

# City of Philadelphia Pennsylvania

## *Comprehensive Annual Financial Report*

Fiscal Year Ended June 30, 1999



*Prepared by:*  
**Office of the Director of Finance**

**CITY OF PHILADELPHIA  
 COMPREHENSIVE ANNUAL FINANCIAL REPORT  
 FOR THE FISCAL YEAR ENDED JUNE 30, 1999**

---

**CONTENTS**

Exhibit, Schedule or Table		Page
<b><u>INTRODUCTORY SECTION</u></b>		
	TABLE OF CONTENTS	I - VIII
	LETTER OF DIRECTOR OF FINANCE	1 - 12
	CERTIFICATE OF ACHIEVEMENT FOR EXCELLENCE IN FINANCIAL REPORTING, GOVERNMENT FINANCE OFFICERS ASSOCIATION	13
	ORGANIZATION OF PHILADELPHIA'S GOVERNMENT	15
	LISTING OF ELECTED AND APPOINTED OFFICIALS	16-17
<b><u>FINANCIAL SECTION</u></b>		
INDEPENDENT AUDITOR'S REPORT		
	<b>GENERAL PURPOSE FINANCIAL STATEMENTS - PART I</b>	1-74
I-A-1	Combined Balance Sheet - All Fund Types, Account Groups and Discretely Presented Component Units June 30, 1999.....	2-3
I-A-2	Combined Statement of Revenues, Expenditures and Changes in Unreserved Fund Balances - All Governmental Fund Types, Expendable Trust Funds and Discretely Presented Component Units For the Fiscal Year Ended June 30, 1999.....	4-5
I-A-3	Combined Statement of Revenues, Expenses and Changes in Unreserved Retained Earnings/Fund Balances - All Proprietary Fund Types, Pension, Non-Expendable Trust Funds and Discretely Presented Component Units For the Fiscal Year Ended June 30, 1999.....	6
I-A-4	Combined Statement of Cash Flows - All Proprietary Fund Types, Non- Expendable Trust Funds and Discretely Presented Component Units For the Fiscal Year Ended June 30, 1999.....	7
I-A-5	Combined Statement of Revenues, Expenditures, Encumbrances and Changes in Fund Balances - General and Special Revenue Funds (Except Municipal Authority and PICA Funds) and Capital Improvement Funds (Except Municipal Authority) - Budget (Legal Basis) and Actual For the Fiscal Year Ended June 30, 1999.....	8-9

**CITY OF PHILADELPHIA  
 COMPREHENSIVE ANNUAL FINANCIAL REPORT  
 FOR THE FISCAL YEAR ENDED JUNE 30, 1999**

---

**CONTENTS**

Exhibit, Schedule or Table	<b><u>FINANCIAL SECTION</u></b>	Page
 <b>GENERAL PURPOSE FINANCIAL STATEMENTS - PART I (Continued)</b>		
I-A-6	Statement of Changes in Plan Net Assets - Philadelphia Gas Works Pension Plan and Municipal Pension Plan For the Fiscal Year Ended June 30, 1999.....	10
I-A-7	Combining Balance Sheet - Component Units - All Fund Types June 30, 1999.....	11
I-A-8	Combining Balance Sheet - Component Units - Proprietary Fund Types June 30, 1999.....	12-13
I-A-9	Combining Statement of Revenues, Expenses and Changes in Unreserved Retained Earnings - Component Units - Proprietary Fund Types For the Fiscal Year Ended June 30, 1999.....	14-15
I-A-10	Combining Statement of Cash Flows - Component Units - Proprietary Fund Types For the Fiscal Year Ended June 30, 1999.....	16-17
I-A-11	Combining Balance Sheet - Component Units - Governmental Fund Types June 30, 1999.....	18
I-A-12	Combining Statement of Revenues, Expenditures and Changes in Unreserved Fund Equity - Component Units - Governmental Fund Types For the Fiscal Year Ended June 30, 1999.....	19
I-A-13	Statement of Changes in Fund Balances - Community College Fund For the Fiscal Year Ended June 30, 1999 .....	20
I-A-14	Statement of Current Funds Revenue, Expenditures and Other Changes - Community College Fund For the Fiscal Year Ended June 30, 1999 .....	21
	Notes to Financial Statements.....	23
	Required Supplementary Information.....	71

**CITY OF PHILADELPHIA  
 COMPREHENSIVE ANNUAL FINANCIAL REPORT  
 FOR THE FISCAL YEAR ENDED JUNE 30, 1999**

---

**CONTENTS**

Exhibit, Schedule or Table		Page
 <b>COMBINING STATEMENTS - PART II</b>		
	<u>A - Governmental Fund Types</u>	75-108
	<u>Special Revenue Funds</u>	75-84
II-A-1	Combining Balance Sheet - Special Revenue Funds June 30, 1999.....	76-77
II-A-2	Combining Statement of Revenues, Expenditures and Changes in Unreserved Fund Balances - Special Revenue Funds For the Fiscal Year Ended June 30, 1999.....	78-79
II-A-3	Combining Schedule of Revenues, Expenditures, Encumbrances and Changes in Fund Balances - Special Revenue Funds (Except Municipal Authority and PICA Funds) - Budget (Legal Basis) and Actual For the Fiscal Year Ended June 30, 1999 .....	80-84
	<u>Debt Service Funds</u>	85-88
II-A-4	Combining Balance Sheet - Debt Service Funds June 30, 1999 .....	86
II-A-5	Combining Statement of Revenues, Expenditures and Changes in Unreserved Fund Balances - Debt Service Funds For the Fiscal Year Ended June 30, 1999 .....	87
	<u>Capital Improvement Funds</u>	89-92
II-A-6	Combining Balance - Capital Improvement Funds June 30, 1999 .....	90
II-A-7	Combining Statement of Revenues, Expenditures and Changes in Unreserved Fund Balances - Capital Improvement Funds For the Fiscal Year Ended June 30, 1999.....	91

**CITY OF PHILADELPHIA  
 COMPREHENSIVE ANNUAL FINANCIAL REPORT  
 FOR THE FISCAL YEAR ENDED JUNE 30, 1999**

---

**CONTENTS**

Exhibit, Schedule or Table		Page
 <b>COMBINING STATEMENTS - PART II (Continued)</b>		
	<u>B - Proprietary Fund Types</u>	93-98
	<u>Enterprise Funds</u>	93-98
II-B-1	Combining Balance Sheet - Enterprise Funds June 30, 1999 .....	94-95
II-B-2	Combining Statement of Revenues, Expenses and Changes in Unreserved Retained Earnings - Enterprise Funds For the Fiscal Year Ended June 30, 1999 .....	96
II-B-3	Combining Statement of Cash Flows For the Fiscal Year Ended June 30, 1999 .....	97
	<u>C - Fiduciary Fund Types</u>	99-108
II-C-1	Combining Balance Sheet - Trust and Agency Funds June 30, 1999 .....	100-103
II-C-2	Combining Statement of Plan Net Assets - Philadelphia Gas Works Pension Plan and Municipal Pension Plan For the Fiscal Year Ended June 30, 1999 .....	104
II-C-3	Combining Statement of Revenues, Expenditures and Changes in Unreserved Fund Balances - Expendable Trust Funds For the Fiscal Year Ended June 30, 1999 .....	105
II-C-4	Combining Statement of Changes in Assets and Liabilities - Agency Funds For the Fiscal Year Ended June 30, 1999 .....	106

**CITY OF PHILADELPHIA  
 COMPREHENSIVE ANNUAL FINANCIAL REPORT  
 FOR THE FISCAL YEAR ENDED JUNE 30, 1999**

---

**CONTENTS**

Exhibit, Schedule or Table	Page
 <b>ACCOUNT GROUP STATEMENTS - PART III</b>	
III-A-1	Schedule of General Fixed Assets By Function June 30, 1999.....108-109
III-A-2	Schedule of General Fixed Assets By Source June 30, 1999 .....110
III-A-3	Schedule of Changes in General Fixed Assets By Function For the Fiscal Year Ended June 30, 1999.....111
III-A-4	Combining Statement of Changes in General Long-Term Debt For the Fiscal Year Ended June 30, 1999.....112-113
III-A-5	Combining Statement of General Long-Term Debt June 30, 1999 .....114
 <b>SUPPORTING SCHEDULES - PART IV</b>	
IV-A-1	Summary Schedule of Investments - City Related Fund Types and Accounts June 30, 1999 .....117
IV-A-2	Schedule of Bonded Debt Outstanding - City Related June 30, 1999.....118-119
IV-A-3	Schedule of Actual and Estimated Revenues - City Related General Fund - Legal Basis For the Fiscal Years Ended June 30, 1999 and 1998.....120-121
IV-A-4	Schedule of Budgeted and Actual Expenditures and Encumbrances by Department - City Related General Fund - Legal Basis For the Fiscal Years Ended June 30, 1999 and 1998.....122-124
IV-A-5	Schedule of Revenues, Expenditures, Encumbrances and Changes in Fund Balance - Water Fund - Budget (Legal Basis) and Actual For the Fiscal Year Ended June 30, 1999.....125

**CITY OF PHILADELPHIA  
 COMPREHENSIVE ANNUAL FINANCIAL REPORT  
 FOR THE FISCAL YEAR ENDED JUNE 30, 1999**

---

**CONTENTS**

Exhibit, Schedule or Table	Page
----------------------------------	------

**SUPPORTING SCHEDULES - PART IV (Continued)**

IV-A-6	Schedule of Revenues, Expenditures, Encumbrances and Changes in Fund Balance - Aviation Fund - Budget (Legal Basis) and Actual For the Fiscal Year Ended June 30, 1999.....	126
IV-A-7	Schedule of Actual and Estimated Revenues - City Related Enterprise Funds - Legal Basis For the Fiscal Years Ended June 30, 1999 and 1998.....	127
IV-A-8	Schedule of Budgeted and Actual Expenditures and Encumbrances by Department - City Related Enterprise Funds - Legal Basis For the Fiscal Years Ended June 30, 1999 and 1998.....	128

**STATISTICAL SECTION**

**STATISTICAL TABLES - PART V**

1	Revenues by Major Source - City Related - Legal Basis For the Fiscal Years 1990 Through 1999.....	130
2	General Revenues - School District Related For the Fiscal Years 1990 Through 1999 .....	131
3	Expenditures and Encumbrances by Program - City Related - Legal Basis For the Fiscal Years 1990 through 1999 .....	132
4	General Governmental Expenditures by Function - School District Related For the Fiscal Years 1990 Through 1999 .....	133
5	Assessed and Market Value of Taxable Realty in Philadelphia For the Calendar Years 1990 Through 1999.....	130
6	Real Estate Tax Levies and Collections - School District Related For the Calendar/Fiscal Years 1990 Through 1999.....	135

**CITY OF PHILADELPHIA  
 COMPREHENSIVE ANNUAL FINANCIAL REPORT  
 FOR THE FISCAL YEAR ENDED JUNE 30, 1999**

---

**CONTENTS**

Exhibit, Schedule or Table		Page
 <b>STATISTICAL TABLES - PART V (Continued)</b>		
7	Real Property Taxes Levied and Collected - City Related For the Calendar Years 1990 Through 1999.....	136
8	Tax Rates of the City of Philadelphia and School District Real Estate Tax Rates For the Calendar Years 1990 Through 1999.....	137
9	City and School District Net Tax Supported Debt and Debt Service Ratios For the Fiscal Years 1990 Through 1999.....	138
10	Schedule of Debt Incurring Capacity - City Related July 1, 1999.....	139
11	Borrowing Base and Debt Limits - School District Related June 30, 1999.....	140
12	Schedule of Revenue Bond Rate Covenant Compliance as Required by Authorizing Ordinances - City Related For the Fiscal Years 1990 Through 1999.....	141
13	Tax Supported Bonded Debt - City Related For the Fiscal Years 1990 Through 1999.....	142
14	Annual Debt Service on Long-Term Debt - City Related As of June 30, 1999.....	143-146
15	Ratio of Annual Debt Service for General Bonded Debt to Total General Expenditures and Excluding Categorical Funds - School District Related For the Fiscal Years 1990 Through 1999.....	147
16	Comparative Schedule of Operations - City Municipal Pension Fund For the Fiscal Years 1990 Through 1999.....	148-149

**CITY OF PHILADELPHIA  
COMPREHENSIVE ANNUAL FINANCIAL REPORT  
FOR THE FISCAL YEAR ENDED JUNE 30, 1999**

---

**CONTENTS**

Exhibit, Schedule or Table	Page
<b>STATISTICAL TABLES - PART V (Continued)</b>	
17	Property Values and Authorized Construction For the Calendar Years 1989 Through 1998.....150
18	Population Trend 1940 to 1998.....151
19	Demographic Statistics For the Calendar Years 1989 Through 1998.....152
20	Ten Largest Real Estate Assessments January 1, 1999.....153
21	Largest Employers in Philadelphia December 31, 1998.....154
22	Miscellaneous Statistics June 30, 1999.....155
23	School District Related Miscellaneous Statistics For the Fiscal Years 1995 Through 1999.....156



# C I T Y     O F     P H I L A D E L P H I A

## OFFICE OF THE DIRECTOR OF FINANCE

1401 John F. Kennedy Blvd.  
Room 1330, Municipal Services Bldg.  
Philadelphia, PA 19102  
215-686-6140  
FAX 215-568-1947

MICHAEL NADOL  
Director of Finance

December 30, 1999

Honorable Edward G. Rendell  
Mayor, City of Philadelphia  
Room 215 City Hall  
Philadelphia, PA 19102

The Comprehensive Annual Financial Report of the City of Philadelphia for the fiscal year ended June 30, 1999 is hereby submitted. Responsibility for both the accuracy of the data, and the completeness and fairness of the presentation, including all disclosures, rests with the City. To the best of our knowledge and belief, the enclosed data are accurate in all material respects and are reported in a manner designed to present fairly the financial position and results of operations of the various funds and account groups of the City. All disclosures necessary to enable the reader to gain an understanding of the City's financial activities have been included.

The Comprehensive Annual Financial Report is presented in three sections: introductory, financial and statistical. The financial section includes the general purpose financial statements and the combining and individual fund and account group financial statements and schedules. The statistical section includes selected financial and demographic information, generally presented on a multiyear basis.

A basis for preparing the Comprehensive Annual Financial Report for the City was the identification of the reporting entity. Various potential component units were evaluated to determine whether they should be reported in the City's Comprehensive Annual Financial Report. A component unit was considered to be part of the City's reporting entity when it was concluded that the City was financially accountable for the entity or the nature and significance of the relationship between the City and the entity was such that exclusion would cause the City's financial statements to be misleading or incomplete.

As a result of the evaluation, the entities selected for inclusion in the City's Comprehensive Annual Financial Report are presented either as part of the City's fund types and account groups ("blended" component units) because of the closeness of their relationship with the City, or as discretely presented component units. The discrete presentation illustrates that, while the City is accountable for these entities, their separate legal identities are maintained for reporting purposes.

This report includes all the funds and account groups of the City and the funds of the Philadelphia Municipal Authority and the Pennsylvania Intergovernmental Cooperation Authority and the discretely presented statements of the School District of Philadelphia, the Philadelphia Gas Works, the Redevelopment Authority of Philadelphia, the Philadelphia Housing Development Corporation, Philadelphia Parking Authority, Penn's Landing Corporation, the Pennsylvania Convention Center Authority, the Community College of Philadelphia, the Philadelphia Housing Authority, the Philadelphia Authority for Industrial Development and Community Behavioral Health.

Reflected in this report is the extensive range of services provided by the City of Philadelphia. These services include police and fire protection, water and sewer services, sanitation services, streets maintenance, recreational activities and cultural events, traditional county functions such as health and human services, as well as the activities of the previously mentioned public agencies and authorities.

## ECONOMIC CONDITION AND OUTLOOK

The City's continuing commitment to fiscal responsibility has led the City to another record year; a cumulative \$205.7 million General Fund surplus at the end of Fiscal 1999 and a seventh consecutive positive year-end performance, or improvement over the prior year.

In turn, building on this strengthening fiscal foundation, Philadelphia has been able to invest in its long-term economic vitality through continuation of its \$6.5 billion Economic Stimulus Program and a fifth round of incremental wage and business tax reduction. Throughout Philadelphia, new construction and major announcements – as represented in the following examples - have marked the City's resulting resurgence as a destination city and hub for commerce.

- *Republican National Convention* - Philadelphia has been selected to host the Republican National Convention in the summer of 2000 - projected to generate more than \$300 million in direct and indirect spending across the region. With the opening of the world class Pennsylvania Convention Center in 1993 and 21,000 seat First Union Center arena in 1996 - along with the ongoing development of multiple new hotels - Philadelphia can now compete successfully among the nation's top hospitality cities.
- *Family Entertainment Center at Penn's Landing* - The City has completed a lease agreement to develop a nearly \$200 million, family-oriented entertainment complex at Penn's Landing. The project, expected to open by 2002, will generate 1,000 permanent jobs and 1,500 construction jobs.
- *Independence National Historic Park* - The National Park Service's master plan for Independence Park took another step forward with selection in September 1998 of the architectural firm to design a \$123 million National Constitution Center. Other elements of the master plan, which also includes a new Liberty Bell pavilion and Gateway Visitors center, are projected to break ground over the next several years, with the entire plan completed by 2002.
- *Regional Performing Arts Center* - The groundbreaking for a \$255 million Regional Performing Arts Center was held in November 1998. When open in the fall of 2001, the new building will be the home for the Philadelphia Orchestra and other regional arts groups, and will anchor a diverse array of cultural institutions, retail, and restaurants emerging along Broad Street's Avenue of the Arts – both North and South.
- *Philadelphia Naval Business Center* – Since the closure of the Philadelphia Naval Shipyard in 1995, the City has already attracted 29 new businesses to operate at this location. Highlighting this successful defense conversion, construction is well underway for Kvaerner ASA's \$644 million state-of-the-art shipbuilding facility, a project anticipated to create 1,200 or more direct jobs over the next decade
- *Neighborhood Development* - A broad array of new initiatives are helping to rebuild neighborhoods across Philadelphia. In three federal Empowerment Zone areas, over 80 new businesses have opened their doors. Under the leadership of the Philadelphia Housing Authority, multiple high-rise apartment towers have come down, and are being replaced with more livable developments balancing home ownership, rental housing, and retail services. And in North Philadelphia, as part of a \$100 million neighborhood revitalization project, the first wave of new homeowners have begun to move back to a community that had lost more than two-thirds of its population since 1960.

- *Keystone Opportunity Zones* – In late 1998, the Commonwealth of Pennsylvania and Philadelphia City Council each passed legislation creating an important new economic development tool. In 12 new Keystone Opportunity Zones, companies that increase full-time jobs by 20 percent in their first year or make capital investments equivalent to ten percent of gross revenue may be exempted from all state and local business, real estate, and use and occupancy taxes for up to 12 years.
- *Philadelphia International Airport* – Cited as the fastest growing airport in the nation in a 1998 Airports Council International study, Philadelphia International has completed negotiations with US Airways to move forward with a new \$440 million international and commuter terminal project. This expansion is anticipated to create more than 3,000 construction and 5,000 permanent jobs.

More than any individual economic development project or set of projects, however, the strongest indicator of Philadelphia's resurgence is the net job gains enjoyed for the past three years. In calendar 1998, Philadelphia gained 6,800 jobs, building on gains of 3,000 jobs in 1997 and the first net gain of 100 jobs in 1996, when the City began to turn around nearly a decade of net job loss. Further, in strong continuation of this positive trend, Philadelphia employment as of the end of FY99, June 1999, was more than 10,000 jobs higher than in June of the prior year.

In the years ahead, however, continued discipline and creativity will be required to stay the course of incremental tax reduction and economic development investment that has helped to bring about this recovery. Despite significant progress, the City's economy still lags behind the national economic fortunes, and remains vulnerable to almost any downward trend. Moreover, for every two steps that Philadelphia has taken forward, there has too often been a backward step as well. In Fiscal Year 1999, for example, the City's overall positive outlook was tempered by the first adverse impacts of state and federal "welfare reform" cutbacks in public assistance, as well as by consolidation, layoffs, and instability in the region's health care and banking sectors.

While the obstacles ahead are thus daunting, there is also every reason to believe that Philadelphia will continue to meet and overcome such challenges. With the City's business environment becoming increasingly competitive, and multiple major economic development initiatives well along in the pipeline, Philadelphia's economy is well positioned for further growth.

## **MAJOR INITIATIVES**

As important as the City's overall fiscal condition, jobs picture, and tax structure are to all Philadelphians, City government is just as much about the quality and delivery of basic municipal services. Whether the focus is on safe streets, clean water, timely trash collection, or after-school programs for children, City services play a critical role in establishing a community's quality of life. Therefore, the Administration has consistently rejected major service cuts as a strategy for budgetary balance, recognizing that such cuts would ultimately be counterproductive by driving out the city's tax base and eroding its sense of community. Instead, Philadelphia has worked to make the most of its available resources to sustain and enhance its basic services.

Such service improvements extend throughout City government and include the following selected Fiscal Year 1999 enhancements:

- In 1998, the City graduated 200 more Crime Bill officers from the Police Academy, bringing the total sworn force to nearly 7,000 – Philadelphia’s largest police force in more than a decade. Along with major investments in crime-fighting technology, the Police Department has been able to use its increased resources to strengthen narcotics enforcement and other key quality of life initiatives. As a result, drug arrests increased 60 percent from 1997 to 1998, while the number of homicides declined by 19 percent.
- To provide positive alternatives to crime and drugs for Philadelphia’s youth, the City also expanded its Recreation Department Violence Prevention After School Program. First established with 25 sites in Fiscal Year 1997, the program expanded in Fiscal Year 1999 to encompass 150 sites serving over 3,000 children.
- The Free Library of Philadelphia is nearing completion of a multi-year program to upgrade and modernize all City branch and regional libraries. Also in recent years, the City has more than doubled participation in summer reading programs, while extending six-day-a-week service from only four to all 49 branch libraries.
- In the Recreation Department, eight neighborhood recreation centers have been reopened since 1992, some of which had been closed for more than a decade. In addition, for the first time in 15 years, staffing for all 46 class A centers was fully funded, while two recreation centers were upgraded to multiple service, class A status.
- In Philadelphia’s Fairmount Park system, an unprecedented natural lands restoration and education program, funded by a five-year, \$26.6 million grant from the William Penn Foundation, continues to move forward. Projects under this initiative include stream bank stabilization and trail restoration efforts, as well as the development of new, community-based environmental education centers.
- In the Streets Department, programs to modernize 18,000 alley lights citywide and to install curb ramps for the disabled at all city intersections are near completion. In addition, major streetscape improvements have been completed on South Broad Street’s Avenue of the Arts, Logan Circle, and Market Street East, with another major upgrade underway on the Chestnut Street commercial corridor.
- The Philadelphia Water Department has successfully completed the largest automatic meter reading (AMR) installation in the U.S. water industry, ahead of schedule and under budget. This major customer service initiative is anticipated to reduce billing errors and complaints, while achieving long-term cost savings. Already, Philadelphia’s water and sewer rates are the lowest in the region.
- The City’s newly created nonprofit corporation, Community Behavioral Health (CBH), successfully completed its first full year of operation in 1998 as the managed care administrator for behavioral health services for approximately 400,000 Philadelphia Medical Assistance recipients. By integrating medical assistance funded treatment with traditional mental health and substance abuse programs, CBH has been able to provide better coordinated care, more cost effectively. In recognition, CBH was named an Innovations in American Government winner for 1999 in the prestigious, national awards program sponsored by the Ford Foundation and Harvard University’s Kennedy School of Government.

Philadelphia is now headed in the right direction; however absent continued fiscal vigilance and responsibility, the City could all too quickly slide backward. Since 1992, Philadelphia has achieved its progress by remaining true to the following key strategies:

- The City's first principle must be to live within its means, maintaining the balanced budgets that are a prerequisite to the stability and credibility of municipal government.
- The City must reduce the tax burden for citizens and businesses alike, sending a message every year that Philadelphia is becoming more competitive as a place to live and do business.
- The City must invest in its economy to help generate the sustained growth essential to reversing long-term decline.
- The City must enhance Philadelphia's quality of life by further strengthening the municipal services that help to determine where employers and families will choose to locate.

With improving municipal services and a more affordable cost of living, the City's neighborhoods are enjoying a healthier and safer quality of life. With construction complete or underway on literally scores of major economic development projects, the City is now emerging as a regional commercial center and a premier international destination. With continued responsible leadership, Philadelphia stands poised to provide the very best of urban life in the new century just ahead.

## FINANCIAL INFORMATION

Management of the City is responsible for establishing and maintaining an internal control structure designed to ensure that the assets of the City are protected from loss, theft or misuse and to ensure that adequate accounting data are compiled to allow for the preparation of financial statements in conformity with generally accepted accounting principles. The concept of reasonable assurance recognizes that: (1) the cost of a control should not exceed the benefits likely to be derived; and (2) the valuation of costs and benefits requires estimates and judgments by management.

**SINGLE AUDIT.** As a recipient of federal and state financial assistance, the City is also responsible for ensuring that an adequate internal control structure is in place to ensure compliance with applicable laws and regulations related to those programs. The internal control structure is subject to periodic evaluation by management and the audit staff of the City Controller's Office.

As part of the City's single audit, described earlier, tests are made to determine the adequacy of the internal control structure, including that portion related to federal financial assistance programs, as well as to determine that the City has complied with applicable laws and regulations. The results of the City's single audit for the fiscal year ended June 30, 1998 found instances of material weaknesses in the internal control structure that could result in non-compliance with prevailing laws, and in two cases the audit did disclose material instances of non-compliance.

**BUDGETING CONTROLS.** In addition to internal controls, the City maintains budgetary controls. The objective of these budgetary controls is to ensure compliance with legal provisions embodied in the annual appropriated budget approved by City Council. Activities of the General Fund and City Related Special Revenue Funds and the City Capital Improvement Fund are budgeted annually. The level of budgetary control (that is, the level at which expenditures cannot legally exceed the appropriated amount) is established by major class within an individual department and fund for the operating funds and by project within department for the Capital Improvement Fund. The City also maintains an encumbrance accounting system as one technique of

accomplishing budgetary control. Encumbered amounts not expended at year-end are carried forward into the succeeding year. Appropriations that are not expended or encumbered at year-end are lapsed.

As demonstrated by the statements and schedules included in the financial section of this report, the City continues to meet its responsibility for sound financial management.

## GENERAL GOVERNMENT FUNCTIONS

### GENERAL FUND

An undesignated fund balance surplus of \$205.7 million was reported at June 30, 1999 on both the generally accepted accounting principles (GAAP) basis (see Exhibit I-A-2) and the legal basis (see Exhibit I-A-5). The following schedules present a summary of General Fund revenues and expenditures on the GAAP basis and the amount and percentages of increases and decreases in relation to the prior year:

<u>Revenues</u>	<u>Amount</u>	(Amounts in Millions)		
		<u>Percent of Total</u>	<u>Increase (Decrease) Over Fiscal 1998</u>	<u>Percent of Increase (Decrease)</u>
Tax Revenue	\$ 1,766.7	73.6	\$ 51.3	3.0
Locally Generated Non-Tax Revenue	175.3	7.3	10.4	6.3
Revenue from Other Governments	446.6	18.6	24.4	5.8
Other Revenue	12.2	0.5	0.9	8.0
<u>Total</u>	<u>\$ 2,400.8</u>	<u>100.0</u>	<u>\$ 87.0</u>	

<u>Expenditures</u>	<u>Amount</u>	(Amounts in Millions)		
		<u>Percent of Total</u>	<u>Increase (Decrease) Over Fiscal 1998</u>	<u>Percent of Increase (Decrease)</u>
Economic Development	\$ 50.1	2.1	\$ 26.6	113.2
Transportation	100.7	4.2	(3.0)	(2.9)
Judiciary and Law Enforcement	910.2	37.7	40.8	4.7
Conservation of Health	143.3	5.9	3.0	2.1
Housing and Neighborhood Development	4.4	0.2	0.9	25.7
Cultural and Recreational	116.4	4.8	5.1	4.6
Improvement of General Welfare	475.1	19.7	61.8	15.0
Services to Property	263.8	10.9	(3.9)	(1.5)
General Management and Support	352.1	14.5	0.5	0.1
<u>Total</u>	<u>\$ 2,416.1</u>	<u>100.0</u>	<u>\$ 131.8</u>	

After taking into consideration the adjustments detailed in footnote 2 to the financial statements, which reflect the differences between the presentation in accordance with generally accepted accounting principles and the budgetary figures, General Fund revenues presented on the budgetary basis totaled \$2,628.0 million in Fiscal 1999, an increase of 5.2% over Fiscal 1998. The amount of revenues from various sources and the resulting difference from Fiscal 1998 are summarized in the following tabulation:

(Amounts in Millions)				
<u>Revenues</u>	<u>Amount</u>	<u>Percent of Total</u>	<u>Increase (Decrease) Over Fiscal 1998</u>	<u>Percent of Increase (Decrease)</u>
Tax Revenue	\$ 1,766.6	67.2	\$ 51.8	3.0
Locally Generated Non-Tax Revenue	193.1	7.3	12.2	6.7
Revenue from Other Governments	606.4	23.1	27.4	4.7
Other Revenue	61.9	2.4	39.3	173.9
<u>Total</u>	<u>\$ 2,628.0</u>	<u>100.0</u>	<u>\$ 130.7</u>	

Expenditures and Encumbrances on the budgetary basis for the General Fund totaled \$2,616.5 million, an increase of 5.5% over Fiscal 1998. Increases and decreases in the level of obligations by the City's major classifications are shown in the following tabulation:

(Amounts in Millions)				
<u>Expenditures</u>	<u>Amount</u>	<u>Percent of Total</u>	<u>Increase (Decrease) Over Fiscal 1998</u>	<u>Percent of Increase (Decrease)</u>
Personal Services	\$ 1,018.4	38.9	\$ 44.2	4.5
Employee Benefits	488.1	18.7	17.1	3.6
Purchase of Services	794.0	30.3	58.0	7.9
Materials and Supplies	51.7	2.0	0.6	1.2
Equipment	33.5	1.3	8.4	33.5
Contributions, Indemnities and Taxes	90.2	3.4	10.3	12.9
Debt Service	84.2	3.2	0.1	0.1
Payments to Other Funds	27.1	1.0	(1.6)	(5.6)
Advances, Subsidies and Miscellaneous	29.3	1.2	(0.2)	(0.7)
<u>Total</u>	<u>\$ 2,616.5</u>	<u>100.0</u>	<u>\$ 136.9</u>	

## SPECIAL REVENUE FUNDS

Special Revenue Funds consist of County Liquid Fuels Tax Fund, Special Gasoline Tax Fund, HealthChoices Behavioral Health Fund, Hotel Room Rental Tax Fund, Grants Revenue Fund, Community Development Fund, Municipal Authority Administrative Fund and PICA Administrative Fund. In Fiscal 1999, the Special Revenue Funds had combined revenue of \$1,327.2 million, expenditures of \$636.3 million, other financing uses of \$683.4 million and net decreases of \$12.2 million representing fund balance reserve adjustments, resulting in an overall decrease in Unreserved Fund Balance of \$4.7 million for the year.

The following schedule presents a summary of the Special Revenue Funds revenues and expenditures for the fiscal year:

(Amounts in Millions)				
<u>Revenues</u>	<u>Amount</u>	<u>Percent of Total</u>	<u>Increase (Decrease) Over Fiscal 1998</u>	<u>Percent of Increase (Decrease)</u>
Tax Revenue	\$ 264.1	19.9	\$ 16.7	6.8
Locally Generated Non-Tax Revenue	86.2	6.5	16.9	24.4
Revenue from Other Governments	976.9	73.6	83.1	9.3
<u>Total</u>	<u>\$ 1,327.2</u>	<u>100.0</u>	<u>\$ 116.7</u>	

(Amounts in Millions)				
<u>Expenditures</u>	<u>Amount</u>	<u>Percent of Total</u>	<u>Increase (Decrease) Over Fiscal 1998</u>	<u>Percent of Increase (Decrease)</u>
Economic Development	\$ 5.9	0.9	\$ (0.6)	(9.2)
Transportation	26.9	4.2	4.1	18.0
Judiciary and Law Enforcement	53.3	8.4	4.3	8.8
Conservation of Health	390.2	61.3	39.5	11.3
Housing and Neighborhood Development	55.1	8.7	10.2	22.7
Cultural and Recreational	13.5	2.1	2.3	20.5
Improvement of General Welfare	31.7	5.0	3.0	10.5
Services to Property	0.8	0.1	(1.3)	(61.9)
General Management and Support	58.9	9.3	7.0	13.5
<u>Total</u>	<u>\$ 636.3</u>	<u>100.0</u>	<u>\$ 68.5</u>	

## DEBT SERVICE FUNDS

Debt Service Funds are maintained for the City, the Municipal Authority and PICA. These Funds had combined revenue, net operating transfers and other financing sources of \$405.1 million, an increase of \$167.6 million (70.6%) over Fiscal 1998 and expenditures and other financing uses of \$407.8 million, an increase of \$164.1 million (67.3%) for Fiscal 1999. As a result, the Reserve for Debt Service decreased by \$2.7 million, increasing the Unreserved Fund Balance by \$0.2 million.

## 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 is operating under a long-term airport use and lease agreement which has been executed with the individual user airlines, effective as of July 1, 1974 and expiring June 30, 2006. The Industrial and Commercial Development Fund accounts for acquisition and disposition of land for industrial and commercial purposes.

The Enterprise Funds had operating revenues of \$475.5 million and expenses of \$434.8 million, resulting in net profit from operations of \$40.7 million for the year. Non-operating expenses of \$45.2 million, net transfers in of \$13.5 million and other credits of \$12.1 million resulted in a net increase in retained earnings of \$21.1 million. The following summary reflects actual revenues, expenses and results of operations for the individual Enterprise Funds:

	Amounts in Millions			
	Water	Aviation	Industrial & Commercial Development	Totals
	Fund	Fund	Fund	
Operating Revenues	\$ 352.1	\$ 122.3	\$ 1.1	\$ 475.5
Operating Expenses	<u>295.5</u>	<u>137.5</u>	<u>1.8</u>	<u>434.8</u>
Operating Income (Loss)	<u>56.6</u>	<u>(15.2)</u>	<u>(0.7)</u>	<u>40.7</u>
Non-Operating Revenues (Expenses) - Net	(69.6)	25.2	(0.8)	(45.2)
Transfers (To) From Other Funds	(4.1)	-	-	(4.1)
Transfers (To) From Component Units	(2.9)	20.5	-	17.6
Other Credits (Charges) - Net	<u>22.6</u>	<u>(10.5)</u>	<u>-</u>	<u>12.1</u>
Net Change in Retained Earnings	2.6	20.0	(1.5)	21.1
Retained Earnings, July 1, 1998	<u>(39.4)</u>	<u>129.7</u>	<u>8.9</u>	<u>99.2</u>
Retained Earnings, June 30, 1999	<u>\$ (36.8)</u>	<u>\$ 149.7</u>	<u>\$ 7.4</u>	<u>\$ 120.3</u>

### MUNICIPAL PENSION FUND OPERATIONS

The City is required by the Philadelphia Home Rule Charter and state statute to maintain an actuarially sound pension and retirement system covering all officers and employees of the City. Court decisions, as interpreted by the Law Department, require that the City's contribution consist of normal costs, amortization of a past under funding (referred to as the Dombrowski Payments) over periods of 20 and 40 years in level annual installments, and handling of the remaining unfunded actuarial liability on an actuarially sound basis. Beginning in Fiscal 1982 the City elected to amortize this unfunded liability over a period of 38 years based on a schedule which will result in a charge approximately equal to a level percent of payroll. This method is deemed actuarially sound and is in common use by public jurisdictions in the United States.

The City's contribution to the Municipal Pension Fund for Fiscal 1999 was based upon the Actuarial Valuation Report dated July 1, 1997 and after credits for advance payments amounted to \$256.7 million.

The Actuarial Valuation Report dated July 1, 1998 shows the Municipal Pension Fund's actuarial accrued liability to be \$5.6 billion. This amount is the sum of the actuarially computed present values of all retirement and survivor payments with respect to all active and retired employees, all inactive vested employees and all non vested employees. The carrying value of the Municipal Pension Fund's assets at July 1, 1998, for actuarial purposes, amounted to \$2.9 billion resulting in a net unfunded actuarial accrued liability of \$2.7 billion as of that date.

During Fiscal 1999, the Philadelphia Authority for Industrial Development (PAID) issued \$1.29 billion in Pension Funding Bonds. The net proceeds of \$1.25 billion were deposited in the Municipal Pension Fund. This amount reduces the July 1, 1998 actuarial accrued liability to \$1.4 billion.

### **RISK MANAGEMENT**

The City and several of its component units are 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 Airport, Gas Works and the remaining component units are principally insured through insurance carriers.

### **DEBT ADMINISTRATION**

At June 30, 1999 the City (Primary Government) had \$4.9 billion debt issues outstanding. These issues included \$2.1 billion of general obligation bonds and \$2.8 billion of revenue bonds. At fiscal year end, the City's (excluding component units) bond ratings from Standard & Poor's Corporation, Moody's Investors Service and Fitch IBCA on its bond issues are as follows:

	<b>Moody's Investors Service</b>	<b>Standard &amp; Poor's Corporation</b>	<b>Fitch IBCA</b>
General Obligation Bonds	Baa2	BBB	BBB+
Water and Sewer Revenue Bonds	Baa1	BBB+	BBB+
Aviation Revenue Bonds	A3	A	A

Under current state statutes, the City's general obligation bonded debt issuances are subject to a legal limitation. As of July 1, 1999 the City's (excluding component units) net general obligation authorized debt of \$939.1 million was \$288.2 million below the legal limit of \$1,227.4 million.

The following schedule presents a synopsis of activity in the bonded debt of the City and its component units for Fiscal 1999:

(Amounts in Millions)

	Governmental Fund Types				Enterprise Funds			Totals All Funds
	City	Municipal	PICA	Totals	Water	Aviation	Totals	
	General	Authority						
	Fund	Fund						
Bonded Debt Outstanding, July 1, 1998	\$ 474.1	\$ 398.6	\$ 1,055.0	\$ 1,927.7	\$ 1,861.7	\$ 585.5	\$ 2,447.2	\$ 4,374.9
Bonds Issued:								
General Obligation	250.0	-	-	250.0	-	-	-	250.0
General Obligation Refunding	178.2	-	610.0	788.2	-	-	-	788.2
Revenue	-	-	-	-	-	443.7	443.7	443.7
Revenue Refunding	-	-	-	-	135.2	-	135.2	135.2
Total Bonds Issued	428.2	-	610.0	1,038.2	135.2	443.7	578.9	1,617.1
Bonds Matured/Refunded:								
General Obligation	41.4	21.0	40.2	102.6	3.1	6.9	10.0	112.6
General Obligation Refunded	171.4	-	610.7	782.1	-	-	-	782.1
Revenue	-	-	-	-	48.4	13.0	61.4	61.4
Revenue Refunded	-	-	-	-	133.8	-	133.8	133.8
Total Bonds Matured/Refunded	212.8	21.0	650.9	884.7	185.3	19.9	205.2	1,089.9
Bonded Debt Outstanding, June 30, 1999								
General Obligation	689.5	377.6	1,014.1	2,081.2	17.9	33.1	51.0	2,132.2
Revenue	-	-	-	-	1,793.7	976.2	2,769.9	2,769.9
Total Bonded Debt Outstanding, June 30, 1999	689.5	377.6	1,014.1	2,081.2	1,811.6	1,009.3	2,820.9	4,902.1
Sinking Fund Assets Available for Payment of Principal	-	6.4	86.8	93.2	148.5	46.9	195.4	288.6
Net Debt	\$ 689.5	\$ 371.2	\$ 927.3	1,988.0	\$ 1,663.1	\$ 962.4	\$ 2,625.5	\$ 4,613.5

## CASH MANAGEMENT

Cash temporarily idle during the year was invested in demand deposits, certificates of deposit, obligations of the US Treasury, repurchase agreements and commercial paper. The Pension Trust Fund's investment portfolio also includes stocks, corporate bonds, real estate and other items. The City earned interest revenue of \$24.3 million on all investments of its pooled cash and investment account (Consolidated Cash) for the fiscal year ended June 30, 1999.

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. Approximately 2.6% of the City's investments during the year and at June 30, 1999 are classified in the category of highest credit risk as defined by the Governmental

Accounting Standards Board. Remaining investments were held in the City's name either by the counterparty financial institution's trust department or by a Securities and Exchange Commission-registered brokerage firm.

### **OTHER INFORMATION**

**INDEPENDENT AUDIT.** The Philadelphia Home Rule Charter requires an annual audit of all City accounts by the City Controller, an independently elected official. The Charter further requires that the City Controller appoint a Certified Public Accountant in charge of auditing. These requirements have been complied with and the audit done in accordance with generally accepted auditing standards.

In addition to meeting the requirements set forth in state statutes, the audit also is designed to meet the requirements of the federal 1996 Single Audit Act Amendment and related OMB Circular A-133. The auditor's report on the general purpose financial statements and combining and individual fund statements and schedules is included in the financial section of the Comprehensive Annual Financial Report. The auditor's reports related specifically to the single audit are included in a separate report.

**AWARDS.** The Government Finance Officers Association of the United States and Canada (GFOA) awarded a Certificate of Achievement for Excellence in Financial Reporting to the City for its Comprehensive Annual Financial Report for the fiscal year ended June 30, 1998. This was the nineteenth consecutive year that the City has received this prestigious award. In order to be awarded a Certificate of Achievement, the City published an easily readable and efficiently organized Comprehensive Annual Financial Report. This report satisfied both generally accepted accounting principles and applicable legal requirements.

A Certificate of Achievement is valid for a period of one year only. We believe that our current Comprehensive Annual Financial Report continues to meet the Certificate of Achievement Program's requirements and we are submitting it to the GFOA to determine its eligibility for another certificate.

**ACKNOWLEDGMENTS.** The preparation of the Comprehensive 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. Each member of the office has my sincere appreciation for their contributions made in the preparation of this report.

Respectfully submitted,

Michael Nadol (Signed)  
Director of Finance



# Certificate of Achievement for Excellence in Financial Reporting

Presented to

City of Philadelphia,  
Pennsylvania

For its Comprehensive Annual  
Financial Report  
for the Fiscal Year Ended  
June 30, 1998

A Certificate of Achievement for Excellence in Financial Reporting is presented by the Government Finance Officers Association of the United States and Canada to government units and public employee retirement systems whose comprehensive annual financial reports (CAFRs) achieve the highest standards in government accounting and financial reporting.



*Cary Brubaker*  
President

*Jeffrey L. Esler*  
Executive Director



# ORGANIZATION OF PHILADELPHIA'S CITY GOVERNMENT

## VOTERS

### FORMER COUNTY OFFICERS

CITY COMMISSIONERS  
CLERK OF QUARTER SESSIONS  
DISTRICT ATTORNEY  
REGISTER OF WILLS  
SHERIFF

CITY COUNCIL

MAYOR

CITY CONTROLLER

OFFICE OF THE MAYOR  
— CHIEF OF STAFF  
— DEPUTY MAYORS  
— INSPECTOR GENERAL  
— ADVISORY BOARDS

### INDEPENDENT BOARDS AND COMMISSIONS

CITY PLANNING COMMISSION

COMMISSION ON HUMAN RELATIONS

CIVIL SERVICE COMMISSION

BOARD OF PENSIONS & RETIREMENT

BOARD OF TRUSTEES OF FREE LIBRARY

PERSONNEL DIRECTOR

PERSONNEL OFFICE

AUDITING DEPARTMENT

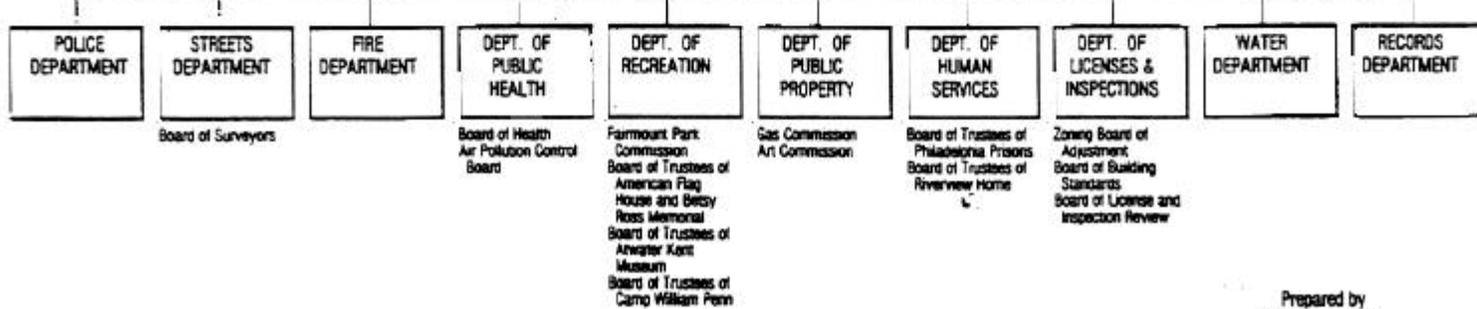
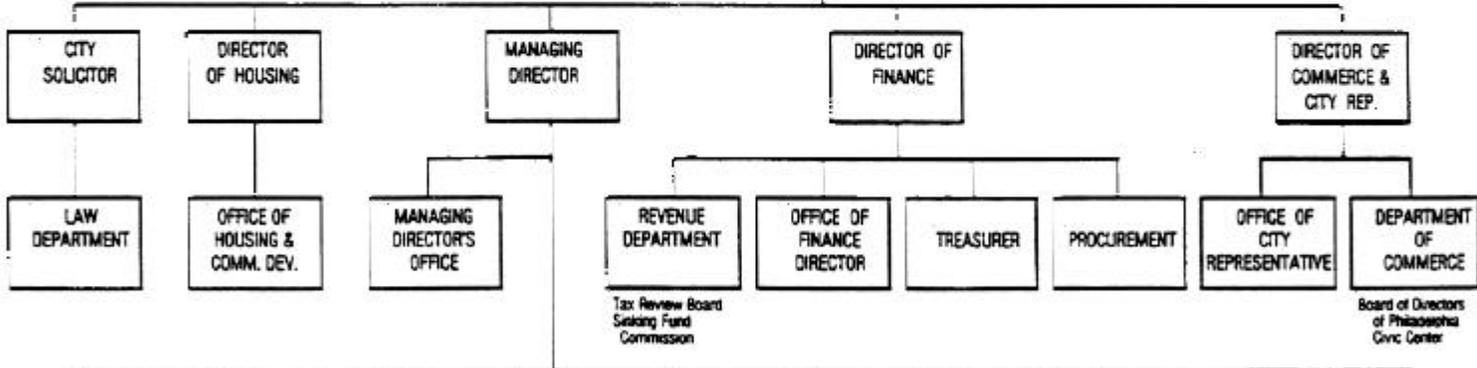
### MAYOR'S ADVISORY BOARDS AND COMMISSIONS

Commission on Asian-American Affairs  
Criminal Justice Coordinating Commission  
Mayor's Commission for Women  
Mayor's Commission on Literacy  
Mayor's Commission on People with Disabilities  
Mayor's Commission on Puerto Rican/Latino Affairs  
Mayor's Commission on Services to the Aging  
Mayor's Commission on Sexual Minorities  
Mayor's Consumer Advisory Council  
Mayor's Cultural Advisory Council  
Mayor's Drug and Alcohol Abuse Executive Commission  
Mayor's Office of Community Services Advisory Board  
Mayor's Scholarship Advisory Committee  
Mayor's Task Force on Transit Safety  
Philadelphia City Scholarship Committee  
Veterans Advisory Commission  
Youth Services Coordinating Commission

### OTHER BOARDS AND COMMISSIONS

Administrative Board  
Board of Ethics  
Board of Revision of Taxes  
Board of Safety and Fire Prevention  
Board of Viewers  
Child Welfare Advisory Board  
Electrical Code Advisory Board  
Fair Housing Commission  
Historical Commission  
Mental Health/Mental Retardation Board

Minority Business Enterprise Council  
Parking Adjudication Advisory Panel  
Philadelphia Housing Policy Board  
Plumbing Advisory Board  
Recycling Advisory Committee  
Vendor Advisory Board



Prepared by  
Law Department  
Designed and Composed by  
Department of Records  
May 1982

CITY OF PHILADELPHIA  
LISTING OF PRINCIPAL OFFICIALS  
AS OF JUNE 30, 1999

---

Elected Officials

Mayor	Edward G. Rendell
City Council	
President, 2nd District	Anna Cibotti Verna
Councilperson, 1st District	Frank DiCicco
Councilperson, 3rd District	Jannie L. Blackwell
Councilperson, 4th District	Michael A. Nutter
Councilperson, 5th District	Darrell L. Clarke
Councilperson, 6th District	Joan L. Krajewski
Councilperson, 7th District	Rick Mariano
Councilperson, 8th District	Donna Reed Miller
Councilperson, 9th District	Marian B. Tasco
Councilperson, 10th District	Brian J. O'Neill
Councilperson-at-Large	Augusta A. Clark
Councilperson-at-Large	David Cohen
Councilperson-at-Large	James F. Kenney
Councilperson-at-Large	W. Thacher Longstreth
Councilperson-at-Large	Angel Ortiz
Councilperson-at-Large	Frank Rizzo
Councilperson-at-Large	Vacant
District Attorney	Lynne M. Abraham
City Controller	Jonathan A. Saidel, Esq.
City Commissioners	
Chairperson	Margaret M. Tartaglione
Commissioner	Alexander Z. Talmadge, Jr.
Commissioner	Joseph Duda
Register of Wills	Ronald R. Donatucci
Clerk of Quarter Sessions	Vivian T. Miller
Sheriff	John Green
First Judicial District of Pennsylvania	
Court of Common Pleas-President Judge	Alex Bonavitacola
Municipal Court-President Judge	Louis J. Prezenza
Traffic Court-President Judge	Frank J. Little

CITY OF PHILADELPHIA  
LISTING OF PRINCIPAL OFFICIALS  
AS OF JUNE 30, 1999

---

Appointed City Officials

Director of Finance	Ben Hayllar
Managing Director	Joseph C. Certaine
City Representative and Director of Commerce	Stephen P. Mullin
City Solicitor	Stephanie Franklin-Suber
Director of Housing	John Kromer
City Treasurer	Whitney H. Reid
Revenue Commissioner	Nancy A. Kammerdeiner
Procurement Commissioner	Louis Applebaum
Police Commissioner	John F. Timoney
Streets Commissioner	Lawrence M. Moy
Fire Commissioner	Harold B. Hairston
Health Commissioner	Estelle B. Richman
Recreation Commissioner	Michael DiBerardinis
Public Property Commissioner	Andres Perez, Jr.
Human Services Commissioner	Joan M. Reeves
Licenses and Inspections Commissioner	Edward J. McLaughlin
Water Commissioner	Kumar Kishinchand
Records Commissioner	Joan T. Decker
Personnel Director	Linda L. Seyda

Appointed School District Officials

Board of Education	
President	Floyd W. Alston
Vice President	Pedro Ramos, Esq.
Member	Andrew N. Farnese, Esq.
Member	Christine James-Brown
Member	David LeVan
Member	Jacques Lurie
Member	Dr. Thomas A. Mills
Member	Deborah R. Parks
Member	Dorothy Sumners Rush
Superintendent of Schools	David W. Hornbeck
Acting Managing Director	Thomas E. McGlinchy





# C I T Y   O F   P H I L A D E L P H I A

OFFICE OF THE CONTROLLER  
12th Floor, Municipal Services Bldg.  
1401 John F. Kennedy Boulevard  
Philadelphia, Pennsylvania 19102-1616  
(215) 686-6684 FAX (215) 686-3832

JONATHAN A. SAIDEL  
City Controller  
ALBERT F. SCAPEROTTO  
Deputy City Controller

## INDEPENDENT AUDITOR'S REPORT

To the Mayor, City Council and  
Citizens of the City of Philadelphia

We have audited the accompanying general-purpose financial statements of the City of Philadelphia, Pennsylvania, as of and for the year ended June 30, 1999, as listed in Part I of the table of contents. These general-purpose financial statements are the responsibility of the City of Philadelphia's management. Our responsibility is to express an opinion on these general-purpose financial statements based on our audit. We did not audit the financial statements of the entities and the percentage of fund types disclosed in Note I-1C. Those financial statements were audited by other auditors whose reports have been furnished to us, and our opinion on the general-purpose financial statements, insofar as it relates to the amounts included for such entities and fund types, is based on the reports of the other auditors.

We conducted our audit in accordance with generally accepted auditing standards and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the general-purpose financial statements are free of material misstatement. The financial statements of the Pennsylvania Intergovernmental Cooperation Authority, Penn's Landing Corporation, Pennsylvania Convention Center Authority, and the Philadelphia Parking Authority discussed in Note I-1, were not audited in accordance with *Government Auditing Standards*. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the general-purpose financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall general-purpose financial statement presentation. We believe that our audit and the reports of other auditors provide a reasonable basis for our opinion.

In our opinion, based on our audit and the reports of other auditors, the general-purpose financial statements referred to above present fairly, in all material respects, the financial position of the City of Philadelphia, Pennsylvania, as of June 30, 1999, and the results of its operations and the cash flows of its proprietary fund types and nonexpendable trust funds for the year then ended in conformity with generally accepted accounting principles.

The year 2000 supplementary information on page 73 is not a required part of the general-purpose financial statements, but is supplementary information required by the Governmental Accounting Standards Board, and we did not audit and do not express an opinion on such information. Further, we were unable to apply to the information certain procedures prescribed by professional standards because of the unprecedented nature of the year 2000 issue and its effects, and the fact that the success of related remediation efforts will not be fully determinable until the year 2000 and thereafter. In addition, we do not provide assurance that the City of Philadelphia is or will become year 2000 compliant, that the City's year 2000 remediation efforts will be successful in whole or in part, or that parties with which the City does business are or will become year 2000 compliant.

In accordance with *Government Auditing Standards*, we have also issued our report dated December 29, 1999 on our consideration of the City of Philadelphia's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grants.

The combining and individual fund and account group financial statements and schedules listed in Parts II, III and IV of the table of contents, which are also the responsibility of the City of Philadelphia's management, are presented for purposes of additional analysis and are not a required part of the general-purpose financial statements of the City of Philadelphia, Pennsylvania. Such information has been subjected to the auditing procedures applied in the audit of the general-purpose financial statements and, based on our audit and the reports of other auditors, in our opinion, is fairly stated in all material respects, in relation to the general-purpose financial statements taken as a whole.

We did not audit the data included in the introductory and statistical sections of the City's Comprehensive Annual Financial Report and, accordingly, we express no opinion or any other form of assurance on such data.

December 29, 1999

ALBERT F. SCAPEROTTO, CPA(Signed)  
Deputy City Controller

JONATHAN A. SAIDEL, CPA(Signed)  
City Controller

**COMBINED STATEMENTS - OVERVIEW**

**GENERAL PURPOSE FINANCIAL STATEMENTS**

**COMBINED STATEMENTS - OVERVIEW**

**GENERAL PURPOSE FINANCIAL STATEMENTS**

CITY OF PHILADELPHIA  
ALL FUND TYPES, ACCOUNT GROUPS AND DISCRETELY PRESENTED COMPONENT UNITS  
COMBINED BALANCE SHEET  
JUNE 30, 1999

Line No.	Governmental Fund Types			
	General Fund	Special Revenue Funds	Debt Service Funds	Capital Improvements Funds
<u>Assets and Other Debits</u>				
1	\$ 3,988,196	\$ 17,508,430	\$ -	\$ -
2	-	-	-	-
3	294,705,905	284,247,755	638,214	150,528,769
4	-	70,052,645	92,074,687	39,257,890
5	17,337,172	250,781	-	-
6	-	-	-	-
7	10,359,140	-	-	410,131
8	-	-	-	-
9	38,714,640	-	-	-
10	254,831,977	746,695	-	-
11	67,702,018	6,293,948	-	685,630
12	(187,754,635)	(1,211,492)	-	(685,630)
13	3,154,694	3,081,333	5,125,107	317,595
14	125,665,564	111,202,576	-	17,230,348
15	13,485,327	-	-	-
16	-	-	-	-
17	-	-	-	-
18	-	-	-	-
19	-	11,940	-	-
20	-	-	-	-
21	-	-	-	-
22	<u>\$ 642,189,998</u>	<u>\$ 492,184,611</u>	<u>\$ 97,838,008</u>	<u>\$ 207,744,733</u>
<u>Liabilities and Fund Equity</u>				
23	\$ -	\$ -	\$ -	\$ -
24	134,876,015	65,248,055	2,677,155	13,404,386
25	61,018,715	2,591,192	-	124,950
26	-	-	-	-
27	-	-	-	-
28	698,753	17,337,172	250,781	-
29	-	-	-	-
30	15,000,000	31,774,039	-	-
31	1,417,667	5,187,533	-	18,657,654
32	1,386,941	-	-	-
33	111,060,223	81,283,182	-	-
34	-	-	-	-
35	-	-	-	-
36	-	-	-	-
37	-	-	-	-
38	-	-	-	-
39	7,241,097	-	-	-
40	<u>332,699,411</u>	<u>203,421,173</u>	<u>2,927,936</u>	<u>32,186,990</u>
Fund Equity and Other Credits:				
41	-	-	-	-
42	-	-	-	-
43	-	-	-	-
Retained Earnings:				
44	-	-	-	-
45	-	-	-	-
Fund Balances:				
46	103,777,194	149,267,766	93,820,072	75,188,196
Unreserved:				
47	-	137,663,331	-	-
48	205,713,393	1,832,341	1,090,000	100,369,547
49	<u>205,713,393</u>	<u>139,495,672</u>	<u>1,090,000</u>	<u>100,369,547</u>
50	<u>309,490,587</u>	<u>288,763,438</u>	<u>94,910,072</u>	<u>175,557,743</u>
51	<u>\$ 642,189,998</u>	<u>\$ 492,184,611</u>	<u>\$ 97,838,008</u>	<u>\$ 207,744,733</u>

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

Proprietary Fund Type	Fiduciary Fund Types	Account Groups		Totals Primary Government (Memorandum Only)	Component Units**	Totals Reporting Entity (Memorandum Only)	Line No.
		General Fixed Assets	General Long-Term Debt				
\$ 30,000	\$ 47,401,676	\$ -	\$ -	\$ 68,928,302	\$ 68,224,985	\$ 137,153,287	1
-	-	-	-	-	118,352,857	118,352,857	2
122,686,831	5,403,665,154	-	-	6,256,472,628	-	6,256,472,628	3
-	23,978,751	-	-	225,363,973	212,978,220	438,342,193	4
-	698,754	-	-	18,286,707	-	18,286,707	5
-	-	-	-	-	49,394,537	49,394,537	6
-	-	-	-	10,769,271	-	10,769,271	7
-	-	-	-	-	55,133,399	55,133,399	8
-	-	-	-	38,714,640	3,429,683	42,144,323	9
-	-	-	-	255,578,672	183,377,360	438,956,032	10
188,217,908	7,358,860	-	-	270,258,364	219,329,245	489,587,609	11
(102,338,838)	-	-	-	(291,990,595)	(154,602,176)	(446,592,771)	12
-	24,116,117	-	-	35,794,846	2,242,690	38,037,536	13
126,385	1,608,274	-	-	255,833,147	49,494,068	305,327,215	14
35,029,503	94,874	-	-	48,609,704	82,814,447	131,424,151	15
1,047,548,654	-	-	-	1,047,548,654	38,849,319	1,086,397,973	16
234,256,078	-	-	-	234,256,078	350,286,834	584,542,912	17
2,303,367,898	-	2,830,365,710	-	5,133,733,608	4,072,077,923	9,205,811,531	18
1,514,719	561,698,268	-	-	563,224,927	217,010,982	780,235,909	19
-	-	-	93,181,858	93,181,858	40,166,751	133,348,609	20
-	-	-	3,567,883,431	3,567,883,431	1,286,276,689	4,854,160,120	21
<u>\$ 3,830,439,138</u>	<u>\$ 6,070,620,728</u>	<u>\$ 2,830,365,710</u>	<u>\$ 3,661,065,289</u>	<u>\$ 17,832,448,215</u>	<u>\$ 6,894,837,813</u>	<u>\$ 24,727,286,028</u>	22
\$ -	\$ -	\$ -	\$ -	\$ -	\$ 161,639,602	\$ 161,639,602	23
55,802,975	10,162,276	-	-	282,170,862	260,382,587	542,553,449	24
4,869,730	104,646	-	-	68,709,233	82,759,799	151,469,032	25
-	2,874,566	-	-	2,874,566	50,121	2,924,687	26
34,829,193	498,484	-	-	35,327,677	67,287,096	102,614,773	27
-	-	-	-	18,286,706	-	18,286,706	28
-	-	-	-	-	37,651,656	37,651,656	29
-	-	-	-	46,774,039	-	46,774,039	30
-	74,529,759	-	-	99,792,613	10,538,351	110,330,964	31
-	8,992,588	-	-	10,379,529	14,345,281	24,724,810	32
30,813,627	4,852,075	-	-	228,009,107	139,568,380	367,577,487	33
51,009,303	-	-	2,081,153,798	2,132,163,101	862,373,004	2,994,536,105	34
2,769,870,000	-	-	-	2,769,870,000	1,290,833,775	4,060,703,775	35
(143,428,864)	-	-	-	(143,428,864)	-	(143,428,864)	36
(69,616,139)	-	-	-	(69,616,139)	(22,722,117)	(92,338,256)	37
-	-	-	68,010,000	68,010,000	-	68,010,000	38
7,303,247	784,250,772	-	1,511,901,491	2,310,696,607	605,801,909	2,916,498,516	39
<u>2,741,453,072</u>	<u>886,265,166</u>	<u>-</u>	<u>3,661,065,289</u>	<u>7,860,019,037</u>	<u>3,510,509,444</u>	<u>11,370,528,481</u>	40
-	-	2,830,365,710	-	2,830,365,710	2,736,509,425	5,566,875,135	41
92,817,408	-	-	-	92,817,408	32,268,899	125,086,307	42
625,641,722	-	-	-	625,641,722	97,692,626	723,334,348	43
250,178,631	-	-	-	250,178,631	97,972,897	348,151,528	44
120,348,305	-	-	-	120,348,305	226,801,611	347,149,916	45
-	5,178,111,777	-	-	5,600,165,005	192,997,424	5,793,162,429	46
-	6,243,785	-	-	143,907,116	2,558,888	146,466,004	47
-	-	-	-	309,005,281	(2,473,401)	306,531,880	48
-	6,243,785	-	-	452,912,397	85,487	452,997,884	49
<u>1,088,986,066</u>	<u>5,184,355,562</u>	<u>2,830,365,710</u>	<u>-</u>	<u>9,972,429,178</u>	<u>3,384,328,369</u>	<u>13,356,757,547</u>	50
<u>\$ 3,830,439,138</u>	<u>\$ 6,070,620,728</u>	<u>\$ 2,830,365,710</u>	<u>\$ 3,661,065,289</u>	<u>\$ 17,832,448,215</u>	<u>\$ 6,894,837,813</u>	<u>\$ 24,727,286,028</u>	51

\*\* The Component Unit Balance Sheet includes the Philadelphia Gas Works Fund which is presented as of the close of their fiscal year, August 31, 1998, the Philadelphia Parking Authority Fund and the Philadelphia Housing Authority which are presented as of the close of their fiscal year, March 31, 1999 and the Community Behavioral Health Fund and the Philadelphia Authority for Industrial Development Fund which are presented as of the close of their fiscal year, December 31, 1998.

CITY OF PHILADELPHIA  
 ALL GOVERNMENTAL FUND TYPES, EXPENDABLE TRUST FUNDS AND  
 DISCRETELY PRESENTED COMPONENT UNITS  
 COMBINED STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN  
 UNRESERVED FUND EQUITY  
 FOR THE FISCAL YEAR ENDED JUNE 30, 1999

	Governmental Fund Types		
	General Fund	Special Revenue Funds	Debt Service Funds
Revenues:			
Tax Revenue	\$ 1,766,719,050	\$ 264,140,061	\$ -
Locally Generated Non-Tax Revenue	175,264,299	86,182,378	13,858,599
Revenue from Other Governments	446,643,849	976,884,197	-
Other Revenues	12,168,312	-	-
<u>Total Revenues</u>	<u>2,400,795,510</u>	<u>1,327,206,636</u>	<u>13,858,599</u>
Expenditures:			
Current Operating:			
Economic Development	50,087,292	5,850,023	-
Transportation	100,725,791	26,857,270	-
Judiciary and Law Enforcement	910,196,849	53,302,207	-
Conservation of Health	143,268,101	390,173,631	-
Housing and Neighborhood Development	4,405,512	55,102,901	-
Cultural and Recreational	116,369,812	13,512,494	-
Improvement of General Welfare	475,061,947	31,723,355	-
Services to Property	263,829,684	821,662	-
General Management and Support	352,112,091	58,866,300	-
Education	-	-	-
Capital Outlay	-	-	-
Debt Service:			
Principal	-	-	105,843,815
Interest	-	-	96,646,666
Bond Issuance Costs	-	-	10,746,102
Lease Purchase	-	-	-
<u>Total Expenditures</u>	<u>2,416,057,079</u>	<u>636,209,843</u>	<u>213,236,583</u>
Excess of Revenues Over (Under) Expenditures	<u>(15,261,569)</u>	<u>690,996,793</u>	<u>(199,377,984)</u>
Other Financing Sources (Uses):			
Proceeds from Bond Sales	-	2,033,653	184,307,156
Proceeds under Pension Service Agreement	1,250,000,000	-	-
Excess Pension Contribution	(1,250,000,000)	-	-
Defeasement	-	-	(194,513,648)
Operating Transfers In	190,381,404	1,140,535	206,907,636
Operating Transfers Out	(112,662,107)	(259,203,048)	(11,087)
Operating Transfers From Component Units	45,881,732	-	-
Operating Transfers To Component Units	(86,424,791)	(427,392,996)	-
Operating Transfers From Primary Government	-	-	-
<u>Total Other Financing Sources (Uses)</u>	<u>37,176,238</u>	<u>(683,421,856)</u>	<u>196,690,057</u>
Excess of Revenues and Other Sources Over (Under) Expenditures and Other Uses	21,914,669	7,574,937	(2,687,927)
Net Income (Loss) from Proprietary Operations	-	-	-
Other Changes in Unreserved Fund Equity:			
(Increase) Decrease in Reserve for Encumbrances	14,596,824	445,921	-
(Increase) in Reserve for Intergovernmental Financing	-	(6,600,197)	-
(Increase) in Reserve for Intergovernmentally Financed Programs	-	(5,648,175)	-
Decrease in Reserve for Public Safety Emergency Phone System	-	3,135,075	-
(Increase) in Reserve for Managed Care	-	(3,510,809)	-
Net Change in Propriety Equity Accounts	-	-	-
(Increase) in Reserve for Self Insurance	-	-	-
Decrease in Reserve for Tax Lien Proceeds	-	-	-
(Increase) in Reserve for Designated Fund Balance	-	-	-
(Increase)Decrease in Reserve for Debt Service	-	-	2,897,927
Net Change in Unreserved Fund Equity for the Year	36,511,493	(4,603,248)	210,000
Fund Equity - Unreserved, July 1, 1998	169,201,900	144,098,920	880,000
Prior Period Adjustments	-	-	-
Fund Equity - Unreserved, July 1, 1998, as Adjusted	<u>169,201,900</u>	<u>144,098,920</u>	<u>880,000</u>
Fund Equity - Unreserved, June 30, 1999	<u>\$ 205,713,393</u>	<u>\$ 139,495,672</u>	<u>\$ 1,090,000</u>

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

	Fiduciary Fund Types		Totals Primary Government (Memorandum Only)	Component Units  Governmental Fund Types	Totals Reporting Entity (Memorandum Only)
Capital Improvement Funds	Expendable Trust Funds				
\$ -	\$ -	\$ 2,030,859,111	\$ 544,247,337	\$ 2,575,106,448	
2,191,619	6,192,912	283,689,807	107,239,968	390,929,775	
21,579,394	-	1,445,107,440	1,403,362,341	2,848,469,781	
148,230	-	12,316,542	3,201,137	15,517,679	
<u>23,919,243</u>	<u>6,192,912</u>	<u>3,771,972,900</u>	<u>2,058,050,783</u>	<u>5,830,023,683</u>	
-	-	55,937,315	-	55,937,315	
-	-	127,583,061	181,028,404	308,611,465	
-	900,424	964,399,480	-	964,399,480	
-	-	533,441,732	-	533,441,732	
-	-	59,508,413	153,550,665	213,059,078	
-	6,539,605	136,421,911	-	136,421,911	
-	121,639	506,906,941	-	506,906,941	
-	-	264,651,346	170,761,937	435,413,283	
-	55,259	411,033,650	137,770,987	548,804,637	
-	-	-	1,118,142,323	1,118,142,323	
115,778,885	-	115,778,885	299,881,546	415,660,431	
-	-	105,843,815	113,169,983	219,013,798	
-	-	96,646,666	40,684,591	137,331,257	
-	-	10,746,102	3,482,990	14,229,092	
-	-	-	-	-	
<u>115,778,885</u>	<u>7,616,927</u>	<u>3,388,899,317</u>	<u>2,218,473,426</u>	<u>5,607,372,743</u>	
<u>(91,859,642)</u>	<u>(1,424,015)</u>	<u>383,073,583</u>	<u>(160,422,643)</u>	<u>222,650,940</u>	
244,876,132	-	431,216,941	257,341,766	688,558,707	
-	-	1,250,000,000	-	1,250,000,000	
-	-	(1,250,000,000)	-	(1,250,000,000)	
-	-	(194,513,648)	(103,736,337)	(298,249,985)	
15,650,576	757,040	414,837,191	-	414,837,191	
(38,750,000)	-	(410,626,242)	-	(410,626,242)	
-	-	45,881,732	-	45,881,732	
(37,600,910)	-	(551,418,697)	-	(551,418,697)	
-	-	-	29,331,250	29,331,250	
<u>184,175,798</u>	<u>757,040</u>	<u>(264,622,723)</u>	<u>182,936,679</u>	<u>(81,686,044)</u>	
92,316,156	(666,975)	118,450,860	22,514,036	140,964,896	
-	-	-	2,302,059	2,302,059	
(3,258,600)	7,795	11,791,940	(1,738,823)	10,053,117	
-	-	(6,600,197)	-	(6,600,197)	
-	-	(5,648,175)	-	(5,648,175)	
-	-	3,135,075	-	3,135,075	
-	-	(3,510,809)	-	(3,510,809)	
-	-	-	(2,220,808)	(2,220,808)	
-	-	-	(598,674)	(598,674)	
-	-	-	5,666,275	5,666,275	
-	-	-	(43,212)	(43,212)	
-	-	2,897,927	(2,985,689)	(87,762)	
<u>89,057,556</u>	<u>(659,180)</u>	<u>120,516,621</u>	<u>22,895,164</u>	<u>143,411,785</u>	
11,311,991	3,741,313	329,234,124	(22,857,787)	306,376,337	
-	-	-	48,110	48,110	
<u>11,311,991</u>	<u>3,741,313</u>	<u>329,234,124</u>	<u>(22,809,677)</u>	<u>306,424,447</u>	
\$ <u>100,369,547</u>	\$ <u>3,082,133</u>	\$ <u>449,750,745</u>	\$ <u>85,487</u>	\$ <u>449,836,232</u>	

CITY OF PHILADELPHIA  
 ALL PROPRIETARY FUND TYPES, NON-EXPENDABLE TRUST FUNDS AND DISCRETELY PRESENTED COMPONENT UNITS  
 COMBINED STATEMENT OF REVENUES, EXPENSES AND CHANGES IN UNRESERVED RETAINED EARNINGS/FUND BALANCES  
 FOR THE FISCAL YEAR ENDED JUNE 30, 1999

EXHIBIT I-A-3

	Proprietary Fund Types Enterprise Funds	Fiduciary Fund Types Departmental Non-Expendable Trust Fund	Totals Primary Government (Memorandum Only)	Component Units Enterprise Funds	Totals Reporting Entity (Memorandum Only)
Operating Revenues:					
Charges for Goods and Services	\$ 393,515,814	\$ -	\$ 393,515,814	\$ 490,956,125	\$ 884,471,939
Sales of Land and Improvements	929,063	-	929,063	2,394,174	3,323,237
Rentals and Concessions	74,784,563	-	74,784,563	110,513,236	185,297,799
Interest and Dividends	-	199,749	199,749	-	199,749
Net Increase(Decrease) in the Fair Value of Investments	-	497,662	497,662	-	497,662
Miscellaneous Operating Revenues	6,262,889	34,124	6,297,013	16,200,597	22,497,610
<b>Total Operating Revenues</b>	<b>475,492,329</b>	<b>731,535</b>	<b>476,223,864</b>	<b>620,064,132</b>	<b>1,096,287,996</b>
Operating Expenses:					
Personal Services	127,297,279	-	127,297,279	101,658,784	228,956,063
Purchase of Services	95,450,377	-	95,450,377	140,137,480	235,587,857
Materials and Supplies	26,246,876	-	26,246,876	8,249,187	34,496,063
Employee Benefits	55,410,714	-	55,410,714	18,923,606	74,334,320
Indemnities and Taxes	9,354,033	-	9,354,033	1,176,096	10,530,129
Depreciation and Amortization	119,255,395	-	119,255,395	56,953,532	176,208,927
Cost of Goods Sold	1,752,398	-	1,752,398	275,077,297	276,829,695
Other Operating Expenses	-	221,254	221,254	349,918,152	350,139,406
<b>Total Operating Expenses</b>	<b>434,767,072</b>	<b>221,254</b>	<b>434,988,326</b>	<b>952,094,134</b>	<b>1,387,082,460</b>
Operating Income (Loss)	40,725,257	510,281	41,235,538	(332,030,002)	(290,794,464)
Non-Operating Revenues (Expenses):					
Operating Grants	5,748,794	-	5,748,794	19,567,860	25,316,654
Passenger Facility Charges	31,185,137	-	31,185,137	-	31,185,137
Other Income	-	-	-	7,332,491	7,332,491
Interest Income	54,342,888	-	54,342,888	15,374,324	69,717,212
Debt Service - Interest	(121,742,371)	-	(121,742,371)	(66,929,837)	(188,672,208)
Other Expenses	(14,794,424)	-	(14,794,424)	(17,279,656)	(32,074,080)
<b>Total Non-Operating Revenues (Expenses)</b>	<b>(45,259,976)</b>	<b>-</b>	<b>(45,259,976)</b>	<b>(41,934,818)</b>	<b>(87,194,794)</b>
Income (Loss) Before Operating Transfers	(4,534,719)	510,281	(4,024,438)	(373,964,820)	(377,989,258)
Operating Transfers Out	(4,137,590)	(73,359)	(4,210,949)	-	(4,210,949)
Operating Transfers from Component Unit	20,466,349	-	20,466,349	-	20,466,349
Operating Transfers to Component Unit	(2,838,097)	-	(2,838,097)	-	(2,838,097)
Operating Transfers from Primary Government	-	-	-	428,362,146	428,362,146
Operating Transfers to Primary Government	-	-	-	(67,417,355)	(67,417,355)
<b>Net Income</b>	<b>8,955,943</b>	<b>436,922</b>	<b>9,392,865</b>	<b>(13,020,029)</b>	<b>(3,627,164)</b>
Other Changes in Unreserved Retained Earnings:					
Credit Arising from Transfer of Depreciation to Contributed Capital - Other Sources	27,616,647	-	27,616,647	-	27,616,647
(Increase) in Reserve for Capital Purposes	(21,598,216)	-	(21,598,216)	-	(21,598,216)
(Increase) in Reserve for Trust Principal	-	(247,707)	(247,707)	-	(247,707)
(Increase) in Reserve for Debt Service	-	-	-	(4,126,646)	(4,126,646)
Decrease in Reserve for Rate Stabilization	6,142,261	-	6,142,261	-	6,142,261
Net Change in Unreserved Retained Earnings/ Fund Balance for the Year	21,116,635	189,215	21,305,850	(17,146,675)	4,159,175
Retained Earnings/Fund Balance - Unreserved, July 1, 1998	99,231,670	2,972,437	102,204,107	241,891,547	344,095,654
Adjustments	-	-	-	2,056,739	2,056,739
Retained Earnings/Fund Balance - Unreserved, July 1, 1998	99,231,670	2,972,437	102,204,107	243,948,286	346,152,393
Retained Earnings/Fund Balance - Unreserved, June 30, 1999	\$ 120,348,305	\$ 3,161,652	\$ 123,509,957	\$ 226,801,611	\$ 350,311,568

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

CITY OF PHILADELPHIA  
 ALL PROPRIETARY FUND TYPES, NON-EXPENDABLE TRUST FUNDS AND DISCRETELY PRESENTED COMPONENT UNITS  
 COMBINED STATEMENT OF CASH FLOWS  
 FOR THE FISCAL YEAR ENDED JUNE 30, 1999

EXHIBIT I-A-4

	<u>Proprietary Fund Types</u>	<u>Fiduciary Fund Types Departmental Non-Expendable Trust Funds</u>	<u>Totals Primary Government (Memorandum Only)</u>	<u>Component Units Enterprise Funds</u>	<u>Totals Reporting Entity (Memorandum Only)</u>
<b>Cash Flows from Operating Activities:</b>					
Operating Income (Loss)	\$ 40,725,257	\$ 510,281	\$ 41,235,538	\$ (332,030,002)	\$ (290,794,464)
Adjustments to Reconcile Operating Income to Net Cash Provided by Operating Activities:					
Depreciation and Amortization	119,255,395	-	119,255,395	56,953,532	176,208,927
Provision for Uncollectible Accounts	(34,660,378)	-	(34,660,378)	(12,395,225)	(47,055,603)
Investing Activities	-	(554,893)	(554,893)	-	(554,893)
Changes in Assets and Liabilities:					
(Increase) Decrease in Receivables	30,185,709	(11,509)	30,174,200	70,292,431	100,466,631
(Increase) Decrease in Inventories	475,502	-	475,502	1,763,892	2,239,394
(Increase) Decrease in Other Current Assets	-	-	-	(2,433,412)	(2,433,412)
(Increase) Decrease in Other Long-Term Assets	-	-	-	(1,365,147)	(1,365,147)
Increase (Decrease) in Payables	14,803,332	17,512	14,820,844	(15,886,775)	(1,065,931)
Increase (Decrease) in Accrued Expenses	(6,060,417)	-	(6,060,417)	4,802,804	(1,257,613)
Increase (Decrease) in Funds Held in Escrow	-	-	-	(920,110)	(920,110)
Increase (Decrease) in Deferred Revenue	(1,053,328)	-	(1,053,328)	3,649,831	2,596,503
Increase (Decrease) in Other Liabilities	-	-	-	(5,457,251)	(5,457,251)
<b>Net Cash Provided (Used) by Operating Activities</b>	<u>163,671,072</u>	<u>(38,609)</u>	<u>163,632,463</u>	<u>(233,025,432)</u>	<u>(69,392,969)</u>
<b>Cash Flows from Non-Capital Financing Activities:</b>					
Operating Grants Received	5,622,409	-	5,622,409	19,567,860	25,190,269
Other Non-Capital Financing Income	-	-	-	7,217,058	7,217,058
Other Non-Capital Financing Expenses	(14,199,823)	-	(14,199,823)	(5,585,210)	(19,785,033)
Operating Transfers To Primary Government	(4,137,590)	(73,359)	(4,210,949)	(67,417,355)	(71,628,304)
Operating Transfers From Primary Government	-	-	-	428,362,146	428,362,146
Operating Transfers From Component Units	20,466,349	-	20,466,349	-	20,466,349
Operating Transfers To Component Units	(2,838,097)	-	(2,838,097)	-	(2,838,097)
Changes in Assets and Liabilities:					
(Increase) Decrease in Restricted Assets	-	-	-	(3,162)	(3,162)
Increase (Decrease) in Other Liabilities	5,710,457	-	5,710,457	214,611	5,925,068
<b>Net Cash Provided (Used) in Non-Capital Financing Activities</b>	<u>10,623,705</u>	<u>(73,359)</u>	<u>10,550,346</u>	<u>382,355,948</u>	<u>392,906,294</u>
<b>Cash Flows from Capital and Related Financing Activities:</b>					
Proceeds from Sale of Bonds	573,098,384	-	573,098,384	186,356,572	759,454,956
Bond Issuance Expenses	(7,264,304)	-	(7,264,304)	(98,358)	(7,362,662)
Principal Paid on Debt Instruments	(205,251,135)	-	(205,251,135)	(86,153,902)	(291,405,037)
Interest Paid on Debt Instruments	(131,454,547)	-	(131,454,547)	(67,743,840)	(199,198,387)
Acquisition and Construction of Capital Assets	(213,164,468)	-	(213,164,468)	(106,656,102)	(319,820,570)
Disposal of Capital Assets	-	-	-	(85,799)	(85,799)
Capital Grants	30,913,022	-	30,913,022	3,292,974	34,205,996
Contributions Received	10,149,864	-	10,149,864	339,825	10,489,689
Passenger Facility Charge	28,826,833	-	28,826,833	-	28,826,833
Changes in Assets and Liabilities:					
(Increase) Decrease in Receivables	-	-	-	(2,641,836)	(2,641,836)
(Increase) Decrease in Restricted Assets	26,200,361	-	26,200,361	(46,340,458)	(20,140,097)
Increase (Decrease) in Other Liabilities	6,080,966	-	6,080,966	-	6,080,966
Increase (Decrease) in Funds Held in Escrow	-	-	-	(1,034,131)	(1,034,131)
(Increase) Decrease in Deferred Bond Issuance Costs	-	-	-	(287,200)	(287,200)
(Increase) Decrease in Payables	-	-	-	(341,465)	(341,465)
<b>Net Cash Provided (Used) in Capital and Related Financing Activities</b>	<u>118,134,976</u>	<u>-</u>	<u>118,134,976</u>	<u>(121,393,720)</u>	<u>(3,258,744)</u>
<b>Cash Flows from Investing Activities:</b>					
Purchase of Investments	-	(194,666)	(194,666)	(251,593,992)	(251,788,658)
Proceeds from Sale of Investments	-	16,000	16,000	234,887,613	234,903,613
Interest and Dividends on Investments	53,054,804	198,533	53,253,337	14,142,788	67,396,125
<b>Net Cash Provided by Investing Activities</b>	<u>53,054,804</u>	<u>19,867</u>	<u>53,074,671</u>	<u>(2,563,591)</u>	<u>50,511,080</u>
Net Increase (Decrease) in Cash and Cash Equivalents	345,484,557	(92,101)	345,392,456	25,373,205	370,765,661
Cash and Cash Equivalents, July 1, 1998	824,780,928	397,606	825,178,534	63,405,128	888,583,662
Cash and Cash Equivalents, June 30, 1999	<u>\$ 1,170,265,485</u>	<u>\$ 305,505</u>	<u>\$ 1,170,570,990</u>	<u>\$ 88,778,333</u>	<u>\$ 1,259,349,323</u>
<b>Reconciliation to Combined Balance Sheet:</b>					
Included in:					
Equity in Treasurer's Account	\$ 122,686,831	\$ -	\$ 122,686,831	\$ -	\$ 122,686,831
Cash on Deposit	30,000	305,505	335,505	49,929,014	50,264,519
Restricted Assets	1,047,548,654	-	1,047,548,654	38,849,319	1,086,397,973
Cash and Cash Equivalents, June 30, 1999	<u>\$ 1,170,265,485</u>	<u>\$ 305,505</u>	<u>\$ 1,170,570,990</u>	<u>\$ 88,778,333</u>	<u>\$ 1,259,349,323</u>

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

CITY OF PHILADELPHIA  
GENERAL AND SPECIAL REVENUE FUNDS (EXCEPT MUNICIPAL AUTHORITY AND PICA FUNDS)  
CAPITAL IMPROVEMENT FUNDS (EXCEPT MUNICIPAL AUTHORITY FUND)  
COMBINED STATEMENT OF REVENUES, EXPENDITURES, ENCUMBRANCES AND CHANGES IN FUND BALANCES  
BUDGET (LEGAL BASIS) AND ACTUAL  
FOR THE FISCAL YEAR ENDED JUNE 30, 1999

	General Fund		
	Revised Budget	Actual	Variance Favorable (Unfavorable)
Revenues:			
Tax Revenue	\$ 1,716,927,000	\$ 1,766,631,455	\$ 49,704,455
Locally Generated Non-Tax Revenue	186,506,000	193,141,045	6,635,045
Revenue from Other Governments	620,210,000	606,413,465	(13,796,535)
Revenue from Other Funds	62,749,000	61,920,930	(828,070)
Total Revenues	2,586,392,000	2,628,106,895	41,714,895
Other Sources:			
Increase (Decrease) in Unreimbursed Commitments	-	-	-
Proceeds from Bond Sales	-	-	-
(Increase) in Financed Reserves	-	-	-
<u>Total Revenues and Other Sources</u>	<u>2,586,392,000</u>	<u>2,628,106,895</u>	<u>41,714,895</u>
Expenditures and Encumbrances:			
Personal Services:			
Personal Services	1,023,614,582	1,018,378,831	5,235,751
Pension Contributions	224,904,634	224,904,634	-
Other Employee Benefits	263,203,653	263,203,653	-
Sub-total	1,511,722,869	1,506,487,118	5,235,751
Purchase of Services	818,795,778	794,031,363	24,764,415
Materials and Supplies	52,827,432	51,710,203	1,117,229
Equipment	34,110,652	33,535,064	575,588
Contributions, Indemnities and Taxes	90,267,236	90,231,712	35,524
Debt Service - Principal	41,729,702	41,729,702	-
Debt Service - Interest	27,642,205	27,642,205	-
Short-Term Interest	14,834,247	14,834,247	-
Payments to Other Funds	28,863,015	27,116,557	1,746,458
Advances, Subsidies, Miscellaneous	29,264,528	29,264,528	-
Capital Outlay	-	-	-
<u>Total Expenditures and Encumbrances</u>	<u>2,650,057,664</u>	<u>2,616,582,699</u>	<u>33,474,965</u>
Operating Surplus (Deficit) for the Year	\$ <u>(63,665,664)</u>	<u>11,524,196</u>	\$ <u>75,189,860</u>
Fund Balance Available for Appropriation, July 1, 1998		169,201,900	
Adjustments to Prior Fiscal Year Revenues, Expenditures and Encumbrances:			
Commitments Cancelled - Net		30,707,530	
Revenue Adjustments - Net		(7,261,826)	
Prior Period Adjustments		1,541,593	
Other Adjustments		-	
Adjusted Fund Balance, July 1, 1998		<u>194,189,197</u>	
Fund Balance Available for Appropriation, June 30, 1999		\$ <u>205,713,393</u>	

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

Special Revenue Funds			Capital Improvement Funds		
Revised Budget	Actual	Variance Favorable (Unfavorable)	Revised Budget	Actual	Variance Favorable (Unfavorable)
\$ 19,900,000	\$ 20,824,332	\$ 924,332	\$ -	\$ -	\$ -
49,463,818	45,053,535	(4,410,283)	451,278,000	11,095,400	(440,182,600)
1,066,685,427	977,561,179	(89,124,248)	267,576,000	22,132,773	(245,443,227)
-	-	-	-	-	-
<u>1,136,049,245</u>	<u>1,043,439,046</u>	<u>(92,610,199)</u>	<u>718,854,000</u>	<u>33,228,173</u>	<u>(685,625,827)</u>
-	(1,651,119)	(1,651,119)	-	(6,416,006)	(6,416,006)
-	-	-	-	244,876,132	244,876,132
-	(6,023,909)	(6,023,909)	-	-	-
<u>1,136,049,245</u>	<u>1,035,764,018</u>	<u>(100,285,227)</u>	<u>718,854,000</u>	<u>271,688,299</u>	<u>(447,165,701)</u>
101,971,936	91,256,371	10,715,565	-	-	-
7,123,750	6,346,799	776,951	-	-	-
10,842,686	9,466,906	1,375,780	-	-	-
<u>119,938,372</u>	<u>107,070,076</u>	<u>12,868,296</u>	-	-	-
1,078,406,331	872,442,992	205,963,339	-	-	-
17,845,389	14,271,931	3,573,458	-	-	-
11,663,820	9,351,991	2,311,829	-	-	-
23,362,354	23,862,781	(500,427)	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
18,294,477	17,749,800	544,677	-	-	-
43,502,593	-	43,502,593	-	-	-
-	-	-	718,854,000	186,159,912	532,694,088
<u>1,313,013,336</u>	<u>1,044,749,571</u>	<u>268,263,765</u>	<u>718,854,000</u>	<u>186,159,912</u>	<u>532,694,088</u>
\$ <u>(176,964,091)</u>	<u>(8,985,553)</u>	\$ <u>167,978,538</u>	\$ -	85,528,387	\$ 85,528,387
	143,436,139			(28,544,140)	
	9,128,337			4,943,417	
	(8,167,398)			-	
	3,580,715			(141,186)	
	-			129,938	
	<u>147,977,793</u>			<u>(23,611,971)</u>	
	\$ <u>138,992,240</u>			\$ <u>61,916,416</u>	

CITY OF PHILADELPHIA  
PENSION TRUST FUNDS  
STATEMENT OF CHANGES IN PLAN NET ASSETS  
FOR THE FISCAL YEAR ENDED JUNE 30, 1999

EXHIBIT I-A-6

	<u>Gas Works Retirement Reserve Fund</u>	<u>Municipal Pension Fund</u>	<u>Totals Pension Trust Funds</u>
Additions:			
Contributions:			
Employer's Contributions	\$ 2,282,591	\$ 1,511,634,837	\$ 1,513,917,428
Employees' Contributions	<u>-</u>	<u>49,221,539</u>	<u>49,221,539</u>
 Total Contributions	 <u>2,282,591</u>	 <u>1,560,856,376</u>	 <u>1,563,138,967</u>
Investment Income:			
Interest and Dividends	19,344,446	119,281,571	138,626,017
Net Appreciation in Fair Value of Investments	9,632,321	273,853,357	283,485,678
(Less) Investments Expenses	(1,816,158)	(11,545,671)	(13,361,829)
Securities Lending Revenue	904,693	21,062,121	21,966,814
(Less) Securities Lending Expenses	<u>(856,604)</u>	<u>(19,583,180)</u>	<u>(20,439,784)</u>
 Net Investment Income	 <u>27,208,698</u>	 <u>383,068,198</u>	 <u>410,276,896</u>
Miscellaneous Operating Revenues	-	239,426	239,426
 <u>Total Additions</u>	 <u>29,491,289</u>	 <u>1,944,164,000</u>	 <u>1,973,655,289</u>
Deductions:			
Personal Services	-	2,250,256	2,250,256
Purchase of Services	-	979,991	979,991
Materials and Supplies	-	134,751	134,751
Employee Benefits	-	931,449	931,449
Pension Benefits	27,360,547	434,035,548	461,396,095
Refunds of Members' Contributions	-	4,204,945	4,204,945
Other Operating Expenses	<u>-</u>	<u>139,220</u>	<u>139,220</u>
 <u>Total Deductions</u>	 <u>27,360,547</u>	 <u>442,676,160</u>	 <u>470,036,707</u>
 <u>Net Increase</u>	 <u>2,130,742</u>	 <u>1,501,487,840</u>	 <u>1,503,618,582</u>
Net Assets Held in Trust for Pension Benefits - July 1, 1998	420,571,549	3,248,849,102	3,669,420,651
Net Assets Held in Trust for Pension Benefits - June 30, 1999	<u>\$ 422,702,291</u>	<u>\$ 4,750,336,942</u>	<u>\$ 5,173,039,233</u>

CITY OF PHILADELPHIA  
 COMPONENT UNITS - ALL FUND TYPES  
 COMBINING BALANCE SHEET  
 JUNE 30, 1999\*

EXHIBIT I-A-7

	Combined Governmental Fund Types	Combined Proprietary Fund Types	Community College of Philadelphia	Totals Component Units
<u>Assets and Other Debits</u>				
Cash on Deposit and on Hand	\$ 17,096,961	\$ 49,929,014	\$ 1,199,010	\$ 68,224,985
Equity in Pooled Cash and Investments	118,352,857	-	-	118,352,857
Investments	162,748,950	24,948,868	25,280,402	212,978,220
Due from Primary Government	15,000,000	34,394,537	-	49,394,537
Amounts Held by Fiscal Agent	55,133,399	-	-	55,133,399
Taxes Receivable	183,377,360	-	-	183,377,360
Accounts Receivable	11,540,103	206,107,925	1,681,217	219,329,245
Allowance for Doubtful Accounts	(87,724,092)	(66,878,084)	-	(154,602,176)
Interest and Dividends Receivable	1,665,479	423,345	153,866	2,242,690
Notes Receivable	1,695,789	1,733,894	-	3,429,683
Due from Other Governmental Units	44,741,101	3,724,207	1,028,760	49,494,068
Inventories	5,696,585	77,117,862	-	82,814,447
Restricted Assets - Cash and Cash Equivalents	-	38,849,319	-	38,849,319
Restricted Assets - Other Assets	-	342,259,861	8,026,973	350,286,834
Property, Plant and Equipment - Net	2,740,073,121	1,244,030,989	87,973,813	4,072,077,923
Other Assets	10,825,531	205,794,925	390,526	217,010,982
Amount Available in Debt Service Funds	40,166,751	-	-	40,166,751
Amount to be Provided for Retirement of Long-Term Obligations	1,286,276,689	-	-	1,286,276,689
<b>Total Assets and Other Debits</b>	<b>\$ 4,606,666,584</b>	<b>\$ 2,162,436,662</b>	<b>\$ 125,734,567</b>	<b>\$ 6,894,837,813</b>
<u>Liabilities and Fund Equity</u>				
Notes Payable	\$ 13,064,101	\$ 111,720,082	\$ 36,855,419	\$ 161,639,602
Vouchers and Accounts Payable	90,562,257	166,755,243	3,065,087	260,382,587
Salaries and Wages Payable	71,235,697	3,350,795	8,173,307	82,759,799
Payroll Taxes Payable	-	-	50,121	50,121
Accrued Expenses	9,387,914	57,582,102	317,080	67,287,096
Due to Primary Government	-	37,651,656	-	37,651,656
Funds Held in Escrow and Advance Deposits	3,077,065	7,350,256	111,030	10,538,351
Due to Other Governmental Units	11,765,057	1,612,772	967,452	14,345,281
Deferred Revenue	96,915,975	40,946,829	1,705,576	139,568,380
General Obligation Bonds	862,373,004	-	-	862,373,004
Revenue Bonds	-	1,290,833,775	-	1,290,833,775
Unamortized Discount on Revenue Bonds	-	(22,722,117)	-	(22,722,117)
Other Liabilities	506,162,886	99,639,023	-	605,801,909
<b>Total Liabilities</b>	<b>1,664,543,956</b>	<b>1,794,720,416</b>	<b>51,245,072</b>	<b>3,510,509,444</b>
Fund Equity and Other Credits:				
Investment in General Fixed Assets	2,736,509,425	-	-	2,736,509,425
Contributed Capital - Local Sources	7,237,827	25,031,072	-	32,268,899
Contributed Capital - Other Sources	-	97,692,626	-	97,692,626
Retained Earnings:				
Reserved	5,292,465	18,190,937	74,489,495	97,972,897
Unreserved	-	226,801,611	-	226,801,611
Fund Balances:				
Reserved	192,997,424	-	-	192,997,424
Unreserved:				
Designated	2,558,888	-	-	2,558,888
Undesignated Fund Balance	(2,473,401)	-	-	(2,473,401)
<b>Total Unreserved Fund Balances</b>	<b>85,487</b>	<b>-</b>	<b>-</b>	<b>85,487</b>
<b>Total Fund Equity and Other Credits</b>	<b>2,942,122,628</b>	<b>367,716,246</b>	<b>74,489,495</b>	<b>3,384,328,369</b>
<b>Total Liabilities, Fund Equity and Other Credits</b>	<b>\$ 4,606,666,584</b>	<b>\$ 2,162,436,662</b>	<b>\$ 125,734,567</b>	<b>\$ 6,894,837,813</b>

\* Refer to Exhibit I-A-8 and Exhibit I-A-11

CITY OF PHILADELPHIA  
 COMPONENT UNITS - PROPRIETARY FUND TYPES  
 COMBINING BALANCE SHEET  
 JUNE 30, 1999\*

Line No.		Philadelphia Gas Works	Philadelphia Redevelopment Authority	Philadelphia Housing Development Corporation	Philadelphia Parking Authority
<u>Assets and Other Debits</u>					
1	Cash on Deposit and on Hand	\$ 9,883,206	\$ 3,558,126	\$ 4,258,584	\$ 5,680,907
2	Investments	-	-	-	22,873,719
3	Due from Primary Government	-	-	1,702,376	-
4	Accounts Receivable	97,347,806	8,393,446	-	982,199
5	Allowance for Doubtful Accounts	(64,723,845)	(2,025,720)	-	-
6	Interest and Dividends Receivable	-	-	-	409,295
7	Notes Receivable	-	-	-	-
8	Due from Other Governmental Units	-	-	2,675,328	-
9	Inventories	52,448,315	18,628,132	6,041,415	-
10	Restricted Assets - Cash and Cash Equivalents	-	38,154,193	-	206,622
11	Restricted Assets - Other Assets	150,734,286	88,704,880	-	64,308,984
12	Property, Plant and Equipment - Net	821,366,607	6,513,481	-	108,657,438
13	Other Assets	162,304,721	30,504,593	1,109,557	620,017
14	<u>Total Assets and Other Debits</u>	<u>\$ 1,229,361,096</u>	<u>\$ 192,431,131</u>	<u>\$ 15,787,260</u>	<u>\$ 203,739,181</u>
<u>Liabilities and Fund Equity</u>					
15	Notes Payable	\$ 56,190,616	\$ 31,859,405	-	\$ 21,825,547
16	Vouchers and Accounts Payable	29,427,700	10,957,160	9,332,763	9,333,389
17	Salaries and Wages Payable	2,446,536	-	904,259	-
18	Accrued Expenses	7,012,387	37,498,198	797,558	-
19	Due to Primary Government	3,000,000	-	410,131	20,466,349
20	Funds Held in Escrow and Advance Deposits	1,331,186	5,023,182	303,124	-
21	Due to Other Governmental Units	-	-	55,545	-
22	Deferred Revenue	4,947,382	-	481,819	-
23	Revenue Bonds	797,658,775	63,905,000	-	155,225,000
24	Unamortized Discount on Revenue Bonds	(7,294,941)	-	-	(6,074,670)
25	Other Liabilities	82,680,490	-	2,620,893	2,413,180
26	<u>Total Liabilities</u>	<u>977,400,131</u>	<u>149,242,945</u>	<u>14,906,092</u>	<u>203,188,795</u>
Fund Equity:					
27	Contributed Capital - Local Sources	-	-	2,550,000	-
28	Contributed Capital - Other Sources	-	-	592,626	-
Retained Earnings:					
29	Reserved	-	5,408,830	-	12,782,107
30	Unreserved	251,960,965	37,779,356	(2,261,458)	(12,231,721)
31	<u>Total Fund Equity</u>	<u>251,960,965</u>	<u>43,188,186</u>	<u>881,168</u>	<u>550,386</u>
32	<u>Total Liabilities and Fund Equity</u>	<u>\$ 1,229,361,096</u>	<u>\$ 192,431,131</u>	<u>\$ 15,787,260</u>	<u>\$ 203,739,181</u>

\* The Component Unit-Proprietary Fund Types Balance Sheet includes the Philadelphia Gas Works which is presented at the close of their fiscal year, August 31, 1998, the Philadelphia Parking Authority Fund and the Philadelphia Housing Authority which are presented as of the close of their fiscal year, March 31, 1999 and the Community Behavioral Health Fund and the Philadelphia Authority for Industrial Development Fund which are presented as of the close of their fiscal year, December 31, 1998.

EXHIBIT I-A-8

Pennsylvania Convention Center Authority	Penn's Landing Corporation	Community Behavioral Health	Philadelphia Authority for Industrial Development	Total Proprietary Fund Types	Line No.
\$ 1,154,350	\$ 19,507,942	\$ 4,223,421	\$ 1,662,478	\$ 49,929,014	1
2,075,149	-	-	-	24,948,868	2
7,587,565	-	24,392,987	711,609	34,394,537	3
1,032,045	531,894	80,026,868	17,793,667	206,107,925	4
(64,903)	(63,616)	-	-	(66,878,084)	5
-	-	-	14,050	423,345	6
-	-	-	1,733,894	1,733,894	7
-	-	-	1,048,879	3,724,207	8
-	-	-	-	77,117,862	9
-	-	-	488,504	38,849,319	10
38,511,711	-	-	-	342,259,861	11
296,111,154	8,811,237	2,571,072	-	1,244,030,989	12
3,076,401	137,608	7,774,131	267,897	205,794,925	13
<u>\$ 349,483,472</u>	<u>\$ 28,925,065</u>	<u>\$ 118,988,479</u>	<u>\$ 23,720,978</u>	<u>\$ 2,162,436,662</u>	14
\$ -	\$ 1,844,514	\$ -	\$ -	\$ 111,720,082	15
1,036,703	712,764	104,542,407	1,412,357	166,755,243	16
-	-	-	-	3,350,795	17
11,649,803	624,156	-	-	57,582,102	18
10,359,140	-	-	3,416,036	37,651,656	19
-	-	-	692,764	7,350,256	20
-	-	-	1,557,227	1,612,772	21
879,320	20,107,699	-	14,530,609	40,946,829	22
274,045,000	-	-	-	1,290,833,775	23
(9,352,506)	-	-	-	(22,722,117)	24
-	49,460	11,875,000	-	99,639,023	25
<u>288,617,460</u>	<u>23,338,593</u>	<u>116,417,407</u>	<u>21,608,993</u>	<u>1,794,720,416</u>	26
19,910,000	-	2,571,072	-	25,031,072	27
97,100,000	-	-	-	97,692,626	28
-	-	-	-	18,190,937	29
(56,143,988)	5,586,472	-	2,111,985	226,801,611	30
<u>60,866,012</u>	<u>5,586,472</u>	<u>2,571,072</u>	<u>2,111,985</u>	<u>367,716,246</u>	31
<u>\$ 349,483,472</u>	<u>\$ 28,925,065</u>	<u>\$ 118,988,479</u>	<u>\$ 23,720,978</u>	<u>\$ 2,162,436,662</u>	32

CITY OF PHILADELPHIA  
 COMPONENT UNITS - PROPRIETARY FUND TYPES  
 COMBINING STATEMENT OF REVENUES, EXPENSES AND CHANGES IN UNRESERVED RETAINED EARNINGS  
 FOR THE FISCAL YEAR ENDED JUNE 30, 1999\*

	Philadelphia Gas Works	Philadelphia Redevelopment Authority	Philadelphia Housing Development Corporation	Philadelphia Parking Authority
Operating Revenues:				
Charges for Goods and Services	\$ 488,768,082	\$ -	\$ -	\$ -
Sales of Land and Improvements	-	2,290,508	103,666	-
Rentals and Concessions	-	-	2,341,664	91,550,610
Miscellaneous Operating Revenues	8,926,652	-	106,701	-
<u>Total Operating Revenues</u>	<u>497,694,734</u>	<u>2,290,508</u>	<u>2,552,031</u>	<u>91,550,610</u>
Operating Expenses:				
Personal Services	66,101,418	9,583,347	5,733,252	14,152,087
Purchase of Services	56,186,870	45,547,001	1,815,016	6,036,358
Materials and Supplies	7,443,405	-	-	-
Employee Benefits	8,500,363	-	2,798,214	6,390,706
Indemnities and Taxes	-	-	-	1,176,096
Depreciation and Amortization	41,019,101	1,019,940	163,112	4,165,174
Cost of Goods Sold	246,698,725	-	28,378,572	-
Other Operating Expenses	25,684,449	1,501,014	2,317,583	16,641,727
<u>Total Operating Expenses</u>	<u>451,634,331</u>	<u>57,651,302</u>	<u>41,205,749</u>	<u>48,562,148</u>
Operating Income (Loss)	<u>46,060,403</u>	<u>(55,360,794)</u>	<u>(38,653,718)</u>	<u>42,988,462</u>
Non-Operating Revenues (Expenses):				
Operating Grants	-	5,632,400	8,033,946	-
Other Income	1,021,901	6,310,590	-	-
Interest Income	3,927,407	4,867,633	161,875	2,770,854
Other Expenses	(7,007,704)	-	-	(6,259,167)
Debt Service - Interest	(43,027,568)	(5,066,233)	-	-
<u>Total Non-Operating Revenues (Expenses)</u>	<u>(45,085,964)</u>	<u>11,744,390</u>	<u>8,195,821</u>	<u>(3,488,313)</u>
Income (Loss) Before Operating Transfers	974,439	(43,616,404)	(30,457,897)	39,500,149
Operating Transfers from Primary Government	-	47,193,910	30,700,065	-
Operating Transfers to Primary Government	(18,000,000)	-	-	(37,988,941)
<u>Net Income (Loss)</u>	<u>(17,025,561)</u>	<u>3,577,506</u>	<u>242,168</u>	<u>1,511,208</u>
Other Changes in Unreserved Retained Earnings (Increase) in Reserve for Debt Service	-	(860,025)	-	(3,266,621)
Net Change in Unreserved Retained Earnings for the Year	(17,025,561)	2,717,481	242,168	(1,755,413)
Retained Earnings - Unreserved, July 1, 1998	268,986,526	35,061,875	(2,503,626)	(10,476,308)
Adjustments	-	-	-	-
Retained Earnings - Unreserved, July 1, 1998 as Adjusted	<u>268,986,526</u>	<u>35,061,875</u>	<u>(2,503,626)</u>	<u>(10,476,308)</u>
Retained Earnings - Unreserved, June 30, 1999	<u>\$ 251,960,965</u>	<u>\$ 37,779,356</u>	<u>\$ (2,261,458)</u>	<u>\$ (12,231,721)</u>

\*The Philadelphia Gas Works is presented at the close of their fiscal year, August 31, 1998, the Philadelphia Parking Authority Fund is presented as of the close of their fiscal year, March 31, 1999 and the Community Behavioral Health Fund and the Philadelphia Authority for Industrial Development Fund are presented as of the close of their fiscal year, December 31, 1998.

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

EXHIBIT I-A-9

Pennsylvania Convention Center Authority	Penn's Landing Corporation	Community Behavioral Health	Philadelphia Authority for Industrial Development	Totals
\$ -	\$ -	\$ -	\$ 2,188,043	\$ 490,956,125
-	-	-	-	2,394,174
10,150,939	2,699,555	-	3,770,468	110,513,236
-	6,112,079	1,055,165	-	16,200,597
<u>10,150,939</u>	<u>8,811,634</u>	<u>1,055,165</u>	<u>5,958,511</u>	<u>620,064,132</u>
3,682,822	2,405,858	-	-	101,658,784
9,159,481	270,119	-	21,122,635	140,137,480
603,886	201,896	-	-	8,249,187
1,234,323	-	-	-	18,923,606
-	-	-	-	1,176,096
9,825,495	760,710	-	-	56,953,532
-	-	-	-	275,077,297
<u>2,948,436</u>	<u>6,917,073</u>	<u>253,414,980</u>	<u>40,492,890</u>	<u>349,918,152</u>
<u>27,454,443</u>	<u>10,555,656</u>	<u>253,414,980</u>	<u>61,615,525</u>	<u>952,094,134</u>
<u>(17,303,504)</u>	<u>(1,744,022)</u>	<u>(252,359,815)</u>	<u>(55,657,014)</u>	<u>(332,030,002)</u>
-	-	-	5,901,514	19,567,860
-	-	-	-	7,332,491
2,741,940	659,066	-	245,549	15,374,324
(4,012,785)	-	-	-	(17,279,656)
<u>(18,532,653)</u>	<u>-</u>	<u>-</u>	<u>(303,383)</u>	<u>(66,929,837)</u>
<u>(19,803,498)</u>	<u>659,066</u>	<u>-</u>	<u>5,843,680</u>	<u>(41,934,818)</u>
(37,107,002)	(1,084,956)	(252,359,815)	(49,813,334)	(373,964,820)
45,175,693	1,100,000	252,359,815	51,832,663	428,362,146
<u>(10,359,140)</u>	<u>-</u>	<u>-</u>	<u>(1,069,274)</u>	<u>(67,417,355)</u>
<u>(2,290,449)</u>	<u>15,044</u>	<u>-</u>	<u>950,055</u>	<u>(13,020,029)</u>
<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(4,126,646)</u>
(2,290,449)	15,044	-	950,055	(17,146,675)
(55,910,278)	5,571,428	-	1,161,930	241,891,547
2,056,739	-	-	-	2,056,739
<u>(53,853,539)</u>	<u>5,571,428</u>	<u>-</u>	<u>1,161,930</u>	<u>243,948,286</u>
<u>\$ (56,143,988)</u>	<u>\$ 5,586,472</u>	<u>\$ -</u>	<u>\$ 2,111,985</u>	<u>\$ 226,801,611</u>

CITY OF PHILADELPHIA  
 COMPONENT UNITS - PROPRIETARY FUND TYPES  
 COMBINING STATEMENT OF CASH FLOWS  
 FOR THE FISCAL YEAR ENDED JUNE 30, 1999\*

	<u>Philadelphia Gas Works</u>	<u>Philadelphia Redevelopment Authority</u>	<u>Philadelphia Housing Development Corporation</u>	<u>Philadelphia Parking Authority</u>
Cash Flows from Operating Activities:				
Operating Income (Loss)	\$ 46,060,403	\$ (55,360,794)	\$ (38,653,718)	\$ 42,988,462
Adjustments to Reconcile Operating Income to Net Cash from Operations:				
Depreciation and Amortization	41,019,101	1,019,940	163,112	4,165,174
Provision for Uncollectible Accounts	(12,376,155)	(62,224)	-	-
Changes in Assets and Liabilities:				
(Increase) Decrease in Receivables	22,182,036	13,696,708	(2,983,127)	(425,098)
(Increase) Decrease in Inventories	1,763,892	-	-	-
(Increase) Decrease in Other Current Assets	3,715,725	(80,623)	(434,390)	(17,105)
(Increase) Decrease in Other Long-Term Assets	(1,377,819)	12,672	-	-
Increase (Decrease) in Payables	19,506,249	(2,083,933)	4,320,804	778,031
Increase (Decrease) in Accrued Expenses	19,613	5,127,707	-	-
Increase (Decrease) in Funds Held in Escrow	(373,972)	-	(52,655)	-
Increase (Decrease) in Deferred Revenue	1,027,144	-	-	-
Increase (Decrease) in Other Liabilities	(5,849,863)	-	-	930,806
<b>Net Cash Provided (Used) by Operating Activities</b>	<u>115,316,354</u>	<u>(37,730,547)</u>	<u>(37,639,974)</u>	<u>48,420,270</u>
Cash Flows from Non-Capital Financing Activities:				
Operating Grants Received	-	5,632,400	8,033,946	-
Other Non-Capital Financing Income	660,919	6,310,590	-	-
Other Non-Capital Financing Expenses	(3,291,932)	-	-	-
Operating Transfers To Primary Government	(18,000,000)	-	-	(37,988,941)
Operating Transfers From Primary Government	-	47,193,910	30,700,065	-
Changes in Assets and Liabilities:				
(Increase) Decrease in Restricted Assets	(3,162)	-	-	-
Increase (Decrease) in Other Liabilities	214,611	-	-	-
<b>Net Cash Provided (Used) in Non-Capital Financing Activities</b>	<u>(20,419,564)</u>	<u>59,136,900</u>	<u>38,734,011</u>	<u>(37,988,941)</u>
Cash Flows from Capital and Related Financing Activities:				
Proceeds from Sale of Debt Instruments	101,777,316	4,489,256	-	80,090,000
Bond Issuance Expenses	(98,358)	-	-	-
Principal Paid on Debt Instruments	(33,377,472)	(25,945,000)	(229,254)	(20,622,176)
Interest Paid on Debt Instruments	(39,425,804)	(4,577,664)	-	(5,441,012)
Acquisition and Construction of Capital Assets	(70,105,987)	-	-	(33,029,253)
Disposal of Capital Assets	(114,387)	28,588	-	-
Capital Grants	-	-	-	-
Contributions Received	339,825	-	-	-
Changes in Assets and Liabilities:				
(Increase) Decrease in Receivables	-	-	-	1,334,505
(Increase) Decrease in Restricted Assets	(49,397,793)	(172,321)	3,300	-
(Increase) Decrease in Payables	(341,465)	-	-	-
(Increase) Decrease in Deferred Bond Issuance Costs	-	(287,200)	-	-
Increase (Decrease) in Funds Held in Escrow	-	(1,034,131)	-	-
<b>Net Cash Provided (Used) in Capital and Related Financing Activities</b>	<u>(90,744,125)</u>	<u>(27,498,472)</u>	<u>(225,954)</u>	<u>22,332,064</u>
Cash Flows from Investing Activities:				
Purchase of Investments	-	16,852,298	(87,320)	(268,358,970)
Proceeds from Sale of Investments	-	-	-	235,168,633
Interest and Dividends on Investments	4,446,699	3,531,304	161,875	2,601,904
<b>Net Cash Provided (Used) by Investing Activities</b>	<u>4,446,699</u>	<u>20,383,602</u>	<u>74,555</u>	<u>(30,588,433)</u>
Net Increase (Decrease) in Cash and Cash Equivalents	8,599,364	14,291,483	942,638	2,174,960
Cash and Cash Equivalents, July 1, 1998	1,283,842	27,420,836	3,315,946	3,712,569
Cash and Cash Equivalents, June 30, 1999	<u>\$ 9,883,206</u>	<u>\$ 41,712,319</u>	<u>\$ 4,258,584</u>	<u>\$ 5,887,529</u>
<b>Reconciliation to Combining Balance Sheet:</b>				
Included in:				
Cash on Deposit	\$ 9,883,206	\$ 3,558,126	\$ 4,258,584	\$ 5,680,907
Restricted Assets	-	38,154,193	-	206,622
Cash and Cash Equivalents, June 30, 1999	<u>\$ 9,883,206</u>	<u>\$ 41,712,319</u>	<u>\$ 4,258,584</u>	<u>\$ 5,887,529</u>

\* Refer to Exhibit I-A-9

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

Pennsylvania Convention Center Authority	Penn's Landing Corporation	Community Behavioral Health	Philadelphia Authority for Industrial Development	Totals
\$ (17,303,504)	\$ (1,744,022)	\$ (252,359,815)	\$ (55,657,014)	\$ (332,030,002)
9,825,495	760,710	-	-	56,953,532
-	43,154	-	-	(12,395,225)
141,874	(52,010)	39,902,106	(2,170,058)	70,292,431
-	-	-	-	1,763,892
(467,335)	108,264	(6,637,152)	1,379,204	(2,433,412)
-	-	-	-	(1,365,147)
176,521	218,275	(37,857,815)	(944,907)	(15,886,775)
(1,297,601)	(9,483)	962,568	-	4,802,804
-	-	-	(493,483)	(920,110)
(749,317)	(441,656)	-	3,813,660	3,649,831
-	7,501	2,999,080	(3,544,775)	(5,457,251)
<u>(9,673,867)</u>	<u>(1,109,267)</u>	<u>(252,991,028)</u>	<u>(57,617,373)</u>	<u>(233,025,432)</u>
-	-	-	5,901,514	19,567,860
-	-	-	245,549	7,217,058
(1,989,895)	-	-	(303,383)	(5,585,210)
(10,359,140)	-	-	(1,069,274)	(67,417,355)
45,175,693	1,100,000	252,359,815	51,832,663	428,362,146
-	-	-	-	(3,162)
-	-	-	-	214,611
<u>32,826,658</u>	<u>1,100,000</u>	<u>252,359,815</u>	<u>56,607,069</u>	<u>382,355,948</u>
-	-	-	-	186,356,572
-	-	-	-	(98,358)
(5,980,000)	-	-	-	(86,153,902)
(18,299,360)	-	-	-	(67,743,840)
79,320	(2,231,098)	(1,369,084)	-	(106,656,102)
-	-	-	-	(85,799)
-	1,923,890	1,369,084	-	3,292,974
-	-	-	-	339,825
(3,976,341)	-	-	-	(2,641,836)
3,226,356	-	-	-	(46,340,458)
-	-	-	-	(341,465)
-	-	-	-	(287,200)
-	-	-	-	(1,034,131)
<u>(24,950,025)</u>	<u>(307,208)</u>	<u>-</u>	<u>-</u>	<u>(121,393,720)</u>
-	-	-	-	(251,593,992)
(281,020)	-	-	-	234,887,613
2,741,940	659,066	-	-	14,142,788
<u>2,460,920</u>	<u>659,066</u>	<u>-</u>	<u>-</u>	<u>(2,563,591)</u>
663,686	342,591	(631,213)	(1,010,304)	25,373,205
490,664	19,165,351	4,854,634	3,161,286	63,405,128
<u>\$ 1,154,350</u>	<u>\$ 19,507,942</u>	<u>\$ 4,223,421</u>	<u>\$ 2,150,982</u>	<u>\$ 88,778,333</u>
\$ 1,154,350	\$ 19,507,942	\$ 4,223,421	\$ 1,662,478	\$ 49,929,014
-	-	-	488,504	38,849,319
<u>\$ 1,154,350</u>	<u>\$ 19,507,942</u>	<u>\$ 4,223,421</u>	<u>\$ 2,150,982</u>	<u>\$ 88,778,333</u>

CITY OF PHILADELPHIA  
 COMPONENT UNITS - GOVERNMENTAL FUND TYPES  
 COMBINING BALANCE SHEET  
 JUNE 30, 1999\*

EXHIBIT I-A-11

	<u>School District of Philadelphia</u>	<u>Philadelphia Housing Authority</u>	<u>Total Governmental Fund Types</u>
<u>Assets and Other Debits</u>			
Cash on Deposit and on Hand	\$ 16,337,649	\$ 759,312	\$ 17,096,961
Equity in Pooled Cash and Investments	118,352,857	-	118,352,857
Investments	87,349,717	75,399,233	162,748,950
Amounts Held by Fiscal Agent	55,133,399	-	55,133,399
Taxes Receivable	183,377,360	-	183,377,360
Accounts Receivable	10,950,693	589,410	11,540,103
Allowance for Doubtful Accounts	(87,724,092)	-	(87,724,092)
Interest and Dividends Receivable	1,062,687	602,792	1,665,479
Notes Receivable	1,695,789	-	1,695,789
Due from Primary Government	15,000,000	-	15,000,000
Due from Other Governmental Units	36,045,215	8,695,886	44,741,101
Inventories	5,696,585	-	5,696,585
Property, Plant and Equipment - Net	1,611,267,069	1,128,806,052	2,740,073,121
Other Assets	-	10,825,531	10,825,531
Amount Available in Debt Service Funds	37,772,775	2,393,976	40,166,751
Amount to be Provided for Retirement of Long-Term Obligations	<u>1,230,643,967</u>	<u>55,632,722</u>	<u>1,286,276,689</u>
<u>Total Assets and Other Debits</u>	<u>\$ 3,322,961,670</u>	<u>\$ 1,283,704,914</u>	<u>\$ 4,606,666,584</u>
<u>Liabilities and Fund Equity</u>			
Notes Payable	\$ -	\$ 13,064,101	\$ 13,064,101
Vouchers and Accounts Payable	52,102,280	38,459,977	90,562,257
Salaries and Wages Payable	71,235,697	-	71,235,697
Accrued Expenses	5,752,985	3,634,929	9,387,914
Funds Held in Escrow and Advance Deposits	-	3,077,065	3,077,065
Due to Other Governmental Units	2,944,206	8,820,851	11,765,057
Deferred Revenue	96,915,975	-	96,915,975
General Obligation Bonds	822,067,255	40,305,749	862,373,004
Other Liabilities	<u>484,392,093</u>	<u>21,770,793</u>	<u>506,162,886</u>
<u>Total Liabilities</u>	<u>1,535,410,491</u>	<u>129,133,465</u>	<u>1,664,543,956</u>
Fund Equity and Other Credits:			
Investment in General Fixed Assets	1,607,703,373	1,128,806,052	2,736,509,425
Contributed Capital - Local Sources	7,237,827	-	7,237,827
Retained Earnings:			
Reserved	5,292,465	-	5,292,465
Fund Balances:			
Reserved	192,997,424	-	192,997,424
Unreserved:			
Designated	2,558,888	-	2,558,888
Undesignated Fund Balance	<u>(28,238,798)</u>	<u>25,765,397</u>	<u>(2,473,401)</u>
<u>Total Unreserved Fund Balances</u>	<u>(25,679,910)</u>	<u>25,765,397</u>	<u>85,487</u>
<u>Total Fund Equity and Other Credits</u>	<u>1,787,551,179</u>	<u>1,154,571,449</u>	<u>2,942,122,628</u>
<u>Total Liabilities, Fund Equity and Other Credits</u>	<u>\$ 3,322,961,670</u>	<u>\$ 1,283,704,914</u>	<u>\$ 4,606,666,584</u>

\*The Component Unit-Governmental Fund Types Balance Sheet includes the Philadelphia Housing Authority Fund which is presented as of the close of their fiscal year, March 31, 1999

CITY OF PHILADELPHIA  
 COMPONENT UNITS - GOVERNMENTAL FUND TYPES  
 COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN  
 UNRESERVED FUND EQUITY  
 FOR THE FISCAL YEAR ENDED JUNE 30, 1999\*

EXHIBIT I-A-12

	School District of <u>Philadelphia</u>	Philadelphia Housing <u>Authority</u>	Total Governmental <u>Fund Types</u>
Revenues:			
Tax Revenue	\$ 544,247,337	\$ -	\$ 544,247,337
Locally Generated Non-Tax Revenue	88,750,454	18,489,514	107,239,968
Revenue from Other Governments	986,505,142	416,857,199	1,403,362,341
Other Revenues	<u>-</u>	<u>3,201,137</u>	<u>3,201,137</u>
<u>Total Revenues</u>	<u>1,619,502,933</u>	<u>438,547,850</u>	<u>2,058,050,783</u>
Expenditures:			
Current Operating:			
Transportation	181,028,404	-	181,028,404
Housing and Neighborhood Development	-	153,550,665	153,550,665
Services to Property	170,761,937	-	170,761,937
General Management and Support	107,575,641	30,195,346	137,770,987
Education	1,118,142,323	-	1,118,142,323
Capital Outlay	138,482,962	161,398,584	299,881,546
Debt Service:			
Principal	34,968,641	78,201,342	113,169,983
Interest	36,290,248	4,394,343	40,684,591
Bond Issuance Costs	<u>3,482,990</u>	<u>-</u>	<u>3,482,990</u>
<u>Total Expenditures</u>	<u>1,790,733,146</u>	<u>427,740,280</u>	<u>2,218,473,426</u>
Excess of Revenues Over (Under) Expenditures	<u>(171,230,213)</u>	<u>10,807,570</u>	<u>(160,422,643)</u>
Other Financing Sources(Uses)			
Proceeds from Bond Sales	257,341,766	-	257,341,766
Defeasement	(103,736,337)	-	(103,736,337)
Operating Transfer from Primary Government	<u>29,331,250</u>	<u>-</u>	<u>29,331,250</u>
<u>Total Other Financing Sources (Uses)</u>	<u>182,936,679</u>	<u>-</u>	<u>182,936,679</u>
Excess of Revenues and Other Sources Over (Under) Expenditures and Other Uses	<u>11,706,466</u>	<u>10,807,570</u>	<u>22,514,036</u>
Net Income (Loss) from Proprietary Operations	2,302,059	-	2,302,059
Other Changes in Unreserved Fund Equity:			
Net Change in Proprietary Equity Accounts	(2,220,808)	-	(2,220,808)
(Increase)in Reserve for Encumbrances	(1,738,823)	-	(1,738,823)
(Increase)in Reserve for Self Insurance	(598,674)	-	(598,674)
Decrease in Reserve for Tax Lien Proceeds	5,666,275	-	5,666,275
(Increase)in Designated Fund Balance	(43,212)	-	(43,212)
(Increase) in Reserve for Debt Service	<u>(2,985,689)</u>	<u>-</u>	<u>(2,985,689)</u>
Net Change in Unreserved Fund Equity for the Year	<u>12,087,594</u>	<u>10,807,570</u>	<u>22,895,164</u>
Fund Equity - Unreserved, July 1, 1998	(37,767,504)	14,909,717	(22,857,787)
Prior Period Adjustments	-	48,110	48,110
Fund Equity - Unreserved, July 1, 1998, as adjusted	<u>(37,767,504)</u>	<u>14,957,827</u>	<u>(22,809,677)</u>
Fund Equity - Unreserved, June 30, 1999	<u>\$ (25,679,910)</u>	<u>\$ 25,765,397</u>	<u>\$ 85,487</u>

\*Operations of the Philadelphia Housing Authority are presented for the fiscal year ended March 31, 1999

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

CITY OF PHILADELPHIA  
COMMUNITY COLLEGE FUND  
STATEMENT OF CHANGES IN FUND BALANCES  
FOR THE FISCAL YEAR ENDED JUNE 30, 1999

	<u>Current Funds</u>		Loan Funds	Endowment and Similar Funds	Plant Funds	Component Unit	Totals (Memorandum Only)
	<u>Unrestricted</u>	<u>Restricted</u>				Foundation	
Revenues and Other Additions:							
Educational and General Revenues	\$ 70,989,447	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 70,989,447
Auxiliary Enterprises Revenues	743,115	-	-	-	-	-	743,115
Governmental Grants and Contracts	-	22,527,979	-	-	682,728	-	23,210,707
Gifts and Private Grants	-	565,264	-	1,871	3,037,633	181,383	3,786,151
Governmental Appropriations	-	-	-	-	5,614,664	-	5,614,664
Unrealized Gain on Investments	-	-	-	148,845	-	-	148,845
Interest Income	-	70,823	32,633	-	470,210	44,972	618,638
Expired Term Endowment Principal	-	1,518	-	-	-	-	1,518
Interest on Loans Receivable	-	-	34,163	-	-	-	34,163
<u>Total Revenues and Other Additions</u>	<u>71,732,562</u>	<u>23,165,584</u>	<u>66,796</u>	<u>150,716</u>	<u>9,805,235</u>	<u>226,355</u>	<u>105,147,248</u>
Expenditures and Other Deductions:							
Educational and General Expenditures	72,689,582	23,205,153	-	-	-	121,122	96,015,857
Auxiliary Enterprises Expenditures	516,000	-	-	-	-	-	516,000
Depreciation of Plant Assets	-	-	-	-	4,717,100	-	4,717,100
Loss on Advance Refunding of Bonds	-	-	-	-	680,418	-	680,418
Retirement of Plant Assets, Net of Proceeds							
Realized on Disposal	-	-	-	-	229,889	-	229,889
Expired Term Endowment Principal	-	-	-	1,518	-	-	1,518
Interest on Indebtedness	-	-	-	-	2,074,464	-	2,074,464
Loan Cancellations, Assignments, Government Refunds and Administrative Costs	-	-	88,319	-	-	-	88,319
<u>Total Expenditures and Other Deductions</u>	<u>73,205,582</u>	<u>23,205,153</u>	<u>88,319</u>	<u>1,518</u>	<u>7,701,871</u>	<u>121,122</u>	<u>104,323,565</u>
Transfers Among Funds - Additions (Deductions):							
Transfer of Tuition Revenue for the Acquisition of Books	(55,512)	-	-	-	55,512	-	-
Transfer to Quasi-Endowment Fund for Student Activities	(68,797)	-	-	68,797	-	-	-
Transfer of Foundation Gifts	-	63,194	-	-	2,156	(65,350)	-
Transfer of Unrestricted Funds for the Acquisition of Fixed Assets	(16,871)	-	-	-	16,871	-	-
Net Increase (Decrease)	(1,614,200)	23,625	(21,523)	217,995	2,177,903	39,883	823,683
Fund Balances, June 30, 1998	10,372,969	128,306	2,306,076	3,573,231	56,800,815	484,415	73,665,812
Fund Balances, June 30, 1999	\$ <u>8,758,769</u>	\$ <u>151,931</u>	\$ <u>2,284,553</u>	\$ <u>3,791,226</u>	\$ <u>58,978,718</u>	\$ <u>524,298</u>	\$ <u>74,489,495</u>

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

CITY OF PHILADELPHIA  
COMMUNITY COLLEGE FUND  
STATEMENT OF CURRENT FUNDS REVENUES, EXPENDITURES AND OTHER CHANGES  
FOR THE FISCAL YEAR ENDED JUNE 30, 1999

EXHIBIT I-A-14

	<u>Unrestricted</u>	<u>Restricted</u>	<u>Total</u>
Revenues:			
Educational and General:			
Governmental Appropriations:			
Commonwealth of Pennsylvania	\$ 24,570,225	\$ -	\$ 24,570,225
City of Philadelphia	17,577,586	-	17,577,586
Governmental Grants and Contracts	191,458	22,527,979	22,719,437
Student Tuition	24,665,747	-	24,665,747
Student Fees	2,820,844	-	2,820,844
Gifts and Private Grants	7,500	628,458	635,958
Endowment Income	-	48,716	48,716
Investment Income	1,054,356	-	1,054,356
Other	101,731	-	101,731
	<hr/>	<hr/>	<hr/>
<u>Total Educational and General</u>	70,989,447	23,205,153	94,194,600
Auxiliary Enterprises	743,115	-	743,115
	<hr/>	<hr/>	<hr/>
<u>Total Revenues</u>	71,732,562	23,205,153	94,937,715
Expenditures and Mandatory Transfers:			
Educational and General:			
Instruction	36,192,231	1,962,777	38,155,008
Public Service	-	31,842	31,842
Academic Support	6,880,701	440,806	7,321,507
Student Services	9,645,884	2,640,928	12,286,812
Institutional Support	10,060,976	466,017	10,526,993
Physical Plant Operations	6,958,142	83,213	7,041,355
Student Aid	663,289	17,579,570	18,242,859
Provision for Retirement Incentive	2,288,359	-	2,288,359
	<hr/>	<hr/>	<hr/>
Total Educational and General Expenditures	72,689,582	23,205,153	95,894,735
Auxiliary Enterprises:			
Expenditures	516,000	-	516,000
	<hr/>	<hr/>	<hr/>
<u>Total Expenditures</u>	73,205,582	23,205,153	96,410,735
	<hr/>	<hr/>	<hr/>
<u>Excess (Deficiency) of Revenues over Expenditures</u>	(1,473,020)	-	(1,473,020)
Other Transfers and Additions (Deductions):			
Transfer of Tuition Revenues for the Acquisition of			
Books and Microforms	(55,512)	-	(55,512)
Transfer to Quasi-Endowment Fund for Student Activities	(68,797)	-	(68,797)
Transfer Unrestricted Funds for the Acquisition of			
Fixed Assets	(16,871)	-	(16,871)
Excess of Restricted Receipts Over Transfers to Revenues	-	23,625	23,625
	<hr/>	<hr/>	<hr/>
<u>Net Increase (Decrease) in Fund Balance</u>	\$ (1,614,200)	\$ 23,625	\$ (1,590,575)

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



**CITY OF PHILADELPHIA  
INDEX FOR NOTES TO FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 1999**

<u>Note Number and Contents</u>	<u>Page</u>
<b><u>I.SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES</u></b>	
1.REPORTING ENTITY .....	24
2.FUND ACCOUNTING .....	27
3.BASIS OF ACCOUNTING AND MEASUREMENT FOCUS .....	27
4.CASH AND INVESTMENTS .....	28
5.INVENTORIES .....	29
6.PROPERTY, PLANT AND EQUIPMENT .....	30
7.AMORTIZATION OF BOND DISCOUNT/ISSUANCE COSTS .....	30
8.INSURANCE .....	31
9.TAX LEVIES .....	31
10.DEFERRED REVENUES .....	31
11.CLAIMS, JUDGMENTS AND COMPENSATED ABSENCES .....	31
12.ENCUMBRANCES .....	31
13.COMPONENT UNIT ACCRUED LIABILITIES, NOTES PAYABLE AND FIXED LIABILITIES .....	32
14.MEMORANDUM ONLY - TOTAL COLUMNS .....	32
<b><u>II.LEGAL COMPLIANCE</u></b>	
1.BUDGETARY INFORMATION .....	32
2.RECONCILIATION BETWEEN LEGAL AND GAAP STATEMENTS .....	32
3.AMENDMENTS .....	33
4.OBLIGATIONS IN EXCESS OF APPROPRIATIONS .....	33
<b><u>III.DETAILED NOTES ON ALL FUNDS AND ACCOUNTS</u></b>	
1.CASH .....	34
2.SECURITIES LENDING .....	34
3.INVESTMENTS .....	35
4.AMOUNTS HELD BY FISCAL AGENT .....	36
5.INTERFUND RECEIVABLES AND PAYABLES .....	36
6.COMPONENT UNIT FINANCIAL INSTRUMENTS .....	37
7.CHANGES IN GENERAL FIXED ASSETS .....	37
8.PROPERTY, PLANT AND EQUIPMENT .....	38
9.NOTES PAYABLE .....	39
10.DEBT PAYABLE .....	41
11.COMPONENT UNIT THIRD PARTY FINANCINGS .....	47
12.LEASE COMMITMENTS AND LEASED ASSETS .....	47
13.DEFERRED COMPENSATION PLANS .....	49
14.RETAINED EARNINGS/FUND BALANCE RESERVATIONS AND DESIGNATIONS .....	50
15.UNRESERVED FUND BALANCE/RETAINED EARNINGS DEFICIT .....	52
16.CONTRIBUTED CAPITAL .....	52
17.INTERFUND TRANSACTIONS .....	52
<b><u>IV.OTHER INFORMATION</u></b>	
1.PENSION PLANS .....	54
2.ACCUMULATED UNPAID SICK LEAVE .....	62
3.POST EMPLOYMENT BENEFITS .....	62
4.PENNSYLVANIA INTERGOVERNMENTAL COOPERATION AUTHORITY (PICA) .....	63
5.SEGMENT INFORMATION FOR ENTERPRISE FUNDS .....	63
6.RELATED PARTY TRANSACTIONS .....	64
7.RISK MANAGEMENT .....	64
8.COMMITMENTS .....	66
9.CONTINGENCIES .....	67
10.ADJUSTMENT TO BEGINNING RETAINED EARNINGS .....	70
11.PENSION OBLIGATION BONDS .....	71
12.SUBSEQUENT EVENTS .....	71

**CITY OF PHILADELPHIA  
NOTES TO FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 1999**

---

**I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

The financial statements of the City of Philadelphia have been prepared in conformity with generally accepted accounting principles (GAAP) as applied to governmental units. The Governmental Accounting Standards Board (GASB) is the accepted standard setting body for establishing governmental accounting and financial reporting principles. The more significant of the City's accounting policies are described below.

**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 generally accepted accounting principles, 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.

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)** - 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) and one account group (General Long Term Debt).

**Philadelphia Municipal Authority (PMA)** - 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) and both account groups (General Fixed Assets and General Long Term Debt).

**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. In addition, a separate Statement of Changes in Fund Balances and a Statement of Current Funds Revenue, Expenditures and Other Changes is presented for the Community College of Philadelphia in conformity with accounting principles specific to colleges and universities.

**Community College of Philadelphia (CCP)** - 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.

**Penn's Landing Corporation** - Penn's Landing Corporation was established to assist the City and the Commonwealth of Pennsylvania and their agencies in the rehabilitation, renewal and management of the historic site on the bank of the Delaware River known as Penn's Landing. The Corporation is governed by a

**CITY OF PHILADELPHIA**  
**NOTES TO FINANCIAL STATEMENTS (Continued)**  
**FOR THE FISCAL YEAR ENDED JUNE 30, 1999**

---

20 member board with 10 members appointed by the City. It receives substantial subsidies from the City and its budgets must be approved by the City.

**Pennsylvania Convention Center Authority** - The Pennsylvania Convention Center Authority was established to develop, promote and operate a convention center facility in the Philadelphia metropolitan area.

**Philadelphia Housing Authority (PHA)** - PHA was established to provide low cost housing and other social services to the residents of the City. It is governed by a five member board with four members appointed by the City. Its fiscal year ends on March 31.

**Philadelphia Housing Development Corporation (PHDC)** - PHDC was established to promote the development of low cost housing within the City. It is governed by a 35 member board with 25 members appointed by the City and the remaining 10 designated by virtue of their City position.

**Philadelphia Parking Authority (PPA)** - PPA was established by the City to coordinate a system of parking facilities and on-street parking on behalf of the City. It is governed by a five member board appointed by the City. Its fiscal year ends on March 31.

**Redevelopment Authority of the City of Philadelphia (RDA)** - 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** - The School District was established by the Educational Supplement to the Philadelphia Home Rule Charter to provide free public education for the City's residents. Its board is appointed by the City and must submit a lump sum statement of revenues and expenditures to the City for approval.

**Community Behavioral Health (CBH)** - 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.

**Philadelphia Authority for Industrial Development (PAID)** - PAID was formed under the Industrial Development Authority Law to issue tax-exempt debt to finance eligible industrial and commercial development projects. PAID is the delegate agency responsible for administration of certain state grants for major development projects in the City.

**Philadelphia Gas Works (PGW)** - PGW was established by the City to provide gas service to residential and commercial customers within the City of Philadelphia.

The financial statements for the various component units have been reformatted to conform with the statement format utilized by the City. However, individual financial statements can be obtained directly from their administrative offices by writing to the addresses below.

Administrative Offices

Pennsylvania Intergovernmental Cooperation Authority  
1429 Walnut Street, 14th Floor  
Philadelphia, PA 19102

Community College of Philadelphia  
1700 Spring Garden Street  
Philadelphia, PA 19130

Penn's Landing Corporation  
Delaware Avenue and Walnut Street  
Philadelphia, PA 19106

Philadelphia Municipal Authority  
Land Title Building  
100 South Broad Street, Suite 1525  
Philadelphia, Pa 19110

Philadelphia Parking Authority  
Two Penn Center Plaza, Suite 800  
Philadelphia, PA 19102

Redevelopment Authority of the City of Philadelphia  
1234 Market Street  
Philadelphia, PA 19107

**CITY OF PHILADELPHIA**  
**NOTES TO FINANCIAL STATEMENTS (Continued)**  
**FOR THE FISCAL YEAR ENDED JUNE 30, 1999**

Pennsylvania Convention Center Authority  
 1101 Arch Street  
 Philadelphia, PA 19103

School District of Philadelphia  
 Parkway At 21st Street  
 Philadelphia, PA 19103

Philadelphia Housing Authority  
 2012 Chestnut Street  
 Philadelphia, PA 19103

Community Behavioral Health, Inc.  
 Philadelphia Department of Public Health  
 1101 Market Street  
 Philadelphia, PA 19103

Philadelphia Housing Development Corporation  
 1234 Market Street  
 Philadelphia, PA 19107

Philadelphia Authority for Industrial Development  
 2600 Centre Square West  
 1500 Market Street  
 Philadelphia, PA 19102

Philadelphia Gas Works  
 800 West Montgomery Avenue  
 Philadelphia, PA 19122

**C. AUDIT RESPONSIBILITY**

The financial statements of the above component units (except for the School District of Philadelphia), as well as the financial statements of the Municipal Pension Fund and the Gas Works Retirement Reserve Fund have been audited by auditors other than the Office of the Controller of the City of Philadelphia. The table below indicates the percentage of certain financial information that was subject to audit by those other auditors :

	Special <u>Revenue</u>	Capital <u>Projects</u>	Debt <u>Service</u>	Enterprise	Trust and <u>Agency</u>	General <u>Fixed</u> <u>Assets</u>	General <u>Long-Term</u> <u>Debt</u>	Component <u>Units</u>
Total Assets	18%	19%	99%	0%	98%	11%	N/A	52%
Total Liabilities	1%	3%	100%	0%	90%	N/A	38%	56%
Total Revenues	21%	9%	99%	0%	100%	N/A	N/A	42%

**D. RELATED ORGANIZATIONS**

**Hospitals & Higher Education Facilities Authority (HHEFA)** - HHEFA was created to provide funds through the issuance of revenue or special obligation bonds and notes to assist nonprofit hospitals, nonprofit religious or hospital-affiliated sub-acute care facilities, nonprofit nursing homes, and higher education facilities in projects determined to be primarily for the health and safety of the citizens of the Philadelphia area. HHEFA is administered by a five member board appointed by the mayor. Management of the HHEFA is not designated by the City nor does the City have the ability to significantly influence operations. The City does not subsidize the operations of the HHEFA and does not guarantee its debt service. HHEFA has not been included as a component unit of the City's reporting entity because there is no accountability for fiscal matters to the City.

**Private Industry Council of Philadelphia (PIC)** - PIC was created to provide a training-based bridge connecting the City's unemployed with its area employers and prepares them for permanent unsubsidized employment through various types of training programs. PIC is governed by a 29 member board selected from the private sector by elected City officials. However, financial dependency rests with the Commonwealth of Pennsylvania. Management of PIC is not designated by the City nor does the City have the ability to significantly influence operations. PIC has not been included as a component unit of the City's reporting entity because there is no accountability for fiscal matters to the City.

**CITY OF PHILADELPHIA**  
**NOTES TO FINANCIAL STATEMENTS (Continued)**  
**FOR THE FISCAL YEAR ENDED JUNE 30, 1999**

---

**2. FUND ACCOUNTING**

The City of Philadelphia uses funds and account groups to report on its financial position and the results of its operations. Fund accounting is designed to demonstrate legal compliance and to aid financial management by segregating transactions related to certain government functions or activities. A fund is a separate accounting entity with a self-balancing set of accounts. An account group, on the other hand, is a financial reporting device designed to provide accountability for certain assets and liabilities that are not recorded in the funds because they do not directly affect net expendable available financial resources. Funds are classified into three categories: governmental, proprietary and fiduciary. Each category, in turn, is divided into separate "fund types".

**Governmental funds** are used to account for all or most of the City's general activities, including the collection and disbursement of earmarked monies (Special Revenue Funds), the acquisition or construction of general fixed assets (Capital Improvement Funds), and the servicing of general long-term debt (Debt Service Funds). The General Fund is used to account for all activities of the City's general government not accounted for in some other fund.

**Proprietary funds** are used to account for activities similar to those found in the private sector, where the determination of net income is necessary or useful to sound financial administration. Goods and services from such activities can be provided either to outside parties (Enterprise Funds) or to other departments or agencies primarily within the government (Internal Service Funds).

**Fiduciary funds** are used to account for assets held on behalf of outside parties, including other governments, or on behalf of other funds within the City. When these assets are held under the terms of a formal trust agreement, a Pension Trust Fund, a Nonexpendable Trust Fund or an Expendable Trust Fund is used. The terms "nonexpendable" and "expendable" refer to whether or not the City is under an obligation to maintain the trust principal. Agency Funds generally are used to account for assets that the City holds on behalf of others as their agent.

**3. BASIS OF ACCOUNTING AND MEASUREMENT FOCUS**

**A. PRIMARY GOVERNMENT**

**Governmental Funds and Expendable Trust Funds** account for their activities using a current financial resources measurement focus. With this measurement focus, only current assets and current liabilities generally are included on the balance sheet. Operating statements of these funds present increases (i.e. revenues and other financing sources) and decreases (i.e. expenditures and other financing uses) in net current assets. These funds, as well as the Agency Funds, use the modified accrual basis of accounting, under which revenues are recognized in the accounting period in which they become both measurable and available. "Measurable" means the amount of the transaction can be determined. "Available" means collectible within the current period or soon enough thereafter to be used to pay liabilities of the current period. General property taxes, self-assessed taxes, sales tax and investment earnings are recorded when earned as they are measurable and available. Grant revenues are recognized as revenue when grant expenditures have been recorded. Licenses and permits, charges for services, fines and forfeits and miscellaneous revenues are recorded as revenues when received in cash because they are generally not measurable until actually received. Expenditures are recorded in the accounting period in which the fund liability is incurred, if measurable, except expenditures for debt service, prepaid expenditures, and other long-term obligations which are recognized when paid. Expenditures for claims and judgments, compensated absences, and other long-term obligations are accrued if expected to be liquidated with available resources.

**Proprietary Funds, Pension Trust Funds and Non-Expendable Trust Funds** are accounted for on a flow of economic resources measurement focus. With this measurement focus, all assets and all liabilities associated with the operation of these funds are included on the balance sheet. Fund equity (i.e., net total assets) is segregated into contributed capital and retained earnings components. Proprietary fund-type operating statements present increases (e.g., revenues) and decreases (e.g., expenses) in net total assets. These funds use the accrual basis of accounting where revenues are recognized in the accounting period in which they are earned and expenses are recognized at the time the liabilities are incurred. Under GASB Statement No. 20, "Accounting and Financial Reporting for Proprietary Activities", Proprietary Funds will continue to follow FASB pronouncements issued on or before November 30, 1989 unless those pronouncements conflict with or contradict GASB pronouncements and will follow FASB standards issued

**CITY OF PHILADELPHIA  
NOTES TO FINANCIAL STATEMENTS (Continued)  
FOR THE FISCAL YEAR ENDED JUNE 30, 1999**

after that date which do not conflict with GASB standards. Water revenues, net of uncollectible accounts, are recognized as billed on the basis of scheduled meter readings. Aviation revenue from Passenger Facility Charges is reserved for capital purposes. Pension Trust Funds recognize employer and plan member contributions and benefits and refunds paid in the period in which they are due and payable.

During Fiscal Year 1999, the City changed its policy regarding the write-off of delinquent Water receivables to include accounts determined to be uncollectible as a result of litigation and exhaustion of the judicial process. This resulted in an increase of \$23.2 million in Water accounts written off.

**B. COMPONENT UNITS**

The *Philadelphia Housing Authority (PHA)* and the *School District of Philadelphia* prepare their financial statements in a manner similar to the City and utilize the full range of governmental and proprietary fund types as well as both account groups. However, for inclusion in the City's financial statements, both PHA's and the School District's statements have been combined into single governmental funds.

The financial statements of the *Community College Fund* have been prepared on the accrual basis. The College has elected to present its financial statements in accordance with the provisions of the *Audit Guide for Colleges and Universities* published by the American Institute Of Certified Public Accountants. The statement of current funds revenues, expenditures and other changes is a statement of financial activities of current funds related to the current reporting period. It does not purport to present the results of operations or the net income or loss for the period as would a statement of income or a statement of revenues and expenses.

The remaining component units prepare their financial statements in a manner similar to that of proprietary funds.

**4. CASH AND INVESTMENTS**

**A. PRIMARY GOVERNMENT**

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 Non-Expendable Trust 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.

Cash and investments are reflected as follows in the financial statements and related footnotes:

(Amounts In Thousands)			
<u>Statement Presentation</u>		<u>Footnote Presentation</u>	
Cash On Deposit and On Hand	\$ 68,928	Cash & Cash Equivalents (Note III.1)	\$ 209,444
Equity In Treasurer's Account	6,256,473		
Investments	225,364	Investments (Note III.3)	8,071,765
Included In Restricted Assets	1,256,350		
Other Assets	474,094		
	<u>8,281,209</u>		
Total Cash & Investments	<u>\$ 8,281,209</u>	Total Cash & Investments	<u>\$ 8,281,209</u>

**B. COMPONENT UNITS**

**CITY OF PHILADELPHIA  
NOTES TO FINANCIAL STATEMENTS (Continued)  
FOR THE FISCAL YEAR ENDED JUNE 30, 1999**

The School District utilizes a pooled Cash and Investments Account to provide efficient management of the cash of most School District funds. In addition, cash balances are maintained in separate accounts by various funds due to either legal requirements or operational needs. The investments of the various component units are carried at amortized cost or cost that approximates fair value as prescribed by GASB Statement 31.

Combined cash and investments and amounts held by fiscal agents of the component units are reflected as follows in the financial statements and related footnotes:

		(Amounts In Thousands)		
<u>Statement Presentation</u>			<u>Footnote Presentation</u>	
Cash On Deposit and On Hand	\$ 68,313		Cash & Cash Equivalents (Note III.1)	\$ 194,109
Equity In Pooled Cash and Investments	118,353			
Investments	212,978			
Amounts Held BY Fiscal Agent	55,133		Investments (Note III.3)	607,927
Included In Restricted Assets	<u>347,259</u>			
Total Cash & Investments	<u>\$ 802,036</u>		Total Cash & Investments	<u>\$ 802,036</u>

**5. INVENTORIES**

**A. PRIMARY GOVERNMENT**

All inventories 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.
- **Governmental fund** inventories consist of expendable supplies held for future use. These supplies are recorded as expenditures at the time they are purchased. The inventories are fully offset by a fund balance reserve to indicate that they do not constitute "available spendable resources" even though they are a component of net current assets.

**B. COMPONENT UNITS**

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

- **Gas Works** inventory consists primarily of fuel stock and gases which are stated at the lower of average cost or market.
- **School District Food Services Fund** inventories include food donated by the Federal Government which was valued at government cost or estimated value. All other food or supply inventories were valued at last unit cost and will be expensed when used.
- **School District General Fund** inventory includes books, school opening, custodial, summer school and other supplies specifically acquired for use in the subsequent fiscal year. These supplies are delivered to schools and other locations prior to the end of the fiscal year but are recognized as expenditures in the following fiscal year. Accordingly, a fund balance reserve has not been established.
- **Housing Development Corporation** inventory represents properties held for disposition or sale and are valued at the lower of cost or market.
- **Redevelopment Authority** inventory represents real estate held for resale and is valued at appraised value.
- **Housing Authority** inventories are valued at lower of cost or market, cost being determined on a First-in, First-out basis

**CITY OF PHILADELPHIA**  
**NOTES TO FINANCIAL STATEMENTS (Continued)**  
**FOR THE FISCAL YEAR ENDED JUNE 30, 1999**

---

**6. PROPERTY, PLANT AND EQUIPMENT**

**A. PRIMARY GOVERNMENT**

Property, plant and equipment acquired or constructed for general governmental operations are expensed in the fund making the expenditure and capitalized at cost in the General Fixed Assets Account Group. Costs recorded in the General Fixed Assets Account Group do not include interest incurred as a result of financing the assets' acquisition or construction. Property, plant and equipment acquired for Proprietary Fund operations are capitalized in the respective fund to which they apply. Property, plant and equipment is stated at cost.

The City transfers Construction In Process to one or more of the major asset classes when project expenditures are equal to or have exceeded 90% of the encumbered amount on new facilities (except for the Aviation Fund which uses 80% as the determining percentage), when the expenditures are for existing facilities or when they relate to specific identifiable items completed during the year which were part of a larger project.

Where cost could not be determined from the records available, estimated historical cost was used to record the value of the assets. Assets acquired by gift or bequest are recorded at their fair market value at the date of gift. Upon sale or retirement, the cost of the assets and the related accumulated depreciation, if any, are removed from the accounts. Maintenance and repair costs are charged to operations.

Public Domain ("infrastructure") general fixed assets consisting of certain improvements other than buildings, including roads, bridges, curbs and gutters, streets and sidewalks and lighting systems, are not capitalized along with other general fixed assets.

Cost of construction for Enterprise Fund fixed assets includes all direct contract costs plus overhead costs. Overhead costs include direct and indirect engineering costs and interest incurred during the construction period for projects financed with bond proceeds.

Interest is capitalized on proprietary fund assets acquired with tax-exempt debt. The amount of interest to be capitalized is calculated by offsetting interest expense incurred from the date of the borrowing until completion of the project with interest on invested proceeds over the same period.

Depreciation on the fixed assets for all Proprietary Funds is provided on the straight line method over their estimated useful lives: buildings - 20 to 50 years; equipment and storage facilities - 3 to 25 years; and transmission and distribution lines - 50 years. Contributed capital is reduced by the depreciation expense on those assets which were financed by externally restricted grants.

**B. COMPONENT UNITS**

Depreciation is not provided for fixed assets recorded in the general fixed assets of the School District or the Philadelphia Housing Authority. Depreciation on the fixed assets for all other component units is provided on the straight line method over their estimated useful lives: buildings - 15 to 50 years; equipment and storage facilities - 3 to 25 years; and transmission and distribution lines - 50 years. Contributed capital is reduced by the depreciation expense on those assets which were financed by externally restricted grants.

**7. AMORTIZATION OF BOND DISCOUNT/ISSUANCE COSTS**

In governmental fund types, bond discounts and issuance costs are recognized in the current period. Bond discounts and issuance costs for Proprietary Funds are deferred and amortized over the term of the bonds using the bonds outstanding method, except for the Gas Works Fund and the Redevelopment Authority Fund which use the interest method and the straight line method, respectively.

**8. INSURANCE**

**CITY OF PHILADELPHIA**  
**NOTES TO FINANCIAL STATEMENTS (Continued)**  
**FOR THE FISCAL YEAR ENDED JUNE 30, 1999**

---

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. A reserve for payment of reported worker's compensation claims and incurred but unreported claims has been recorded in the accompanying financial statements as Other Long-Term Obligations.

**9. TAX LEVIES**

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 \$8.264 on each \$100 assessment; \$4.519 for the School District and \$3.745 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.

**10. DEFERRED REVENUES**

**A. PRIMARY GOVERNMENT**

Deferred revenues represent funds received in advance of being earned, or receivables which will be collected and included in revenues of future fiscal years. In the General Fund, deferred revenues relate principally to property tax receivables which were levied in the current and prior years but will not be available to pay liabilities of the current period.

**B. COMPONENT UNITS**

Deferred revenue of the **School District** consists primarily of uncollected real estate taxes which were levied in the current and prior years but will not be available to pay liabilities of the current period. It is estimated that substantially all of the year-end balance will be received and recognized as revenue in the subsequent year. Deferred revenues of the School District Categorical Fund represents unearned grants.

**Community College Fund** 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 income in the subsequent year.

**11. CLAIMS, JUDGMENTS AND COMPENSATED ABSENCES**

Claims, judgments, and compensated vacation absences are recorded as expenditures in the Governmental Funds and Expendable Trust Funds when paid or when judgments have been rendered against the City. Unpaid vacation leave at year end and lawsuits which the City Solicitor has deemed to be a probable loss to the City are recorded in the General Long-Term Debt Account Group. These unpaid amounts will be paid from expendable available resources provided for in the budgets of future years. For Proprietary Funds, vacation leave is recorded as an expense when earned. Pending lawsuits deemed by the City Solicitor to have a probable loss to the City are recognized as expenses and the entire amount of the liability is recorded in the appropriate proprietary fund. Sick leave balances are not accrued in the financial statements because sick leave rights are non-vesting.

**12. ENCUMBRANCES**

Encumbrance accounting, under which purchase orders, contracts, and other commitments for the expenditure of monies are recorded in order to reserve that portion of the applicable appropriation, is employed as an extension of formal budgetary integration in the Governmental Funds and Expendable Trust Funds. Except for encumbrances expected to be financed by grants from other governments, encumbrances outstanding at year-end are reported as reservations of fund balances since they do not constitute expenditures or liabilities. Encumbrances expected to be financed by grants are not reported since the method of accounting for grant activity, as described in Note I.3.A, does not result in the creation of a fund balance.

**CITY OF PHILADELPHIA**  
**NOTES TO FINANCIAL STATEMENTS (Continued)**  
**FOR THE FISCAL YEAR ENDED JUNE 30, 1999**

---

**13. COMPONENT UNIT ACCRUED LIABILITIES, NOTES PAYABLE AND FIXED LIABILITIES**

Accrued liabilities, notes payable and fixed liabilities of the Philadelphia Housing Authority (PHA) are comprised primarily of accrued interest and notes or bonds payable which are the obligations of HUD. Such obligations were issued by HUD to finance the acquisition, construction or rehabilitation of housing units utilized by PHA in the Public Housing Program. HUD pays the annual debt service on these obligations through annual contribution contracts.

**14. MEMORANDUM ONLY - TOTAL COLUMNS**

Total columns on the general purpose financial statements for the primary government and reporting entity are captioned "Memorandum Only" to indicate that they are presented only to facilitate financial analysis. Data in these columns does not present financial position, results of operations, or cash flows in conformity with generally accepted accounting principles. Neither is such data comparable to a consolidation. Interfund eliminations have not been made in the aggregation of this data.

**II. LEGAL COMPLIANCE**

**1. BUDGETARY INFORMATION**

The City's budgetary process accounts for certain transactions on a basis other than generally accepted accounting principles (GAAP basis). 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, six Special Revenue Funds (County Liquid Fuels Tax, Special Gasoline Tax, Hotel Room Rental Tax, Grants Revenue, Community Development and HealthChoices Behavioral Health Funds) and two Enterprise Funds (Water and Aviation Funds), are subject to annual operating budgets adopted by City Council. 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 miscellaneous. The appropriation amounts for each fund are supported by revenue estimates and take into account the elimination of accumulated deficits and the reappropriation 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 councilmanic approval. Appropriations that are not expended or encumbered at year end are lapsed. Departmental comparisons of budget to actual activity are located in the City's Supplemental Report of Revenues and Obligations.

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 for 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.

**2. RECONCILIATION BETWEEN LEGAL AND GAAP STATEMENTS**

The legally enacted basis schedules presented differ from the modified accrual basis of accounting as explained in Note I. 3 above. 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. In addition, annual budgets are not adopted for the City Debt Service Fund, or any of the Municipal Authority or PICA Funds for which budgetary statements are therefore not presented.

**CITY OF PHILADELPHIA  
NOTES TO FINANCIAL STATEMENTS (Continued)  
FOR THE FISCAL YEAR ENDED JUNE 30, 1999**

The following schedule reconciles the difference between the legally enacted basis and generally accepted accounting principles (GAAP) basis presentations for governmental fund types:

**A. REVENUES**

(Amounts In thousands)

	<u>General</u>	<u>Special Revenue</u>	<u>Capital Improvement</u>
Revenues On GAAP Basis	\$ 2,400,796	\$ 1,327,207	\$ 23,919
Revenues Of Non-Budgeted Funds	--	(284,511)	(2,191)
Prior Year Revenue Adjustments - Net	7,262	8,167	(125)
Interfund Transfers and Reimbursements	236,263	--	11,625
Other	(16,214)	(7,424)	--
Revenues On Legal Basis	<u>\$ 2,628,107</u>	<u>\$ 1,043,439</u>	<u>\$ 33,228</u>

**B. EXPENDITURES**

(Amounts In thousands)

	<u>General</u>	<u>Special Revenue</u>	<u>Capital Improvement</u>
Expenditures on GAAP Basis	\$ 2,416,057	\$ 636,209	\$ 115,779
Expenditures of Non-Budgeted Funds	--	(38,472)	(7,620)
Current Year Operating Encumbrances	74,966	33,987	74,904
Current Year Grant Encumbrances	--	56,504	--
Expenditures Made Against Prior Year Encumbrances	(58,855)	(81,269)	(73,254)
Interfund Transfers and Reimbursements	199,086	443,823	76,351
Other	(14,671)	(6,033)	--
Expenditures and Encumbrances On Legal Basis	<u>\$ 2,616,583</u>	<u>\$ 1,044,749</u>	<u>\$ 186,160</u>

**3. AMENDMENTS**

During the year, classification adjustments and supplementary appropriations were necessary for City funds. Therefore, budgeted appropriation amounts presented are as subsequently 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.

**4. OBLIGATIONS IN EXCESS OF APPROPRIATIONS**

Obligations exceeded appropriations in one Special Revenue Fund for the fiscal year as shown below:

<u>Fund</u>	<u>Expenditure Classification</u>	
Hotel Room Rental Tax Fund	Contributions, Indemnities and Taxes	\$ 550,427

**III. DETAILED NOTES ON ALL FUNDS AND ACCOUNTS**

**1. CASH**

**CITY OF PHILADELPHIA  
NOTES TO FINANCIAL STATEMENTS (Continued)  
FOR THE FISCAL YEAR ENDED JUNE 30, 1999**

Statutes require banks to collateralize City deposits at amounts equal to or in excess of the City's balance. Such collateral is to be held in the City's name by the Federal Reserve Bank or the trust department of a commercial bank other than the pledging bank.

At year-end, the carrying amount (book balance) of deposits for the City and the bank balance were \$209.4 million and \$165.1 million, respectively. The amount of the total cash balance per bank records is classified into three categories of custodial credit risk: (1) cash that is insured or collateralized with securities held by the City or by its agent in the City's name, (2) cash collateralized with securities held by the pledging financial institution's trust department or agent in the City's name, and (3) uncollateralized bank accounts.

The deposits of the City and its component units are classified as follows at year-end:

(Amounts In Thousands)

	<u>Custodial Credit Risk Category</u>			Total Bank Balance	Book Balance
	<u>1</u>	<u>2</u>	<u>3</u>		
Primary Government	\$ --	\$ 100,923	\$ 64,180	\$ 165,103	\$ 209,444
Component Units	\$ 42,014	\$ --	\$ 80,878	\$ 122,892	\$ 194,109

From February to early June, uncollateralized deposits of the City and School District 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).

**2. 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 U.S. Government and U.S. 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 maturities 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 no losses from securities transactions during the year and had no credit risk exposure at June 30.
- **The PGWRR** lends U.S. Treasury, federal agency, and DTC-eligible corporate debt and equity securities and receives cash, U.S. 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. Maturities of investments made with cash collateral are generally matched with maturities of loans. The PGWRR experienced no losses from securities lending transactions during the year. The net credit risk exposure at June 30 was \$105,000.

**3. INVESTMENTS**

**A. PRIMARY GOVERNMENT**

**CITY OF PHILADELPHIA**  
**NOTES TO FINANCIAL STATEMENTS (Continued)**  
**FOR THE FISCAL YEAR ENDED JUNE 30, 1999**

Statutes authorize the City to invest in obligations of the Treasury, agencies, and instrumentalities 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.

The investments of the City are categorized below to give an indication of the level of risk assumed by the entity at year-end. Category 1 includes investments that are insured or registered or for which the securities are held by the City or its agent in the City's name. Category 2 includes uninsured and unregistered investments for which the securities are held by the counterparty's trust department or agent in the City's name. Category 3 includes uninsured and unregistered investments for which the securities are held by the counterparty, or by its trust department or agent, but not in the City's name. Investments at year-end consist of:

(Amounts In Thousands)

Investment Type	Category			Fair
	1	2	3	Value
Repurchase Agreements	\$ --	\$ 365,347	\$ 76,840	\$ 442,187
U.S. Government Securities	326,981	79,900	2,859	409,740
U.S. Government Agency Securities	959,764	--	12,316	972,080
Corporate Bonds	1,035,527	--	724	1,036,251
Corporate Equities				
Not On Securities Loan	3,533,153	--	1,752	3,534,905
On Loan For Securities Collateral	2,291	--	--	2,291
Closed-Ended Mutual Funds	6,052	--	--	6,052
Mortgages	93,750	--	--	93,750
Other Investments	196,039	16,897	81,123	294,059
Total Categorized Investments	<u>\$ 6,153,557</u>	<u>\$ 462,144</u>	<u>\$ 175,614</u>	6,791,315
Short Term Investment Pools				258,501
Real Estate				1,542
Partnerships				27,777
Financial Agreements				53,585
Investments Held By Broker-Dealers Under Securities Loans With Cash Collateral:				
U.S. Government Securities				243,092
Corporate Bonds				37,228
Corporate Equities				184,631
Securities Lending Investment Pool				<u>474,094</u>
Total Investments				<u>\$ 8,071,765</u>

Securities lent at year end by the Municipal Pension Fund and the PGW Retirement Reserve Fund for cash collateral are presented as unclassified in the schedule above. Securities lent for securities collateral are classified according to the category for the collateral.

The Municipal Pension Fund owns approximately 66.9% of total investments and 80.2% of the investments in Category 1.

**B. COMPONENT UNITS**

The investments of the City's component units are categorized below, based on the criteria described above, to give an indication of the level of risk assumed by the entity at year-end and consist of:

**CITY OF PHILADELPHIA**  
**NOTES TO FINANCIAL STATEMENTS (Continued)**  
**FOR THE FISCAL YEAR ENDED JUNE 30, 1999**

(Amounts In Thousands)

Investment Type	Category			Fair
	1	2	3	Value
Repurchase Agreements	\$ 282,178	\$ --	\$ --	\$ 282,178
U.S. Government & Agency Securities	139,454	--	16,306	155,760
Corporate Bonds	15,976	--	--	15,976
Other Investments	3,588	--	80,317	83,905
Total Categorized Investments	<u>\$ 441,196</u>	<u>\$ --</u>	<u>\$ 96,623</u>	537,819
Short-Term Investment Pools				70,108
Total Investments				<u>\$ 607,927</u>

**4. AMOUNTS HELD BY FISCAL AGENT**

Restricted Assets - Cash and Cash Equivalents include Proprietary Fund Amounts Held By Fiscal Agent which consist entirely of year-end cash and investment balances related to the net proceeds of PAID's Airport Revenue Bonds, Series 1998A. In accordance with GASB Interpretation No. 2, these bonds are considered by PAID to be conduit debt. Therefore, no asset related to the bond proceeds is reported in PAID's December 31, 1998 financial statements. Instead, the proceeds (which are held by a fiscal agent and disbursed at the City's direction to pay for capital improvements) are shown as assets of the City. These cash and investment balances are included in the amounts categorized in Notes III.1 and III.3 above.

**5. INTERFUND RECEIVABLES AND PAYABLES**

**A. PRIMARY GOVERNMENT**

Interfund receivable and payable balances among Primary Government funds at year end are as follows:

(Amounts In Thousands)

	<u>Due From Other Funds</u>	<u>Due To Other Funds</u>
General Fund	\$ 17,337	\$ 699
Special Revenue Funds:		
Community Development Fund	--	17,066
PICA Administrative Fund	251	271
Debt Service Funds:		
PICA Debt Service Fund	--	251
Trust and Agency Funds		
Departmental Custodial Funds	699	--
<b>Total Primary Government Interfund Receivables and Payables</b>	<u>\$ 18,287</u>	<u>\$ 18,287</u>

**B. COMPONENT UNITS**

Interfund receivable and payable balances among the Primary Government and Component Units at year end are as follows:

**CITY OF PHILADELPHIA  
NOTES TO FINANCIAL STATEMENTS (Continued)  
FOR THE FISCAL YEAR ENDED JUNE 30, 1999**

(Amounts In Thousands)

	<u>Due From Other Funds</u>	<u>Due To Other Funds</u>
<b><u>Primary Government</u></b>		
General Fund	\$ 10,359	\$ 15,000
Special Revenue Funds:		
Hotel Tax Fund	--	7,588
Grants Revenue Fund	--	734
HealthChoices Behavioral Health Fund	--	22,484
Community Development Fund	--	968
Capital Improvement Funds:		
City Capital Improvement Fund	410	
<b><u>Component Units</u></b>		
Philadelphia. Housing Development Corp.	1,702	410
Philadelphia Gas Works	--	3,000
Philadelphia Parking Authority	--	20,466
School District of Philadelphia	15,000	--
Community Behavioral Health	24,393	--
Philadelphia Authority for Industrial Development	712	3,416
Pennsylvania Convention Center Authority	7,588	--
	49,395	10,359
	60,164	37,651
		84,425
Timing Differences Between Fiscal Years:		
» Community Behavioral Health amounts Due From the HealthChoices Behavioral Health Fund represent amounts due at December 31, 1998	(1,909)	--
» Gas Works amounts Due to General Fund at August 31, 1998 represents rent for the period July 1, 1998 to August 31, 1998.	--	(3,000)
» Philadelphia Authority for Industrial Development amounts Due To Primary Government represent sales and rental proceeds due at December 31, 1998	(712)	(3,416)
» Parking Authority Fund Due To Aviation Fund March 31, 1999 represents parking income paid in June 1999	--	(20,466)
Total Interfund Receivables and Payables With Component Units	\$ 57,543	\$ 57,543

**6. COMPONENT UNIT FINANCIAL INSTRUMENTS**

The Redevelopment Authority (RDA) has entered into mortgage loan and note receivable agreements for approximately \$10.4 million and \$17.8 million, respectively, in connection with the RDA's activities. In addition to specific property collateralizing the mortgage loans, they are insured for at least 90% of the outstanding balance depending on the specific revenue bond program. In addition, the RDA held certain FNMA and GNMA investments for \$22.9 million and \$12.3 million respectively at year-end in connection with their Bottom Line and Housing Opportunities bond programs. These investments are collateralized by the underlying properties.

**CITY OF PHILADELPHIA  
NOTES TO FINANCIAL STATEMENTS (Continued)  
FOR THE FISCAL YEAR ENDED JUNE 30, 1999**

**7. CHANGES IN GENERAL FIXED ASSETS**

**A. PRIMARY GOVERNMENT**

The following schedule reflects the combined changes in general fixed assets for the City and Municipal Authority during the year.

(Amounts In Millions)

	<b>Beginning</b>				<b>Ending</b>
	<b>Balance</b>	<b>Additions</b>	<b>Retirements</b>	<b>Transfers</b>	<b>Balance</b>
Land	\$ 398.0	\$ --	\$ --	\$ 2.9	\$ 400.9
Buildings	1,117.6	--	(7.7)	60.4	1,170.3
Other Improvements	276.3	--	(2.4)	41.7	315.6
Equipment	445.2	16.5	(5.1)	--	456.6
Transit	172.9	--	--	--	172.9
Leased Equipment	0.1	--	--	--	0.1
Construction In Process	324.3	94.8	(0.1)	(105.0)	314.0
	<u>2,734.4</u>	<u>111.3</u>	<u>(15.3)</u>	<u>0.0</u>	<u>2,830.4</u>
Totals	<u>\$ 2,734.4</u>	<u>\$ 111.3</u>	<u>\$ (15.3)</u>	<u>\$ 0.0</u>	<u>\$ 2,830.4</u>

**B. COMPONENT UNITS**

The following schedule reflects the combined changes in general fixed assets for the School District of Philadelphia and the Philadelphia Housing Authority during the year.

(Amounts In Millions)

	<b>Beginning</b>				<b>Ending</b>
	<b>Balance</b>	<b>Additions</b>	<b>Retirements</b>	<b>Transfers</b>	<b>Balance</b>
Land	\$ 87.1	\$ --	\$ (0.8)	\$ --	\$ 86.3
Buildings & Improvements	2,089.1	184.5	(6.1)	94.4	2,361.9
Equipment	130.7	43.4	(6.2)	--	167.9
Construction In Process	142.0	76.4	--	(94.4)	124.0
	<u>2,448.9</u>	<u>304.3</u>	<u>(13.1)</u>	<u>--</u>	<u>2,740.1</u>
Totals	<u>\$ 2,448.9</u>	<u>\$ 304.3</u>	<u>\$ (13.1)</u>	<u>\$ --</u>	<u>\$ 2,740.1</u>

**8. PROPERTY, PLANT AND EQUIPMENT**

**A. PRIMARY GOVERNMENT**

The following is a summary of the property, plant and equipment of the City's Enterprise Funds at year-end:

(Amounts In Millions)

	<b>Water</b>	<b>Aviation</b>	<b>Total</b>
	<b>Fund</b>	<b>Fund</b>	<b>Enterprise</b>
			<b>Funds</b>
Buildings & Improvements	\$ 1,208.3	\$ 967.5	\$ 2,175.8
Equipment	1,403.1	25.0	1,428.1
Construction In Process	130.0	68.6	198.6
	<u>2,741.4</u>	<u>1,061.1</u>	<u>3,802.5</u>
Accumulated Depreciation	(1,155.0)	(419.0)	(1,574.0)
	<u>1,586.4</u>	<u>642.1</u>	<u>2,228.5</u>
Land	5.9	69.0	74.9
	<u>1,592.3</u>	<u>711.1</u>	<u>2,303.4</u>
Totals	<u>\$ 1,592.3</u>	<u>\$ 711.1</u>	<u>\$ 2,303.4</u>

**CITY OF PHILADELPHIA  
NOTES TO FINANCIAL STATEMENTS (Continued)  
FOR THE FISCAL YEAR ENDED JUNE 30, 1999**

**B. COMPONENT UNITS**

The following is a summary of the property, plant and equipment of the City's Component Units at year-end:

(Amounts in Millions)

	Penn's Landing Corporation	Pennsylvania Convention Center Authority	Philadelphia Parking Authority †	Redevelopment Authority of the City of Philadelphia	Philadelphia Gas Works ‡	Community Behavioral Health §	Community College of Philadelphia	Total Component Units
Buildings & Improvements	\$ 5.3	\$ 340.9	\$ 136.2	\$ 8.6	\$ 79.4	\$ --	\$ 103.7	\$ 674.1
Equipment	3.0	8.7	18.9	1.8	1,145.5	4.0	24.6	1,206.5
Construction In Process	1.7	--	--	--	41.0	--	--	42.7
	10.0	349.6	155.1	10.4	1,265.9	4.0	128.3	1,923.3
Accumulated Depreciation	(3.4)	(54.5)	(46.4)	(4.4)	(449.8)	(1.4)	(56.0)	(615.9)
	6.6	295.1	108.7	6.0	816.1	2.6	72.3	1,307.4
Land	2.2	1.0	--	0.5	5.3	--	15.7	24.7
Totals	\$ 8.8	\$ 296.1	\$ 108.7	\$ 6.5	\$ 821.4	\$ 2.6	\$ 88.0	\$ 1,332.1

† - The Philadelphia Parking Authority amounts are presented as of the close of its fiscal year on March 31, 1999.

‡ - The Philadelphia Gas Works amounts are presented as of the close of its fiscal year on August 31, 1998.

§ - Community Behavioral Health amounts are presented as of the close of its fiscal year on December 31, 1998.

**9. NOTES PAYABLE**

- **The Philadelphia Gas Works**, 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 \$100 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 Fund's revenues. The notes outstanding at year end (August 31, 1998) had an average weighted interest rate of approximately 3.55% and terms to maturity of 2 to 133 days. The principal amount outstanding was \$56.0 million.

The Gas Works also had other notes outstanding at August 31, 1998 related to the acquisition of long-term assets. The principal amount of these notes is \$190,000.

- **The Redevelopment Authority** has issued a series of Mortgage Notes Payable with an outstanding balance at year end of \$31.9 million related to various projects of the Authority. These notes have interest rates ranging from 0% to 10.56%. Aggregate minimum principal payments on these notes are as follows:

<u>Fiscal Year</u>	<u>Amount</u>
2000	\$ 19,759,434
2001	318,302
2002	328,198
2003	338,705
2004	349,860
Thereafter	<u>10,764,906</u>
Total	<u>\$ 31,859,405</u>

- In previous years, the **Housing Authority** sold project notes to the Federal Financing Bank. These notes are to be repaid on a long-term basis through subsidies by the Federal government. At March 31, 1999, the amount of the Authority's loans payable to the Federal Financing Bank was \$10.8 million. The outstanding notes bear interest at 6.6% and are payable annually on November 1. The Housing Authority also had Project Notes in the amount of \$2.3 million outstanding at March 31, 1999.
- **The Community College of Philadelphia** borrowed \$30.6 million under an agreement with the Hospitals and Higher Education Facilities Authority dated June 1, 1994. Of the proceeds, \$14.9 million was used to retire Series 1989 bonds. This debt is considered to be defeased and the liability has been removed from the

**CITY OF PHILADELPHIA  
NOTES TO FINANCIAL STATEMENTS (Continued)  
FOR THE FISCAL YEAR ENDED JUNE 30, 1999**

College's Plant Fund. This portion of the obligation is payable over 15 years at interest rates ranging from 3.75% to 6.15% with an average annual debt service payment of \$1.5 million. The remaining \$15.7 million was used to fund capital projects. This portion of the debt was refinanced by the note described below. The remaining payments are scheduled through fiscal year 2006 at interest rates ranging from 5.3% to 5.95% with average annual debt service of \$844,253.

In May, 1999 the College entered a loan agreement with the Hospitals and Higher Education Facilities Authority to borrow \$9.6 million. Of the proceeds of \$9.3 million (net of bond discount and issuance costs), \$300,000 was used for capital improvements. The remaining \$9.1 million was used to purchase U.S. Government Securities which were deposited with an escrow agent to provide for future debt service payments on the 1994 Series Bonds for the years 2007-2014. As a result, that portion of the 1994 Bonds are considered defeased and the related debt has been removed from the College's Plant Fund. The 1999 series debt is payable over 15 years at interest rates ranging from 3.4% to 4.88% with average annual debt service of \$964,000. The call date on these bonds is May 1, 2004.

Under a revolving loan agreement dated October 1, 1996 with the State Public School Building Authority, the College borrowed \$1,005,200 for lighting conversion and related energy projects. The College borrowed an additional \$155,100 in August, 1997. The loans are scheduled to be repaid over a five year period through October 1, 2001 at a fixed annual rate of 6.25% and combined annual debt service payment of \$278,000.

In July, 1998 the College entered a loan agreement with the Hospitals and Higher Education Facilities Authority to borrow \$9.4 million to fund capital projects. This obligation is payable over 20 years at interest rates ranging from 3.9% to 5.23% with an average annual debt service payment of \$750,000.

In August, 1998, the College purchased land and buildings whose financing included a promissory note in the amount of \$1.25 million. This note was paid in full in August, 1999.

The combined principal balance outstanding at year end for all notes was \$36.9 million with combined repayments as follows:

<u>Period</u>	<u>Amount</u>
1999 to 2000	\$ 3,366,083
2000 to 2001	2,211,385
2001 to 2002	2,217,951
2002 to 2003	2,155,000
2003 to 2004	2,275,000
2004 to 2014	<u>24,630,000</u>
Total	<u>\$ 36,855,419</u>

- **The Philadelphia Parking Authority** in prior years borrowed a total of \$13.6 million in the form of bank notes ranging in maturity from 3-15 years and in interest rates from 5.1-6.5%. The proceeds of these notes were used to finance the purchase of automobiles to be used in operations, a parking facility, building improvements and the development of a records department. Of this total amount, a \$6,000,000 note whose proceeds were used to finance the parking facility was retired by proceeds from the Parking Revenue Bonds, Series 1999 (see Note III.9.B.(2). ).

In the current fiscal year, the Parking Authority borrowed a total of \$15.0 million in the form of bank notes to finance acquisition of property and construction of a new facility and renovations of an existing facility. Notes in the amount of \$4.7 million are for a term of 2 ½ years, payable semiannually, with an interest rate of fifty basis points above the LIBOR. The remaining notes are for 2 years with an interest rate of 5.44%. In May, 1999, these notes were retired by the proceeds of the Parking System Revenue Bonds, Series 1999A.

The total outstanding principal balance of these notes at March 31, 1999 was \$21,826,000 subject to the following repayment schedule:

**CITY OF PHILADELPHIA**  
**NOTES TO FINANCIAL STATEMENTS (Continued)**  
**FOR THE FISCAL YEAR ENDED JUNE 30, 1999**

<u>Fiscal Year</u>	<u>Amount</u>
2000	\$ 516,000
2001	10,670,000
2002	359,000
2003	5,082,000
2004	407,000
Thereafter	<u>4,792,000</u>
Total	<u>\$ 21,826,000</u>

**10. DEBT PAYABLE**

**A. PRIMARY GOVERNMENT LONG-TERM DEBT PAYABLE**

**(1) General Obligation Debt Payable**

The City is subject to a statutory limitation established by the Commonwealth of Pennsylvania for bonded indebtedness (City General Obligation Bonds) payable principally from property taxes. The statutory limit for the City is \$1.2 billion. The City General Obligation Debt net of cash and investments available for bond retirement is \$939.1 million, leaving a legal debt borrowing capacity of \$288.2 million.

The following schedule reflects the changes in long-term debt as shown in the Combined General Long-Term Debt Account Group for the fiscal year:

(Amounts In Millions)				
	<u>Beginning</u>	<u>Additions</u>	<u>Retirements</u>	<u>Ending</u>
	<u>Balance</u>		<u>&amp; Transfers</u>	<u>Balance</u>
General Obligation Bonds:				
Term Bonds	\$ 1,298.5	\$ 742.7	\$ (652.8)	\$ 1,388.4
Refunding Bonds	150.1	178.2	(23.4)	304.9
Serial Bonds	479.1	117.3	(208.5)	387.9
Total G.O. Bonds	<u>1,927.7</u>	<u>1,038.2</u>	<u>(884.7)</u>	<u>2,081.2</u>
Obligations Under Capital Leases	71.2	--	(3.2)	68.0
Other Long-Term Obligations:				
Indemnity Claims	63.5	7.7	(29.2)	42.0
Worker's Compensation Claims	40.8	70.0	(35.5)	75.3
Termination Compensation Payable	97.7	47.3	(47.8)	97.2
Pension Service Agreement	--	1,297.4	--	1,297.4
Total Other Obligations	<u>202.0</u>	<u>1,422.4</u>	<u>(112.5)</u>	<u>1,511.9</u>
Total Long-Term Debt	<u>\$ 2,200.9</u>	<u>\$ 2,460.6</u>	<u>\$ (1,000.4)</u>	<u>\$ 3,661.1</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 Municipal Authority and PICA:

**CITY OF PHILADELPHIA**  
**NOTES TO FINANCIAL STATEMENTS (Continued)**  
**FOR THE FISCAL YEAR ENDED JUNE 30, 1999**

(Amounts In Millions)

	<b>Interest</b>		<b>Principal</b>	<b>Due Dates</b>
	<b>Rates</b>			
<b>Governmental Funds:</b>				
City	1.0 %	to 11.5 %	\$ 689.5	Fiscal 2000 to 2028
Municipal Authority	2.35 %	to 8.625 %	377.6	Fiscal 2000 to 2019
PICA	4.35 %	to 6.0 %	<u>1,014.1</u>	Fiscal 2000 to 2023
			<u>2,081.2</u>	
<b>Enterprise Funds</b>				
Water Fund	1.0 %	to 7.75 %	17.9	Fiscal 2000 to 2012
Aviation Fund	4.8 %	to 11.5 %	<u>33.1</u>	Fiscal 2000 to 2005
			51.0	
Total General Obligation Bonds			<u>\$ 2,132.2</u>	

Also, the City has General Obligation Bonds authorized and unissued at year end of \$348.0 million for Governmental Funds and \$303.6 million for Enterprise Funds.

- In November, 1998 the City issued \$250 million of Series 1998 General Obligation Bonds with interest rates from 3.75% to 5.25% and maturities to 2028. The proceeds of these bonds will be used for various capital projects of the City.
- In April, 1999, PICA issued \$610.0 million of Series 1999 bonds. The bonds carry interest rates ranging from 4.0% to 5.25% and have maturity dates from 2000 to 2023. The proceeds of the bonds will be used to (i) provide for the advance refunding of PICA's outstanding Series 1993 bonds in the amount of \$610.7 million (ii) pay the premium for a Debt Service Reserve Fund Insurance Policy to help satisfy the debt service requirements of three outstanding bond issues and (iii) pay the costs of issuing the Series 1999 bonds.

The debt service through maturity for the General Obligation Debt is as follows:

(Amounts In Millions)

<b>Fiscal</b>	<b>City Funds</b>						<b>Blended Component Units</b>			
	<b>General Fund</b>		<b>Water Fund</b>		<b>Aviation Fund</b>		<b>Municipal Authority</b>		<b>PICA</b>	
	<b>Year</b>	<b>Principal</b>	<b>Interest</b>	<b>Principal</b>	<b>Interest</b>	<b>Principal</b>	<b>Interest</b>	<b>Principal</b>	<b>Interest</b>	<b>Principal</b>
2000	\$ 40.8	\$ 39.3	\$ 2.4	\$ 0.3	\$ 10.2	\$ 1.7	\$ 21.1	\$ 23.3	\$ 54.7	\$ 52.4
2001	42.7	32.5	2.3	0.2	11.6	1.0	21.8	22.6	57.6	49.4
2002	42.1	30.5	1.7	0.1	3.7	0.5	24.7	21.7	61.2	46.1
2003	39.9	28.5	1.1	0.1	2.5	0.4	25.6	20.6	36.6	42.6
2004	38.4	26.4	1.1	0.1	2.7	0.2	24.7	19.5	35.5	40.8
Thereafter	<u>485.6</u>	<u>303.2</u>	<u>9.3</u>	<u>0.4</u>	<u>2.4</u>	<u>0.1</u>	<u>259.7</u>	<u>169.2</u>	<u>768.5</u>	<u>363.5</u>
Totals	<u>\$ 689.5</u>	<u>\$ 460.4</u>	<u>\$ 17.9</u>	<u>\$ 1.2</u>	<u>\$ 33.1</u>	<u>\$ 3.9</u>	<u>\$ 377.6</u>	<u>\$ 276.9</u>	<u>\$ 1,014.1</u>	<u>\$ 594.8</u>

**(2) Revenue Debt Payable**

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:

**CITY OF PHILADELPHIA  
NOTES TO FINANCIAL STATEMENTS (Continued)  
FOR THE FISCAL YEAR ENDED JUNE 30, 1999**

(Amounts In Millions)

	<b>Interest</b>		<b>Principal</b>	<b>Due Dates</b>
	<b>Rates</b>			
Water Fund	4.05 % to 10.0 %		\$ 1,793.7	Fiscal 2000 to 2028
Aviation Fund	4.5 % to 6.1 %		<u>976.2</u>	Fiscal 2000 to 2028
Total Revenue Debt Payable			<u>\$ 2,769.9</u>	

Also, the City has \$33 million of Water Revenue Bonds authorized and unissued at year end.

In July, 1998, the City issued \$443.7 million in Airport Revenue Bonds, Series 1998B with interest rates from 4.5% to 5.375% and maturities to 2028. These bonds are issued to prepay the City's fixed rental obligation under a lease with PAID. Under this lease agreement, the City will acquire a leasehold interest in and agree to occupy, operate and manage certain airport facilities constructed with funds provided by the PAID Airport Revenue Bonds Series 1998A as described below. Payments for the Series 1998B Bonds are due to be paid 15 days before the payments of the Series 1998A bonds are due.

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

(Amounts In Millions)

Fiscal Year	Water Fund		Aviation Fund	
	Principal	Interest	Principal	Interest
2000	\$ 56.6	\$ 91.1	\$ 14.0	\$ 30.3
2001	59.1	88.7	19.2	31.1
2002	61.5	86.4	26.6	41.2
2003	63.9	84.0	28.4	49.8
2004	66.6	81.3	29.9	48.3
Thereafter	<u>1,486.0</u>	<u>714.4</u>	<u>858.1</u>	<u>597.2</u>
Totals	<u>\$ 1,793.7</u>	<u>\$ 1,145.9</u>	<u>\$ 976.2</u>	<u>\$ 797.9</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. At year end, \$1,841.7 million of bonds outstanding pertaining to the following funds and account groups are considered defeased:

(Amounts In Thousands)

Governmental Funds:	
General Long-Term Debt	\$ 31,375
PICA	993,585
Municipal Authority	253,055
Enterprise Funds:	
Water Fund Revenue Bonds	<u>563,720</u>
Total	<u>\$ 1,841,735</u>

During the current fiscal year, the City issued the following refunding bonds to defease existing debt:

- In December, 1998, the City issued \$178.2 million of General Obligation Refunding Bonds, series 1998 with interest rates from 4.75% to 5.25% and maturities through 2020. The proceeds of these bonds

**CITY OF PHILADELPHIA**  
**NOTES TO FINANCIAL STATEMENTS (Continued)**  
**FOR THE FISCAL YEAR ENDED JUNE 30, 1999**

were used to refund principal amounts of all or portions of five outstanding general obligation bond issues. The cash flows required by the new bonds are \$958 thousand less than the cash flows required by the refunded bonds. The economic gain on the refunding (the adjusted present value of these reduced cash flows) is \$1.2 million.

- In January, 1999 the City issued \$135.2 million of Water and Wastewater Revenue Refunding Series 1998 Bonds. The proceeds of these bonds were used to refund a portion of the Series 1993 Water and Wastewater Revenue Bonds maturing from 2012 through 2015 in the amount of \$133.8 million. The cash flows required by the new bonds are \$8.4 million less than the cash flow required by the refunded bonds. The economic gain on the refunding (the adjusted present value of these reduced cash flows) was \$4.3 million. This early extinguishment of debt resulted in an accounting loss of approximately \$9.6 million representing the difference between the reacquisition price of \$141.7 million and the amount of debt extinguished of \$133.8 million (less \$1.7 million unamortized discount). The resulting loss will be amortized over the life of the refunded bonds at a rate of \$600,982 annually through December, 2015.

**(4) Short -Term Borrowings**

The City has statutory authorizations to negotiate temporary loans for periods not to extend beyond the fiscal year. The City repaid \$350.0 million in Tax and Revenue Anticipation Notes by June 1999 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. The present value of the estimated liability at year end has been calculated for each issue independently and recorded in the appropriate fund or account group. At June 30, the Water Fund and Aviation Fund had recorded liabilities of \$3.5 million and \$0.7 million respectively.

**B. COMPONENT UNIT LONG-TERM DEBT PAYABLE**

**(1) General Obligation Debt Payable**

One discretely presented component unit, the School District of Philadelphia, has debt that is classified as General Obligation debt payable. The General Obligation Bonds outstanding at year end total \$822.1 million in principal, with interest rates from 3.4% to 7.0% and have due dates from 2001 to 2027.

The following schedule reflects the changes in long-term debt for the School District's General Long-Term Debt Account Group for the fiscal year:

(Amounts In Millions)

	<u>Beginning</u>		<u>Retirements</u>		<u>Ending</u>
	<u>Balance</u>	<u>Additions</u>	<u>&amp; Transfers</u>	<u>Balance</u>	<u>Balance</u>
General Obligation Bonds	\$ 697.2	\$ 256.8	\$ (131.9)	\$	822.1
Other Long-Term Debt:					
Severance Payable	150.4	0.8	(14.2)		137.0
Termination Compensation Payable	242.5	29.7	(24.6)		247.6
Other	65.7	19.2	(22.3)		62.6
	<u>458.6</u>	<u>49.7</u>	<u>(61.1)</u>		<u>447.2</u>
Total Long-Term Debt	<u>\$ 1,155.8</u>	<u>\$ 306.5</u>	<u>\$ (193.0)</u>	<u>\$</u>	<u>1,269.3</u>

Debt service to maturity on the School District's general obligation bonds at year end is summarized as follows:

**CITY OF PHILADELPHIA**  
**NOTES TO FINANCIAL STATEMENTS (Continued)**  
**FOR THE FISCAL YEAR ENDED JUNE 30, 1999**

(Amounts In Millions)

<b>Fiscal</b>		
<b>Year</b>	<b>Principal</b>	<b>Interest</b>
2000	\$ 36.4	\$ 22.7
2001	49.7	7.8
2002	36.5	27.3
2003	44.9	19.2
2004	39.0	26.7
Thereafter	615.6	455.9
Totals	\$ 822.1	\$ 559.6

**(2) Revenue Debt Payable**

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

	<b>Interest</b>		
	<b>Rates</b>	<b>Principal</b>	<b>Due Dates</b>
Convention Center Authority	5.75 % to 6.875 %	\$ 274.0	Fiscal 2000 to 2020
Parking Authority	3.5 % to 8.875 %	155.2	Fiscal 2000 to 2019
Gas Works	3.9 % to 7.5 %	792.0	Fiscal 1999 to 2027
Redevelopment Authority	3.95 % to 10.25 %	63.9	Fiscal 2000 to 2029
Total Revenue Debt Payable		\$ 1,285.1	

In June, 1998 the **Gas Works** issued revenue bonds as described in the Defeased Debt section below.

In January, 1999, the **Parking Authority** issued \$65.1 million of Parking Revenue Bonds Series 1999 with interest rates ranging from 3.5% - 5.25%. The proceeds of these bonds were used to finance acquisition, new construction or renovation of three parking facilities, to refund two outstanding bond issues and to refund an outstanding \$6.0 million note payable.

Additionally, subsequent to its fiscal year end, the Parking Authority issued the bonds described below. These bonds are not included in the balances of the two tables above.

- Series 1999A Parking Revenue Bonds in the amount of \$47,390,000 with interest rates from 4.0% - 5.25% maturing through 2029. These bonds were issued In May, 1999 to retire existing bank notes in the amount of \$10.3 million and to fund the acquisition and development of various parking facilities.
- Series 1999 Airport Parking Revenue Bonds in the amount of \$155,660,000 with interest rates from 4.4% - 5.625% maturing through 2029. These bonds were issued to fund two new airport parking garages and other parking facility capital projects at the airport.

In August, 1998 the **Philadelphia Authority for Industrial Development** issued \$443.7 million of Airport Revenue Bonds, Series 1998A with interest rates from 4.5% to 5.375% and maturities to 2028. The proceeds of these bonds will be used to finance certain capital improvements to the Philadelphia Airport System. These bonds are secured by Airport Revenue Bonds Series 1998B issued by the City as described above.

The **Redevelopment Authority** issued 2 new revenue bonds during the year :

**CITY OF PHILADELPHIA**  
**NOTES TO FINANCIAL STATEMENTS (Continued)**  
**FOR THE FISCAL YEAR ENDED JUNE 30, 1999**

- In July, 1998, the Authority issued \$4.65 million of Housing for the Homeless Series 1998 bonds with interest rates from 3.95% to 4.6% and maturity dates from 1999 to 2006. The proceeds of these bonds will be used to (i) currently refund Series 1982, subseries No. 2 bonds (ii) make deposits to the project fund and (iii) pay the cost of the issuance of the bonds. As a result of the refunding, total debt service will decrease by \$820,651. The economic gain realized is \$308,351.
- In May, 1999, the Authority issued \$3.3 million of Multiple Draw 1999 Series A bonds with an initial interest rate of 4.39% due on August 1, 2002. The proceeds of the bonds will be used to redeem six different bond issues outstanding in the total amount of \$3.3 million. There was no economic gain or loss associated with this transaction because the bonds redeemed were liquidated on their mandatory redemption dates.

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

(Amounts In Millions)

Fiscal Year	Pennsylvania Convention Center Authority		Philadelphia Parking Authority ‡		Philadelphia Gas Works †		Redevelopment Authority of the City of Philadelphia	
	Principal	Interest	Principal	Interest	Principal	Interest	Principal	Interest
2000	\$ 6.3	\$ 17.9	\$ 4.5	\$ 8.0	\$ 34.6	\$ 43.4	\$ 1.4	\$ 3.9
2001	6.7	17.6	4.7	7.7	32.5	43.4	1.2	3.9
2002	7.2	17.1	5.1	7.5	32.8	43.1	4.1	3.8
2003	7.6	16.7	5.3	7.3	32.5	42.0	2.0	3.7
2004	8.1	16.2	5.6	7.0	30.0	42.6	1.1	3.5
Thereafter	238.1	150.3	130.0	69.4	629.6	358.1	54.1	55.1
Totals	\$ 274.0	\$ 235.8	\$ 155.2	\$ 106.9	\$ 792.0	\$ 572.6	\$ 63.9	\$ 73.9

† - Gas Works amounts are presented as of its fiscal year ended August 31, 1998.

‡ - Parking Authority amounts are presented as of its fiscal year March 31, 1999.

**(3) Defeased Debt**

At year end, \$811.0 million of defeased bonds are outstanding from the following Component Units of the City as shown below:

(Amounts In Millions)

Pennsylvania Convention Center Authority	\$ 266.3
Philadelphia Parking Authority	57.3
Philadelphia Gas Works †	324.6
School District of Philadelphia	162.8
Total	<u>\$ 811.0</u>

† - Gas Works amounts are presented as of August 31, 1998

In June, 1998 the **Gas Works** issued \$287.2 million of new debt for the purpose of retiring approximately \$172.5 million of existing debt and establishing funds to support new capital spending. The refunding of existing debt at lower interest rates resulted in an accounting loss of \$20.9 million but a net present value savings of \$9.4 million. As of PGW's August 31, 1998 fiscal year-end, \$50.4 million out of the \$92.6 million in new funds raised to support construction activity remains on deposit in a restricted account for capital purposes.

In January, 1999, the **School District** issued \$98.4 million of general obligation bonds at a premium of \$6.3 million and an average interest rate of 5.09% to advance refund \$97.3 million of outstanding bonds with an average interest rate of 5.63% and to pay costs of issuing the bonds. The net proceeds were used to purchase \$103.7 million of U.S. government securities. These securities were placed in an irrevocable

**CITY OF PHILADELPHIA  
NOTES TO FINANCIAL STATEMENTS (Continued)  
FOR THE FISCAL YEAR ENDED JUNE 30, 1999**

trust with an escrow agent to provide for all future debt service payments of the refunded bonds. As a result, these bonds are considered defeased and the related liability is not reflected in the School District's financial statements. The total debt service over the life of the new bonds will increase \$0.5 million (including a decrease of \$9.7 million over the first four years) while the economic gain (the difference between the present values of the debt service payments of the old debt and the new debt) is \$3.0 million.

**(4) Other Long-Term Debt**

- The **Housing Authority** had bonds payable of \$35.5 million at year end, for the Low-Income Public Housing Program consisting of new Housing Authority bonds issued in the amount of \$114.2 million during prior fiscal periods and new Housing Authority bonds retired in the amount of approximately \$78.7 million. The outstanding bond interest rate is in a range from 3.125% to 5.0% per year.
- The **School District** had loans payable of \$2.4 million at year-end consisting of an interest-free federal asbestos loan expected to be repaid over the next eight years.

**11. COMPONENT UNIT THIRD PARTY FINANCINGS**

The City, through the **Redevelopment Authority**, has issued \$108.5 million in bonds to provide funding for several approved projects on behalf of various third-parties. These third-parties are responsible for the administration and repayment of the aforementioned bonds. The liability of the City and the Redevelopment Authority is limited to revenues received from any projects financed with the proceeds thereof. As a result, these bonds are not reflected in the City's financial statements.

**12. LEASE COMMITMENTS AND LEASED ASSETS**

**A. CITY AS LESSOR**

The City's operating leases consist principally of leases of airport facilities, recreation facilities, certain transit facilities and various other real estate and building sites.

Rental income for all operating leases for the year was as follows:

	(Amounts In Thousands)		
	<u>Primary Government</u>		<u>Component Units</u>
	Governmental Funds	Proprietary Funds	
Minimum Rentals	\$ 12,058	\$ 13,919	\$ 784
Additional Rentals	<u>7,632</u>	<u>75,812</u>	<u>--</u>
Total Rental Income	<u>\$ 19,691</u>	<u>\$ 89,731</u>	<u>\$ 784</u>

As of year end, future minimum rentals receivable under noncancelable operating leases are as follows:

**CITY OF PHILADELPHIA  
NOTES TO FINANCIAL STATEMENTS (Continued)  
FOR THE FISCAL YEAR ENDED JUNE 30, 1999**

(Amounts In Thousands)

Fiscal Year Ending <u>June 30</u>	<u>Primary Government</u>		<u>Component Units</u>
	Governmental	Proprietary	
	Funds	Funds	
2000	\$ 4,208	\$ 14,156	\$ 823
2001	4,186	13,766	560
2002	2,036	13,255	560
2003	1,285	12,228	540
2004	509	11,969	482
Later Years	<u>2,472</u>	<u>115,335</u>	<u>14,462</u>
	<u>\$ 14,696</u>	<u>\$ 180,709</u>	<u>\$ 17,427</u>

**B. CITY AS LESSEE**

**(1) OPERATING LEASES**

The City's operating leases consist principally of leases for office space, data processing equipment, duplicating equipment and various other items of property and equipment to fulfill temporary needs.

Rental expense for all operating leases for the year was as follows:

(Amounts In Thousands)

	<u>Primary Government</u>		<u>Component Units</u>
	Governmental	Proprietary	
	Funds	Funds	
Minimum Rentals	\$ 29,992	\$ 10,480	\$ 35,866
Additional Rentals	<u>--</u>	<u>--</u>	<u>--</u>
Total Rental Expense	<u>\$ 29,992</u>	<u>\$ 10,480</u>	<u>\$ 35,866</u>

As of year end, future minimum rental commitments for operating leases having an initial or remaining noncancelable lease term in excess of one year are as follows:

(Amounts In Thousands)

Fiscal Year Ending <u>June 30</u>	<u>Primary Government</u>		<u>Component Units</u>
	Governmental	Proprietary	
	Funds	Funds	
2000	\$ 2,211	\$ 862	\$ 12,255
2001	2,177	758	6,236
2002	2,144	677	4,503
2003	2,173	447	2,869
2004	2,199	--	2,614
Later Years	<u>5,995</u>	<u>--</u>	<u>11,680</u>
Total	<u>\$ 16,898</u>	<u>\$ 2,744</u>	<u>\$ 40,157</u>

**(2) Capital Leases**

**CITY OF PHILADELPHIA  
NOTES TO FINANCIAL STATEMENTS (Continued)  
FOR THE FISCAL YEAR ENDED JUNE 30, 1999**

City capital leases consist of leased real estate included in the General Fixed Assets Account Group. As of year end, future minimum rental commitments of the City under capital leases are as follows:

Fiscal Year Ending	(Amounts In Thousands)
<u>June 30</u>	<u>Primary Government</u> General Long Term Debt
2000	\$ 4,103
2001	4,106
2002	4,105
2003	4,105
2004	4,103
Thereafter	<u>94,380</u>
Future Minimum Rental Payments	114,901
Interest Portion of Payments	<u>(55,991)</u>
Obligation Under Capital Leases	<u>\$ 58,910</u>

**13. 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 Internal Revenue Code and Pennsylvania laws in effect at June 30, 1999, the assets of the plan are held in trust for the exclusive benefit of the participants and their beneficiaries. In accordance with GASB Statement No. 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**

The Gas Works 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, 1998 Pennsylvania law required that all compensation deferred under the plan, all property and rights purchased with those amounts, and all income attributable to those amounts, property or rights were (until paid or made available to the employee or other beneficiary) solely the property and rights of the Gas Works (without being restricted to the provision of benefits under the plan) subject only to the Gas Works' general creditors. Participants' rights under the plan are equal to those of general creditors of the Gas Works in an amount equal to the fair market value of the deferred account for each participant. The Gas Works believes that it is unlikely that it will use the Plan's assets to satisfy the claims of general creditors in the future. The Plan provides that, in the absence of gross negligence, fraud or willful misconduct, neither the Gas Works nor the plan administrator shall be accountable or liable for any investment loss.

The following is a summary of the increases and decreases in Plan assets during the fiscal year:

Plan Assets, Beginning of Year (at estimated Market Value)	\$ 31,656
Contributions	3,853
Return on investment	215
Payments to eligible participants and beneficiaries	<u>(1,700)</u>
Plan Assets, End of Year (at estimated Market Value)	<u>\$ 34,024</u>

**14. RETAINED EARNINGS/FUND BALANCE RESERVATIONS AND DESIGNATIONS**

**CITY OF PHILADELPHIA**  
**NOTES TO FINANCIAL STATEMENTS (Continued)**  
**FOR THE FISCAL YEAR ENDED JUNE 30, 1999**

---

The City and its component units have reserved or designated portions of several funds' Retained Earnings or Fund Balances. Following is a description of all such reservations and designations:

**Reserved for Debt Service** - An account used to segregate a portion of Retained Earnings for debt service resources legally restricted to the payment of long-term debt principal and interest amounts maturing in future years.

**Reserved for Capital Purposes** - An account used to segregate a portion of Retained Earnings for resources legally restricted to expenditures of a capital nature.

**Reserved for Rate Stabilization** - An account used to segregate a portion of Retained Earnings required to segregate assets to offset future deficits and corresponding rate increase requirements.

**Reserved for Inventories** - An account used to segregate a portion of Fund Balance to indicate that inventory does not represent available, spendable resources even though it is a component of assets.

**Reserved for Encumbrances** - An account used to segregate a portion of Fund Balance for expenditure upon vendor performance.

**Reserved for Self-Insurance** - An account used to segregate a portion of Fund Balance for the School District's Weekly Indemnity Insurance coverage.

**Reserved for Debt Service Principal** - An account used to segregate a portion of Fund Balance for debt service resources legally restricted to the payment of long-term debt principal maturing in future years.

**Reserved for Debt Service Interest** - An account used to segregate a portion of Fund Balance for debt service resources legally restricted to the payment of long-term debt interest amounts in future years.

**Reserved for Trust Principal** - An account used to segregate a portion of Fund Balance to indicate that a portion of the Trust Fund Assets do not represent available, spendable resources.

**Reserved for Intergovernmental Financing** - An account used to segregate a portion of Fund Balance to finance possible future General Fund deficits and capital programs.

**Reserved for Intergovernmentally Financed Programs** - An account used to segregate a portion of Fund Balance legally restricted to programs to improve the City's financial status.

**Reserved for Program Purposes** - An account used to segregate a portion of Fund Balance for the purpose of maintaining and operating the City's Community College and Housing Authority.

**Reserved for Managed Care** - An account used to segregate a portion of Fund Balance that is required to be held in reserve to ensure adequate funding for costs of managed behavioral health care.

**Reserved for Tax Lien Proceeds** - An account used to segregate a portion of Fund Balance representing amounts received by the School District that will be made available in future years.

**Reserved for Public Safety Emergency Phone System** - An account used to segregate a portion of Fund Balance legally restricted for the improvement of the emergency phone system.

**Reserved for Employees Pension Benefits** - An account used to segregate a portion of Fund Balance for the specific operation of the Municipal Pension Trust Fund.

**Designated for Trust Purposes** - An account used to segregate a portion of Unreserved Fund Balance for the specific operation of the various Trust Funds.

**Designated for Behavioral Health Programs** - An account used to segregate a portion of Unreserved Fund Balance used for behavioral health programs.

**A. PRIMARY GOVERNMENT**

The following is a summary by fund type of all reservations and designations of the Primary Government:

**CITY OF PHILADELPHIA**  
**NOTES TO FINANCIAL STATEMENTS (Continued)**  
**FOR THE FISCAL YEAR ENDED JUNE 30, 1999**

(Amounts In Thousands)

	General Fund	Special Revenue Funds	Debt Service Funds	Capital Improvement Funds	Enterprise Funds	Trust and Agency Funds	Total
Retained Earnings:							
Reserved for Capital Purposes	\$ --	\$ --	\$ --	\$ --	\$ 52,765	\$ --	\$ 52,765
Reserved for Rate Stabilization	--	--	--	--	197,414	--	197,414
Total Retained Earnings	<u>\$ --</u>	<u>\$ --</u>	<u>\$ --</u>	<u>\$ --</u>	<u>\$ 250,179</u>	<u>\$ --</u>	<u>\$ 250,179</u>
Reserved Fund Balance:							
Reserved for Inventories	\$ 13,485	\$ --	\$ --	\$ --	\$ --	\$ 95	\$ 13,580
Reserved for Encumbrances	90,292	2,090	--	75,188	--	319	167,890
Reserved for Intergovernmental Financing	--	86,659	--	--	--	--	86,659
Reserved for Intergovernmentally Financed Programs	--	33,642	--	--	--	--	33,642
Reserved for Debt Service Principal	--	--	93,182	--	--	--	93,182
Reserved for Debt Service Interest	--	--	638	--	--	--	638
Reserved for Managed Care	--	19,252	--	--	--	--	19,252
Reserved for Public Safety Emergency Phone System	--	7,624	--	--	--	--	7,624
Reserved for Employees Pension Benefits	--	--	--	--	--	5,173,039	5,173,039
Reserved for Trust Principal	--	--	--	--	--	4,659	4,659
Total Reserved Fund Balance	<u>\$ 103,777</u>	<u>\$ 149,268</u>	<u>\$ 93,820</u>	<u>\$ 75,188</u>	<u>\$ --</u>	<u>\$ 5,178,112</u>	<u>\$ 5,600,165</u>
Unreserved Fund Balance:							
Designated for Behavioral Health Programs	\$ --	\$ 137,663	\$ --	\$ --	\$ --	\$ --	\$ 137,663
Designated for Trust Purposes	--	--	--	--	--	6,244	6,244
Total Designated Unreserved Fund Balance	<u>\$ --</u>	<u>\$ 137,663</u>	<u>\$ --</u>	<u>\$ --</u>	<u>\$ --</u>	<u>\$ 6,244</u>	<u>\$ 143,907</u>

**B. COMPONENT UNITS**

The following is a summary by entity of all reservations and designations of the various component units:

(Amounts In Thousands)

	Community College of Philadelphia	Philadelphia Parking Authority	Redevelopment Authority of the City of Philadelphia	School District of Philadelphia	Total
Retained Earnings:					
Reserved for Debt Service	\$ --	\$ 12,782	\$ 5,409	\$ --	\$ 18,191
Reserved Fund Balance:					
Reserved for Inventories	\$ --	\$ --	\$ --	\$ 1,599	\$ 1,599
Reserved for Encumbrances	--	--	--	123,742	123,742
Reserved for Self-Insurance	--	--	--	2,864	2,864
Reserved for Debt Service Principal	--	--	--	37,773	37,773
Reserved for Debt Service Interest	--	--	--	16,900	16,900
Reserved for Tax Lien Proceeds	--	--	--	7,637	7,637
Reserved for Trust Principal	--	--	--	2,481	2,481
Reserved for Program Purposes	74,489	--	--	--	74,489
Total Reserved Fund Balance	<u>\$ 74,489</u>	<u>\$ --</u>	<u>\$ --</u>	<u>\$ 192,996</u>	<u>\$ 267,485</u>
Unreserved Fund Balance:					
Designated for Trust Purposes	\$ --	\$ --	\$ --	\$ 2,559	\$ 2,559
Total Designations	<u>\$ --</u>	<u>\$ --</u>	<u>\$ --</u>	<u>\$ 2,559</u>	<u>\$ 2,559</u>

**CITY OF PHILADELPHIA  
NOTES TO FINANCIAL STATEMENTS (Continued)  
FOR THE FISCAL YEAR ENDED JUNE 30, 1999**

**15. UNRESERVED FUND BALANCE/RETAINED EARNINGS DEFICIT**

Funds experiencing an Unreserved Fund Balance or Retained Earnings deficit at year-end are as follows:

Enterprise Funds:	
Water Fund	\$ 36,791,458

**16. CONTRIBUTED CAPITAL**

Several of the City's Proprietary Funds and its component units have contributed capital from local and other sources as part of their fund equity. The following is a summary of changes in their respective contributed capital.

**A. PRIMARY GOVERNMENT**

(Amounts In Thousands)

	<u>Water Fund</u>		<u>Aviation Fund</u>		<u>Industrial and Commercial Development Fund</u>	<u>Primary Government Total</u>
	Local	Other	Local	Other	Local	
Beginning Balance	\$ 28,027	\$ 454,229	\$ 44,042	\$ 174,783	\$ 19,884	\$ 720,965
Grants Received	--	(11,199)	--	26,160	--	14,961
Contributions Received	649	9,285	--	--	216	10,150
Credit Arising From Depreciation	--	(16,477)	--	(11,140)	--	(27,617)
Ending Balance	<u>\$ 28,676</u>	<u>\$ 435,838</u>	<u>\$ 44,042</u>	<u>\$ 189,803</u>	<u>\$ 20,100</u>	<u>\$ 718,460</u>

**B. COMPONENT UNITS**

(Amounts In Thousands)

	<u>Philadelphia Housing Development Corp.</u>		<u>Pennsylvania Convention Center Authority</u>		<u>Community Behavioral Health *</u>	<u>School District of Philadelphia</u>	<u>Component Unit Total</u>
	Local	Other	Local	Other	Local		
Beginning Balance	\$ 2,550	\$ 593	\$ 19,910	\$ 97,100	\$ 2,040	\$ 7,238	\$ 129,431
Contributions Received	--	--	--	--	531	--	531
Ending Balance	<u>\$ 2,550</u>	<u>\$ 593</u>	<u>\$ 19,910</u>	<u>\$ 97,100</u>	<u>\$ 2,571</u>	<u>\$ 7,238</u>	<u>\$ 129,962</u>

\* - Information for CBH is presented for its fiscal year ended December 31, 1998.

**17. INTERFUND TRANSACTIONS**

During the course of normal operations the City has numerous transactions between funds including expenditures and transfer of resources to provide services. These transactions are recorded as operating transfers and are reported as other financial sources (uses) in the Governmental Funds, operating transfers (expenses) in the Proprietary Funds, and as City Appropriations in the Community College Fund in accordance with the basis of accounting for educational institutions as described in Note I.3.B. Transfers between fund types during the year were:

**CITY OF PHILADELPHIA  
NOTES TO FINANCIAL STATEMENTS (Continued)  
FOR THE FISCAL YEAR ENDED JUNE 30, 1999**

**A. PRIMARY GOVERNMENT**

	(Amounts in Thousands)			
	<u>Transfers In</u>		<u>Transfers Out</u>	
General Fund	\$	190,381		\$ 112,662
Special Revenue Funds:				
Grants Revenue Fund	--		16,430	
Municipal Authority Administrative Fund	261		--	
PICA Administrative Fund	880	1,141	242,773	259,203
Debt Service Funds:				
City Debt Service Fund	68,278		--	
Municipal Authority Debt Service Fund	37,919		11	
PICA Debt Service Fund	100,711	206,908	--	11
Capital Improvement Funds:				
City Capital Improvement Fund	11,625		38,750	
Municipal Authority Capital Improvement Fund	4,025	15,650	--	38,750
Proprietary Funds:				
Water Fund	--			4,138
Trust and Agency Funds:				
Departmental Non-Expendable Trust Funds	--		73	
Departmental Expendable Trust Funds	757	<u>757</u>	--	<u>73</u>
Total Interfund Transactions		<u>\$ 414,837</u>		<u>\$ 414,837</u>

**B. COMPONENT UNITS**

	(Amounts in Thousands)			
	<u>Transfers In</u>		<u>Transfers Out</u>	
<b>Primary Government</b>				
General Fund	\$	45,882		\$ 86,425
Special Revenue Funds:				
Hotel Tax Fund	--		15,911	
Grants Revenue Fund	--		28,183	
HealthChoices Behavioral Health Fund	--		336,429	
Community Development Fund	--	--	46,870	427,393
Capital Improvement Funds:				
City Capital Improvement Fund	--			37,601
Proprietary Funds:				
Water Fund	--			2,838
Aviation Fund	20,466			--
<b>Component Units</b>				
School District of Philadelphia	29,331		--	
Philadelphia Gas Works	--		18,000	
Penn's Landing Corporation	1,100		--	
Pennsylvania Convention Center Authority	45,176		10,359	
Philadelphia Housing Development Corporation	30,700		--	
Philadelphia Parking Authority	--		37,989	
Philadelphia Authority for Industrial Development	51,833		1,069	
Redevelopment Authority of the City of Philadelphia	47,194			
Community Behavioral Health	252,360	457,694	--	67,417
Community Behavioral Health transfers represent activity for the fiscal period ended December 31, 1998 and is not compatible with the reporting period of other entities.		84,069		--
Philadelphia Authority for Industrial Development transfers represent activity for the fiscal period ended December 31, 1998 and is not compatible with the reporting period of other entities.		(6,949)		--
General Fund and Capital Improvement Fund transfers to Community College of Philadelphia reflected as Contribution Revenue in conformance with GAAP for educational institutions.		<u>20,512</u>		<u>--</u>
Total Interfund Transactions		<u>\$ 621,674</u>		<u>\$ 621,674</u>

**CITY OF PHILADELPHIA**  
**NOTES TO FINANCIAL STATEMENTS (Continued)**  
**FOR THE FISCAL YEAR ENDED JUNE 30, 1999**

---

**IV. OTHER INFORMATION**

**1. PENSION PLANS**

The City maintains two single employer defined benefit plans for its employees and several of its component units. One blended component unit and three discretely presented component units - PICA, the School District, the Pennsylvania Convention Center Authority, and the Community College - participate in state administered cost-sharing multiple employer plans. In addition, two discretely presented component units - PHA and RDA - maintain their own single employer defined benefit plans.

**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 two plans maintained by the City's component units are the Philadelphia Housing Authority Plan (PHA Plan) and the Redevelopment Authority of the City of Philadelphia Retirement Plan (RDA Plan).

Financial statements for the City, PGW, and RDA pension plans are prepared using the accrual basis of accounting. Employee and employer contributions are recognized as revenues in the period in which employee services are performed. All assets of the PHA pension plan are invested in an Immediate Participating Guaranteed (IPG) contract.

Required Supplementary Information calculated in accordance with GASB Statement No. 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.

**(1) City Plan**

**(a) Plan Description**

The Philadelphia Home Rule Charter (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 five 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. Each of these two plans has multiple divisions.

**Retirement Benefits**

An employee who meets the age and service requirements of the particular division in which he participates is entitled to an annual benefit, payable monthly for life, equal to the employee's average final compensation multiplied by a percentage that is determined by the employee's years of credited service. The formula for determining the percentage is different for each division. A deferred vested benefit is available to an employee who has 10 years of credited service, has not withdrawn contributions to the system and has attained the appropriate service retirement age. Members of both plans may opt for early retirement with a reduced benefit.

**Death Benefits**

If an employee dies from the performance of duties, his/her spouse, children or dependent parents may be eligible for an annual benefit ranging from 15% to 80% of the employee's final average compensation. Depending on age and years of service, the beneficiary of an employee who dies other than from the performance of duties will be eligible for either a lump sum benefit only or a choice between a lump sum or an annual pension.

**Disability Benefits**

**CITY OF PHILADELPHIA  
NOTES TO FINANCIAL STATEMENTS (Continued)  
FOR THE FISCAL YEAR ENDED JUNE 30, 1999**

Employees disabled during the performance of duties are eligible for an immediate benefit equal to contributions plus a yearly benefit. If the employee subsequently becomes employed, the benefit is reduced by a percentage of the amount earned. Certain employees who are disabled other than during the performance of duties are eligible for an ordinary disability payment if they apply for the benefit within one year of termination. If the employee subsequently becomes employed, the benefit is reduced by a percentage of the amount earned.

Membership in the plan as of July 1, 1998 was as follows:

Retirees and beneficiaries currently receiving benefits	31,698
Terminated members entitled to benefits but not yet receiving them	789
Active members	30,935
Total Members	63,422

The Municipal Pension Fund issues a separate annual financial report. To obtain a copy, contact the Director of Finance of the City of Philadelphia.

**(b) Funding Policy**

Employee contributions are required by City Ordinance. For Plan 67 members, employees contribute 3¾% of their total compensation that is subject to Social Security Tax and 6% of compensation not subject to Social Security Tax. Plan 87 contribution rates are defined for the membership as a whole by Council ordinance. Rates for individuals are then determined annually by the actuary so that total individual contributions satisfy the overall rate set by Council.

The City is required to contribute the remaining amounts necessary to fund the Plan, using an acceptable actuarial basis as specified by the Home Rule Charter, City Ordinance and State Statute. Court decisions require that the City's annual employer contributions are sufficient to fund:

- The accrued actuarially determined normal costs
- Amortization of the unfunded actuarial accrued liability determined as of July 1, 1985. The portion of that liability attributable to a class action lawsuit by pension fund beneficiaries (the Dombrowski suit) is amortized in level installments, including interest, over 40 years through June 30, 2009. The remainder of the liability is amortized over 34 years with increasing payments expected to be level as a percentage of each year's aggregate payroll.
- Amortization in level dollar payments of the changes to the July 1, 1985 liability due to the following causes over the stated period:
  - nonactive member's benefit modifications (10 years)
  - experience gains and losses (15 years)
  - changes in actuarial assumptions (20 years)
  - active members' benefit modifications (20 years )

The total required employer contribution for the City and other participating employers for the current year was 22% of covered payroll of \$1,181.6 million.

Administrative costs of the Plan are paid out of the Plan's assets.

**(c) Annual Pension Cost**

The actuarial valuation used to compute the current year's required contribution was performed as of July 1, 1997. Methods and assumptions used for that valuation include:

- the entry age actuarial cost method
- a five-year smoothed market value method for valuing investments
- a level percentage closed method for amortizing the unfunded liability
- an annual investment rate of return of 9%
- projected annual salary increases of 5% (including inflation)
- annual inflation of 3.5%
- no post-retirement benefit increases

**CITY OF PHILADELPHIA  
NOTES TO FINANCIAL STATEMENTS (Continued)  
FOR THE FISCAL YEAR ENDED JUNE 30, 1999**

For the current year, the City contributed the Annual Pension Cost of \$256.7 million. The Annual Pension Cost and related percentage contributed for the three most recent fiscal years are as follows:

Fiscal Year Ended <u>June 30</u>	Annual Required <u>Contribution</u> (In Millions)	Percentage <u>Contributed</u>
1997	\$237.0	100.00%
1998	\$252.0	100.00%
1999	\$256.7	100.00%

**(d) Summary of Significant Accounting Policies**

Financial statements of the Plan are prepared using the accrual basis of accounting. Contributions of employees and employers are recognized as revenues in the period in which employee services are performed. Benefits and refunds paid are recognized when due and payable in accordance with the terms of the plan. Investments are valued as described in Footnote I.4.A.

**(2) Gas Works Plan**

**(a) Plan Description**

The Gas Works sponsors a public employee retirement system (PERS), a single-employer defined benefit plan to provide benefits for all its employees. The PGW Pension Plan provides retirement benefits as well as death and disability benefits. Retirement benefits vest after 10 years of credited service. Employees who retire at or after age 65 are entitled to receive an annual retirement benefit, payable monthly, in an amount equal to the greater of:

- 1.25% of the first \$6,600 of Final Average Earnings plus 1.75% of the excess of Final Average Earnings over \$6,600, times years of credited service, with a maximum of 60% of the highest annual earnings during the last 10 years of credited service, applicable to all participants

OR

- 2% of total earnings received during the period of credited service plus 22.5% of the first \$100 of such amount, applicable only to participants who were employees on or prior to March 24, 1967.

Final-average earnings is the employee's average pay, over the highest 5 years of the last 10 years of credited service. Employees with 15 years of credited service may retire at or after age 55 and receive a reduced retirement benefit.

Total membership of the PGW plan as of September 1, 1996 consisted of:

Retirees and beneficiaries currently receiving benefits and terminated members entitled to benefits but not yet receiving them	2,231
Current Employees	<u>1,994</u>
Total Members	<u><u>4,225</u></u>

The City of Philadelphia issues a publicly available financial report that includes financial statements and required supplementary information for the PGW Plan. The report may be obtained by writing to the Director of Finance of the City of Philadelphia.

**(b) Funding Policy**

**CITY OF PHILADELPHIA  
NOTES TO FINANCIAL STATEMENTS (Continued)  
FOR THE FISCAL YEAR ENDED JUNE 30, 1999**

Benefit and contribution provisions are established by City ordinance and may be amended only as allowed by City ordinance. Covered employees are not required to contribute to the PGW Pension Plan. The Gas Works is required by statute to contribute the amounts necessary to finance the Plan.

The funding policy of the PGW Plan provides for periodic employer contributions at actuarially determined rates that, expressed as percentages of annual covered payroll, are sufficient to accumulate assets to pay benefits when due. Level percentage of employer contribution rates are based on the actuarial accrued liability as determined by using the Projected Unit Credit actuarial funding method. The actuarial asset value is equal to the value of fund assets. The unfunded actuarial accrued liability is being amortized over 11 years. Contributions of \$3,334,000 (approximately 3.46% of covered payroll) were made to the PGW Plan during the year.

Historically, payments to beneficiaries of the PGW Plan are made by the Fund and not from the assets of the Plan. During the year, payments to beneficiaries exceeded the Fund's actuarially computed pension contribution and a withdrawal of \$24.3 million from the pension assets was necessary to meet beneficiary payment obligations.

**(c) Annual Pension Cost**

PGW's annual pension cost for the current year was \$3,334,000, equal to its required contribution. This represented the net of (a) \$5,139,000 for normal cost and (b) \$1,805,000 amortization of the excess plan assets over the pension benefit obligation. The annual required contribution for the current year was determined as part of an interim actuarial valuation update performed as of September 1, 1997 using the projected credit unit method. Significant actuarial assumptions used include an annual rate of return on investments of 8.25%, projected salary increases of 3% per year (both of which include an inflation component of 3% and do not include post-retirement benefit increases) and age 62 as the assumed retirement age

The Annual Pension Cost and related percentage contributed for the three most recent fiscal years is as follows:

Fiscal Year Ended <u>August 31</u>	Annual Required <u>Contribution</u>	Percentage <u>Contributed</u>
	(In Thousands)	
1996	\$7,337	100%
1997	\$4,590	100%
1998	\$3,334	100%

**(d) Summary of Significant Accounting Policies**

The financial statements of the Plan are prepared on the accrual basis of accounting. Employer contributions are recognized as revenues in the period in which employee services are performed. Investment income is recognized as earned. Gains and losses on sales and exchanges are recognized on the transaction date. Plan investments are reported at fair value based on quoted market price for those similar investments.

**(3) Component Unit - Philadelphia Housing Authority Plan**

**(a) Plan Description**

The Philadelphia Housing Authority contributes to a single-employer Public Employees' Retirement System (PERS), administered by an insurance company (the PHA Pension Plan) covering all permanent employees. The PERS does *not* issue separate, stand-alone financial statements. The Authority's payroll for employees covered by the PHA Plan for the year was approximately \$65.6

**CITY OF PHILADELPHIA  
NOTES TO FINANCIAL STATEMENTS (Continued)  
FOR THE FISCAL YEAR ENDED JUNE 30, 1999**

million. The PHA Pension Plan provides retirement benefits as well as death and disability benefits. Employees who retire at or after age 65 receive an annual retirement benefit equal to 2.5% of average earnings multiplied by the years of service not to exceed 25 years, plus 1.25% of average earnings multiplied by years of service in excess of 25 years.

**(b) Funding Policy**

Funding policies are determined by collective bargaining agreements and employment policies. Covered employees are required to contribute 5.5% of pre-tax salary to the PHA Pension Plan. The Philadelphia Housing Authority is required to contribute an amount equal to employee contributions.

**(c) Annual Pension Cost**

Actuarially determined contributions are required to provide sufficient assets to pay benefits when due. The Authority's funding policy is set by collective bargaining agreements and employment policies. The policy is to contribute 5.5% to the PERS along with the employees' required contributions of 5.5% of total salary. Significant methods and assumptions used to calculate the actuarially required contributions are:

- the entry-age normal method
- annual rate of return on investments of 8%
- projected salary increases of 5.5% per year
- an annual rate of inflation of 3.5%
- no post-retirement benefit increases

The Authority's actuarially required contributions and percentage contributed for the last three fiscal years of the Plan are summarized below. The required contribution for the current year was approximately 5.6% of covered payroll.

<u>Fiscal Year</u> <u>Ended</u> <u>October 31</u>	<u>Annual</u> <u>Required</u> <u>Contribution</u>	<u>Percent</u> <u>Contributed</u>
1996	\$2,029,166	155.8%
1997	\$2,951,006	116.7%
1998	\$3,162,422	116.8%

**(4) Component Unit - Redevelopment Authority Plan**

**(a) Plan Description**

The Redevelopment Authority contributes to the Redevelopment Authority of the City of Philadelphia Retirement Plan (the Plan) which is a single-employer defined benefit pension plan. The Plan does not issue a stand-alone financial report.

Substantially all full time Authority employees are eligible to participate in the Plan. Benefits vest after five years of service. Authority employees who retire at or after age 55 with five years of credited service are entitled to an annual retirement benefit, payable monthly for life, in an amount equal to 2.5% of their final monthly salary multiplied by the number of months of credited service up to 240 months plus 2% of final monthly compensation multiplied by months of credited service in excess of 240 months up to a maximum of 420 months. The Plan also provides death and disability benefits which are determined in a manner similar to the retirement benefits.

**(b) Funding Policy**

The plan's funding policy provides for actuarially determined periodic employer contributions which account for benefits that increase gradually over time so that sufficient assets will be available to pay benefits when due. The rate for the Authority's employee group as a whole has tended to remain level as a percentage of annual covered payroll. Authority employees are required to contribute 6% of their salary to the Plan. The Authority is required to contribute the remaining amounts necessary to fund the Plan as defined under Act 205 of the Commonwealth of Pennsylvania Code.

**CITY OF PHILADELPHIA  
NOTES TO FINANCIAL STATEMENTS (Continued)  
FOR THE FISCAL YEAR ENDED JUNE 30, 1999**

**(c) Annual Pension Cost**

The contribution for the Plan for fiscal 1999 of \$862,065 (approximately 13% of covered payroll, representing normal cost) was determined in accordance with actuarially determined requirements computed through the actuarial valuation performed as of January 1, 1999 using the entry age normal actuarial cost method. The Authority contributed \$533,793 (approximately 8% of current covered payroll) and the employees contributed \$328,292 (5% of current covered payroll).

Significant actuarial assumptions include a 7.25% rate of return on investment assets, projected salary increases of 6% per year (4% for merit and promotion, 2% for inflation) and no post-retirement benefit increases.

The net pension obligation at year end was \$33,980 computed as follows:

Annual Required Contribution	\$	550,414
Interest On Net Pension Obligation		(7,847)
Adjustment to Annual Required Contribution		13,135
Annual Pension Cost		555,702
Contributions Made		413,493
(Increase) Decrease In Net Pension Obligation		142,209
Net Pension Obligation - Beginning of Year		(108,229)
Net Pension Obligation - End of Year	\$	33,980

The Authority's actuarially required contributions and percentage contributed for the transition year (1998) from GASB No. 5 to GASB No. 27 and the following year are summarized below.

Fiscal Year Ended <u>June 30</u>	Annual Required <u>Contribution</u>	Percent <u>Contributed</u>	Net Pension <u>Obligation</u>
1998	\$503,398	104%	(\$108,229)
1999	\$555,702	74%	\$33,980

**B. MULTIPLE EMPLOYERS PLANS**

One of the City's blended component units and three of its discretely presented component units participate in two defined benefit plans (PSERS and SERS) and one (Community College) participates in two defined contribution plans (TIAA-CREF and Fidelity Investments) as described below.

The payroll for Community College employees covered by any of the four multiple employer plans was \$37.4 million and the total payroll was \$49.8 million. Contributions to the four plans by the College during the fiscal year totaled approximately \$3.5 million representing 9.37% of covered payroll. College employees contributed approximately \$1.9 million representing 5% of covered payroll.

**(1) Public School Employee Retirement System (PSERS)**

**(a) Plan Description**

School Districts and Community Colleges in the Commonwealth of Pennsylvania participate in the State administered Public School Employees Retirement System (PSERS) which is a cost-sharing multiple-employer defined benefit plan. PSERS provides retirement and disability benefits, legislatively mandated ad hoc cost-of-living adjustments and healthcare insurance premium assistance to qualifying annuitants. Authority to establish and amend benefit provisions rests in the Public School Employees' Retirement Code (the Code).

**CITY OF PHILADELPHIA  
 NOTES TO FINANCIAL STATEMENTS (Continued)  
 FOR THE FISCAL YEAR ENDED JUNE 30, 1999**

PSERS issues a comprehensive annual financial report which includes financial statements and required supplementary information for the plan. A copy of the report can be obtained by writing to :

Public School Employees' Retirement System  
 P.O. Box 125  
 Harrisburg, PA 17108-0125  
 Attn: Wendy Hoover, Bureau of Fiscal Control

**(b) Funding Policy**

Contribution policy is established by the Code and requires contributions from active members, employers and the Commonwealth. Most active members contribute at 5.25% of qualifying compensation. Members joining the PSERS on or after July 22, 1983 contribute at 6.25%. The employer rate is actuarially determined. The rate for fiscal year 1999 was 5.89% for pension and 0.15% for health insurance premium assistance.

The School District's contributions for the last three years are as follows:

Fiscal Year Ended <u>June 30</u>	Annual Required <u>Contribution</u>	Percentage <u>Contributed</u>
1997	\$100,467,353	100%
1998	\$87,216,980	100%
1999	\$63,377,697	100%

**(2) State Employees Retirement System (SERS)**

**(a) Plan Description**

PICA and Convention Center Authority employees and certain Community College employees are eligible to participate in the Pennsylvania State Employees Retirement System (SERS), which is a cost sharing multiple employer plan. The SERS provides pension, death and disability benefits. Retirement benefits vest after 10 years of credited service. Employees who retire at age 60 after 3 years of service or with 35 years of service if under age 60, are entitled to a normal annual retirement benefit. The general annual benefit is 2% of the member's highest three year average salary times years of service. The General Assembly has the authority to establish and amend benefits of the SERS. Ad hoc cost-of-living adjustments are provided at the discretion of the General Assembly.

**(b) Funding Policy**

The SERS funding policy is set by the SERS Board. Active members are required to contribute periodically at statutory rates, generally 5% of gross pay. The amount is recorded in an individually identified account that accumulates interest at 4% per year as mandated by statute. Accumulated employee contributions and credited interest vest immediately and are returned to the employee upon termination of service if the employee is not eligible for other benefits.

Employer contributions are an actuarially determined percentage of payroll such that they, along with employee contributions and an actuarially determined investment rate of return, are adequate to accumulate assets to pay benefits when due. The rate for fiscal year 1999 was 5.61%.

Contributions of the Convention Center Authority for the last three years were as follows:

**CITY OF PHILADELPHIA  
 NOTES TO FINANCIAL STATEMENTS (Continued)  
 FOR THE FISCAL YEAR ENDED JUNE 30, 1999**

Fiscal Year Ended <u>June 30</u>	Annual Required <u>Contribution</u>	Percentage <u>Contributed</u>
1997	\$207,096	100%
1998	\$201,104	100%
1999	\$193,337	100%

Contributions of PICA over the past three years were as follows:

Fiscal Year Ended <u>June 30</u>	Annual Required <u>Contribution</u>	Percentage <u>Contributed</u>
1997	\$29,873	100%
1998	\$28,064	100%
1999	\$29,017	100%

According to the retirement code, all obligations of the SERS will be assumed by the Commonwealth should the SERS terminate.

During the year and as of year end, the SERS did not hold securities issued by the City or other related parties.

The SERS issues a publicly available financial report that includes financial statements and required supplementary information which may be obtained by writing to:

State Employees' Retirement Board  
 Commonwealth of Pennsylvania  
 30 North Third Street  
 Harrisburg, PA 17108-1147

**(3) Teacher's Insurance and Annuity Association-College Retirement Equities Fund (TIAA-CREF) and Fidelity Investments**

**(a) Plan Description**

Community College employees are also eligible to participate in the Teacher's Insurance and Annuity Association - College Retirement Equities Fund (TIAA-CREF). TIAA-CREF is a defined contribution plan and, as such, benefits depend solely on amounts contributed to the plan plus investment earnings. Full-time faculty and administrative employees are eligible to participate from the date of employment, and clerical employees have a one year waiting period. Part-time faculty may participate after earning four (4) seniority units, as defined in the Collective Bargaining Agreement. College policy and collective bargaining agreements require that both the employee and the college contribute amounts, as set forth below, based on the employees earnings.

The College's contributions for each employee (and interest allocated to the employee's account) are fully vested. Participants who leave the employ of the college for reasons other than retirement or disability, and are not transferring to another institution with TIAA-CREF, may repurchase their contributions provided they have not participated in the program for more than 5 years. Death benefits in the amount of the full current value of accumulation is provided to the beneficiary of participants who die prior to retirement. A variety of payment options are available. The College has 910 employees participating in this plan.

**(b) Funding Policy**

The employer's contribution requirement for full-time faculty and administrators and other staff is 10% of the base contract amount. For visiting lecturers, the rate is 5% of the base contract. For

**CITY OF PHILADELPHIA**  
**NOTES TO FINANCIAL STATEMENTS (Continued)**  
**FOR THE FISCAL YEAR ENDED JUNE 30, 1999**

---

Part-time faculty, the rate is 5% of all earnings. For all employees, the employee's contribution requirement is 5% of base salary.

**2. 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. School District employees have an unlimited maximum accumulation and Gas Works' employees' sick leave is noncumulative. 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.

**3. POST EMPLOYMENT BENEFITS**

**A. PRIMARY GOVERNMENT**

In addition to providing pension benefits, the City provides certain post-employment health care and life insurance benefits for retired employees, dependents and/or beneficiaries through provisions of City ordinances, civil service regulations and agreements with its various employee bargaining units. The City provides these benefits for from one to four years after retirement depending upon the classification of the employee at his/her retirement. Substantially all of the City's employees may become eligible for those benefits if they reach normal retirement age while working for the City. These and similar benefits for active employees are provided through a combination of a self-insurance program and insurance companies whose premiums are based on the benefits paid during the year. The cost of providing these health benefits and life insurance for approximately 2,924 eligible retirees amounted to \$16.6 million and \$3.6 million, respectively.

**B. COMPONENT UNIT**

The **School District** provides life insurance benefits for approximately 8,597 retired employees through a self-insurance program. A retired employee is eligible for this benefit if covered for 10 years as an active employee and retired at age 60 with 30 years of service or age 62 with 10 years of service or any age with 35 years of service. Benefits are recognized as expenditures in the School District General Fund when claims are paid. Total coverage as of year end amounted to \$16.4 million and the cost of life insurance for the year for retirees was \$636,332.

The **Gas Works** provides certain health care and life insurance benefits for approximately 1,990 retired employees and their dependents. The Gas Works recognizes the cost of providing these benefits by charging the annual insurance premiums to expense. Total premiums incurred for health care amounted to \$21.5 million, of which approximately 43% relates to retirees and their dependents. Total premiums for group life insurance amounted to \$1.3 million, of which approximately 28% relates to retirees.

**4. PENNSYLVANIA INTERGOVERNMENTAL COOPERATION AUTHORITY (PICA)**

The 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, the Authority 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, the President pro tempore of the Senate, the Minority Leader of the Senate, the Speaker of the House of Representatives and the Minority Leader of the House of Representatives each appoints one voting member of 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

**CITY OF PHILADELPHIA**  
**NOTES TO FINANCIAL STATEMENTS (Continued)**  
**FOR THE FISCAL YEAR ENDED JUNE 30, 1999**

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 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 1999 this transfer amounted to \$143.2 million.

**5. SEGMENT INFORMATION FOR ENTERPRISE FUNDS**

The City maintains several Enterprise Funds which provide water and sewer, airport and industrial and commercial development services. Segment information for the year is as follows:

	(Amounts in Thousands)			
	<b>Water</b>	<b>Aviation</b>	<b>Industrial &amp; Commercial Development</b>	
	<b>Fund</b>	<b>Fund</b>	<b>Fund</b>	<b>Total</b>
Operating Revenues	\$352,087	\$122,346	\$1,059	\$475,492
Depreciation and Amortization Expense	77,281	41,974	--	119,255
Operating Income/(Loss)	56,626	(15,208)	(693)	40,725
Operating Grants	5,427	322	--	5,749
Operating Transfers In/(Out)	(6,976)	20,466	--	13,491
Net Income/(Loss)	(19,967)	30,441	(1,518)	8,956
Current Capital:				
Contributions	9,934	--	216	10,150
Transfers	16,477	11,140	--	27,617
Property, Plant & Equipment Additions	(117,934)	(95,231)	--	(213,164)
Net Working Capital	13,089	(4,854)	27,537	35,772
Bonds and Other Long-Term Liabilities	1,575,693	956,265	--	2,531,958
Total Equity	625,136	436,313	27,537	1,088,986
Total Assets	2,318,202	1,483,756	28,481	3,830,439

**6. 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 \$51.0 million to SEPTA. In addition, the City received \$3.9 million in fixed rental payments on certain properties leased to SEPTA. Through various agreements executed in 1968, SEPTA purchased the properties of Philadelphia Transportation Company (PTC). SEPTA issued \$55.0 million of revenue bonds principally to finance the acquisition and then leased the PTC properties to the City for annual rentals equivalent to the debt service on the SEPTA bonds. The City then leased these properties back to SEPTA together with all the City's transit properties for the same rentals (equivalent to the debt service on the SEPTA bonds). SEPTA is not obligated to pay the rent if they

**CITY OF PHILADELPHIA  
NOTES TO FINANCIAL STATEMENTS (Continued)  
FOR THE FISCAL YEAR ENDED JUNE 30, 1999**

have insufficient earnings. The debt service on the SEPTA bonds paid by the City during the year amounted to \$4.7 million. The unpaid principal balance at year end was \$16.1 million. The SEPTA bonds require annual debt service payments through the year 2002.

**B. OTHER ORGANIZATIONS**

The City provides varying levels of subsidy and other support payments (which totaled \$66.8 million during the year) to the following organizations:

- Philadelphia Commercial Development Corporation
- Philadelphia Health Management Corporation
- Philadelphia Industrial Development Corporation

**7. 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. Risk management activities, except those covered by insurance carriers, are currently reported in the City's General, Water, Aviation, and Pension Funds. The long-term portion of claims related to the General Fund are reported in the General Long-Term Debt Account Group. 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.

At June 30, the amount of these liabilities was \$129.8 million for the Primary Government. This liability is the City's best estimate based on available information. Changes in the reported liability since June 30, 1997 resulted from the following:

(Amounts in Millions)

	Beginning	Current Year Claims and Changes	Claim	Ending
	<u>Liability</u>	<u>In Estimates</u>	<u>Payments</u>	<u>Liability</u>
Fiscal 1998	\$109.1	\$84.9	(\$82.8)	\$111.2
Fiscal 1999	\$111.2	\$90.1	(\$71.5)	\$129.8

The City's Unemployment Compensation and Workers' Compensation coverages are provided through its General Fund. Unemployment Compensation coverage is funded by a pro rata charge to the various funds. Payments for the year were \$1.2 million for Unemployment Compensation claims and \$37.6 million for Workers' Compensation claims.

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 losses have been settled with the purchase of annuity contracts.

**CITY OF PHILADELPHIA  
 NOTES TO FINANCIAL STATEMENTS (Continued)  
 FOR THE FISCAL YEAR ENDED JUNE 30, 1999**

**B. COMPONENT UNITS**

The City's Component Units are 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. They are principally insured through insurance carriers. Each entity has coverage considered by management to be sufficient to satisfy loss claims. 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.

At June 30, the combined amount of these liabilities was \$82.6 million for the City's Component Units. This liability is the best estimate based on available information. Changes in the reported liability since June 30, 1997 resulted from the following:

(Amounts in Millions)

	<b>Beginning</b>	<b>Current Year</b>	<b>Claim</b>	<b>Ending</b>
	<u>Liability</u>	<u>Claims and Changes</u>	<u>Payments</u>	<u>Liability</u>
		<u>In Estimates</u>		
Fiscal 1998	\$95.1	\$39.3	(\$45.6)	\$88.8
Fiscal 1999	\$88.8	\$43.4	(\$49.6)	\$82.6

The School District Weekly Indemnity, Unemployment Compensation and Workers' Compensation coverages are provided through its General Fund. The cost of Weekly Indemnity coverage is shared equally by the School District and covered employees. Unemployment Compensation coverage is funded by a pro rata charge to the various funds. Payments for the year were \$15.9 million for Weekly Indemnity, \$1.0 million for Unemployment Compensation claims and \$20.9 million for Workers' Compensation claims. Amounts collected in excess of claims incurred for the School District's Weekly Indemnity Plan are included in the School District General Fund as a Reservation of Fund Balance.

During the last three (3) fiscal years, no claim settlements have exceeded the level of insurance coverage for those components using third party carriers. None of the losses of any of the Component Units have been settled with the purchase of annuity contracts.

**8. COMMITMENTS**

**A. PRIMARY GOVERNMENT**

The City entered into a Lease and Service agreement with the Pennsylvania Convention Center Authority in December 1989 for a term of 50 years. Under the terms of this agreement, the City leases to the Authority the land on which the Authority constructed and operates a Convention Center. To this end, the Authority issued \$296.0 million in 1994 Series A Revenue Bonds, due September 1, 2019. Under its terms, the agreement cannot be terminated by the City and the obligation of the City to pay an annual service fee, out of current revenues, is absolute and unconditional as long as the Revenue Bonds are outstanding. Said service fee, which began in July 1992, will be sufficient to cover the debt service on the above-mentioned bonds net of certain other amounts and credits permitted. Without consideration for the additional payments and credits permitted, future Lease and Service payments by the City over the life of the bonds are as follows:

**CITY OF PHILADELPHIA  
NOTES TO FINANCIAL STATEMENTS (Continued)  
FOR THE FISCAL YEAR ENDED JUNE 30, 1999**

Fiscal Year Ended	(Amounts In Millions)
<u>June 30</u>	<u>Commitments</u>
2000	\$ 24.3
2001	24.3
2002	24.3
2003	24.3
2004	24.3
Thereafter	<u>388.3</u>
Total	<u>\$ 509.8</u>

**B. COMPONENT UNITS**

- The **School District's** outstanding contractual commitments at year end for construction of new facilities, purchase of new equipment, and various alterations and improvements to facilities totaled \$97.9 million.
- The **School District** is also an Intermediate Unit (IU) established by the Commonwealth to provide programs for special education and certain non-public school services. Conceptually, the cost of operating an IU for a fiscal year is partially financed by Commonwealth appropriation. In certain instances (transportation and institutionalized special education) the School District reimburses the Commonwealth for the funds advanced in the previous year. The amount advanced for transportation of special education students is reimbursed in full less the Commonwealth's share of such cost as determined by a formula based on the number of students transported, route distances, and efficiency of vehicle utilization. The amount advanced for instruction of special education students is partially reimbursed in an amount representative of the cost of educating an equivalent number of general education students.
- In April 1992 the Federal Energy Regulatory Commission (FERC) issued order No. 636 which requires the **Gas Works'** suppliers to, among other things, unbundle all services performed and to implement a straight fixed-variable rate design. FERC Order No. 636 also requires PGW to pay transition costs. At August 31, 1993 the pipelines had received FERC authorization to commence billing a portion of their costs. PGW's total exposure to costs stemming from this order is not fully determinable until pipeline suppliers file for cost recovery. Based on their approved filing and in anticipation of future filings for known costs, it is estimated that PGW's liability for transition costs on August 31, 1998 is approximately \$15.0 million. Therefore, PGW has recorded both a deferred debit and deferred credit on the Balance Sheet in that amount. As of August 31, 1998, PGW has paid approximately \$20.7 million of principal and interest for FERC Order No. 636 transition costs to its pipeline supplies. Such amounts have been recovered through the normal Gas Cost Rate (GCR).
- At year-end, **Penn's Landing Corporation** reported as deferred revenue \$11.6 million in unexpended funds from a grant received from the Delaware River Port Authority for the demolition, construction, and purchase of specific assets.

**9. 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

**CITY OF PHILADELPHIA**  
**NOTES TO FINANCIAL STATEMENTS (Continued)**  
**FOR THE FISCAL YEAR ENDED JUNE 30, 1999**

---

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. At year end the aggregate estimate of loss deemed to be probable is approximately \$111.9 million. Of this amount, \$7.2 million is charged to current operations of the Enterprise Funds. The remaining \$104.7 million pertaining to the General Fund has been recorded in the Long-Term Debt Account Group.

In addition to the above, there are other lawsuits against the City in which some amount of loss is reasonably possible. These lawsuits relate to General Fund and Enterprise Fund operations. The aggregate estimates of the loss which could result if unfavorable legal determinations were rendered against the City with respect to those lawsuits is approximately \$68.7 million to the General Fund and \$6.4 million to the Enterprise Funds.

Significant cases included in the current litigation against the City are as follows:

- The Local Economic Revitalization Tax Assistance Act ("LERTA") enables local governments to provide property owners with partial real estate tax exemptions when the property owner improves his property or engages in new construction. Pursuant to this authority, City Council amended the City Code to grant such tax exemptions to property owners. Until 1991, the Ordinance provided that the exemption begins in the year after the City issues the building permit and runs for five (5) years.

Erie County enacted an identical ordinance which a taxpayer challenged. Commonwealth Court invalidated that ordinance, holding that LERTA only empowers municipalities to enact ordinances which provide that the exemption begin to run the year after the property owner completes construction, rather than the year after the county issues the building permit.

From 1978 until 1991, the Board of Revision of Taxes, pursuant to its authority under the Code, granted real estate abatements to property owners who either engaged in new construction of or made improvements to commercial property. The abatements commenced in the year after the City issued a building permit and terminated five years later.

Taxpayers in several appeals have challenged the Board's termination of the real estate tax abatements, relying on the Erie County case, and requested that the Court invalidate that section of the Code. Common Pleas Court ruled that taxpayers had waited too long to challenge the real estate tax abatement. Commonwealth Court reversed this decision and ordered the abatements to be extended with no credit to the City for the earlier improper abatements. The Supreme Court has granted permission to the City, School District and Board of Revision of Taxes to appeal and that appeal is pending.

The Board of Revision of Taxes has determined that, if the abatement were to be invalidated, the taxpayers could be ordered to pay as much as \$18 million in back taxes, including interest. Taxpayers claim they are owed approximately \$17 million plus interest.

- In 1996, the U.S. Supreme Court struck down a North Carolina intangible property tax that varied inversely with the corporation's presence in North Carolina. The Court held that the tax discriminated against interstate commerce in violation of the U.S. Constitution.

The Philadelphia County Personal Property Tax is also a tax on intangible personal property. This tax provides an exemption for stock of corporations which pay the Pennsylvania Capital Stock or Franchise Tax. The City has received a number of formal and informal requests for refunds and a putative class action suit for refunds has been filed. The class action is stayed pending the outcome of Annenberg v. Montgomery County in which the Pennsylvania Supreme Court will decide whether the Montgomery County personal property tax (which is identical to the Philadelphia tax) is constitutional in light of the ruling on the North Carolina tax. In Annenberg, the Supreme Court has ruled the tax discriminatory, but remanded the matter to Common Pleas Court to determine whether

**CITY OF PHILADELPHIA  
 NOTES TO FINANCIAL STATEMENTS (Continued)  
 FOR THE FISCAL YEAR ENDED JUNE 30, 1999**

there is constitutional justification for this discrimination and, if not, for recommendation of a remedy. Common Pleas Court's proposed findings concluded that there is no justification and has recommended maintaining the underlying lawful tax and severing the discriminatory exemption. The proposed findings are now before the Supreme Court for its review.

The City has sought a legislative solution by repealing the old tax for subsequent years and enacting a bill that will impose a new tax on intangible personal property if the old tax is found to be unconstitutional. This tax is designed to offset the estimated \$60 million in potential refunds.

- In May, 1998, the Administrative Governing Board of the First Judicial District of Pennsylvania (FJD) and officials of Common Pleas, Municipal and Traffic Courts brought suit against the Mayor, the Finance Director, the Treasurer, the City Council President and City Council. The suit seeks an Order to compel the defendants to request, appropriate and disburse funds needed to operate the FJD during fiscal year 1999 (July 1, 1998 -June 30, 1999). The amount needed for these operations includes \$108.5 million from the City's General Fund and \$28.9 million from the City's Grants Revenue Fund.

The defendants have filed a complaint joining the Commonwealth, the General Assembly and various officials as other defendants. The City is seeking to compel the Commonwealth to fund the FJD in fiscal year 1999, relieving the City of this obligation. The City has also filed an emergency petition asking the Pennsylvania Supreme Court to assume jurisdiction over this case. The plaintiffs contend that the City remains obligated to fund the courts of the FJD until the Commonwealth provides such funds.

**(2) Guaranteed Debt**

The City has guaranteed certain debt payments of three of its component units. As such, the City's General Fund has a potential financial obligation toward the extinguishment of this debt, either by replacing the various reserve funds, if used, or the actual payment of principal or interest. At June 30, principal balances outstanding were as follows:

(Amounts In Thousands)	
Redevelopment Authority of the City of Philadelphia	\$ 4,385
Philadelphia Parking Authority	112,480
Philadelphia Authority for Industrial Development	<u>15,804</u>
	<u>\$ 132,669</u>

**(3) Single Audit**

The City and School District receive significant financial assistance from numerous federal, state and local governmental agencies in the form of grants and entitlements. The disbursement of funds received under these programs generally requires compliance with terms and conditions specified in the grant agreements and is subject to audit. Any disallowed claims resulting from such audits and relating to the City or its component units could become a liability of the General Fund or other applicable funds. In the opinion of City officials the only significant contingent liabilities related to matters of compliance are the unresolved and questioned costs in the City's Single Audit of Federal Financial Assistance for the fiscal year ended June 30, 1999, which amounted to \$579.3 million for all open program years as of December 1, 1999. Of this amount, \$468.8 million represents unresolved cost due to the inability to obtain audit reports from subrecipients for the year ended June 30, 1999 due to timing differences in audit requirements, \$86.6 million represents questioned costs due to the inability to obtain subrecipient audit reports for the fiscal years June 30, 1998 and prior and \$23.9 million represents questioned costs related to specific compliance requirements which have yet to be resolved.

**(4) HUD Section 108 Loans**

**CITY OF PHILADELPHIA**  
**NOTES TO FINANCIAL STATEMENTS (Continued)**  
**FOR THE FISCAL YEAR ENDED JUNE 30, 1999**

---

As of the end of the fiscal year, the Federal Department of Housing and Urban Development (HUD) had disbursed \$181.4 million in loans to the Philadelphia Industrial Development Corporation (PIDC). The funds, which were used to establish a loan pool pursuant to a contract between the City and HUD, are being accounted for and administered by PIDC on behalf of the City. Pool funds are loaned to businesses for economic development purposes. Loan repayments and investment proceeds from unloaned funds are used to repay HUD. Collateral for repayment of the funds includes future Community Development Block Grant entitlements due to the City from HUD. The total remaining principal to be repaid to HUD for all loans at the end of the year was \$172.3 million.

**B. COMPONENT UNITS**

- The School District is a party to various claims, legal actions, arbitrations and complaints arising in the ordinary course of business which aggregate to a total potential liability of \$3.3 million. In the opinion of the General Counsel of the School District, it is unlikely that final judgments or compromised settlements will approach the total potential liability. The School District annually budgets an amount that management believes is adequate, based on past experience, to provide for these claims when they become fixed and determinable in amount. In addition, the School District has recorded in its Long-Term Debt Group of Accounts the total cumulative potential liability of \$34.1 million for Workers' Compensation, \$4.0 million for Unemployment Compensation claims and \$22.1 million for claims and judgments.
- In City and School District v. Tax Review Board for the Use of Shott, the District appealed the decision that Use and Occupancy taxes may not be collected from beer distributors. Recently, the Commonwealth Court ruled in the distributors' favor. The District has filed for petition of appeal before the State Supreme Court. The potential reimbursement is approximately \$0.3 million.
- In Nine Penn Center et al. v. Board of Revision of Taxes et al., several property owners challenged the type of real estate tax abatement granted them by the Board. The abatements exempt from real estate taxation any improvements constructed by property owners. The Common Pleas Court has upheld the Board's finding that the taxpayers are not entitled to the refunds. The taxpayers appealed the case to the Commonwealth Court where they were successful in winning a reversal. In June, 1999, the Pennsylvania Supreme Court granted the City's petition for allowance of appeal. The potential reimbursement is less than \$11.0 million.
- In 1973 the Pennsylvania Human Relations Commission (PHRC) brought suit against the School District in Pennsylvania Commonwealth court to end historical de facto racial segregation. The parties reached an agreement in October, 1983 on terms for a voluntary desegregation plan. Subsequently, PHRC and the School District disagreed about whether "maximum feasible desegregation" had been achieved.

In February, 1994, the Pennsylvania Commonwealth Court ruled that the School District had failed to desegregate the schools by all feasible means and had failed to provide an equitable education to students in racially isolated schools. The court appointed a seven member panel of educational experts to make recommendations regarding strategies to remedy racial isolation and disparities in student achievement.

As a result of the panel's report and additional testimony, the Court issued a remedial Opinion and Order (Order) in November, 1994. The Order directed the School District to undertake various self-studies and audits to implement a variety of educational reforms. The School District presented a Reform Plan in February, 1995. Pursuant to Court Order, it submitted modifications and clarifications of the Reform Plan in May, 1995. In June, 1995, the Court issued an Order mandating the reforms to be undertaken by the School District. The School District and a coalition of intervenors have repeatedly urged the court to join the Commonwealth of Pennsylvania as a party defendant in the case as a means of ensuring that there is adequate funding to support needed reforms. (The intervenors also requested joinder of the City of Philadelphia as a defendant.)

In August, 1997 Commonwealth Court entered an opinion & order finding in favor of the School District and against the Commonwealth. The Commonwealth appealed the order to the Pennsylvania Supreme

**CITY OF PHILADELPHIA**  
**NOTES TO FINANCIAL STATEMENTS (Continued)**  
**FOR THE FISCAL YEAR ENDED JUNE 30, 1999**

---

Court, which subsequently vacated the Commonwealth Court's order and stayed further proceedings pending a further order from the Supreme Court.

In January, 1998, the Supreme Court directed the following issues be briefed by the parties in the instant matter: whether the lower court erred in its order of November, 1995 joining the Commonwealth and Governor, the City and Mayor as additional respondents; whether the lower court exceeded its authority in fashioning its remedies to redress de facto segregation in the School District; and whether an enforcement action is to be treated in the lower court's original or appellate jurisdiction.

Oral argument was presented to the Supreme Court in Pittsburgh in February, 1998. No assessment of the fiscal impact of the case can be made until there is a determination of whether the Commonwealth will be required to contribute to the reform effort.

- The School District was notified by the Pennsylvania Department of Education (PDE) that it was disallowing the School District's indirect cost calculation (applied to Federal grants and entitlements) prepared consistently with prior years. PDE also notified the School District that the results of an audit conducted by the Auditor General for the years ending June 30, 1991, 1992 and 1993 revealed that the School District over-reported student enrollment in Fiscal Year 1991 which established the base for all school subsidies through Fiscal Year 1999. The final determination of subsidy reimbursement from the PDE's Director, Bureau of Budget and Fiscal Management, is \$20 million. PDE proposed a repayment schedule beginning with a \$2.8 million deduction from the School District's 1998-1999 June Basic Education Funding (BEF). In May, 1999, the School District appealed the budget director's determination to the Secretary of Education. A hearing is scheduled for the fall of 1999. Because of the appeal, the state has not made any deductions in BEF amounts, and no such deduction will occur prior to August 31, 1999.

#### **10. ADJUSTMENT TO BEGINNING RETAINED EARNINGS**

The **Convention Center Authority** restated its receivable balance to record \$2,056,739 of hotel tax overage due at June 30, 1998. The effect of this restatement was to increase retained earnings at June 30, 1998 (as shown in Exhibit I-A-9) from a deficit of \$55,910,278 to a deficit of \$53,853,539.

#### **11. PENSION OBLIGATION BONDS**

In fiscal 1999, the Philadelphia Authority for Industrial Development (PAID) issued \$1.291 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. They are not obligations of the City. The City entered into a Service Agreement with PAID, whereby the City will pay directly to the trustee designated by PAID, amounts sufficient to make the required payments of principal and interest on the bonds. The City has recorded \$1.297 billion in its General Long-Term Debt Account Group as a result of the Pension Service Agreement.

Act 205 requires the City to budget its minimum municipal pension contribution for the following year. This minimum annual contribution is referred to as the "Minimum Municipal Obligation" or "MMO". The calculation of the MMO depends upon the actuarial cost components that are determined by the actuarial valuations. The components of the MMO are the City's projected normal costs, administrative expenses and amortization payments to fund the Unfunded Actuarial Accrued Liability. The City is authorized under Act 205 to reduce or eliminate the Unfunded Actuarial Accrued Liability, which was \$2.665 billion as of July 1, 1998, the date of the latest actuarial valuation.

The net proceeds of the bond sale of \$1.25 Billion were deposited with the Municipal Pension Fund. The proceeds are included as employer contributions in the accompanying statement of changes in net plan assets. The deposit of the proceeds will reduce the Unfunded Actuarial Accrued Liability by that amount. The deposit will result in

**CITY OF PHILADELPHIA**  
**NOTES TO FINANCIAL STATEMENTS (Continued)**  
**FOR THE FISCAL YEAR ENDED JUNE 30, 1999**

---

reductions to the City's MMO payments for Fiscal Year 2000 and the City expects that such deposit will result in reductions of the City's MMO payments in future fiscal years.

**12. SUBSEQUENT EVENTS**

- In July 1999, the City issued \$270 million of Tax and Revenue Anticipation Notes, Series A of 1999 - 2000, to supplement the receipts of the General Fund of the City for the purpose of paying general expenses of the City prior to the receipt of taxes and other revenues to be received in the current fiscal year. The proceeds will be invested until needed and repaid by June 30, 2000.
- In July, 1999, the City issued and delivered \$33.04 million in Series 1999 Water and Wastewater Revenue Refunding bonds. The City had entered into a Purchase Contract for these bonds with the underwriter in December of 1998. The purpose of these bonds is to refund a portion of the City's Fifteenth Series Water and Wastewater Revenue Bonds.
- In July, 1999, the School District issued \$240 million of Tax and Revenue Anticipation Notes. The proceeds of the notes will be invested until needed and repaid by June 30, 2000.
- In December, 1999, the School District made settlement on the issuance of \$177.8 million of General Obligation Bonds. The bonds were issued in two series. The Series C Bonds in the amount of \$104.0 million will finance a portion of the Capital Improvement Program and the Series D Bonds in the amount of \$73.8 million will refund a portion of bonds issued in 1991, 1992, 1994 and 1997.

**CITY OF PHILADELPHIA  
REQUIRED SUPPLEMENTARY INFORMATION  
FISCAL YEAR ENDED JUNE 30, 1999**

**PENSION PLANS - SCHEDULES OF FUNDING PROGRESS**

**City Plan**

(Amounts In Millions)

Actuarial Valuation	Actuarial Value of	Actuarial Accrued	Unfunded AAL	Funded	Covered	UAAL as a Percent of Covered
Date	Assets (a)	Liability (AAL) (b)	(UAAL) (b - a)	Ratio (a / b)	Payroll (c)	Payroll (b - a) / c
07/01/1996	\$2,457.2	\$5,098.1	\$2,640.9	48.20%	\$1,068.3	247.21%
07/01/1997	\$2,660.9	\$5,318.1	\$2,657.2	50.03%	\$1,067.7	248.87%
07/01/1998	\$2,921.3	\$5,586.1	\$2,664.8	52.30%	\$1,128.2	236.20%

**Gas Works Plan**

(Amounts In Thousands)

Actuarial Valuation	Actuarial Value of	Actuarial Accrued	Unfunded AAL	Funded	Covered	UAAL as a Percent of Covered
Date	Assets (a)	Liability (AAL) (b)	(UAAL) (b - a)	Ratio (a / b)	Payroll (c)	Payroll (b - a) / c
09/01/1995	\$330,829	\$327,420	(\$3,409)	101.04%	\$96,290	-3.54%
09/01/1996	\$349,675	\$301,883	(\$47,792)	115.83%	\$98,549	-48.50%
09/01/1997	\$390,631	\$338,825	(\$51,806)	115.29%	\$96,380	-53.75%

**PHA Plan**

(Amounts In Thousands)

Actuarial Valuation	Actuarial Value of	Actuarial Accrued	Unfunded AAL	Funded	Covered	UAAL as a Percent of Covered
Date	Assets (a)	Liability (AAL) (b)	(UAAL) (b - a)	Ratio (a / b)	Payroll (c)	Payroll (b - a) / c
10/31/1995	\$120,156	\$106,522	(\$13,634)	112.80%	\$54,098	-25.20%
10/31/1996	\$129,042	\$132,041	\$2,999	97.73%	\$63,856	4.70%
10/31/1997	\$138,642	\$142,350	\$3,708	97.40%	\$65,608	5.65%

**RDA Plan**

(Amounts In Thousands)

Actuarial Valuation	Actuarial Value of	Actuarial Accrued	Unfunded AAL	Funded	Covered	UAAL as a Percent of Covered
Date	Assets (a)	Liability (AAL) (b)	(UAAL) (b - a)	Ratio (a / b)	Payroll (c)	Payroll (b - a) / c
01/01/1997	\$41,167	\$38,457	(\$2,710)	107.05%	\$5,580	-48.57%
01/01/1998	\$42,383	\$36,490	(\$5,893)	116.15%	\$4,705	-125.25%
01/01/1999	\$43,189	\$40,935	(\$2,254)	105.51%	\$5,088	-44.30%

CITY OF PHILADELPHIA  
REQUIRED SUPPLEMENTARY INFORMATION  
FISCAL YEAR ENDED JUNE 30, 1999

---

---

**YEAR 2000 COMPLIANCE EFFORT (UNAUDITED)**

Reliance on a two-digit date to represent the year in computer programs and microprocessors has caused great concern that hardware and software will either fail or execute in an erratic manner when the date reaches January 1, 2000. Any such failures in systems and equipment maintained by the City, its component units or their respective suppliers could cause severe disruptions in services provided by the City government or by its component units.

**A. PRIMARY GOVERNMENT (EXCLUDING BLENDED COMPONENT UNITS)**

The City began addressing this problem more than a decade ago by replacing many of its major systems (e.g. payroll, recording of deeds, pensions, real estate taxes, accounting and purchasing) with Year 2000 compliant programming logic. A City-wide approach to this problem was developed that involved inventory, assessment, correction and certification. Each of these aspects is described in four stages as follows:

**(1) Awareness** - Establishing a Plan for Dealing With the Year 2000 Issue

The City conducted two conclaves in 1995 for information technology managers to address the year 2000 issue. A Year 2000 Application team was formed and met monthly to enhance the awareness of the problem among two hundred key City managers. This stage was completed in December 1996.

**(2) Assessment** - Identifying systems/components for which year 2000 compliance work is needed

The City created an inventory of sixty mission-critical systems. The inventory was completed in September 1997 and reevaluated continuously through September 1998 to yield a list of the major systems that would need to be remedied or replaced.

**(3) Remediation** - Making changes to systems and equipment

Concurrent with assessment, the City began remediation. Systems were categorized as Citywide (e.g. revenue collection, payroll and accounting), department-wide (e.g. recording of deeds) or division-wide (e.g. recording of wills). As of fiscal year-end, ninety seven percent (97%) of these systems have been remedied or replaced with year 2000 compliant program logic.

**(4) Testing** - Validating and testing the changes that were made during the remediation stage

The City has updated its mainframe computer operating system to one that is year 2000 compliant and established a partition for Year 2000 compliance testing. Certification of systems was implemented for City-wide systems readiness testing from January 1999 to April 1999 and for department-wide and division systems. This testing was directed by an Interagency Steering Committee that includes representatives from the Offices of the Mayor, the Managing Director, the Director of Finance and Budget and Program Evaluation.

During the year, the primary government of the City incurred approximately \$1.6 million in expenditures to remedy or replace computer systems and equipment that contain the Year 2000 problem. At year end, the primary government had committed an additional \$0.7 million to upgrade and replace its remaining problematic systems and equipment.

Because of the unprecedented nature of the year 2000 issue, its effects and the success of related remediation efforts will not be fully determinable until the year 2000 and thereafter. Management cannot assure that the City is or will be year 2000 ready, that the City's remediation efforts will be successful in whole or in part, or that parties with whom the City does business will be year 2000 ready.

**CITY OF PHILADELPHIA  
REQUIRED SUPPLEMENTARY INFORMATION  
FISCAL YEAR ENDED JUNE 30, 1999**

---

**B. COMPONENT UNIT**

The School District began addressing the problem approximately three years ago by deciding to replace its business systems (human resources and finance) with Year 2000 compliant programming logic. In addition, a School District-wide approach to this problem was developed that involved

**(1) Awareness**

The School District's Office of Information Technology began addressing the Year 2000 issue and has developed a plan to evaluate the necessary changes to its information systems. A Year 2000 committee was formed to enhance the awareness of the problem among all offices and schools within the School District. This committee is responsible for the direction of the effort of the School District. The School District has contracted with a third party to assist and provide guidance for this major undertaking. This phase has been completed.

**(2) Assessment**

The year 2000 committee has completed an inventory of all School District buildings which yielded a list of the major systems that will needed to be replaced or modified.

**(3) Remediation**

The School District's decision to replace its business systems is a major undertaking and the basis of the School District's remediation plan. All of the major components of the business systems package were installed and operational by September, 1999. Other School District systems that have been determined to be non-compliant (e.g. security and fire alarms, elevators, etc.) will be upgraded/replaced as well.

**(4) Testing**

The School District has purchased an integrated business systems package which is Year 2000 compliant. As of June 30, 1999, the School District has incurred approximately \$28.7 million in expenditures to replace business systems. Testing of this package was completed by June, 1999 under the direction of the School District's project implementation team. The School District anticipates an additional \$6.8 million in expenditures to complete this project.

**(5) Implementation**

During this phase, the School District has implemented contingency plans for other systems deemed at risk by the year 2000 committee. Schools will remain closed until January 5, 2000 in order to test these systems. Its business systems have been fully operational since September, 1999.

Because of the unprecedented nature of the year 2000 issue, its effects and the success of related remediation efforts will not be fully determinable until the year 2000 and thereafter. Management cannot assure that the School District will be year 2000 ready, that the School District's remediation efforts will be successful in whole or in part, or that parties with whom it does business will be year 2000 ready.

## FINANCIAL SECTION - PART II

### GOVERNMENTAL FUND TYPES - COMBINING STATEMENTS

#### **SPECIAL REVENUE FUNDS**

This Section contains Statements of the Special Revenue Funds established to account for the proceeds of specific revenue sources that are restricted by law or administrative action to specific purposes. The primary accounting focus of these funds is determination of and changes in financial position and stewardship of resources.

The Funds included in this Section are:

1. **COUNTY LIQUID FUELS TAX FUND** - Established to facilitate the handling of moneys made available by the State Legislature under Public Law No. 149 as amended.
2. **SPECIAL GASOLINE TAX FUND** - Established to facilitate the handling of moneys made available by the State Legislature under Public Law No. 588.
3. **HEALTHCHOICES BEHAVIORAL HEALTH FUND** - Established to account for revenues received from the Commonwealth of Pennsylvania. These revenues are restricted to providing managed behavioral Health Care to Philadelphia residents.
4. **HOTEL ROOM RENTAL TAX FUND** - Established to account for revenues received from the hotel room rental tax. These revenues are restricted to promoting tourism in the City.
5. **GRANTS REVENUE FUND** - Established to account for revenues received from various federal, state and private grantor agencies. The revenues are restricted to accomplishing the various objectives of the grantor agencies.
6. **COMMUNITY DEVELOPMENT FUND** - Established to account for revenues received from the Department of Housing and Urban Development. These revenues are restricted to accomplishing the various objectives of the Community Block Grant Program, within specific target areas.
7. **MUNICIPAL AUTHORITY ADMINISTRATIVE FUND** - Established to account for all financial transactions of the Municipal Authority not accounted for in other funds.
8. **PENNSYLVANIA INTERGOVERNMENTAL COOPERATION AUTHORITY ADMINISTRATIVE FUND** - Established to account for PICA revenues from taxes and deficit financing transactions.

CITY OF PHILADELPHIA  
SPECIAL REVENUE FUNDS  
COMBINING BALANCE SHEET  
JUNE 30, 1999

	County Liquid Fuels Tax Fund	Special Gasoline Tax Fund	HealthChoices Behavioral Health Fund
<u>Assets</u>			
Cash on Deposit and on Hand	\$ -	\$ -	\$ -
Equity in Treasurer's Accounts	613,431	4,277,699	180,013,462
Investments	-	-	-
Due from Other Funds	-	-	-
Taxes Receivable	-	-	-
Accounts Receivable	-	-	-
Interest and Dividends Receivable	-	-	2,176,353
Due from Other Governmental Units	-	-	-
Allowance for Doubtful Accounts	-	-	-
Other Assets	-	-	-
	<u>        </u>	<u>        </u>	<u>        </u>
<u>Total Assets</u>	<u>\$ 613,431</u>	<u>\$ 4,277,699</u>	<u>\$ 182,189,815</u>
 <u>Liabilities and Fund Equity</u>			
Vouchers Payable	\$ 14,476	\$ 732,815	\$ 1,383,236
Accounts Payable	55,567	668,968	1,407,430
Salaries and Wages Payable	-	-	-
Due to Other Funds	-	-	-
Due to Component Units	-	-	22,484,098
Funds Held in Escrow and Advance Deposits	-	-	-
Deferred Revenue	-	-	-
	<u>        </u>	<u>        </u>	<u>        </u>
Total Liabilities	<u>70,043</u>	<u>1,401,783</u>	<u>25,274,764</u>
 Fund Equity:			
Fund Balance:			
Reserved for Managed Care	-	-	19,251,720
Reserved for Encumbrances	124,549	1,965,846	-
Reserved for Intergovernmental Financing	-	-	-
Reserved for Intergovernmentally Financed Programs	-	-	-
Reserved for Public Safety Emergency Phone System	-	-	-
Unreserved:			
Designated for Behavioral Health Programs	-	-	137,663,331
Undesignated Fund Balance	418,839	910,070	-
	<u>        </u>	<u>        </u>	<u>        </u>
Total Unreserved Fund Balances	<u>418,839</u>	<u>910,070</u>	<u>137,663,331</u>
Total Fund Equity	<u>543,388</u>	<u>2,875,916</u>	<u>156,915,051</u>
<u>Total Liabilities and Fund Equity</u>	<u>\$ 613,431</u>	<u>\$ 4,277,699</u>	<u>\$ 182,189,815</u>

Hotel Room Rental Tax Fund	Grants Revenue Fund	Community Development Fund	Municipal Authority Administrative Fund	PICA Administrative Fund	Totals
\$ -	\$ 79,000	\$ -	\$ 434,520	\$ 16,994,910	\$ 17,508,430
7,720,992	91,622,171	-	-	-	284,247,755
-	-	-	-	70,052,645	70,052,645
-	-	-	-	250,781	250,781
746,695	-	-	-	-	746,695
1,026	1,475,043	2,919,943	1,897,936	-	6,293,948
-	635,041	-	-	269,939	3,081,333
-	87,391,020	23,811,556	-	-	111,202,576
(469,772)	-	(741,720)	-	-	(1,211,492)
-	-	-	-	11,940	11,940
<u>\$ 7,998,941</u>	<u>\$ 181,202,275</u>	<u>\$ 25,989,779</u>	<u>\$ 2,332,456</u>	<u>\$ 87,580,215</u>	<u>\$ 492,184,611</u>
\$ -	\$ 15,173,083	\$ 2,598,048	\$ -	\$ -	\$ 19,901,658
134,453	35,633,414	5,150,847	2,241,889	53,829	45,346,397
-	2,210,586	206,019	-	174,587	2,591,192
-	-	17,066,385	-	270,787	17,337,172
7,587,565	733,896	968,480	-	-	31,774,039
-	5,178,453	-	9,080	-	5,187,533
276,923	81,006,259	-	-	-	81,283,182
<u>7,998,941</u>	<u>139,935,691</u>	<u>25,989,779</u>	<u>2,250,969</u>	<u>499,203</u>	<u>203,421,173</u>
-	-	-	-	-	19,251,720
-	-	-	-	-	2,090,395
-	-	-	-	86,659,067	86,659,067
-	33,642,407	-	-	-	33,642,407
-	7,624,177	-	-	-	7,624,177
-	-	-	-	-	137,663,331
-	-	-	81,487	421,945	1,832,341
-	-	-	81,487	421,945	139,495,672
-	41,266,584	-	81,487	87,081,012	288,763,438
<u>\$ 7,998,941</u>	<u>\$ 181,202,275</u>	<u>\$ 25,989,779</u>	<u>\$ 2,332,456</u>	<u>\$ 87,580,215</u>	<u>\$ 492,184,611</u>

CITY OF PHILADELPHIA  
SPECIAL REVENUE FUNDS  
COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN  
UNRESERVED FUND BALANCES  
FOR THE FISCAL YEAR ENDED JUNE 30, 1999

	County Liquid Fuels Tax Fund	Special Gasoline Tax Fund	HealthChoices Behavioral Health Fund
Revenues:			
Tax Revenue	\$ -	\$ -	\$ -
Locally Generated Non-Tax Revenue	25,249	215,026	9,492,044
Revenue from Other Governments	4,775,977	20,239,273	333,471,159
	<u>4,801,226</u>	<u>20,454,299</u>	<u>342,963,203</u>
<u>Total Revenues</u>			
Expenditures:			
Economic Development	-	-	-
Transportation	4,814,333	22,042,937	-
Judiciary and Law Enforcement	-	-	-
Conservation of Health	-	-	6,311,540
Housing and Neighborhood Development	-	-	-
Cultural and Recreational	-	-	-
Improvement of General Welfare	-	-	-
Services to Property	-	-	-
General Management and Support	-	-	-
	<u>4,814,333</u>	<u>22,042,937</u>	<u>6,311,540</u>
<u>Total Expenditures</u>			
Excess of Revenues Over (Under) Expenditures	<u>(13,107)</u>	<u>(1,588,638)</u>	<u>336,651,663</u>
Other Financing Sources (Uses):			
Proceeds from Bond Sales	-	-	-
Operating Transfers In	-	-	-
Operating Transfers Out	-	-	-
Operating Transfers to Component Units	-	-	(336,428,929)
	<u>-</u>	<u>-</u>	<u>(336,428,929)</u>
<u>Total Other Financing Sources (Uses)</u>			
Excess of Revenues and Other Sources Over (Under) Expenditures and Other Uses	(13,107)	(1,588,638)	222,734
Other Changes in Unreserved Fund Balance:			
(Increase) Decrease in Reserve for Encumbrances	257,173	188,748	-
Increase in Reserve for Intergovernmental Financing	-	-	-
Increase in Reserve for Intergovernmentally Financed Programs	-	-	-
Increase in Reserve for Public Safety Emergency Phone System	-	-	-
Increase in Reserve for Managed Care	-	-	(3,510,809)
Net Change in Unreserved Fund Balance for the Year	<u>244,066</u>	<u>(1,399,890)</u>	<u>(3,288,075)</u>
Fund Balance - Unreserved, July 1, 1998	<u>174,773</u>	<u>2,309,960</u>	<u>140,951,406</u>
Fund Balance - Unreserved, June 30, 1999	<u>\$ 418,839</u>	<u>\$ 910,070</u>	<u>\$ 137,663,331</u>

Hotel Room Rental <u>Tax Fund</u>	Grants Revenue <u>Fund</u>	Community Development <u>Fund</u>	Municipal Authority Administrative <u>Fund</u>	PICA Administrative <u>Fund</u>	<u>Totals</u>
\$ 20,824,332	\$ -	\$ -	\$ -	\$ 243,315,729	\$ 264,140,061
245,581	34,799,355	210,101	36,161,885	5,033,137	86,182,378
-	539,465,130	78,932,658	-	-	976,884,197
<u>21,069,913</u>	<u>574,264,485</u>	<u>79,142,759</u>	<u>36,161,885</u>	<u>248,348,866</u>	<u>1,327,206,636</u>
5,158,748	691,275	-	-	-	5,850,023
-	-	-	-	-	26,857,270
-	53,302,207	-	-	-	53,302,207
-	383,862,091	-	-	-	390,173,631
-	22,830,328	32,272,573	-	-	55,102,901
-	13,512,494	-	-	-	13,512,494
-	31,723,355	-	-	-	31,723,355
-	821,662	-	-	-	821,662
-	20,395,090	-	36,409,765	2,061,445	58,866,300
<u>5,158,748</u>	<u>527,138,502</u>	<u>32,272,573</u>	<u>36,409,765</u>	<u>2,061,445</u>	<u>636,209,843</u>
15,911,165	47,125,983	46,870,186	(247,880)	246,287,421	690,996,793
-	-	-	-	2,033,653	2,033,653
-	-	-	260,535	880,000	1,140,535
-	(16,430,167)	-	-	(242,772,881)	(259,203,048)
<u>(15,911,165)</u>	<u>(28,182,716)</u>	<u>(46,870,186)</u>	<u>-</u>	<u>-</u>	<u>(427,392,996)</u>
<u>(15,911,165)</u>	<u>(44,612,883)</u>	<u>(46,870,186)</u>	<u>260,535</u>	<u>(239,859,228)</u>	<u>(683,421,856)</u>
-	2,513,100	-	12,655	6,428,193	7,574,937
-	-	-	-	-	445,921
-	-	-	-	(6,600,197)	(6,600,197)
-	(5,648,175)	-	-	-	(5,648,175)
-	3,135,075	-	-	-	3,135,075
-	-	-	-	-	(3,510,809)
-	-	-	12,655	(172,004)	(4,603,248)
-	-	-	68,832	593,949	144,098,920
<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 81,487</u>	<u>\$ 421,945</u>	<u>\$ 139,495,672</u>

CITY OF PHILADELPHIA  
SPECIAL REVENUE FUNDS (EXCEPT MUNICIPAL AUTHORITY AND PICA FUNDS)  
COMBINING SCHEDULE OF REVENUES, EXPENDITURES, ENCUMBRANCES AND  
CHANGES IN FUND BALANCES  
BUDGET (LEGAL BASIS) AND ACTUAL  
FOR THE FISCAL YEAR ENDED JUNE 30, 1999

County Liquid Fuels Tax Fund

	<u>Revised Budget</u>	<u>Actual</u>	<u>Variance Favorable (Unfavorable)</u>
Revenues:			
Tax Revenue	\$ -	\$ -	\$ -
Locally Generated Non-Tax Revenue	40,000	25,249	(14,751)
Revenue from Other Governments	<u>4,525,000</u>	<u>4,775,977</u>	<u>250,977</u>
Total Revenues	4,565,000	4,801,226	236,226
Other Sources:			
Increase (Decrease) in Unreimbursed Commitments	-	-	-
(Increase) in Financed Reserves	<u>-</u>	<u>-</u>	<u>-</u>
<u>Total Revenues and Other Sources</u>	<u>4,565,000</u>	<u>4,801,226</u>	<u>236,226</u>
Expenditures and Encumbrances:			
Personal Services:			
Personal Services	3,600,000	3,600,000	-
Pension Contributions	-	-	-
Other Employee Benefits	<u>-</u>	<u>-</u>	<u>-</u>
Sub-total	3,600,000	3,600,000	-
Purchase of Services	914,000	693,518	220,482
Materials and Supplies	415,000	399,622	15,378
Equipment	75,000	66,575	8,425
Contributions, Indemnities and Taxes	-	-	-
Payments to Other Funds	15,000	15,000	-
Advances, Subsidies, Miscellaneous	<u>-</u>	<u>-</u>	<u>-</u>
<u>Total Expenditures and Encumbrances</u>	<u>5,019,000</u>	<u>4,774,715</u>	<u>244,285</u>
Operating Surplus (Deficit) for the Year	\$ <u>(454,000)</u>	<u>26,511</u>	\$ <u>480,511</u>
Fund Balance Available for Appropriation, July 1, 1998		174,773	
Adjustments to Prior Fiscal Year Revenues, Expenditures and Encumbrances:			
Commitments Cancelled - Net		217,555	
Revenue Adjustments - Net		-	
Prior Period Adjustments		<u>-</u>	
Adjusted Fund Balance, July 1, 1998		<u>392,328</u>	
Fund Balance Available for Appropriation, June 30, 1999		\$ <u>418,839</u>	

Special Gasoline Tax Fund			HealthChoices Behavioral Health Fund		
Revised Budget	Actual	Variance Favorable (Unfavorable)	Revised Budget	Actual	Variance Favorable (Unfavorable)
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
300,000	215,026	(84,974)	8,569,000	9,492,044	923,044
<u>19,993,000</u>	<u>20,239,273</u>	<u>246,273</u>	<u>339,431,000</u>	<u>333,471,159</u>	<u>(5,959,841)</u>
20,293,000	20,454,299	161,299	348,000,000	342,963,203	(5,036,797)
-	-	-	-	(208,387)	(208,387)
-	-	-	-	<u>(3,510,809)</u>	<u>(3,510,809)</u>
<u>20,293,000</u>	<u>20,454,299</u>	<u>161,299</u>	<u>348,000,000</u>	<u>339,244,007</u>	<u>(8,755,993)</u>
12,708,867	12,693,365	15,502	-	-	-
500,000	500,000	-	-	-	-
500,000	500,000	-	-	-	-
<u>13,708,867</u>	<u>13,693,365</u>	<u>15,502</u>	-	-	-
4,002,913	4,002,913	-	429,171,220	341,903,642	87,267,578
3,111,766	3,101,299	10,467	-	-	-
1,339,112	1,326,031	13,081	50,000	-	50,000
-	-	-	-	-	-
31,342	31,342	-	778,780	661,032	117,748
-	-	-	-	-	-
<u>22,194,000</u>	<u>22,154,950</u>	<u>39,050</u>	<u>430,000,000</u>	<u>342,564,674</u>	<u>87,435,326</u>
\$ <u>(1,901,000)</u>	<u>(1,700,651)</u>	\$ <u>200,349</u>	\$ <u>(82,000,000)</u>	<u>(3,320,667)</u>	\$ <u>78,679,333</u>
	2,309,960			140,951,406	
	300,214			32,592	
	-			-	
	<u>547</u>			<u>-</u>	
	<u>2,610,721</u>			<u>140,983,998</u>	
	\$ <u>910,070</u>			\$ <u>137,663,331</u>	

SPECIAL REVENUE FUNDS (EXCEPT MUNICIPAL AUTHORITY AND PICA FUNDS)  
 COMBINING SCHEDULE OF REVENUES, EXPENDITURES, ENCUMBRANCES AND  
 CHANGES IN FUND BALANCES (Continued)  
 BUDGET (LEGAL BASIS) AND ACTUAL  
 FOR THE FISCAL YEAR ENDED JUNE 30, 1999

	Hotel Room Rental Tax Fund		
	<u>Revised Budget</u>	<u>Actual</u>	<u>Variance Favorable (Unfavorable)</u>
Revenues:			
Tax Revenue	\$ 19,900,000	\$ 20,824,332	\$ 924,332
Locally Generated Non-Tax Revenue	100,000	245,581	145,581
Revenue from Other Governments	-	-	-
	20,000,000	21,069,913	1,069,913
Other Sources:			
Increase (Decrease) in Unreimbursed Commitments	-	-	-
(Increase) in Financed Reserves	-	-	-
	-	-	-
<u>Total Revenues and Other Sources</u>	20,000,000	21,069,913	1,069,913
Expenditures and Encumbrances:			
Personal Services:			
Personal Services	-	-	-
Pension Contributions	-	-	-
Other Employee Benefits	-	-	-
Sub-total	-	-	-
Purchase of Services	-	-	-
Materials and Supplies	-	-	-
Equipment	-	-	-
Contributions, Indemnities and Taxes	23,000,000	23,550,427	(550,427)
Payments to Other Funds	-	-	-
Advances, Subsidies, Miscellaneous	-	-	-
	23,000,000	23,550,427	(550,427)
<u>Total Expenditures and Encumbrances</u>	23,000,000	23,550,427	(550,427)
Operating Surplus (Deficit) for the Year	\$ (3,000,000)	(2,480,514)	\$ 519,486
Fund Balance Available for Appropriation, July 1, 1998		-	
Adjustments to Prior Fiscal Year Revenues, Expenditures and Encumbrances:			
Commitments Cancelled - Net		-	
Revenue Adjustments - Net		-	
Prior Period Adjustments		2,480,514	
Adjusted Fund Balance, July 1, 1998		2,480,514	
Fund Balance Available for Appropriation, June 30, 1999		\$ -	

Grants Revenue Fund			Community Development Fund		
Revised Budget	Actual	Variance Favorable (Unfavorable)	Revised Budget	Actual	Variance Favorable (Unfavorable)
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
39,854,818	34,865,534	(4,989,284)	600,000	210,101	(389,899)
<u>633,838,427</u>	<u>547,566,348</u>	<u>(86,272,079)</u>	<u>68,898,000</u>	<u>71,508,422</u>	<u>2,610,422</u>
673,693,245	582,431,882	(91,261,363)	69,498,000	71,718,523	2,220,523
-	2,067,264	2,067,264	-	(3,509,996)	(3,509,996)
<u>-</u>	<u>(2,513,100)</u>	<u>(2,513,100)</u>	<u>-</u>	<u>-</u>	<u>-</u>
<u>673,693,245</u>	<u>581,986,046</u>	<u>(91,707,199)</u>	<u>69,498,000</u>	<u>68,208,527</u>	<u>(1,289,473)</u>
80,144,350	69,705,272	10,439,078	5,518,719	5,257,734	260,985
5,723,750	4,966,943	756,807	900,000	879,856	20,144
<u>9,035,199</u>	<u>7,698,138</u>	<u>1,337,061</u>	<u>1,307,487</u>	<u>1,268,768</u>	<u>38,719</u>
94,903,299	82,370,353	12,532,946	7,726,206	7,406,358	319,848
583,036,224	465,314,086	117,722,138	61,281,974	60,528,833	753,141
14,050,915	10,524,342	3,526,573	267,708	246,668	21,040
10,177,596	7,948,179	2,229,417	22,112	11,206	10,906
362,354	312,354	50,000	-	-	-
17,269,355	17,016,137	253,218	200,000	26,289	173,711
<u>23,502,593</u>	<u>-</u>	<u>23,502,593</u>	<u>20,000,000</u>	<u>-</u>	<u>20,000,000</u>
<u>743,302,336</u>	<u>583,485,451</u>	<u>159,816,885</u>	<u>89,498,000</u>	<u>68,219,354</u>	<u>21,278,646</u>
\$ <u>(69,609,091)</u>	<u>(1,499,405)</u>	\$ <u>68,109,686</u>	\$ <u>(20,000,000)</u>	<u>(10,827)</u>	\$ <u>19,989,173</u>
	-			-	
	8,568,251			9,725	
	(8,167,398)			-	
	<u>1,098,552</u>			<u>1,102</u>	
	<u>1,499,405</u>			<u>10,827</u>	
	\$ <u>-</u>			\$ <u>-</u>	

SPECIAL REVENUE FUNDS (EXCEPT MUNICIPAL AUTHORITY AND PICA FUNDS)  
 COMBINING SCHEDULE OF REVENUES, EXPENDITURES, ENCUMBRANCES AND  
 CHANGES IN FUND BALANCES (Continued)  
 BUDGET (LEGAL BASIS) AND ACTUAL  
 FOR THE FISCAL YEAR ENDED JUNE 30, 1999

	Totals		
	Revised Budget	Actual	Variance Favorable (Unfavorable)
Revenues:			
Tax Revenue	\$ 19,900,000	\$ 20,824,332	\$ 924,332
Locally Generated Non-Tax Revenue	49,463,818	45,053,535	(4,410,283)
Revenue from Other Governments	1,066,685,427	977,561,179	(89,124,248)
Total Revenues	1,136,049,245	1,043,439,046	(92,610,199)
Other Sources:			
Increase (Decrease) in Unreimbursed Commitments	-	(1,651,119)	(1,651,119)
(Increase) in Financed Reserves	-	(6,023,909)	(6,023,909)
<u>Total Revenues and Other Sources</u>	1,136,049,245	1,035,764,018	(100,285,227)
Expenditures and Encumbrances:			
Personal Services:			
Personal Services	101,971,936	91,256,371	10,715,565
Pension Contributions	7,123,750	6,346,799	776,951
Other Employee Benefits	10,842,686	9,466,906	1,375,780
Sub-total	119,938,372	107,070,076	12,868,296
Purchase of Services	1,078,406,331	872,442,992	205,963,339
Materials and Supplies	17,845,389	14,271,931	3,573,458
Equipment	11,663,820	9,351,991	2,311,829
Contributions, Indemnities and Taxes	23,362,354	23,862,781	(500,427)
Payments to Other Funds	18,294,477	17,749,800	544,677
Advances, Subsidies, Miscellaneous	43,502,593	-	43,502,593
<u>Total Expenditures and Encumbrances</u>	1,313,013,336	1,044,749,571	268,263,765
Operating Surplus (Deficit) for the Year	\$ (176,964,091)	(8,985,553)	\$ 167,978,538
Fund Balance Available for Appropriation, July 1, 1998		143,436,139	
Adjustments to Prior Fiscal Year Revenues, Expenditures and Encumbrances:			
Commitments Cancelled - Net		9,128,337	
Revenue Adjustments - Net		(8,167,398)	
Prior Period Adjustments		3,580,715	
Adjusted Fund Balance, July 1, 1998		147,977,793	
Fund Balance Available for Appropriation, June 30, 1999		\$ 138,992,240	

FINANCIAL SECTION - PART II (Continued)

GOVERNMENTAL FUND TYPES - COMBINING STATEMENTS

**DEBT SERVICE FUNDS**

This Section contains Statements of the Debt service funds established for the purpose of accumulating resources for the payment of principal of on general obligation term bonds and to function as a conduit for the debt service payments to fiscal agents. The primary accounting focus of these funds is determination of and changes in financial position and stewardship of resources.

The Funds included in this Section are:

1. **CITY DEBT SERVICE FUND** - Established to account for the debt service activities of the City not reflected in proprietary funds operations.
2. **MUNICIPAL AUTHORITY DEBT SERVICE FUND** - Established to account for the debt service activities related to the equipment and facilities financed through the Philadelphia Municipal Authority.
3. **PENNSYLVANIA INTERGOVERNMENTAL COOPERATION AUTHORITY DEBT SERVICE FUND** - Established to account for the debt service activities related to the deficit financing provided by PICA.

CITY OF PHILADELPHIA  
DEBT SERVICE FUNDS  
COMBINING BALANCE SHEET  
JUNE 30, 1999

	City Debt Service <u>Fund</u>	Municipal Authority Debt Service <u>Fund</u>	PICA Debt Service <u>Fund</u>	<u>Totals</u>
<u>Assets</u>				
Equity in Treasurer's Account	\$ 638,214	\$ -	\$ -	\$ 638,214
Investments	-	4,164,395	87,910,292	92,074,687
Interest Receivable	-	4,863,085	262,022	5,125,107
<u>Total Assets</u>	<u>\$ 638,214</u>	<u>\$ 9,027,480</u>	<u>\$ 88,172,314</u>	<u>\$ 97,838,008</u>
<u>Liabilities and Fund Equity</u>				
Accounts Payable	\$ -	\$ 2,677,155	\$ -	\$ 2,677,155
Due to Other Funds	-	-	250,781	250,781
<u>Total Liabilities</u>	<u>-</u>	<u>2,677,155</u>	<u>250,781</u>	<u>2,927,936</u>
Fund Equity:				
Fund Balance:				
Reserved for Debt Service				
Principal	-	6,350,325	86,831,533	93,181,858
Reserved for Debt Service				
Interest	638,214	-	-	638,214
Unreserved:				
Undesignated Fund Balance	-	-	1,090,000	1,090,000
<u>Total Fund Equity</u>	<u>638,214</u>	<u>6,350,325</u>	<u>87,921,533</u>	<u>94,910,072</u>
<u>Total Liabilities and Fund Equity</u>	<u>\$ 638,214</u>	<u>\$ 9,027,480</u>	<u>\$ 88,172,314</u>	<u>\$ 97,838,008</u>

CITY OF PHILADELPHIA  
DEBT SERVICE FUNDS

EXHIBIT II-A-5

COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN UNRESERVED FUND BALANCES  
FOR THE FISCAL YEAR ENDED JUNE 30, 1999

	City Debt Service Fund	Municipal Authority Debt Service Fund	PICA Debt Service Fund	Totals
Revenues:				
Locally Generated Non-Tax Revenue	\$ 193,007	\$ 6,977,098	\$ 6,688,494	\$ 13,858,599
Expenditures:				
Debt Service:				
Principal	41,435,304	24,233,511	40,175,000	105,843,815
Interest	28,035,441	21,559,810	47,051,415	96,646,666
Bond Issuance Costs	10,746,102	-	-	10,746,102
<u>Total Expenditures</u>	<u>80,216,847</u>	<u>45,793,321</u>	<u>87,226,415</u>	<u>213,236,583</u>
Excess of Revenues (Under) Expenditures	<u>(80,023,840)</u>	<u>(38,816,223)</u>	<u>(80,537,921)</u>	<u>(199,377,984)</u>
Other Financing Sources (Uses):				
Proceeds from Bond Sales	184,307,156	-	-	184,307,156
Operating Transfers In	68,278,063	37,918,855	100,710,718	206,907,636
Operating Transfers Out	-	(11,087)	-	(11,087)
Defeasement	(174,695,653)	-	(19,817,995)	(194,513,648)
<u>Total Other Financing Sources (Uses)</u>	<u>77,889,566</u>	<u>37,907,768</u>	<u>80,892,723</u>	<u>196,690,057</u>
Excess of Revenues and Other Sources Over (Under) Expenditures and Other Uses	(2,134,274)	(908,455)	354,802	(2,687,927)
Other Changes in Unreserved Fund Balance: (Increase) Decrease in Reserve for Debt Service	<u>2,134,274</u>	<u>908,455</u>	<u>(144,802)</u>	<u>2,897,927</u>
Net Change in Unreserved Fund Balance for the Year	-	-	210,000	210,000
Fund Balance - Unreserved, July 1, 1998	<u>-</u>	<u>-</u>	<u>880,000</u>	<u>880,000</u>
Fund Balance - Unreserved, June 30, 1999	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 1,090,000</u>	<u>\$ 1,090,000</u>



FINANCIAL SECTION - PART II (Continued)

GOVERNMENTAL FUND TYPES - COMBINING STATEMENTS

**CAPITAL IMPROVEMENT FUNDS**

This Section contains Statements of the Capital Improvement Funds established to account for financial resources to be used for the acquisition or construction of the major capital facilities other than those financed by proprietary fund operations.

The Funds included in this Section are:

1. **CITY CAPITAL IMPROVEMENT FUND** - Established to account for capital additions and improvements to the City's facilities and infrastructure and finance through general obligation bond issues and grants from federal, state and local agencies.
2. **MUNICIPAL AUTHORITY CAPITAL IMPROVEMENT FUND** - Established to account for the acquisition of vehicles and the construction of major facilities for the city.

CITY OF PHILADELPHIA  
CAPITAL IMPROVEMENT FUNDS  
COMBINING BALANCE SHEET  
JUNE 30, 1999

EXHIBIT II-A-6

	City Capital Improvement <u>Fund</u>	Municipal Authority Capital Improvement <u>Fund</u>	<u>Totals</u>
<u>Assets</u>			
Equity in Treasurer's Account	\$ 150,528,769	\$ -	\$ 150,528,769
Investments	-	39,257,890	39,257,890
Accounts Receivable	685,630	-	685,630
Interest and Dividends Receivable	254,802	62,793	317,595
Due from Component Units	410,131	-	410,131
Due from Other Governmental Units	17,230,348	-	17,230,348
Allowance for Doubtful Accounts	(685,630)	-	(685,630)
	<hr/>	<hr/>	<hr/>
<u>Total Assets</u>	<u>\$ 168,424,050</u>	<u>\$ 39,320,683</u>	<u>\$ 207,744,733</u>
<u>Liabilities and Fund Equity</u>			
Vouchers Payable	\$ 8,364,652	\$ -	\$ 8,364,652
Accounts Payable	4,172,182	867,552	5,039,734
Salaries and Wages Payable	124,950	-	124,950
Funds Held in Escrow	18,657,654	-	18,657,654
	<hr/>	<hr/>	<hr/>
Total Liabilities	<u>31,319,438</u>	<u>867,552</u>	<u>32,186,990</u>
Fund Equity:			
Fund Balance:			
Reserved for Encumbrances	75,188,196	-	75,188,196
Unreserved:			
Undesignated Fund Balance	61,916,416	38,453,131	100,369,547
	<hr/>	<hr/>	<hr/>
Total Fund Equity	<u>137,104,612</u>	<u>38,453,131</u>	<u>175,557,743</u>
	<hr/>	<hr/>	<hr/>
<u>Total Liabilities and Fund Equity</u>	<u>\$ 168,424,050</u>	<u>\$ 39,320,683</u>	<u>\$ 207,744,733</u>

## CITY OF PHILADELPHIA

EXHIBIT II-A-7

## CAPITAL IMPROVEMENT FUNDS

COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN UNRESERVED FUND BALANCES  
FOR THE FISCAL YEAR ENDED JUNE 30, 1999

	City Capital Improvement Fund	Municipal Authority Capital Improvement Fund	Totals
Revenues:			
Locally Generated Non-Tax Revenue	\$ -	\$ 2,191,619	\$ 2,191,619
Revenue from Other Governments	21,579,394	-	21,579,394
Other Revenues	<u>148,230</u>	<u>-</u>	<u>148,230</u>
<u>Total Revenues</u>	<u>21,727,624</u>	<u>2,191,619</u>	<u>23,919,243</u>
Expenditures:			
Capital Outlay	<u>108,158,999</u>	<u>7,619,886</u>	<u>115,778,885</u>
Excess of Revenues Over (Under) Expenditures	<u>(86,431,375)</u>	<u>(5,428,267)</u>	<u>(91,859,642)</u>
Other Financing Sources (Uses):			
Proceeds from Bond Sales	244,876,132	-	244,876,132
Operating Transfers In	11,625,309	4,025,267	15,650,576
Operating Transfers Out	(38,750,000)	-	(38,750,000)
Operating Transfers Out to Component Units	<u>(37,600,910)</u>	<u>-</u>	<u>(37,600,910)</u>
<u>Total Other Financing Sources (Uses)</u>	<u>180,150,531</u>	<u>4,025,267</u>	<u>184,175,798</u>
Excess of Revenues and Other Sources Over (Under) Expenditures and Other Uses	93,719,156	(1,403,000)	92,316,156
Other Changes in Unreserved Fund Balance:			
Decrease in Reserve for Encumbrances	<u>(3,258,600)</u>	<u>-</u>	<u>(3,258,600)</u>
Net Change in Unreserved Fund Balance for the Year	90,460,556	(1,403,000)	89,057,556
Fund Balance - Unreserved, July 1, 1998	<u>(28,544,140)</u>	<u>39,856,131</u>	<u>11,311,991</u>
Fund Balance - Unreserved, June 30, 1999	<u>\$ 61,916,416</u>	<u>\$ 38,453,131</u>	<u>\$ 100,369,547</u>



FINANCIAL SECTION - PART II (Continued)  
PROPRIETARY FUND TYPES - COMBINING STATEMENTS

**ENTERPRISE FUNDS**

This Section contains Statements of the Enterprise Funds which account for operations which are intended to be self-supporting through a user charge basis. The primary accounting objective of these funds is income determination.

The Funds included in this Section are:

1. **WATER FUND** - Established to account for the operation of the City's water and sewage systems.
2. **AVIATION FUND** - Established to account for the operation of the City's airports.
3. **INDUSTRIAL AND COMMERCIAL DEVELOPMENT FUND** - Established to account for acquisitions and dispositions of property for the industrial and commercial development program of the City.

CITY OF PHILADELPHIA  
ENTERPRISE FUNDS  
COMBINING BALANCE SHEET  
JUNE 30, 1999

EXHIBIT II-B-1

	<u>Water Fund</u>	<u>Aviation Fund</u>	<u>Industrial &amp; Commercial Development Fund</u>	<u>Totals</u>
<u>Assets</u>				
Current Assets:				
Cash on Deposit and on Hand	\$ 30,000	\$ -	\$ -	\$ 30,000
Equity in Treasurer's Account	39,419,454	76,985,673	6,281,704	122,686,831
Due from Other Governmental Units	-	126,385	-	126,385
Accounts Receivable:				
Utility and Aviation Charges	173,905,491	1,670,173	-	175,575,664
Other	<u>5,804,979</u>	<u>6,424,436</u>	<u>412,829</u>	<u>12,642,244</u>
Total Accounts Receivable	179,710,470	8,094,609	412,829	188,217,908
Allowance for Doubtful Accounts	(101,764,965)	(573,873)	-	(102,338,838)
Inventories	12,842,236	1,690,606	20,496,661	35,029,503
Other Current Assets	<u>224,719</u>	<u>-</u>	<u>1,290,000</u>	<u>1,514,719</u>
Total Current Assets	<u>130,461,914</u>	<u>86,323,400</u>	<u>28,481,194</u>	<u>245,266,508</u>
Restricted Assets:				
Equity in Treasurer's Account	443,933,553	170,438,607	-	614,372,160 *
Sinking Funds and Reserves Applicable to Revenue Bonds	148,813,275	63,079,936	-	211,893,211
Grants from Other Governments for Capital Purposes	-	3,750,022	-	3,750,022
Amount Held by Fiscal Agent	-	433,176,494	-	433,176,494 *
Accounts Receivable	-	7,659,263	-	7,659,263
Interest Receivable	<u>2,690,531</u>	<u>8,263,051</u>	<u>-</u>	<u>10,953,582</u>
Total Restricted Assets	<u>595,437,359</u>	<u>686,367,373</u>	<u>-</u>	<u>1,281,804,732</u>
Property, Plant and Equipment:				
In Service	2,617,358,957	1,061,464,241	-	3,678,823,198
Less Accumulated Depreciation and Amortization	(1,155,094,408)	(418,953,955)	-	(1,574,048,363)
Under Construction	<u>130,037,980</u>	<u>68,555,083</u>	<u>-</u>	<u>198,593,063</u>
Total Property, Plant and Equipment	<u>1,592,302,529</u>	<u>711,065,369</u>	<u>-</u>	<u>2,303,367,898</u>
<u>Total Assets</u>	<u>\$ 2,318,201,802</u>	<u>\$ 1,483,756,142</u>	<u>\$ 28,481,194</u>	<u>\$ 3,830,439,138</u>

\*Presented as Restricted Assets - Cash and Cash Equivalents on Exhibit I-A-1.

CITY OF PHILADELPHIA  
ENTERPRISE FUNDS  
COMBINING BALANCE SHEET (Continued)  
JUNE 30, 1999

EXHIBIT II-B-1

	<u>Water Fund</u>	<u>Aviation Fund</u>	<u>Industrial &amp; Commercial Development Fund</u>	<u>Totals</u>
<u>Liabilities and Fund Equity</u>				
Current Liabilities:				
Vouchers Payable	\$ 7,971,220	\$ 3,928,354	\$ 944,600	\$ 12,844,174
Accounts Payable	4,492,470	6,449,310	-	10,941,780
Salaries and Wages Payable	3,126,946	1,742,784	-	4,869,730
Construction Contracts Payable	9,378,266	22,638,755	-	32,017,021
Accrued Expenses	24,879,917	9,949,276	-	34,829,193
Deferred Revenue	8,524,466	22,289,161	-	30,813,627
Current Maturities of Long-Term Bonded Debt	<u>58,999,141</u>	<u>24,180,061</u>	<u>-</u>	<u>83,179,202</u> **
Total Current Liabilities	<u>117,372,426</u>	<u>91,177,701</u>	<u>944,600</u>	<u>209,494,727</u>
Long-Term Liabilities:				
General Obligation Bonds	15,507,764	22,942,337	-	38,450,101
Revenue Bonds - Principal Amount	1,737,080,000	962,170,000	-	2,699,250,000 **
Unamortized Loss - Refunded Debt	(136,812,294)	(6,616,570)	-	(143,428,864) **
Unamortized Discount on Revenue Bonds	(45,909,126)	(23,707,013)	-	(69,616,139)
Other Long-Term Liabilities	<u>5,826,580</u>	<u>1,476,667</u>	<u>-</u>	<u>7,303,247</u>
Total Long-Term Liabilities	<u>1,575,692,924</u>	<u>956,265,421</u>	<u>-</u>	<u>2,531,958,345</u>
Total Liabilities	<u>1,693,065,350</u>	<u>1,047,443,122</u>	<u>944,600</u>	<u>2,741,453,072</u>
Fund Equity:				
Contributed Capital - Local Sources	28,675,755	44,041,977	20,099,676	92,817,408
Contributed Capital - Other Sources	435,838,253	189,803,469	-	625,641,722
Retained Earnings:				
Reserved for Capital Purposes	-	52,764,729	-	52,764,729
Reserved for Rate Stabilization	197,413,902	-	-	197,413,902
Unreserved	<u>(36,791,458)</u>	<u>149,702,845</u>	<u>7,436,918</u>	<u>120,348,305</u>
Total Fund Equity	<u>625,136,452</u>	<u>436,313,020</u>	<u>27,536,594</u>	<u>1,088,986,066</u>
<u>Total Liabilities and Fund Equity</u>	<u>\$ 2,318,201,802</u>	<u>\$ 1,483,756,142</u>	<u>\$ 28,481,194</u>	<u>\$ 3,830,439,138</u>

\*\* The Long-Term Liabilities are combined with the corresponding Short-Term portion for presentation on Exhibit I-A-1 as follows:

General Obligation Bonds	\$ 51,009,303
Revenue Bonds	2,769,870,000
Other Liabilities	7,303,247

CITY OF PHILADELPHIA  
ENTERPRISE FUNDS

EXHIBIT II-B-2

COMBINING STATEMENT OF REVENUES, EXPENSES AND CHANGES IN UNRESERVED RETAINED EARNINGS  
FOR THE FISCAL YEAR ENDED JUNE 30, 1999

	<u>Water Fund</u>	<u>Aviation Fund</u>	<u>Industrial &amp; Commercial Development Fund</u>	<u>Totals</u>
Operating Revenues:				
Charges for Goods and Services	\$ 348,325,133	\$ 45,190,681	\$ -	\$ 393,515,814
Sales of Land and Improvements	-	-	929,063	929,063
Rentals and Concessions	-	74,784,563	-	74,784,563
Miscellaneous Operating Revenues	<u>3,761,461</u>	<u>2,371,095</u>	<u>130,333</u>	<u>6,262,889</u>
<u>Total Operating Revenues</u>	<u>352,086,594</u>	<u>122,346,339</u>	<u>1,059,396</u>	<u>475,492,329</u>
Operating Expenses:				
Personal Services	92,769,262	34,528,017	-	127,297,279
Purchase of Services	56,926,266	38,524,111	-	95,450,377
Materials and Supplies	23,235,199	3,011,677	-	26,246,876
Employee Benefits	39,551,577	15,859,137	-	55,410,714
Indemnities and Taxes	5,697,288	3,656,745	-	9,354,033
Depreciation and Amortization	77,281,211	41,974,184	-	119,255,395
Cost of Goods Sold	<u>-</u>	<u>-</u>	<u>1,752,398</u>	<u>1,752,398</u>
<u>Total Operating Expenses</u>	<u>295,460,803</u>	<u>137,553,871</u>	<u>1,752,398</u>	<u>434,767,072</u>
Operating Income (Loss)	<u>56,625,791</u>	<u>(15,207,532)</u>	<u>(693,002)</u>	<u>40,725,257</u>
Non-Operating Revenues (Expenses):				
Operating Grants	5,426,922	321,872	-	5,748,794
Passenger Facility Charges	-	31,185,137	-	31,185,137
Interest Income	36,320,598	17,800,968	221,322	54,342,888
Debt Service - Interest	(98,211,579)	(23,530,792)	-	(121,742,371)
Other Expenses	<u>(13,153,281)</u>	<u>(594,601)</u>	<u>(1,046,542)</u>	<u>(14,794,424)</u>
<u>Total Non-Operating Revenues (Expenses)</u>	<u>(69,617,340)</u>	<u>25,182,584</u>	<u>(825,220)</u>	<u>(45,259,976)</u>
Income (Loss) Before Operating Transfers	(12,991,549)	9,975,052	(1,518,222)	(4,534,719)
Operating Transfers In (Out)	(4,137,590)	-	-	(4,137,590)
Operating Transfers To Component Units	(2,838,097)	-	-	(2,838,097)
Operating Transfers From Component Units	<u>-</u>	<u>20,466,349</u>	<u>-</u>	<u>20,466,349</u>
<u>Net Income (Loss)</u>	<u>(19,967,236)</u>	<u>30,441,401</u>	<u>(1,518,222)</u>	<u>8,955,943</u>
Other Changes in Unreserved Retained Earnings:				
Credit Arising from Transfer of Depreciation to Contributed Capital - Other Sources	16,476,955	11,139,692	-	27,616,647
Increase in Reserve for Capital Purposes	-	(21,598,216)	-	(21,598,216)
Decrease in Reserve for Rate Stabilization	<u>6,142,261</u>	<u>-</u>	<u>-</u>	<u>6,142,261</u>
Net Change in Unreserved Retained Earnings for the Year	2,651,980	19,982,877	(1,518,222)	21,116,635
Retained Earnings - Unreserved, July 1, 1998	<u>(39,443,438)</u>	<u>129,719,968</u>	<u>8,955,140</u>	<u>99,231,670</u>
Retained Earnings - Unreserved, June 30, 1999	<u>\$ (36,791,458)</u>	<u>\$ 149,702,845</u>	<u>\$ 7,436,918</u>	<u>\$ 120,348,305</u>

CITY OF PHILADELPHIA  
ENTERPRISE FUNDS  
COMBINING STATEMENT OF CASH FLOWS  
FOR THE FISCAL YEAR ENDED JUNE 30, 1999

EXHIBIT II-B-3

	Water Fund	Aviation Fund	Industrial Commercial Development Fund	Totals	
<b>Cash Flows from Operating Activities:</b>					
Operating Income (Loss)	\$ 56,625,791	\$ (15,207,532)	\$ (693,002)	\$ 40,725,257	
Adjustments to Reconcile Operating Income to Net Cash Provided by Operating Activities:					
Depreciation and Amortization	77,281,211	41,974,184	-	119,255,395	
Provision for Uncollectible Accounts	(34,509,596)	(150,782)	-	(34,660,378)	
Changes in Assets and Liabilities:					
(Increase) Decrease in Receivables	30,881,961	(659,874)	(36,378)	30,185,709	
(Increase) Decrease in Inventories	(663,883)	(78,404)	1,217,789	475,502	
Increase (Decrease) in Payables	(955,406)	14,908,463	850,275	14,803,332	
Increase (Decrease) in Accrued Expenses	(2,510,767)	(3,549,650)	-	(6,060,417)	
Increase (Decrease) in Deferred Revenue	298,702	(1,352,030)	-	(1,053,328)	
<u>Net Cash Provided (Used) by Operating Activities</u>	<u>126,448,013</u>	<u>35,884,375</u>	<u>1,338,684</u>	<u>163,671,072</u>	
<b>Cash Flows from Non-Capital Financing Activities:</b>					
Operating Grants Received	5,426,922	195,487	-	5,622,409	
Other Non-Capital Financing Expenses	(13,153,281)	-	(1,046,542)	(14,199,823)	
Operating Transfers (Out) To Other Funds	(4,137,590)	-	-	(4,137,590)	
Operating Transfers (Out) To Component Units	(2,838,097)	-	-	(2,838,097)	
Operating Transfers In From Component Units	-	20,466,349	-	20,466,349	
Changes in Assets and Liabilities:					
Increase (Decrease) in Other Liabilities	4,669,487	1,040,970	-	5,710,457	
<u>Net Cash Provided (Used) in Non-Capital Financing Activities</u>	<u>(10,032,559)</u>	<u>21,702,806</u>	<u>(1,046,542)</u>	<u>10,623,705</u>	
<b>Cash Flows from Capital and Related Financing Activities:</b>					
Proceeds from Sale of Bonds	135,185,000	437,913,384	-	573,098,384	
Bond Issuance Expenses	(1,690,206)	(5,574,098)	-	(7,264,304)	
Principal Paid on Debt Instruments	(185,298,358)	(19,952,777)	-	(205,251,135)	
Interest Paid on Debt Instruments	(98,211,579)	(33,242,968)	-	(131,454,547)	
Acquisition and Construction of Capital Assets	(117,933,698)	(95,230,770)	-	(213,164,468)	
Capital Grants	-	30,913,022	-	30,913,022	
Contributions Received	9,934,069	-	215,795	10,149,864	
Passenger Facility Charge	-	28,826,833	-	28,826,833	
Changes in Assets and Liabilities:					
(Increase) Decrease in Restricted Assets	15,047,265	11,153,096	-	26,200,361	
Increase (Decrease) in Other Liabilities	6,080,966	-	-	6,080,966	
<u>Net Cash Provided (Used) in Capital and Related Financing Activities</u>	<u>(236,886,541)</u>	<u>354,805,722</u>	<u>215,795</u>	<u>118,134,976</u>	
<b>Cash Flows from Investing Activities:</b>					
Interest and Dividends on Investments	36,320,598	16,512,884	221,322	53,054,804	
<u>Net Cash Provided by Investing Activities</u>	<u>36,320,598</u>	<u>16,512,884</u>	<u>221,322</u>	<u>53,054,804</u>	
Net Increase (Decrease) in Cash and Cash Equivalents	(84,150,489)	428,905,787	729,259	345,484,557	
Cash and Cash Equivalents, July 1, 1998	567,533,496	251,694,987	5,552,445	824,780,928	
<u>Cash and Cash Equivalents, June 30, 1999</u>	<u>\$ 483,383,007</u>	<u>\$ 680,600,774</u>	<u>\$ 6,281,704</u>	<u>\$ 1,170,265,485</u>	
<b>Reconciliation to Combining Balance Sheet:</b>					
Current Assets	Equity in Treasurer's Account	\$ 39,419,454	\$ 76,985,673	\$ 6,281,704	\$ 122,686,831
	Cash on Deposit	30,000	-	-	30,000
Restricted Assets	Equity in Treasurer's Account	443,933,553	170,438,607	-	614,372,160
	Amount Held by Fiscal Agent	-	433,176,494	-	433,176,494
<u>Cash and Cash Equivalents, June 30, 1999</u>		<u>\$ 483,383,007</u>	<u>\$ 680,600,774</u>	<u>\$ 6,281,704</u>	<u>\$ 1,170,265,485</u>



FINANCIAL SECTION - PART II (Continued)  
FIDUCIARY FUND TYPES - COMBINING STATEMENTS

**TRUST AND AGENCY FUNDS**

This Section contains Statements of the Trust and Agency funds. The primary objective of these funds is to account for the assets in a trustee capacity or as an agent for individuals, private organizations, other governments and/or other funds.

The Funds included in this Section are:

**1. PENSION TRUST FUNDS:**

- a. **GAS WORKS RETIREMENT RESERVE FUND** - Established to account for contributions made by the Philadelphia Gas Works to provide for the payment of retirement benefits to its employees under its non-contributory pension plan.
- b. **MUNICIPAL PENSION FUND** - Established to provide pensions for City employees and employees of certain other governmental and quasi governmental organizations. The principal revenues of this fund are contributions from the city, from employees, from the Commonwealth of Pennsylvania, from other governmental and quasi governmental organizations and from earnings on accumulated assets.

**2. NON-EXPENDABLE TRUST FUNDS** - Used to account for trusts which require maintenance of principal and whose activities are accounted for in a manner similar to proprietary funds.

- a. **DEPARTMENTAL NON-EXPENDABLE TRUST FUND** - Established to account for trusts of the Free Library and Fairmount Park.

**3. EXPENDABLE TRUST AND AGENCY FUNDS** - Used to account for cash or other assets held by the City in the capacity of trustee, custodian or agent for individuals, other City funds, governmental entities and non public organizations.

- a. **RIVERVIEW RESIDENTS FUND** - Established to maintain a commissary and provide other benefits for the residents.
- b. **PHILADELPHIA PRISONS FUND** - Established to operate a workshop and to provide benefits with for the prison inmates
- c. **ARBITRATION APPEALS FUND** - Established to account for certain court fees and provide funds to pay for services of chairman and panelists of the arbitration board.
- d. **DEPARTMENTAL EXPENDABLE TRUST FUND** - Established to account for employee tuition fees, and youth programs as well as various activities of the Free Library and Fairmount Park.
- e. **ESCROW FUND** - Established to account for the receipt and disbursement of money belonging to others in the City's capacity as agent.
- f. **EMPLOYEE HEALTH AND WELFARE FUND** - Established to account for employees and pensioners payroll deductions as well as City funds until payment to the appropriate governmental agency or insurance carrier is made.
- g. **DEPARTMENTAL CUSTODIAL FUNDS** - Established to account for the funds held by the various City departments in their capacity as trustee, custodian or agent.

CITY OF PHILADELPHIA  
TRUST AND AGENCY FUNDS  
COMBINING BALANCE SHEET  
JUNE 30, 1999

Expendable Trust Funds

	<u>Departmental Non-Expendable Trust Fund</u>	<u>Riverview Residents Fund</u>	<u>Philadelphia Prisons Fund</u>
<u>Assets</u>			
Cash on Deposit and on Hand	\$ 305,505	\$ -	\$ -
Equity in Treasurer's Account	-	218,776	1,546,047
Investments	7,405,879	-	-
Due from Other Funds	-	-	-
Due from Other Governmental Units	5,863	-	-
Accounts Receivable	93,715	-	-
Interest and Dividends Receivable	51,656	-	-
Inventories	-	17,453	77,421
Other Assets	-	-	-
	<u>\$ 7,862,618</u>	<u>\$ 236,229</u>	<u>\$ 1,623,468</u>
<u>Liabilities and Fund Equity</u>			
Vouchers Payable	\$ 47,914	\$ 2,225	\$ 37,739
Accounts Payable	-	-	27,596
Salaries and Wages Payable	-	-	-
Payroll Taxes Payable	-	-	-
Funds Held in Escrow and Advance Deposits	-	-	682,801
Due to Other Governmental Units	-	12,588	-
Accrued Expenses	-	-	-
Deferred Revenue	-	-	-
Other Liabilities	-	-	-
	<u>47,914</u>	<u>14,813</u>	<u>748,136</u>
Fund Equity:			
Fund Balances:			
Reserved for Inventories	-	17,453	77,421
Reserved for Encumbrances	-	55,248	212,495
Reserved for Employees Pension Benefits	-	-	-
Reserved for Trust Principal	4,653,052	-	-
Unreserved:			
Designated for Trust Purposes	3,161,652	148,715	585,416
	<u>7,814,704</u>	<u>221,416</u>	<u>875,332</u>
	<u>\$ 7,862,618</u>	<u>\$ 236,229</u>	<u>\$ 1,623,468</u>

## Expendable Trust Funds

Arbitration Appeals Fund	Departmental Expendable Trust Fund	Total Expendable Trust Funds
\$ -	\$ 1,593,995	\$ 1,593,995
-	146,340	1,911,163
-	1,397,848	1,397,848
-	-	-
-	-	-
-	45,203	45,203
-	43,869	43,869
-	-	94,874
-	-	-
<u>\$ -</u>	<u>\$ 3,227,255</u>	<u>\$ 5,086,952</u>
\$ -	\$ 74,758	\$ 114,722
-	463,420	491,016
-	-	-
-	-	-
-	284,200	967,001
-	-	12,588
-	-	-
-	-	-
<u>-</u>	<u>822,378</u>	<u>1,585,327</u>
-	-	94,874
-	51,303	319,046
-	-	-
-	5,572	5,572
<u>-</u>	<u>2,348,002</u>	<u>3,082,133</u>
<u>-</u>	<u>2,404,877</u>	<u>3,501,625</u>
<u>\$ -</u>	<u>\$ 3,227,255</u>	<u>\$ 5,086,952</u>

CITY OF PHILADELPHIA  
TRUST AND AGENCY FUNDS  
COMBINING BALANCE SHEET (Continued)  
JUNE 30, 1999

Agency Funds

	<u>Escrow Fund</u>	<u>Employee Health &amp; Welfare Fund</u>	<u>Departmental Custodial Accounts</u>
<u>Assets</u>			
Cash on Deposit and on Hand	\$ -	\$ -	\$ 45,502,176
Equity in Treasurer's Account	13,222,970	8,151,899	-
Investments	-	-	15,175,024
Due from Other Funds	-	-	698,754
Due from Other Governmental Units	-	-	-
Accounts Receivable	-	-	-
Interest and Dividends Receivable	-	-	-
Inventories	-	-	-
Other Assets	-	-	-
	<hr/>	<hr/>	<hr/>
<u>Total Assets</u>	<u>\$ 13,222,970</u>	<u>\$ 8,151,899</u>	<u>\$ 61,375,954</u>
<u>Liabilities and Fund Equity</u>			
Vouchers Payable	\$ 6,001,647	\$ 311,852	\$ -
Accounts Payable	-	-	-
Salaries and Wages Payable	-	-	-
Payroll Taxes Payable	-	2,874,566	-
Funds Held in Escrow and Advance Deposits	7,221,323	4,965,481	61,375,954
Due to Other Governmental Units	-	-	-
Accrued Expenses	-	-	-
Deferred Revenue	-	-	-
Other Liabilities	-	-	-
	<hr/>	<hr/>	<hr/>
Total Liabilities	<u>13,222,970</u>	<u>8,151,899</u>	<u>61,375,954</u>
Fund Equity:			
Fund Balances:			
Reserved for Inventories	-	-	-
Reserved for Encumbrances	-	-	-
Reserved for Employees Pension Benefits	-	-	-
Reserved for Trust Principal	-	-	-
Unreserved:			
Designated for Trust Purposes	-	-	-
	<hr/>	<hr/>	<hr/>
Total Fund Equity	<u>-</u>	<u>-</u>	<u>-</u>
	<hr/>	<hr/>	<hr/>
<u>Total Liabilities and Fund Equity</u>	<u>\$ 13,222,970</u>	<u>\$ 8,151,899</u>	<u>\$ 61,375,954</u>

EXHIBIT II-C-1

	Total Agency Funds	Total Pension Trust Funds	Total Trust and Agency Funds
\$	45,502,176	\$ -	\$ 47,401,676
	21,374,869	5,380,379,122	5,403,665,154
	15,175,024	-	23,978,751
	698,754	-	698,754
	-	1,602,411	1,608,274
	-	7,219,942	7,358,860
	-	24,020,592	24,116,117
	-	-	94,874
	-	561,698,268	561,698,268
	<u>82,750,823</u>	<u>5,974,920,335</u>	<u>6,070,620,728</u>
\$	6,313,499	\$ 23,833	\$ 6,499,968
	-	3,171,292	3,662,308
	-	104,646	104,646
	2,874,566	-	2,874,566
	73,562,758	-	74,529,759
	-	8,980,000	8,992,588
	-	498,484	498,484
	-	4,852,075	4,852,075
	-	784,250,772	784,250,772
	<u>82,750,823</u>	<u>801,881,102</u>	<u>886,265,166</u>
	-	-	94,874
	-	-	319,046
	-	5,173,039,233	5,173,039,233
	-	-	4,658,624
	-	-	6,243,785
	<u>-</u>	<u>5,173,039,233</u>	<u>5,184,355,562</u>
\$	<u>82,750,823</u>	<u>5,974,920,335</u>	<u>6,070,620,728</u>

CITY OF PHILADELPHIA  
PENSION TRUST FUNDS  
COMBINING STATEMENT OF PLAN NET ASSETS  
JUNE 30, 1999

EXHIBIT II-C-2

	<u>Gas Works Retirement Reserve Fund</u>	<u>Municipal Pension Fund</u>	<u>Total Pension Trust Funds</u>
<u>Assets</u>			
Equity in Treasurer's Account	\$ 428,867,989	\$ 4,951,511,133	\$ 5,380,379,122
Securities Lending Collective Investment Pool	10,368,574	463,724,957	474,093,531 **
Accounts Receivable	-	7,219,942	7,219,942
Due from Brokers for Securities Sold	-	87,593,517	87,593,517 **
Interest and Dividends Receivable	3,428,943	20,591,649	24,020,592
Due from Other Governmental Units	-	1,602,411	1,602,411
Other Assets	-	11,220	11,220 **
	<hr/>	<hr/>	<hr/>
<u>Total Assets</u>	<u>\$ 442,665,506</u>	<u>\$ 5,532,254,829</u>	<u>\$ 5,974,920,335</u>
<u>Liabilities</u>			
Vouchers Payable	\$ -	\$ 23,833	\$ 23,833
Accounts Payable	614,641	2,556,651	3,171,292
Salaries and Wages Payable	-	104,646	104,646
Due on Return of Securities Loaned	10,368,574	463,724,957	474,093,531 ***
Due to Brokers for Securities Purchased	-	309,796,551	309,796,551 ***
Accrued Expenses	-	498,484	498,484
Due to Other Governmental Units	8,980,000	-	8,980,000
Deferred Revenue	-	4,852,075	4,852,075
Other Liabilities	-	360,690	360,690 ***
	<hr/>	<hr/>	<hr/>
<u>Total Liabilities</u>	<u>\$ 19,963,215</u>	<u>\$ 781,917,887</u>	<u>\$ 801,881,102</u>
 Net Assets Held in Trust for Pension Benefits	 <u>\$ 422,702,291</u>	 <u>\$ 4,750,336,942</u>	 <u>\$ 5,173,039,233 ****</u>

The Accounts Receivable of the Municipal Pension Fund consists of Employee Contributions Receivable in the amount of \$2,367,867 and Installment Repurchase Agreements Receivable in the amount of \$4,852,075.

\*\* Securities Lending and Due from Brokers are combined with Other Assets for presentation on Exhibits I-A-1 & II-C-1

\*\*\* Due on Securities Loaned and Due to Brokers are combined with Other Liabilities for presentation on Exhibits I-A-1 & II-C-1

\*\*\*\* Net Assets Held is presented as Fund Balance-Reserved on Exhibits I-A-1 & II-C-1

CITY OF PHILADELPHIA  
EXPENDABLE TRUST FUNDS  
COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES  
IN UNRESERVED FUND BALANCES  
FOR THE FISCAL YEAR ENDED JUNE 30, 1999

EXHIBIT II-C-3

	Riverview Residents <u>Fund</u>	Philadelphia Prisons <u>Fund</u>	Arbitration Appeals <u>Fund</u>	Departmental Expendable <u>Trust Fund</u>	Total Expendable Trust <u>Funds</u>
Revenues:					
Locally Generated Non-Tax Revenue	\$ 105,872	\$ 1,035,584	\$ 707,000	\$ 4,344,456	\$ 6,192,912
Expenditures:					
Judiciary and Law Enforcement	-	900,424	-	-	900,424
Cultural and Recreational	-	-	707,000	5,832,605	6,539,605
Improvement of General Welfare	121,639	-	-	-	121,639
General Management and Support	-	-	-	55,259	55,259
<u>Total Expenditures</u>	<u>121,639</u>	<u>900,424</u>	<u>707,000</u>	<u>5,887,864</u>	<u>7,616,927</u>
Excess of Revenues Over (Under) Expenditures	<u>(15,767)</u>	<u>135,160</u>	<u>-</u>	<u>(1,543,408)</u>	<u>(1,424,015)</u>
Other Financing Sources (Uses):					
Operating Transfers In	<u>-</u>	<u>-</u>	<u>-</u>	<u>757,040</u>	<u>757,040</u>
Excess of Revenues and Other Sources Over (Under) Expenditures and Other Uses	(15,767)	135,160	-	(786,368)	(666,975)
Other Changes in Unreserved Fund Balance: (Increase) Decrease in Reserve for Encumbrances	<u>(1,955)</u>	<u>13,688</u>	<u>-</u>	<u>(3,938)</u>	<u>7,795</u>
Net Change in Unreserved Fund Balance for the Year	(17,722)	148,848	-	(790,306)	(659,180)
Fund Balance - Unreserved, July 1, 1998	<u>166,437</u>	<u>436,568</u>	<u>-</u>	<u>3,138,308</u>	<u>3,741,313</u>
Fund Balance - Unreserved, June 30, 1999	<u>\$ 148,715</u>	<u>\$ 585,416</u>	<u>\$ -</u>	<u>\$ 2,348,002</u>	<u>\$ 3,082,133</u>

CITY OF PHILADELPHIA  
AGENCY FUNDS  
COMBINING STATEMENT OF CHANGES IN ASSETS AND LIABILITIES  
FOR THE FISCAL YEAR ENDED JUNE 30, 1999

EXHIBIT II-C-4

	Balance <u>7-1-1998</u>	Additions	Deductions	Balance <u>6-30-1999</u>
<u>Escrow Fund</u>				
<u>Assets</u>				
Equity in Treasurer's Account	\$ 13,386,165	\$ 282,826,405	\$ 282,989,600	\$ 13,222,970
<u>Liabilities</u>				
Funds Held in Escrow	\$ 12,381,875	\$ 282,854,682	\$ 288,015,234	\$ 7,221,323
Vouchers Payable	-	6,176,210	174,563	6,001,647
Due to Other Governmental Units	<u>1,004,290</u>	<u>-</u>	<u>1,004,290</u>	<u>-</u>
<u>Total Liabilities</u>	<u>\$ 13,386,165</u>	<u>\$ 289,030,892</u>	<u>\$ 289,194,087</u>	<u>\$ 13,222,970</u>
<u>Employee Health and Welfare Fund</u>				
<u>Assets</u>				
Equity in Treasurer's Account	\$ 5,904,443	\$ 592,174,849	\$ 589,927,393	\$ 8,151,899
<u>Liabilities</u>				
Vouchers Payable	\$ 427,005	\$ 2,184,997	\$ 2,300,150	\$ 311,852
Payroll Taxes Payable	1,354,043	330,607,698	329,087,175	2,874,566
Funds Held in Escrow	<u>4,123,395</u>	<u>262,486,871</u>	<u>261,644,785</u>	<u>4,965,481</u>
<u>Total Liabilities</u>	<u>\$ 5,904,443</u>	<u>\$ 595,279,566</u>	<u>\$ 593,032,110</u>	<u>\$ 8,151,899</u>
<u>Departmental Custodial Accounts</u>				
<u>Assets</u>				
Cash on Deposit and on Hand	\$ 34,328,855	\$ 179,377,816	\$ 168,204,495	\$ 45,502,176
Investments	14,498,493	829,581	153,050	15,175,024
Due from Other Funds	<u>698,754</u>	<u>-</u>	<u>-</u>	<u>698,754</u>
<u>Total Assets</u>	<u>\$ 49,526,102</u>	<u>\$ 180,207,397</u>	<u>\$ 168,357,545</u>	<u>\$ 61,375,954</u>
<u>Liabilities</u>				
Funds Held in Escrow	<u>\$ 49,526,102</u>	<u>\$ 180,207,397</u>	<u>\$ 168,357,545</u>	<u>\$ 61,375,954</u>
<u>Totals - Agency Funds</u>				
<u>Assets</u>				
Cash on Deposit and on Hand	\$ 34,328,855	\$ 179,377,816	\$ 168,204,495	\$ 45,502,176
Equity in Treasurer's Account	19,290,608	875,001,254	872,916,993	21,374,869
Investments	14,498,493	829,581	153,050	15,175,024
Due from Other Funds	<u>698,754</u>	<u>-</u>	<u>-</u>	<u>698,754</u>
<u>Total Assets</u>	<u>\$ 68,816,710</u>	<u>\$ 1,055,208,651</u>	<u>\$ 1,041,274,538</u>	<u>\$ 82,750,823</u>
<u>Liabilities</u>				
Vouchers Payable	\$ 427,005	\$ 8,361,207	\$ 2,474,713	\$ 6,313,499
Payroll Taxes Payable	1,354,043	330,607,698	329,087,175	2,874,566
Funds Held in Escrow	66,031,372	725,548,950	718,017,564	73,562,758
Due to Other Governmental Units	<u>1,004,290</u>	<u>-</u>	<u>1,004,290</u>	<u>-</u>
<u>Total Liabilities</u>	<u>\$ 68,816,710</u>	<u>\$ 1,064,517,855</u>	<u>\$ 1,050,583,742</u>	<u>\$ 82,750,823</u>

## FINANCIAL SECTION - PART III

### ACCOUNT GROUP STATEMENTS

This Section contains Statements for the General Fixed Assets and General Long-Term Debt Account Groups. These account groups report on the governmental funds' general fixed assets and long term liabilities. Because the focus of governmental funds is on the flow of current financial resources, balance sheets reflect only financial assets or liabilities that require the use of currently available resources. Account Groups are not funds and do not report the results of operations.

The Funds included in this Section are:

1. **CITY GENERAL FIXED ASSETS AND LONG-TERM DEBT** - Established to account for the fixed assets of the City, except those accounted for in proprietary funds, and the long-term debt of the City backed by general fund revenues.
2. **MUNICIPAL AUTHORITY GENERAL FIXED ASSETS AND LONG-TERM DEBT** - Established to account for the fixed assets of the Municipal Authority and the long-term debt of the Municipal Authority payable from leasing agreements with the city.
3. **PENNSYLVANIA INTERGOVERNMENTAL COOPERATION AUTHORITY LONG TERM** - Established to account for the long-term debt of the Authority.

CITY OF PHILADELPHIA  
SCHEDULE OF GENERAL FIXED ASSETS BY FUNCTION  
JUNE 30, 1999

	<u>Land</u>	<u>Buildings</u>	Improvements Other Than <u>Buildings</u>
<u>City-Related Assets</u>			
Economic Development	\$ 94,530,706	\$ 71,494,175	\$ 40,030,695
Transportation	-	-	-
Judiciary and Law Enforcement	7,850,535	118,627,225	3,247,220
Conservation of Health	2,041,379	46,977,450	236,858
Housing and Neighborhood Development	27,366	88,439	70,391,358
Cultural and Recreational	248,179,443	527,903,235	151,781,221
Improvement of General Welfare	8,631,887	129,013,623	3,385,246
Services to Property	3,787,594	74,260,157	4,012,044
General Management and Support	<u>35,843,073</u>	<u>201,908,099</u>	<u>42,480,240</u>
<u>Totals - City-Related</u>	<u>\$ 400,891,983</u>	<u>\$ 1,170,272,403</u>	<u>\$ 315,564,882</u>
 <u>Municipal Authority-Related Assets</u>			
Judiciary and Law Enforcement	\$ -	\$ -	\$ -
General Management and Support	<u>-</u>	<u>-</u>	<u>-</u>
<u>Totals - Municipal Authority-Related</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
<u>Totals</u>	<u>\$ 400,891,983</u>	<u>\$ 1,170,272,403</u>	<u>\$ 315,564,882</u>

<u>Equipment</u>	<u>Transit</u>	<u>Leased Equipment</u>	<u>Construction Work in Process</u>	<u>Total</u>
\$ 6,984,592	\$ -	\$ -	\$ 1,283,639	\$ 214,323,807
541,431	172,931,096	-	-	173,472,527
48,231,406	-	-	89,545	178,045,931
8,960,802	-	34,645	249,696	58,500,830
1,753,004	-	-	-	72,260,167
116,967,196	-	-	735,552	1,045,566,647
10,943,719	-	-	53,127	152,027,602
9,164,625	-	-	547,102	91,771,522
<u>253,056,828</u>	<u>-</u>	<u>53,353</u>	<u>2,347,362</u>	<u>535,688,955</u>
<u>\$ 456,603,603</u>	<u>\$ 172,931,096</u>	<u>\$ 87,998</u>	<u>\$ 5,306,023</u>	<u>\$ 2,521,657,988</u>
\$ -	\$ -	\$ -	\$ 255,082,872	\$ 255,082,872
<u>-</u>	<u>-</u>	<u>-</u>	<u>53,624,850</u>	<u>53,624,850</u>
<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 308,707,722</u>	<u>\$ 308,707,722</u>
<u>\$ 456,603,603</u>	<u>\$ 172,931,096</u>	<u>\$ 87,998</u>	<u>\$ 314,013,745</u>	<u>\$ 2,830,365,710</u>

CITY OF PHILADELPHIA  
SCHEDULE OF GENERAL FIXED ASSETS BY SOURCE  
JUNE 30, 1999

EXHIBIT III-A-2

	<u>City Related Assets</u>	<u>Municipal Authority Related Assets</u>	<u>Total General Fixed Assets</u>
General Fixed Assets:			
Land	\$ 400,891,983	\$ -	\$ 400,891,983
Buildings	1,170,272,403	-	1,170,272,403
Other Improvements	315,564,882	-	315,564,882
Equipment	456,603,602	-	456,603,602
Transit Facilities	172,931,096	-	172,931,096
Leased Equipment	87,998	-	87,998
Construction Work in Process	5,306,024	308,707,722	314,013,746
 <u>Total General Fixed Assets</u>	<u>\$ 2,521,657,988</u>	<u>\$ 308,707,722</u>	<u>\$ 2,830,365,710</u>
 Investment in General Fixed Assets by Source:			
Capital Projects Funds	\$ 1,059,029,548	\$ 308,707,722	\$ 1,367,737,270
Other Funds	546,750,474	-	546,750,474
Donations	248,990,525	-	248,990,525
Foreclosures	41,708	-	41,708
Unclassified Sources	666,845,733	-	666,845,733
 <u>Total Investment in General Fixed Assets</u>	<u>\$ 2,521,657,988</u>	<u>\$ 308,707,722</u>	<u>\$ 2,830,365,710</u>

CITY OF PHILADELPHIA  
 SCHEDULE OF CHANGES IN GENERAL FIXED ASSETS BY FUNCTION  
 FOR THE FISCAL YEAR ENDED JUNE 30, 1999

EXHIBIT III-A-3

	Adjusted Balance <u>7-1-1998</u>	<u>Additions</u>	<u>Retirements</u>	Balance <u>6-30-1999</u>
<u>City-Related Assets</u>				
Economic Development	\$ 196,536,325	\$ 17,814,487	\$ (27,005)	\$ 214,323,807
Transportation	173,622,530	-	(150,003)	173,472,527
Judiciary and Law Enforcement	169,709,961	9,780,819	(1,444,849)	178,045,931
Conservation of Health	54,919,317	3,840,257	(258,744)	58,500,830
Housing and Neighborhood Development	71,994,506	371,616	(105,955)	72,260,167
Cultural and Recreational	1,008,748,042	47,058,084	(10,239,479)	1,045,566,647
Improvement of General Welfare	144,569,963	7,849,334	(391,695)	152,027,602
Services to Property	88,222,271	5,212,785	(1,663,533)	91,771,523
General Management and Support	<u>525,038,016</u>	<u>11,689,801</u>	<u>(1,038,863)</u>	<u>535,688,954</u>
<u>Totals - City-Related</u>	<u>\$ 2,433,360,931</u>	<u>\$ 103,617,183</u>	<u>\$ (15,320,126)</u>	<u>\$ 2,521,657,988</u>
<u>Municipal Authority-Related Assets</u>				
Judiciary and Law Enforcement	\$ 254,786,709	\$ 296,163	\$ -	\$ 255,082,872
General Management and Support	<u>46,298,396</u>	<u>7,326,454</u>	<u>-</u>	<u>53,624,850</u>
<u>Totals - Municipal Authority Related Assets</u>	<u>\$ 301,085,105</u>	<u>\$ 7,622,617</u>	<u>\$ -</u>	<u>\$ 308,707,722</u>
<u>Totals</u>	<u>\$ 2,734,446,036</u>	<u>\$ 111,239,800</u>	<u>\$ (15,320,126)</u>	<u>\$ 2,830,365,710</u>

CITY OF PHILADELPHIA  
 COMBINING SCHEDULE OF CHANGES IN GENERAL LONG-TERM DEBT  
 FOR THE FISCAL YEAR ENDED JUNE 30, 1999

	Balance 7-1-1998	General Obligation Bonds Issued	General Obligation Bonds Retired	Pension Service Agreement
<u>City-Related Debt</u>				
Amount to be Provided for Retirement of Long-Term Debt	\$ 734,876,451	\$ 428,240,000	\$ (212,850,304)	\$ 1,297,427,767
General Obligation Debt Payable:				
Term Bonds	\$ 64,875,000	\$ 132,725,000	\$ -	\$ -
Refunding Bonds	150,109,823	178,240,000	(23,442,223)	-
Serial Bonds	259,091,163	117,275,000	(189,408,081)	-
Total General Obligation Debt Payable	474,075,986	428,240,000	(212,850,304)	-
Lease Commitments Payable	58,910,000	-	-	-
Other Long-Term Obligations Payable	201,890,465	-	-	1,297,427,767
Total City-Related General Long-Term Debt Payable	\$ 734,876,451	\$ 428,240,000	\$ (212,850,304)	\$ 1,297,427,767
<u>Municipal Authority Debt</u>				
Amount Available in Debt Service Funds	\$ 7,258,780	\$ -	\$ -	\$ -
Amount to be Provided for Retirement of Long-Term Debt	403,667,847	-	(21,033,511)	-
Total Available and to be Provided	\$ 410,926,627	\$ -	\$ (21,033,511)	\$ -
General Obligation Debt Payable:				
Term Bonds	\$ 178,599,325	\$ -	\$ (1,905,000)	\$ -
Serial Bonds	220,027,302	-	(19,128,511)	-
Total General Obligation Debt Payable	398,626,627	-	(21,033,511)	-
Lease Commitments Payable	12,300,000	-	-	-
Total Municipal Authority Long-Term Debt Payable	\$ 410,926,627	\$ -	\$ (21,033,511)	\$ -
<u>PICA Debt</u>				
Amount Available in Debt Service Funds	\$ 86,686,731	\$ -	\$ -	\$ -
Amount to be Provided for Retirement of Long-Term Debt	968,308,269	610,005,000	(650,905,000)	-
Total Available and to be Provided	\$ 1,054,995,000	\$ 610,005,000	\$ (650,905,000)	\$ -
General Obligation Debt Payable:				
Term Bonds	\$ 1,054,995,000	\$ 610,005,000	\$ (650,905,000)	\$ -
Total PICA Long-Term Debt Payable	\$ 1,054,995,000	\$ 610,005,000	\$ (650,905,000)	\$ -
Total General Long-Term Debt Payable	\$ 2,200,798,078	\$ 1,038,245,000	\$ (884,788,815)	\$ 1,297,427,767

EXHIBIT III-A-4

Lease Commitments Retired	Indemnity Claims	Worker's Compensation Claims	Termination Compensation Payable	Debt Service Funds Operations	Balance 6-30-1999
\$ -	\$ (21,463,625)	\$ 34,528,866	\$ (481,982)	\$ -	\$ 2,260,277,173
\$ -	\$ -	\$ -	\$ -	\$ -	\$ 197,600,000
-	-	-	-	-	304,907,600
-	-	-	-	-	186,958,082
-	-	-	-	-	689,465,682
-	-	-	-	-	58,910,000
-	(21,463,625)	34,528,866	(481,982)	-	1,511,901,491
\$ -	\$ (21,463,625)	\$ 34,528,866	\$ (481,982)	\$ -	\$ 2,260,277,173
\$ -	\$ -	\$ -	\$ -	\$ (908,455)	\$ 6,350,325
(3,200,000)	-	-	-	908,455	380,342,791
\$ (3,200,000)	\$ -	\$ -	\$ -	\$ -	\$ 386,693,116
\$ -	\$ -	\$ -	\$ -	\$ -	\$ 176,694,325
-	-	-	-	-	200,898,791
-	-	-	-	-	377,593,116
(3,200,000)	-	-	-	-	9,100,000
\$ (3,200,000)	\$ -	\$ -	\$ -	\$ -	\$ 386,693,116
\$ -	\$ -	\$ -	\$ -	\$ 144,802	\$ 86,831,533
-	-	-	-	(144,802)	927,263,467
\$ -	\$ -	\$ -	\$ -	\$ -	\$ 1,014,095,000
\$ -	\$ -	\$ -	\$ -	\$ -	\$ 1,014,095,000
\$ -	\$ -	\$ -	\$ -	\$ -	\$ 1,014,095,000
\$ (3,200,000)	\$ (21,463,625)	\$ 34,528,866	\$ (481,982)	\$ -	\$ 3,661,065,289

CITY OF PHILADELPHIA  
 COMBINING STATEMENT OF GENERAL LONG-TERM DEBT  
 JUNE 30, 1999

EXHIBIT III-A-5

	<u>City Related General Long-Term Debt</u>	<u>Municipal Authority General Long-Term Debt</u>	<u>PICA General Long-Term Debt</u>	<u>Totals</u>
<u>Amounts Available and to be Provided</u>				
Amount Available in Debt Service Funds	\$ -	\$ 6,350,325	\$ 86,831,533	\$ 93,181,858
Amount to be Provided for Retirement of Long-Term Debt	<u>2,260,277,173</u>	<u>380,342,791</u>	<u>927,263,467</u>	<u>3,567,883,431</u>
Total Available and to be Provided	<u>\$ 2,260,277,173</u>	<u>\$ 386,693,116</u>	<u>\$ 1,014,095,000</u>	<u>\$ 3,661,065,289</u>
 <u>Long-Term Debt</u>				
General Obligation Bonds	\$ 689,465,682	\$ 377,593,116	\$ 1,014,095,000	\$ 2,081,153,798
Obligations - Under Capital Leases	58,910,000	9,100,000	-	68,010,000
Other Long-Term Obligations Payable	<u>1,511,901,491</u>	<u>-</u>	<u>-</u>	<u>1,511,901,491</u>
<u>Total Debt Payable</u>	<u>\$ 2,260,277,173</u>	<u>\$ 386,693,116</u>	<u>\$ 1,014,095,000</u>	<u>\$ 3,661,065,289</u>

## **SUPPORTING SCHEDULES**

The Supporting Schedules presented in this Section are:

**Summary Schedule of Investments**

City Related Fund Types and Accounts

**Schedule of Bonded Debt Outstanding**

City Related

**Schedule of Actual and Estimated Revenues**

City Related General Funds -Legal Basis

**Schedule of Budgeted and Actual Expenditures and Encumbrances by Department**

City Related General Fund - Legal Basis

**Schedule of Revenues, Expenditures, Encumbrances and Changes in Fund Balance**

Water Fund - Budget (Legal Basis) and Actual

**Schedule of Revenues, Expenditures, Encumbrances and Changes in Fund Balance**

Aviation Fund - Budget (Legal Basis) and Actual

**Schedule of Actual and Estimated Revenues**

City Related Enterprise Funds - Legal Basis

**Schedule of Budgeted and Actual Expenditures and Encumbrances by Department**

City Related Enterprise Funds - Legal Basis



CITY OF PHILADELPHIA  
CITY RELATED FUND TYPES AND ACCOUNTS  
SUMMARY SCHEDULE OF INVESTMENTS  
JUNE 30, 1999

	<u>Par Value</u>	<u>Cost</u>	<u>Fair Value 6-30-1999</u>
Fiduciary Fund Types:			
Non-Expendable Trust Funds:			
<u>Departmental Non-Expendable Trust Fund:</u>			
U.S. Government Securities	\$ 515,000	\$ 1,571,712	\$ 1,601,376
U.S. Government Agencies	200,000	679,576	684,245
Common Stock	-	1,952,547	4,810,268
Other Investments	-	309,990	309,990
	<hr/>	<hr/>	<hr/>
<u>Total Non-Expendable Trust Funds</u>	715,000	4,513,825	7,405,879
Expendable Trust Funds:			
<u>Departmental Expendable Trust Fund:</u>			
U.S. Government Securities	-	95,361	96,148
Corporate Bonds	-	246,915	259,494
Common Stock	-	95,752	324,024
Other Investments	-	718,182	718,182
	<hr/>	<hr/>	<hr/>
<u>Total Expendable Trust Funds</u>	-	1,156,210	1,397,848
Agency Funds:			
<u>Departmental Custodial Accounts:</u>			
U.S. Government Securities	2,882,156	2,882,156	2,859,112
U.S. Government Agencies	12,323,574	12,323,574	12,315,912
Other Investments	-	-	-
	<hr/>	<hr/>	<hr/>
<u>Total Agency Funds</u>	15,205,730	15,205,730	15,175,024
	<hr/>	<hr/>	<hr/>
<u>Total Fiduciary Fund Types</u>	15,920,730	20,875,765	23,978,751
<u>Treasurer's Account:*</u>			
U.S. Government Securities	540,158,527	579,142,405	568,901,107
U.S. Government Agency Securities	985,159,311	970,365,824	967,161,613
Corporate Bonds	1,136,717,429	1,122,282,448	1,092,006,664
Common Stock	-	3,301,290,541	3,716,693,040
Mortgage Obligations	110,105,544	94,953,898	93,749,655
Closed End Mutual Funds	-	7,884,593	6,052,237
Short Term Investments	131,156,588	148,131,693	148,155,750
Real Estate	49,944,505	49,944,505	27,777,116
Financial Agreements	-	66,392,156	53,585,054
Other Bonds and Investments	114,011,896	194,154,416	196,039,383
	<hr/>	<hr/>	<hr/>
<u>Total Treasurer's Account</u>	3,067,253,800	6,534,542,479	6,870,121,619
	<hr/>	<hr/>	<hr/>
<u>Total All Fund Types and Accounts</u>	\$ 3,083,174,530	\$ 6,555,418,244	\$ 6,894,100,370

\* Investments of the Treasurer's Account represent a portion of the Equity in Treasurer's Account Balances of the City Funds.

CITY OF PHILADELPHIA  
CITY RELATED SCHEDULE OF BONDED DEBT OUTSTANDING  
JUNE 30, 1999

SCHEDULE IV-A-2

	Original Authorization	Date of Issuance	Issued	Fiscal 1999 Outstanding	Maturities	Interest Rates	Fiscal 2000 Debt Service Requirements	
							Interest	Principal
<b>General Obligation Bonds:</b>								
<b>Term Bonds</b>								
	\$ 34,966,006	(1) 12/01/1995	\$ 28,516,101	\$ 28,516,101	05/2014 to 05/2025	5.00	\$ 1,425,805	\$ -
		(1) 11/15/1998	6,449,905	6,449,905	03/2019 to 03/2028	5.00	429,994	-
	72,135,877	(1) 12/01/1995	36,358,899	36,358,899	05/2014 to 05/2025	5.00	1,817,945	-
		(1) 11/15/1998	35,776,978	35,776,978	03/2019 to 03/2028	5.00	2,385,132	-
	68,194,869	(1) 11/15/1998	68,194,869	68,194,869	03/2019 to 03/2028	5.00	4,546,324	-
	22,303,248	(1) 11/15/1998	22,303,248	22,303,248	03/2019 to 03/2028	5.00	1,486,883	-
<b>Refunding Issues</b>								
	86,000,000	07/01/1987	86,000,000	12,265,000	08/1999 to 08/2000	11.50	984,975	7,400,000
	97,645,000	07/15/1993	97,645,000	78,475,001	05/2000 to 05/2005	4.80 to 6.00	4,079,973	1,735,000
	101,505,000	06/15/1994	101,505,000	69,035,000	11/1999 to 11/2004	5.20 to 6.25	3,391,605	21,505,000
	178,240,000	12/01/1998	178,240,000	178,240,000	05/2000 to 05/2020	4.75 to 5.25	8,908,831	4,485,000
<b>Total Term Bonds</b>	<b>660,990,000</b>		<b>660,990,000</b>	<b>535,615,001</b>			<b>29,457,467</b>	<b>35,125,000</b>
<b>Serial Bonds</b>								
	31,675,000	06/01/1950	31,675,000	493,000	01/2000	1.50	7,395	493,000
	6,000,000	02/16/1956	6,000,000	840,000	01/2000 to 01/2006	1.00 to 2.75	16,800	120,000
	48,000,000	07/01/1969	48,000,000	2,715,000	07/1999	6.30	85,522	2,715,000
	44,200,000	03/01/1970	44,200,000	5,220,000	07/1999 to 07/2000	7.75	306,319	2,535,000
	12,000,000	03/01/1970	9,500,000	1,485,000	07/1999 to 07/2000	7.75	87,381	715,000
		06/01/1973	2,500,000	135,000	07/1999	5.90	3,982	135,000
	87,330,000	08/01/1970	12,330,000	1,880,000	01/2000 to 01/2001	7.50	141,000	905,000
		01/15/1971	13,000,000	2,905,000	07/1999 to 07/2001	7.75	190,262	900,000
		12/17/1971	10,000,000	2,015,000	01/2000 to 01/2002	6.75	136,013	630,000
		06/01/1973	10,700,000	580,000	07/1999	5.90	17,110	580,000
	25,000,000	08/01/1970	12,500,000	1,905,000	01/2000 to 01/2001	7.50	142,875	920,000
		01/15/1971	7,500,000	1,665,000	07/1999 to 07/2001	7.75	109,081	515,000
		06/01/1973	5,000,000	270,000	07/1999	5.90	7,965	270,000
	27,700,000	01/15/1971	27,700,000	1,770,000	07/1999 to 07/2001	4.00 to 7.75	92,188	590,000
	8,400,000	01/15/1971	1,200,000	120,000	07/1999 to 07/2001	4.00 to 7.75	6,250	40,000
		01/01/1973	2,320,000	75,000	01/2000	5.75	4,313	75,000
	32,825,000	01/01/1973	32,825,000	155,000	01/2000	5.75	8,913	155,000
	20,000,000	NA	20,000,000	14,771,987	07/1999 to 06/2013	1.00	142,759	1,084,223
	73,033,994	06/15/1994	47,500,000	24,255,000	11/1999 to 11/2014	5.00 to 6.00	1,313,647	1,665,000
		(1) 12/01/1995	19,834,899	10,694,361	05/2000 to 05/2025	4.25 to 5.00	576,098	830,758
		(1) 11/15/1998	5,699,095	5,699,095	03/2000 to 03/2018	3.70 to 5.25	374,545	60,988
	56,902,420	(1) 12/01/1995	25,290,101	13,635,639	05/2000 to 05/2025	4.00 to 5.00	734,542	1,059,242
		(1) 11/15/1998	31,612,319	31,612,319	03/2000 to 03/2018	3.70 to 5.25	2,077,563	338,294
	60,256,571	(1) 11/15/1998	60,256,571	60,256,571	03/2000 to 03/2018	3.70 to 5.25	3,960,064	644,826
	19,707,015	(1) 11/15/1998	19,707,015	19,707,015	03/2000 to 03/2018	3.70 to 5.25	1,295,146	210,892
<b>Total Serial Bonds</b>	<b>553,030,000</b>		<b>506,850,000</b>	<b>204,859,987</b>			<b>11,837,733</b>	<b>18,187,223</b>
<b>Total General Obligation Bonds</b>	<b>1,214,020,000</b>		<b>1,167,840,000</b>	<b>740,474,988</b>			<b>41,295,200</b>	<b>53,312,223</b>
<b>Revenue Bonds:</b>								
<b>Water and Sewer Revenue Bonds:</b>								
14th Series	\$ 158,265,000	(2) 05/15/1989	\$ 158,265,000	\$ 60,400,000	10/2005 to 10/2008	NA	\$ -	\$ -
15th Series	176,005,000	(2) 05/15/1989	176,005,000	124,065,000	10/1999 to 10/2006	6.85 to 6.875	2,742,114	14,965,000
16th Series	297,175,000	05/15/1991	297,175,000	15,345,000	08/1999 to 08/2021	7.40 to 7.60	976,450	4,735,000
Series 1993	1,157,585,000	08/01/1993	1,010,025,000	779,810,000	06/2000 to 06/2023	4.70 to 7.00	43,853,788	25,175,000
Series 1993		08/26/1993	147,560,000	118,960,000	06/2004 to 06/2012	5.15 to 10.00	8,223,300	-
Series 1995	221,630,000	04/15/1995	221,630,000	210,020,000	08/1999 to 08/2018	4.90 to 6.75	12,283,570	6,140,000
Series 1997 A	350,000,000	10/15/1997	250,000,000	249,900,000	08/1999 to 08/2027	4.05 to 5.25	12,559,916	3,890,000
Series 1997 B		(3) 11/25/1997	100,000,000	100,000,000	08/1999 to 08/2027	Variable rates	3,406,569	1,700,000
Series 1998	135,185,000	12/25/1998	135,185,000	135,185,000	12/2011 to 12/2014	5.25	7,097,212	-
<b>Total Water Revenue Bonds</b>	<b>2,495,845,000</b>		<b>2,495,845,000</b>	<b>1,793,685,000</b>			<b>91,142,919</b>	<b>56,605,000</b>
<b>Aviation Revenue Bonds:</b>								
5th Series	209,690,000	06/15/1995	209,690,000	206,650,000	06/2000 to 06/2025	4.90 to 6.10	12,332,833	1,185,000
Series 1997 A and B	222,265,000	07/01/1997	222,265,000	206,040,000	06/2000 to 06/2017	4.50 to 6.00	11,357,325	9,140,000
Series 1998 A	123,405,000	03/17/1998	123,405,000	119,795,000	06/2000 to 06/2018	5.25 to 6.00	6,626,656	3,690,000
Series 1998 B	443,700,000	07/01/1998	443,700,000	443,700,000	06/2001 to 06/2028	4.50 to 5.375	-	-
<b>Total Aviation Revenue Bonds</b>	<b>999,060,000</b>		<b>999,060,000</b>	<b>976,185,000</b>			<b>30,316,814</b>	<b>14,015,000</b>
<b>Total Revenue Bonds</b>	<b>3,494,905,000</b>		<b>3,494,905,000</b>	<b>2,769,870,000</b>			<b>121,459,733</b>	<b>70,620,000</b>
<b>Total All Bonds</b>	<b>\$ 4,708,925,000</b>		<b>\$ 4,662,745,000</b>	<b>\$ 3,510,344,988</b>	<b>(4)</b>		<b>\$ 162,754,933</b>	<b>\$ 123,932,223</b>

CITY OF PHILADELPHIA  
 CITY RELATED SCHEDULE OF BONDED DEBT OUTSTANDING(Continued)  
 JUNE 30, 1999

SCHEDULE IV-A-2

NOTES:

- (1) These General Obligation Authorizations were issued as both Term and Serial Bonds.  
 (2) The balance outstanding on these issues includes zero discount bonds and compound interest bonds as follows:

<u>Outstanding</u>	<u>Maturity Value</u>	<u>Discount</u>
\$ 60,400,000	\$ 60,400,000	\$ 43,268,160
124,065,000	76,670,000	45,494,017

- (3) Based on latest available estimated rates.  
 (4) A summary of all Bonds Outstanding is as follows:

	<u>General Obligation Bonds</u>	<u>Revenue Bonds</u>	<u>Total Bonds</u>
General Fund Types:			
General Fund	\$ <u>689,465,682</u>	\$ <u>-</u>	\$ <u>689,465,682</u>
Proprietary Fund Types:			
Water Fund	17,901,905	1,793,685,000	1,811,586,905
Aviation Fund	<u>33,107,398</u>	<u>976,185,000</u>	<u>1,009,292,398</u>
<u>otal Proprietary Funds</u>	<u>51,009,303</u>	<u>2,769,870,000</u>	<u>2,820,879,303</u>
<u>Total All Funds</u>	<u>\$ 740,474,985</u>	<u>\$ 2,769,870,000</u>	<u>\$ 3,510,344,985</u>

CITY OF PHILADELPHIA  
CITY RELATED GENERAL FUND  
SCHEDULE OF ACTUAL AND ESTIMATED REVENUES  
(LEGAL BASIS)  
FOR THE FISCAL YEARS ENDED JUNE 30, 1999 AND 1998

	Fiscal 1999 Budget <u>Estimate</u>	Fiscal 1999 <u>Actual</u>	Variance Favorable (Unfavorable)	Fiscal 1998 <u>Actual</u>
Taxes:				
General Property Taxes:				
Real Property Tax:				
Current	\$ 310,586,000	\$ 311,940,540	\$ 1,354,540	\$ 305,778,663
Prior Years	<u>28,000,000</u>	<u>30,695,646</u>	<u>2,695,646</u>	<u>28,105,592</u>
<u>Total Real Property Tax</u>	<u>338,586,000</u>	<u>342,636,186</u>	<u>4,050,186</u>	<u>333,884,255</u>
Personal Property Tax:				
Prior Years	<u>-</u>	<u>-</u>	<u>-</u>	<u>3,705</u>
<u>Total General Property Tax</u>	<u>338,586,000</u>	<u>342,636,186</u>	<u>4,050,186</u>	<u>333,887,960</u>
Wage and Earnings Taxes:				
Current	900,895,000	916,165,752	15,270,752	896,620,360
Prior Years	<u>15,000,000</u>	<u>18,155,282</u>	<u>3,155,282</u>	<u>17,661,889</u>
<u>Total Wage and Earnings Taxes</u>	<u>915,895,000</u>	<u>934,321,034</u>	<u>18,426,034</u>	<u>914,282,249</u>
Business Taxes:				
Business Privilege Taxes:				
Current	219,346,000	233,861,743	14,515,743	214,035,763
Prior Years	<u>23,500,000</u>	<u>20,662,126</u>	<u>(2,837,874)</u>	<u>23,354,274</u>
<u>Total Business Privilege Tax</u>	<u>242,846,000</u>	<u>254,523,869</u>	<u>11,677,869</u>	<u>237,390,037</u>
Net Profits Tax:				
Current	10,087,000	13,091,108	3,004,108	10,193,942
Prior Years	<u>2,300,000</u>	<u>2,404,802</u>	<u>104,802</u>	<u>2,388,905</u>
<u>Total Net Profits Tax</u>	<u>12,387,000</u>	<u>15,495,910</u>	<u>3,108,910</u>	<u>12,582,847</u>
<u>Total Business Taxes</u>	<u>255,233,000</u>	<u>270,019,779</u>	<u>14,786,779</u>	<u>249,972,884</u>
Other Taxes:				
Sales Tax	96,861,000	101,380,081	4,519,081	94,498,387
Amusement Tax	9,443,000	9,899,083	456,083	9,456,200
Real Property Transfer Tax	70,000,000	74,875,470	4,875,470	82,526,297
Parking Lot Tax	30,798,000	32,107,525	1,309,525	30,047,192
Miscellaneous Taxes	<u>111,000</u>	<u>1,392,297</u>	<u>1,281,297</u>	<u>94,613</u>
<u>Total Other Taxes</u>	<u>207,213,000</u>	<u>219,654,456</u>	<u>12,441,456</u>	<u>216,622,689</u>
<u>Total Taxes</u>	<u>1,716,927,000</u>	<u>1,766,631,455</u>	<u>49,704,455</u>	<u>1,714,765,782</u>

CITY OF PHILADELPHIA  
 CITY RELATED GENERAL FUND  
 SCHEDULE OF ACTUAL AND ESTIMATED REVENUES  
 (LEGAL BASIS)(Continued)  
 FOR THE FISCAL YEARS ENDED JUNE 30, 1999 AND 1998

	Fiscal 1999 Budget <u>Estimate</u>	Fiscal 1999 <u>Actual</u>	Variance Favorable <u>(Unfavorable)</u>	Fiscal 1998 <u>Actual</u>
Locally Generated Non-Tax Revenue:				
Rentals from Leased City-Owned Properties	\$ 17,681,000	\$ 18,550,487	\$ 869,487	\$ 11,686,818
Licenses and Permits	35,210,000	34,588,034	(621,966)	36,952,817
Fines, Forfeits, Penalties, Confiscated Money and Property	20,900,000	23,975,503	3,075,503	24,382,594
Interest Income	23,600,000	24,620,698	1,020,698	19,607,399
Service Charges and Fees	59,328,000	61,300,264	1,972,264	56,647,686
Other	<u>29,787,000</u>	<u>30,106,059</u>	<u>319,059</u>	<u>31,639,152</u>
Total Locally Generated <u>Non-Tax Revenue</u>	<u>186,506,000</u>	<u>193,141,045</u>	<u>6,635,045</u>	<u>180,916,466</u>
Revenue from Other Governments:				
United States Government:				
Grants and Reimbursements	191,009,000	180,650,768	(10,358,232)	168,859,555
Commonwealth of Pennsylvania:				
Grants and Other Payments	253,739,000	243,130,256	(10,608,744)	239,502,948
Other Governmental Units	<u>175,462,000</u>	<u>182,632,441</u>	<u>7,170,441</u>	<u>170,622,598</u>
Total Revenue from <u>Other Governments</u>	<u>620,210,000</u>	<u>606,413,465</u>	<u>(13,796,535)</u>	<u>578,985,101</u>
Revenue from Other Funds of the City	<u>62,749,000</u>	<u>61,920,930</u>	<u>(828,070)</u>	<u>22,567,785</u>
<u>Totals</u>	<u>\$ 2,586,392,000</u>	<u>\$ 2,628,106,895</u>	<u>\$ 41,714,895</u>	<u>\$ 2,497,235,134</u>

CITY OF PHILADELPHIA  
CITY RELATED GENERAL FUND  
SCHEDULE OF BUDGETED AND ACTUAL EXPENDITURES AND ENCUMBRANCES BY DEPARTMENT  
(LEGAL BASIS)  
FOR THE FISCAL YEARS ENDED JUNE 30, 1999 AND 1998

SCHEDULE IV-A-4

	Fiscal 1999 Budget <u>Estimate</u>	Fiscal 1999 <u>Actual</u>	Variance Favorable <u>(Unfavorable)</u>	Fiscal 1998 <u>Actual</u>
General Government:				
City Council	\$ 10,515,200	\$ 9,766,060	\$ 749,140	\$ 9,841,063
Mayor's Office:				
Mayor's Office	2,276,281	2,152,947	123,334	2,071,449
Scholarships	200,000	199,280	720	199,280
Labor Relations	470,164	436,308	33,856	358,751
Mayor's Office of Information Services	14,380,192	14,264,789	115,403	11,305,696
Capital Program Office	2,409,635	2,265,089	144,546	2,300,799
Mayor's Office of Community Services	1,107,164	946,208	160,956	777,469
Law	14,986,243	14,825,944	160,299	13,603,129
City Planning Commission	2,469,937	2,400,276	69,661	2,277,114
Commission on Human Relations	2,104,869	2,010,729	94,140	1,951,984
Board of Revision of Taxes	7,478,347	7,090,272	388,075	6,993,595
<u>Total General Government</u>	<u>58,398,032</u>	<u>56,357,902</u>	<u>2,040,130</u>	<u>51,680,329</u>
Operation of Service Departments:				
Housing	4,130,742	4,077,476	53,266	4,075,096
Managing Director	6,657,348	6,553,900	103,448	5,958,781
Police	382,700,466	382,701,157	(691)	363,646,374
Streets	113,618,070	113,583,780	34,290	128,099,023
Fire	137,875,941	136,406,013	1,469,928	131,741,942
Public Health	102,817,480	102,884,445	(66,965)	98,947,085
Recreation	35,527,987	35,419,814	108,173	33,429,756
Fairmount Park Commission	13,779,831	13,632,441	147,390	14,982,183
Atwater Kent Museum	200,000	194,161	5,839	326,330
Camp William Penn	319,726	305,772	13,954	311,301
Public Property	166,795,056	162,753,788	4,041,268	167,631,792
Department of Human Services	385,455,952	364,126,919	21,329,033	336,967,198
Philadelphia Prisons	119,619,685	119,214,869	404,816	113,771,641
Office of Emergency Services	12,895,219	12,741,684	153,535	13,318,948
Office of Fleet Management	61,260,705	60,817,949	442,756	51,849,496
Licenses and Inspections	33,355,681	33,375,449	(19,768)	31,889,129
Board of Licenses and Inspections				
Review	192,087	182,432	9,655	186,930
Board of Building Standards	111,114	90,357	20,757	85,388
Zoning Board of Adjustment	449,297	448,946	351	413,902
Records	8,776,582	8,790,589	(14,007)	4,498,637
Philadelphia Historical Commission	254,895	254,050	845	196,051
Art Museum	2,270,938	2,270,938	-	2,511,000
Philadelphia Civic Center	357,302	144,376	212,926	141,493
Philadelphia Free Library	31,999,410	31,510,377	489,033	30,572,432
<u>Total Operation of Service Departments</u>	<u>1,621,421,514</u>	<u>1,592,481,682</u>	<u>28,939,832</u>	<u>1,535,551,908</u>

CITY OF PHILADELPHIA  
CITY RELATED GENERAL FUND  
SCHEDULE OF BUDGETED AND ACTUAL EXPENDITURES AND ENCUMBRANCES BY DEPARTMENT  
(Legal Basis)(Continued)  
FOR THE FISCAL YEARS ENDED JUNE 30, 1999 AND 1998

	Fiscal 1999 Budget <u>Estimate</u>	Fiscal 1999 <u>Actual</u>	Variance Favorable (Unfavorable)	Fiscal 1998 <u>Actual</u>
Financial Management:				
Office of Director of Finance	\$ 16,300,977	\$ 16,300,975	\$ 2	\$ 16,185,788
Department of Revenue	17,213,399	16,733,105	480,294	17,180,705
Sinking Fund Commission	122,361,124	122,361,124	-	122,302,708
Procurement	5,124,752	4,660,198	464,554	5,182,110
City Treasurer	<u>935,847</u>	<u>908,863</u>	<u>26,984</u>	<u>908,820</u>
<u>Total Director of Finance</u>	<u>161,936,099</u>	<u>160,964,265</u>	<u>971,834</u>	<u>161,760,131</u>
Audit of City Operations	<u>6,757,127</u>	<u>6,628,593</u>	<u>128,534</u>	<u>6,658,118</u>
<u>Total Financial Management</u>	<u>168,693,226</u>	<u>167,592,858</u>	<u>1,100,368</u>	<u>168,418,249</u>
City-Wide Appropriations Under the Director of Finance:				
Fringe Benefits	488,108,287	488,108,287	-	471,033,423
Community College of Philadelphia	19,267,924	19,267,924	-	18,267,924
Legal Services	24,050,308	24,050,308	-	24,178,105
Hero Award	9,600	9,600	-	17,600
Refunds	160,306	160,306	-	167,894
Indemnities	2,326,183	2,326,183	-	1,776,931
Witness Fees	169,635	169,635	-	130,996
Risk Management	1,474,216	1,474,216	-	1,352,652
Contribution to School District	<u>29,581,250</u>	<u>29,581,250</u>	<u>-</u>	<u>14,750,000</u>
<u>Total City-Wide Appropriations Under the Director of Finance</u>	<u>565,147,709</u>	<u>565,147,709</u>	<u>-</u>	<u>531,675,525</u>
Promotion and Public Relations:				
City Representative	<u>73,851,245</u>	<u>72,829,062</u>	<u>1,022,183</u>	<u>35,093,093</u>
Personnel:				
Civic Service Commission	151,193	138,240	12,953	140,750
Personnel Director	<u>5,227,822</u>	<u>5,092,014</u>	<u>135,808</u>	<u>4,493,678</u>
<u>Total Personnel</u>	<u>5,379,015</u>	<u>5,230,254</u>	<u>148,761</u>	<u>4,634,428</u>

CITY OF PHILADELPHIA SCHEDULE IV-A-4  
CITY RELATED GENERAL FUND  
SCHEDULE OF BUDGETED AND ACTUAL EXPENDITURES AND ENCUMBRANCES BY DEPARTMENT  
(LEGAL BASIS)(Continued)  
FOR THE FISCAL YEARS ENDED JUNE 30, 1999 AND 1998

	Fiscal 1999 Budget <u>Estimate</u>	Fiscal 1999 <u>Actual</u>	Variance Favorable (Unfavorable)	Fiscal 1998 <u>Actual</u>
Administration of Justice:				
Clerk of Quarter Sessions	\$ 4,016,977	\$ 3,940,891	\$ 76,086	\$ 3,759,139
Register of Wills	2,766,712	2,708,920	57,792	2,820,810
District Attorney	23,252,655	23,241,465	11,190	22,025,158
Sheriff	10,979,670	10,979,592	78	11,216,626
First Judicial District	<u>106,166,134</u>	<u>106,087,725</u>	<u>78,409</u>	<u>103,145,432</u>
<u>Total Administration of Justice</u>	<u>147,182,148</u>	<u>146,958,593</u>	<u>223,555</u>	<u>142,967,165</u>
City-Wide Appropriations Under the First Judicial District:				
Juror Fees	<u>1,670,000</u>	<u>1,669,866</u>	<u>134</u>	<u>1,502,898</u>
Conduct of Elections:				
City Commissioners	<u>8,314,775</u>	<u>8,314,773</u>	<u>2</u>	<u>8,093,795</u>
<u>Totals</u>	<u>\$ 2,650,057,664</u>	<u>\$ 2,616,582,699</u>	<u>\$ 33,474,965</u>	<u>\$ 2,479,617,390</u>

CITY OF PHILADELPHIA  
WATER FUND

SCHEDULE IV-A-5

SCHEDULE OF REVENUES, EXPENDITURES, ENCUMBRANCES AND CHANGES IN FUND BALANCES  
BUDGET (LEGAL BASIS) AND ACTUAL  
FOR THE FISCAL YEAR ENDED JUNE 30, 1999

	<u>Revised Budget</u>	<u>Actual</u>	Variance Favorable <u>(Unfavorable)</u>
Revenues:			
Locally Generated Non-Tax Revenue	\$ 345,618,800	\$ 353,095,430	\$ 7,476,630
Revenue from Other Governments	8,327,000	8,327,269	269
Revenue from Other Funds	<u>50,076,200</u>	<u>34,784,791</u>	<u>(15,291,409)</u>
<u>Total Revenues</u>	<u>404,022,000</u>	<u>396,207,490</u>	<u>(7,814,510)</u>
Expenditures and Encumbrances:			
Personal Services:			
Personal Services	87,602,304	85,757,399	1,844,905
Pension Contributions	16,721,738	16,721,736	2
Other Employee Benefits	<u>21,817,262</u>	<u>21,365,998</u>	<u>451,264</u>
Sub-total	126,141,304	123,845,133	2,296,171
Purchase of Services	67,070,510	64,887,494	2,183,016
Materials and Supplies	29,318,076	27,795,735	1,522,341
Equipment	4,239,530	3,613,171	626,359
Contributions, Indemnities and Taxes	6,526,450	4,914,566	1,611,884
Debt Service - Principal	51,893,358	51,404,165	489,193
Debt Service - Interest	101,895,389	98,307,147	3,588,242
Short Term Interest	500,000	-	500,000
Payments to Other Funds	<u>30,523,383</u>	<u>34,600,649</u>	<u>(4,077,266)</u>
<u>Total Expenditures and Encumbrances</u>	<u>418,108,000</u>	<u>409,368,060</u>	<u>8,739,940</u>
Operating Surplus (Deficit) for the Year	\$ <u>(14,086,000)</u>	<u>(13,160,570)</u>	\$ <u>925,430</u>
Fund Balance Available for Appropriation, July 1, 1998		-	
Adjustments to Prior Fiscal Year Revenues, Expenditures and Encumbrances:			
Commitments Cancelled - Net		12,695,955	
Revenue Adjustments - Net		(378,056)	
Other Adjustments		<u>842,671</u>	
Adjusted Fund Balance, July 1, 1998		<u>13,160,570</u>	
Fund Balance Available for Appropriation, June 30, 1999		\$ <u>-</u>	

CITY OF PHILADELPHIA  
 AVIATION FUND

SCHEDULE IV-A-6

SCHEDULE OF REVENUES, EXPENDITURES, ENCUMBRANCES AND CHANGES IN FUND BALANCES  
 BUDGET (LEGAL BASIS) AND ACTUAL  
 FOR THE FISCAL YEAR ENDED JUNE 30, 1999

	<u>Revised Budget</u>	<u>Actual</u>	Variance Favorable (Unfavorable)
Revenues:			
Locally Generated Non-Tax Revenue	\$ 141,355,000	\$ 146,944,741	\$ 5,589,741
Revenue from Other Governments	-	193,154	193,154
Revenue from Other Funds	<u>370,000</u>	<u>384,312</u>	<u>14,312</u>
<u>Total Revenues</u>	<u>141,725,000</u>	<u>147,522,207</u>	<u>5,797,207</u>
Expenditures and Encumbrances:			
Personal Services:			
Personal Services	34,983,591	32,906,670	2,076,921
Pension Contributions	7,358,923	7,358,922	1
Other Employee Benefits	<u>7,599,077</u>	<u>6,851,621</u>	<u>747,456</u>
Sub-total	49,941,591	47,117,213	2,824,378
Purchase of Services	45,896,475	40,184,534	5,711,941
Materials and Supplies	6,570,422	4,561,434	2,008,988
Equipment	8,817,000	3,813,508	5,003,492
Contributions, Indemnities and Taxes	3,932,861	3,588,711	344,150
Debt Service - Principal	20,020,225	19,952,777	67,448
Debt Service - Interest	19,415,976	19,154,505	261,471
Payments to Other Funds	3,719,450	2,558,295	1,161,155
Advances, Subsidies, Miscellaneous	<u>500,000</u>	<u>-</u>	<u>500,000</u>
<u>Total Expenditures and Encumbrances</u>	<u>158,814,000</u>	<u>140,930,977</u>	<u>17,883,023</u>
Operating Surplus (Deficit) for the Year	\$ <u>(17,089,000)</u>	<u>6,591,230</u>	\$ <u>23,680,230</u>
Fund Balance Available for Appropriation, July 1, 1998		24,365,479	
Adjustments to Prior Fiscal Year Revenues, Expenditures and Encumbrances:			
Commitments Cancelled - Net		4,706,923	
Revenue Adjustments - Net		-	
Other Adjustments		<u>235,321</u>	
Adjusted Fund Balance, July 1, 1998		<u>29,307,723</u>	
Fund Balance Available for Appropriation, June 30, 1999		\$ <u>35,898,953</u>	

CITY OF PHILADELPHIA  
CITY RELATED ENTERPRISE FUNDS  
SCHEDULE OF ACTUAL AND ESTIMATED REVENUES  
(LEGAL BASIS)  
FOR THE FISCAL YEARS ENDED JUNE 30, 1999 AND 1998

	Fiscal 1999 Revised Budget Estimate	Fiscal 1999 Actual	Variance Favorable (Unfavorable)	Fiscal 1998 Actual
<u>Water Fund</u>				
Locally Generated Non-Tax Revenue:				
Sales and Charges - Current	\$ 261,408,000	\$ 254,317,052	\$ (7,090,948)	\$ 253,029,868
Sales and Charges - Prior Years	27,324,600	36,184,950	8,860,350	35,764,257
Fire Service Connections	827,800	653,618	(174,182)	818,061
Surcharges	4,815,300	6,305,331	1,490,031	5,184,905
Miscellaneous Charges	3,350,000	3,666,835	316,835	3,345,402
Charges to Other Municipalities	24,300,000	24,165,569	(134,431)	25,224,406
Licenses and Permits	1,010,000	1,082,671	72,671	1,048,458
Interest Income	14,033,100	19,967,438	5,934,338	21,216,835
Fleet Management - Sale of Vehicles & Equipment	50,000	112,205	62,205	55,000
Contributions from Sinking Fund Reserve	8,500,000	6,639,761	(1,860,239)	12,223,619
<u>Total Locally Generated Non-Tax Revenue</u>	<u>345,618,800</u>	<u>353,095,430</u>	<u>7,476,630</u>	<u>357,910,811</u>
Revenue from Other Governments:				
State	8,327,000	8,327,269	269	17,571,640
Revenue from Other Funds	50,076,200	34,784,791	(15,291,409)	23,173,322
<u>Total Revenues</u>	<u>\$ 404,022,000</u>	<u>\$ 396,207,490</u>	<u>\$ (7,814,510)</u>	<u>\$ 398,655,773</u>
<u>Aviation Fund</u>				
Locally Generated Non-Tax Revenue:				
Concessions	\$ 13,853,000	\$ 14,921,386	\$ 1,068,386	\$ 11,716,410
Space Rentals	32,521,000	42,410,537	9,889,537	32,837,481
Landing Fees	28,350,000	30,494,621	2,144,621	24,549,267
Parking	20,000,000	20,466,349	466,349	19,565,769
Car Rentals	12,428,000	13,191,109	763,109	12,557,477
Payment in Aid - Terminal Building	13,487,000	5,800,123	(7,686,877)	6,894,337
Interest Earnings	2,900,000	3,723,688	823,688	3,773,117
Sale of Utilities	3,735,000	3,791,290	56,290	3,882,354
Overseas Terminal Facility Charges	363,000	341,100	(21,900)	568,306
Terminal Unit A	8,697,000	9,688,161	991,161	11,234,315
Other Locally Generated Revenue	5,021,000	2,116,377	(2,904,623)	2,486,066
<u>Total Locally Generated Non-Tax Revenue</u>	<u>141,355,000</u>	<u>146,944,741</u>	<u>5,589,741</u>	<u>130,064,899</u>
Revenue from Other Governments:				
State	-	148,902	148,902	123,258
Federal	-	44,252	44,252	463,953
<u>Total Revenue from Other Governments</u>	<u>-</u>	<u>193,154</u>	<u>193,154</u>	<u>587,211</u>
Revenue from Other Funds	370,000	384,312	14,312	368,245
<u>Total Revenues</u>	<u>\$ 141,725,000</u>	<u>\$ 147,522,207</u>	<u>\$ 5,797,207</u>	<u>\$ 131,020,355</u>

## CITY OF PHILADELPHIA

## SCHEDULE IV-A-8

## CITY RELATED ENTERPRISE FUNDS

SCHEDULE OF BUDGETED AND ACTUAL EXPENDITURES AND ENCUMBRANCES BY DEPARTMENT  
(LEGAL BASIS)

FOR THE FISCAL YEARS ENDED JUNE 30, 1999 AND 1998

	Fiscal 1999 Budget <u>Estimate</u>	Fiscal 1999 <u>Actual</u>	Variance Favorable <u>(Unfavorable)</u>	Fiscal 1998 <u>Actual</u>
<u>Water Fund</u>				
Mayor's Office of Information Services	\$ 820,777	\$ 686,218	\$ 134,559	\$ 684,248
Public Property	3,014,572	2,939,572	75,000	3,003,006
Office of Fleet Management	6,360,486	4,829,360	1,531,126	5,123,994
Water Department	191,124,963	192,438,940	(1,313,977)	213,952,119
Office of the Director of Finance	136,161	123,312	12,849	124,243
City-Wide Appropriation Under the Director of Finance:				
Pension Contributions	16,721,738	16,721,736	2	15,247,131
Other Employee Benefits	21,817,262	21,365,998	451,264	19,851,553
Contributions, Indemnities and Taxes	1,941,150	342,886	1,598,264	287,151
Department of Revenue	19,177,905	17,520,598	1,657,307	19,606,297
Sinking Fund Commission	154,288,747	149,711,312	4,577,435	130,736,839
Procurement Department	47,684	45,692	1,992	-
Law	<u>2,656,555</u>	<u>2,642,436</u>	<u>14,119</u>	<u>2,393,749</u>
<u>Totals</u>	<u>\$ 418,108,000</u>	<u>\$ 409,368,060</u>	<u>\$ 8,739,940</u>	<u>\$ 411,010,330</u>
<u>Aviation Fund</u>				
Police	\$ 6,934,429	\$ 6,934,429	\$ -	\$ 5,997,700
Fire	3,854,400	3,817,975	36,425	3,606,954
Public Property	9,975,000	9,473,904	501,096	9,932,122
Office of Fleet Management	9,417,895	4,021,053	5,396,842	5,304,138
City-Wide Appropriation Under the Director of Finance:				
Pension Contributions	7,358,923	7,358,922	1	6,930,552
Other Employee Benefits	7,599,077	6,851,621	747,456	6,799,736
Purchase of Services	1,000,000	615,023	384,977	622,086
Contributions, Indem- nities and Taxes	35,598	-	35,598	-
Sinking Fund Commission	39,436,201	39,107,282	328,919	38,481,952
Commerce	72,225,143	61,830,663	10,394,480	53,886,993
Law	<u>977,334</u>	<u>920,105</u>	<u>57,229</u>	<u>872,608</u>
<u>Totals</u>	<u>\$ 158,814,000</u>	<u>\$ 140,930,977</u>	<u>\$ 17,883,023</u>	<u>\$ 132,434,841</u>

## Statistical Section

### City, School District and Gas Works Related

CITY OF PHILADELPHIA  
CITY AND GAS WORKS RELATED REVENUES BY MAJOR SOURCE  
(LEGAL BASIS)  
FOR THE FISCAL YEARS 1990 THROUGH 1999  
(Amounts in Millions of Dollars)

Table 1

	1990	1991	1992	1993	1994	1995	1996	1997	1998	1999
General Property Taxes	\$ 314.1	\$ 326.5	\$ 343.3	\$ 345.2	\$ 346.0	\$ 339.5	\$ 346.6	\$ 358.2	\$ 333.9	\$ 342.6
Wage, Earnings and Net Profits Taxes (a)	947.8	974.6	815.9	820.0	840.8	857.6	877.5	885.4	926.9	949.8
Business Privilege Taxes (a)	207.5	217.3	200.3	215.1	221.6	230.2	237.5	246.4	237.4	254.5
Other Taxes	101.3	80.4	129.4	153.2	171.3	177.8	174.5	202.5	234.1	240.5
<b>Total Taxes</b>	<b>1,570.7</b>	<b>1,598.8</b>	<b>1,488.9</b>	<b>1,533.5</b>	<b>1,579.7</b>	<b>1,605.1</b>	<b>1,636.1</b>	<b>1,692.5</b>	<b>1,732.3</b>	<b>1,787.4</b>
Water and Sewer Charges (b)	205.0	217.7	268.8	294.8	288.1	288.9	296.2	291.7	289.6	291.2
Airport Charges	72.0	84.6	103.3	109.0	113.0	109.1	117.6	121.8	123.8	141.1
Other Locally Generated Revenue	209.3	162.3	178.0	198.7	206.2	262.2	271.8	270.1	290.1	306.0
<b>Total Local Revenue</b>	<b>2,057.0</b>	<b>2,063.4</b>	<b>2,039.0</b>	<b>2,136.0</b>	<b>2,187.0</b>	<b>2,265.3</b>	<b>2,321.7</b>	<b>2,376.1</b>	<b>2,435.8</b>	<b>2,525.7</b>
Revenue From Other Governments (c)	518.4	573.4	1,006.4	959.2	966.4	991.6	1,092.4	1,276.5	1,490.9	1,592.5
Transfers Between Funds	54.6	42.7	25.5	31.8	38.6	31.1	33.2	44.1	46.1	97.1
<b>Sub-Totals</b>	<b>2,629.9</b>	<b>2,679.5</b>	<b>3,070.9</b>	<b>3,127.0</b>	<b>3,192.0</b>	<b>3,288.0</b>	<b>3,447.3</b>	<b>3,696.7</b>	<b>3,972.8</b>	<b>4,215.3</b>
Gas Works Fund (d)	485.5	484.3	474.8	500.4	541.5	581.3	508.6	564.1	557.7	502.6
<b>Totals</b>	<b>\$ 3,115.4</b>	<b>\$ 3,163.8</b>	<b>\$ 3,545.7</b>	<b>\$ 3,627.4</b>	<b>\$ 3,733.5</b>	<b>\$ 3,869.3</b>	<b>\$ 3,955.9</b>	<b>\$ 4,260.8</b>	<b>\$ 4,530.5</b>	<b>\$ 4,717.9</b>
<b>Summary of Revenues by Fund:</b>										
General Fund	\$ 1,984.3	\$ 2,026.6	\$ 2,310.4	\$ 2,325.9	\$ 2,311.7	\$ 2,275.7	\$ 2,364.8	\$ 2,424.8	\$ 2,497.2	\$ 2,628.1
County Liquid Fuels Tax Fund	4.2	4.1	3.9	4.1	4.1	2.6	6.1	4.4	4.0	4.8
Special Gasoline Tax Fund	16.3	15.6	15.7	16.5	16.5	17.0	17.3	17.6	19.8	20.5
HealthChoices Behavioral Health Fund (e)	-	-	-	-	-	-	-	103.8	333.3	343.0
Hotel Tax Fund	7.8	7.7	7.9	7.9	10.5	12.0	14.5	17.4	17.6	21.1
Grants Revenue Fund	151.0	180.3	211.7	234.5	331.4	423.0	463.0	536.8	503.6	582.4
Community Development Fund	58.9	59.4	59.2	53.9	52.2	65.0	79.3	77.9	67.5	71.7
<b>Sub-Total Governmental Funds</b>	<b>2,222.5</b>	<b>2,293.7</b>	<b>2,608.8</b>	<b>2,642.8</b>	<b>2,726.4</b>	<b>2,795.3</b>	<b>2,945.0</b>	<b>3,182.7</b>	<b>3,443.0</b>	<b>3,671.6</b>
Water Fund	282.9	285.6	344.3	359.3	349.1	376.8	377.7	384.0	398.7	396.2
Convention and Civic Center Fund (f)	47.2	7.9	8.7	10.1	-	-	-	-	-	-
Aviation Fund	77.3	92.3	109.1	114.8	116.5	115.9	124.6	130.0	131.1	147.5
Gas Works Fund (d)	485.5	484.3	474.8	500.4	541.5	581.3	508.6	564.1	557.7	502.6
<b>Sub-Total Proprietary Funds</b>	<b>892.9</b>	<b>870.1</b>	<b>936.9</b>	<b>984.6</b>	<b>1,007.1</b>	<b>1,074.0</b>	<b>1,010.9</b>	<b>1,078.1</b>	<b>1,087.5</b>	<b>1,046.3</b>
<b>Totals</b>	<b>\$ 3,115.4</b>	<b>\$ 3,163.8</b>	<b>\$ 3,545.7</b>	<b>\$ 3,627.4</b>	<b>\$ 3,733.5</b>	<b>\$ 3,869.3</b>	<b>\$ 3,955.9</b>	<b>\$ 4,260.8</b>	<b>\$ 4,530.5</b>	<b>\$ 4,717.9</b>

**NOTES:**

- (a) Effective July 1, 1998 rates for City residents for Wage, Earnings and Net Profits Taxes decreased from 4.79% to 4.69%. Effective January 1, 1999 the Business Privilege Tax Rate decreased from .2875% to .2775%. Pursuant to a Fiscal Year 1992 agreement with the Pennsylvania Inter-Governmental Cooperation Authority (PICA), PICA receives 1.5% of Wage, Earnings and Net Profits Taxes collected from City residents.
- (b) Water and Sewer Charges were increased January 1, 1991.
- (c) In Fiscal 1992, the increase in Revenue from Other Governments is due to deficit financing received from PICA and PICA tax collections transferred to the City.
- (d) The Gas Works Fund fiscal year ends on August 31.
- (e) The HealthChoices Behavioral Health Fund began in February, 1997.
- (f) Beginning with Fiscal Year 1990, the operations of the Philadelphia Civic and Convention Centers were reported on an Enterprise Fund basis and at the end of Fiscal 1993, the operations of the Philadelphia Civic and Convention Center were transferred to Governmental type funds.

CITY OF PHILADELPHIA  
SCHOOL DISTRICT RELATED GENERAL REVENUES  
FOR THE FISCAL YEARS 1990 THROUGH 1999  
(Amounts in Millions of Dollars)

	<u>1990</u>	<u>1991</u>	<u>1992</u>	<u>1993</u>	<u>1994</u>	<u>1995</u>	<u>1996</u>	<u>1997</u>	<u>1998</u>	<u>1999</u>
Local:										
Taxes:										
Real Estate	\$ 333.6	\$ 372.5	\$ 397.7	\$ 397.9	\$ 399.5	\$ 398.8	\$ 401.9	\$ 420.7	\$ 403.2	\$ 413.4
Use and Occupancy	75.7	95.1	100.9	97.1	93.1	83.4	84.5	81.4	80.8	82.9
General Business (1)	0.1	0.1	0.2	-	-	-	-	-	-	-
Other	24.1	23.6	23.9	23.5	23.7	30.3	42.1	85.3	45.4	48.0
Total Taxes	433.5	491.3	522.7	518.5	516.3	512.5	528.5	587.4	529.4	544.3
City Contributions	-	-	-	-	-	-	15.0	15.0	15.0	30.0
Other	32.2	26.7	23.6	22.7	21.1	34.7	47.3	56.1	67.9	58.3
Total Locally Generated	465.7	518.0	546.3	541.2	537.4	547.2	590.8	658.5	612.3	632.6
State Subsidies	638.5	654.3	709.8	717.8	739.0	764.1	834.7	851.0	848.7	854.1
Federal Grants	112.7	121.2	143.9	160.0	136.5	129.4	132.8	144.9	151.5	161.7
Other Financing Sources (2)	0.5	148.9	40.0	211.1	160.1	-	213.1	154.5	-	257.4
Total General Revenues and Other Sources	<u>\$ 1,217.4</u>	<u>\$ 1,442.4</u>	<u>\$ 1,440.0</u>	<u>\$ 1,630.1</u>	<u>\$ 1,573.0</u>	<u>\$ 1,440.7</u>	<u>1,771.4</u>	<u>\$ 1,808.9</u>	<u>\$ 1,612.5</u>	<u>\$ 1,905.8</u>
Summary by Fund:										
General Fund (3)	\$ 879.9	\$ 939.3	\$ 1,092.0	\$ 1,119.0	\$ 1,122.9	\$ 1,131.7	1,257.1	\$ 1,324.0	\$ 1,302.9	\$ 1,335.1
Intermediate Unit Fund	145.7	155.0	99.1	68.1	72.4	75.3	72.9	65.8	67.5	52.4
Categorical Funds	127.8	135.7	152.6	173.0	156.9	152.3	163.0	178.5	187.0	181.4
Debt Service Fund (4)	54.8	132.2	53.1	265.2	58.3	74.5	114.3	124.2	37.8	179.0
Capital Improvements Fund	9.2	80.2	43.2	4.8	162.5	6.9	164.1	116.4	17.3	157.9
Total General Revenues and Other Sources	<u>\$ 1,217.4</u>	<u>\$ 1,442.4</u>	<u>\$ 1,440.0</u>	<u>\$ 1,630.1</u>	<u>\$ 1,573.0</u>	<u>\$ 1,440.7</u>	<u>1,771.4</u>	<u>\$ 1,808.9</u>	<u>\$ 1,612.5</u>	<u>\$ 1,905.8</u>

**NOTES:**

- (1) This tax was discontinued in May of 1984. Most revenues in subsequent fiscal years represent delinquent collections.
- (2) Includes \$0.5 in 1990 and \$0.5 in 1991.
- (3) Includes \$2.2 in 1995 for the Annenberg Grant Fund.
- (4) Revenues include cash with fiscal agent and its related activities.

CITY OF PHILADELPHIA  
CITY AND GAS WORKS RELATED EXPENDITURES AND ENCUMBRANCES BY PROGRAM  
(LEGAL BASIS)  
FOR THE FISCAL YEARS 1990 THROUGH 1999  
(Amounts in Millions of Dollars)

	1990	1991	1992	1993	1994	1995	1996	1997	1998	1999
Economic Development	\$ 100.8	\$ 67.9	\$ 69.2	\$ 82.6	\$ 109.6	\$ 95.5	\$ 133.2	\$ 140.4	\$ 115.3	\$ 164.9
Transportation	63.5	107.8	110.3	109.3	103.0	105.8	121.8	121.2	120.0	120.2
Judiciary and Law Enforcement	504.5	539.1	561.3	560.0	544.2	561.2	618.1	681.8	682.9	714.0
Conservation of Health	287.3	319.5	350.8	378.1	412.1	436.8	445.9	514.7	726.6	835.5
Housing and Neighborhood Development	74.3	56.7	73.0	83.0	85.4	118.4	105.7	126.4	121.2	138.4
Cultural and Recreational	77.2	80.2	85.9	84.5	80.4	82.7	86.1	91.7	96.1	99.5
Improvement of General Welfare	236.4	254.7	292.7	321.2	341.6	376.4	390.5	403.9	433.6	465.1
Services to Property	346.2	353.6	369.2	377.5	380.3	361.5	388.3	407.9	421.2	391.0
General Management and Support	997.4	1,014.0	1,090.8	1,115.5	1,226.6	1,196.0	1,175.8	1,189.6	1,219.7	1,283.2
Sub-Totals	2,687.6	2,793.5	3,003.2	3,111.7	3,283.2	3,334.3	3,465.4	3,677.6	3,936.6	4,211.8
Gas Works Fund (c)	465.5	462.7	450.3	465.9	497.7	561.6	483.3	550.4	552.0	519.7
Totals	\$ 3,153.1	\$ 3,256.2	\$ 3,453.5	\$ 3,577.6	\$ 3,780.9	\$ 3,895.9	\$ 3,948.7	\$ 4,228.0	\$ 4,488.6	\$ 4,731.5
Summary of Obligations by Fund:										
General Fund	\$ 2,008.9	\$ 2,126.7	\$ 2,255.6	\$ 2,280.4	\$ 2,346.0	\$ 2,267.2	\$ 2,371.0	\$ 2,463.9	\$ 2,479.6	\$ 2,616.6
County Liquid Fuels Tax Fund	4.7	3.8	4.2	4.4	5.0	4.4	4.6	4.7	5.0	4.8
Special Gasoline Tax Fund	18.3	15.4	16.0	18.3	17.4	15.7	20.1	19.3	21.6	22.2
HealthChoices Behavioral Health Fund (a)	-	-	-	-	-	-	-	42.6	240.8	342.6
Hotel Tax Fund	7.8	7.8	7.8	7.9	10.6	11.9	16.4	20.8	22.5	23.6
Grants Revenue Fund	155.9	174.1	213.1	251.9	340.1	459.3	466.0	532.2	553.9	583.5
Community Development Fund	54.4	51.3	56.0	60.4	66.1	73.9	74.4	71.9	69.8	68.2
Sub-Total Governmental Funds	2,250.0	2,379.1	2,552.7	2,623.3	2,785.2	2,832.4	2,952.5	3,155.4	3,393.2	3,661.5
Water Fund	312.7	308.9	323.6	357.5	379.2	391.1	387.4	394.3	411.0	409.4
Convention and Civic Center Fund (b)	46.2	10.4	9.6	9.6	-	-	-	-	-	-
Aviation Fund	78.7	95.1	117.3	121.3	118.8	110.8	125.5	127.9	132.4	140.9
Gas Works Fund (c)	465.5	462.7	450.3	465.9	497.7	561.6	483.3	550.4	552.0	519.7
Sub-Total Proprietary Funds	903.1	877.1	900.8	954.3	995.7	1,063.5	996.2	1,072.6	1,095.4	1,070.0
Totals	\$ 3,153.1	\$ 3,256.2	\$ 3,453.5	\$ 3,577.6	\$ 3,780.9	\$ 3,895.9	\$ 3,948.7	\$ 4,228.0	\$ 4,488.6	\$ 4,731.5

**NOTE:**

- (a) The HealthChoices Behavioral Health Fund began in February, 1997.
- (b) Beginning with Fiscal Year 1990, the operations of the Philadelphia Civic and Convention Centers were reported on an Enterprise Fund basis and at the end of Fiscal 1993, the operations of the Philadelphia Civic and Convention Center were transferred to Governmental type funds.
- (c) The Gas Works Fund fiscal year ends on August 31.

CITY OF PHILADELPHIA  
 SCHOOL DISTRICT RELATED GENERAL GOVERNMENTAL EXPENDITURES BY FUNCTION  
 FOR THE FISCAL YEARS 1990 THROUGH 1999  
 (Amounts in Millions of Dollars)

TABLE 4

	<u>1990</u>	<u>1991</u>	<u>1992</u>	<u>1993</u>	<u>1994</u>	<u>1995</u>	<u>1996</u>	<u>1997</u>	<u>1998</u>	<u>1999</u>
Instructional	\$ 804.6	\$ 846.1	\$ 904.7	\$ 988.5	\$ 934.2	\$ 943.1	\$ 1,085.9	\$ 1,145.2	\$ 1,111.1	\$ 1,117.4
Support and Administration	246.5	258.1	261.8	267.8	254.4	255.0	231.8	236.0	257.5	269.4
Basic Building Services	162.6	156.8	161.1	181.7	196.3	202.8	234.7	284.2	289.5	319.1
Debt Service and Temporary										
Borrowing	61.2	70.3	69.8	66.4	56.6	67.6	72.4	83.6	43.9	84.5
Net Transfers/Uses (1)	<u>13.0</u>	<u>78.8</u>	<u>5.0</u>	<u>213.3</u>	<u>2.7</u>	<u>1.9</u>	<u>56.7</u>	<u>51.0</u>	<u>-</u>	<u>103.7</u>
<b>Expenditures/Uses</b>	<b>\$ <u>1,287.9</u></b>	<b>\$ <u>1,410.1</u></b>	<b>\$ <u>1,402.4</u></b>	<b>\$ <u>1,717.7</u></b>	<b>\$ <u>1,444.2</u></b>	<b>\$ <u>1,470.4</u></b>	<b>\$ <u>1,681.5</u></b>	<b>\$ <u>1,800.0</u></b>	<b>\$ <u>1,702.0</u></b>	<b>\$ <u>1,894.1</u></b>
Summary of Expenditures/Uses by Fund:										
General Fund	\$ 886.0	\$ 918.0	\$ 963.9	\$ 1,021.5	\$ 984.8	\$ 993.9	\$ 1,111.9	\$ 1,166.3	\$ 1,143.2	\$ 1,173.5
Intermediate Unit Fund	158.2	164.8	173.2	183.8	175.9	180.8	196.4	197.6	196.3	198.4
Categorical Fund	147.2	157.6	176.4	201.0	178.0	173.0	182.7	192.7	200.6	195.5
Debt Service Fund	57.3	136.9	58.6	271.4	50.6	59.0	119.9	124.9	43.9	178.4
Capital Improvement Fund	<u>39.2</u>	<u>32.8</u>	<u>30.3</u>	<u>40.0</u>	<u>54.9</u>	<u>63.7</u>	<u>70.6</u>	<u>118.5</u>	<u>118.0</u>	<u>148.3</u>
<b>Expenditures/Uses</b>	<b>\$ <u>1,287.9</u></b>	<b>\$ <u>1,410.1</u></b>	<b>\$ <u>1,402.4</u></b>	<b>\$ <u>1,717.7</u></b>	<b>\$ <u>1,444.2</u></b>	<b>\$ <u>1,470.4</u></b>	<b>\$ <u>1,681.5</u></b>	<b>\$ <u>1,800.0</u></b>	<b>\$ <u>1,702.0</u></b>	<b>\$ <u>1,894.1</u></b>
Total General Governmental Expenditures Restated on a Constant Dollar Basis: (2)										
1990 as Base Year	<u>\$ 1,287.9</u>	<u>\$ 1,355.0</u>	<u>\$ 1,295.2</u>	<u>\$ 1,555.3</u>	<u>\$ 1,279.1</u>	<u>\$ 1,263.7</u>	<u>\$ 1,407.6</u>	<u>\$ 1,471.1</u>	<u>\$ 1,368.3</u>	<u>\$ 1,499.4</u>
1999 as Base Year	<u>\$ 1,626.9</u>	<u>\$ 1,711.7</u>	<u>\$ 1,636.0</u>	<u>\$ 1,964.7</u>	<u>\$ 1,615.8</u>	<u>\$ 1,596.2</u>	<u>\$ 1,778.0</u>	<u>\$ 1,858.4</u>	<u>\$ 1,728.4</u>	<u>\$ 1,894.1</u>

**NOTES:**

- (1) Includes bond defeasement costs of \$74.8 million in 1991, \$210.2 million in 1993, \$56.7 million in 1996, \$51.0 million in 1997 and \$103.7 in 1999.
- (2) Source: Bureau of Labor Statistics, United States Department of Labor.

CITY OF PHILADELPHIA  
 ASSESSED AND MARKET VALUE OF TAXABLE REALTY IN PHILADELPHIA  
 FOR THE CALENDAR YEARS 1990 THROUGH 1999  
 (Amounts in Millions of Dollars)

Calendar Year	Assessed Value Adjusted to 6-30-1999(a)		Assessment Ratio of State Tax Equalization Board (b)	Market Value on Basis of STEB Ratio		Assessment Ratio as Determined by Sales (d)	Estimated Market Value Based on Sales	
	Amount	Percentage Increase (Decrease) Over Prior Year		Amount	Percentage Increase Over Prior Year		Amount	Percentage Increase (Decrease) Over Prior Year
1990	8,416	11.13%	0.300	28,091	14.25%	0.238	35,376	16.78%
1991	8,794	4.49%	0.300	29,333	4.42%	0.246	35,806	1.22%
1992	8,925	1.49%	0.300	29,770	1.49%	0.252	35,459	-0.97%
1993	8,866	-0.66%	0.300	29,573	-0.66%	0.251	35,295	-0.46%
1994	9,010	1.62%	0.300	30,053	1.62%	0.273	33,064	-6.32%
1995	8,898	-1.24%	0.299	29,759	-0.98%	0.270	32,919	-0.44%
1996	8,902	0.04%	0.300	29,693	-0.22%	0.271	32,885	-0.10%
1997	8,978	0.85%	0.303	29,650	-0.15%	0.264	33,956	3.26%
1998	9,060	0.91%	0.302	30,010	1.21%	0.244	37,146	9.40%
1999(C)	9,246	2.05%	0.304	30,465	1.51%	NA	NA	NA
Total Increase 1990 - 1999	830	9.86%						
Compounded Annual Average Rate of Increase 1990 - 1999		1.05%						

**NOTES:**

- (a) The adjustment reflects reductions in assessments pursuant to established procedures for review of assessments.
- (b) The State Tax Equalization Board (STEB) annually determines a ratio of assessed valuation to true value for each municipality in the Commonwealth. The ratio is used for the purpose of equalizing certain state school aid distribution.
- (c) At June 30, 1999
- (d) The Assessment Ratio as presented has not been adjusted to allow for the effects of large or unusual sales.

TABLE 6

CITY OF PHILADELPHIA  
SCHOOL DISTRICT RELATED REAL ESTATE TAX LEVIES AND COLLECTIONS

CALENDAR YEARS 1990 THROUGH 1999

<u>Fiscal Year</u>	<u>Adjusted Total Tax Levy</u>	<u>Total of Tax Levy Collected Within Year of Levy</u>	<u>% of Levy Collected Within Year of Levy</u>	<u>Prior Year Tax Collections</u>	<u>Total Collections as a Percent of Adjusted Amount Collectible</u>
1990	\$ 355,399,952	326,055,328	91.74%	17,838,466	96.76%
1991	408,906,825	356,305,547	87.14%	25,626,796	93.40%
1992	412,587,182	373,901,079	90.62%	27,749,393	97.35%
1993	412,435,660	366,603,825	88.89%	29,880,004	96.13%
1994	413,905,393	370,565,458	89.53%	28,321,845	96.37%
1995	414,145,699	371,162,970	89.62%	31,490,371	97.23%
1996	407,351,166	365,406,636	89.70%	40,225,544	99.58%
1997	405,557,831	369,734,710	91.17%	48,828,395 (A)	103.21%
1998	408,489,256 (B)	366,011,354	89.60%	35,944,095	98.40%
1999	413,349,004 (C)	NA	NA	NA	NA

- (A) Increased prior years' tax collections are attributable primary to the tax lien sale of June, 1997.  
 (B) Certified by Board of Revision of Taxes including revisions through December 31, 1998.  
 (C) Certified by Board of Revision of Taxes including revisions through June 30, 1999.

FISCAL YEARS 1990 THROUGH 1999

<u>Fiscal Year</u>	<u>Current Tax Collections</u>	<u>Prior Year Tax Collections</u>	<u>Total Tax Collections</u>
1990	317,203,807	16,402,598	333,606,405
1991	351,327,108	21,212,533	372,539,641
1992	369,412,169	28,277,900	397,690,069
1993	366,957,556	30,973,560	397,931,116
1994	367,903,253	31,595,860	399,499,113
1995	371,569,290	27,184,665	398,753,955
1996	361,007,775	40,910,646	401,918,421
1997	369,630,680	51,091,731	420,722,411
1998	365,680,605	37,474,158	403,154,763
1999	375,953,332	37,462,348	413,415,680

CITY OF PHILADELPHIA  
REAL PROPERTY TAXES LEVIED AND COLLECTED  
FOR THE CALENDAR YEARS 1990 THROUGH 1999  
(Amounts in Millions of Dollars)

TABLE 7

Calendar Year of Levy (a)	Original Assessed Value (b) (1)	Assessed Value of Taxable Real Property Adjusted to 6-30-1999(c) (2)	Amount Collectible in Year of Levy (3)	Amount Collected in Year of Levy (d) (4)	Collections Within Year of Levy as a Percent of Amount Collectible (4) / (3) (5)	Net Levy Adjusted to 6-30-1999 (6)	Net Collections of Delinquent Taxes Relating to Year of Levy (7)	Total Collections (4) + (7) (8)	Total Collections as a Percent of Adjusted Amount Collectible (8) / (6) (9)
1990	\$9,261	\$8,416	\$316.6	\$290.5	91.8	\$317.7	\$23.3	\$313.8	98.8
1991	\$9,604	\$8,794	\$330.4	\$297.6	90.1	\$331.4	\$27.7	\$325.3	98.2
1992	\$9,681	\$8,925	\$338.9	\$306.4	90.4	\$337.9	\$23.6	\$330.0	97.7
1993	\$9,676	\$8,866	\$337.2	\$307.1	91.1	\$338.8	\$23.5	\$330.6	97.6
1994	\$9,516	\$9,010	\$335.6	\$305.9	91.2	\$338.6	\$21.0	\$326.9	96.5
1995	\$9,410	\$8,898	\$338.5	\$307.1	90.7	\$341.1	\$21.1	\$328.2	96.2
1996	\$9,266	\$8,902	\$337.7	\$308.2	91.3	\$345.7	\$15.9	\$324.1	93.8
1997	\$9,275	\$8,978	\$336.2	\$310.8	92.4	\$342.6	\$11.0	\$321.8	93.9
1998	\$9,220	\$9,060	\$338.6	\$311.9	92.1	343.5	\$6.5	\$318.4	92.7
1999	\$9,273	\$9,246	\$342.6	\$300.8 (e)	87.8	NA	NA	NA	NA

NOTES:

- (a) Real property tax bills are sent out in December and are payable at one percent discount until February 28, and the face amount is due on or before March 31, without interest or penalty.
- (b) Includes \$592.8 million in 1990, \$546.9 million in 1991, \$415.6 million in 1992, \$334.1 million in 1993, \$189.8 million in 1994, \$95.2 million in 1995, \$64.9 million in 1996, \$52.7 million in 1997, \$13.7 million in 1998 and \$23.3 million in 1999 classified as exempt under ordinance (Bill 1130) approved February 8, 1978 which provides relief from real estate taxes on improvements to deteriorated industrial, commercial or other business property for a period of five years. Also includes \$41.8 million in 1990, \$30.9 million in 1991, \$40.4 million in 1992, \$35.8 million in 1993, \$11.8 million in 1994, \$13.1 million in 1995, \$10.4 million in 1996, \$4.3 million in 1997, \$1.1 million in 1998 and \$7.6 million in 1999 classified as exempt under ordinance (Bill 1456-A) as approved January 28, 1983 which provides for a maximum three year tax abatement for owner-occupants of newly constructed residential property; and Legislative Act 5020-205 as amended, approved October 11, 1984 which provides for a maximum thirty month tax abatement to developers of residential property.
- (c) The adjustment reflects reductions or increases in assessments pursuant to established procedures for review of assessments.
- (d) Amounts shown as collected include amounts allowed as discounts for payments during the discount period.
- (e) Includes collections through June 30, 1999, while the other years include collection through December 31, of the year of the levy. It is estimated that approximately 91% of the net levy for Fiscal 1999 will be collected within the year of levy, resulting in approximately \$311.8 million by December 31, 1999.

TAX RATES OF THE CITY OF PHILADELPHIA  
AND SCHOOL DISTRICT REAL ESTATE TAX RATES  
FOR THE TEN-YEAR PERIOD 1990 THROUGH 1999

TABLE 8

Tax Classification	1990	1991	1992	1993	1994	1995	1996	1997	1998	1999
Real Property: (% on Assessed Valuation)										
City	3.745%	3.745%	3.745%	3.745%	3.745%	3.745%	3.745%	3.745%	3.745%	3.745%
School District	4.120%	4.519%	4.519%	4.519%	4.519%	4.519%	4.519%	4.519%	4.519%	4.519%
Total Real Property Tax	7.865%	8.264%	8.264%	8.264%	8.264%	8.264%	8.264%	8.264%	8.264%	8.264%
Assessment Ratio as Determined by Sales	23.80%	24.60%	25.20%	25.10%	27.30%	27.00%	27.07%	26.44%	24.39%	NA
Effective Tax Rate (Real Estate Tax Rate x Assessment Ratio)	1.872%	2.033%	2.083%	2.074%	2.256%	2.231%	2.237%	2.185%	2.016%	NA
Wage, Earnings and Net Profits Taxes:										
Residents	4.96%	4.96%	4.96% (a)	4.96%	4.96%	4.96%	4.86% (b)	4.84% (c)	4.79% (d)	4.69% (e)
Non-Residents	4.3125%	4.3125%	4.3125%	4.3125%	4.3125%	4.3125%	4.2256% (b)	4.208% (c)	4.165% (d)	4.075% (e)
Real Property Transfer Tax	4.07%	3.92% (f)	3.69% (f)	3.46% (f)	3.23% (f)	3.00% (f)	3.00%	3.00%	3.00%	3.00%
Personal Property Tax (% on Taxable Intangible Items)(g)	0.4%	0.4%	0.4%	0.4%	0.4%	0.4%	0.4%	NA	NA	NA
Business Privilege Taxes (% on Gross Receipts)	0.325%	0.325%	0.325%	0.325%	0.325%	0.325%	0.300% (h)	0.295% (i)	0.2875% (j)	0.2775% (k)
(% on Net Income)(l)	6.50%	6.50%	6.50%	6.50%	6.50%	6.50%	6.50%	6.50%	6.50%	6.50%
Sales and Use Tax	-	-	1.00% (m)	1.00%	1.00%	1.00%	1.00%	1.00%	1.00%	1.00%
Amusement Tax	5.0%	5.0%	5.0%	5.0%	5.0%	5.0%	5.0%	5.0%	5.0%	5.0%
Parking Lot Tax (On Gross Receipts from Parking Operators)	15.0%	15.0%	15.0%	15.0%	15.0%	15.0%	15.0%	15.0%	15.0%	15.0%
Sound Reproduction Tax (On Gross Income)	5.0%	5.0%	5.0%	- (n)	-	-	-	-	-	-
Bowling Alley Tax (Annual Per Alley)	\$25	\$25	\$25	- (n)	-	-	-	-	-	-
Mechanical Amusement Device Tax (Annual Per Device) (o)	\$100	\$100	\$100	\$100	-	-	-	-	-	-
Vending Machine Tax (Annual Per Machine, Newspapers Exempt)	\$100 (p)	-	-	-	-	-	-	-	-	-
Hotel Room Rental Tax (% on Cost of Room Rental) (q)	5.0%	5.0%	5.0%	5.0%	6.0% (r)	6.0%	6.0%	6.0%	6.0%	6.0%

**NOTES:**

- (a) Effective July 1, 1991, pursuant to an agreement with the Pennsylvania Intergovernmental Cooperation Authority (PICA), PICA's share of the Wage, Earnings and Net Profits Taxes for City residents is 1.5% and the City receives the remainder.
- (b) Tax decrease effective January 1, 1996. The City share is 3.36% while PICA receives 1.5%.
- (c) Tax decrease effective January 1, 1997. The City share is 3.34% while PICA receives 1.5%.
- (d) Tax decrease effective July 1, 1997. The City share is 3.29% while PICA receives 1.5%.
- (e) Tax decrease effective July 1, 1998. The City share is 3.19% while PICA receives 1.5%.
- (f) Phased decreases effective July 1, 1990.
- (g) The City ceased the collection of the Personal Property Tax during FY 1997.
- (h) Tax decrease effective January 1, 1996.
- (i) Tax decrease effective January 1, 1997.
- (j) Tax decrease effective January 1, 1998.
- (k) Tax decrease effective January 1, 1999.
- (l) 60% of Net Income Tax portion paid is credited against Net Profits Tax Payable.
- (m) Effective September 28, 1991.
- (n) These taxes were repealed in Fiscal 1993.
- (o) The City converted this tax to a Licensing Fee in Fiscal 1994.
- (p) Tax effective July 1, 1988, repealed effective July 1, 1989.
- (q) Tax to be deposited into a special account established solely for the purposes of the tourist promotion agency and the PA Convention Center Authority and not available for general purposes.
- (r) Increase effective July, 1993.

CITY OF PHILADELPHIA  
CITY AND SCHOOL DISTRICT NET TAX SUPPORTED DEBT AND DEBT SERVICE RATIOS  
FOR THE FISCAL YEARS 1990 THROUGH 1999

TABLE 9

Line No.	1990	1991	1992	1993	1994	1995	1996	1997	1998	1999
<u>Net Tax Supported Debt (Millions)</u>										
<u>City:</u>										
1	\$ 841.1	855.4	823.9	792.6	490.2	451.4	522.6	486.1	453.7	674.7
2	1,238.0	1,326.8	1,682.0	1,817.3	1,754.1	1,796.3	1,799.8	1,836.3	734.1	3,124.9
3	<u>\$ 2,079.1</u>	<u>2,182.2</u>	<u>2,505.9</u>	<u>2,609.9</u>	<u>2,244.3</u>	<u>2,247.7</u>	<u>2,322.4</u>	<u>2,322.4</u>	<u>1,187.8</u>	<u>3,799.6</u>
<u>Overlapping School District Debt:</u>										
4	\$ 350.7	400.5	411.4	400.7	533.1	498.7	628.2	704.0	697.2	784.3
5	342.7	369.8	392.0	381.3	403.3	420.6	436.5	436.2	458.2	447.2
6	<u>\$ 693.4</u>	<u>770.3</u>	<u>803.4</u>	<u>782.0</u>	<u>936.4</u>	<u>919.3</u>	<u>1,064.7</u>	<u>1,140.2</u>	<u>1,155.4</u>	<u>1,231.5</u>
7	<u>\$ -</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>1,156.7</u>	<u>1,237.5</u>	<u>1,146.2</u>	<u>1,102.4</u>	<u>1,055.0</u>	<u>1,014.1</u>
8	<u>\$ 2,772.5</u>	<u>2,952.5</u>	<u>3,309.3</u>	<u>3,391.9</u>	<u>4,337.4</u>	<u>4,404.5</u>	<u>4,533.3</u>	<u>4,565.0</u>	<u>3,398.2</u>	<u>6,045.2</u>
9	1,586	1,573	1,553	1,539	1,524	1,499	1,478	1,451	1,436	1,436
10	\$ 8,416	8,794	8,925	8,866	9,010	8,898	8,902	8,978	9,060	9,246
11	\$ 35,376	35,806	35,459	35,295	33,064	32,919	32,885	33,956	37,146	NA
<u>City Net Tax Supported Annual Debt Service:</u>										
12	\$ 116.4	124.8	225.4	176.4	168.0	69.1	67.6	68.1	61.4	62.6
13	53.4	88.1	97.9	96.1	132.2	115.0	87.2	104.4	108.1	64.1
14	<u>\$ 169.8</u>	<u>212.9</u>	<u>323.3</u>	<u>272.5</u>	<u>300.2</u>	<u>184.1</u>	<u>154.8</u>	<u>172.5</u>	<u>169.5</u>	<u>126.7</u>
15	\$ 2,250.0	2,379.1	2,552.7	2,623.3	2,785.2	2,832.4	2,952.5	3,155.5	3,393.2	3,661.5
<u>Net Tax Supported Debt per Capita:</u>										
16	\$ 530.3	543.8	530.5	515.0	321.7	301.1	353.6	335.0	315.9	469.8
17	1,310.9	1,387.3	1,613.6	1,695.8	1,472.6	1,499.5	1,571.3	1,600.6	827.2	2,646.0
18	\$ 437.2	489.7	517.3	508.1	614.4	613.3	720.4	785.8	804.6	857.6
19	\$ -	-	-	-	759.0	825.6	775.5	759.8	734.7	706.2
20	<u>\$ 1,748.1</u>	<u>1,877.0</u>	<u>2,130.9</u>	<u>2,204.0</u>	<u>2,846.1</u>	<u>2,938.3</u>	<u>3,067.2</u>	<u>3,146.1</u>	<u>2,366.4</u>	<u>4,209.7</u>
<u>Net Tax Supported Debt as a Percentage of Assessed Valuation:</u>										
21	9.99	9.73	9.23	8.94	5.44	5.07	5.87	5.41	5.01	7.30
22	24.70	24.81	28.08	29.44	24.91	25.26	26.09	25.87	13.11	41.09
23	8.24	8.76	9.00	8.82	10.39	10.33	11.96	12.70	12.75	13.32
24	<u>32.94</u>	<u>33.57</u>	<u>37.08</u>	<u>38.26</u>	<u>35.30</u>	<u>35.59</u>	<u>38.05</u>	<u>38.57</u>	<u>25.86</u>	<u>54.41</u>
<u>Net Tax Supported Debt as a Percentage of Estimated Market Value:</u>										
25	2.38	2.39	2.32	2.25	1.48	1.37	1.59	1.43	1.22	NA
26	5.88	6.09	7.07	7.39	6.79	6.83	7.06	6.84	3.20	NA
27	1.96	2.15	2.27	2.22	2.83	2.79	3.24	3.36	3.11	NA
28	<u>7.84</u>	<u>8.25</u>	<u>9.33</u>	<u>9.61</u>	<u>9.62</u>	<u>9.62</u>	<u>10.30</u>	<u>10.20</u>	<u>6.31</u>	<u>NA</u>
<u>City Net Tax Supported Debt Service as a Percentage of City General Governmental Obligations:</u>										
29	5.17	5.25	8.83	6.72	6.03	2.44	2.29	2.16	1.81	1.71
30	7.55	8.95	12.67	10.39	10.78	6.50	5.24	5.47	5.00	3.46

**NOTES:**

- (a) See Table 13
- (b) Consists of leasing obligations, payments on contingent liabilities, accrued compensated absences, and pension funding service agreement.
- (c) Consists of amounts due the Commonwealth of PA for vocational education, the State Public Building Authority and leasing obligations and accrued Terminal and Severance Pays.
- (d) Source: U.S. Department of Commerce, Bureau of the Census and Wharton Econometric Forecasting Associates
- (e) See Table 5
- (f) Consists of General Fund and Special Revenue Funds, all of which account for general governmental functions. See Table 3

CITY OF PHILADELPHIA  
CITY RELATED SCHEDULE OF DEBT INCURRING CAPACITY  
JULY 1, 1999  
(Amounts in Thousands of Dollars)

TABLE 10

		Authorized	
	Issued and Outstanding	Unissued	Total
General Obligation Bonded Debt:			
Tax Supported (Note 1)	\$ 671,084	\$ 299,004	\$ 970,088
Self-Sustaining	60,306	352,614	412,920
<u>Total General Obligation Bonded Debt (Note 2)</u>	\$ 731,390	\$ 651,618	1,383,008
	<u>Total</u>	Applicable to Self- Sustaining	Net Deductions
Deductions Authorized by Law:			
Appropriation for Maturing Serials (Fiscal 2000)	\$ 44,227	\$ 13,286	\$ 30,941
Total Self-Sustaining Debt		412,920	
Total Net Deductions Authorized by Law			443,861
Total Amount of Debt Applicable to Debt Limit			\$ 939,147
Legal Debt Limit (Note 3)			\$ 1,227,356
Legal Debt Margin			\$ 288,209

NOTES:

- (1) Included in the Issued and Outstanding Total is \$8.6 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 \$3,698.8 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, Fourteenth Series, dated May 15, 1989	\$ 60,400,000
Water and Sewer Revenue Bonds, Fifteenth Series, dated May 15, 1989	124,065,000
Water and Sewer Revenue Bonds, Sixteenth Series, dated May 15, 1991	15,345,000
Water and Sewer Revenue Bonds, Series 1993, dated August 1, 1993	779,810,000
Water and Sewer Revenue Bonds, Series 1993, dated August 26, 1993	118,960,000
Water and Sewer Revenue Bonds, Series 1995, dated April 15, 1995	210,020,000
Water and Sewer Revenue Bonds, Series 1997 A, dated October 15, 1997	249,900,000
Water and Sewer Revenue Bonds, Series 1997 B, dated November 25, 1997	100,000,000
Water and Sewer Revenue Bonds, Series 1998, dated December 15, 1998	135,185,000
Airport Revenue Bonds, Fifth Series, dated June 15, 1995	206,650,000
Airport Revenue Bonds, Series 1997 A and B dated July 1, 1997	206,040,000
Airport Revenue Bonds, Series 1998 A dated March 17, 1998	119,795,000
Airport Revenue Bonds, Series 1998 B dated July 1, 1998	443,700,000
Gas Works Revenue Bonds, Eleventh Series C, dated January 1, 1989	61,207,892
Gas Works Revenue Bonds, Twelfth Series A, dated March 1, 1990	23,750,000
Gas Works Revenue Bonds, Thirteenth Series, dated June 6, 1991	2,635,000
Gas Works Revenue Bonds, Fourteenth Series, dated February 1, 1993	241,895,000
Gas Works Revenue Bonds, Fifteenth Series, dated January 1, 1994	135,995,000
Gas Works Revenue Bonds, First Series, dated June 1, 1998	287,185,000
Gas Works Revenue Bonds, Sixteenth Series, dated June 1, 1999	62,315,000
Gas Works Revenue Bonds, Second Series, dated June 1, 1999	113,965,000
	\$ 3,698,817,892

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

CITY OF PHILADELPHIA  
SCHOOL DISTRICT RELATED BORROWING BASE AND DEBT LIMITS  
JUNE 30, 1999

## Borrowing Base:

Gross Revenues - General, Special Revenue and Debt Service Funds for Years Ended June 30, 1997, 1998 and 1999	\$ 4,878,548,379
Less: Statutory Exclusions	<u>563,944,817</u>
Net Revenues for Years Ended June 30, 1997, 1998 and 1999	<u>\$ 4,314,603,562</u>
Borrowing Base (Average of Net Revenue for Three Fiscal Years)	<u>\$ 1,438,201,187</u>

## Debt Limit:

Electoral Debt Limit	\$ No Limit
Electoral Debt Outstanding (1)	<u>24,452,445</u>
Electoral Borrowing Capacity	<u>\$ No Limit</u>
Non-Electoral Debt Limit - 100% Borrowing Base	\$ 1,438,201,187
Less: Non-Electoral Debt Outstanding (2)	<u>785,586,400</u>
Non-Electoral Borrowing Capacity	<u>\$ 652,614,787</u>
Non-Electoral and Lease Rental Debt Limit - 200% of Borrowing Base	\$ 2,876,402,374
Less: Non-Electoral Debt Outstanding (2)	<u>785,586,400</u>
Non-Electoral and Lease Rental Borrowing Capacity	<u>\$ 2,090,815,974</u>

NOTES:

(1) Does not include Capital Appreciation Bonds Accreted - \$1,367,767.

(2) Does not include Capital Appreciation Bonds Accreted - \$10,660,643.

Borrowing base and debt limits have been computed in accordance with the Pennsylvania Local Government Unit Debt Act of April 28, 1978 (Act No. 52). The Act provides no limitation on debt approved by voters.

CITY OF PHILADELPHIA  
CITY AND GAS WORKS RELATED SCHEDULE OF REVENUE BOND RATE COVENANT COMPLIANCE  
AS REQUIRED BY AUTHORIZING ORDINANCES  
FOR THE FISCAL YEARS 1990 THROUGH 1999  
(Amounts in Millions of Dollars)

No.		1990	1991	1992	1993	1994	1995	1996	1997	1998	1999
Water and Sewer Revenue Bonds - Series 1993											
1	Total Revenue and Beginning Fund Balance					\$ 379.2	\$ 376.8	\$ 387.4	\$ 394.4	\$ 411.1	\$ 393.9
2	Net Operating Expenses					209.3	197.9	216.8	228.7	228.6	233.9
3	Transfer To (From) Rate Stabilization Fund					42.6	25.9	24.3	20.9	30.7	(15.4)
4	Net Revenues					127.3	153.0	146.3	144.8	151.8	175.4
Debt Service:											
5	Revenue Bonds Outstanding					102.7	127.1	121.2	120.8	126.5	146.2
6	General Obligation Bonds Outstanding					7.4	6.1	5.2	3.9	3.1	2.3
7	Pennvest Loan					0.3	1.1	1.1	1.3	1.1	1.2
8	Total Debt Service					110.4	134.3	127.5	126.0	130.7	149.7
9	Net Revenue after Debt Service					16.9	18.7	18.8	18.8	21.1	25.7
10	Transfer to General Fund					2.4	4.1	4.1	4.1	4.1	4.1
11	Transfer to Capital Fund					14.5	14.6	14.8	14.8	15.0	15.6
12	Transfer to Residual Fund					-	-	-	-	1.9	6.0
Debt Service Coverage:											
	Coverage A (Line 4/Line 5)	-	-	-	-	1.24	1.20	1.21	1.20	1.20	1.20
	Coverage B (Line 4/Line 8 + Line 11)	-	-	-	-	1.02	1.03	1.03	1.03	1.04	1.06
Prior Rate Covenant Compliance											
Debt Service Coverage:											
	Revenue Bonds Only - Test "A"	1.64	1.28	1.94	1.68	-	-	-	-	-	-
	Total Debt Service - Test "B"	1.09	0.87	1.39	1.28	-	-	-	-	-	-
Airport Revenue Bonds - First Through Fourth Series:											
1	Project Revenues	\$ 60.1	\$ 76.0	\$ 96.0	\$ 97.7	\$ 102.4	\$ 96.6	\$ 103.9	\$ 109.4	\$ 108.2	\$ 124.5
2	Net Operating Expenses	23.6	28.9	37.5	36.6	38.3	33.4	38.8	41.2	41.2	47.0
3	Interdepartmental Charges	20.2	23.7	26.8	26.3	28.6	30.2	28.8	31.6	32.3	41.5
4	Total Expenses	43.8	52.6	64.3	62.9	66.9	63.6	67.6	72.8	73.5	88.5
Available for Debt Service:											
5	Revenue Bonds (Line 1-Line 2)	36.5	47.1	58.5	61.1	64.1	63.2	65.1	68.2	67.0	77.5
6	All Bonds (Line 1-Line 4)	16.3	23.4	31.7	34.8	35.5	33.0	36.3	36.6	34.7	36.0
Debt Service:											
7	Revenue Bonds	8.0	16.0	22.7	27.5	28.1	26.8	27.4	27.6	25.3	29.7
8	General Obligation Bonds	8.3	7.4	7.4	7.3	7.3	5.6	7.2	6.2	7.2	5.2
9	Total Debt Service	16.3	23.4	30.1	34.8	35.4	32.4	34.6	33.8	32.5	34.9
Debt Service Coverage:											
	Revenue Bonds Only - Test "A" (Line 5/Line 7)	4.56	2.94	2.58	2.22	2.28	2.36	2.38	2.47	2.65	2.61
	Total Debt Service - Test "B" (Line 6/Line 9)	1.00	1.00	1.05	1.00	1.00	1.02	1.05	1.08	1.07	1.03
Gas Works Revenue Bonds - First Through Thirteenth Series:											
1	Funds Provided by Operations and Other Income	\$ 487.1	\$ 486.6	\$ 475.7	\$ 501.4	\$ 539.5	\$ 580.0	\$ 509.6	\$ 583.1	\$ 557.5	\$ 503.8
2	Funds Applied to Operations	395.7	393.8	373.6	385.9	425.4	479.3	397.7	458.3	445.6	409.9
3	Internally Generated Funds Available to Cover Debt Service	91.4	92.8	102.1	115.5	114.1	100.7	111.9	124.8	111.9	93.9
4	Revenue Bond Debt Service	57.3	61.7	67.8	74.5	71.4	68.9	77.2	80.9	74.5	61.9
5	General Obligation Debt Service	-	-	-	-	-	-	-	-	-	-
6	Total Bonded Debt Service	57.3	61.7	67.8	74.5	71.4	68.9	77.2	80.9	74.5	61.9
Debt Service Coverage:											
	Revenue Bonds Only - Test "A" (Line 3/Line 4)	1.60	1.50	1.51	1.55	1.60	1.46	1.45	1.54	1.50	1.52
	Total Debt Service - Test "B" (Line 3/Line 6)	1.60	1.50	1.51	1.55	1.60	1.46	1.45	1.54	1.50	1.52

- (1) In Fiscal 1994, the City issued \$1,158 million in Water Revenue Bonds. Part of this sale was used to defease debt secured under a 1974 Ordinance. The new bonds are governed by a 1989 Ordinance that changed the rate covenant requirements for the Water Revenue Bonds. The rate covenant for the Water issue permits inclusion of Unencumbered Fund Balance along with Total Revenues. The rate covenant of the Aviation issues permit inclusion of Unencumbered Project Fund Balances at the beginning of the period with Project Revenues for the period to determine adequacy of coverage; Gas Works rate covenants do not permit this item.
- (2) Coverage "A" requires that Net Revenues equal 120% of the Debt Service Requirements while Coverage "B" requires that Net Revenues equal at least 100% of the Debt Service Requirements plus Required Capital Account Transfers. Test "A" requires that Project Resources be equal to Net Operating Expenses plus 150% of Revenue Bond Debt Service for the year. Test "B" requires Project Resources be equal to Operating Expenses for the year plus all debt service requirements for the year except any General Obligation Debt Service not applicable to the project.

Amounts in the above statement have been extracted from reports submitted to the respective Fiscal Agents in accordance with the reporting requirements of the General Ordinance and Supplemental Ordinance relative to rate covenants. Water and Sewer Coverage is calculated on the modified accrual basis; Aviation Fund and Gas Works Fund on the accrual basis. Airport Revenues and Expenses have been reduced by amounts applicable to the Outside Terminal Area and the Overseas Terminal as prescribed by the indenture.

CITY OF PHILADELPHIA  
 CITY RELATED TAX SUPPORTED BONDED DEBT  
 FOR THE FISCAL YEARS 1990 THROUGH 1999  
 (Amounts in Millions of Dollars)

TABLE 13

Line No.		1990	1991	1992	1993	1994	1995	1996	1997	1998	1999
1	General Obligation Bonds	\$ 1,346.8	\$ 1,291.1	\$ 1,128.0	\$ 1,010.1	\$ 643.5	\$ 589.3	\$ 639.5	\$ 586.7	\$ 535.1	\$ 740.5
2	Bond Anticipation Notes	103.1	96.2	-	-	-	-	-	-	-	-
3	Revenue Bonds	<u>2,062.4</u>	<u>2,372.7</u>	<u>2,389.8</u>	<u>2,405.6</u>	<u>2,736.7</u>	<u>2,689.6</u>	<u>2,819.7</u>	<u>2,739.4</u>	<u>3,227.1</u>	<u>3,698.8</u>
4	Gross Bonded Debt	<u>3,512.3</u>	<u>3,760.0</u>	<u>3,517.8</u>	<u>3,415.7</u>	<u>3,380.2</u>	<u>3,278.9</u>	<u>3,459.2</u>	<u>3,326.1</u>	<u>3,762.2</u>	<u>4,439.3</u>
	Less Self-Supporting Debt and Available Assets:										
5	Self-Supporting General Obligation Bonds	258.0	193.3	166.3	148.6	151.4	135.9	116.9	100.6	81.4	65.8
6	Self-Supporting Bond Anticipation Notes	103.1	96.2	-	-	-	-	-	-	-	-
7	Revenue Bonds	<u>2,062.4</u>	<u>2,372.7</u>	<u>2,389.8</u>	<u>2,405.6</u>	<u>2,736.7</u>	<u>2,689.6</u>	<u>2,819.7</u>	<u>2,739.4</u>	<u>3,227.1</u>	<u>3,698.8</u>
8	Gross Self-Supporting Debt	<u>2,423.5</u>	<u>2,662.2</u>	<u>2,556.1</u>	<u>2,554.2</u>	<u>2,888.1</u>	<u>2,825.5</u>	<u>2,936.6</u>	<u>2,840.0</u>	<u>3,308.5</u>	<u>3,764.6</u>
9	Gross Tax Supported Bonded Debt (Line 4 less Line 8)	1,088.8	1,097.8	961.7	861.5	492.1	453.4	522.6	486.1	453.7	674.7
10	Less Sinking Funds of Tax Supported Bonds	1.3	1.5	1.7	1.9	1.9	2.0	-	-	-	-
11	Less Sinking Fund Assets Held by Fiscal Agent	<u>246.4</u>	<u>240.9</u>	<u>136.1</u>	<u>67.0</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
12	Net Tax Supported Bonded Debt (Line 9 less Line 10 less Line 11)	<u>\$ 841.1</u>	<u>\$ 855.4</u>	<u>\$ 823.9</u>	<u>\$ 792.6</u>	<u>\$ 490.2</u>	<u>\$ 451.4</u>	<u>\$ 522.6</u>	<u>\$ 486.1</u>	<u>\$ 453.7</u>	<u>\$ 674.7</u>

CITY OF PHILADELPHIA  
CITY AND GAS WORKS RELATED ANNUAL DEBT SERVICE ON LONG-TERM DEBT  
AS OF JUNE 30, 1999  
(Amounts in Millions of Dollars)

TABLE 14

Fiscal Year	General Obligation Bonds								
	Tax Supported			Self-Supporting			Total		
	Principal	Interest	Total	Principal	Interest	Total	Principal	Interest	Total
2000	\$ 34.5	\$ 38.5	\$ 73.0	\$ 18.8	\$ 2.8	\$ 21.6	\$ 53.3	\$ 41.3	\$ 94.6
2001	39.8	32.1	71.9	16.8	1.6	18.4	56.6	33.7	90.3
2002	40.1	30.3	70.4	7.4	0.9	8.3	47.5	31.2	78.7
2003	39.7	28.3	68.0	3.9	0.6	4.5	43.6	28.9	72.5
2004	38.2	26.3	64.5	4.0	0.5	4.5	42.2	26.8	69.0
2005	22.6	24.2	46.8	3.7	0.3	4.0	26.3	24.5	50.8
2006	11.6	23.1	34.7	1.4	0.2	1.6	13.0	23.3	36.3
2007	13.6	22.5	36.1	1.2	0.2	1.4	14.8	22.7	37.5
2008	17.6	21.8	39.4	1.3	0.2	1.5	18.9	22.0	40.9
2009	18.5	20.9	39.4	1.4	0.2	1.6	19.9	21.1	41.0
2010	19.3	20.0	39.3	1.4	0.1	1.5	20.7	20.1	40.8
2011	20.4	19.0	39.4	1.5	0.1	1.6	21.9	19.1	41.0
2012	21.4	17.9	39.3	1.3	0.1	1.4	22.7	18.0	40.7
2013	22.5	16.8	39.3	0.3	0.1	0.4	22.8	16.9	39.7
2014	23.8	15.6	39.4	0.2	0.1	0.3	24.0	15.7	39.7
2015	25.0	14.4	39.4	0.2	0.1	0.3	25.2	14.5	39.7
2016	22.4	13.1	35.5	0.2	0.1	0.3	22.6	13.2	35.8
2017	23.5	12.0	35.5	0.2	0.1	0.3	23.7	12.1	35.8
2018	24.6	10.9	35.5	0.2	-	0.2	24.8	10.9	35.7
2019	25.8	9.7	35.5	0.2	-	0.2	26.0	9.7	35.7
2020	27.0	8.5	35.5	0.2	-	0.2	27.2	8.5	35.7
2021	17.4	7.1	24.5	-	-	-	17.4	7.1	24.5
2022	18.2	6.3	24.5	-	-	-	18.2	6.3	24.5
2023	19.1	5.4	24.5	-	-	-	19.1	5.4	24.5
2024	20.1	4.4	24.5	-	-	-	20.1	4.4	24.5
2025	21.1	3.4	24.5	-	-	-	21.1	3.4	24.5
2026	14.9	2.4	17.3	-	-	-	14.9	2.4	17.3
2027	15.6	1.6	17.2	-	-	-	15.6	1.6	17.2
2028	16.4	0.8	17.2	-	-	-	16.4	0.8	17.2
2029	-	-	-	-	-	-	-	-	-
2030	-	-	-	-	-	-	-	-	-
<b>Total</b>	<b>674.7</b>	<b>(a) 457.3</b>	<b>1,132.0</b>	<b>65.8</b>	<b>(b) 8.3</b>	<b>74.1</b>	<b>740.5</b>	<b>465.6</b>	<b>1,206.1</b>
Sinking Fund Assets Held by Fiscal Agent	-	-	-	-	-	-	-	-	-
Available City Sinking Fund Assets	-	0.6	0.6	-	-	-	-	0.6	0.6
<b>Net Debt</b>	<b>\$ 674.7</b>	<b>\$ 456.7</b>	<b>\$ 1,131.4</b>	<b>\$ 65.8</b>	<b>\$ 8.3</b>	<b>\$ 74.1</b>	<b>\$ 740.5</b>	<b>\$ 465.0</b>	<b>\$ 1,205.5</b>

**NOTES:**

- (a) Included in this amount is \$12.2 million issued for Port purposes which has been reclassified as Tax-Supported due to the sale of the Port Corporation.
- (b) Of this amount, Bonds have been issued for the following major purposes: Water and Sewer, \$17.9 million; Airport, \$33.1 million; Veterans Stadium, \$3.3 million and Subways, \$10.2 million. Issues for five other purposes account for the balance of \$1.3 million.

CITY OF PHILADELPHIA  
CITY AND GAS WORKS RELATED ANNUAL DEBT SERVICE ON LONG-TERM DEBT (Continued)  
AS OF JUNE 30, 1999  
(Amounts in Millions of Dollars)

Fiscal Year	Revenue Bonds								
	Water and Sewer			Gas Works			Aviation Fund		
	Principal	Interest	Total	Principal	Interest	Total	Principal	Interest	Total
2000	\$ 56.6	\$ 91.1	\$ 147.7	\$ 35.2	\$ 41.2	\$ 76.4	\$ 14.0	\$ 30.3	\$ 44.3
2001	59.1	88.7	147.8	38.6	43.5	82.1	19.2	31.1	50.3
2002	61.4	86.4	147.8	38.8	42.0	80.8	26.6	41.2	67.8
2003	63.9	84.0	147.9	43.2	40.4	83.6	28.4	49.8	78.2
2004	66.6	81.3	147.9	39.9	38.7	78.6	29.9	48.3	78.2
2005	69.4	78.5	147.9	31.8	37.3	69.1	31.5	46.6	78.1
2006	74.8	73.2	148.0	38.1	35.7	73.8	33.3	44.9	78.2
2007	78.8	69.2	148.0	30.7	34.0	64.7	27.2	43.0	70.2
2008	82.4	65.6	148.0	34.7	32.2	66.9	28.7	41.5	70.2
2009	85.7	62.2	147.9	34.5	30.3	64.8	30.3	39.9	70.2
2010	89.2	58.7	147.9	33.6	28.4	62.0	31.9	38.3	70.2
2011	95.2	52.7	147.9	43.6	26.6	70.2	33.7	36.6	70.3
2012	99.9	45.6	145.5	35.6	25.2	60.8	35.5	34.7	70.2
2013	108.5	40.0	148.5	17.4	24.1	41.5	37.4	32.8	70.2
2014	114.5	33.9	148.4	30.1	22.7	52.8	39.5	30.7	70.2
2015	120.8	27.7	148.5	30.2	21.0	51.2	41.7	28.6	70.3
2016	126.3	22.2	148.5	30.2	19.3	49.5	37.8	26.4	64.2
2017	41.0	15.8	56.8	27.2	17.7	44.9	39.9	24.3	64.2
2018	43.1	13.7	56.8	27.2	16.2	43.4	41.2	22.1	63.3
2019	36.1	11.7	47.8	27.2	14.6	41.8	33.2	19.8	53.0
2020	27.9	10.1	38.0	27.2	13.1	40.3	35.0	18.0	53.0
2021	29.3	8.8	38.1	27.2	11.6	38.8	36.9	16.1	53.0
2022	30.8	7.3	38.1	27.2	10.1	37.3	38.9	14.1	53.0
2023	32.4	5.8	38.2	27.7	8.6	36.3	41.0	12.0	53.0
2024	18.1	4.2	22.3	27.7	7.2	34.9	43.2	9.8	53.0
2025	19.0	3.3	22.3	27.8	5.7	33.5	45.6	7.4	53.0
2026	20.0	2.4	22.4	22.4	4.4	26.8	32.0	4.9	36.9
2027	20.9	1.4	22.3	23.3	3.2	26.5	33.6	3.2	36.8
2028	22.0	0.4	22.4	20.8	2.0	22.8	29.1	1.5	30.6
2029	-	-	-	22.0	0.9	22.9	-	-	-
2030	-	-	-	7.8	0.2	8.0	-	-	-
<b>Total</b>	<b>1,793.7</b>	<b>1,145.9 (c)</b>	<b>2,939.6</b>	<b>928.9</b>	<b>658.1</b>	<b>1,587.0</b>	<b>976.2</b>	<b>797.9</b>	<b>1,774.1</b>
Sinking Fund Assets Held by Fiscal Agent	-	-	-	-	-	-	-	-	-
Available City Sinking Fund Assets	148.5	0.3	148.8 (d)	92.0	0.5	92.5	46.9	13.7	60.6 (e)
<b>Net Debt</b>	<b>\$ 1,645.2</b>	<b>\$ 1,145.6</b>	<b>\$ 2,790.8</b>	<b>\$ 836.9</b>	<b>\$ 657.6</b>	<b>\$ 1,494.5</b>	<b>\$ 929.3</b>	<b>\$ 784.2</b>	<b>\$ 1,713.5</b>

NOTES: (Continued)

- (c) Interest on \$100.0 million Water and Sewer Variable Rate Bonds is based on the estimated short-term interest rate of 3.4604%.
- (d) In addition to the \$148.8 million available in Sinking Fund Assets, \$197.4 million has been reserved in the Water and Sewer Rate Stabilization Fund in accordance with the Seventh Supplemental Amendment to the General, Water and Sewer Revenue Bond Ordinance of 1974 as amended by Bill No. 544 dated June 24, 1993.
- (e) In addition to the \$60.6 million available in Sinking Fund Assets, \$2.5 million has been reserved in a Renewal, Replacement and Contingency Fund, which has been funded by the proceeds of the Series 1978 Aviation Revenue Bonds.

TABLE 14

<u>Total</u>			<u>Total General Obligation and Revenue Bonds</u>			<u>Fiscal Year</u>
<u>Principal</u>	<u>Interest</u>	<u>Total</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>	
\$ 105.8	\$ 162.6	\$ 268.4	\$ 159.1	\$ 203.9	\$ 363.0	2000
116.9	163.3	280.2	173.5	197.0	370.5	2001
126.8	169.6	296.4	174.3	200.8	375.1	2002
135.5	174.2	309.7	179.1	203.1	382.2	2003
136.4	168.3	304.7	178.6	195.1	373.7	2004
132.7	162.4	295.1	159.0	186.9	345.9	2005
146.2	153.8	300.0	159.2	177.1	336.3	2006
136.7	146.2	282.9	151.5	168.9	320.4	2007
145.8	139.3	285.1	164.7	161.3	326.0	2008
150.5	132.4	282.9	170.4	153.5	323.9	2009
154.7	125.4	280.1	175.4	145.5	320.9	2010
172.5	115.9	288.4	194.4	135.0	329.4	2011
171.0	105.5	276.5	193.7	123.5	317.2	2012
163.3	96.9	260.2	186.1	113.8	299.9	2013
184.1	87.3	271.4	208.1	103.0	311.1	2014
192.7	77.3	270.0	217.9	91.8	309.7	2015
194.3	67.9	262.2	216.9	81.1	298.0	2016
108.1	57.8	165.9	131.8	69.9	201.7	2017
111.5	52.0	163.5	136.3	62.9	199.2	2018
96.5	46.1	142.6	122.5	55.8	178.3	2019
90.1	41.2	131.3	117.3	49.7	167.0	2020
93.4	36.5	129.9	110.8	43.6	154.4	2021
96.9	31.5	128.4	115.1	37.8	152.9	2022
101.1	26.4	127.5	120.2	31.8	152.0	2023
89.0	21.2	110.2	109.1	25.6	134.7	2024
92.4	16.4	108.8	113.5	19.8	133.3	2025
74.4	11.7	86.1	89.3	14.1	103.4	2026
77.8	7.8	85.6	93.4	9.4	102.8	2027
71.9	3.9	75.8	88.3	4.7	93.0	2028
22.0	0.9	22.9	22.0	0.9	22.9	2029
7.8	0.2	8.0	7.8	0.2	8.0	2030
3,698.8	2,601.9	6,300.7	4,439.3	3,067.5	7,506.8	
-	-	-	-	-	-	
287.4	14.5	301.9	287.4	15.1	302.5	
<u>\$ 3,411.4</u>	<u>\$ 2,587.4</u>	<u>\$ 5,998.8</u>	<u>\$ 4,151.9</u>	<u>\$ 3,052.4</u>	<u>\$ 7,204.3</u>	

TABLE 14

CITY AND GAS WORKS RELATED ANNUAL DEBT SERVICE ON LONG-TERM DEBT (Continued)  
AS OF JUNE 30, 1999  
(Amounts in Millions of Dollars)

Fiscal Year	Other Long-Term Obligations			Total Long-Term Debt		
	Principal	Interest	Total	Principal	Interest	Total
2000	\$ 46.1	\$ 74.8	\$ 120.9	\$ 205.2	\$ 278.7	\$ 483.9
2001	52.7	73.0	125.7	226.2	270.0	496.2
2002	42.7	71.5	114.2	217.0	272.3	489.3
2003	54.6	70.4	125.0	233.7	273.5	507.2
2004	57.4	68.5	125.9	236.0	263.6	499.6
2005	65.1	66.7	131.8	224.1	253.6	477.7
2006	70.2	64.1	134.3	229.4	241.2	470.6
2007	77.8	61.0	138.8	229.3	229.9	459.2
2008	85.9	57.6	143.5	250.6	218.9	469.5
2009	85.8	54.1	139.9	256.2	207.6	463.8
2010	102.5	50.1	152.6	277.9	195.6	473.5
2011	112.3	45.2	157.5	306.7	180.2	486.9
2012	168.5	39.6	208.1	362.2	163.1	525.3
2013	120.3	38.6	158.9	306.4	152.4	458.8
2014	122.0	37.6	159.6	330.1	140.6	470.7
2015	126.4	36.5	162.9	344.3	128.3	472.6
2016	131.2	35.3	166.5	348.1	116.4	464.5
2017	125.0	34.1	159.1	256.8	104.0	360.8
2018	126.2	33.0	159.2	262.5	95.9	358.4
2019	132.1	31.6	163.7	254.6	87.4	342.0
2020	118.0	31.2	149.2	235.3	80.9	316.2
2021	107.7	31.0	138.7	218.5	74.6	293.1
2022	107.8	30.9	138.7	222.9	68.7	291.6
2023	108.0	30.8	138.8	228.2	62.6	290.8
2024	108.2	30.5	138.7	217.3	56.1	273.4
2025	108.3	30.3	138.6	221.8	50.1	271.9
2026	108.5	30.1	138.6	197.8	44.2	242.0
2027	110.8	29.0	139.8	204.2	38.4	242.6
2028	117.8	22.0	139.8	206.1	26.7	232.8
2029	225.0	7.4	232.4	247.0	8.3	255.3
2030	-	-	-	7.8	0.2	8.0
Total	3,124.9	1,316.5	4,441.4	7,564.2	4,384.0	*****
Sinking Fund Assets Held by Fiscal Agent	-	-	-	-	-	-
Available City Sinking Fund Assets	-	-	-	287.4	15.1	302.5
<b>Net Debt</b>	<b>\$ 3,124.9</b>	<b>\$ 1,316.5</b>	<b>\$ 4,441.4</b>	<b>\$ 7,276.8</b>	<b>\$ 4,368.9</b>	<b>\$*****</b>

CITY OF PHILADELPHIA  
 SCHOOL DISTRICT RELATED RATIO OF ANNUAL DEBT SERVICE FOR GENERAL BONDED DEBT  
 TO TOTAL GENERAL EXPENDITURES EXCLUDING CATEGORICAL FUNDS  
 FOR THE FISCAL YEARS 1990 THROUGH 1999  
 (Amounts in Thousands of Dollars)

	1990	1991	1992	1993	1994	1995	1996	1997	1998	1999
General Bonded Debt Principal	\$ 26,580	\$ 28,790	\$ 31,000	\$ 29,160	\$ 29,180	\$ 34,706	\$ 34,135	\$ 33,675	\$ 8,595	\$ 34,600
General Bonded Debt Interest	26,474	24,858	22,770	22,965	17,032	23,924	22,282	36,233	34,890	36,290
Loans	362	365	369	369	369	369	369	369	369	369
State Public School Building Authority (1)	<u>3,908</u>	<u>2,581</u>	<u>2,516</u>	<u>2,321</u>	<u>78</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total Bonded Debt Service Expenditures (2)	<u>\$ 57,324</u>	<u>\$ 56,594</u>	<u>\$ 56,655</u>	<u>\$ 54,815</u>	<u>\$ 46,659</u>	<u>\$ 58,999</u>	<u>\$ 56,786</u>	<u>\$ 70,277</u>	<u>\$ 43,854</u>	<u>\$ 71,259</u>
Total General Expenditures Excluding Categorical Funds	<u>\$ 1,127,663</u>	<u>\$ 1,173,694</u>	<u>\$ 1,220,989</u>	<u>\$ 1,303,334</u>	<u>\$ 1,263,533</u>	<u>\$ 1,296,652</u>	<u>\$ 1,442,113</u>	<u>\$ 1,556,317</u>	<u>\$ 1,501,306</u>	<u>\$ 1,594,972</u>
Ratio of Debt Service to Net General Expenditures Excluding Categorical Funds	<u>5.08%</u>	<u>4.82%</u>	<u>4.64%</u>	<u>4.21%</u>	<u>3.69%</u>	<u>4.55%</u>	<u>3.94%</u>	<u>4.52%</u>	<u>2.92%</u>	<u>4.47%</u>
Total General Expenditures (3)	<u>\$ 1,274,856</u>	<u>\$ 1,331,299</u>	<u>\$ 1,397,418</u>	<u>\$ 1,504,368</u>	<u>\$ 1,441,507</u>	<u>\$ 1,468,642</u>	<u>\$ 1,624,769</u>	<u>\$ 1,749,064</u>	<u>\$ 1,701,879</u>	<u>\$ 1,790,427</u>
Ratio of Debt Service to Total General Expenditures	<u>4.50%</u>	<u>4.25%</u>	<u>4.05%</u>	<u>3.64%</u>	<u>3.24%</u>	<u>4.02%</u>	<u>3.50%</u>	<u>4.02%</u>	<u>2.58%</u>	<u>3.98%</u>

**NOTES:**

- (1) Includes both principal and interest payments.
- (2) Does not include bond issuance or defeasement costs.
- (3) Includes General, Intermediate Unit, Categorical, Debt Service and Capital Projects Fund expenditures.

CITY OF PHILADELPHIA  
CITY MUNICIPAL PENSION FUND  
COMPARATIVE SCHEDULE OF OPERATIONS  
FOR THE FISCAL YEARS 1990 THROUGH 1999  
(Amounts in Millions of Dollars)

	1990		1991		1992		1993	
	<u>Amount</u>	%	<u>Amount</u>	%	<u>Amount</u>	%	<u>Amount</u>	%
Revenue:								
Contributions:								
Employees':								
Members' Contributions	\$ 40.3	10.7	\$ 44.8	14.1	\$ 44.8	9.5	\$ 45.0	10.7
Less: Refunds to Members	<u>7.2</u>	<u>1.9</u>	<u>7.2</u>	<u>2.3</u>	<u>5.7</u>	<u>1.2</u>	<u>4.9</u>	<u>1.2</u>
Net Members' Contributions	<u>33.1</u>	<u>8.8</u>	<u>37.6</u>	<u>11.9</u>	<u>39.1</u>	<u>8.3</u>	<u>40.1</u>	<u>9.5</u>
Employer's:								
City of Philadelphia	147.7	39.3	169.8	53.6	176.6	37.3	174.3	41.3
Commonwealth of Pennsylvania Through City of Philadelphia	-	-	-	-	34.8	7.4	35.1	8.3
Quasi Governmental Agencies	<u>3.2</u>	<u>0.9</u>	<u>2.9</u>	<u>0.9</u>	<u>4.8</u>	<u>1.0</u>	<u>3.6</u>	<u>0.9</u>
Total Employer's Contributions Commonwealth of Pennsylvania	<u>150.9</u>	<u>40.2</u>	<u>172.7</u>	<u>54.5</u>	<u>216.2</u>	<u>45.7</u>	<u>213.0</u>	<u>50.5</u>
Commonwealth of Pennsylvania	<u>40.9</u>	<u>10.9</u>	<u>46.6</u>	<u>14.7</u>	<u>13.9</u>	<u>2.9</u>	<u>6.5</u>	<u>1.5</u>
Total Contributions	224.9	59.9	256.9	81.1	269.2	56.9	259.6	61.6
Investment Earnings	150.2	40.0	59.3	18.7	203.5	43.0	161.6	38.3
Other	<u>0.4</u>	<u>0.1</u>	<u>0.7</u>	<u>0.2</u>	<u>0.6</u>	<u>0.1</u>	<u>0.5</u>	<u>0.1</u>
<u>Total Revenues</u>	<u>375.5</u>	<u>100.0</u>	<u>316.9</u>	<u>100.0</u>	<u>473.3</u>	<u>100.0</u>	<u>421.7</u>	<u>100.0</u>
Disbursements:								
For Pension Benefits	260.5		272.7		287.8		312.5	
For Other Purposes, Excluding Refunds	<u>9.6</u>		<u>9.4</u>		<u>10.4</u>		<u>43.2</u>	(1)
<u>Total Disbursements</u>	<u>270.1</u>		<u>282.1</u>		<u>298.2</u>		<u>355.7</u>	
Excess of Revenue Over Disbursements	<u>\$ 105.4</u>		<u>\$ 34.8</u>		<u>\$ 175.1</u>		<u>\$ 66.0</u>	
Net Assets: Opening	\$ 1,531.8		\$ 1,637.2		\$ 1,672.0		\$ 1,847.1	
Closing	<u>1,637.2</u>		<u>1,672.0</u>		<u>1,847.1</u>		<u>1,913.1</u>	
Increase During the Year	<u>\$ 105.4</u>		<u>\$ 34.8</u>		<u>\$ 175.1</u>		<u>\$ 66.0</u>	

EXHIBIT:

1. Pension Benefits Paid as a Percent of								
A. Net Contributions of Members		787.0		725.3		736.1		779.3
B. Revenue		69.4		86.1		60.8		74.1
C. Closing Net Assets		15.9		16.3		15.6		16.3
2. The Closing Assets as a Percent of								
Total Disbursements		606.1		592.7		619.4		537.8
3. Coverage of Revenues Over Disbursements		139.0		112.3		158.7		118.6
4. Investment Earnings as a Percent of								
Pension Benefits		57.7		21.7		70.7		51.7

(1) Disbursements for Other Purposes include losses due to the permanent decline in market value of some investments. These losses amounted to \$34.2 million in Fiscal 1993, \$14.4 million in Fiscal 1994, \$15.2 million in Fiscal 1995 and \$9.3 million in Fiscal 1996.

(2) Included in this figure is \$354.2 million attributable to the recognition of the fair value of the investments at June 30, 1997 according to generally accepted accounting principles.

(3) Disbursements for Other Purposes includes a reduction of \$1 million due to the reversal of charges made in previous fiscal years

(4) Includes \$1,250 million from the sale of Pension Funding obligations.

TABLE 16

1994 Amount	%	1995 Amount	%	1996 Amount	%	1997 Amount	%	1998 Amount	%	1999 Amount	%
\$ 44.3	9.6	\$ 44.2	10.1	\$ 45.6	7.2	\$ 47.0	4.9	\$ 48.0	6.7	\$ 49.2	2.5
4.3	0.9	3.7	0.8	3.8	0.6	3.8	0.4	3.2	0.4	4.2	0.2
40.0	8.6	40.5	9.2	41.8	6.6	43.2	4.5	44.8	6.3	45.0	2.3
233.7	50.5	212.8	48.5	222.5	35.3	237.0	24.8	252.0	35.3	1,506.8 (4)	77.7
-	-	-	-	-	-	-	-	-	-	-	-
2.8	0.6	4.6	1.0	4.8	0.8	5.2	0.5	5.0	0.7	4.9	0.3
236.5	51.1	217.4	49.5	227.3	36.0	242.2	25.3	257.0	36.0	1,511.7	78.0
2.7	0.6	1.3	0.3	4.5	0.7	-	-	-	-	-	-
279.2	60.4	259.2	59.0	273.6	43.4	285.4	29.8	301.8	42.3	1,556.6	80.4
182.9	39.5	178.9	40.8	356.4	56.5	669.9 (2)	70.1	411.8	57.6	383.0	19.7
0.5	0.1	0.9	0.2	0.8	0.1	0.3	0.1	0.4	0.1	0.3	-
462.6	100.0	439.0	100.0	630.8	100.0	955.6	100.0	714.0	100.0	1,939.9	100.1
326.2		338.6		353.4		372.0		383.3		434.0	
26.8 (1)		28.1 (1)		21.4 (1)		13.6		2.9 (3)		4.4	
353.0		366.7		374.8		385.6		386.2		438.4	
\$ 109.6		\$ 72.3		\$ 256.0		570.0		327.8		1,501.5	
\$ 1,913.1		\$ 2,022.7		\$ 2,095.0		2,351.0		2,921.0		3,248.8	
2,022.7		2,095.0		2,351.0		2,921.0		3,248.8		4,750.3	
\$ 109.6		\$ 72.3		\$ 256.0		570.0		327.8		1,501.5	
	815.5		836.0		845.5		861.1		855.6		964.4
	70.5		77.1		56.0		38.9		53.7		22.4
	16.1		16.2		15.0		12.7		11.8		9.1
	573.0		571.3		627.3		757.5		841.2		1,083.6
	131.0		119.7		168.3		247.8		184.9		442.5
	56.1		52.8		100.8		180.1		107.4		88.2

CITY OF PHILADELPHIA  
PROPERTY VALUES, AUTHORIZED CONSTRUCTION AND BANK DEPOSITS  
FOR THE CALENDAR YEARS 1989 THROUGH 1998  
(Amounts in Millions of Dollars)

TABLE 17

Calendar Year	Property Values		Authorized Construction (1)				Bank Deposits (2)		
	Original assessed (3)	Estimated market (4)	Residential	Commercial & Industrial	Other (5)	Total	New Housing Units	Commercial	Mutual Savings
1989	\$ 8,317	\$ 30,292	104.9	434.9	118.7	658.5	1,496	\$ 17,481	\$ 8,384
1990	9,261	35,376	84.9	499.0	127.9	711.8	1,213	19,856	6,236
1991	9,604	35,806	55.1	391.0	41.7	487.8	614	19,255	5,543
1992	9,681	35,459	47.7	373.1	95.9	516.7	364	19,398	5,234
1993	9,676	35,295	81.8	319.5	54.3	455.6	307	19,879	2,277
1994	9,516	33,064	89.7	304.9	54.3	448.9	N/A	20,195	1,979
1995	9,410	32,919	82.5	298.6	53.7	434.8	N/A	19,077	3,627
1996	9,266	32,885	N/A	N/A	N/A	N/A	N/A	20,587	3,703
1997	9,275	33,956	N/A	N/A	N/A	N/A	N/A	26,351	3,848
1998	9,220	37,146	N/A	N/A	N/A	N/A	N/A	25,906	3,326

NOTES:

- (1) Source: City of Philadelphia Department of Licenses and Inspections
- (2) Source: Federal Deposit Insurance Corporation
- (3) See Table 7
- (4) See Table 5
- (5) Includes Governmental, Medical and Educational Units

CITY OF PHILADELPHIA  
POPULATION TREND  
1940 TO 1998

TABLE 18

<u>Year</u>	<u>Population</u>
1940	1,931,334
1950	2,071,605
1960	2,002,512
1970	1,850,000
1980	1,688,210
1990	1,585,577
1995	1,498,971
1998	1,436,287

SOURCE: U.S. Department of Commerce, Bureau of the Census

CITY OF PHILADELPHIA  
 DEMOGRAPHIC STATISTICS  
 FOR THE CALENDAR YEARS 1989 THROUGH 1998

TABLE 19

<u>Year</u>	<u>Population</u> (1)	<u>Per Capita Personal Income</u> (2)	<u>Unemployment Rate</u> (3)	<u>School Enrollment</u> (4)
1989	1,543,000	16,455	5.3%	192,341
1990	1,585,577	17,662	6.0%	190,978
1991	1,572,631	18,335	8.3%	189,850
1992	1,552,572	19,206	8.8%	201,328
1993	1,539,148	19,575	8.9%	207,662
1994	1,524,249	19,828	7.5%	208,973
1995	1,498,971	20,536	7.7%	211,053
1996	1,478,002	21,640	6.9%	213,465
1997	1,451,372	22,785	6.8%	213,053
1998	1,436,287	N/A	6.2%	208,060

Sources:

(1) U.S. Department of Commerce, Bureau of the Census and Wharton Econometric Forecasting Associates

(2) U.S. Dept. of Commerce, Bureau of Economic Analysis

(3) Pennsylvania Department of Labor and Industry, Office of Employment Security

(4) School District of Philadelphia - Budget Document

TABLE 20

CITY OF PHILADELPHIA  
TEN LARGEST 1999 REAL ESTATE ASSESSMENTS  
JANUARY 1, 1999

<u>Location</u>	<u>Owner</u>	<u>Assessment</u>	<u>Percentage of Total Assessments</u>
1500-42 Market Street	C S F Partnership	\$ 56,640,000	0.61%
1735 Market Street	Nine Penn Center Associates	51,968,000	0.56%
1650 Market Street	One Liberty Place & Land Joint Venture PH-1	48,960,000	0.53%
4301 Byberry Road	Franklin Mills Associates	46,358,466	0.50%
50 S. 16th Street	L. P. Associates	44,800,000	0.48%
1717 Arch Street	Bell Atlantic Properties	43,712,000	0.47%
1201 Market Street	Philadelphia Market Street	32,071,040	0.35%
1901-19 Market Street	PRU 1901 Market LLc	31,624,512	0.34%
2001 Market Street	Maguire/Thomas	31,576,768	0.34%
2005 Market Street	Maguire/Thomas Partners & Philadelphia Plaza Associates	31,040,000	0.34%
		\$ 418,750,786	4.53%
Total Taxable Assessments		\$ 9,240,941,305	100.00%

CITY OF PHILADELPHIA  
LARGEST NON-GOVERNMENTAL EMPLOYERS IN PHILADELPHIA  
DECEMBER 31, 1998

TABLE 21

<u>Employer</u>	1998 Wage Tax Collected (1)	Percentage of Total Collections
University of Pennsylvania	\$ 28,654,343	2.53%
Temple University	12,937,043	1.14%
First Union Services, Inc.	12,216,667	1.08%
Consolidated Rail Corporation	11,314,360	1.00%
University of Pennsylvania Hospital	10,913,444	0.96%
Hahneman University Hospital	9,880,205	0.87%
Thomas Jefferson University Hospital	9,791,110	0.86%
Allegheny University for Health Sciences	9,441,792	0.83%
Albert Einstein Medical Center	8,029,880	0.71%
Bell Atlantic - PA	6,890,109	0.61%
PECO Energy	6,776,546	0.60%
CoreStates Services Corp	6,771,627	0.60%
SmithKline Beecham Corp	6,719,480	0.59%
Children's Hospital of Philadelphia	6,477,493	0.57%
Thomas Jefferson University	6,370,210	0.56%
Sunoco, Inc.	5,802,677	0.51%
Insurance Company of North America	5,639,345	0.50%
Bell Atlantic Network Services, Inc.	5,128,892	0.45%
Philadelphia Newspapers, Inc.	5,091,254	0.45%
Independence Blue Cross	5,062,961	0.45%
Temple University Hospital	4,802,607	0.42%
Rohm & Haas Company	4,583,520	0.40%
M Cardone Industries, Inc.	4,397,244	0.39%
PNC Bank	4,301,618	0.38%
Towers, Perrin, Forster & Crosby, Inc.	4,205,375	0.37%
	<u>\$ 202,199,802</u>	<u>17.83%</u>
 Total Wage Tax Collected for Calendar Year	 <u>\$ 1,134,314,620</u>	 <u>100.00%</u>

SOURCES:

(1) Philadelphia Department of Revenue

CITY OF PHILADELPHIA  
MISCELLANEOUS STATISTICS  
JUNE 30, 1999

TABLE 22

Date Founded	-	1682
Form of Government	-	Council-Mayor
Area of City - Square Miles	-	129
Fire Protection:		
Number of Stations	-	63
Number of Firefighters	-	2,050
Emergency Medical Service:		
Number of Rescue Units	-	37
Number of Medical Personnel	-	302
Police Protection:		
Number of Districts	-	25
Number of Police Officers	-	7,008
Water System:		
Number of Accounts	-	478,423
Average Daily Consumption - Gallons	-	169,000,000
Average Daily Production - Gallons	-	275,133,300
Miles of Water Mains	-	3,300
Area Serviced - Square Miles (1)	-	130
Wastewater System:		
Number of Accounts	-	478,471
Miles of Sewer	-	2,955
Area Serviced - Square Miles (1)	-	279
Philadelphia International Airport:		
Passengers Handled	-	24,195,833
Air Cargo Tons	-	514,323
Aircraft Movements	-	479,664
Air Mail Tons	-	76,145
Northeast Philadelphia Airport:		
Aircraft Movements	-	196,644
Recreation and Culture:		
Recreation Centers	-	46
Swimming Pools	-	81
Playgrounds	-	140
Other Recreational Facilities	-	353
Special Facilities (2)	-	18
School Gyms throughout Fall and Spring	-	120

(1) Service Area extends into the suburbs.

(2) Includes Stadia, Museums, Open Air Theatres, etc.

CITY OF PHILADELPHIA  
SCHOOL DISTRICT RELATED MISCELLANEOUS STATISTICS  
FOR THE FISCAL YEARS 1995 THROUGH 1999

The School District is a separate and independent home rule school district of the first class established in 1965 by the Philadelphia Home Rule Charter.

The School District is a political subdivision of the Commonwealth created to assist in the administration of the General Assembly's duties under the Constitution of the Commonwealth to "provide for the maintenance and support of a thorough and efficient system of public education to serve the needs of the Commonwealth".

The School District also serves as the agent for Intermediate Unit No. 26 (the "I.U."), an entity established by the Commonwealth to provide programs in special education, special education transportation, non-public school services and related management services. The Board of Education constitutes the Board of Directors of the I.U.; the boundaries of the I.U. are coterminous with those of the City and School District. All I.U. services are performed by the School District pursuant to contracts between the School District and the I.U.

The School District is governed by the Board of Education which consists of nine members appointed by the Mayor from a list of persons nominated by an Educational Nominating Panel established by the Charter. The Board is responsible for the administration, management and operation of the School District. Members of the Board are appointed for full terms of six years or to fill unexpired terms, and serve without compensation. They may serve only the balance of an unexpired term and two full terms.

The duties of the Board include formulation of educational policy, the adoption of the annual operating budget, capital budget and capital program, the annual request to the Mayor and City Council for authority to levy certain taxes, and the incurrence of indebtedness of the School District.

	<u>Fiscal 1995</u>	<u>Fiscal 1996</u>	<u>Fiscal 1997</u>	<u>Fiscal 1998</u>	<u>Fiscal 1999</u>
Number of Schools (1)					
Elementary	172	172	173	175	175
Junior/Middle	41	41	41	41	41
Special	8	9	8	8	10
Senior	31	31	31	31	31
Vocational/Technical	4	4	4	4	4
Total	<u>256</u>	<u>257</u>	<u>257</u>	<u>259</u>	<u>261</u>
School Enrollment (2)					
Elementary	106,661	107,060	108,473	108,237	107,034
Junior/Middle	33,966	34,474	34,030	33,663	33,616
Senior/Special/ Vocational/Technical	<u>68,346</u>	<u>69,519</u>	<u>70,962</u>	<u>71,153</u>	<u>67,411</u>
Total	<u>208,973</u>	<u>211,053</u>	<u>213,465</u>	<u>213,053</u>	<u>208,061</u>
Number of High School Graduates (1)	<u>8,696</u>	<u>8,664</u>	<u>9,225</u>	<u>8,835</u>	<u>8,835</u>

(1) School District of Philadelphia, Office of Accountability and Assessment

(2) School District of Philadelphia, Budget Document