	-	-	-	-	-	316,842
Courts	-	49,439	-	-	-	-	-	-	-	-	-	-	312,329
Conservation of Health:													
Emergency Medical Services	-	563	-	-	-	-	-	-	-	-	-	-	46,658
Health Services	-	1,345,900	-	-	-	-	-	-	-	-	-	-	1,492,681
Housing and Neighborhood													
Development	-	131,136	-	-	-	-	-	-	-	-	-	-	133,801
Cultural and Recreational:													
Recreation	-	8,676	-	-	-	-	-	-	-	-	-	-	85,922
Parks & Recreation	-	5,941	-	-	-	-	-	-	-	-	-	-	6,074
Libraries and Museums	-	9,936	-	-	-	-	-	-	-	-	-	-	71,928
Improvements to General Welfare:													
Social Services	-	477,072	-	-	-	-	-	-	-	-	-	-	664,969
Education	-	5,682	-	-	-	-	-	-	-	-	-	-	74,339
Inspections and Demolitions	-	2,488	-	-	-	-	-	-	-	-	-	-	32,222
Service to Property:													
Sanitation	-	1,174	-	-	-	-	-	-	-	-	-	-	146,222
Fire	-	66,732	-	-	-	-	-	-	-	-	-	-	267,791
General Management and Support	947	-	-	40,745	20,587	41,775	103,107	-	-	-	-	-	620,573
Capital Outlay	-	-	-	67,134	13,477	24,609	105,220	-	-	-	-	-	213,984
Debt Service:													
Principal	-	-	-	381	-	-	381	-	-	-	-	-	103,107
Interest	-	-	-	108,260	34,064	66,384	208,708	-	-	-	-	-	105,220
Bond Issuance Cost	-	-	-	-	-	-	-	-	168	168	-	-	549
Total Expenditures	947	2,207,155	108,260	108,260	34,064	66,384	208,708	145,554	68,608	214,162	151	151	5,947,337
Excess (Deficiency) of Revenues Over (Under) Expenditures	366,885	193,928	(108,260)	(108,260)	(34,064)	(62,895)	(205,219)	(107,626)	(68,583)	(176,209)	(63)	(63)	(255,102)
Other Financing Sources (Uses)													
Issuance of Debt	-	-	-	-	-	-	-	-	12,605	12,605	-	-	12,605
Issuance of Refunding Bonds	-	-	21,295	21,295	-	-	21,295	-	-	-	-	-	21,295
Bond Issuance Premium	-	-	3,758	3,758	-	-	3,758	-	442	442	-	-	4,200
Bond Defeasance	-	-	(24,670)	(24,670)	-	-	(24,670)	-	-	-	-	-	(24,670)
Transfers In	-	39,746	106,678	106,678	34,064	66,062	206,804	8,318	15,609	23,927	-	-	604,165
Transfers Out	(372,022)	(407,652)	-	-	-	(2,326)	(2,326)	-	-	-	-	-	(563,607)
Total Other Financing Sources (Uses)	(372,022)	(367,906)	107,061	107,061	34,064	63,736	204,861	8,318	28,656	36,974	-	-	53,988
Net Change in Fund Balances	(5,137)	(173,978)	(1,199)	(1,199)	-	841	(358)	(99,308)	(39,927)	(139,235)	(63)	(63)	(201,114)
Fund Balance - July 1, 2011	45,373	415,699	2,521	2,521	11	80,272	82,804	185,448	82,271	267,719	5,494	5,494	747,816
Adjustment	-	-	-	-	-	-	-	-	-	-	-	-	-
Fund Balance Adjusted - July 1, 2011	45,373	415,699	2,521	2,521	11	80,272	82,804	185,448	82,271	267,719	5,494	5,494	747,816
Fund Balance - June 30, 2012	40,236	241,721	1,322	1,322	11	81,113	82,446	86,140	42,344	128,484	5,441	5,441	546,702

City of Philadelphia
Statement of Fund Net Assets
Proprietary Funds
June 30, 2012

Exhibit 3

Amounts in thousands of USD

	Business Type Activities - Enterprise Funds			Total
	Water and Sewer	Aviation	Other Non-Major Industrial & Commercial Development	
Assets				
Current Assets:				
Cash on Deposit and on Hand	30	-	3,775	3,805
Equity in Treasurer's Account	80,624	110,288	-	190,912
Due from Other Governments	519	1,391	-	1,910
Accounts Receivable	266,609	12,921	1,972	281,502
Allowance for Doubtful Accounts	(122,308)	-	-	(122,308)
Inventories	13,456	2,964	14,088	30,508
Total Current Assets	238,930	127,564	19,835	386,329
Deferred Outflow - Derivative Instruments	12,519	32,186	-	44,705
Non-Current Assets:				
Restricted Assets:				
Equity in Treasurer's Account	477,997	384,769	-	862,766
Amounts Held by Fiscal Agent	-	341	-	341
Sinking Funds and Reserves	152,570	63,419	-	215,989
Grants for Capital Purposes	-	18,419	-	18,419
Receivables	1,393	6,657	-	8,050
Total Restricted Assets	631,960	473,605	-	1,105,565
Capital Assets:				
Land	5,919	101,901	-	107,820
Infrastructure	2,087,956	625,819	-	2,713,775
Construction in Progress	314,162	267,840	-	582,002
Buildings and Equipment	1,572,818	2,101,638	-	3,674,456
Less: Accumulated Depreciation	(2,042,854)	(1,337,859)	-	(3,380,713)
Total Capital Assets, Net	1,938,001	1,759,339	-	3,697,340
Total Non-Current Assets	2,569,961	2,232,944	-	4,802,905
Total Assets	2,821,410	2,392,694	19,835	5,233,939
Liabilities				
Current Liabilities:				
Vouchers Payable	6,871	1,784	-	8,655
Accounts Payable	12,304	11,713	-	24,017
Salaries and Wages Payable	3,947	1,509	-	5,456
Construction Contracts Payable	25,299	39,628	-	64,927
Accrued Expenses	21,470	3,920	-	25,390
Funds Held in Escrow	2,095	-	-	2,095
Deferred Revenue	7,084	22,978	-	30,062
Bonds Payable-Current	121,769	51,465	-	173,234
Total Current Liabilities	200,839	132,997	-	333,836
Derivative Instrument Liability	12,519	32,186	-	44,705
Net Pension Liability	542	10,103	-	10,645
Non-Current Liabilities:				
Bonds Payable	1,759,297	1,315,455	-	3,074,752
Unamortized Premium/(Discount and Loss)	(61,175)	16,150	-	(45,025)
Other Non-Current Liabilities	27,871	10,502	-	38,373
Total Non-Current Liabilities	1,725,993	1,342,107	-	3,068,100
Total Liabilities	1,939,893	1,517,393	-	3,457,286
Net Assets				
Invested in Capital Assets, Net of Related Debt	243,997	665,194	-	909,191
Restricted For:				
Capital Projects	120,608	57,073	-	177,681
Debt Service	152,569	95,667	-	248,236
Rate Stabilization	165,907	-	-	165,907
Unrestricted	198,436	57,367	19,835	275,638
Total Net Assets	881,517	875,301	19,835	1,776,653

The notes to the financial statements are an integral part of this statement.

City of Philadelphia
Statement of Revenues, Expenses and Changes in Fund Net Assets
Proprietary Funds
For the Fiscal Year Ended June 30, 2012

Exhibit 4

Amounts in thousands of USD

	Business-Type Activities - Enterprise Funds			Totals
	Water and Sewer	Aviation	Other Non-Major Industrial & Commercial Development	
Operating Revenues:				
Charges for Goods and Services	596,531	78,868	-	675,399
Rentals and Concessions	-	191,353	-	191,353
Miscellaneous Operating Revenues	6,749	4,462	412	11,623
Total Operating Revenues	603,280	274,683	412	878,375
Operating Expenses:				
Personal Services	105,448	60,504	-	165,952
Purchase of Services	73,962	80,993	-	154,955
Materials and Supplies	37,050	6,357	-	43,407
Employee Benefits	83,706	41,653	-	125,359
Indemnities and Taxes	663	1,899	-	2,562
Depreciation	92,113	100,649	-	192,762
Total Operating Expenses	392,942	292,055	-	684,997
Operating Income (Loss)	210,338	(17,372)	412	193,378
Non-Operating Revenues (Expenses):				
Operating Grants	3,481	2,377	-	5,858
Passenger Facility Charges	-	59,741	-	59,741
Interest Income	3,334	5,672	2	9,008
Debt Service - Interest	(85,373)	(40,663)	-	(126,036)
Other Revenue (Expenses)	(1,266)	-	-	(1,266)
Total Non-Operating Revenues (Expenses)	(79,824)	27,127	2	(52,695)
Income (Loss) Before Contributions & Transfers	130,514	9,755	414	140,683
Transfers In/(Out)	(27,460)	-	-	(27,460)
Capital Contributions	479	30,272	2,690	33,441
Change in Net Assets	103,533	40,027	3,104	146,664
Net Assets - July 1, 2011	777,984	835,274	16,731	1,629,989
Adjustment	-	-	-	-
Net Assets Adjusted - July 1, 2011	777,984	835,274	16,731	1,629,989
Net Assets - June 30, 2012	881,517	875,301	19,835	1,776,653

The notes to the financial statements are an integral part of this statement.

City of Philadelphia
Combining Statement of Fiduciary Net Assets
Pension Trust Funds
June 30, 2012

Exhibit 5

Amounts in thousands of USD

	Gas Works Retirement Reserve Fund	Municipal Pension Fund	Total
<u>Assets</u>			
Equity in Treasurer's Account	430,550	3,914,070	4,344,620
Securities Lending Collective Investment Pool	52	460,381	460,433
Allowance for Unrealized Loss	-	(1,860)	(1,860)
Accounts Receivable	-	3,051	3,051
Due from Brokers for Securities Sold	4,819	243,294	248,113
Interest and Dividends Receivable	1,569	-	1,569
Due from Other Governmental Units	-	2,442	2,442
	<hr/>	<hr/>	<hr/>
Total Assets	436,990	4,621,378	5,058,368
<u>Liabilities</u>			
Vouchers Payable	-	9	9
Accounts Payable	504	4,315	4,819
Salaries and Wages Payable	-	57	57
Funds Held in Escrow	-	9	9
Due on Return of Securities Loaned	52	460,381	460,433
Due to Brokers for Securities Purchased	4,306	263,978	268,284
Accrued Expenses	-	2,224	2,224
Deferred Revenue	-	2,004	2,004
Other Liabilities	-	456	456
	<hr/>	<hr/>	<hr/>
Total Liabilities	4,862	733,433	738,295
	<hr/>	<hr/>	<hr/>
Net Assets Held in Trust for Pension Benefits	432,128	3,887,945	4,320,073
	<hr/> <hr/>	<hr/> <hr/>	<hr/> <hr/>

City of Philadelphia
Combining Statement of Changes in Fiduciary Net Assets
Pension Trust Funds
For the Fiscal Year Ended June 30, 2012

Exhibit 6

Amounts in thousands of USD

	Gas Works Retirement Reserve Fund	Municipal Pension Fund	Total
<u>Additions</u>			
Contributions:			
Employer's Contributions	22,836	556,032	578,868
Employees' Contributions	-	49,979	49,979
	<u>22,836</u>	<u>606,011</u>	<u>628,847</u>
Total Contributions			
Investment Income:			
Interest and Dividends	12,780	81,729	94,509
Net Decline in Fair Value of Investments	(3,068)	(95,737)	(98,805)
(Less) Investments Expenses	2,052	(13,291)	(11,239)
Securities Lending Revenue	91	2,075	2,166
Securities Lending Unrealized Loss	-	(1,860)	(1,860)
(Less) Securities Lending Expenses	(39)	(852)	(891)
	<u>11,816</u>	<u>(27,936)</u>	<u>(16,120)</u>
Net Investment Gain (Loss)			
Miscellaneous Operating Revenues	-	821	821
	<u>34,652</u>	<u>578,896</u>	<u>613,548</u>
Total Additions			
<u>Deductions</u>			
Personal Services	-	3,651	3,651
Purchase of Services	-	1,545	1,545
Materials and Supplies	-	60	60
Employee Benefits	-	2,704	2,704
Pension Benefits	39,844	706,184	746,028
Refunds of Members' Contributions	-	6,500	6,500
Other Operating Expenses	122	523	645
	<u>39,966</u>	<u>721,167</u>	<u>761,133</u>
Total Deductions			
Change in Net Assets	(5,314)	(142,271)	(147,585)
Net Assets - July 1, 2011	<u>437,442</u>	<u>4,030,216</u>	<u>4,467,658</u>
Net Assets - June 30, 2012	<u>432,128</u>	<u>3,887,945</u>	<u>4,320,073</u>

City of Philadelphia
Combining Statement of Fiduciary Net Assets
Agency Funds
June 30, 2012

Exhibit 7

Amounts in thousands of USD

	<u>Escrow Fund</u>	<u>Employee Health & Welfare Fund</u>	<u>Departmental Custodial Accounts</u>	<u>Total</u>
<u>Assets</u>				
Cash on Deposit and on Hand	-	-	120,519	120,519
Equity in Treasurer's Account	20,533	24,741	-	45,274
Due from Other Funds	-	-	1,666	1,666
	<u>20,533</u>	<u>24,741</u>	<u>122,185</u>	<u>167,459</u>
Total Assets	<u>20,533</u>	<u>24,741</u>	<u>122,185</u>	<u>167,459</u>
<u>Liabilities</u>				
Vouchers Payable	3,042	90	-	3,132
Payroll Taxes Payable	-	14,589	-	14,589
Funds Held in Escrow	17,491	10,062	122,185	149,738
	<u>20,533</u>	<u>24,741</u>	<u>122,185</u>	<u>167,459</u>
Total Liabilities	<u>20,533</u>	<u>24,741</u>	<u>122,185</u>	<u>167,459</u>
Net Assets	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>

City of Philadelphia
Statement of Changes in Fiduciary Net Assets
Agency Funds
For the Fiscal Year Ended June 30, 2012

Exhibit 8

Amounts in thousands of USD

	Balance 7-1-2011	Additions	Deductions	Balance 6-30-2012
<u>Escrow Fund</u>				
<u>Assets</u>				
Equity in Treasurer's Account	30,744	394,056	404,267	20,533
<u>Liabilities</u>				
Funds Held in Escrow	30,742	394,056	407,307	17,491
Vouchers Payable	2	26,345	23,305	3,042
Total Liabilities	30,744	420,401	430,612	20,533
<u>Employee Health and Welfare Fund</u>				
<u>Assets</u>				
Equity in Treasurer's Account	14,921	866,555	856,735	24,741
<u>Liabilities</u>				
Vouchers Payable	604	10,751	11,265	90
Accounts Payable	246	-	246	-
Payroll Taxes Payable	3,234	767,982	756,627	14,589
Funds Held in Escrow	10,837	119,871	120,646	10,062
Total Liabilities	14,921	898,604	888,784	24,741
<u>Departmental Custodial Accounts</u>				
<u>Assets</u>				
Cash on Deposit and on Hand	136,099	152,495	168,075	120,519
Investments	11,910	-	11,910	-
Due from Other Funds	866	800	-	1,666
Total Assets	148,875	153,295	179,985	122,185
<u>Liabilities</u>				
Funds Held in Escrow	148,875	153,295	179,985	122,185
<u>Totals - Agency Funds</u>				
<u>Assets</u>				
Cash on Deposit and on Hand	136,099	152,495	168,075	120,519
Equity in Treasurer's Account	45,665	1,260,611	1,261,002	45,274
Investments	11,910	-	11,910	-
Due from Other Funds	866	800	-	1,666
Total Assets	194,540	1,413,906	1,440,987	167,459
<u>Liabilities</u>				
Vouchers Payable	606	37,096	34,570	3,132
Accounts Payable	246	-	246	-
Payroll Taxes Payable	3,234	767,982	756,627	14,589
Funds Held in Escrow	190,454	667,222	707,938	149,738
Total Liabilities	194,540	1,472,300	1,499,381	167,459

City of Philadelphia
Statement of Long-Term Debt
June 30, 2012

Exhibit 9

Amounts in millions of USD

Amount Available and to be Provided for Retirement of Long-Term Debt - Principal	
Bond Principal:	
Amount Available in Sinking Funds and Sinking Fund Reserve for Revenue Bonds	185.7
Amount of Principal to be Provided in Future Years	<u>4,841.3</u>
Total Bond Principal Available and to be Provided	5,027.0
Other Long-Term Obligations:	
Amount of Principal to be Provided in Future Years	<u>3,166.2</u>
<u>Total Available and to be Provided in Future Years</u>	<u><u>8,193.2</u></u>
Bonds Payable in Future Years:	
General Obligation Serial Bonds Payable	233.6
General Obligation Term Bonds Payable	270.7
General Obligation Refunding Bonds Payable	<u>821.8</u>
Total General Obligation Bonds Payable	1,326.1
Revenue Serial Bonds Payable	1,873.3
Revenue Term Bonds Payable	<u>1,374.7</u>
Total Revenue Bonds Payable	<u>3,248.0</u>
PICA Bonds Payable	<u>452.9</u>
Total Bonds Payable	5,027.0
Other Long-Term Obligations Payable	<u>3,166.2</u>
<u>Total Long-Term Debt</u>	<u><u>8,193.2</u></u>

City of Philadelphia
Analysis of Changes In Bonded Debt Outstanding
For the Fiscal Year Ended June 30, 2012

Exhibit 10

Amounts in millions of USD

	Governmental Fund Types				Enterprise Funds			All Funds Total
	General Fund	Municipal Authority Fund	PICA	Total	Water Fund	Aviation Fund	Total	
Bonded Debt Outstanding, July 1, 2011	<u>1,369.8</u>	<u>258.8</u>	<u>494.7</u>	<u>2,123.3</u>	<u>1,814.4</u>	<u>1,440.9</u>	<u>3,255.3</u>	<u>5,378.6</u>
Increases:								
Par Value of Bonds Issued:								
General Obligation	21.3	12.6	-	33.9	-	-	-	33.9
Revenue	-	-	-	-	228.6	233.8	462.4	462.4
<u>Total Bonds Sold</u>	<u>21.3</u>	<u>12.6</u>	<u>-</u>	<u>33.9</u>	<u>228.6</u>	<u>233.8</u>	<u>462.4</u>	<u>496.3</u>
Decreases:								
Matured Bonds:								
General Obligation	40.8	21.2	41.8	103.8	1.0	-	1.0	104.8
General Obligation Refunded	24.2	-	-	24.2	-	-	-	24.2
Revenue	-	-	-	-	108.9	67.7	176.6	176.6
Revenue Refunded	-	-	-	-	52.0	240.1	292.1	292.1
<u>Total Decrease</u>	<u>65.0</u>	<u>21.2</u>	<u>41.8</u>	<u>128.0</u>	<u>161.9</u>	<u>307.8</u>	<u>469.7</u>	<u>597.7</u>
Net Change:								
General Obligation	(43.7)	(8.6)	(41.8)	(94.1)	(1.0)	-	(1.0)	(95.1)
Revenue	-	-	-	-	67.7	(74.0)	(6.3)	(6.3)
<u>Total Change</u>	<u>(43.7)</u>	<u>(8.6)</u>	<u>(41.8)</u>	<u>(94.1)</u>	<u>66.7</u>	<u>(74.0)</u>	<u>(7.3)</u>	<u>(101.4)</u>
Bonded Debt Outstanding, June 30, 2012	<u><u>1,326.1</u></u>	<u><u>250.2</u></u>	<u><u>452.9</u></u>	<u><u>2,029.2</u></u>	<u><u>1,881.1</u></u>	<u><u>1,366.9</u></u>	<u><u>3,248.0</u></u>	<u><u>5,277.2</u></u>

City of Philadelphia
Analysis of Changes in Other Long-Term Debt
For the Fiscal Year Ended June 30, 2012

Exhibit 11

Amounts in thousands of USD

	General Fund	Water Fund	Aviation Fund	Other Funds	Total All Funds
<u>Balance Outstanding, July 1, 2011</u>					
Worker's Compensation	275,280	17,760	2,960	-	296,000
Pension Service Agreement	1,407,303	-	-	-	1,407,303
Termination Compensation	201,276	9,413	6,827	263	217,779
Leases	355,661	-	-	-	355,661
Indemnity Claims	47,318	8,752	1,382	-	57,452
Arbitrage Payable	-	77	244	-	321
Net Pension Liability	69,367	541	10,103	-	80,011
OPEB	79,480	-	-	-	79,480
Neighborhood Transformation	245,880	-	-	-	245,880
Sports Stadium	331,480	-	-	-	331,480
Central Library Project	8,655	-	-	-	8,655
Cultural Corridor Bonds	122,860	-	-	-	122,860
	<u>3,144,560</u>	<u>36,543</u>	<u>21,516</u>	<u>263</u>	<u>3,202,882</u>
<u>Increases:</u>					
Worker's Compensation	61,389	(2,035)	4,091	-	63,445
Pension Service Agreement	11,419	-	-	-	11,419
Termination Compensation	28,865	1,776	1,303	45	31,989
Leases	14,362	-	-	-	14,362
Indemnity Claims	37,512	616	542	-	38,670
Arbitrage Payable	-	-	18	-	18
OPEB	29,539	-	-	-	29,539
Neighborhood Transformation	91,305	-	-	-	91,305
Total Increases	<u>274,391</u>	<u>357</u>	<u>5,954</u>	<u>45</u>	<u>269,328</u>
<u>Decreases:</u>					
Worker's Compensation	57,282	3,836	1,107	-	62,225
Pension Service Agreement	39,360	-	-	-	39,360
Termination Compensation	20,484	1,652	911	35	23,082
Leases	35,763	-	-	-	35,763
Indemnity Claims	33,240	3,000	1,300	-	37,540
Neighborhood Transformation	109,590	-	-	-	109,590
Sports Stadiums	5,920	-	-	-	5,920
Central Library Project	475	-	-	-	475
Cultural Corridor Bonds	3,435	-	-	-	3,435
Total Decreases	<u>305,549</u>	<u>8,488</u>	<u>3,318</u>	<u>35</u>	<u>316,915</u>
<u>Balance Outstanding, June 30, 2012</u>					
Worker's Compensation	279,387	11,889	5,944	-	297,220
Pension Service Agreement	1,379,362	-	-	-	1,379,362
Termination Compensation	209,657	9,537	7,219	273	226,686
Leases	334,260	-	-	-	334,260
Indemnity Claims	51,590	6,368	624	-	58,582
Arbitrage Payable	-	77	262	-	339
Net Pension Liability	69,367	541	10,103	-	80,011
OPEB	109,019	-	-	-	109,019
Neighborhood Transformation	227,595	-	-	-	227,595
Sports Stadiums	325,560	-	-	-	325,560
Central Library Project	8,180	-	-	-	8,180
Cultural Corridor Bonds	119,425	-	-	-	119,425
	<u>3,113,402</u>	<u>28,412</u>	<u>24,152</u>	<u>273</u>	<u>3,166,239</u>

City of Philadelphia
City Related Schedule of Debt Incurring Capacity
July 1, 2012

Exhibit 12

Amounts in millions of USD

	Issued and Outstanding	Authorized	
		Unissued	Total
General Obligation Bonded Debt:			
Tax Supported (Note 1)	1,324.5	218.0	1,542.5
Self-Sustaining	1.6	352.6	354.2
<u>Total General Obligation Bonded Debt (Note 2)</u>	<u>1,326.1</u>	<u>570.6</u>	<u>1,896.7</u>
		Applicable to Self-Sustaining	Net Deductions
Deductions Authorized by Law	<u>Total</u>		
Appropriation for Maturing Serials (Fiscal 2013)	48.5	0.2	48.3
Total Self-Sustaining Debt			<u>354.2</u>
Total Net Deductions Authorized by Law			<u>402.5</u>
Total Amount of Debt Applicable to Debt Limit			<u>1,494.2</u>
Legal Debt Limit (Note 3)			<u>1,622.3</u>
Legal Debt Margin			<u>128.1</u>

NOTES:

- (1) Included in the Issued and Outstanding Total is \$3.7 million relating to the Philadelphia Port Corporation which has ceased operations. The City is using the proceeds from the sale of the Port Corporation assets for economic stimulus projects.
- (2) This statement does not reflect \$4,389.7 million of Revenue Bonds, secured by a pledge of Water Revenues, Airport Revenues and Gas Works Revenues, respectively, as listed below:

Water and Sewer Revenue Bonds, Series 1995, dated April 15, 1995	13.6
Water and Sewer Revenue Bonds, Series 1997 B, dated November 25, 1997	70.1
Water and Sewer Revenue Bonds, Series 1998, dated December 15, 1998	108.3
Water and Sewer Revenue Bonds, Series 1999 A, dated April 22, 1999	0.6
Water and Sewer Revenue Bonds, Series 2001 A and B, dated November 15, 2001	90.4
Water and Sewer Revenue Bonds, Series 2005 A, dated May 1, 2005	225.6
Water and Sewer Revenue Bonds, Series 2005 B, dated May 1, 2005	82.4
Water and Sewer Revenue Refunding Bonds, Series 2007 A dated May 9, 2007	152.9
Water and Sewer Revenue Refunding Bonds, Series 2007 B dated May 9, 2007	152.7
Water and Sewer Revenue Refunding Bonds, Series 2009 A dated May 21, 2009	140.0
Water and Sewer Revenue Refunding Bonds, Series 2010 A dated April 15, 2010	343.6
Water and Sewer Revenue Refunding Bonds, Series 2010 C dated August 5, 2010	185.0
Water and Sewer Revenue Bonds, Series 2009B Pennvest Bonds, dated October 14, 2009	22.8
Water and Sewer Revenue Bonds, Series 2009C dated October 14, 2009	35.7
Water and Sewer Revenue Bonds, Series 2009D Pennvest Bonds, dated March 31, 2010	64.4
Water and Sewer Revenue Bonds, Series 2010B Pennvest Bonds, dated February 16, 2011	8.1
Water and Sewer Revenue Bonds, Series 2011A dated November 16, 2011	135.0
Water and Sewer Revenue Bonds, Series 2011B dated November 16, 2011	49.9
Airport Revenue Bonds, Series 1998 B, dated July 1, 1998	-
Airport Revenue Bonds, Series 2005 C, dated June 2, 2005	155.9
Airport Revenue Bonds, Series 2005 A dated August 4, 2005	114.9
Airport Revenue Bonds, Series 2007A, dated August 16, 2007	166.0
Airport Revenue Refunding Bonds, Series 2007B, dated August 16, 2007	66.7
Airport Revenue Refunding Bonds, Series 2009A, dated April 14, 2009	42.4
Airport Revenue Refunding Bonds, Series 2010A, dated November 15, 2010	273.0
Airport Revenue Refunding Bonds, Series 2010B, dated November 15, 2010	15.2
Airport Revenue Refunding Bonds, Series 2010C, dated November 15, 2010	47.9
Airport Revenue Refunding Bonds, Series 2010D, dated November 15, 2010	259.0
Airport Revenue Refunding Bonds, Series 2011A, dated December 14, 2011	193.0
Airport Revenue Refunding Bonds, Series 2011B, dated December 14, 2011	32.9
Gas Works Revenue Bonds, Fourth Series, dated December 30, 2002	87.1
Gas Works Revenue Bonds, Seventeenth Series, dated April 2, 2003	126.6
Gas Works Revenue Bonds, Fifth Series A-1, dated October 14, 2004	112.2
Gas Works Revenue Bonds, Fifth Series A-2, dated October 19, 2004	30.0
Gas Works Revenue Bonds, Eighteenth Series, dated October 14, 2004	36.6
Gas Works Revenue Bonds, Nineteenth Series, dated May 15, 2007	14.4
Gas Works Revenue Bonds, Seventh Series, dated May 15, 2007	217.9
Gas Works Revenue Bonds, Eighth Series A, dated August 20, 2009	55.1
Gas Works Revenue Bonds, Eighth Series B through E dated August 20, 2009	225.5
Gas Works Revenue Bonds, Ninth Series dated August 26, 2010	147.5
Gas Works Revenue Bonds, Tenth Series dated September 28, 2011	72.6
Gas Works Revenue Bonds, Twentieth Series dated September 28, 2011	16.2
	<u>4,389.7</u>

- (3) Refer to Purdon's Statutes 53 P.S. Sections 15721 - 727 - 728 - 761 - 763 and 781

Exhibit 13

City of Philadelphia
Statement of Net Assets
Component Units
June 30, 2012

Amounts in thousands of US\$

	Philadelphia Gas Works*	Philadelphia Redevelopment Authority	Philadelphia Parking Authority*	School District of Philadelphia	Community College of Philadelphia	Community Behavioral Health*	Delaware River Waterfront Corporation	Philadelphia Authority for Industrial Development*	Total
Assets									
Cash on Deposit and on Hand	105,386	-	92,441	-	11,664	23,336	-	-	232,827
Investments	-	-	75,705	-	37,136	-	-	-	112,841
Due from Primary Government	-	-	-	-	-	64,593	-	-	64,593
Notes Receivable	-	-	-	-	-	116	-	-	116
Accounts Receivable-Net	98,925	-	1,091	-	6,707	-	-	31,474	138,197
Interest and Dividends Receivable	-	-	249	-	50	-	-	-	299
Due from Other Governments	-	-	-	-	2,609	-	-	45,371	47,980
Inventories	85,993	-	-	-	-	-	-	-	85,993
Other Assets	181,121	-	2,251	-	1,137	747	-	84	185,340
Restricted Assets:									
Cash and Cash Equivalents	-	-	-	-	-	-	-	23,036	23,036
Other Assets	236,966	-	-	-	4,234	-	-	25,679	266,879
Capital Assets:									
Land and Other Non-Depreciated Assets	46,149	-	15,980	-	46,367	-	-	11,416	119,912
Other Capital Assets (Net of Depreciation)	1,064,929	-	180,107	-	133,117	1,526	-	64,613	1,444,292
Total Capital Assets	1,111,078	-	196,087	-	179,484	1,526	-	76,029	1,564,204
Total Assets	1,819,469	-	367,824	-	243,021	90,318	-	201,673	2,722,305
Liabilities									
Notes Payable	-	-	10,985	-	90,221	-	-	-	101,206
Vouchers Payable	55,893	-	-	-	11,521	-	-	-	67,414
Accounts Payable	-	-	15,371	-	-	2,800	-	3,979	22,150
Salaries and Wages Payable	5,095	-	-	-	2,876	5,436	-	-	13,407
Accrued Expenses	217,065	-	776	-	1,298	70,266	-	-	289,405
Funds Held in Escrow	-	-	-	-	123	-	-	624	747
Due to Other Governments	-	-	14,745	-	2,419	-	-	12,160	29,324
Due to Primary Government	-	-	30,773	-	-	-	-	11,227	42,000
Deferred Revenue	11,161	-	2,033	-	2,568	7,900	-	62,304	85,966
Other Current Liabilities	-	-	-	-	-	3,916	-	-	3,916
Non-Current Liabilities:									
Due within one year	48,513	-	10,520	-	2,142	-	-	-	61,175
Due in more than one year	1,172,002	-	177,909	-	35,263	-	-	44,840	1,430,014
Total Liabilities	1,509,729	-	283,112	-	148,431	90,318	-	135,134	2,146,724
Net Assets									
Invested in Capital Assets,									
Net of Related Debt	15,869	-	58,683	-	86,331	-	-	32,786	193,669
Restricted For:									
Capital Projects	-	-	-	-	4,757	-	-	-	4,757
Debt Service	114,634	-	2,411	-	-	-	-	-	117,045
Grant Programs	-	-	-	-	6,761	-	-	35,066	41,827
Unrestricted	179,237	-	43,618	-	(3,259)	-	-	(1,313)	218,283
Total Net Assets	309,740	-	104,712	-	94,590	-	-	66,539	575,581

* The Philadelphia Gas Works is presented as of the close of their fiscal year, August 31, 2011. Community Behavioral Health and the Philadelphia Authority for Industrial Development are presented as of the close of their fiscal year, December 31, 2011. The Philadelphia Parking Authority is presented as of the close of their fiscal year, March 31, 2012.

The notes to the financial statements are an integral part of this statement.

	Net (Expense) Revenue and Changes in Net Assets												
	Expenses	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Philadelphia Gas Works*	Philadelphia Redevelopment Authority	Philadelphia Parking Authority	School District of Philadelphia	Community College of Philadelphia	Community Behavioral Health*	Delaware River Waterfront Corporation	Philadelphia Authority for Industrial Development*	Total
Functions													
Gas Operations													
Gas Works	717,322	757,668	12,959	-	53,305	-	-	-	-	-	-	-	53,305
Housing													
Housing Redevelopment Authority	-	-	-	-	-	-	-	-	-	-	-	-	-
Parking													
Parking Authority	225,676	230,269	-	-	-	4,593	-	-	-	-	-	-	4,593
Education													
School District	-	-	-	-	-	-	-	-	-	-	-	-	-
Community College	161,964	32,008	64,714	-	-	-	-	(65,242)	-	-	-	-	(65,242)
Total	161,964	32,008	64,714	-	-	-	-	(65,242)	-	-	-	-	(65,242)
Health													
Community Behavioral Health	794,588	-	794,588	-	-	-	-	-	-	-	-	-	-
Economic Development													
Delaware River Waterfront Corp. Authority for Ind. Development	-	-	-	-	-	-	-	-	-	-	-	-	-
Total	180,328	26,788	152,067	-	-	-	-	-	-	-	(1,453)	-	(1,453)
	180,328	26,788	152,067	-	-	-	-	-	-	-	(1,453)	-	(1,453)
Total Component Units	2,079,878	1,046,733	1,024,348	-	-	-	-	-	-	-	-	-	(8,797)
General Revenues:													
Grants & Contributions Not Restricted to Specific Programs	-	-	-	-	-	-	-	59,966	-	-	-	(307)	59,659
Unrestricted Interest & Investment Earnings	-	-	-	-	-	-	-	1,118	-	-	-	-	3,537
Miscellaneous	-	-	-	-	-	-	-	4,067	-	-	-	-	4,067
Special Item-Gain (Loss) on Sale of Capital Assets	-	-	-	-	-	-	-	-	-	-	-	-	-
Transfers	-	-	-	-	-	-	-	-	-	-	-	-	-
Total General Revenue (Special Items and Transfers)	(18,000)	-	-	-	(18,000)	2,419	-	65,151	-	-	-	7,790	(18,000)
Net Assets - July 1, 2011	-	-	-	-	35,305	7,012	-	6,030	(91)	-	-	6,030	57,053
Adjustment	-	-	-	-	274,435	97,700	-	94,681	-	-	-	60,509	48,256
Net Assets Adjusted - July 1, 2011	-	-	-	-	274,435	97,700	-	94,681	-	-	-	60,509	527,325
Net Assets - June 30, 2012	-	-	-	-	309,740	104,712	-	94,590	-	-	-	66,559	575,581

* The Philadelphia Gas Works is presented as of the close of their fiscal year, August 31, 2011. Community Behavioral Health and the Philadelphia Authority for Industrial Development are presented as of the close of their fiscal year, December 31, 2011. The Philadelphia Parking Authority is presented as of the close of their fiscal year, March 31, 2012.

The notes to the financial statements are an integral part of this statement.

City of Philadelphia
 Required Supplementary Information
 Budgetary Comparison Schedule
 General Fund
 For the Fiscal Year Ended June 30, 2012

Exhibit 15

Amounts in thousands of USD

	<u>Budgeted Amounts</u>			Final Budget to Actual Positive (Negative)
	<u>Original</u>	<u>Final</u>	<u>Actual*</u>	
<u>Revenues</u>				
Tax Revenue	2,539,452	2,537,147	2,570,445	33,298
Locally Generated Non-Tax Revenue	259,959	251,544	256,694	5,150
Revenue from Other Governments	651,800	704,879	715,873	10,994
Revenue from Other Funds	<u>51,510</u>	<u>53,028</u>	<u>48,341</u>	<u>(4,687)</u>
Total Revenues	3,502,721	3,546,598	3,591,353	44,755
<u>Expenditures and Encumbrances</u>				
Personal Services	1,330,088	1,328,959	1,318,984	9,975
Pension Contributions	554,431	547,804	547,804	-
Other Employee Benefits	<u>468,272</u>	<u>518,353</u>	<u>518,446</u>	<u>(93)</u>
Sub-Total Employee Compensation	2,352,791	2,395,116	2,385,234	9,882
Purchase of Services	758,994	764,214	760,819	3,395
Materials and Supplies	64,864	68,916	68,588	328
Equipment	14,096	11,445	11,329	116
Contributions, Indemnities and Taxes	117,544	118,365	118,048	317
Debt Service	130,739	111,524	111,334	190
Payments to Other Funds	27,066	29,550	29,523	27
Advances, Subsidies, Miscellaneous	<u>4,000</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total Expenditures and Encumbrances	<u>3,470,094</u>	<u>3,499,130</u>	<u>3,484,875</u>	<u>14,255</u>
Operating Surplus (Deficit) for the Year	<u>32,627</u>	<u>47,468</u>	<u>106,478</u>	<u>59,010</u>
Fund Balance Available for Appropriation, July 1, 2011	3,454	92	92	-
<u>Operations in Respect to Prior Fiscal Years</u>				
Commitments Cancelled - Net	24,500	24,500	40,265	15,765
Revenue Adjustments - Net	-	-	(76)	(76)
Prior Period Adjustments	-	-	(5)	(5)
Other Adjustments	<u>-</u>	<u>(1,850)</u>	<u>-</u>	<u>1,850</u>
Adjusted Fund Balance, July 1, 2011	<u>27,954</u>	<u>22,742</u>	<u>40,276</u>	<u>17,534</u>
Fund Balance Available for Appropriation, June 30, 2012	<u>60,581</u>	<u>70,210</u>	<u>146,754</u>	<u>76,544</u>

* Refer to the notes to required supplementary information.

City of Philadelphia
Schedule of Budgetary Actual and Estimated Revenues and Obligations
General Fund
For the Fiscal Year Ended June 30, 2012 (with comparative actual amounts for the Fiscal Year Ended June 30, 2011)

Exhibit 16

Amounts in thousands of USD

	Budgeted Amounts		FY 2012 Actual	Final Budget	FY 2011 Actual	Increase (Decrease)
	Original	Final		to Actual Positive (Negative)		
Revenue						
Taxes						
Real Property Tax:						
Current	449,243	463,456	464,420	964	454,747	9,673
Prior Years	37,500	35,000	36,301	1,301	27,978	8,323
Total Real Property Tax	486,743	498,456	500,721	2,265	482,725	17,996
Wage and Earnings Taxes:						
Current	1,176,577	1,158,428	1,192,221	33,793	1,127,455	64,766
Prior Years	12,000	10,000	4,102	(5,898)	6,862	(2,760)
Total Wage and Earnings Taxes	1,188,577	1,168,428	1,196,323	27,895	1,134,317	62,006
Business Taxes:						
Business Privilege Taxes:						
Current	349,320	356,370	370,189	13,819	334,996	35,193
Prior Years	20,000	35,000	19,197	(15,803)	41,950	(22,753)
Total Business Privilege Tax	369,320	391,370	389,386	(1,984)	376,946	12,440
Net Profits Tax:						
Current	14,968	9,552	12,193	2,641	5,740	6,453
Prior Years	2,500	2,500	2,928	428	3,086	(158)
Total Net Profits Tax	17,468	12,052	15,121	3,069	8,826	6,295
Total Business Taxes	386,788	403,422	404,507	1,085	385,772	18,735
Other Taxes:						
Sales Tax	256,450	250,175	253,523	3,348	244,585	8,938
Amusement Tax	21,631	21,631	21,911	280	20,767	1,144
Real Property Transfer Tax	120,852	118,352	119,364	1,012	116,644	2,720
Parking Lot Tax	74,305	73,305	70,930	(2,375)	71,596	(666)
Smokeless Tobacco	1,000	628	628	-	286	342
Miscellaneous Taxes	3,106	2,750	2,538	(212)	2,454	84
Total Other Taxes	477,344	466,841	468,894	2,053	456,332	12,562
Total Taxes	2,539,452	2,537,147	2,570,445	33,298	2,459,146	111,299
Locally Generated Non-Tax Revenue						
Rentals from Leased City Properties	5,333	5,507	5,507	-	4,357	1,150
Licenses and Permits	46,839	49,868	47,993	(1,875)	46,295	1,698
Fines, Forfeits, Penalties, Confiscated						
Money and Property	21,180	21,726	21,716	(10)	25,790	(4,074)
Interest Income	10,526	7,565	7,727	162	5,300	2,427
Service Charges and Fees	128,040	116,609	120,762	4,153	124,553	(3,791)
Other	48,041	50,269	52,989	2,720	73,732	(20,743)
Total Locally Generated Non-Tax Revenue	259,959	251,544	256,694	5,150	280,027	(23,333)
Revenue from Other Governments						
United States Government:						
Grants and Reimbursements	99,338	93,730	96,998	3,268	170,094	(73,096)
Commonwealth of Pennsylvania:						
Grants and Other Payments	494,741	533,938	536,806	2,868	833,676	(296,870)
Other Governmental Units	57,721	77,211	82,069	4,858	62,731	19,338
Total Revenue from Other Governments	651,800	704,879	715,873	10,994	1,066,501	(350,628)
Revenue from Other Funds						
	51,510	53,028	48,341	(4,687)	54,620	(6,279)
Total Revenues	3,502,721	3,546,598	3,591,353	44,755	3,860,294	(268,941)

City of Philadelphia
 Schedule of Budgetary Actual and Estimated Revenues and Obligations
 General Fund

Exhibit 16

Amounts in thousands of USD

For the Fiscal Year Ended June 30, 2012 (with comparative actual amounts for the Fiscal Year Ended June 30, 2011)

	Budgeted Amounts		FY 2012 Actual	Final Budget	FY 2011 Actual	Increase (Decrease)
	Original	Final		to Actual Positive (Negative)		
Obligations						
General Government						
City Council	15,049	15,049	13,758	1,291	13,772	(14)
Mayor's Office:						
Mayor's Office	3,787	3,764	3,514	250	3,598	(84)
Scholarships	200	200	196	4	200	(4)
Mural Arts Program	1,060	1,060	996	64	961	35
Labor Relations	552	552	517	35	457	60
MDO Office of Technology	63,944	63,248	63,272	(24)	61,348	1,924
Office of Property Assessment	11,741	9,741	7,967	1,774	5,730	2,237
Transportation	480	514	498	16	419	79
Law	13,119	15,122	14,501	621	17,114	(2,613)
Board of Ethics	810	810	683	127	681	2
Youth Commission	96	96	42	54	78	(36)
Inspector General	1,281	1,281	1,239	42	1,171	68
City Planning Commission	2,257	2,257	2,209	48	2,248	(39)
Commission on Human Relations	2,039	2,039	1,830	209	1,942	(112)
Zoning Code Commission	225	225	216	9	465	(249)
Arts & Culture	2,670	2,670	2,662	8	2,550	112
Board of Revision of Taxes	723	759	576	183	1,893	(1,317)
Total General Government	120,033	119,387	114,676	4,711	114,627	49
Operation of Service Departments						
Housing	3,020	4,213	4,213	-	2,251	1,962
Managing Director	22,972	23,066	21,732	1,334	15,954	5,778
Police	550,686	568,921	568,922	(1)	551,450	17,472
Streets	121,353	123,661	123,523	138	131,004	(7,481)
Fire	190,032	195,583	195,532	51	198,042	(2,510)
Public Health	110,426	107,782	107,770	12	108,923	(1,153)
Office-Behavioral Health/Mental Retardation	14,272	14,272	14,240	32	14,272	(32)
Parks and Recreation	46,326	48,381	47,344	1,037	47,084	260
Atwater Kent Museum	269	268	266	2	267	(1)
Public Property	168,833	170,496	169,143	1,353	171,142	(1,999)
Department of Human Services	111,935	103,581	103,761	(180)	543,584	(439,823)
Philadelphia Prisons	227,173	232,237	232,232	5	232,219	13
Office of Supportive Housing	36,466	38,502	38,384	118	36,368	2,016
Office of Fleet Management	53,652	56,645	55,944	701	52,173	3,771
Licenses and Inspections	21,781	22,022	21,429	593	18,381	3,048
Board of L & I Review	156	156	124	32	136	(12)
Board of Building Standards	72	72	58	14	61	(3)
Zoning Board of Adjustment	363	375	366	9	330	36
Records	4,009	4,009	3,841	168	3,982	(141)
Philadelphia Historical Commission	388	388	359	29	377	(18)
Art Museum	2,300	2,315	2,315	-	2,350	(35)
Philadelphia Free Library	33,863	33,994	33,399	595	32,549	850
Total Operations of Service Departments	1,720,347	1,750,939	1,744,897	6,042	2,162,899	(418,002)
Financial Management						
Office of Director of Finance	9,685	12,547	12,469	78	10,431	2,038
Department of Revenue	19,900	19,929	18,850	1,079	14,160	4,690
Sinking Fund Commission	223,906	201,236	201,046	190	197,918	3,128
Procurement	4,152	4,664	4,461	203	4,819	(358)
City Treasurer	905	905	825	80	761	64
Audit of City Operations	7,556	7,556	7,289	267	7,840	(551)
Total Financial Management	266,104	246,837	244,940	1,897	235,929	9,011

City of Philadelphia
 Schedule of Budgetary Actual and Estimated Revenues and Obligations
 General Fund

Exhibit 16

Amounts in thousands of USD

For the Fiscal Year Ended June 30, 2012 (with comparative actual amounts for the Fiscal Year Ended June 30, 2011)

	Budgeted Amounts		FY 2012 Actual	Final Budget	FY 2011 Actual	Increase (Decrease)
	Original	Final		to Actual Positive (Negative)		
Obligations (Continued)						
City-Wide Appropriations Under the Director of Finance						
Fringe Benefits	1,022,703	1,066,156	1,066,251	(95)	968,957	97,294
PGW Rental Reimbursement	-	-	-	-	1,700	(1,700)
Community College of Philadelphia	25,409	25,409	25,409	-	25,409	-
Legal Services	37,566	37,066	37,066	-	36,616	450
Hero Award	25	28	28	-	35	(7)
Refunds	250	-	-	-	-	-
Indemnities	33,120	14	14	-	-	14
Office of Risk Management	3,018	2,926	2,925	1	4,079	(1,154)
Witness Fees	172	141	140	1	84	56
Contribution to School District	48,930	48,930	48,930	-	38,600	10,330
Total City-Wide Under Director of Finance	1,171,193	1,180,670	1,180,763	(93)	1,075,480	105,283
Promotion and Public Relations						
City Representative	908	908	879	29	904	(25)
Commerce	18,647	18,647	18,361	286	18,323	38
Total Promotion and Public Relations	19,555	19,555	19,240	315	19,227	13
Personnel						
Civic Service Commission	170	170	167	3	168	(1)
Personnel Director	5,228	5,228	4,945	283	4,591	354
Total Personnel	5,398	5,398	5,112	286	4,759	353
Administration of Justice						
Register of Wills	3,399	3,399	3,312	87	3,239	73
District Attorney	31,055	31,310	30,888	422	30,505	383
Sheriff	13,089	15,463	15,462	1	14,230	1,232
First Judicial District	109,275	115,581	115,562	19	115,412	150
Total Administration of Justice	156,818	165,753	165,224	529	163,386	1,838
City-Wide Appropriations Under the First Judicial District						
Juror Fees	1,542	1,412	1,412	-	-	1,412
Conduct of Elections						
City Commissioners	9,104	9,179	8,611	568	8,987	(376)
Total Obligations	3,470,094	3,499,130	3,484,875	14,255	3,785,294	(300,419)
Operating Surplus (Deficit) for the Year	32,627	47,468	106,478	59,010	75,000	31,478

City of Philadelphia
 Budgetary Comparison Schedule
 Water Operating Fund
 For the Fiscal Year Ended June 30, 2012

Exhibit 17

Amounts in thousands of USD

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Final Budget to Actual Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
<u>Revenues</u>				
Locally Generated Non-Tax Revenue	567,080	563,661	560,312	(3,349)
Revenue from Other Governments	3,000	2,600	3,192	592
Revenue from Other Funds	70,160	57,675	28,985	(28,690)
Total Revenues	640,240	623,936	592,489	(31,447)
<u>Expenditures and Encumbrances</u>				
Personal Services	113,259	113,259	100,907	12,352
Pension Contributions	52,672	52,809	48,613	4,196
Other Employee Benefits	43,130	42,993	38,395	4,598
Sub-Total Employee Compensation	209,061	209,061	187,915	21,146
Purchase of Services	144,339	144,339	129,135	15,204
Materials and Supplies	46,993	45,740	42,726	3,014
Equipment	5,263	6,516	3,187	3,329
Contributions, Indemnities and Taxes	6,603	6,603	3,047	3,556
Debt Service	196,177	196,177	192,423	3,754
Payments to Other Funds	51,804	51,804	54,858	(3,054)
Total Expenditures and Encumbrances	660,240	660,240	613,291	46,949
Operating Surplus (Deficit) for the Year	(20,000)	(36,304)	(20,802)	15,502
Fund Balance Available for Appropriation, July 1, 2011	-	-	-	-
<u>Operations in Respect to Prior Fiscal Years</u>				
Commitments Cancelled - Net	20,000	20,000	20,802	802
Adjusted Fund Balance, July 1, 2011	20,000	20,000	20,802	802
Fund Balance Available for Appropriation, June 30, 2012	-	(16,304)	-	16,304

City of Philadelphia
 Schedule of Budgetary Actual and Estimated Revenues and Obligations
 Water Operating Fund

Exhibit 18

Amounts in thousands of USD

For the Fiscal Year Ended June 30, 2012 (with comparative actual amounts for the Fiscal Year Ended June 30, 2011)

	Budgeted Amounts		FY 2012 Actual	Final Budget to Actual Positive (Negative)	FY 2011 Actual	Increase (Decrease)
	Original	Final				
Revenue						
Locally Generated Non-Tax Revenue						
Sales and Charges - Current	473,606	471,594	474,478	2,884	462,404	12,074
Sales and Charges - Prior Years	42,666	42,538	34,224	(8,314)	26,883	7,341
Fire Service Connections	1,844	1,910	2,097	187	1,846	251
Surcharges	5,604	5,578	5,110	(468)	5,481	(371)
Fines and Penalties	870	735	838	103	769	69
Miscellaneous Charges	1,131	1,201	1,223	22	1,101	122
Charges to Other Municipalities	34,800	34,000	35,160	1,160	32,020	3,140
Licenses and Permits	2,185	2,201	2,398	197	2,232	166
Interest Income	850	850	246	(604)	1,530	(1,284)
Fleet Management - Sale of Vehicles & Equipment	195	185	108	(77)	92	16
Contributions from Sinking Fund Reserve	-	-	1,086	1,086	-	1,086
Reimbursement of Expenditures	173	153	438	285	88	350
Repair Loan Program	2,410	1,980	2,489	509	2,237	252
Other	746	736	417	(319)	780	(363)
Total Locally Generated Non-Tax Revenue	567,080	563,661	560,312	(3,349)	537,463	22,849
Revenue from Other Governments						
State	500	100	327	227	27	300
Federal	2,500	2,500	2,865	365	2,842	23
Total Revenue from Other Governments	3,000	2,600	3,192	592	2,869	323
Revenue from Other Funds	70,160	57,675	28,985	(28,690)	27,138	1,847
Total Revenues	640,240	623,936	592,489	(31,447)	567,470	25,019
Obligations						
Mayor's Office of Information Services	16,862	16,862	11,530	5,332	10,910	620
Public Property	3,739	3,739	3,726	13	2,500	1,226
Office of Fleet Management	8,510	8,510	7,603	907	8,255	(652)
Water Department	313,635	316,682	292,887	23,795	281,214	11,673
Office of the Director of Finance						
City-Wide Appropriation Under						
the Director of Finance:						
Pension Contributions	52,672	52,809	48,613	4,196	-	48,613
Other Employee Benefits	43,130	42,993	38,395	4,598	42,169	(3,774)
Contributions, Indemnities and Taxes	6,500	3,453	-	3,453	42,279	(42,279)
Department of Revenue	15,851	15,851	13,933	1,918	13,579	354
Sinking Fund Commission	196,176	196,176	193,509	2,667	185,543	7,966
Procurement Department	69	69	46	23	69	(23)
Law	3,040	3,040	2,993	47	3,177	(184)
Mayor's Office of Transportation	56	56	56	-		
Total Obligations	660,240	660,240	613,291	46,949	589,695	23,540
Operating Surplus (Deficit) for the Year	(20,000)	(36,304)	(20,802)	15,502	(22,225)	1,479

City of Philadelphia
Budgetary Comparison Schedule
Water Residual Fund
For the Fiscal Year Ended June 30, 2012

Exhibit 19

Amounts in thousands of USD

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Final Budget to Actual Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
<u>Revenues</u>				
Locally Generated Non-Tax Revenue	-	-	123	123
Revenue from Other Funds	<u>22,893</u>	<u>23,108</u>	<u>18,390</u>	<u>(4,718)</u>
Total Revenues	22,893	23,108	18,513	(4,595)
<u>Expenditures and Encumbrances</u>				
Payments to Other Funds	<u>32,538</u>	<u>32,538</u>	<u>8,782</u>	<u>23,756</u>
Total Expenditures and Encumbrances	<u>32,538</u>	<u>32,538</u>	<u>8,782</u>	<u>23,756</u>
Operating Surplus (Deficit) for the Year	<u>(9,645)</u>	<u>(9,430)</u>	<u>9,731</u>	<u>19,161</u>
Fund Balance Available for Appropriation, July 1, 2011	15,383	34,913	34,913	-
Fund Balance Available for Appropriation, June 30, 2012	<u>5,738</u>	<u>25,483</u>	<u>44,644</u>	<u>19,161</u>

City of Philadelphia
 Budgetary Comparison Schedule
 County Liquid Fuels Tax Fund
 For the Fiscal Year Ended June 30, 2012

Exhibit 20

Amounts in thousands of USD

	<u>Budgeted Amounts</u>			<u>Final Budget to Actual Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>	<u>Actual</u>	
<u>Revenues</u>				
Revenue from Other Governments	<u>4,950</u>	<u>4,950</u>	<u>5,186</u>	<u>236</u>
Total Revenues	<u>4,950</u>	<u>4,950</u>	<u>5,186</u>	<u>236</u>
<u>Expenditures and Encumbrances</u>				
Personal Services	<u>3,734</u>	<u>3,734</u>	<u>3,734</u>	<u>-</u>
Purchase of Services	<u>861</u>	<u>861</u>	<u>856</u>	<u>5</u>
Materials and Supplies	<u>256</u>	<u>256</u>	<u>255</u>	<u>1</u>
Equipment	<u>80</u>	<u>80</u>	<u>78</u>	<u>2</u>
Payments to Other Funds	<u>19</u>	<u>19</u>	<u>19</u>	<u>-</u>
Total Expenditures and Encumbrances	<u>4,950</u>	<u>4,950</u>	<u>4,942</u>	<u>8</u>
Operating Surplus (Deficit) for the Year	<u>-</u>	<u>-</u>	<u>244</u>	<u>244</u>
Fund Balance Available for Appropriation, July 1, 2011	<u>2,013</u>	<u>2,035</u>	<u>2,035</u>	<u>-</u>
<u>Operations in Respect to Prior Fiscal Years</u>				
Commitments Cancelled - Net	<u>25</u>	<u>25</u>	<u>73</u>	<u>48</u>
Adjusted Fund Balance, July 1, 2011	<u>2,038</u>	<u>2,060</u>	<u>2,108</u>	<u>48</u>
Fund Balance Available for Appropriation, June 30, 2012	<u>2,038</u>	<u>2,060</u>	<u>2,352</u>	<u>292</u>

City of Philadelphia
 Budgetary Comparison Schedule
 Special Gasoline Tax Fund
 For the Fiscal Year Ended June 30, 2012

Exhibit 21

Amounts in thousands of USD

	<u>Budgeted Amounts</u>			Final Budget to Actual Positive (Negative)
	<u>Original</u>	<u>Final</u>	<u>Actual</u>	
<u>Revenues</u>				
Locally Generated Non-Tax Revenue	32	20	3	(17)
Revenue from Other Governments	<u>23,673</u>	<u>24,579</u>	<u>24,601</u>	<u>22</u>
Total Revenues	23,705	24,599	24,604	5
<u>Expenditures and Encumbrances</u>				
Personal Services	3,000	3,000	3,000	-
Pension Contributions	500	500	500	-
Other Employee Benefits	<u>500</u>	<u>500</u>	<u>500</u>	<u>-</u>
Sub-Total Employee Compensation	4,000	4,000	4,000	-
Purchase of Services	15,459	15,185	15,185	-
Materials and Supplies	3,800	3,468	3,445	23
Equipment	590	1,196	1,196	-
Contributions, Indemnities and Taxes	<u>15</u>	<u>15</u>	<u>15</u>	<u>-</u>
Total Expenditures and Encumbrances	<u>23,864</u>	<u>23,864</u>	<u>23,841</u>	<u>23</u>
Operating Surplus (Deficit) for the Year	<u>(159)</u>	<u>735</u>	<u>763</u>	<u>28</u>
Fund Balance Available for Appropriation, July 1, 2011	14,074	15,575	15,575	-
<u>Operations in Respect to Prior Fiscal Years</u>				
Commitments Cancelled - Net	<u>150</u>	<u>150</u>	<u>169</u>	<u>19</u>
Adjusted Fund Balance, July 1, 2011	<u>14,224</u>	<u>15,725</u>	<u>15,744</u>	<u>19</u>
Fund Balance Available for Appropriation, June 30, 2012	<u><u>14,065</u></u>	<u><u>16,460</u></u>	<u><u>16,507</u></u>	<u><u>47</u></u>

City of Philadelphia
 Required Supplementary Information
 Budgetary Comparison Schedule
 HealthChoices Behavioral Health Fund
 For the Fiscal Year Ended June 30, 2012

Exhibit 22

Amounts in thousands of USD

	Budgeted Amounts			Final Budget to Actual Positive (Negative)
	Original	Final	Actual*	
Revenues				
Locally Generated Non-Tax Revenue	5,000	1,500	812	(688)
Revenue from Other Governments	840,154	822,980	799,872	(23,108)
Total Revenues	845,154	824,480	800,684	(23,796)
Other Sources				
Decrease in Unreimbursed Commitments	-	-	(15,828)	(15,828)
Increase in Financed Reserves	-	-	(1,653)	(1,653)
Total Revenues and Other Sources	845,154	824,480	783,203	(41,277)
Expenditures and Encumbrances				
Purchase of Services	917,828	879,817	825,356	54,461
Equipment	100	20	-	20
Payments to Other Funds	1,226	1,643	2,030	(387)
Total Expenditures and Encumbrances	919,154	881,480	827,386	54,094
Operating Surplus (Deficit) for the Year	(74,000)	(57,000)	(44,183)	12,817
Fund Balance Available for Appropriation, July 1, 2011	-	46,252	46,252	-
Operations in Respect to Prior Fiscal Years				
Commitments Cancelled - Net	-	-	23,095	23,095
Other Adjustments	74,000	10,748	-	(10,748)
Adjusted Fund Balance, July 1, 2011	74,000	57,000	69,347	12,347
Fund Balance Available for Appropriation, June 30, 2012	-	-	25,164	25,164

* Refer to the notes to required supplementary information.

City of Philadelphia
Budgetary Comparison Schedule
Hotel Room Rental Tax Fund
For the Fiscal Year Ended June 30, 2012

Exhibit 23

Amounts in thousands of USD

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Final Budget to Actual Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
<u>Revenues</u>				
Taxes	42,500	47,000	47,651	651
Locally Generated Non-Tax Revenue	<u>2</u>	<u>2</u>	<u>2</u>	<u>-</u>
Total Revenues	42,502	47,002	47,653	651
<u>Expenditures and Encumbrances</u>				
Contributions, Indemnities and Taxes	<u>42,502</u>	<u>47,002</u>	<u>46,863</u>	<u>139</u>
Total Expenditures and Encumbrances	<u>42,502</u>	<u>47,002</u>	<u>46,863</u>	<u>139</u>
Operating Surplus (Deficit) for the Year	<u>-</u>	<u>-</u>	<u>790</u>	<u>790</u>
Fund Balance Available for Appropriation, July 1, 2011	5,218	6,562	6,562	-
Fund Balance Available for Appropriation, June 30, 2012	<u>5,218</u>	<u>6,562</u>	<u>7,352</u>	<u>790</u>

City of Philadelphia
Required Supplementary Information
Budgetary Comparison Schedule
Grants Revenue Fund
For the Fiscal Year Ended June 30, 2012

Exhibit 24

Amounts in thousands of USD

	Budgeted Amounts		Actual*	Final Budget to Actual Positive (Negative)
	Original	Final		
Revenues				
Locally Generated Non-Tax Revenue	74,761	77,951	42,676	(35,275)
Revenue from Other Governments	1,458,407	1,232,808	834,007	(398,801)
Total Revenues	1,533,168	1,310,759	876,683	(434,076)
Other Sources				
Decrease in Unreimbursed Commitments	-	-	(6,543)	(6,543)
Decrease in Financed Reserves	-	-	17,050	17,050
Total Revenues and Other Sources	1,533,168	1,310,759	887,190	(423,569)
Expenditures and Encumbrances				
Personal Services	172,316	174,492	145,042	29,450
Pension Contributions	19,903	31,014	27,231	3,783
Other Employee Benefits	56,330	41,625	31,081	10,544
Sub-Total Employee Compensation	248,549	247,131	203,354	43,777
Purchase of Services	1,092,486	998,912	816,265	182,647
Materials and Supplies	38,474	25,485	13,755	11,730
Equipment	-	-	4,846	(4,846)
Contributions, Indemnities and Taxes	-	-	10	(10)
Payments to Other Funds	33,658	39,231	33,940	5,291
Advances, Subsidies, Miscellaneous	120,001	-	-	-
Total Expenditures and Encumbrances	1,533,168	1,310,759	1,072,170	238,589
Operating Surplus (Deficit) for the Year	-	-	(184,980)	(184,980)
Fund Balance Available for Appropriation, July 1, 2011	-	(34,270)	(34,270)	-
Operations in Respect to Prior Fiscal Years				
Commitments Cancelled - Net	-	-	52,631	52,631
Revenue Adjustments - Net	-	-	(8,463)	(8,463)
Prior Period Adjustments	-	34,270	-	(34,270)
Adjusted Fund Balance, July 1, 2011	-	-	9,898	9,898
Fund Balance Available for Appropriation, June 30, 2012	-	-	(175,082)	(175,082)

* Refer to the notes to required supplementary information.

City of Philadelphia
Budgetary Comparison Schedule
Aviation Operating Fund
For the Fiscal Year Ended June 30, 2012

Exhibit 25

Amounts in thousands of USD

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Final Budget to Actual Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
<u>Revenues</u>				
Locally Generated Non-Tax Revenue	381,134	293,482	293,763	281
Revenue from Other Governments	3,000	4,493	4,493	-
Revenue from Other Funds	2,000	2,059	947	(1,112)
Total Revenues	386,134	300,034	299,203	(831)
<u>Expenditures and Encumbrances</u>				
Personal Services	65,561	65,561	57,719	7,842
Pension Contributions	25,595	25,777	25,440	337
Other Employee Benefits	17,264	18,082	16,271	1,811
Sub-Total Employee Compensation	108,420	109,420	99,430	9,990
Purchase of Services	115,274	115,274	95,429	19,845
Materials and Supplies	8,757	8,957	7,836	1,121
Equipment	9,290	9,090	1,337	7,753
Contributions, Indemnities and Taxes	5,167	5,167	1,899	3,268
Debt Service	130,853	129,853	103,178	26,675
Payments to Other Funds	21,373	21,373	20,135	1,238
Total Expenditures and Encumbrances	399,134	399,134	329,244	69,890
Operating Surplus (Deficit) for the Year	(13,000)	(99,100)	(30,041)	69,059
Fund Balance Available for Appropriation, July 1, 2011	10,341	80,140	80,140	-
<u>Operations in Respect to Prior Fiscal Years</u>				
Commitments Cancelled - Net	15,000	10,000	14,581	4,581
Adjusted Fund Balance, July 1, 2011	25,341	90,140	94,721	4,581
Fund Balance Available for Appropriation, June 30, 2012	12,341	(8,960)	64,680	73,640

City of Philadelphia
 Schedule of Budgetary Actual and Estimated Revenues and Obligations

Exhibit 26

Aviation Operating Fund

Amounts in thousands of USD

For the Fiscal Year Ended June 30, 2012 (with comparative actual amounts for the Fiscal Year Ended June 30, 2011)

	Budgeted Amounts		FY 2012 Actual	Final Budget	FY 2011 Actual	Increase (Decrease)
	Original	Final		to Actual Positive (Negative)		
<u>Revenue</u>						
<u>Locally Generated Non-Tax Revenue</u>						
Concessions	25,000	35,284	35,284	-	32,010	3,274
Space Rentals	142,389	97,488	97,483	(5)	104,585	(7,102)
Landing Fees	75,000	57,740	57,669	(71)	60,421	(2,752)
Parking	27,000	25,035	25,035	-	28,009	(2,974)
Car Rentals	22,000	18,273	18,274	1	17,862	412
Interest Earnings	1,200	600	666	66	352	314
Sale of Utilities	6,500	4,113	4,119	6	3,365	754
Passenger Facility Charge	35,000	31,573	31,573	-	32,353	(780)
Overseas Terminal Facility Charges	-	13	13	-	8	5
International Terminal Charge	28,000	16,274	16,349	75	17,700	(1,351)
Other	19,045	7,089	7,298	209	6,054	1,244
Total Locally Generated Non-Tax Revenue	381,134	293,482	293,763	281	302,719	(8,956)
<u>Revenue from Other Governments</u>						
State	-	-	-	-	102	(102)
Federal	3,000	4,493	4,493	-	1,333	3,160
Total Revenue from Other Governments	3,000	4,493	4,493	-	1,435	3,058
<u>Revenue from Other Funds</u>						
	2,000	2,059	947	(1,112)	653	294
Total Revenue	386,134	300,034	299,203	(831)	304,807	(5,604)
<u>Obligations</u>						
Mayor's Office of Information Services	6,295	6,295	5,684	611	5,987	(303)
Police	14,148	14,429	13,738	691	13,218	520
Fire	6,203	6,203	5,641	562	5,437	204
Public Property	26,900	26,900	26,894	6	18,400	8,494
Office of Fleet Management	8,109	8,109	3,255	4,854	3,532	(277)
City-Wide Appropriation Under the Director of Finance:						
Pension Contributions	25,595	25,777	25,441	336	21,683	3,758
Other Employee Benefits	17,264	18,082	16,271	1,811	17,979	(1,708)
Purchase of Services	4,146	4,146	2,641	1,505	2,469	172
Contributions, Indemnities and Taxes	2,512	1,148	-	1,148	-	-
Sinking Fund Commission	130,853	129,853	103,178	26,675	102,448	730
Commerce	155,144	156,227	124,759	31,468	114,241	10,518
Law	1,878	1,878	1,686	192	1,658	28
Mayor's Office of Transportation	87	87	56	31		56
Total Obligations	399,134	399,134	329,244	69,890	307,052	22,192
Operating Surplus (Deficit) for the Year	(13,000)	(99,100)	(30,041)	69,059	(2,245)	(27,796)

City of Philadelphia
Budgetary Comparison Schedule
Community Development Fund
For the Fiscal Year Ended June 30, 2012

Exhibit 27

Amounts in thousands of USD

	<u>Budgeted Amounts</u>			<u>Final Budget to Actual Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>	<u>Actual</u>	
<u>Revenues</u>				
Locally Generated Non-Tax Revenue	250	250	12,477	12,227
Revenue from Other Governments	<u>107,762</u>	<u>87,207</u>	<u>43,332</u>	<u>(43,875)</u>
Total Revenues	108,012	87,457	55,809	(31,648)
<u>Other Sources</u>				
Decrease in Financed Reserves	<u>-</u>	<u>-</u>	<u>1,029</u>	<u>1,029</u>
Total Revenues and Other Sources	<u>108,012</u>	<u>87,457</u>	<u>56,838</u>	<u>(30,619)</u>
<u>Expenditures and Encumbrances</u>				
Personal Services	7,525	7,525	4,717	2,808
Pension Contributions	2,608	3,085	1,838	1,247
Other Employee Benefits	<u>2,381</u>	<u>1,904</u>	<u>1,215</u>	<u>689</u>
Sub-Total Employee Compensation	12,514	12,514	7,770	4,744
Purchase of Services	74,928	74,928	53,578	21,350
Materials and Supplies	206	245	169	76
Equipment	334	295	74	221
Payments to Other Funds	30	30	25	5
Advances, Subsidies, Miscellaneous	<u>20,000</u>	<u>20,000</u>	<u>-</u>	<u>20,000</u>
Total Expenditures and Encumbrances	<u>108,012</u>	<u>108,012</u>	<u>61,616</u>	<u>46,396</u>
Operating Surplus (Deficit) for the Year	<u>-</u>	<u>(20,555)</u>	<u>(4,778)</u>	<u>15,777</u>
Fund Balance Available for Appropriation, July 1, 2011	-	(4,045)	(4,045)	-
<u>Operations in Respect to Prior Fiscal Years</u>				
Commitments Cancelled - Net	-	-	9,715	9,715
Revenue Adjustments - Net	-	-	(7,377)	(7,377)
Prior Period Adjustments	<u>-</u>	<u>4,045</u>	<u>-</u>	<u>(4,045)</u>
Adjusted Fund Balance, July 1, 2011	<u>-</u>	<u>-</u>	<u>(1,707)</u>	<u>(1,707)</u>
Fund Balance Available for Appropriation, June 30, 2012	<u>-</u>	<u>(20,555)</u>	<u>(6,485)</u>	<u>14,070</u>

City of Philadelphia
Budgetary Comparison Schedule
Car Rental Tax Fund
For the Fiscal Year Ended June 30, 2012

Exhibit 28

Amounts in thousands of USD

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Final Budget to Actual Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
<u>Revenues</u>				
Taxes	5,000	5,200	5,166	(34)
Locally Generated Non-Tax Revenue	<u>5</u>	<u>3</u>	<u>7</u>	<u>4</u>
Total Revenues	5,005	5,203	5,173	(30)
<u>Expenditures and Encumbrances</u>				
Purchase of Services	<u>5,000</u>	<u>5,000</u>	<u>5,000</u>	<u>-</u>
Total Expenditures and Encumbrances	5,000	5,000	5,000	-
Operating Surplus (Deficit) for the Year	<u>5</u>	<u>203</u>	<u>173</u>	<u>(30)</u>
Fund Balance Available for Appropriation, July 1, 2011	5,211	6,263	6,263	-
Fund Balance Available for Appropriation, June 30, 2012	<u>5,216</u>	<u>6,466</u>	<u>6,436</u>	<u>(30)</u>

City of Philadelphia
 Budgetary Comparison Schedule
 Housing Trust Fund
 For the Fiscal Year Ended June 30, 2012

Exhibit 29

Amounts in thousands of USD

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Final Budget to Actual Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
<u>Revenues</u>				
Locally Generated Non-Tax Revenue	7,905	8,385	8,569	184
Revenue from Other Funds	-	-	-	-
Total Revenues	7,905	8,385	8,569	184
<u>Expenditures and Encumbrances</u>				
Personal Services	600	600	413	187
Purchase of Services	15,400	15,400	14,861	539
Total Expenditures and Encumbrances	16,000	16,000	15,274	726
Operating Surplus (Deficit) for the Year	(8,095)	(7,615)	(6,705)	910
Fund Balance Available for Appropriation, July 1, 2011	4,249	7,099	7,099	-
<u>Operations in Respect to Prior Fiscal Years</u>				
Commitments Cancelled - Net	6,000	4,000	1,535	(2,465)
Adjusted Fund Balance, July 1, 2011	10,249	11,099	8,634	(2,465)
Fund Balance Available for Appropriation, June 30, 2012	2,154	3,484	1,929	(1,554)

City of Philadelphia
 Budgetary Comparison Schedule
 General Capital Improvement Funds
 For the Fiscal Year Ended June 30, 2012

Exhibit 30

Amounts in thousands of USD

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Final Budget to Actual Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
<u>Revenues</u>				
Locally Generated Non-Tax Revenue	402,486	405,329	1,205	(404,124)
Revenue from Other Governments	267,483	280,640	40,700	(239,940)
Revenue from Other Funds	-	-	4,340	4,340
Total Revenues	669,969	685,969	46,245	(639,724)
<u>Other Sources (Uses)</u>				
Increase in Unreimbursed Commitments	-	-	4,920	4,920
Total Revenues and Other Sources	669,969	685,969	51,165	(634,804)
<u>Expenditures and Encumbrances</u>				
Capital Outlay	669,969	685,969	149,807	536,162
Operating Surplus (Deficit) for the Year	-	-	(98,642)	(98,642)
Fund Balance Available for Appropriation, July 1, 2011	-	-	128,626	128,626
<u>Operations in Respect to Prior Fiscal Years</u>				
Commitments Cancelled - Net	-	-	1,091	1,091
Revenue Adjustments - Net	-	-	218	218
Adjusted Fund Balance, July 1, 2011	-	-	129,935	129,935
Fund Balance Available for Appropriation, June 30, 2012	-	-	31,293	31,293

City of Philadelphia
 Budgetary Comparison Schedule
 Acute Care Hospital Assessment Fund
 For the Fiscal Year Ended June 30, 2012

Exhibit 31

Amounts in thousands of USD

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Final Budget to Actual Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
<u>Revenues</u>				
Tax Revenue	<u>142,000</u>	<u>142,000</u>	<u>139,531</u>	<u>(2,469)</u>
Total Revenues	<u>142,000</u>	<u>142,000</u>	<u>139,531</u>	<u>(2,469)</u>
<u>Other Sources</u>				
Decrease in Unreimbursed Commitments	<u>-</u>	<u>-</u>	<u>(74)</u>	<u>(74)</u>
Total Revenues and Other Sources	<u>142,000</u>	<u>142,000</u>	<u>139,457</u>	<u>(2,543)</u>
<u>Expenditures and Encumbrances</u>				
Personal Services	<u>4,110</u>	<u>4,110</u>	<u>2,508</u>	<u>1,602</u>
Pension Contributions	<u>116</u>	<u>116</u>	<u>110</u>	<u>6</u>
Other Employee Benefits	<u>71</u>	<u>71</u>	<u>64</u>	<u>7</u>
Sub-Total Employee Compensation	<u>4,297</u>	<u>4,297</u>	<u>2,682</u>	<u>1,615</u>
Purchase of Services	<u>137,548</u>	<u>137,548</u>	<u>132,574</u>	<u>4,974</u>
Equipment	<u>5</u>	<u>5</u>	<u>-</u>	<u>5</u>
Payments to Other Funds	<u>3,500</u>	<u>3,500</u>	<u>3,500</u>	<u>-</u>
Total Expenditures and Encumbrances	<u>145,350</u>	<u>145,350</u>	<u>138,756</u>	<u>6,594</u>
Operating Surplus (Deficit) for the Year	<u>(3,350)</u>	<u>(3,350)</u>	<u>701</u>	<u>4,051</u>
Fund Balance Available for Appropriation, July 1, 2011	<u>5,435</u>	<u>8,770</u>	<u>8,770</u>	<u>-</u>
Fund Balance Available for Appropriation, June 30, 2012	<u>2,085</u>	<u>5,420</u>	<u>9,471</u>	<u>4,051</u>

City of Philadelphia
Budgetary Comparison Schedule
Parks & Recreation Prog Facilities Fund
For the Fiscal Year Ended June 30, 2012

Exhibit 32

Amounts in thousands of USD

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Final Budget to Actual Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
<u>Revenues</u>				
Locally Generated Non-Tax Revenue	<u>136</u>	<u>136</u>	<u>-</u>	<u>(136)</u>
Total Revenues	<u>136</u>	<u>136</u>	<u>-</u>	<u>(136)</u>
<u>Expenditures and Encumbrances</u>				
Purchase of Services	<u>136</u>	<u>136</u>	<u>-</u>	<u>136</u>
Total Expenditures and Encumbrances	<u>136</u>	<u>136</u>	<u>-</u>	<u>136</u>
Operating Surplus (Deficit) for the Year	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Fund Balance Available for Appropriation, July 1, 2011	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Fund Balance Available for Appropriation, June 30, 2012	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>

1. REPORTING ENTITY

The City of Philadelphia was founded in 1682 and was merged with the county in 1854. Since 1951 the City has been governed largely under the Philadelphia Home Rule Charter. However, in some matters, including the issuance of short-term and long-term debt, the City is governed by the laws of the Commonwealth of Pennsylvania.

As required by GAAP, the financial statements of the City of Philadelphia include those of the primary government and its component units. The component units discussed below are included in the City's reporting entity because of the significance of their operational or financial relationships with the City. The financial statements of these component units have been included in the City's reporting entity either as blended component units or as discretely presented component units. Based on the criteria established by Governmental Accounting Standards Board Statement (GASBS) #14 as amended by GASBS #39 and GASBS #61, certain other organizations also did meet the criteria for inclusion, however they are not included in the City's financial statements because they are not significant to a fair representation of the City's reporting entity. **Individual financial statements can be obtained directly from their administrative offices by writing to the addresses provided.**

As used both on the face of the financial statements and in the footnotes, the term "Primary Government" includes both City funds and Blended Component Units while the term "Component Units" includes only Discretely Presented Component Units.

A. BLENDED COMPONENT UNITS

Pennsylvania Intergovernmental Cooperation Authority (PICA) – 1500 Walnut St., Philadelphia, PA 19102

PICA was established by act of the Commonwealth of Pennsylvania to provide financial assistance to cities of the first class and is governed by a five member board appointed by the Commonwealth. Currently, the City of Philadelphia is the only city of the first class. The activities of PICA are reflected in two of the governmental fund types (Special Revenue and Debt Service).

Philadelphia Municipal Authority (PMA) – 1515 Arch St., Philadelphia, PA 19102

PMA is governed by a five member board appointed by the City and was established to issue tax exempt bonds for the acquisition and use of certain equipment and facilities for the City. The activities of PMA are reflected in three of the governmental fund types (Special Revenue, Debt Service and Capital Improvement).

B. DISCRETELY PRESENTED COMPONENT UNITS

The component unit columns in the applicable combined financial statements include the combined financial data for the organizations discussed below. They are reported in a separate column to emphasize that they are legally separate from the City. However, in order to retain their identity, applicable combining statements have been included as part of this report.

From time to time the status of the City's component units is re-evaluated to determine if an organization continues to meet the requirements for inclusion as a component unit. The Philadelphia Housing Authority (PHA) has been included as a discretely presented component unit in the past. However, after reviewing the City's relationship with PHA, it has been determined that PHA should be considered a related organization. Although City officials appoint a voting majority of PHA's board of directors, it has been determined that the City cannot impose its will on PHA and PHA is not fiscally dependent on the City. Also, effective fiscal year 2011, the Pennsylvania Convention Center Authority's (PCCA) financial statements are no longer included in the city's statements. The agreement to expand the Convention Center effectively made PCCA a component unit of the Commonwealth of Pennsylvania.

Community College of Philadelphia (CCP) – 1700 Spring Garden St., Philadelphia, PA 19130

CCP was established by the City to provide two year post-secondary education programs for its residents. It is governed by a Board appointed by the City, receives substantial subsidies from the City, and its budgets must be submitted to the City for review and approval.

Delaware River Waterfront Corp. (DRWC) – 121 N. Columbus Blvd., Philadelphia, PA 19106

In January 2009, the board of the Penn's Landing Corporation was dissolved and replaced with the DRWC. The new 16 member board, is headed by the Mayors' Deputy Director for Economic Development and Planning, and is comprised of appointed City officials and private sector experts in design, finance, and real estate development. The new group will focus on the development of the seven-mile stretch of water front property between Allegheny and Oregon Avenues.

Philadelphia Parking Authority (PPA) – 3101 Market St., Philadelphia, PA 19104

PPA was established by the City to coordinate a system of parking facilities and on-street parking on behalf of the City. Its fiscal year ends on March 31. The City has guaranteed debt payments for PPA. A voting majority of PPA's governing board is not appointed by the City however, the significance of the City's relationship with PPA is such that exclusion from the City's financial report would be misleading.

Redevelopment Authority of the City of Philadelphia (RDA) – 1234 Market St., Philadelphia, PA 19107

RDA was established to rehabilitate blighted sections of the City. It is governed by a five-member board appointed by the City and must submit its budgets to the City for review and approval.

School District of Philadelphia (SDP) – 440 N. Broad St., Philadelphia, PA 19130

SDP was established by the Educational Supplement to the Philadelphia Home Rule Charter to provide free public education for the City's residents. A voting majority of the SDP governing board is not appointed by the City, however, the significance of the City's relationship with SDP is such that exclusion from the City's financial report would be misleading.

Community Behavioral Health (CBH) – 801 Market St., Philadelphia, PA 19107

CBH is a not-for-profit organization established by the City's Department of Public Health to provide for and administer all behavioral health services required by the Commonwealth of Pennsylvania. Its board is made up of City officials and City appointees. Any change in funding would present a financial burden to the City.

Philadelphia Authority for Industrial Development (PAID) – 2600 Centre Sq. West, Philadelphia, PA 19102

PAID was formed under the Industrial Development Authority Law to issue debt to finance eligible industrial and commercial development projects. PAID is the delegate agency responsible for administration of certain state grants and acts in the City's behalf on major development projects in the City. The City appoints a voting majority of PAID's board and is responsible for funding PAID's debt service.

Philadelphia Gas Works (PGW) – 800 W. Montgomery Ave., Philadelphia, PA 19122

PGW was established by the City to provide gas service to residential and commercial customers within the City of Philadelphia. The City appoints a voting majority of PGW's board and has the ability to modify or approve their budget.

2. BASIS OF ACCOUNTING, MEASUREMENT FOCUS AND FINANCIAL STATEMENTS

A. PRIMARY GOVERNMENT

Governmental fund financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Revenues are recognized as soon as they are both measurable and available. Revenues are considered to be available when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the City considers revenues to be available if they are collected within 60 days of the end of the current fiscal period. Expenditures are generally recorded when a liability is incurred as under accrual accounting. Debt service expenditures, as well as expenditures related to compensated absences and claims and judgments, are recorded only when payment is due. However, those expenditures may be accrued if they are to be liquidated with available resources.

Imposed non-exchange revenues such as real estate taxes are recognized when the enforceable legal claim arises and the resources are available. Derived tax revenues, such as wage, business privilege, net profits and earnings taxes, are recognized when the underlying exchange transaction has occurred and the resources are available. Grant revenues are recognized when all the applicable eligibility requirements have been met and the resources are available. All other revenue items are considered to be measurable and available only when cash is received by the City.

Additionally, the City reports on Permanent funds, which are used to account for resources legally held in trust for use by the park and library systems of the City. There are legal restrictions on the resources of the funds that hold that the principal remain intact and only the earnings are allowed to be used for the program.

The City reports on the following fiduciary funds:

- The Municipal Pension Fund accumulates resources to provide pension benefit payments to qualified employees of the City and certain other quasi-governmental organizations.
- The Philadelphia Gas Works Retirement Reserve Fund accumulates resources to provide pension benefit payments to qualified employees of the Philadelphia Gas Works.
- The Escrow Fund accounts for funds held in escrow for various purposes.
- The Employees Health & Welfare Fund accounts for funds deducted from employees' salaries for payment to various organizations.
- The Departmental Custodial Accounts account for funds held in custody by various City Departments.

The City reports the following major proprietary funds:

- The Water Fund accounts for the activities related to the operation of the City's water delivery and sewage systems.
- The Aviation Fund accounts for the activities of the City's airports.

Private sector standards of accounting and financial reporting issued prior to December 1, 1989, generally are followed in both the government wide and the proprietary fund financial statements to the extent that they do not conflict or contradict guidance of the GASB. Governments also have the option of following subsequent private sector guidance for their business type activities and enterprise funds. The City has elected not to follow subsequent private sector guidelines.

Proprietary funds distinguish operating revenues and expenses from non-operating items. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with a proprietary fund's ongoing operations. The principal operating revenues of the Water Fund are charges for water and sewer service. The principal operating revenue of the Aviation fund is charges for the use of the airport. Operating expenses for enterprise funds include the cost of sales and services, administrative expenses, and depreciation on capital assets. All revenues and expenses not meeting this definition are reported as non-operating revenues and expenses.

3. DEPOSITS AND INVESTMENTS

The City utilizes a pooled Cash and Investments Account to provide efficient management of the cash of most City funds. In addition, separate cash accounts are maintained by various funds due to either legal requirements or operational needs. For Proprietary and Permanent Funds, all highly liquid investments (except for Repurchase Agreements) with a maturity of three months or less when purchased are considered to be cash equivalents.

The City reports investments at fair value. Short-term investments are reported at cost which approximates fair value. Securities traded on national or international exchanges are valued at the last reported sales price. The fair value of real estate investments is based on independent appraisals. Investments which do not have an established market are reported at estimated fair value.

Statutes authorize the City to invest in obligations of the Treasury, agencies, and instruments of the United States, repurchase agreements, collateralized certificates of deposit, bank acceptance or mortgage obligations, certain corporate bonds, and money market funds. The Pension Trust Fund is also authorized to invest in corporate bonds rated AA or better by Moody's Bond Ratings, common stocks and real estate.

From February to early June, deposits of the City significantly exceeded the amounts reported at year end. This was due to cyclical tax collections (billings for taxes are mailed in January and payable in March).

4. INVENTORIES

A. PRIMARY GOVERNMENT

Supplies of governmental funds are recorded as expenditures when purchased rather than capitalized as inventory. Accordingly, inventories for governmental funds are shown on the Statement of Net Assets but not

on the Governmental Funds Balance Sheet. Inventories of proprietary funds are valued at moving average cost except for the following:

- **Industrial and Commercial Development Fund** inventory represents real estate held for resale and is valued at cost.

B. COMPONENT UNITS

All inventories are valued at moving average cost except for the following:

- **PGW** inventory consists primarily of fuel stock and gases which are stated at average cost.

5. BONDS AND RELATED PREMIUMS, DISCOUNTS & ISSUANCE COSTS

In *governmental fund* financial statements, bond premiums, discounts and issuance costs are recognized in the current period. The face amount of the debt is reported as other financing sources. Premiums received on debt issuance are reported as other financing sources while discounts are reported as other financing uses. Issuance costs are reported as debt issuance expenditures.

6. INSURANCE

The City, except for the Airport and certain other properties, is self-insured for most fire and casualty losses to its structures and equipment and provides statutory worker's compensation, unemployment benefits, and health and welfare to its employees through a self-insured plan.

7. RECEIVABLE AND PAYABLES

Activity between funds that are representative of lending/borrowing arrangements outstanding at the end of the fiscal year are referred to as due to/from other funds. The real estate tax receivable allowance is equal to 23.5% of outstanding real estate taxes at June 30. Property taxes are levied on a calendar year basis. The City's property taxes, levied on assessed valuation as of January 1, are due and payable on or before March 31. Taxes levied are intended to finance the fiscal year in which they become due. Current real estate rates are \$9.432 on each \$100 assessment; \$5.309 for the SDP and \$4.123 for the City. Delinquent charges are assessed at 1.5% per month on all unpaid balances as of April 1. Real estate tax delinquents are subject to lien as of the following January 1. The City has established real estate improvement programs that abate, for limited periods, tax increases that result from higher assessments for improved properties. Certain incremental tax assessments are earmarked to repay loans from the City to developers who improve properties under Tax Increment Financing agreements.

8. DEFERRED REVENUES

A. PRIMARY GOVERNMENT

Deferred revenues as reported in the *fund* financial statements represent receivables which will be collected and included in revenues of future fiscal years or funds received in advance of being earned. In the General Fund, deferred revenues relate to property tax levies and self-assessed taxes receivable which are not available to pay liabilities of the current period and grants receivable for which the eligibility criteria has been met, but the resources are not available. Also included are business-privilege taxes which were received in advance of being earned. The deferred revenue in the Special Revenue and Capital Improvement Funds is primarily related to grants receivable and funds received in advance of being earned. In the Water and Aviation Funds, deferred revenues relate to overpayments from water/sewer customers and airlines, respectively.

B. COMPONENT UNITS

Community College of Philadelphia student tuition and fees received prior to June 30 which are applicable to the Summer II and Fall terms have been deferred and will be included in revenue in the subsequent year.

9. COMPENSATED ABSENCES

It is the City's policy to allow employees to accumulate earned but unused vacation benefits. Vacation pay is accrued when earned in the *government-wide* financial statements and in the proprietary and fiduciary-*fund* financial statements. Sick leave balances are not accrued in the financial statements because sick leave rights are non-vesting.

10. CLAIMS AND JUDGMENTS

Pending claims and judgments are recorded as expenses in the *government wide* financial statements and in the proprietary and fiduciary fund financial statements when the City solicitor has deemed that a probable loss to the City has occurred. Claims and judgments are recorded as expenditures in the government fund financial statements when paid or when judgments have been rendered against the City.

11. BUDGETARY INFORMATION

The City's budgetary process accounts for certain transactions on a basis other than generally accepted accounting principles (GAAP). In accordance with the Philadelphia Home Rule Charter, the City has formally established budgetary accounting control for its operating and capital improvement funds.

The operating funds of the City, consisting of the General Fund, nine Special Revenue Funds (County Liquid Fuels Tax, Special Gasoline Tax, HealthChoices Behavioral Health, Hotel Room Rental Tax, Grants Revenue, Community Development, Car Rental Tax, Housing Trust, and Acute Care Hospital Assessment funds) and two Enterprise Funds (Water and Aviation Funds), are subject to annual operating budgets adopted by City Council. Included with the Water Fund is the Water Residual Fund. These budgets appropriate funds for all City departments, boards and commissions by major class of expenditure within each department. Major classes are defined as: personal services; purchase of services; materials and supplies; equipment; contributions, indemnities and taxes; debt service; payments to other funds; and advances and other miscellaneous payments. The appropriation amounts for each fund are supported by revenue estimates and take into account the elimination of accumulated deficits and the re-appropriation of accumulated surpluses to the extent necessary. All transfers between major classes (except for materials and supplies and equipment, which are appropriated together) must have council approval. Appropriations that are not expended or encumbered at year end are lapsed. Comparisons of budget to actual activity at the legal level of compliance are located in the City's *Supplemental Report of Revenues and Obligations*, a separately published report.

The City Capital Improvement Fund budget is adopted annually by the City Council. The Capital Improvement budget is appropriated by project for each department. All transfers between projects exceeding twenty percent of each project's original appropriation must be approved by City Council. Any funds that are not committed or expended at year end are lapsed. Comparisons of departmental project actual activity to budget are located in the City's *Supplemental Report of Revenues and Obligations*.

The budgetary comparison schedules presented differ from the modified accrual basis of accounting. These schedules differ from the GAAP basis statements in that both expenditures and encumbrances are applied against the current budget, adjustments affecting activity budgeted in prior years are accounted for through fund balance or as reduction of expenditures and certain interfund transfers and reimbursements are budgeted as revenues and expenditures.

During the year, classification adjustments and supplementary appropriations were necessary for City funds. Therefore, budgeted appropriation amounts presented are as originally passed and as amended by the City Council. As part of the amendment process, budget estimates of City related revenues are adjusted and submitted to City Council for review. Changes in revenue estimates do not need City Council approval, but are submitted in support of testimony with regard to the appropriation adjustments. Revenue estimates are presented as originally passed and as amended.

12. SECURITIES LENDING

The Board of Directors of the Municipal Pension Fund (Pension Fund) and the Sinking Fund Commission (on behalf of the Philadelphia Gas Works Retirement Reserve Fund (PGWRR)) have each authorized management of the respective funds to participate in securities lending transactions. Each fund has entered into a Securities Lending Agreement with its custodian bank to lend its securities to broker-dealers.

- **The Pension Fund** lends US Government and US Government Agency securities, domestic and international equity securities and international fixed income securities and receives cash and securities issued or guaranteed by the federal government as collateral for these loans. Securities received as collateral can not be pledged or sold except in the case of a borrower default. The market value of collateral must be at least 102% (in some cases 105%) of the underlying value of loaned securities. The Pension fund has no restriction on the amount of securities that can be lent. The Pension Fund's custodian bank indemnifies the Fund by agreeing to purchase replacement securities or return cash collateral if a borrower fails to return securities or pay distributions thereon. The maturity of investments made with cash collateral generally did not match the maturity of securities loaned during the year or at year-end. The Pension Fund experienced \$1.9 million in unrealized losses from securities transactions during the year and had no credit risk exposure at June 30.
- The **PGWRR** lends US Treasury, federal agency, and DTC-eligible corporate debt and equity securities and receives cash, US Treasury and federal agency securities and letters of credit as collateral for these loans. Securities received as collateral can not be pledged or sold except in the case of a borrower default. The market value of collateral must be 102% of the total of the market value of loaned securities plus any accrued interest. The **PGWRR** placed no restrictions on the amount of securities that could be lent. The **PGWRR's** custodian bank does not indemnify the **PGWRR** in the event of a borrower default except in cases involving gross negligence or willful misconduct on the custodian's part. Maturity of investments made with cash collateral is generally matched with maturity of loans. The **PGWRR** experienced no losses and had no credit risk exposure at June 30.

13. AMOUNTS HELD BY FISCAL AGENT

Two of the City's component units (**PAID** and **RDA**) have issued debt that, in accordance with GASB Interpretation #2, is considered conduit debt. Therefore, no asset related to the bond proceeds or liability related to the bonds is shown on their respective financial statements. However, since the City, through various agreements is responsible for the debt, the proceeds of the issuance are shown as assets of the City.

A. GOVERNMENTAL FUNDS

General Fund - Consists of cash and investment balances related to the net proceeds of PAID's Sports Stadium Financing Lease Revenue Bonds Series A & B of 2007, PAID's Central Library Project Financing Lease Revenue Bonds Series 2005 and PAID's Cultural and Commercial Corridor Lease Revenue Bonds Series 2006.

Grants Revenue Fund - Consists of cash and investment balances related to the net proceeds of the **RDA's** City of Philadelphia Neighborhood Transformation Initiative Bonds.

B. PROPRIETARY FUNDS

Aviation Fund - cash and investment balances related to the net proceeds of PAID's Airport Revenue Bonds, Series 1998A and 2001A. The proceeds are held by a fiscal agent and disbursed at the City's direction to pay for airport related capital improvements.

14. INTERFUND RECEIVABLES AND PAYABLES

A. PRIMARY GOVERNMENT

Interfund receivable and payable balances among Primary Government funds at year-end are the result of the time lag between the dates that interfund goods and services are provided, the date the transactions are recorded in the accounting system and the date payments between funds are made. All balances are expected to be settled during the subsequent year.

B. COMPONENT UNITS

Interfund receivables and payables between the Primary Government and its Component Units at year-end are the result of the time lag between the dates that interfund goods and services are provided, the date the transactions are recorded in the accounting system and the date payments between funds are made. All interfund balances are expected to be settled during the subsequent year.

City of Philadelphia
Notes to the Financial Statements
For the Fiscal Year Ended June 30, 2012

15. NOTES PAYABLE

PGW, pursuant to the provisions of certain ordinances and Resolutions, may sell short-term notes in a principal amount which, together with the interest thereon, will not exceed \$150 million outstanding at any one time. These notes are intended to provide additional working capital. They are supported by an irrevocable letter of credit and a subordinated security interest in the PGW's revenues. There were no notes outstanding at year-end (August 31, 2011).

16. DEBT PAYABLE

A. PRIMARY GOVERNMENT LONG-TERM DEBT PAYABLE

(1) Governmental Debt Payable

The City is subject to a statutory limitation established by the Commonwealth of Pennsylvania for bonded indebtedness (General Obligation Bonds) payable principally from property taxes. As of June 30, 2012 the statutory limit for the City is \$1.6 billion, the General Obligation Debt net of deductions authorized by law is \$1.5 billion, leaving a legal debt borrowing capacity of \$79.8 million. Termination Compensation costs and Worker's Compensation claims are paid by whichever governmental fund incurs them. Indemnity claims are typically paid by the General Fund. The following schedule reflects the changes in long-term liabilities for the fiscal year:

(Amounts In Millions of USD)

Governmental Activity	<u>Beginning Balance</u>	<u>Additions</u>	<u>Reductions</u>	<u>Ending Balance</u>	<u>Due Within One Year</u>
Bonds Payable					
Term Bonds	844.2	6.3	(41.8)	808.7	43.6
Refunding Bonds	831.6	21.3	(31.1)	821.8	31.7
Serial Bonds	447.5	6.3	(55.1)	398.7	34.9
Add: Bond Premium	100.8	16.1	(9.1)	107.8	-
Less: Deferred Amounts					
Unamortized Issuance Expenses	(55.2)	(1.4)	3.0	(53.6)	-
Unamortized Discount and Loss	(47.2)	(0.6)	3.9	(43.9)	-
Total Bonds Payable	<u>2,121.7</u>	<u>48.0</u>	<u>(130.2)</u>	<u>2,039.5</u>	<u>110.2</u>
Obligations Under Lease & Service Agreements					
Pension Service Agreement	1,407.3	11.4	(39.4)	1,379.3	38.7
Neighborhood Transformation	246.0	91.3	(109.7)	227.6	7.5
One Parkway	45.1	-	(1.6)	43.5	2.1
Sports Stadia	331.5	-	(5.9)	325.6	11.4
Library	8.6	-	(0.4)	8.2	0.5
Cultural Corridor Bonds	122.8	-	(3.4)	119.4	3.6
Arbitrage	-	-	-	-	-
Indemnity Claims	47.3	37.5	(33.2)	51.6	17.5
Worker's Compensation Claims	275.3	61.4	(57.3)	279.4	35.0
Termination Compensation Payable	201.2	28.9	(20.4)	209.7	28.9
Net Pension Obligation	69.4	-	-	69.4	-
OPEB Obligation	79.5	29.5	-	109.0	36.3
Leases	51.7	-	(11.1)	40.6	11.7
Governmental Activity Long-term Liabilities	<u>5,007.4</u>	<u>308.0</u>	<u>(412.6)</u>	<u>4,902.8</u>	<u>303.4</u>

In addition, both blended component units have debt that is classified on their respective balance sheets as General Obligation debt payable. The following schedule summarizes the General Obligation Bonds outstanding for the City, the **PMA** and **PICA**:

City of Philadelphia
Notes to the Financial Statements
For the Fiscal Year Ended June 30, 2012

(Amounts In Millions of USD)

	Interest				Principal		Due Dates		
	<u>Rates</u>								
Governmental Funds:									
City	2.00 %	to	7.125 %	1,326.1	Fiscal	2013	to	2042	
PMA	2.00 %	to	7.50 %	250.2	Fiscal	2013	to	2039	
PICA	3.00 %	to	5.00 %	452.9	Fiscal	2013	to	2023	
				2,029.2					

- In May 2012, the City issued General Obligation Refunding Bonds, Series 2012A in the amount of \$21,295,000. The bonds have a fixed interest rate of 5% and mature on September 15, 2014 (\$1,370,000); September 15, 2019 (\$9,885,000); and, September 15, 2021 (\$10,040,000). Proceeds will be used to currently refund Series 1998 General Obligation Refunding Bonds maturing on May 15, 2020 in the amount of \$10,715,000; currently refund Series 2001 General Obligation Bonds maturing on September 15, 2021 in the amount of \$11,155,000; advance refund Series 2003A General Obligation Bonds maturing on February 15, 2015 in the amount of \$2,355,000; and, pay the costs of issuing the 2012 bonds. Proceeds of the 2012 bonds will be applied, on the date of issuance, to the payment of the redemption price of the 1998 and 2001 bonds which are being optionally redeemed on such date.
- In May 2012, **PMA** issued \$12,605,000 of City Agreement Revenue Bonds, Series 2012 for the Government Building Energy Conservation Project. The bonds consist of: \$6,355,000 of Tax-Exempt Bonds, Series 2012A, and \$6,250,000 of Federally Taxable Qualified Energy Conservation Bonds Series 2012B. Interest will be paid semi-annually on March 15 and September 15 commencing on September 15, 2012. The Series 2012A serial bonds will mature on March 15, 2022, and the Series 2012B term bonds mature on March 15, 2024 (\$2,085,000) and March 15, 2028 (\$4,165,000). Proceeds will be used to finance the evaluation and implementation of energy conservation and efficiency measures at four (4) properties owned or leased, and operated by the city (City Hall, Criminal Justice Center, Municipal Services Building and One Parkway Building).
- Effective August 4, 2011 the city remarketed the General Obligation Multi-Modal Refunding Bonds, Series 2009B (\$100.0 million), and entered into a letter of credit substitution with the Royal Bank of Canada (RBC). The 2009B Bonds are also payable from the proceeds of funds drawn by the U.S. Bank National Association, as fiscal agent, under an irrevocable, direct-pay letter of credit, issued by RBC. The Letter of Credit (LOC) will permit the fiscal agent to draw up to \$101.8 million for principal and unpaid interest on the 2009B bonds and will expire on August 4, 2014, unless earlier cancelled, terminated or renewed. The LOC will constitute both a Credit Facility and Credit Provider and RBC a Liquidity Facility and Liquidity Provider for the 2009B bonds.
- To reduce costs associated with the Deferred Option Retirement Plan (DROP), City Council amended the options for retirement benefits. Options include, but are not limited to: changing eligibility requirements and the interest credited to DROP accounts; adding a new option for retirees to take a lump sum benefit at retirement, in exchange for an actuarial reduction of their regular monthly pension; and making conforming amendments to other provisions; under certain terms and conditions.

City of Philadelphia
Notes to the Financial Statements
For the Fiscal Year Ended June 30, 2012

The City has General Obligation Bonds authorized and un-issued at year-end of \$267.0 million for Governmental Funds. The debt service through maturity for the Governmental GO Debt is as follows:

(Amounts In Millions of USD)

Fiscal Year	City Fund		Blended Component Units			
	General Fund		PMA		PICA	
	Principal	Interest	Principal	Interest	Principal	Interest
2013	48.5	68.2	22.7	14.1	43.6	22.5
2014	50.7	66.1	25.1	12.5	45.6	20.4
2015	52.5	63.4	26.6	11.0	47.7	18.1
2016	52.0	60.8	20.6	9.6	49.9	15.8
2017	54.6	58.2	21.6	8.6	52.2	13.3
2017-2021	290.2	246.6	50.5	30.3	191.9	32.7
2022-2026	320.5	168.9	19.8	24.1	22.0	1.1
2027-2031	296.7	90.5	21.5	17.7	-	-
2032-2036	93.3	36.8	27.9	10.2	-	-
2037-2041	67.1	9.1	13.9	1.4	-	-
2042-2046	-	-	-	-	-	-
Totals	<u>1,326.1</u>	<u>868.6</u>	<u>250.2</u>	<u>139.5</u>	<u>452.9</u>	<u>123.9</u>

The debt service through maturity for Lease and Service Agreements is as follows:

(Amounts In Millions of USD)

Lease & Service Agreements

Fiscal Year	Pension Service Agreement		Neighborhood Transformation		One Parkway		Sports Stadium		Central Library		Cultural Corridors	
	Principal	Interest	Principal	Interest	Principal	Interest	Principal	Interest	Principal	Interest	Principal	Interest
2013	90.3	34.4	7.6	10.9	2.1	2.0	11.5	13.8	0.5	0.3	3.6	5.6
2014	85.8	40.2	7.6	10.9	2.1	2.0	12.0	13.2	0.5	0.3	3.8	5.4
2015	84.6	46.4	7.9	10.6	2.3	1.8	12.4	12.7	0.5	0.3	3.9	5.3
2016	82.1	52.7	8.3	10.2	2.4	1.7	13.0	12.0	0.6	0.3	4.1	5.1
2017	76.9	57.9	8.7	9.8	2.5	1.6	13.6	11.3	0.6	0.3	4.4	4.8
2018-2022	316.5	356.9	50.7	41.9	14.2	6.3	76.9	45.3	3.2	0.9	25.5	20.7
2023-2027	304.2	370.6	66.1	28.0	17.9	2.6	94.8	27.9	2.3	0.2	32.7	13.5
2028-2032	338.9	29.3	70.7	9.0	-	-	91.4	7.4	-	-	41.4	4.8
2033-2037	-	-	-	-	-	-	-	-	-	-	-	-
Totals	<u>1,379.3</u>	<u>988.4</u>	<u>227.6</u>	<u>131.3</u>	<u>43.5</u>	<u>18.0</u>	<u>325.6</u>	<u>143.6</u>	<u>8.2</u>	<u>2.6</u>	<u>119.4</u>	<u>65.2</u>

City of Philadelphia
Notes to the Financial Statements
For the Fiscal Year Ended June 30, 2012

(2) Business Type Debt Payable

The following schedule reflects changes in long-term liabilities for Business-Type Activities for the fiscal year:

(Amounts In Millions of USD)

Business-Type Activity	Beginning Balance	Additions	Reductions	Ending Balance	Due Within One Year
Bonds Payable					
General Obligation Bonds	1.0	-	(1.0)	-	-
Revenue Bonds	3,254.3	462.4	(468.7)	3,248.0	173.2
Add: Bond Premium	9.9	6.3	-	16.2	-
Less: Deferred Amounts					
Unamortized Discounts and Loss	(75.2)	-	14.0	(61.2)	-
Total Bonds Payable	<u>3,190.0</u>	<u>468.7</u>	<u>(455.7)</u>	<u>3,203.0</u>	<u>173.2</u>
Indemnity Claims	10.2	1.1	(4.3)	7.0	-
Worker's Compensation Claims	20.7	4.1	(7.0)	17.8	-
Termination Compensation Payable	16.2	3.1	(2.6)	16.7	-
Net Pension Obligation	10.6	-	-	10.6	-
Arbitrage	0.3	-	-	0.3	-
Business-type Activity Long-term Liabilities	<u><u>3,248.0</u></u>	<u><u>477.0</u></u>	<u><u>(469.6)</u></u>	<u><u>3,255.4</u></u>	<u><u>173.2</u></u>

Also, the City has General Obligation Bonds authorized and un-issued at year end of \$303.6 million for the Enterprise Funds.

Several of the City's Enterprise Funds have issued debt payable from the revenues of the particular entity. The following schedule summarizes the Revenue Bonds outstanding at year end:

(Amounts In Millions of USD)

	Interest Rates	Principal	Due Dates
Water Fund	0.17 % to 6.25 %	1,881.1	Fiscal 2013 to 2041
Aviation Fund	2.00 % to 5.375 %	1,366.9	Fiscal 2013 to 2040
Total Revenue Debt Payable		<u><u>3,248.0</u></u>	

- In November 2011, the City issued Water and Wastewater Revenue Bonds Series 2011A in the amount of \$135.0 million, and Water and Wastewater Revenue Refunding Bonds in the amount of \$49.9 million. Serial bonds were issued in the amount of \$49.9 million with interest rates ranging from 4.0% to 5.0%, and have a maturity date of 2026. Term bonds were issued in the following amounts (1) \$2.6 million with an interest rate of 4.5% and mature in 2036; (2) \$50.2 million with an interest rate of 5.0% and mature in 2036; (3) \$82.2 million with an interest rate of 5.0% and mature in 2041. The proceeds of the bonds together with other available funds of the water department will be used to fund capital improvements to the City's water and wastewater system, advance refunding of a portion of the 2001A and 2007A bonds, fund capitalized interest, the required deposit into the Debt Reserve account of the Sinking Fund and pay various bond issuance costs.
- In December 2011, the City issued Airport Revenue Bond Series 2011 in the amount of \$233.8 million. The Series 2011A bonds (AMT) were issued as serial bonds in the amount of \$199.0 million with interest rates ranging from 2% to 5% and mature in 2028. The Series 2011B bonds were issued as serial bonds in the amount of \$34.8 million, with interest rates ranging from 2% to 5% and mature in 2031. The plan is to: (i) refund a portion of the In-

City of Philadelphia
Notes to the Financial Statements
For the Fiscal Year Ended June 30, 2012

ternational Terminal Bonds; (ii) refund all of the City's outstanding Airport Revenue Bonds, Series 2001B; and (iii) pay the issuance costs of the bonds. The proceeds from the 2011A bonds will be used to refund to refund the entire principal amount of \$149.3 million for the Airport Revenue Bond, Series 2001A. In addition, the 2011B bonds will be used to refund a portion of the Airport Revenue Bond Series 1998B (currently outstanding aggregate principal amount of \$57.1 million).

- In July 2010, the City of Philadelphia Water Department received approval from the Pennsylvania State Infrastructure Financing Authority ("PENNVEST") for the Green Infrastructure Project (Series 2010B), bringing the total financing from PENNVEST to \$214.9 million. During fiscal year 2012, PENNVEST drawdowns totaled \$43.7 million, which represents an increase in bond issuances. The funding is through low interest loans of 1.193% during the construction period and for the first five years of amortization (interest only payment are due during the construction period up to three years) and 2.107% for the remaining fifteen years. Individual loan information is as follows:

<u>Date</u>	<u>Series</u>	<u>Maximun Loan Amount</u>	<u>Estimated Project Costs</u>	<u>Amt Requested thru 6/30/2012</u>	<u>Amt Rec'd Yes/No</u>	<u>Purpose</u>
Oct. 2009	2009B	42,886,030	42,339,199	22,827,986	Yes	Water Plant Improvements
Oct. 2009	2009C	57,268,193	56,264,382	35,666,542	Yes	Water Main Replacements
Mar. 2010	2009D	84,759,263	84,404,754	64,380,070	Yes	Sewer Projects
Jul. 2010	2010B	30,000,000	31,376,846	8,111,482	Yes	Green Infrastructure Project
Totals:		214,913,486	214,385,181	130,986,080		

- Effective September 1, 2011 the city remarketed the Water and Wastewater Revenue Bonds, Variable Rate Series 1997B (\$70.1 million), and entered into an irrevocable, direct-pay letter of credit (LOC) with TD Bank, N.A. The U.S. Bank National Association, as fiscal agent, will be entitled to draw up to an amount equal to the principal of and 48 day's accrued interest to pay the principal or redemption price of and interest on the 1997B bonds when due. The LOC will expire on September 1, 2015 unless earlier terminated or extended. Unless the LOC is extended or replaced, the 1997B bonds will be subject to mandatory tender for purchase prior to the termination of the LOC. The LOC will constitute both a Credit Facility and Liquidity Facility, and TD Bank a Credit Provider and Liquidity Provider for the 1997B bonds.
- Effective December 23, 2011 the city delivered Letters of Credit (LOC) from TD Bank and the Royal Bank of Canada (RBC) to the U.S. Bank National Association (fiscal agent) to provide credit enhancement and liquidity support for the Airport Revenue Refunding Bonds, Series 2005C bonds. With the delivery of each LOC, the 2005C bonds will become subject to mandatory tender for purchase. Each LOC constitutes both a Credit Facility and Liquidity Facility and the banks will be both Credit Provider's and Liquidity Provider's under the agreement. TD Bank issued a LOC effective December 23 2011 with a stated expiration date of December 23, 2016 unless extended or terminated, to pay the principal of, interest on and purchase price of the 2005 C-1 bonds (currently outstanding principal of \$81.3 million) from the proceeds of an irrevocable direct pay letter of credit. In addition, the RBC issued a LOC effective December 23, 2011 with a stated expiration date of December 23, 2014 unless extended or terminated, to pay the principal of, interest on and purchase price of the 2005 C-2 bonds (currently outstanding principal of \$81.3 million) from the proceeds of an irrevocable direct pay letter of credit.

City of Philadelphia
Notes to the Financial Statements
For the Fiscal Year Ended June 30, 2012

The debt service through maturity for the Revenue Debt Payable is as follows:

(Amounts In Millions of USD)

Fiscal Year	Water Fund		Aviation Fund	
	Principal	Interest	Principal	Interest
2013	121.8	83.1	51.5	67.8
2014	129.0	76.4	59.2	65.2
2015	127.0	70.4	62.4	62.0
2016	132.1	65.6	60.2	58.6
2017	116.9	58.7	63.5	55.4
2018-2022	343.2	235.9	324.8	228.3
2023-2027	284.1	177.8	369.0	145.8
2028-2032	328.7	115.0	181.9	71.4
2033-2037	199.5	50.6	143.6	33.6
2038-2042	98.8	11.9	50.8	5.2
Totals	<u>1,881.1</u>	<u>945.4</u>	<u>1,366.9</u>	<u>793.3</u>

(3) Defeased Debt

As of the current fiscal year-end, the City had defeased certain bonds by placing the proceeds of new bonds in irrevocable trusts to provide for all future debt service payments on the old bonds. Accordingly, the trust account assets and the liability for the defeased bonds are not included in the City's financial statements.

(4) Short -Term Borrowings

The City has statutory authorizations to negotiate temporary loans for periods not to extend beyond the fiscal year. The City borrows funds to pay debt service and required pension contributions due before the receipt of the real estate taxes. The City borrowed and repaid \$173.0 million in Tax Revenue Anticipation Notes by June 2012 plus interest. In accordance with statute, there are no temporary loans outstanding at year-end.

(5) Arbitrage Liability

The City has several series of General Obligation and Revenue Bonds subject to federal arbitrage requirements. Federal tax legislation requires that the accumulated net excess of interest income on the proceeds of these issues over interest expense paid on the bonds be paid to the federal government at the end of a five-year period. At June 30, 2012, the Aviation Fund and the Water Fund had recorded liabilities of \$0.3 million and \$0.1 million, respectively.

(6) Pension Service Agreement

In Fiscal 1999, the Philadelphia Authority for Industrial Development issued \$1.3 billion in Pension Funding Bonds. These bonds were issued pursuant to the provisions of the Pennsylvania Economic Development Financing Law and the Municipal Pension Plan Funding Standard and Recovery Act (Act 205). The bonds are special and limited obligations of PAID. The City entered into a Service Agreement with PAID agreeing to make yearly payments equal to the debt service on the bonds. PAID assigned its interest in the service agreement to the parties providing the financing and in accordance with GASB Interpretation #2, PAID treats this as conduit debt and does not include conduit debt transactions in its financial statements. The Pension Service Agreement of \$1.4 billion is reflected in the City's financial statements in Other Long Term Obligations. The net proceeds of the bond sale of \$1.3 Billion were deposited with the Municipal Pension Fund. The deposit of the proceeds reduced the Unfunded Actuarial Accrued Liability by that same amount. The deposit resulted in reductions to the City's actuarially determined pension plan payments.

(7) Neighborhood Transformation Initiative Service Agreement

In Fiscal 2002, **RDA** issued \$142.6 million in City of Philadelphia Neighborhood Transformation Initiative (NTI) Bonds. These bonds were issued to finance a portion of the initiative undertaken by the Authority and the City to revitalize, renew and redevelop blighted areas of the City. The bonds are obligations of **RDA**. The City entered into a service agreement with **RDA**, agreeing to make yearly payments equal to the debt service on the bonds. **RDA** assigned its interest in the service agreement to the parties providing the financing and in accordance with GASB Interpretation #2; **RDA** treats this as conduit debt and therefore does not include these transactions on its financial statements.

In Fiscal 2004, **RDA** issued a \$30.0 million City of Philadelphia NTI Taxable Revenue Bond. The **RDA** and the City plan to borrow a taxable bank line of credit (the 2003 Bond) to fund certain costs of the NTI related to the acquisition of property. The line of credit is being issued in anticipation of future long term financing. This will allow the City and **RDA** to better manage the carrying costs of unspent loan proceeds and to possibly issue a portion of the take out financing as tax exempt bonds after obtaining certain state approvals. In fiscal year 2004, \$10.9 million was borrowed from the line of credit.

In March, 2005, **RDA** issued additional City of Philadelphia Neighborhood Transformation Initiative (NTI) bonds to finance a portion of the initiative previously undertaken by the Authority and the City. Taxable Revenue Bonds Series 2005A issued in the amount of \$25.5 million are term bonds with interest rates ranging from 4.150% to 4.680% maturing through 2016. Qualified Revenue Bonds Series 2005B were issued in the amount of \$44.0 million, with interest rates ranging from 4.75 through 5% and mature through 2027. Revenue Bonds Series 2005C with an interest rate of 5% were issued for \$81.3 million and mature through 2031. The fiscal year 2012 NTI Service Agreement liability of \$227.6 million is reflected in the City's financial statements as another Long Term Obligation.

(8) Sports Stadium Financing Agreement

In FY 2002, **PAID** issued \$346.8 million in Lease Revenue Bonds Series A and B of 2001 to be used to help finance the construction of two new sports stadiums. The bonds are special limited obligations of **PAID**. The City entered into a series of lease agreements as lessee to the Authority. The lease agreements are known as (1) the Veterans Stadium Sublease, (2) the Phillies' Prime Lease and (3) the Eagles Prime Lease. **PAID** assigned its interest in the lease agreements to the parties providing the financing and in accordance with GASB Interpretation #2, **PAID** treats this as conduit debt and therefore does not include these transactions on its financial statements.

In October, 2007 **PAID** issued Lease Revenue Refunding Bonds Series A and B of 2007. The proceeds from the bonds were used to refund the Series 2001B Stadium Bonds. **PAID** assigned its interest in the lease agreements to the parties providing the financing and in accordance with GASB Interpretation #2, **PAID** treats this as conduit debt and therefore does not include these transactions on its financial statements. In fiscal 2012, the Sports Stadium Financing Agreement liability of \$325.6 million is reflected in the City's financial statements as Other Long Term Liabilities.

(9) Cultural and Commercial Corridors Program Financing Agreement

In December, 2006, **PAID** issued \$135.5 million in Revenue Bonds, Series A and B. The proceeds from the bonds will be used to finance a portion of the cost of various commercial and cultural infrastructure programs and administrative and bond issuance cost. The City and **PAID** signed a service agreement, whereby **PAID** manages a portion of the funds and the City makes payments equal to the yearly debt service. **PAID** will distribute some of the proceeds and some will flow through the City's capital project fund. In accordance with GASB Interpretation #2, **PAID** treats this as conduit debt, and therefore, does not include these transactions in its statements. During fiscal year 2007, none of the proceeds were spent. In fiscal 2012 the liability of \$119.4 million is reflected in the City's financial statements as Other Long Term Liabilities.

(10) Forward Purchase Agreements

In June, 2000 the Pennsylvania Intergovernmental Cooperation Authority (PICA), entered into a debt service reserve forward delivery agreement which began August 1, 2003, whereby PICA received a premium of \$4,450,000 on December 1, 2002 for the debt service reserve fund in exchange for the future earnings from the debt service reserve fund investments. Under this agreement PICA is guaranteed a fixed interest rate on the debt service reserve investments of 4.79%. The premium amount will be deferred and recognized as revenue over the remaining life of this agreement or through June 15, 2010 beginning with the first scheduled delivery of the debt service reserve investments in August, 2003.

(11) Pension Obligation Bond Option Rights

In July, 2002, the City through **PAID** sold the option rights relating to \$225 million Pension Funding Income Bonds, Series 1999C. The bonds were structured with provisions which permit the optional redemption or mandatory tender for purchase prior to maturity at any time on or after January 15, 2004, at a purchase price of par plus accrued interest. By selling the rights, the City can no longer cause the mandatory tender for purchase or to optionally redeem the bonds. If the Purchaser exercises the option rights, then upon payment of the exercise price of the option, the Purchaser becomes the new owner of the bonds and is entitled to receive the original fixed rate payments on the Series C bonds. The City realized \$8.1 million from the sale of the option rights.

17. DEFERRED COMPENSATION PLANS

A. PRIMARY GOVERNMENT

The City offers its employees a deferred compensation plan in accordance with Internal Revenue Code section 457. As required by the Code and Pennsylvania laws in effect at June 30, 2009, the assets of the plan are held in trust for the exclusive benefit of the participants and their beneficiaries. In accordance with GASBS #32, *Accounting and Financial Reporting for Internal Revenue Code Section 457 Deferred Compensation Plans*, the City does not include the assets or activity of the plan in its financial statements.

B. COMPONENT UNITS

PGW offers its employees a deferred compensation plan in accordance with Internal Revenue Code section 457. As of the Gas Works' fiscal year ended August 31, 1999 the Plan was amended to comply with subsection (g) of the code through the creation of a trust in which all assets and income of the Plan are to be held for the exclusive benefit of participants and their beneficiaries. As a result, the company no longer owns the assets of the Plan nor has a contractual liability to Plan participants.

18. FUND BALANCE PRESENTATION

The City adopted GASB Statement No. 54, *Fund Balance Reporting and Governmental Fund Type Definitions (GASB 54)* as of July 1, 2010. GASB 54 designates fund balance classification that establishes a hierarchy based on the extent to which governments must observe constraints imposed upon the use of fund balances that are reported by the Governmental funds. The governmental funds' balances are reported within the fund balance categories allowable under the GASB 54.

19. INTERFUND TRANSACTIONS

During the course of normal operations the City has numerous transactions between funds. These transactions are recorded as operating transfers and are reported as other financial sources (uses) in the Governmental Funds and as transfers in the Proprietary Funds. Some of the more significant transfers are: the PICA administrative fund collects a portion of the wage tax paid by City residents and transfers funds that are not needed for debt service and administrative costs to the general fund. Also, the general fund and the PICA administrative fund make transfers to the debt service funds for principal and interest payments.

20. PENSION PLANS

The City maintains two single employer defined benefit plans for its employees and several of its component units. One blended component unit, **PICA**, and two discretely presented component units - the **SDP**, and **CCP** - participate in state administered cost-sharing multiple employer plans. In addition, one discretely presented component unit - **RDA** - maintains its own single employer defined benefit plans. For the year ending June 30, 2008, the City adopted the requirements of GASB Statement No. 50, *Pension Disclosures*, issued May, 2007.

A. SINGLE EMPLOYER PLANS

The two plans maintained by the City are the Municipal Pension Plan (City Plan) and the Gas Works Plan (PGW Plan). The plan maintained by the City's component unit is the Redevelopment Authority of the City of Philadelphia Retirement Plan (RDA Plan).

Financial statements for the City and PGW pension plans are prepared using the accrual basis of accounting. Employee and employer contributions are recognized as revenues when due, pursuant to formal commitments, as well as statutory or contractual requirements.

Required Supplementary Information calculated in accordance with GASBS #25 is presented in audited financial statements of the respective pension plans. Copies of these financial statements may be obtained by contacting the Director of Finance of the City of Philadelphia.

21. ACCUMULATED UNPAID SICK LEAVE

City and certain component unit employees are credited with varying amounts of sick leave according to type of employee and/or length of service. City employees may accumulate unused sick leave to predetermined balances. Non-uniformed employees (upon retirement only) and uniformed employees (upon retirement or in case of death while on active duty) are paid varying amounts ranging from 25% to 50% of unused sick time, not to exceed predetermined amounts. Employees, who separate for any reason other than indicated above, forfeit their entire sick leave. The City budgets for and charges the cost of sick leave as it is taken. SDP employees have an unlimited maximum accumulation and Gas Works' employees' sick leave is non-cumulative.

22. OTHER POST EMPLOYMENT BENEFITS (OPEB)

During fiscal year 2008, the City adopted GASB Statement No. 45, *Accounting and Financial Reporting by Employers for Post-Employment Benefits Other than Pensions (OPEB)*, issued July, 2004. This statement establishes standards for the measurement, recognition, and display of expenses/expenditures and related liabilities (assets), note disclosures, and if applicable, required supplementary information in the financial reports of state and local governments.

A. PRIMARY GOVERNMENT

Plan description: The City of Philadelphia self-administers a single employer, defined benefit plan and provides health care for five years subsequent to separation for eligible retirees. Certain union represented employees may defer their coverage until a later date but the amount that the City pays for their health care is limited to the amount that the City would have paid at the date of their retirement. The City also provides lifetime insurance coverage for all eligible retirees. Firefighters are entitled to \$7,500 coverage and all other employees receive \$6,000 in coverage. The plan does not issue stand alone financial statements, and the accounting for the plan is reported within the financial statements of the City of Philadelphia.

Funding Policy The City funds its retiree benefits on a pay-as-you-go basis. To provide health care coverage, the City pays a negotiated monthly premium for retirees covered by union contracts or pays the health care providers directly for non unionized employees.

Actuarial Methods and Assumptions: Projections of costs for financial reporting purposes are based on the types of benefits provided under the terms of the substantive plan at the time of each valuation and on the pattern of sharing costs between the employer and plan members to that point.

Costs were determined according to the individual entry age actuarial cost method with the attribution period ending at each decrement age. This is consistent with the cost method used for the City of Philadelphia Municipal Retirement System. Unfunded liabilities are funded over a 30 year period as a level percentage of payroll, which is assumed to increase at a compound annual rate of 3.5% per year. The actuarial assumption included a 4.5% compound annual interest rate on the City's general investments.

23. PENNSYLVANIA INTERGOVERNMENTAL COOPERATION AUTHORITY

PICA, a body corporate and politic, was organized in June 1991 and exists under and by virtue of the Pennsylvania Intergovernmental Cooperation Authority Act for Cities of the First Class (the Act). Pursuant to the Act, **PICA** was established to provide financial assistance to cities of the first class. The City currently is the only city of the first class in the Commonwealth of Pennsylvania. Under the Act, **PICA** is administered by a governing Board consisting of five voting members and two ex officio non voting members. The Governor of Pennsylvania, the President Pro Tempore of the Pennsylvania Senate, the Minority Leader of the Pennsylvania Senate, the Speaker of the Pennsylvania House of Representatives and the Minority Leader of the Pennsylvania House of Representatives each appoints one voting member to the Board.

The Act provides that, upon **PICA's** approval of a request of the City to **PICA** for financial assistance, **PICA** shall have certain financial and oversight functions. First, **PICA** shall have the power to issue bonds and grant or lend the proceeds thereof to the City. Second, **PICA** also shall have the power, in its oversight capacity, to exercise certain advisory and review powers with respect to the City's financial affairs, including the power to review and approve five-year financial plans prepared at least annually by the City and to certify noncompliance by the City with its current five-year financial plan (which certification would require the Secretary of the Budget of the Commonwealth of Pennsylvania to cause certain Commonwealth payments due to the City to be withheld).

PICA bonds are payable from the proceeds of a **PICA** tax on the wages and income earned by City residents. The City has reduced the amount of wage and earnings tax that it levies on City residents by an amount equal to the **PICA** tax so that the total tax remains the same. PICA returns to the City any portion of the tax not required to meet their debt service and operating expenses. In Fiscal 2012 this transfer amounted to \$295.2 million.

In August, 2011, **PICA** received settlement payments aggregating \$7,481,000 in connection with a Complaint for Violations of the Federal Securities Laws filed by the Securities and Exchange Commission against J.P. Morgan Securities LLC in connection with certain of PICA's 1993 and 1996 bond issuances, and with a Consent Order for a Civil Money Penalty issued by the U.S. Comptroller of the Currency against JPMorgan Chase Bank, N.A. for violation of law and/or unsafe banking practices related to the sale of certain derivative financial products prior to 2006. The Board of Directors subsequently voted to transfer all proceeds to the City.

24. RELATED PARTY TRANSACTIONS

The City is associated, through representation on the respective Board of Directors, with several local governmental organizations and certain quasi-governmental organizations created under the laws of the Commonwealth of Pennsylvania. These organizations are separate legal entities having governmental character and sufficient autonomy in the management of their own affairs to distinguish them as separate independent governmental entities. A list of such related party organizations and a description of significant transactions with the City, where applicable, is as follows:

A. SOUTHEASTERN PENNSYLVANIA TRANSPORTATION AUTHORITY (SEPTA)

During the year the City provided an operating subsidy of \$66.4 million to SEPTA

B. OTHER ORGANIZATIONS

The City provides varying levels of subsidy and other support payments (which totaled \$112.6 million during the year) to the following organizations:

- Philadelphia Commercial Development Corporation
- Philadelphia Health Management Corporation
- Philadelphia Industrial Development Corporation
- Fund For Philadelphia Incorporated
- Philadelphia Housing Authority

25. RISK MANAGEMENT

A. PRIMARY GOVERNMENT

The City is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disasters. The City (except for Aviation Fund operations, the Municipal Authority and PICA) is self-insured for fire damage, casualty losses, public liability, Worker's Compensation and Unemployment Compensation. The Aviation Fund is self-insured for Workers' Compensation and Unemployment Compensation and insured through insurance carriers for other coverage.

The City covers all claim settlements and judgments, except for those discussed above, out of the resources of the fund associated with the claim. Claims expenditures and liabilities are reported when it is probable that a loss has occurred and the amount of the loss can be reasonably estimated. These losses include: an estimate of claims that have been incurred but not reported; the effects of specific, incremental claims adjustment expenditures, salvage, and subrogation; and unallocated claims adjustment expenditures.

The City's Unemployment Compensation and Workers' Compensation coverages are provided through its General Fund. Unemployment Compensation and Workers' Compensation coverages are funded by a pro rata charge to the various funds.

During the last three (3) fiscal years, no claim settlements have exceeded the level of insurance coverage for operations using third party carriers. None of the City's insured losses have been settled with the purchase of annuity contracts.

26. CONTINGENCIES

A. PRIMARY GOVERNMENT

1) Claims and Litigation

Generally, claims against the City are payable out of the General Fund, except claims against the City Water Department, City Aviation Division, or Component Units which are paid out of their respective funds and only secondarily out of the General Fund which is then reimbursed for the expenditure. Unless specifically noted otherwise, all claims hereinafter discussed are payable out of the General Fund or the individual Enterprise Fund. The Act of October 5, 1980, P.L. 693, No. 142, known as the "Political Subdivision Tort Claims Act", established a \$500,000 aggregate limitation on damages arising from the same cause of action or transaction or occurrence or series of causes of action, transactions or occurrences with respect to governmental units in the Commonwealth such as the City. The constitutionality of that aggregate limitation has been upheld by the United States Supreme Court. There is no such limitation under federal law.

Various claims have been asserted against the City and in some cases lawsuits have been instituted. Many of these claims are reduced to judgment or otherwise settled in a manner requiring payment by the City. The aggregate estimate of loss deemed to be probable is approximately \$354.9 million. Of this amount, \$24.8 million is charged to current operations of the Enterprise Funds. The remaining \$329.3 million pertaining to the General Fund is reflected in the Government Wide Full Accrual Statements.

In addition to the above, there are certain lawsuits against the City for which an additional loss is reasonably possible. These lawsuits relate to General Fund and Enterprise Fund operations.

27. SUBSEQUENT EVENTS

A. PRIMARY GOVERNMENT

- 1) Effective October 1, 2012, the city offered an employee compensation package to employees in the following classes: exempts, non-represented and DC 47 - Local 2186 offering a 2.5% wage increase and reinstatement of steps and longevity. In addition, medical co-payments will be increased for HMO plan participants while the Point of Service plan will no longer be offered. The wage increase and reinstatement of steps and longevity must be approved by the Civil Service Commission. An ordinance has been sent to City Council that would do the following: (1) mandate all new hires in the covered groups (exempts, non-reps and Local 2186, courts and elected officials) go into Plan 10; (2) give existing employees a window to elect to move from their current plan to Plan 10; (3) increase the employee contribution to pension for current employees in Plan 87 from 30% of normal cost to 50% of normal cost; (4) increase the employee contribution to pension for current employees in Plan 67 to the greater of 6% or 50% of the normal cost; and (5) implement the pension changes in the interest arbitration awards for Local 810 (Courts) and Local 159 (Prisons). Plan 10 is a hybrid pension combining the defined benefit and combined contribution components.

- 2) Through October 1, 2012 drawdowns totaling \$12.3 million represent new loans from the Pennsylvania State Infrastructure Financing Authority ("PENNVEST") for: Water Treatment Plant (\$1.7 M); Sewer Piping Replacement (\$5.9 M); Water Main Replacement (\$4.7 M).

B. COMPONENT UNITS

- 1) In October 2012, PAID issued City Service Agreement Revenue Bonds, Series 2012 in the amount of \$231.2 million. The bonds mature on April 1, 2013 (\$106.9 million) and April 1, 2014 (\$124.3 million). PAID issued the bonds at the request of the City of Philadelphia and the proceeds will be used to finance the repayment of the city's minimum municipal funding obligation deferred under 53 P.S. section 895.1002 in the amount of \$230 million and payment of the costs of issuance of the bonds.