

# City of Philadelphia Pennsylvania

## *Comprehensive Annual Financial Report*

Fiscal Year Ended June 30, 1998



*Prepared by:*  
OFFICE OF THE DIRECTOR OF FINANCE

**CITY OF PHILADELPHIA  
COMPREHENSIVE ANNUAL FINANCIAL REPORT  
FOR THE FISCAL YEAR ENDED JUNE 30, 1998**

**CONTENTS**

Exhibit, Schedule or Table		<u>Page</u>
	<b><u>INTRODUCTORY SECTION</u></b>	
	TABLE OF CONTENTS	I - VII
	LETTER OF DIRECTOR OF FINANCE	1 - 12
	CERTIFICATE OF ACHIEVEMENT FOR EXCELLENCE IN FINANCIAL REPORTING, GOVERNMENT FINANCE OFFICERS ASSOCIATION	13
	ORGANIZATION OF PHILADELPHIA'S CITY 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, 1998	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, 1998	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, 1998	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, 1998	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 Auhority) - Budget (Legal Basis) and Actual For the Fiscal Year Ended June 30, 1998	8 - 9
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, 1998	10

**CITY OF PHILADELPHIA  
COMPREHENSIVE ANNUAL FINANCIAL REPORT  
FOR THE FISCAL YEAR ENDED JUNE 30, 1998**

**CONTENTS**

Exhibit, Schedule or Table		Page
	<b><u>FINANCIAL SECTION</u></b>	
	<b>GENERAL PURPOSE FINANCIAL STATEMENTS (Continued) - PART I</b>	
I-A-7	Combining Balance Sheet - Component Units - All Fund Types June 30, 1998	11
I-A-8	Combining Balance Sheet - Component Units - Proprietary Fund Types June 30, 1998	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, 1998	14 - 15
I-A-10	Combining Statement of Cash Flows - Component Units - Proprietary Fund Types For the Fiscal Year Ended June 30, 1998	16 - 17
I-A-11	Combining Balance Sheet - Component Units - Governmental Fund Types June 30, 1998	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, 1998	19
I-A-13	Statement of Changes in Fund Balances - Community College Fund For the Fiscal Year Ended June 30, 1998	20
I-A-14	Statement of Current Funds Revenue, Expenditures and Other Changes - Community College Fund For the Fiscal Year Ended June 30, 1998	21
	Notes to Financial Statements	23 - 74
	<b>COMBINING STATEMENTS - PART II</b>	75 - 110
	A - Governmental Fund Types	75 - 92
	Special Revenue Funds	75 - 84
II-A-1	Combining Balance Sheet - Special Revenue Funds June 30, 1998	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, 1998	78 - 79

**CITY OF PHILADELPHIA  
COMPREHENSIVE ANNUAL FINANCIAL REPORT  
FOR THE FISCAL YEAR ENDED JUNE 30, 1998**

**CONTENTS**

Exhibit, Schedule or Table		Page
<b><u>FINANCIAL SECTION</u></b>		
<b>COMBINING STATEMENTS (Continued) - PART II</b>		
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, 1998	80 - 84
	Debt Service Funds	85 - 88
II-A-4	Combining Balance Sheet - Debt Service Funds June 30, 1998	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, 1998	87
	Capital Improvement Funds	89 - 92
II-A-6	Combining Balance - Capital Improvement Funds June 30, 1998	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, 1998	91
	B - Proprietary Fund Types	93 - 98
II-B-1	Combining Balance Sheet - Enterprise Funds June 30, 1998	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, 1998	96
II-B-3	Combining Statement of Cash Flows - Enterprise Funds For the Fiscal Year Ended June 30, 1998	97
	C - Fiduciary Fund Types	99 - 110
II-C-1	Combining Balance Sheet - Trust and Agency Funds June 30, 1998	100 - 103

**CITY OF PHILADELPHIA  
COMPREHENSIVE ANNUAL FINANCIAL REPORT  
FOR THE FISCAL YEAR ENDED JUNE 30, 1998**

**CONTENTS**

Exhibit, Schedule or Table		<u>Page</u>
<b><u>FINANCIAL SECTION</u></b>		
<b>COMBINING STATEMENTS (Continued) - PART II</b>		
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, 1998	105
II-C-3	Combining Statement of Revenues, Expenditures and Changes in Unreserved Fund Balances - Expendable Trust Funds For the Fiscal Year Ended June 30, 1998	106 - 107
II-C-4	Combining Statement of Changes in Assets and Liabilities - Agency Funds For the Fiscal Year Ended June 30, 1998	108 - 109
<b>ACCOUNT GROUP STATEMENTS - PART III</b>		111 - 118
III-A-1	Schedule of General Fixed Assets By Function June 30, 1998	112 - 113
III-A-2	Schedule of General Fixed Assets By Source June 30, 1998	114
III-A-3	Schedule of Changes in General Fixed Assets By Function For the Fiscal Year Ended June 30, 1998	115
III-A-4	Combining Statement of Changes in General Long-Term Debt For the Fiscal Year Ended June 30, 1998	116 - 117
III-A-5	Combining Statement of General Long-Term Debt June 30, 1998	118
<b>SUPPORTING SCHEDULES - PART IV</b>		119 - 132
IV-A-1	Summary Schedule of Investments - City Related Fund Types and Accounts June 30, 1998	121
IV-A-2	Schedule of Bonded Debt Outstanding - City Related June 30, 1998	122 - 123
IV-A-3	Schedule of Actual and Estimated Revenues - City Related General Fund - Legal Basis For the Fiscal Years Ended June 30, 1998 and 1997	124 - 125

**CITY OF PHILADELPHIA  
COMPREHENSIVE ANNUAL FINANCIAL REPORT  
FOR THE FISCAL YEAR ENDED JUNE 30, 1998**

**CONTENTS**

Exhibit, Schedule or Table		<u>Page</u>
<b><u>FINANCIAL SECTION</u></b>		
	<b>SUPPORTING SCHEDULES - (Continued) - PART IV</b>	119 - 132
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, 1998 and 1997	126 - 128
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, 1998	129
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, 1998	130
IV-A-7	Schedule of Actual and Estimated Revenues - City Related Enterprise Funds - Legal Basis For the Fiscal Years Ended June 30, 1998 and 1997	131
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, 1998 and 1997	132
<b><u>STATISTICAL SECTION</u></b>		
	<b>STATISTICAL TABLES - PART V</b>	133 - 160
1	Revenues by Major Source - City Related - Legal Basis For the Fiscal Years 1989 Through 1998	134
2	General Revenues - School District Related For the Fiscal Years 1989 Through 1998	135
3	Expenditures and Encumbrances by Program - City Related - Legal Basis For the Fiscal Years 1989 Through 1998	136
4	General Governmental Expenditures by Function - School District Related For the Fiscal Years 1989 Through 1998	137
5	Assessed and Market Value of Taxable Realty in Philadelphia For the Calendar Years 1989 Through 1998	138
6	Real Estate Tax Levies and Collections - School District Related For the Calendar/Fiscal Years 1989 Through 1998	139

**CITY OF PHILADELPHIA  
COMPREHENSIVE ANNUAL FINANCIAL REPORT  
FOR THE FISCAL YEAR ENDED JUNE 30, 1998**

**CONTENTS**

Exhibit, Schedule or <u>Table</u>		<u>Page</u>
<b><u>STATISTICAL SECTION</u></b>		
<b>STATISTICAL TABLES (Continued) - PART V</b>		
7	Real Property Taxes Levied and Collected - City Related For the Calendar Years 1989 Through 1998	140
8	Tax Rates of the City of Philadelphia and School District Real Estate Tax Rates For the Calendar Years 1989 Through 1998	141
9	City and School District Net Tax Supported Debt and Debt Service Ratios For the Fiscal Years 1989 Through 1998	142
10	Schedule of Debt Incurring Capacity - City Related July 1, 1998	143
11	Borrowing Base and Debt Limits - School District Related June 30, 1998	144
12	Schedule of Revenue Bond Rate Covenant Compliance as Required by Authorizing Ordinances - City Related For the Fiscal Years 1989 Through 1998	145
13	Tax Supported Bonded Debt - City Related For the Fiscal Years 1989 Through 1998	146
14	Annual Debt Service on Long-Term Debt - City Related As of June 30, 1998	147 - 150
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 1989 Through 1998	151
16	Comparative Schedule of Operations - City Municipal Pension Fund For the Fiscal Years 1989 Through 1998	152 - 153
17	Property Values and Authorized Construction For the Calendar Years 1988 Through 1997	154
18	Population Trend 1940 to 1997	155
19	Demographic Statistics For the Calendar Years 1988 Through 1997	156
20	Ten Largest 1995 Real Estate Assessments January 1, 1998	157

**CITY OF PHILADELPHIA  
COMPREHENSIVE ANNUAL FINANCIAL REPORT  
FOR THE FISCAL YEAR ENDED JUNE 30, 1998**

**CONTENTS**

Exhibit, Schedule or <u>Table</u>	<u>Page</u>
---	-------------

**STATISTICAL SECTION**

**STATISTICAL TABLES (Continued) - PART V**

21	Largest Employers in Philadelphia December 31, 1997	158
22	Miscellaneous Statistics June 30, 1998	159
23	School District Related Miscellaneous Statistics For the Fiscal Years 1994 Through 1998	160





# CITY OF PHILADELPHIA

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BEN HAYLLAR  
Director of Finance

December 29, 1998

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, 1998 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 group ("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 Inter-governmental 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, recreational activities and cultural events, as well as the activities of the previously mentioned public agencies and authorities.

## **ECONOMIC CONDITION AND OUTLOOK**

The City's commitment to fiscal responsibility and a balanced budget has led the City to its best budget performance in modern history; a cumulative \$169.2 million General Fund surplus at the end of Fiscal 1998 and its sixth consecutive balanced budget. After six years of disciplined effort to restore the City's finances and rebuild its economy, Philadelphians have begun to reap the rewards.

There is perhaps no better indicator of Philadelphia's progress than the tremendous level of new private investment being seen all across the City. At the former Philadelphia Naval Shipyard, one of the world's leading shipbuilders is bringing back an American industry under a historic 99-year agreement. Sparked by the phenomenal success of the Pennsylvania Convention Center, nine new hotel projects were announced, with seven already under construction, while major retail players chose to join the city's business community.

In Philadelphia's neighborhoods, the signs of rebirth and renewal are unmistakable. Plans were announced for the City's largest new housing development in more than four decades on the site of the historic US Naval Home in Grays Ferry. Across the neighborhoods of Philadelphia's Empowerment Zone, 56 new businesses have now moved in and 18 more have received financing for expansion, while many more new projects are underway.

Nationwide, the remarkable progress of Philadelphia continues to capture attention. A December 1997 story in *The Wall Street Journal* lauded the "enhanced outlook for the City" and the impact that "an unaccustomed wave of optimism, buoyed by a new convention center, a boom in hotel construction and initiatives by local leaders" has had on high-tech and even non-technological businesses, which view their future as "growing here, not looking to move now". Moreover, this renewed commitment to the city extends well beyond big business. As exemplified by the success of the Presidents' summit for America's future hosted in Philadelphia last spring, thousands of local residents are reinvesting in and rededicating themselves to their communities.

These accomplishments have generated what may be City government's most important and lasting achievement in this decade: the restoration of hope. Accordingly, the City will continue working to achieve the same objectives that have been at the core of the Administration's efforts to revitalize Philadelphia:

- Continue to maintain a balanced budget in the current year and future years providing a foundation for the stability and credibility of City government.
- Continue to improve Philadelphia's quality of life by further enhancing the municipal services that help to determine where employers and families will choose to locate
- Continue to reduce the tax burden for citizens and businesses alike, sending a message every year that Philadelphia is moving in the right direction and becoming a great place to do business.
- Continue to invest in the Economic Stimulus Program to help generate the sustained economic growth essential to reversing a long-term decline that at its low point in 1991 meant the loss of 2,700 jobs per month.

- Finally, city government must support the School District of Philadelphia, so that the City's children can receive a quality public education that prepares them for real opportunity and so that families can feel good about raising children in the city.

The city's successful recovery remains tempered by the critical challenges looming ahead. While Philadelphia's job loss has stemmed, its stubbornly slow economic recovery continues to lag behind the rest of the nation, and could easily slide downward again if the nation's historic economic growth should stall. Further, the impact of federal and state welfare cuts will likely hit with full force in FY 1999 as an estimated 38,000 former welfare recipients are forced to compete in a job market where the unemployment rate is high.

Nonetheless, given Philadelphia's remarkable progress since 1992, there is every reason to believe the City can meet the challenges ahead. City government can continue to make tough decisions necessary to keep its fiscal recovery on track, while at the same time working to provide more of the exciting economic opportunities that have generated a renewed sense of hope and optimism. Despite the many challenges that remain, thanks to restored financial stability, improving services, a decreasing tax burden, and the growing confidence of a business and financial community that has demonstrated its willingness to invest in the city's future - Philadelphia is now enjoying the benefits of its efforts and discipline.

## **MAJOR INITIATIVES**

For most Philadelphians, the progress of City government is not measured by whether the budget is in balance, or the pace of the city's economic development. Indeed, for most citizens, City government ultimately is about services: the quality and the delivery of services provided by the City in return for taxes paid. City services establish the quality of life for residents. 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 enhance its basic services.

Given the limitations on these local resources, the City has focused consistently on improving service quality through greater productivity without automatically increasing spending. At the same time, as the City's budget performance has continued to improve over the last six years, Philadelphia has also been able to reinvest some of its financial gains in targeted budget increases. Highlights of recent accomplishments and planned initiatives include the following:

- In 1997, the City continued its vital, increased investment in strengthening public safety. Another 100 Crime Bill officers will graduate from the Police Academy and 100 more will start training. The City created a 100 member Rapid Response Crime Team and tripled its Narcotics Strike Force charging this elite corps with targeting street corner drug activity and the resulting community breakdown and violence. To further improve the force's effectiveness, the City is investing in upgraded crime-fighting tools. 270 mobile data terminals (MDTs) began to be installed in police vehicles, and the City has budgeted to equip all patrol cars with MDTs by the end of Fiscal 1999. The City announced the acquisition of the City's first two police helicopters and is completing an upgrade to its 9-1-1 technology.
- The City's comprehensive anti-graffiti campaign continues to make the most of its expanded budget by aggressively attacking graffiti in neighborhoods throughout the City. In the first full year of the program, the City's new Graffiti Abatement Teams cleaned or painted over graffiti on 7,520 properties and street fixtures citywide. Funding is proposed for two additional crews to help keep an expanding number of Zero Tolerance zones graffiti-free, as well as for expansion of the City's popular Mural Arts program to create 55 new murals all across Philadelphia.

- The Department of Licenses and Inspections hired ten new housing inspectors and one new electrical inspector, and plans to hire four additional building inspectors. This will increase the number of code enforcement inspections to further reduce the risk of fires and hazards.
- In an innovative labor-management partnership with AFSCME District Council 47, the Recreation Department dramatically improved its summer meals program for low-income children. Through the efforts of both management and the union to promote and improve this service, 30 more facilities participated in the meals program last summer and a total of over 106,000 more free lunches were served and breakfasts were added to the program for the first time. Front-line City workers were given a chance to suggest program changes, and their ideas for improving the distribution of meals and clean up at participating centers were successfully adopted.
- In the Free Library of Philadelphia, the "Changing Lives" campaign is helping to transform the City's 52 branch and regional libraries. By January 2000, major system and design upgrades will have modernized every neighborhood library, as well as installing state-of-the-art computers linked to the Internet through a fiber optic network.
- The Health Department continued to upgrade its district health care centers in an ongoing initiative to become more competitive in an evolving health care market and to strengthen services for the uninsured in the wake of medical assistance cuts.
- The City's newly created nonprofit corporation, Community Behavioral Health, won the State contract to become the managed care administrator for behavioral health services for approximately 400,000 medical assistance recipients in Philadelphia. By integrating medical assistance funded treatment services with the City's traditional mental health and substance abuse programs, Community Behavioral Health has been able to provide better coordinated care, more cost-effectively.

The City's Economic Stimulus Program to spur business and job growth has led to the following:

- City and State officials signed an historic 99-year agreement to revitalize the Philadelphia Naval Shipyard as the center for a new US shipbuilding industry. This bold partnership will create at least 700 direct jobs within the next five years, and at least 500 more direct jobs - 1,200 or more in all - within a decade.
- The Pennsylvania Convention Center hosted more major conventions than New York City, Boston or Washington, DC. Sparked by this phenomenal success, nine new major hotel projects were announced totaling more than \$390 million in public and private investment and adding 2,937 new downtown hotel rooms.
- On the Avenue of the Arts, Broad Street - both North and South - continues its evolution into one of the most dynamic entertainment districts in the country. The historic Ridgway Library reopened as the Philadelphia High School for Creative & Performing Arts, a project creating a vibrant home for the 650 students attending this magnet school for the arts. The key project will be the newly reconfigured regional Performing Arts Center, which took a major step forward when a world class design team was selected.
- At Independence Park, the National Park Service unveiled its master site plan which will transform the experience of visitors to Philadelphia's greatest attraction. The plan includes a new Liberty Bell pavilion and a gateway Visitor's center, space for the National Constitution Center, improved underground parking, an outdoor cafe and much more

- On Penn's Landing, a major step forward was taken when the city signed a memorandum of understanding with the preeminent international developer of retail and entertainment complexes to develop a 500,000 square-foot family oriented urban entertainment complex. This project will incorporate a major new amphitheater for festivals and performances and a host of must-see attractions.
- At the Philadelphia International Airport, the City announced a new \$400 million development project that will more than double the airlines' overseas service from Philadelphia to include an anticipated 18 daily flights to 12 international cities.

For six years, the City of Philadelphia has worked to restore Philadelphia's future as a great American city. Building on the bedrock of fiscal stability, the City has dedicated itself to reducing the cost of government while at the same time improving the services that government provides.

Throughout the city's neighborhoods, with the rebirth of the Philadelphia Naval shipyard, and in the increasing vibrancy of Center City, Philadelphians are now beginning to experience the rewards of the City's commitment to responsible and cost-effective governance. The quality of municipal services is getting better, the cost of living is coming down and real economic and employment opportunities are emerging.

Nonetheless, as Philadelphia moves into the next century, the City faces enormous challenges that will continue to test its ability and resolve. If the city is to survive, and as is now becoming possible, to thrive, city government must stay true to the fundamental strategies of discipline and investment that renewed Philadelphia's hope.

## **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, 1997 found instances of material weaknesses in the internal control structure that could result in non-compliance with prevailing laws, but the audit did not disclose any material instances of noncompliance.

**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 \$169.2 million was reported at June 30, 1998 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:

(Amounts in Millions)				
		Percent of Total	Increase (Decrease) Over Fiscal 1997	Percent of Increase (Decrease)
<u>Revenues</u>	<u>Amount</u>			
Tax Revenue	\$ 1,715.4	74.1	\$ 39.7	2.4
Locally Generated Non-Tax Revenue	164.9	7.1	3.1	1.9
Revenue from Other Governments	422.2	18.2	1.5	0.4
Other Revenue	11.3	0.6	(2.3)	(16.9)
<u>Total</u>	<u>\$ 2,313.8</u>	<u>100.0</u>	<u>\$ 42.0</u>	

The increase in Tax Revenue resulted from the automation of collection systems and more timely delinquent billings.

(Amounts in Millions)				
		Percent of Total	Increase (Decrease) Over Fiscal 1997	Percent of Increase (Decrease)
<u>Expenditures</u>	<u>Amount</u>			
Economic Development	\$ 23.5	1.0	\$ 17.0	261.5
Transportation	103.7	4.5	1.9	1.9
Judiciary and Law Enforcement	869.4	38.1	5.1	0.6
Conservation of Health	140.3	6.1	4.4	3.2
Housing and Neighborhood Development	3.5	0.2	0.5	16.7
Cultural and Recreational	111.3	4.9	2.7	2.5
Improvement of General Welfare	413.3	18.1	23.0	5.9
Services to Property	267.7	11.7	2.4	0.9
General Management and Support	351.6	15.4	(8.2)	(2.3)
<u>Total</u>	<u>\$ 2,284.3</u>	<u>100.0</u>	<u>\$ 48.8</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 \$2,497.3 million in Fiscal 1998, an increase of 3.0% over Fiscal 1997. The amount of revenues from various sources and the resulting difference from Fiscal 1997 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 1997</u>	<u>Percent of Increase (Decrease)</u>
Tax Revenue	\$ 1,714.8	68.7	\$ 39.6	2.4
Locally Generated Non-Tax Revenue	180.9	7.2	2.2	1.2
Revenue from Other Governments	579.0	23.2	32.6	6.0
Other Revenue	22.6	0.9	(1.9)	(7.8)
<u>Total</u>	<u>\$ 2,497.3</u>	<u>100.0</u>	<u>\$ 72.5</u>	

The revenue increases have been previously addressed in this letter

Expenditures and Encumbrances on the budgetary basis for the General Fund totaled \$2,479.6 million, an increase of 1.0% over Fiscal 1997. The increase resulted primarily from increases in Employee Benefits. The increase in Employee Benefits is due to an increase in the City's contribution to the Municipal Employees Retirement fund. 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 1997</u>	<u>Percent of Increase (Decrease)</u>
Personal Services	\$ 974.2	39.3	\$ 3.8	0.4
Employee Benefits	471.0	19.0	14.4	3.2
Purchase of Services	736.0	29.7	--	--
Materials and Supplies	51.1	2.1	1.9	3.9
Equipment	25.1	1.0	2.0	8.7
Contributions, Indemnities and Taxes	79.9	3.2	(4.1)	(4.9)
Debt Service	84.1	3.4	(7.0)	(7.7)
Payments to Other Funds	28.7	1.2	4.9	20.6
Advances, Subsidies and Miscellaneous	29.5	1.1	(0.2)	(0.7)
<u>Total</u>	<u>\$ 2,479.6</u>	<u>100.0</u>	<u>\$ 15.7</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 1998, the Special Revenue Funds had combined revenue of \$1,210.5 million, expenditures of \$567.8 million, other financing uses of \$553.7 million and net decreases of \$2.2 million representing fund balance reserve adjustments, resulting in an overall increase in Unreserved Fund Balance of \$86.8 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 1997</u>	<u>Percent of Increase (Decrease)</u>
Tax Revenue	\$ 247.4	20.4	\$ 9.7	4.1
Locally Generated Non-Tax Revenue	69.3	5.7	28.5	69.9
Revenue from Other Governments	893.8	73.9	183.0	25.7
<u>Total</u>	<u>\$ 1,210.5</u>	<u>100.0</u>	<u>\$ 221.2</u>	

The increase in Revenue from Other Governments is due primarily to increased subsidies for public health related projects in the City's Grants Revenue Fund and the HealthChoices Behavioral Health Fund.

(Amounts in Millions)				
<u>Expenditures</u>	<u>Amount</u>	<u>Percent of Total</u>	<u>Increase (Decrease) Over Fiscal 1997</u>	<u>Percent of Increase (Decrease)</u>
Economic Development	\$ 6.5	1.1	\$ (2.8)	(30.1)
Transportation	22.8	4.0	2.2	10.7
Judiciary and Law Enforcement	49.0	8.6	6.6	15.6
Conservation of Health	350.7	61.8	(56.8)	(13.9)
Housing and Neighborhood Development	44.9	7.9	3.0	7.2
Cultural and Recreational	11.2	2.0	0.7	6.7
Improvement of General Welfare	28.7	5.1	(0.9)	(3.0)
Services to Property	2.1	0.4	(1.6)	(43.2)
General Management and Support	51.9	9.1	23.6	83.4
<u>Total</u>	<u>\$ 567.8</u>	<u>100.0</u>	<u>\$ (26.0)</u>	

The significant decrease in expenditures in Conservation of Health is due to the reclassification of HealthChoices Behavioral Health fund payments to the Community Behavioral Health fund as transfers, since the Community Behavioral Health fund is included as a component unit for the first time.



## 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 \$217.1 million, a decrease of \$12.8 million (5.6%) from Fiscal 1997 and expenditures and other financing uses of \$223.3 million, a decrease of \$5.9 million (2.6%) for Fiscal 1998. As a result, the Reserve for Debt Service decreased by \$6.2 million, increasing the Unreserved Fund Balance by \$0.1 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 and sewer 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 \$450.4 million and expenses of \$400.7 million, resulting in net profit from operations of \$49.7 million for the year. Non-operating expenses of \$25.4 million, net transfers in of \$12.7 million and other charges of \$10.6 million resulted in a net increase in retained earnings of \$26.4 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	
	<u>Fund</u>	<u>Fund</u>	<u>Fund</u>	<u>Totals</u>
Operating Revenues	\$ 339.1	\$ 106.9	\$ 4.4	\$ 450.4
Operating Expenses	<u>274.6</u>	<u>120.3</u>	<u>5.8</u>	<u>400.7</u>
Operating Income (Loss)	<u>64.5</u>	<u>(13.4)</u>	<u>(1.4)</u>	<u>49.7</u>
Non-Operating Revenues				
(Expenses) - Net	(44.7)	20.0	(0.7)	(25.4)
Transfers (To) From Other Funds	(4.1)	--	--	(4.1)
Transfers (To) From Component Units	(2.8)	19.6	--	16.8
Other Credits (Charges) - Net	<u>(20.2)</u>	<u>9.6</u>	<u>--</u>	<u>(10.6)</u>
Net Change in Retained Earnings	(7.3)	35.8	(2.1)	26.4
Retained Earnings, July 1, 1997	<u>(32.1)</u>	<u>93.9</u>	<u>11.0</u>	<u>72.8</u>
Retained Earnings, June 30, 1998	\$ <u>(39.4)</u>	\$ <u>129.7</u>	\$ <u>8.9</u>	\$ <u>99.2</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 1998 was based upon the Actuarial Valuation Report dated July 1, 1996 and after credits for advance payments amounted to \$252.1 million.

The Actuarial Valuation Report dated July 1, 1997 shows the Municipal Pension Fund's actuarial accrued liability to be \$5.3 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, 1997, for actuarial purposes, amounted to \$2.7 billion, which results in a net unfunded actuarial accrued liability of \$2.6 billion as of that date. This report reflects an increase in the unfunded liability of \$16.3 million.

## **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, 1998 the City (Primary Government) had \$4.4 billion debt issues outstanding. These issues included \$2.0 billion of general obligation bonds and \$2.4 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 Investors Service on its bond issues are as follows:

	<b><u>Moody's Investors Service</u></b>	<b><u>Standard &amp; Poor's Corporation</u></b>	<b><u>Fitch Investors Service</u></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, 1998 the City's (excluding component units) net general obligation bonded debt of \$850.0 million was \$365.4 million below the legal limit of \$1,215.4 million.

The following schedule presents a synopsis of activity in the bonded debt of the City and its component units for Fiscal 1998:

(Amounts in Millions)

	Governmental Fund Types				Enterprise Funds			
	City General Fund	Municipal Authority Fund	PICA	Totals	Water Fund	Aviation Fund	Totals	Totals All Funds
Bonded Debt Outstanding, July 1, 1997	\$ 512.0	\$ 415.0	\$ 1,102.4	\$ 2,029.4	\$ 1,561.1	\$ 511.4	\$ 2,072.5	\$ 4,101.9
Bonds Issued:								
General Obligation	-	23.0	-	23.0	-	-	-	23.0
Revenue	-	-	-	-	350.0	98.7	448.7	448.7
Revenue Refunding	-	-	-	-	-	247.0	247.0	247.0
Total Bonds Issued	-	23.0	-	23.0	350.0	345.7	695.7	718.7
Bonds Matured/Refunded:								
General Obligation	37.9	19.0	47.4	104.3	3.7	10.0	13.7	118.0
General Obligation Refunded	-	20.4	-	20.4	-	-	-	20.4
Revenue	-	-	-	-	45.7	11.6	57.3	57.3
Revenue Refunded	-	-	-	-	-	250.0	250.0	250.0
Total Bonds Matured/Refunded	37.9	39.4	47.4	124.7	49.4	271.6	321.0	445.7
Bonded Debt Outstanding, June 30, 1998:								
General Obligation	474.1	398.6	1,055.0	1,927.7	21.0	40.0	61.0	1,988.7
Revenue	-	-	-	-	1,840.7	545.5	2,386.2	2,386.2
Total Bonded Debt Outstanding, June 30, 1998	474.1	398.6	1,055.0	1,927.7	1,861.7	585.5	2,447.2	4,374.9
Sinking Fund Assets Available for Payment of Principal	-	7.2	86.7	93.9	149.1	45.7	194.8	288.7
Net Debt	\$ 474.1	\$ 391.4	\$ 968.3	1,833.8	\$ 1,712.6	\$ 539.8	\$ 2,252.4	\$ 4,086.2

## 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 \$18.7 million on all investments of its pooled cash and investment account (Consolidated Cash) for the fiscal year ended June 30, 1998.

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 3.8% of investments held by the City during the year and at June 30, 1998, 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, a separately 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, 1997. This was the eighteenth 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,

Ben Hayllar  
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, 1997

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.



*Douglas R. Ellsworth*  
President

*Jeffrey L. Esser*  
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

### AUDITING DEPARTMENT

### OFFICE OF THE MAYOR

- CHIEF OF STAFF
- DEPUTY MAYORS
- INSPECTOR GENERAL
- ADVISORY BOARDS

### 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

### INDEPENDENT BOARDS AND COMMISSIONS

CITY  
PLANNING  
COMMISSION

COMMISSION  
ON HUMAN  
RELATIONS

CIVIL  
SERVICE  
COMMISSION

BOARD OF  
PENSIONS &  
RETIREMENT

BOARD OF  
TRUSTEES OF  
FREE LIBRARY

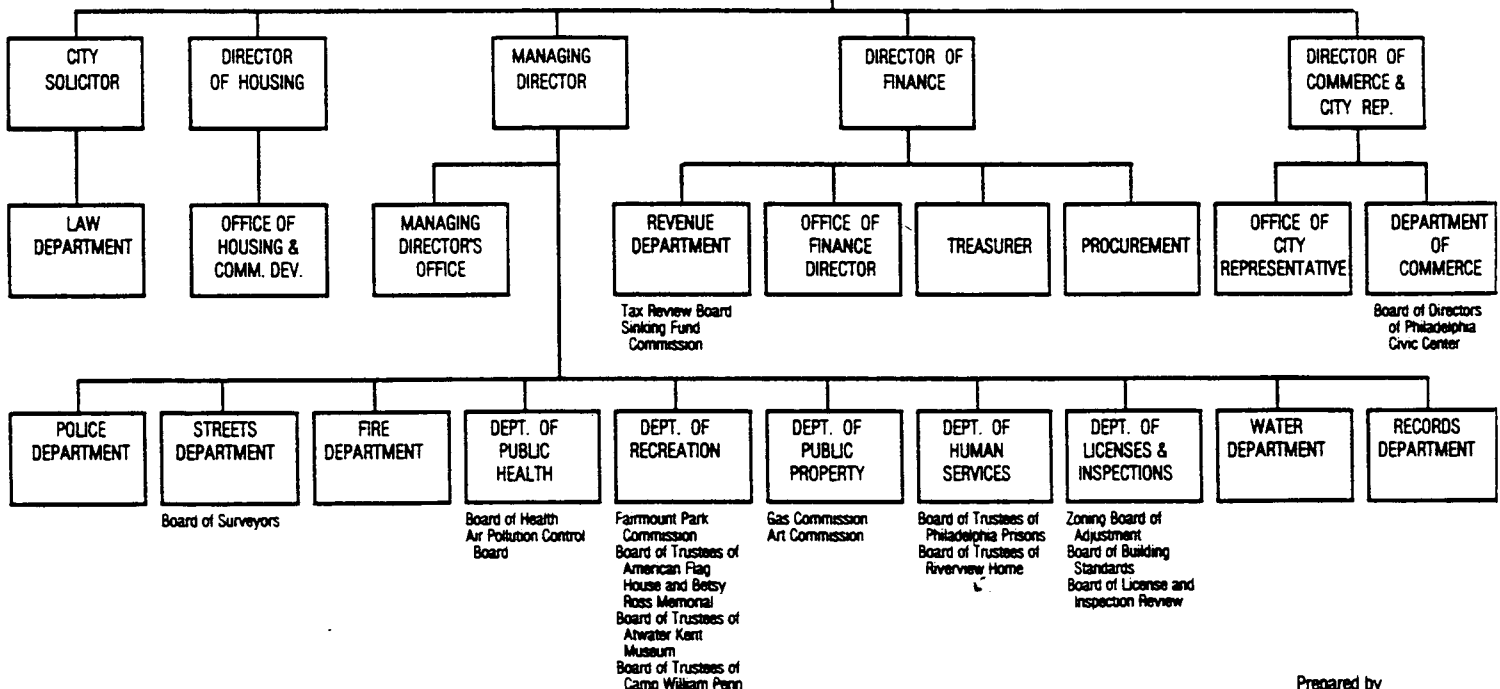
PERSONNEL  
DIRECTOR

PERSONNEL  
OFFICE

### 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 1992

CITY OF PHILADELPHIA  
LISTING OF PRINCIPAL OFFICIALS  
AS OF JUNE 30, 1998

Elected Officials

Mayor	Edward G. Rendell
City Council	
President, 5th District	John F. Street
Councilperson, 1st District	Frank DiCicco
Councilperson, 2nd District	Anna Cibotti Verna
Councilperson, 3rd District	Jannie L. Blackwell
Councilperson, 4th District	Michael A. Nutter
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	Happy Fernandez
Councilperson-at-Large	James F. Kenney
Councilperson-at-Large	W. Thacher Longstreth
Councilperson-at-Large	Angel Ortiz
Councilperson-at-Large	Frank Rizzo
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
Court of Common Pleas	
President Judge	Alex Bonavitacola
Municipal Court	
President Judge	Alan K. Silberstein
Traffic Court	
President Judge	Charles H. Cuffeld



CITY OF PHILADELPHIA  
LISTING OF PRINCIPAL OFFICIALS  
AS OF JUNE 30, 1998

Appointed City Officials

Director of Finance	Ben Hayllar
Managing Director	Joseph Certaine
City Representative and Director of Commerce	Stephen P. Mullin
City Solicitor	Stephanie Franklin-Suber
Director of Housing	John Kromer
City Treasurer	Thomas Queenan
Revenue Commissioner	Nancy Kammerdeiner
Procurement Commissioner	Louis Applebaum
Police Commissioner	John Timoney
Streets Commissioner	Lawrence M. Moy
Fire Commissioner	Harold B. Hairston
Health Commissioner	Estelle Richman
Recreation Commissioner	Michael DiBerardinis
Public Property Commissioner	Andres Perez, Jr.
Human Services Commissioner	Joan M. Reeves
Licenses and Inspections Commissioner	Francis Egan
Water Commissioner	Kumar Kishinchand
Records Commissioner	Joan Decker
Personnel Director	Linda 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
Managing Director	Clarence Armbrister





# CITY OF PHILADELPHIA

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, 1998, 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.

Except as discussed in the following paragraph, 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, Philadelphia Parking Authority, and the Deferred Compensation Fund 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.

Governmental Accounting Standards Board Technical Bulletin 98-1, *Disclosures about Year 2000 Issues*, requires disclosure of certain matters regarding the year 2000 issue. The City of Philadelphia has included such disclosure in Note IV-11. 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. Accordingly, insufficient audit evidence exists to support the City of Philadelphia's disclosures with respect to the year 2000 issue made in Note IV-11. Further, we do not provide assurance 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 will be year 2000 ready.

CITY OF PHILADELPHIA  
OFFICE OF THE CONTROLLER

In our opinion, except for the effects of such adjustments, if any, as might have been determined to be necessary had we been able to examine evidence regarding year 2000 disclosures, 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, 1998, 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.

As discussed in Note IV-10A, the City has changed its method of accounting for pension expense. In addition, the City has changed the reporting period for the Philadelphia Gas Works and reclassified it from a primary government fund to a discretely presented component unit, as discussed in Note IV-13.

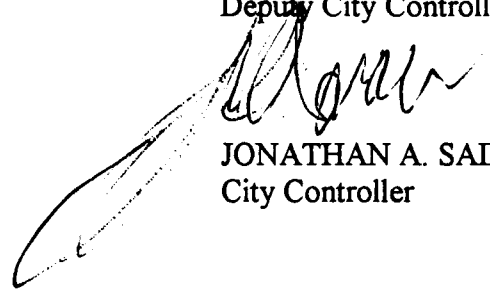
In accordance with Government Auditing Standards, we have also issued our report dated December 29, 1998 on our consideration of the City of Philadelphia's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grants.

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 this report and, accordingly, we express no opinion on such data.

December 29, 1998

  
ALBERT F. SCAPEROTTO, CPA  
Deputy City Controller

  
JONATHAN A. SAIDEL, CPA  
City Controller

## **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, 1998

Line No.		Governmental Fund Types			
		General Fund	Special Revenue Funds	Debt Service Funds	Capital Improvements Funds
	<u>Assets and Other Debits</u>				
1	Cash on Deposit and on Hand	\$ 4,079,552	\$ 12,868,811	\$ -	\$ -
2	Equity in Pooled Cash and Investments	-	-	-	-
3	Equity in Treasurer's Account	193,517,587	226,303,838	2,772,488	66,528,985
4	Investments	-	69,115,259	92,147,589	40,672,875
5	Due from Other Funds	17,428,227	263,164	-	-
6	Due from Primary Government	-	-	-	-
7	Due from Component Units	10,498,423	-	-	410,131
8	Amounts Held by Fiscal Agent	-	-	-	-
9	Notes Receivable	38,874,640	-	-	-
10	Taxes Receivable	230,613,004	226,425	-	-
11	Accounts Receivable	61,074,138	7,565,311	-	685,630
12	Allowance for Doubtful Accounts	(165,632,542)	(126,868)	-	(185,630)
13	Interest and Dividends Receivable	579,844	879,088	5,605,433	468,354
14	Due from Other Governmental Units	174,512,048	95,783,190	-	13,235,158
15	Inventories	13,485,327	-	-	-
16	Restricted Assets - Cash and Cash Equivalents	-	-	-	-
17	Restricted Assets - Other Assets	-	-	-	-
18	Property, Plant and Equipment - Net	-	-	-	-
19	Other Assets	-	11,940	-	-
20	Amount Available in Debt Service Funds	-	-	-	-
21	Amount to be Provided for Retirement of Long-Term Obligations	-	-	-	-
22	<u>Total Assets and Other Debits</u>	<u>\$ 579,030,248</u>	<u>\$ 412,890,158</u>	<u>\$ 100,525,510</u>	<u>\$ 121,815,503</u>
	<u>Liabilities and Fund Equity</u>				
23	Notes Payable	\$ -	\$ -	\$ -	\$ -
24	Vouchers and Accounts Payable	99,351,517	43,051,495	2,664,347	20,192,242
25	Salaries and Wages Payable	56,168,276	2,057,608	-	107,019
26	Payroll Taxes Payable	-	-	-	-
27	Accrued Expenses	-	-	-	-
28	Due to Other Funds	698,754	17,428,227	263,164	-
29	Due to Primary Government	-	-	-	-
30	Due to Component Units	-	21,844,329	-	-
31	Funds Held in Escrow and Advance Deposits	6,629,588	6,530,759	-	17,774,656
32	Due to Other Governmental Units	735,224	2,581	-	-
33	Deferred Compensation	-	-	-	-
34	Deferred Revenue	103,737,401	40,786,659	-	500,000
35	General Obligation Bonds	-	-	-	-
36	Revenue Bonds	-	-	-	-
37	Unamortized Loss - Refunded Debt	-	-	-	-
38	Unamortized Discount on Revenue Bonds	-	-	-	-
39	Obligations Under Capital Leases	-	-	-	-
40	Other Liabilities	8,597,130	-	-	-
41	<u>Total Liabilities</u>	<u>275,917,890</u>	<u>131,701,658</u>	<u>2,927,511</u>	<u>38,573,917</u>
	<u>Fund Equity and Other Credits:</u>				
42	Investment in General Fixed Assets	-	-	-	-
43	Contributed Capital - Local Sources	-	-	-	-
44	Contributed Capital - Other Sources	-	-	-	-
	<u>Retained Earnings:</u>				
45	Reserved	-	-	-	-
46	Unreserved	-	-	-	-
	<u>Fund Balances:</u>				
47	Reserved	133,910,458	137,089,580	96,717,999	71,929,595
	<u>Unreserved:</u>				
48	Designated	-	140,951,406	-	-
49	Undesignated Fund Balance	169,201,900	3,147,514	880,000	11,311,991
50	<u>Total Unreserved Fund Balances</u>	<u>169,201,900</u>	<u>144,098,920</u>	<u>880,000</u>	<u>11,311,991</u>
51	<u>Total Fund Equity and Other Credits</u>	<u>303,112,358</u>	<u>281,188,500</u>	<u>97,597,999</u>	<u>83,241,586</u>
52	<u>Total Liabilities, Fund Equity and Other Credits</u>	<u>\$ 579,030,248</u>	<u>\$ 412,890,158</u>	<u>\$ 100,525,510</u>	<u>\$ 121,815,503</u>

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

## EXHIBIT I-A-1

Proprietary Fund Type	Fiduciary Fund Types	Account Groups		Totals Primary Government (Memorandum Only)	Component Units**	Totals Reporting Entity (Memorandum Only)	Line No.
Enterprise Funds	Trust and Agency Funds	General Fixed Assets	General Long-Term Debt				
\$ 30,000	\$ 36,299,666	\$ -	\$ -	\$ 53,278,029	\$ 52,812,188	\$ 106,090,217	1
-	-	-	-	-	137,967,320	137,967,320	2
114,582,643	3,756,960,334	-	-	4,360,665,875	-	4,360,665,875	3
-	23,740,336	-	-	225,676,059	186,053,062	411,729,121	4
-	698,754	-	-	18,390,145	-	18,390,145	5
-	-	-	-	-	16,102,869	16,102,869	6
-	-	-	-	10,908,554	-	10,908,554	7
-	245,979,470	-	-	245,979,470	51,687,355	297,666,825	8
-	-	-	-	38,874,640	10,340,826	49,215,466	9
-	-	-	-	230,839,429	214,691,332	445,530,761	10
218,025,165	7,834,044	-	-	295,184,288	280,604,507	575,788,795	11
(136,999,216)	-	-	-	(302,944,256)	(243,151,472)	(546,095,728)	12
-	23,053,115	-	-	30,585,834	3,881,665	34,467,499	13
-	3,134,141	-	-	286,664,537	46,522,802	333,187,339	14
35,505,005	94,874	-	-	49,085,206	88,298,049	137,383,255	15
710,168,285	-	-	-	710,168,285	29,064,629	739,232,914	16
256,372,814	-	-	-	256,372,814	290,988,363	547,361,177	17
2,209,708,164	-	2,734,446,036	-	4,944,154,200	3,725,181,034	8,669,335,234	18
1,893,173	541,821,556	-	-	543,726,669	203,677,829	747,404,498	19
-	-	-	93,945,511	93,945,511	45,971,726	139,917,237	20
-	-	-	2,106,852,567	2,106,852,567	1,302,327,906	3,409,180,473	21
<u>\$ 3,409,286,033</u>	<u>\$ 4,639,616,290</u>	<u>\$ 2,734,446,036</u>	<u>\$ 2,200,798,078</u>	<u>\$ 14,198,407,856</u>	<u>\$ 6,443,021,990</u>	<u>\$ 20,641,429,846</u>	22
\$ -	\$ -	\$ -	\$ -	\$ -	\$ 199,375,732	\$ 199,375,732	23
41,644,707	4,839,877	-	-	211,744,185	301,533,185	513,277,370	24
4,260,702	96,797	-	-	62,690,402	51,501,440	114,191,842	25
-	1,354,043	-	-	1,354,043	48,049	1,402,092	26
41,072,319	463,398	-	-	41,535,717	114,883,173	156,418,890	27
-	-	-	-	18,390,145	-	18,390,145	28
-	-	-	-	-	37,406,062	37,406,062	29
-	-	-	-	21,844,329	79,473,818	101,318,147	30
-	66,944,973	-	-	97,879,976	11,753,347	109,633,323	31
-	1,016,878	-	-	1,754,683	18,206,007	19,960,690	32
-	246,739,828	-	-	246,739,828	-	246,739,828	33
31,866,955	4,783,927	-	-	181,674,942	88,502,524	270,177,466	34
61,030,439	-	-	1,927,697,613	1,988,728,052	741,261,768	2,729,989,820	35
2,386,215,000	-	-	-	2,386,215,000	1,075,312,458	3,461,527,458	36
(140,489,631)	-	-	-	(140,489,631)	-	(140,489,631)	37
(72,826,536)	-	-	-	(72,826,536)	(27,652,673)	(100,479,209)	38
-	-	-	71,210,000	71,210,000	-	71,210,000	39
1,592,789	632,417,640	-	201,890,465	844,498,024	669,951,766	1,514,449,790	40
<u>2,354,366,744</u>	<u>958,657,361</u>	<u>-</u>	<u>2,200,798,078</u>	<u>5,962,943,159</u>	<u>3,361,556,656</u>	<u>9,324,499,815</u>	41
-	-	2,734,446,036	-	2,734,446,036	2,448,928,044	5,183,374,080	42
91,952,941	-	-	-	91,952,941	31,738,558	123,691,499	43
629,012,002	-	-	-	629,012,002	97,692,626	726,704,628	44
234,722,676	-	-	-	234,722,676	17,308,388	252,031,064	45
99,231,670	-	-	-	99,231,670	241,891,547	341,123,217	46
-	4,824,528	-	-	444,472,160	266,763,958	711,236,118	47
-	3,676,134,401	-	-	3,817,085,807	2,584,483	3,819,670,290	48
-	-	-	-	184,541,405	(25,442,270)	159,099,135	49
-	3,676,134,401	-	-	4,001,627,212	(22,857,787)	3,978,769,425	50
<u>1,054,919,289</u>	<u>3,680,958,929</u>	<u>2,734,446,036</u>	<u>-</u>	<u>8,235,464,697</u>	<u>3,081,465,334</u>	<u>11,316,930,031</u>	51
<u>\$ 3,409,286,033</u>	<u>\$ 4,639,616,290</u>	<u>\$ 2,734,446,036</u>	<u>\$ 2,200,798,078</u>	<u>\$ 14,198,407,856</u>	<u>\$ 6,443,021,990</u>	<u>\$ 20,641,429,846</u>	52

\*\* The Component Unit Balance Sheet includes the Philadelphia Gas Works Fund which is presented as of the close of their fiscal year, August 31, 1997, the Philadelphia Parking Authority Fund and the Philadelphia Housing Authority which are presented as of the close of their fiscal year, March 31, 1998 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, 1997.

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, 1998

	Governmental Fund Types		
	General Fund	Special Revenue Funds	Debt Service Funds
Revenues:			
Tax Revenue	\$ 1,715,379,957	\$ 247,385,634	\$ -
Locally Generated Non-Tax Revenue	164,912,619	69,314,673	14,829,954
Revenue from Other Governments	422,188,912	893,783,298	-
Other Revenues	11,298,470	-	-
<u>Total Revenues</u>	<u>2,313,779,958</u>	<u>1,210,483,605</u>	<u>14,829,954</u>
Expenditures:			
Current Operating:			
Economic Development	23,528,726	6,498,562	-
Transportation	103,667,238	22,809,195	-
Judiciary and Law Enforcement	869,388,339	49,023,136	-
Conservation of Health	140,270,146	350,659,133	-
Housing and Neighborhood Development	3,530,387	44,869,618	-
Cultural and Recreational	111,305,390	11,193,957	-
Improvement of General Welfare	413,338,253	28,702,511	-
Services to Property	267,726,105	2,105,682	-
General Management and Support	351,554,661	51,911,625	-
Education	-	-	-
Capital Outlay	-	-	-
Debt Service:			
Principal	-	-	107,416,592
Interest	-	-	115,847,117
Lease Purchase	-	-	-
<u>Total Expenditures</u>	<u>2,284,309,245</u>	<u>567,773,419</u>	<u>223,263,709</u>
Excess of Revenues Over (Under) Expenditures	<u>29,470,713</u>	<u>642,710,186</u>	<u>(208,433,755)</u>
Other Financing Sources (Uses):			
Proceeds from Bond Sales	-	-	43,436,184
Defeasement	-	-	(20,405,000)
Operating Transfers In	140,792,157	1,072,051	202,280,377
Operating Transfers Out	(109,996,775)	(253,705,635)	(23,076,334)
Operating Transfers From Component Units	44,621,184	-	-
Operating Transfers To Component Units	(70,419,445)	(301,084,555)	-
Operating Transfers From Primary Government	-	-	-
Other	-	-	-
<u>Total Other Financing Sources (Uses)</u>	<u>4,997,121</u>	<u>(553,718,139)</u>	<u>202,235,227</u>
Excess of Revenues and Other Sources Over (Under) Expenditures and Other Uses	<u>34,467,834</u>	<u>88,992,047</u>	<u>(6,198,528)</u>
Net Income (Loss) from Proprietary Operations	-	-	-
Other Changes in Unreserved Fund Equity:			
(Increase) Decrease in Reserve for Encumbrances	5,951,172	(1,079,246)	-
Decrease in Reserve for Intergovernmental Financing	-	11,123,801	-
(Increase) in Reserve for Intergovernmentally Financed Programs	-	(820,385)	-
(Increase) in Reserve for Public Safety	-	-	-
Emergency Phone System	-	(5,379,864)	-
(Increase) in Reserve for Managed Care	-	(6,039,991)	-
Net Change in Propriety Equity Accounts	-	-	-
(Increase) in Reserve for Self Insurance	-	-	-
(Increase) in Reserve for Tax Lien Proceeds	-	-	-
Decrease in Reserve for Designated Fund Balance	-	-	-
Decrease in Reserve for Debt Service	-	-	6,278,528
Net Change in Unreserved Fund Equity for the Year	<u>40,419,006</u>	<u>86,796,362</u>	<u>80,000</u>
Fund Equity - Unreserved, July 1, 1997	<u>128,782,894</u>	<u>57,302,558</u>	<u>800,000</u>
Prior Period Adjustments	-	-	-
Fund Equity - Unreserved, July 1, 1997, as Adjusted	<u>128,782,894</u>	<u>57,302,558</u>	<u>800,000</u>
Fund Equity - Unreserved, June 30, 1998	<u>\$ 169,201,900</u>	<u>\$ 144,098,920</u>	<u>\$ 880,000</u>

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



## EXHIBIT I-A-2

	Fiduciary Fund Types		Totals Primary Government (Memorandum Only)	Component Units  Governmental Fund Types	Totals Reporting Entity (Memorandum Only)
Capital Improvement Funds	Expendable Trust Funds				
\$ -	\$ -	\$ 1,962,765,591	\$ 529,389,211	\$ 2,492,154,802	
2,937,619	6,337,533	258,332,398	77,805,219	336,137,617	
11,224,018	-	1,327,196,228	1,313,715,462	2,640,911,690	
734,462	-	12,032,932	6,060,375	18,093,307	
<u>14,896,099</u>	<u>6,337,533</u>	<u>3,560,327,149</u>	<u>1,926,970,267</u>	<u>5,487,297,416</u>	
-	-	30,027,288	-	30,027,288	
-	-	126,476,433	178,382,816	304,859,249	
-	833,522	919,244,997	-	919,244,997	
-	-	490,929,279	-	490,929,279	
-	-	48,400,005	163,851,687	212,251,692	
-	5,137,339	127,636,686	-	127,636,686	
-	89,171	442,129,935	-	442,129,935	
-	-	269,831,787	171,477,969	441,309,756	
-	51,189	403,517,475	113,585,885	517,103,360	
-	-	-	1,103,205,653	1,103,205,653	
134,433,959	-	134,433,959	257,115,757	391,549,716	
-	-	107,416,592	-	107,416,592	
-	-	115,847,117	13,509,689	129,356,806	
-	-	-	38,206,217	38,206,217	
<u>134,433,959</u>	<u>6,111,221</u>	<u>3,215,891,553</u>	<u>2,039,335,673</u>	<u>5,255,227,226</u>	
<u>(119,537,860)</u>	<u>226,312</u>	<u>344,435,596</u>	<u>(112,365,406)</u>	<u>232,070,190</u>	
-	-	43,436,184	-	43,436,184	
-	-	(20,405,000)	-	(20,405,000)	
46,087,568	749,257	390,981,410	-	390,981,410	
-	-	(386,778,744)	-	(386,778,744)	
-	-	44,621,184	6,480,438	51,101,622	
(13,406,322)	-	(384,910,322)	(40,240)	(384,950,562)	
-	-	-	14,750,000	14,750,000	
<u>(988,566)</u>	<u>-</u>	<u>(988,566)</u>	<u>-</u>	<u>(988,566)</u>	
<u>31,692,680</u>	<u>749,257</u>	<u>(314,043,854)</u>	<u>21,190,198</u>	<u>(292,853,656)</u>	
(87,845,180)	975,569	30,391,742	(91,175,208)	(60,783,466)	
-	-	-	3,559,368	3,559,368	
(18,063,789)	(127,258)	(13,319,121)	(32,366,622)	(45,685,743)	
-	-	11,123,801	-	11,123,801	
-	-	(820,385)	-	(820,385)	
-	-	(5,379,864)	-	(5,379,864)	
-	-	(6,039,991)	-	(6,039,991)	
-	-	-	(4,772,604)	(4,772,604)	
-	-	-	(1,524,961)	(1,524,961)	
-	-	-	10,087,023	10,087,023	
-	-	-	98,577	98,577	
-	-	6,278,528	-	6,278,528	
<u>(105,908,969)</u>	<u>848,311</u>	<u>22,234,710</u>	<u>(116,094,427)</u>	<u>(93,859,717)</u>	
117,220,960	2,893,002	306,999,414	101,115,706	408,115,120	
-	-	-	(7,879,066)	(7,879,066)	
<u>117,220,960</u>	<u>2,893,002</u>	<u>306,999,414</u>	<u>93,236,640</u>	<u>400,236,054</u>	
<u>\$ 11,311,991</u>	<u>\$ 3,741,313</u>	<u>\$ 329,234,124</u>	<u>\$ (22,857,787)</u>	<u>\$ 306,376,337</u>	

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, 1998

	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	\$ 374,766,279	\$ -	\$ 374,766,279	\$ 665,319,702	\$ 1,040,085,981
Sales of Land and Improvements	4,221,810	-	4,221,810	2,177,661	6,399,471
Rentals and Concessions	64,986,413	-	64,986,413	108,019,829	173,006,242
Interest and Dividends	-	198,843	198,843	-	198,843
Net Increase(Decrease) in the Fair Value of Investments	-	1,077,460	1,077,460	-	1,077,460
Miscellaneous Operating Revenues	6,441,410	32,251	6,473,661	13,563,785	20,037,446
<u>Total Operating Revenues</u>	<u>450,415,912</u>	<u>1,308,554</u>	<u>451,724,466</u>	<u>789,080,977</u>	<u>1,240,805,443</u>
Operating Expenses:					
Personal Services	120,245,778	-	120,245,778	108,513,039	228,758,817
Purchase of Services	86,233,586	-	86,233,586	122,683,132	208,916,718
Materials and Supplies	23,751,626	-	23,751,626	8,086,884	31,838,510
Employee Benefits	49,619,063	-	49,619,063	20,379,832	69,998,895
Indemnities and Taxes	4,680,907	-	4,680,907	1,175,847	5,856,754
Depreciation and Amortization	110,282,533	-	110,282,533	51,652,999	161,935,532
Cost of Goods Sold	5,843,390	-	5,843,390	298,016,848	303,860,238
Other Operating Expenses	-	128,739	128,739	313,771,093	313,899,832
<u>Total Operating Expenses</u>	<u>400,656,883</u>	<u>128,739</u>	<u>400,785,622</u>	<u>924,279,674</u>	<u>1,325,065,296</u>
Operating Income (Loss)	<u>49,759,029</u>	<u>1,179,815</u>	<u>50,938,844</u>	<u>(135,198,697)</u>	<u>(84,259,853)</u>
Non-Operating Revenues (Expenses):					
Operating Grants	8,361,859	-	8,361,859	26,973,442	35,335,301
Passenger Facility Charges	31,083,182	-	31,083,182	-	31,083,182
Other Income	-	-	-	12,298,460	12,298,460
Interest Income	60,188,709	-	60,188,709	18,085,471	78,274,180
Debt Service - Interest	(121,515,182)	-	(121,515,182)	(70,116,562)	(191,631,744)
Other Expenses	(3,535,200)	-	(3,535,200)	(14,140,565)	(17,675,765)
<u>Total Non-Operating Revenues (Expenses)</u>	<u>(25,416,632)</u>	<u>-</u>	<u>(25,416,632)</u>	<u>(26,899,754)</u>	<u>(52,316,386)</u>
Income (Loss) Before Operating Transfers	24,342,397	1,179,815	25,522,212	(162,098,451)	(136,576,239)
Operating Transfers Out	(4,137,590)	(65,076)	(4,202,666)	-	(4,202,666)
Operating Transfers from Component Unit	19,565,769	-	19,565,769	40,240	19,606,009
Operating Transfers to Component Unit	(2,825,632)	-	(2,825,632)	(6,480,438)	(9,306,070)
Operating Transfers from Primary Government	-	-	-	241,964,460	241,964,460
Operating Transfers to Primary Government	-	-	-	(65,293,286)	(65,293,286)
<u>Net Income</u>	<u>36,944,944</u>	<u>1,114,739</u>	<u>38,059,683</u>	<u>8,132,525</u>	<u>46,192,208</u>
Other Changes in Unreserved Retained Earnings:					
Credit Arising from Transfer of Depreciation to Contributed Capital - Other Sources	29,624,494	-	29,624,494	-	29,624,494
(Increase) in Reserve for Capital Purposes	(386,048)	-	(386,048)	-	(386,048)
(Increase) in Reserve for Trust Principal	-	(562,657)	(562,657)	-	(562,657)
(Increase) in Reserve for Debt Service	-	-	-	(1,278,090)	-
(Increase) in Reserve for Rate Stabilization	(39,846,881)	-	(39,846,881)	-	(39,846,881)
Net Change in Unreserved Retained Earnings/ Fund Balance for the Year	26,336,509	552,082	26,888,591	6,854,435	35,021,116
Retained Earnings/Fund Balance - Unreserved, July 1, 1997	(18,830,731)	3,514,923	(15,315,808)	235,037,112	219,721,304
Adjustments	91,725,892	(1,094,568)	90,631,324	-	90,631,324
Retained Earnings/Fund Balance - Unreserved, July 1, 1997, as Adjusted	<u>72,895,161</u>	<u>2,420,355</u>	<u>75,315,516</u>	<u>235,037,112</u>	<u>310,352,628</u>
Retained Earnings/Fund Balance - Unreserved, June 30, 1998	<u>\$ 99,231,670</u>	<u>\$ 2,972,437</u>	<u>\$ 102,204,107</u>	<u>\$ 241,891,547</u>	<u>\$ 344,095,654</u>

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, 1998

EXHIBIT I-A-4

	Proprietary Fund Types  Enterprise Funds	Fiduciary Fund Types Departmental Non-Expendable Trust Funds	Totals Primary Government (Memorandum Only)	Component Units  Enterprise Funds	Totals Reporting Entity (Memorandum Only)
Cash Flows from Operating Activities:					
Operating Income (Loss)	\$ 49,759,029	\$ 1,179,815	\$ 50,938,844	\$ (135,198,697)	\$ (84,259,853)
Adjustments to Reconcile Operating Income to Net Cash Provided by Operating Activities:					
Depreciation and Amortization	110,282,533	-	110,282,533	51,653,347	161,935,880
Provision for Uncollectible Accounts	9,841,791	-	9,841,791	(5,872,976)	3,968,815
Investing Activities	-	(1,074,647)	(1,074,647)	741,503	(333,144)
Changes in Assets and Liabilities:					
(Increase) Decrease in Receivables	8,801,949	(57,330)	8,744,619	(22,225,113)	(13,480,494)
(Increase) Decrease in Inventories	4,142,666	-	4,142,666	6,903,713	11,046,379
(Increase) Decrease in Other Current Assets	-	-	-	1,406,624	1,406,624
(Increase) Decrease in Other Long-Term Assets	-	-	-	(2,186,631)	(2,186,631)
Increase (Decrease) in Payables	(4,583,930)	(247)	(4,584,177)	23,033,754	18,449,577
Increase (Decrease) in Accrued Expenses	10,129,521	-	10,129,521	4,091,331	14,220,852
Increase (Decrease) in Funds Held in Escrow	-	-	-	664,594	664,594
Increase (Decrease) in Deferred Revenue	2,687,397	-	2,687,397	3,751,001	6,438,398
Increase (Decrease) in Other Liabilities	-	-	-	9,379,954	9,379,954
<b>Net Cash Provided (Used) by Operating Activities</b>	<b>191,060,956</b>	<b>47,591</b>	<b>191,108,547</b>	<b>(63,857,596)</b>	<b>127,250,951</b>
Cash Flows from Non-Capital Financing Activities:					
Operating Grants Received	8,567,753	-	8,567,753	21,554,523	30,122,276
Other Non-Capital Financing Income	-	-	-	13,351,642	13,351,642
Other Non-Capital Financing Expenses	(3,203,099)	-	(3,203,099)	(3,533,122)	(6,736,221)
Operating Transfers To Primary Government	(4,137,590)	(65,076)	(4,202,666)	(65,293,286)	(69,495,952)
Operating Transfers From Primary Government	-	-	-	247,383,379	247,383,379
Operating Transfers From Component Units	19,565,769	-	19,565,769	40,240	19,606,009
Operating Transfers To Component Units	(2,825,632)	-	(2,825,632)	(6,480,438)	(9,306,070)
Changes in Assets and Liabilities:					
(Increase) Decrease in Restricted Assets	-	-	-	(3,804)	(3,804)
Increase (Decrease) in Other Liabilities	(514,108)	-	(514,108)	23,647	(490,461)
<b>Net Cash Provided (Used) in Non-Capital Financing Activities</b>	<b>17,453,093</b>	<b>(65,076)</b>	<b>17,388,017</b>	<b>207,042,781</b>	<b>224,430,798</b>
Cash Flows from Capital and Related Financing Activities:					
Proceeds from Sale of Bonds	695,670,000	-	695,670,000	57,676,277	753,346,277
Bond Issuance Expenses	(13,387,608)	-	(13,387,608)	(169,000)	(13,556,608)
Principal Paid on Debt Instruments	(320,823,649)	-	(320,823,649)	(54,598,268)	(375,421,917)
Interest Paid on Debt Instruments	(126,241,908)	-	(126,241,908)	(72,407,378)	(198,649,286)
Premium Paid on Refunding of Debt Instruments	(7,217,225)	-	(7,217,225)	-	(7,217,225)
Acquisition and Construction of Capital Assets	(229,071,656)	-	(229,071,656)	(68,875,803)	(297,947,459)
Disposal of Capital Assets	-	-	-	(2,502,970)	(2,502,970)
Capital Grants	27,190,156	-	27,190,156	294,366	27,484,522
Contributions Received	7,825,571	-	7,825,571	1,067,919	8,893,490
Passenger Facility Charge	30,990,648	-	30,990,648	-	30,990,648
Changes in Assets and Liabilities:					
(Increase) Decrease in Receivables	-	-	-	1,658,606	1,658,606
(Increase) Decrease in Restricted Assets	(27,756,256)	-	(27,756,256)	(15,365,242)	(43,121,498)
Increase (Decrease) in Other Liabilities	5,755,484	-	5,755,484	-	5,755,484
Increase (Decrease) in Funds Held in Escrow	(186,351)	-	(186,351)	(123,542)	(309,893)
(Increase) Decrease in Deferred Bond Issuance Costs	-	-	-	(553,188)	(553,188)
(Increase) Decrease in Payables	-	-	-	(394,406)	(394,406)
<b>Net Cash Provided (Used) in Capital and Related Financing Activities</b>	<b>42,747,206</b>	<b>-</b>	<b>42,747,206</b>	<b>(154,292,629)</b>	<b>(111,545,423)</b>
Cash Flows from Investing Activities:					
Purchase of Investments	-	(186,484)	(186,484)	(197,422,059)	(197,608,543)
Proceeds from Sale of Investments	-	-	-	192,317,267	192,317,267
Interest and Dividends on Investments	65,704,287	198,843	65,903,130	16,333,765	82,236,895
<b>Net Cash Provided by Investing Activities</b>	<b>65,704,287</b>	<b>12,359</b>	<b>65,716,646</b>	<b>11,228,973</b>	<b>76,945,619</b>
<b>Net Increase (Decrease) in Cash and Cash Equivalents</b>	<b>316,965,542</b>	<b>(5,126)</b>	<b>316,960,416</b>	<b>121,529</b>	<b>317,081,945</b>
Cash and Cash Equivalents, July 1, 1997	507,815,386	402,732	508,218,118	63,283,599	571,501,717
<b>Cash and Cash Equivalents, June 30, 1998</b>	<b>\$ 824,780,928</b>	<b>\$ 397,606</b>	<b>\$ 825,178,534</b>	<b>\$ 63,405,128</b>	<b>\$ 888,583,662</b>
<b>Reconciliation to Combined Balance Sheet:</b>					
Included in:					
Equity in Treasurer's Account	\$ 114,582,643	\$ -	\$ 114,582,643	\$ -	\$ 114,582,643
Cash on Deposit	30,000	397,606	427,606	34,340,499	34,768,105
Restricted Assets	710,168,285	-	710,168,285	29,064,629	739,232,914
<b>Cash and Cash Equivalents, June 30, 1998</b>	<b>\$ 824,780,928</b>	<b>\$ 397,606</b>	<b>\$ 825,178,534</b>	<b>\$ 63,405,128</b>	<b>\$ 888,583,662</b>

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, 1998

	General Fund		
	Revised Budget	Actual	Variance Favorable (Unfavorable)
Revenues:			
Tax Revenue	\$ 1,684,499,000	\$ 1,714,765,782	\$ 30,266,782
Locally Generated Non-Tax Revenue	170,384,000	180,916,466	10,532,466
Revenue from Other Governments	584,219,000	578,985,101	(5,233,899)
Revenue from Other Funds	<u>24,982,000</u>	<u>22,567,785</u>	<u>(2,414,215)</u>
Total Revenues	2,464,084,000	2,497,235,134	33,151,134
Other Sources:			
Increase (Decrease) in Unreimbursed Commitments	-	-	-
(Increase) in Financed Reserves	<u>-</u>	<u>-</u>	<u>-</u>
Total Revenues and Other Sources	<u>2,464,084,000</u>	<u>2,497,235,134</u>	<u>33,151,134</u>
Expenditures and Encumbrances:			
Personal Services:			
Personal Services	985,554,059	974,245,692	11,308,367
Pension Contributions	219,243,835	219,243,835	-
Other Employee Benefits	<u>251,904,749</u>	<u>251,789,588</u>	<u>115,161</u>
Sub-total	1,456,702,643	1,445,279,115	11,423,528
Purchase of Services	750,900,597	736,017,968	14,882,629
Materials and Supplies	51,972,203	51,074,589	897,614
Equipment	27,231,699	25,040,581	2,191,118
Contributions, Indemnities and Taxes	79,942,979	79,908,931	34,048
Debt Service - Principal	38,729,592	38,729,590	2
Debt Service - Interest	31,934,966	31,934,966	-
Short-Term Interest	13,426,027	13,426,027	-
Payments to Other Funds	29,741,827	28,716,154	1,025,673
Advances, Subsidies, Miscellaneous	29,489,467	29,489,469	(2)
Capital Outlay	<u>-</u>	<u>-</u>	<u>-</u>
Total Expenditures and Encumbrances	<u>2,510,072,000</u>	<u>2,479,617,390</u>	<u>30,454,610</u>
Operating Surplus (Deficit) for the Year	\$ <u>(45,988,000)</u>	<u>17,617,744</u>	\$ <u>63,605,744</u>
Fund Balance Available for Appropriation, July 1, 1997		128,782,894	
Adjustments to Prior Fiscal Year Revenues, Expenditures and Encumbrances:			
Commitments Cancelled - Net		18,158,459	
Revenue Adjustments - Net		1,958,165	
Prior Period Adjustments		2,684,638	
Other Adjustments		<u>-</u>	
Adjusted Fund Balance, July 1, 1997		<u>151,584,156</u>	
Fund Balance Available for Appropriation, June 30, 1998		\$ <u>169,201,900</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)
\$ 17,900,000	\$ 17,441,875	\$ (458,125)	\$ -	\$ -	\$ -
44,332,320	34,663,910	(9,668,410)	411,595,000	8,546,360	(403,048,640)
996,073,339	893,802,748	(102,270,591)	220,212,000	26,317,220	(193,894,780)
-	-	-	-	-	-
1,058,305,659	945,908,533	(112,397,126)	631,807,000	34,863,580	(596,943,420)
-	48,353,534	48,353,534	-	10,509,934	10,509,934
-	(12,240,241)	(12,240,241)	-	-	-
1,058,305,659	982,021,826	(76,283,833)	631,807,000	45,373,514	(586,433,486)
101,616,625	89,070,739	12,545,886	-	-	-
6,358,487	5,430,527	927,960	-	-	-
11,131,556	8,906,368	2,225,188	-	-	-
119,106,668	103,407,634	15,699,034	-	-	-
1,049,080,731	758,175,218	290,905,513	-	-	-
17,716,105	14,234,581	3,481,524	-	-	-
11,965,873	6,397,101	5,568,772	-	-	-
20,184,028	22,664,541	(2,480,513)	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
13,836,347	8,615,890	5,220,457	-	-	-
70,548,248	-	70,548,248	-	-	-
-	-	-	631,807,000	158,735,311	473,071,689
1,302,438,000	913,494,965	388,943,035	631,807,000	158,735,311	473,071,689
\$ (244,132,341)	68,526,861	\$ 312,659,202	\$ -	(113,361,797)	\$ (113,361,797)
	56,604,035			82,103,791	
	21,507,209			2,393,920	
	(8,680,983)			-	
	5,479,017			-	
	-			319,946	
	74,909,278			84,817,657	
	\$ 143,436,139			\$ (28,544,140)	

CITY OF PHILADELPHIA  
PENSION TRUST FUNDS  
STATEMENT OF CHANGES IN PLAN NET ASSETS  
FOR THE FISCAL YEAR ENDED JUNE 30, 1998

EXHIBIT I-A-6

	Gas Works Retirement Reserve Fund	Municipal Pension Fund	Totals Pension Trust Funds
Additions:			
Contributions:			
Employer's Contributions	\$ -	\$ 257,015,200	\$ 257,015,200
Employees' Contributions	-	47,968,501	47,968,501
Total Contributions	-	304,983,701	304,983,701
Investment Income:			
Interest and Dividends	16,742,584	115,263,336	132,005,920
Net Appreciation in Fair Value of Investments	41,909,913	308,368,558	350,278,471
(Less) Investments Expenses	(2,155,300)	(13,120,823)	(15,276,123)
Securities Lending Revenue	2,002,005	26,297,232	28,299,237
(Less) Securities Lending Expenses	(1,901,176)	(24,958,136)	(26,859,312)
Net Investment Income	56,598,026	411,850,167	468,448,193
Miscellaneous Operating Revenues	-	415,670	415,670
Total Additions	56,598,026	717,249,538	773,847,564
Deductions:			
Personal Services	-	2,216,764	2,216,764
Purchase of Services	-	711,565	711,565
Materials and Supplies	-	78,640	78,640
Employee Benefits	-	857,017	857,017
Pension Benefits	25,256,000	383,340,814	408,596,814
Refunds of Members' Contributions	-	3,193,824	3,193,824
Other Operating Expenses	-	89,224	89,224
Total Deductions	25,256,000	390,487,848	415,743,848
Net Increase	31,342,026	326,761,690	358,103,716
Net Assets Held in Trust for			
Pension Benefits - July 1, 1997	389,229,523	2,921,020,052	3,310,249,575
Prior Period Adjustment	-	1,067,360	1,067,360
Revised Net Assets Held in Trust for			
Pension Benefits - July 1, 1997	389,229,523	2,922,087,412	3,311,316,935
Net Assets Held in Trust for			
Pension Benefits - June 30, 1998	\$ 420,571,549	\$ 3,248,849,102	\$ 3,669,420,651

CITY OF PHILADELPHIA  
COMPONENT UNITS - ALL FUND TYPES  
COMBINING BALANCE SHEET  
JUNE 30, 1998\*

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	\$ 17,293,496	\$ 34,340,499	\$ 1,178,193	\$ 52,812,188
Equity in Pooled Cash and Investments	137,967,320	-	-	137,967,320
Investments	135,523,228	26,174,290	24,355,544	186,053,062
Due from Primary Government	-	16,102,869	-	16,102,869
Amounts Held by Fiscal Agent	51,687,355	-	-	51,687,355
Taxes Receivable	214,691,332	-	-	214,691,332
Accounts Receivable	4,033,316	275,178,038	1,393,153	280,604,507
Allowance for Doubtful Accounts	(163,951,457)	(79,200,015)	-	(243,151,472)
Interest and Dividends Receivable	3,245,052	479,870	156,743	3,881,665
Notes Receivable	7,006,671	3,334,155	-	10,340,826
Due from Other Governmental Units	39,720,542	5,011,630	1,790,630	46,522,802
Inventories	9,340,503	78,957,546	-	88,298,049
Restricted Assets - Cash and Cash Equivalents	-	29,064,629	-	29,064,629
Restricted Assets - Other Assets	1,939,197	286,282,874	2,766,292	290,988,363
Property, Plant and Equipment - Net	2,453,401,069	1,190,440,525	81,339,440	3,725,181,034
Other Assets	5,706,276	197,393,771	577,782	203,677,829
Amount Available in Debt Service Funds	45,971,726	-	-	45,971,726
Amount to be Provided for Retirement of Long-Term Obligations	1,302,327,906	-	-	1,302,327,906
<u>Total Assets and Other Debits</u>	<u>\$ 4,265,903,532</u>	<u>\$ 2,063,560,681</u>	<u>\$ 113,557,777</u>	<u>\$ 6,443,021,990</u>
<u>Liabilities and Fund Equity</u>				
Notes Payable	\$ 94,842,860	\$ 78,632,872	\$ 25,900,000	\$ 199,375,732
Vouchers and Accounts Payable	86,000,077	211,855,653	3,677,455	301,533,185
Salaries and Wages Payable	42,818,448	2,761,790	5,921,202	51,501,440
Payroll Taxes Payable	-	-	48,049	48,049
Accrued Expenses	60,599,584	54,016,414	267,175	114,883,173
Due to Primary Government	-	37,406,062	-	37,406,062
Funds Held in Escrow and Advance Deposits	2,332,215	9,304,497	116,635	11,753,347
Due to Other Governmental Units	11,631,912	5,255,938	1,318,157	18,206,007
Deferred Revenue	54,444,927	32,272,696	1,784,901	88,502,524
General Obligation Bonds	741,261,768	-	-	741,261,768
Due to Component Units	-	79,473,818	-	79,473,818
Revenue Bonds	5,558,619	1,069,753,839	-	1,075,312,458
Unamortized Discount on Revenue Bonds	-	(27,652,673)	-	(27,652,673)
Other Liabilities	536,762,795	132,330,580	858,391	669,951,766
<u>Total Liabilities</u>	<u>1,636,253,205</u>	<u>1,685,411,486</u>	<u>39,891,965</u>	<u>3,361,556,656</u>
Fund Equity and Other Credits:				
Investment in General Fixed Assets	2,448,928,044	-	-	2,448,928,044
Contributed Capital - Local Sources	7,237,827	24,500,731	-	31,738,558
Contributed Capital - Other Sources	-	97,692,626	-	97,692,626
Retained Earnings:				
Reserved	3,244,097	14,064,291	-	17,308,388
Unreserved	-	241,891,547	-	241,891,547
Fund Balances:				
Reserved	193,098,146	-	73,665,812	266,763,958
Unreserved:				
Designated	2,584,483	-	-	2,584,483
Undesignated Fund Balance	(25,442,270)	-	-	(25,442,270)
<u>Total Unreserved Fund Balances</u>	<u>(22,857,787)</u>	<u>-</u>	<u>-</u>	<u>(22,857,787)</u>
<u>Total Fund Equity and Other Credits</u>	<u>2,629,650,327</u>	<u>378,149,195</u>	<u>73,665,812</u>	<u>3,081,465,334</u>
<u>Total Liabilities, Fund Equity and Other Credits</u>	<u>\$ 4,265,903,532</u>	<u>\$ 2,063,560,681</u>	<u>\$ 113,557,777</u>	<u>\$ 6,443,021,990</u>

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

CITY OF PHILADELPHIA  
COMPONENT UNITS - PROPRIETARY FUND TYPES  
COMBINING BALANCE SHEET  
JUNE 30, 1998\*

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	\$ 1,283,842	\$ 1,056,024	\$ 3,315,946	\$ 3,617,873
2	Investments	-	-	-	24,380,161
3	Due from Primary Government	-	-	1,507,754	-
4	Accounts Receivable	119,526,680	6,396,991	98,534	557,101
5	Allowance for Doubtful Accounts	(77,100,000)	(1,956,905)	-	-
6	Interest and Dividends Receivable	-	-	-	455,350
7	Notes Receivable	-	-	-	-
8	Due from Other Governmental Units	-	-	2,335,694	-
9	Inventories	54,212,207	18,628,132	6,117,207	-
10	Restricted Assets - Cash and Cash Equivalents	-	26,364,812	-	94,696
11	Restricted Assets - Other Assets	101,336,492	112,679,238	-	30,521,791
12	Property, Plant and Equipment - Net	788,778,253	6,862,843	-	79,778,323
13	Other Assets	154,163,666	37,780,022	675,167	617,950
14	<u>Total Assets and Other Debits</u>	<u>\$ 1,142,201,140</u>	<u>\$ 207,811,157</u>	<u>\$ 14,050,302</u>	<u>\$ 140,023,245</u>
<u>Liabilities and Fund Equity</u>					
15	Notes Payable	\$ 30,000,000	\$ 35,320,149	\$ -	\$ 13,312,723
16	Vouchers and Accounts Payable	36,523,725	13,041,093	8,088,999	9,246,023
17	Salaries and Wages Payable	2,244,670	-	517,120	-
18	Accrued Expenses	7,119,629	34,623,232	641,290	-
19	Due to Primary Government	3,000,000	-	410,131	19,565,772
20	Funds Held in Escrow and Advance Deposits	1,705,158	6,057,313	355,779	-
21	Due to Other Governmental Units	-	-	69,316	-
22	Deferred Revenue	3,920,238	-	478,520	-
23	Due to Component Units	-	79,158,690	-	-
24	Revenue Bonds	685,458,839	-	-	104,270,000
25	Unamortized Discount on Revenue Bonds	(11,355,353)	-	-	(6,433,670)
26	Other Liabilities	114,597,708	-	2,850,147	1,023,219
27	<u>Total Liabilities</u>	<u>873,214,614</u>	<u>168,200,477</u>	<u>13,411,302</u>	<u>140,984,067</u>
Fund Equity:					
28	Contributed Capital - Local Sources	-	-	2,550,000	-
29	Contributed Capital - Other Sources	-	-	592,626	-
Retained Earnings:					
30	Reserved	-	4,548,805	-	9,515,486
31	Unreserved	268,986,526	35,061,875	(2,503,626)	(10,476,308)
32	<u>Total Fund Equity</u>	<u>268,986,526</u>	<u>39,610,680</u>	<u>639,000</u>	<u>(960,822)</u>
33	<u>Total Liabilities and Fund Equity</u>	<u>\$ 1,142,201,140</u>	<u>\$ 207,811,157</u>	<u>\$ 14,050,302</u>	<u>\$ 140,023,245</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, 1997, the Philadelphia Parking Authority Fund and the Philadelphia Housing Authority which are presented as of the close of their fiscal year, March 31, 1998 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, 1997.



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.
\$ 490,664	\$ 19,165,351	\$ 4,854,634	\$ 556,165	\$ 34,340,499	1
1,794,129	-	-	-	26,174,290	2
1,547,199	-	13,047,916	-	16,102,869	3
1,203,421	508,127	131,274,045	15,613,139	275,178,038	4
(94,405)	(48,705)	-	-	(79,200,015)	5
-	-	-	24,520	479,870	6
-	-	-	3,334,155	3,334,155	7
-	-	-	2,675,936	5,011,630	8
-	-	-	-	78,957,546	9
-	-	-	2,605,121	29,064,629	10
41,745,353	-	-	-	286,282,874	11
305,734,526	7,245,849	2,040,731	-	1,190,440,525	12
2,727,275	245,872	1,136,979	46,840	197,393,771	13
<u>\$ 355,148,162</u>	<u>\$ 27,116,494</u>	<u>\$ 152,354,305</u>	<u>\$ 24,855,876</u>	<u>\$ 2,063,560,681</u>	14
\$ -	\$ -	\$ -	\$ -	\$ 78,632,872	15
720,899	439,996	141,437,654	2,357,264	211,855,653	16
-	-	-	-	2,761,790	17
11,039,131	593,132	-	-	54,016,414	18
10,498,423	-	-	3,931,736	37,406,062	19
-	-	-	1,186,247	9,304,497	20
-	-	-	5,186,622	5,255,938	21
1,628,637	15,528,352	-	10,716,949	32,272,696	22
-	-	-	315,128	79,473,818	23
280,025,000	-	-	-	1,069,753,839	24
(9,863,650)	-	-	-	(27,652,673)	25
-	4,983,586	8,875,920	-	132,330,580	26
<u>294,048,440</u>	<u>21,545,066</u>	<u>150,313,574</u>	<u>23,693,946</u>	<u>1,685,411,486</u>	27
19,910,000	-	2,040,731	-	24,500,731	28
97,100,000	-	-	-	97,692,626	29
-	-	-	-	14,064,291	30
(55,910,278)	5,571,428	-	1,161,930	241,891,547	31
<u>61,099,722</u>	<u>5,571,428</u>	<u>2,040,731</u>	<u>1,161,930</u>	<u>378,149,195</u>	32
<u>\$ 355,148,162</u>	<u>\$ 27,116,494</u>	<u>\$ 152,354,305</u>	<u>\$ 24,855,876</u>	<u>\$ 2,063,560,681</u>	33

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, 1998\*

	Philadelphia Gas Works	Philadelphia Redevelopment Authority	Philadelphia Housing Development Corporation	Philadelphia Parking Authority
Operating Revenues:				
Charges for Goods and Services	\$ 543,782,635	\$ -	\$ -	\$ -
Sales of Land and Improvements	-	2,026,773	150,888	-
Rentals and Concessions	-	-	2,451,992	90,613,827
Miscellaneous Operating Revenues	7,187,618	-	116,939	-
<u>Total Operating Revenues</u>	<u>550,970,253</u>	<u>2,026,773</u>	<u>2,719,819</u>	<u>90,613,827</u>
Operating Expenses:				
Personal Services	74,276,336	8,721,377	5,687,870	14,208,023
Purchase of Services	54,260,535	39,032,567	2,181,269	3,486,703
Materials and Supplies	7,249,855	-	-	-
Employee Benefits	10,829,058	-	2,706,915	5,609,536
Indemnities and Taxes	-	-	-	1,175,847
Depreciation and Amortization	36,651,586	1,027,042	179,166	3,254,429
Cost of Goods Sold	271,631,152	-	26,385,696	-
Other Operating Expenses	28,185,137	659,932	2,417,757	21,019,599
<u>Total Operating Expenses</u>	<u>483,083,659</u>	<u>49,440,918</u>	<u>39,558,673</u>	<u>48,754,137</u>
Operating Income (Loss)	<u>67,886,594</u>	<u>(47,414,145)</u>	<u>(36,838,854)</u>	<u>41,859,690</u>
Non-Operating Revenues (Expenses):				
Operating Grants	-	4,968,652	9,347,061	-
Other Income	3,926,246	8,372,214	-	-
Interest Income	2,793,641	8,092,810	117,082	2,686,531
Other Expenses	(5,985,118)	-	-	(6,336,735)
Debt Service - Interest	(44,887,269)	(5,991,877)	-	-
<u>Total Non-Operating Revenues (Expenses)</u>	<u>(44,152,500)</u>	<u>15,441,799</u>	<u>9,464,143</u>	<u>(3,650,204)</u>
Income (Loss) Before Operating Transfers	23,734,094	(31,972,346)	(27,374,711)	38,209,486
Operating Transfers from Primary Government	-	35,066,707	27,298,068	-
Operating Transfers to Primary Government	(18,000,000)	-	-	(35,688,530)
Operating Transfers from Component Units	-	-	-	-
Operating Transfers to Component Units	-	-	-	-
<u>Net Income (Loss)</u>	<u>5,734,094</u>	<u>3,094,361</u>	<u>(76,643)</u>	<u>2,520,956</u>
Other Changes in Unreserved Retained Earnings (Increase) in Reserve for Debt Service	-	(1,278,090)	-	-
Net Change in Unreserved Retained Earnings for the Year	5,734,094	1,816,271	(76,643)	2,520,956
Retained Earnings - Unreserved, July 1, 1997	263,252,432	33,245,604	(2,426,983)	(12,997,264)
Retained Earnings - Unreserved, June 30, 1998	<u>\$ 268,986,526</u>	<u>\$ 35,061,875</u>	<u>\$ (2,503,626)</u>	<u>\$ (10,476,308)</u>

\*The Philadelphia Gas Works is presented at the close of their fiscal year, August 31, 1997, the Philadelphia Parking Authority Fund and the Philadelphia Housing Authority are presented as of the close of their fiscal year, March 31, 1998 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, 1997.

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
\$ -	\$ -	\$ 120,114,854	\$ 1,422,213	\$ 665,319,702
-	-	-	-	2,177,661
9,794,041	2,348,508	-	2,811,461	108,019,829
-	5,878,883	380,345	-	13,563,785
<u>9,794,041</u>	<u>8,227,391</u>	<u>120,495,199</u>	<u>4,233,674</u>	<u>789,080,977</u>
3,364,133	2,255,300	-	-	108,513,039
9,205,490	223,465	-	14,293,103	122,683,132
642,527	194,502	-	-	8,086,884
1,234,323	-	-	-	20,379,832
-	-	-	-	1,175,847
9,748,113	792,663	-	-	51,652,999
-	-	-	-	298,016,848
<u>3,720,708</u>	<u>6,260,179</u>	<u>235,933,145</u>	<u>15,574,636</u>	<u>313,771,093</u>
<u>27,915,294</u>	<u>9,726,109</u>	<u>235,933,145</u>	<u>29,867,739</u>	<u>924,279,674</u>
<u>(18,121,253)</u>	<u>(1,498,718)</u>	<u>(115,437,946)</u>	<u>(25,634,065)</u>	<u>(135,198,697)</u>
-	-	-	12,657,729	26,973,442
-	-	-	-	12,298,460
3,204,642	760,581	-	430,184	18,085,471
(1,818,712)	-	-	-	(14,140,565)
<u>(18,873,296)</u>	<u>-</u>	<u>-</u>	<u>(364,120)</u>	<u>(70,116,562)</u>
<u>(17,487,366)</u>	<u>760,581</u>	<u>-</u>	<u>12,723,793</u>	<u>(26,899,754)</u>
(35,608,619)	(738,137)	(115,437,946)	(12,910,272)	(162,098,451)
41,923,458	1,100,000	115,437,946	21,138,281	241,964,460
(10,498,423)	-	-	(1,106,333)	(65,293,286)
-	-	-	40,240	40,240
<u>-</u>	<u>-</u>	<u>-</u>	<u>(6,480,438)</u>	<u>(6,480,438)</u>
<u>(4,183,584)</u>	<u>361,863</u>	<u>-</u>	<u>681,478</u>	<u>8,132,525</u>
<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(1,278,090)</u>
<u>(4,183,584)</u>	<u>361,863</u>	<u>-</u>	<u>681,478</u>	<u>6,854,435</u>
<u>(51,726,694)</u>	<u>5,209,565</u>	<u>-</u>	<u>480,452</u>	<u>235,037,112</u>
<u>\$ (55,910,278)</u>	<u>\$ 5,571,428</u>	<u>\$ -</u>	<u>\$ 1,161,930</u>	<u>\$ 241,891,547</u>

CITY OF PHILADELPHIA  
 COMPONENT UNITS - PROPRIETARY FUND TYPES  
 COMBINING STATEMENT OF CASH FLOWS  
 FOR THE FISCAL YEAR ENDED JUNE 30, 1998\*

	Philadelphia Gas Works	Philadelphia Redevelopment Authority	Philadelphia Housing Development Corporation	Philadelphia Parking Authority
Cash Flows from Operating Activities:				
Operating Income (Loss)	\$ 67,886,594	\$ (47,414,145)	\$ (36,838,854)	\$ 41,859,690
Adjustments to Reconcile Operating Income to Net Cash from Operations:				
Depreciation and Amortization	36,651,586	1,027,042	179,166	3,254,429
Provision for Uncollectible Accounts	(6,113,596)	240,620	-	-
Unrealized Loss on Investments	-	741,503	-	-
Changes in Assets and Liabilities:				
(Increase) Decrease in Receivables	3,759,645	(17,628,676)	(2,103,879)	245,306
(Increase) Decrease in Inventories	2,508,248	4,395,465	-	-
(Increase) Decrease in Other Current Assets	1,995,590	(45,713)	(318,664)	(98,307)
(Increase) Decrease in Other Long-Term Assets	(2,064,979)	(121,652)	-	-
Increase (Decrease) in Payables	19,518,235	(435,607)	1,947,344	(1,250,172)
Increase (Decrease) in Accrued Expenses	94,855	4,855,522	-	-
Increase (Decrease) in Funds Held in Escrow	(384,181)	-	39,053	-
Increase (Decrease) in Deferred Revenue	(138,673)	-	-	-
Increase (Decrease) in Other Liabilities	7,493,039	-	-	(38,917)
<b>Net Cash Provided (Used) by Operating Activities</b>	<b>131,206,363</b>	<b>(54,385,641)</b>	<b>(37,095,834)</b>	<b>43,972,029</b>
Cash Flows from Non-Capital Financing Activities:				
Operating Grants Received	-	4,968,652	3,928,142	-
Other Non-Capital Financing Income	4,549,244	8,372,214	-	-
Other Non-Capital Financing Expenses	(1,350,290)	-	-	-
Operating Transfers To Component Unit	-	-	-	-
Operating Transfers From Component Unit	-	-	-	-
Operating Transfers To Primary Government	(18,000,000)	-	-	(35,688,530)
Operating Transfers From Primary Government	-	35,066,707	32,716,987	-
Changes in Assets and Liabilities:				
(Increase) Decrease in Restricted Assets	(3,804)	-	-	-
Increase (Decrease) in Other Liabilities	23,647	-	-	-
<b>Net Cash Provided (Used) in Non-Capital Financing Activities</b>	<b>(14,781,203)</b>	<b>48,407,573</b>	<b>36,645,129</b>	<b>(35,688,530)</b>
Cash Flows from Capital and Related Financing Activities:				
Proceeds from Sale of Debt Instruments	23,000,000	21,736,225	-	13,000,000
Bond Issuance Expenses	(169,000)	-	-	-
Principal Paid on Debt Instruments	(38,805,000)	(6,974,280)	(131,345)	(3,035,816)
Interest Paid on Debt Instruments	(41,516,227)	(6,097,692)	-	(6,159,881)
Acquisition and Construction of Capital Assets	(50,726,722)	-	-	(11,450,194)
Disposal of Capital Assets	(2,427,345)	(75,625)	-	-
Capital Grants	-	-	-	-
Contributions Received	1,067,919	-	-	-
Changes in Assets and Liabilities:				
(Increase) Decrease in Receivables	-	-	-	448,581
(Increase) Decrease in Restricted Assets	(18,455,387)	(169,149)	(75,262)	-
(Increase) Decrease in Payables	(394,406)	-	-	-
(Increase) Decrease in Deferred Bond Issuance Costs	-	(553,188)	-	-
Increase (Decrease) in Funds Held in Escrow	-	(123,542)	-	-
<b>Net Cash Provided (Used) in Capital and Related Financing Activities</b>	<b>(128,426,168)</b>	<b>7,742,749</b>	<b>(206,607)</b>	<b>(7,197,310)</b>
Cash Flows from Investing Activities:				
Purchase of Investments	-	(5,113,801)	(636,807)	(191,671,451)
Proceeds from Sale of Investments	-	-	-	188,495,979
Interest and Dividends on Investments	2,491,799	7,602,181	117,082	2,150,653
<b>Net Cash Provided (Used) by Investing Activities</b>	<b>2,491,799</b>	<b>2,488,380</b>	<b>(519,725)</b>	<b>(1,024,819)</b>
Net Increase (Decrease) in Cash and Cash Equivalents	(9,509,209)	4,253,061	(1,177,037)	61,370
Cash and Cash Equivalents, July 1, 1997	10,793,051	23,167,775	4,492,983	3,651,199
<b>Cash and Cash Equivalents, June 30, 1998</b>	<b>\$ 1,283,842</b>	<b>\$ 27,420,836</b>	<b>\$ 3,315,946</b>	<b>\$ 3,712,569</b>
Reconciliation to Combining Balance Sheet:				
Included in:				
Cash on Deposit	\$ 1,283,842	\$ 1,056,024	\$ 3,315,946	\$ 3,617,873
Restricted Assets	-	26,364,812	-	94,696
<b>Cash and Cash Equivalents, June 30, 1998</b>	<b>\$ 1,283,842</b>	<b>\$ 27,420,836</b>	<b>\$ 3,315,946</b>	<b>\$ 3,712,569</b>

\* 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
\$ (18,121,253)	\$ (1,498,718)	\$ (115,437,946)	\$ (25,634,065)	\$ (135,198,697)
9,748,461	792,663	-	-	51,653,347
-	-	-	-	(5,872,976)
-	-	-	-	741,503
(1,148,663)	242,914	-	(5,591,760)	(22,225,113)
-	-	-	-	6,903,713
158,590	(93,980)	-	(190,892)	1,406,624
-	-	-	-	(2,186,631)
(2,739,603)	(108,506)	5,102,602	999,461	23,033,754
(1,163,090)	122,593	181,451	-	4,091,331
-	-	-	1,009,722	664,594
508,932	(682,313)	-	4,063,055	3,751,001
-	<u>2,891,542</u>	<u>(1,136,979)</u>	<u>171,269</u>	<u>9,379,954</u>
<u>(12,756,626)</u>	<u>1,666,195</u>	<u>(111,290,872)</u>	<u>(25,173,210)</u>	<u>(63,857,596)</u>
-	-	-	12,657,729	21,554,523
-	-	-	430,184	13,351,642
(1,818,712)	-	-	(364,120)	(3,533,122)
-	-	-	(6,480,438)	(6,480,438)
-	-	-	40,240	40,240
(10,498,423)	-	-	(1,106,333)	(65,293,286)
41,923,458	1,100,000	115,437,946	21,138,281	247,383,379
-	-	-	-	(3,804)
-	-	-	-	<u>23,647</u>
<u>29,606,323</u>	<u>1,100,000</u>	<u>115,437,946</u>	<u>26,315,543</u>	<u>207,042,781</u>
-	(59,948)	-	-	57,676,277
-	-	-	-	(169,000)
(5,645,000)	(6,827)	-	-	(54,598,268)
(18,633,578)	-	-	-	(72,407,378)
(3,905,864)	(1,083,657)	(1,709,366)	-	(68,875,803)
-	-	-	-	(2,502,970)
-	(1,415,000)	1,709,366	-	294,366
-	-	-	-	1,067,919
1,210,025	-	-	-	1,658,606
3,334,556	-	-	-	(15,365,242)
-	-	-	-	(394,406)
-	-	-	-	(553,188)
-	-	-	-	<u>(123,542)</u>
<u>(23,639,861)</u>	<u>(2,565,432)</u>	<u>-</u>	<u>-</u>	<u>(154,292,629)</u>
-	-	-	-	(197,422,059)
3,821,288	-	-	-	192,317,267
<u>3,204,642</u>	<u>767,408</u>	<u>-</u>	<u>-</u>	<u>16,333,765</u>
<u>7,025,930</u>	<u>767,408</u>	<u>-</u>	<u>-</u>	<u>11,228,973</u>
235,766	968,171	4,147,074	1,142,333	121,529
<u>254,898</u>	<u>18,197,180</u>	<u>707,560</u>	<u>2,018,953</u>	<u>63,283,599</u>
<u>\$ 490,664</u>	<u>\$ 19,165,351</u>	<u>\$ 4,854,634</u>	<u>\$ 3,161,286</u>	<u>\$ 63,405,128</u>
\$ 490,664	\$ 19,165,351	\$ 4,854,634	\$ 556,165	\$ 34,340,499
-	-	-	2,605,121	29,064,629
<u>\$ 490,664</u>	<u>\$ 19,165,351</u>	<u>\$ 4,854,634</u>	<u>\$ 3,161,286</u>	<u>\$ 63,405,128</u>

CITY OF PHILADELPHIA  
COMPONENT UNITS - GOVERNMENTAL FUND TYPES  
COMBINING BALANCE SHEET  
JUNE 30, 1998\*

EXHIBIT I-A-11

	School District of Philadelphia	Philadelphia Housing Authority	Total Governmental Fund Types
<u>Assets and Other Debits</u>			
Cash on Deposit and on Hand	\$ 16,336,802	\$ 956,694	\$ 17,293,496
Equity in Pooled Cash and Investments	137,967,320	-	137,967,320
Investments	69,252,628	66,270,600	135,523,228
Amounts Held by Fiscal Agent	51,687,355	-	51,687,355
Taxes Receivable	214,691,332	-	214,691,332
Accounts Receivable	3,435,515	597,801	4,033,316
Allowance for Doubtful Accounts	(163,951,457)	-	(163,951,457)
Interest and Dividends Receivable	2,695,883	549,169	3,245,052
Notes Receivable	1,695,789	5,310,882	7,006,671
Due from Other Governmental Units	29,126,577	10,593,965	39,720,542
Inventories	4,983,093	4,357,410	9,340,503
Restricted Assets - Other Assets	-	1,939,197	1,939,197
Property, Plant and Equipment - Net	1,482,469,531	970,931,538	2,453,401,069
Other Assets	-	5,706,276	5,706,276
Amount Available in Debt Service Funds	36,185,793	9,785,933	45,971,726
Amount to be Provided for Retirement of Long-Term Obligations	<u>1,119,168,699</u>	<u>183,159,207</u>	<u>1,302,327,906</u>
<u>Total Assets and Other Debits</u>	<u>\$ 3,005,744,860</u>	<u>\$ 1,260,158,672</u>	<u>\$ 4,265,903,532</u>
<u>Liabilities and Fund Equity</u>			
Notes Payable	\$ -	\$ 94,842,860	\$ 94,842,860
Vouchers and Accounts Payable	45,163,180	40,836,897	86,000,077
Salaries and Wages Payable	42,818,448	-	42,818,448
Accrued Expenses	7,389,081	53,210,503	60,599,584
Funds Held in Escrow and Advance Deposits	-	2,332,215	2,332,215
Due to Other Governmental Units	546,175	11,085,737	11,631,912
Deferred Revenue	54,444,927	-	54,444,927
General Obligation Bonds	697,169,720	44,092,048	741,261,768
Revenue Bonds	-	5,558,619	5,558,619
Other Liabilities	<u>514,404,257</u>	<u>22,358,538</u>	<u>536,762,795</u>
<u>Total Liabilities</u>	<u>1,361,935,788</u>	<u>274,317,417</u>	<u>1,636,253,205</u>
Fund Equity and Other Credits:			
Investment in General Fixed Assets	1,477,996,506	970,931,538	2,448,928,044
Contributed Capital - Local Sources	7,237,827	-	7,237,827
Retained Earnings:			
Reserved	3,244,097	-	3,244,097
Fund Balances:			
Reserved	193,098,146	-	193,098,146
Unreserved:			
Designated	2,584,483	-	2,584,483
Undesignated Fund Balance	<u>(40,351,987)</u>	<u>14,909,717</u>	<u>(25,442,270)</u>
<u>Total Unreserved Fund Balances</u>	<u>(37,767,504)</u>	<u>14,909,717</u>	<u>(22,857,787)</u>
<u>Total Fund Equity and Other Credits</u>	<u>1,643,809,072</u>	<u>985,841,255</u>	<u>2,629,650,327</u>
<u>Total Liabilities, Fund Equity and Other Credits</u>	<u>\$ 3,005,744,860</u>	<u>\$ 1,260,158,672</u>	<u>\$ 4,265,903,532</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, 1998.

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, 1998\*

EXHIBIT I-A-12

	School District of Philadelphia	Philadelphia Housing Authority	Total Governmental Fund Types
Revenues:			
Tax Revenue	\$ 529,389,211	\$ -	\$ 529,389,211
Locally Generated Non-Tax Revenue	62,137,493	15,667,726	77,805,219
Revenue from Other Governments	1,000,231,749	313,483,713	1,313,715,462
Other Revenues	<u>-</u>	<u>6,060,375</u>	<u>6,060,375</u>
<u>Total Revenues</u>	<u>1,591,758,453</u>	<u>335,211,814</u>	<u>1,926,970,267</u>
Expenditures:			
Current Operating:			
Transportation	178,382,816	-	178,382,816
Housing and Neighborhood Development	-	163,851,687	163,851,687
Services to Property	171,477,969	-	171,477,969
General Management and Support	87,230,740	26,355,145	113,585,885
Education	1,103,205,653	-	1,103,205,653
Capital Outlay	117,967,521	139,148,236	257,115,757
Debt Service:			
Principal	8,963,641	4,546,048	13,509,689
Interest	<u>34,890,371</u>	<u>3,315,846</u>	<u>38,206,217</u>
<u>Total Expenditures</u>	<u>1,702,118,711</u>	<u>337,216,962</u>	<u>2,039,335,673</u>
Excess of Revenues Over (Under) Expenditures	<u>(110,360,258)</u>	<u>(2,005,148)</u>	<u>(112,365,406)</u>
Other Financing Sources(Uses)			
Operating Transfers from Component Units	6,480,438	-	6,480,438
Operating Transfers to Component Units	(40,240)	-	(40,240)
Operating Transfer from Primary Government	<u>14,750,000</u>	<u>-</u>	<u>14,750,000</u>
<u>Total Other Financing Sources (Uses)</u>	<u>21,190,198</u>	<u>-</u>	<u>21,190,198</u>
Excess of Revenues and Other Sources Over (Under) Expenditures and Other Uses	<u>(89,170,060)</u>	<u>(2,005,148)</u>	<u>(91,175,208)</u>
Net Income (Loss) from Proprietary Operations	3,559,368	-	3,559,368
Other Changes in Unreserved Fund Equity:			
Net Change in Proprietary Equity Accounts	(4,772,604)	-	(4,772,604)
Decrease in Reserve for Encumbrances	(32,366,622)	-	(32,366,622)
(Increase)in Reserve for Self Insurance	(1,524,961)	-	(1,524,961)
(Increase)in Reserve for Tax Lien Proceeds	10,087,023	-	10,087,023
Decrease in Designated Fund Balance	<u>98,577</u>	<u>-</u>	<u>98,577</u>
Net Change in Unreserved Fund Equity for the Year	<u>(114,089,279)</u>	<u>(2,005,148)</u>	<u>(116,094,427)</u>
Fund Equity - Unreserved, July 1, 1997	76,321,775	24,793,931	101,115,706
Prior Period Adjustments	-	(7,879,066)	(7,879,066)
Fund Equity - Unreserved, July 1, 1997, as adjusted	<u>76,321,775</u>	<u>16,914,865</u>	<u>93,236,640</u>
Fund Equity - Unreserved, June 30, 1998	<u>\$ (37,767,504)</u>	<u>\$ 14,909,717</u>	<u>\$ (22,857,787)</u>

\*Operations of the Philadelphia Housing Authority are presented for the fiscal year ended March 31, 1998

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, 1998

	<u>Current Funds</u>		<u>Loan Funds</u>	<u>Endowment and Similar Funds</u>	<u>Plant Funds</u>	<u>Component Unit</u>	<u>Totals (Memorandum Only)</u>
	<u>Unrestricted</u>	<u>Restricted</u>				<u>Foundation</u>	
Revenues and Other Additions:							
Educational and General Revenues	\$67,375,607	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 67,375,607
Auxiliary Enterprises Revenues	703,382	-	-	-	-	-	703,382
Governmental Grants and Contracts	-	22,705,363	-	-	1,102,207	-	23,807,570
Gifts and Private Grants	-	503,818	-	2,992	53,401	233,013	793,224
Governmental Appropriations	-	-	-	-	3,671,066	-	3,671,066
Unrealized Gain on Investments	-	-	-	259,852	-	-	259,852
Interest Income	-	72,710	27,656	-	110,384	61,503	272,253
Expired Term Endowment Principal	-	1,853	-	-	-	-	1,853
Federal Government Advances	-	-	-	-	-	-	-
Interest on Loans Receivable	-	-	32,311	-	-	-	32,311
<u>Total Revenues and Other Additions</u>	<u>68,078,989</u>	<u>23,283,744</u>	<u>59,967</u>	<u>262,844</u>	<u>4,937,058</u>	<u>294,516</u>	<u>96,917,118</u>
Expenditures and Other Deductions:							
Educational and General Expenditures	66,586,295	23,456,196	-	-	-	107,800	90,150,291
Auxiliary Enterprises Expenditures	536,107	-	-	-	-	-	536,107
Depreciation of Plant Assets	-	-	-	-	4,887,755	-	4,887,755
Retirement of Plant Assets, Net of Proceeds							
Realized on Disposal	-	-	-	-	77,908	-	77,908
Expired Term Endowment Principal	-	-	-	1,853	-	-	1,853
Interest on Indebtedness	-	-	-	-	1,674,916	-	1,674,916
Loan Cancellations, Assignments, Government Refunds and Administrative Costs	-	-	74,527	-	-	-	74,527
<u>Total Expenditures and Other Deductions</u>	<u>67,122,402</u>	<u>23,456,196</u>	<u>74,527</u>	<u>1,853</u>	<u>6,640,579</u>	<u>107,800</u>	<u>97,403,357</u>
Transfers Among Funds - Additions (Deductions):							
Transfer of Tuition Revenue for the Acquisition of Books	(33,444)	-	-	-	33,444	-	-
Transfer to Quasi-Endowment Fund for Student Activities	(28,328)	-	-	28,328	-	-	-
Transfer of Foundation Gifts	-	201,322	-	-	72,316	(273,638)	-
Transfer of Unrestricted Funds for the Acquisition of Fixed Assets	(278,835)	-	-	-	278,835	-	-
Net Increase (Decrease)	615,980	28,870	(14,560)	289,319	(1,318,926)	(86,922)	(486,239)
Fund Balances, June 30, 1997	9,756,989	99,436	2,320,636	2,821,847	58,119,740	571,338	73,689,986
Prior Period Adjustment	-	-	-	462,065	-	-	462,065
Fund Balances, June 30, 1997, Revised	9,756,989	99,436	2,320,636	3,283,912	58,119,740	571,338	74,152,051
Fund Balances, June 30, 1998	<u>\$10,372,969</u>	<u>\$ 128,306</u>	<u>\$2,306,076</u>	<u>\$3,573,231</u>	<u>\$56,800,814</u>	<u>\$ 484,416</u>	<u>\$ 73,665,812</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, 1998

EXHIBIT I-A-14

	<u>Unrestricted</u>	<u>Restricted</u>	<u>Total</u>
Revenues:			
Educational and General:			
Governmental Appropriations:			
Commonwealth of Pennsylvania	\$ 23,934,298	\$ -	\$ 23,934,298
City of Philadelphia	16,651,582	-	16,651,582
Governmental Grants and Contracts	220,802	22,705,363	22,926,165
Student Tuition	22,914,490	-	22,914,490
Student Fees	2,375,244	-	2,375,244
Gifts and Private Grants	8,000	705,140	713,140
Endowment Income	-	45,693	45,693
Investment Income	1,078,320	-	1,078,320
Other	192,871	-	192,871
<u>Total Educational and General</u>	67,375,607	23,456,196	90,831,803
Auxiliary Enterprises	703,382	-	703,382
<u>Total Revenues</u>	68,078,989	23,456,196	91,535,185
Expenditures and Mandatory Transfers:			
Educational and General:			
Instruction	34,460,712	2,811,006	37,271,718
Public Service	22,729	39,785	62,514
Academic Support	6,492,187	792,471	7,284,658
Student Services	8,669,538	2,097,151	10,766,689
Institutional Support	9,552,582	387,761	9,940,343
Physical Plant Operations	6,819,516	73,166	6,892,682
Student Aid	569,031	17,254,856	17,823,887
<u>Total Educational and General Expenditures</u>	66,586,295	23,456,196	90,042,491
Auxiliary Enterprises:			
Expenditures	536,107	-	536,107
<u>Total Expenditures</u>	67,122,402	23,456,196	90,578,598
<u>Excess (Deficiency) of Revenues over Expenditures</u>	956,587	-	956,587
Other Transfers and Additions (Deductions):			
Transfer of Tuition Revenues for the Acquisition of			
Books and Microforms	(33,444)	-	(33,444)
Transfer to Quasi-Endowment Fund for Student Activities	(28,328)	-	(28,328)
Transfer Unrestricted Funds for the Acquisition of			
Fixed Assets	(278,835)	-	(278,835)
Excess of Restricted Receipts Over Transfers to Revenues	-	28,870	28,870
<u>Net Increase (Decrease) in Fund Balance</u>	\$ 615,980	\$ 28,870	\$ 644,850

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, 1998**

<b><u>Note Number and Contents</u></b>	<b><u>Page</u></b>
<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 AGENTS .....	36
5. INTERFUND RECEIVABLES AND PAYABLES .....	36
6. COMPONENT UNIT FINANCIAL INSTRUMENTS .....	37
7. CHANGES IN GENERAL FIXED ASSETS .....	38
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 .....	49
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) .....	62
5. SEGMENT INFORMATION FOR ENTERPRISE FUNDS .....	63
6. RELATED PARTY TRANSACTIONS .....	63
7. RISK MANAGEMENT .....	64
8. COMMITMENTS .....	65
9. CONTINGENCIES .....	66
10. ADJUSTMENTS TO BEGINNING FUND BALANCE / RETAINED EARNINGS .....	70
11. YEAR 2000 COMPLIANCE EFFORTS .....	70
12. NEW COMPONENT UNITS .....	72
13. CHANGE IN REPORTING PERIOD AND ENTITY PRESENTATION .....	72
14. SUBSEQUENT EVENTS .....	72

**CITY OF PHILADELPHIA  
NOTES TO FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 1998**

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**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

**CITY OF PHILADELPHIA  
NOTES TO FINANCIAL STATEMENTS (Continued)  
FOR THE FISCAL YEAR ENDED JUNE 30, 1998**

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the historic site on the bank of the Delaware River known as Penn's Landing. The Corporation is governed by a 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  
1401 Arch Street, Room 1200  
Philadelphia, Pa 19102

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, 1998**

Pennsylvania Convention Center Authority  
1101 Arch Street  
Philadelphia, PA 19103

Philadelphia Housing Authority  
2012 Chestnut Street  
Philadelphia, PA 19103

Philadelphia Housing Development Corporation  
1234 Market Street  
Philadelphia, PA 19107

Philadelphia Gas Works  
800 West Montgomery Avenue  
Philadelphia, PA 19122

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

Community Behavioral Health, Inc.  
Philadelphia Department of Public Health  
1600 Arch Street,  
Philadelphia, PA 19103

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

**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, the Gas Works Retirement Reserve Fund and the Deferred Compensation 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>	<u>Enterprise</u>	Trust and <u>Agency</u>	General Fixed <u>Assets</u>	General Long-Term <u>Debt</u>	Component <u>Units</u>
Total Assets	21%	33%	97%	0%	98%	11%	N/A	53%
Total Liabilities	5%	2%	100%	0%	93%	N/A	67%	59%
Total Revenues	22%	20%	99%	0%	99%	N/A	N/A	43%

**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, 1998**

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**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

**CITY OF PHILADELPHIA**  
**NOTES TO FINANCIAL STATEMENTS (Continued)**  
**FOR THE FISCAL YEAR ENDED JUNE 30, 1998**

before November 30, 1989 unless those pronouncements conflict with or contradict GASB pronouncements and will follow FASB standards issued 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.

**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. Effective July 1, 1993 the College adopted the provisions of the Audit Guide for Colleges and Universities as 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	\$ 53,278	Cash & Cash Equivalents (Note III.1)	\$ 376,390
Equity In Treasurer's Account	4,360,666		
Investments	225,676	Investments (Note III.3)	5,676,053
Included In Restricted Assets	931,901		
Other Assets	<u>480,922</u>		
Total Cash & Investments	<u>\$ 6,052,443</u>	Total Cash & Investments	<u>\$ 6,052,443</u>

**B. COMPONENT UNITS**

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.



**CITY OF PHILADELPHIA**  
**NOTES TO FINANCIAL STATEMENTS (Continued)**  
**FOR THE FISCAL YEAR ENDED JUNE 30, 1998**

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	\$ 52,812	Cash & Cash Equivalents (Note III.1)	\$ 225,519
Equity In Pooled Cash & Investments	137,967		
Investments	186,053	Investments (Note III.3)	477,870
Amounts Held By Fiscal Agents	51,688		
Included In Restricted Assets	<u>274,869</u>		
Total Cash & Investments	<u>\$ 703,389</u>	Total Cash & Investments	<u>\$ 703,389</u>

## **5. INVENTORIES**

### **A. PRIMARY GOVERNMENT**

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

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, 1998**

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**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.

**CITY OF PHILADELPHIA**  
**NOTES TO FINANCIAL STATEMENTS (Continued)**  
**FOR THE FISCAL YEAR ENDED JUNE 30, 1998**

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**8. INSURANCE**

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

**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

**CITY OF PHILADELPHIA**  
**NOTES TO FINANCIAL STATEMENTS (Continued)**  
**FOR THE FISCAL YEAR ENDED JUNE 30, 1998**

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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.

**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

**CITY OF PHILADELPHIA**  
**NOTES TO FINANCIAL STATEMENTS (Continued)**  
**FOR THE FISCAL YEAR ENDED JUNE 30, 1998**

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.

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	\$ 2,313,780	\$ 1,210,484	\$ 14,896
Revenues Of Non-Budgeted Funds	--	(264,623)	(2,938)
Prior Year Revenue Adjustments - Net	(1,958)	8,681	--
Interfund Transfers and Reimbursements	185,413	--	22,905
Other	--	(8,633)	--
Revenues On Legal Basis	<u>\$ 2,497,235</u>	<u>\$ 945,909</u>	<u>\$ 34,863</u>

**B. EXPENDITURES**

	(Amounts In thousands)		
	<u>General</u>	<u>Special Revenue</u>	<u>Capital Improvement</u>
Expenditures on GAAP Basis	\$ 2,284,309	\$ 567,773	\$ 134,434
Expenditures of Non-Budgeted Funds	--	(30,281)	(20,072)
Current Year Operating Encumbrances	82,502	43,227	79,219
Current Year Grant Encumbrances	--	77,015	--
Expenditures Made Against Prior Year Encumbrances	(70,302)	(43,418)	(48,252)
Interfund Transfers and Reimbursements	180,416	308,216	13,406
Other	2,692	(9,037)	--
Expenditures and Encumbrances On Legal Basis	<u>\$ 2,479,617</u>	<u>\$ 913,495</u>	<u>\$ 158,735</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. The following is a summary of obligations in excess of appropriations:

Hotel Room Rental Tax Fund	Contributions, Indemnities and Taxes	\$ 2,480,513
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**CITY OF PHILADELPHIA**  
**NOTES TO FINANCIAL STATEMENTS (Continued)**  
**FOR THE FISCAL YEAR ENDED JUNE 30, 1998**

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

**1. CASH**

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 \$376.4 million and \$370.0 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>			<u>Total Bank</u> <u>Balance</u>	<u>Book</u> <u>Balance</u>
	<u>1</u>	<u>2</u>	<u>3</u>		
Primary Government	\$ --	\$ 333,907	\$ 36,100	\$ 370,007	\$ 376,390
Component Units	\$ 62,932	\$ --	\$ 170,485	\$ 233,417	\$ 225,519

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 (which may have maturities of up to 90 days) are not generally matched with maturities of

**CITY OF PHILADELPHIA**  
**NOTES TO FINANCIAL STATEMENTS (Continued)**  
**FOR THE FISCAL YEAR ENDED JUNE 30, 1998**

loans (which are terminable at will during the year). At year-end, the average loan maturity was 1.2 days while the average maturity of investments was 69.9 days. However, several of the year-end investments had floating rates. The average reset period for these investments was 5.2 days which significantly reduced the exposure to interest rate risk. The PGWRR experienced no losses from securities lending transactions during the year and had no credit risk exposure at June 30.

### **3. INVESTMENTS**

#### **A. PRIMARY GOVERNMENT**

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. City ordinances contain provisions which preclude the Pension Board from investing in organizations that conduct business in certain countries and also impose limitations on the amounts invested in certain types of securities. The Board of Pensions failed to comply with the provisions of these ordinances, but believes that such investment decisions were necessary for prudent administration of fund assets.

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:

<u>Investment Type</u>	<u>Category</u>			<u>Fair</u>
	<u>1</u>	<u>2</u>	<u>3</u>	<u>Value</u>
Repurchase Agreements	\$ 4,205	\$ --	\$ 76,840	\$ 81,045
U.S. Government Securities:				
Not On Securities Loan	566,331	25,110	3,075	594,516
On Loan For Securities Collateral	29,734	--	--	29,734
U.S. Government Agency Securities	786,307	--	12,151	798,458
Corporate Bonds				
Not On Securities Loan	818,406	--	--	818,406
On Loan For Securities Collateral	3,586	--	--	3,586
Corporate Equities				
Not On Securities Loan	1,651,562	--	1,494	1,653,056
On Loan For Securities Collateral	6,836	--	--	6,836
Closed-Ended Mutual Funds	78,157	--	--	78,157
Mortgages	164,758	--	--	164,758
Other Investments	163,504	19,603	79,755	262,862
Total Categorized Investments	<u>\$ 4,273,386</u>	<u>\$ 44,713</u>	<u>\$ 173,315</u>	4,491,414
Short Term Investment Pools				164,044
Real Estate				2,040
Partnerships				33,909
Financial Agreements				35,896
Investments Held By Broker-Dealers Under Securities Loans With Cash Collateral:				
U.S. Government Securities				232,515
Corporate Bonds				55,356
Corporate Equities				179,957
Securities Lending Investment Pool				480,922
Total Investments				<u>\$ 5,676,053</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.

**CITY OF PHILADELPHIA**  
**NOTES TO FINANCIAL STATEMENTS (Continued)**  
**FOR THE FISCAL YEAR ENDED JUNE 30, 1998**

The Municipal Pension Fund owns approximately 63.1% of total investments and 63.2% 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:

(Amounts In Thousands)

Investment Type	Category			Fair Value
	1	2	3	
Repurchase Agreements	\$ 201,233	\$ --	\$ 886	\$ 202,119
U.S. Government & Agency Securities	67,349	--	68,774	136,123
Corporate Bonds	539	--	--	539
Other Investments	7,628	--	49,979	57,607
Total Categorized Investments	<u>\$ 276,749</u>	<u>\$ --</u>	<u>\$ 119,639</u>	396,388
Short-Term Investment Pools				81,482
Total Investments				<u>\$ 477,870</u>

**4. AMOUNTS HELD BY FISCAL AGENTS**

The City has placed the assets of its Deferred Compensation Plan with a fiscal agent in accordance with State regulations. Utilizing the criteria for assessing risk, as described in Note III. 3, the investments associated with Deferred Compensation Plan are categorized as follows:

(Amounts In Thousands)

Investment Type	Category			Fair Value
	1	2	3	
Life Insurance Contracts	\$ 6,708	\$ --	\$ --	\$ 6,708
Total Categorized Investments	<u>\$ 6,708</u>	<u>\$ --</u>	<u>\$ --</u>	6,708
Non-Categorized Mutual Funds				239,271
Total Investments				<u>\$ 245,979</u>

**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)

	Due From Other Funds	Due To Other Funds
General Fund	\$ 17,428	\$ 699
Special Revenue Funds:		
Community Development Fund	--	17,158
PICA Administrative Fund	263	270
Debt Service Funds:		
PICA Debt Service Fund	--	263
Trust and Agency Funds		
Departmental Custodial Accounts	699	--
Total Primary Government Interfund Receivables and Payables	<u>\$ 18,390</u>	<u>\$ 18,390</u>



**CITY OF PHILADELPHIA**  
**NOTES TO FINANCIAL STATEMENTS (Continued)**  
**FOR THE FISCAL YEAR ENDED JUNE 30, 1998**

**B. COMPONENT UNITS**

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

	(Amounts In Thousands)			
	<u>Due From Other Funds</u>		<u>Due To Other Funds</u>	
<b><u>Primary Government</u></b>				
General Fund	\$	10,498	\$	
Special Revenue Funds:				
Hotel Tax Fund	--		1,547	
Grants Revenue Fund	--		492	
HealthChoices Behavioral Health Fund			18,789	
Community Development Fund	--	--	1,016	21,844
Capital Improvement Funds:				
City Capital Improvement Fund		410		
<b><u>Component Units</u></b>				
Philadelphia Housing Development Corp.	1,508		410	
Philadelphia Gas Works	--		3,000	
Philadelphia Parking Authority	--		19,566	
Community Behavioral Health	13,048		--	
Philadelphia Authority for Industrial Development	--		4,247	
Pennsylvania Convention Center Authority	1,547	16,103	10,498	37,721
		<u>27,011</u>		<u>59,565</u>
Timing Differences Between Fiscal Years:				
» Community Behavioral Health amounts Due From the HealthChoices Behavioral Health Fund represent amounts due at December 31, 1997		5,741		--
» Gas Works amounts Due to General Fund at August 31, 1999 represents rent for the period July 1, 1997 to August 31, 1997.		--		(3,000)
» Philadelphia Authority for Industrial Development amounts Due To Primary Government represent sales and rental proceeds due at December 31, 1997		--		(4,247)
» Parking Authority Fund Due To Aviation Fund March 31, 1998 represents parking income paid in June 1998		<u>--</u>		<u>(19,566)</u>
Total Interfund Receivables and Payables With Component Units	\$	<u>32,752</u>	\$	<u>32,752</u>

**6. COMPONENT UNIT FINANCIAL INSTRUMENTS**

The Redevelopment Authority (RDA) has entered into mortgage loan and note receivable agreements for approximately \$14.0 million and \$20.4 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 \$24.4 million and \$13.9 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, 1998**

**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	\$ 383.0	\$ 15.0	\$ --	\$ --	\$	398.0
Buildings	944.6	69.6	--	103.4		1,117.6
Other Improvements	265.5	--	--	10.8		276.3
Equipment	401.5	56.1	(13.5)	1.1		445.2
Transit	172.9	--	--	--		172.9
Leased Equipment	0.1	--	--	--		0.1
Construction In Process	384.2	78.1	(0.2)	(137.8)		324.3
Totals	<u>\$ 2,551.8</u>	<u>\$ 218.8</u>	<u>\$ (13.7)</u>	<u>\$ (22.5)</u>		<u>\$ 2,734.4</u>

In the schedule above, the beginning balance for Equipment was decreased by \$81.0 million to correct previous years' compilation errors. The beginning balance for Buildings was decreased and the beginning balance for Construction in Process was increased by \$34.8 million to agree with the audited financial statements of the Philadelphia Municipal Authority.

**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	\$ --	\$ --	\$ --	\$	87.1
Buildings & Improvements	1,839.7	166.3	(7.2)	90.3		2,089.1
Equipment	110.3	24.8	(4.4)	--		130.7
Construction In Process	155.6	76.7	--	(90.3)		142.0
Totals	<u>\$ 2,192.7</u>	<u>\$ 267.8</u>	<u>\$ (11.6)</u>	<u>\$ 0.0</u>		<u>\$ 2,448.9</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:

**CITY OF PHILADELPHIA**  
**NOTES TO FINANCIAL STATEMENTS (Continued)**  
**FOR THE FISCAL YEAR ENDED JUNE 30, 1998**

(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	\$ 1,155.3	\$ 899.9	\$ 2,055.2
Equipment	1,354.0	18.7	1,372.7
Construction In Process	138.3	57.5	195.8
	<u>2,647.6</u>	<u>976.1</u>	<u>3,623.7</u>
Accumulated Depreciation	(1,097.5)	(378.4)	(1,475.9)
	<u>1,550.1</u>	<u>597.7</u>	<u>2,147.8</u>
Land	5.9	56.0	61.9
	<u>1,556.0</u>	<u>653.7</u>	<u>2,209.7</u>
Totals	\$ <u>1,556.0</u>	\$ <u>653.7</u>	\$ <u>2,209.7</u>

**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)

	<b>Penn's</b>	<b>Pennsylvania</b>	<b>Philadelphia</b>	<b>Redevelopment</b>	<b>Philadelphia</b>	<b>Community</b>	<b>Total</b>
	<b>Landing</b>	<b>Convention</b>	<b>Parking</b>	<b>Authority</b>	<b>Philadelphia</b>	<b>College of</b>	<b>Component</b>
	<b>Corp.</b>	<b>Center</b>	<b>Authority †</b>	<b>Of the City of</b>	<b>Gas Works ‡</b>	<b>Philadelphia</b>	<b>Units</b>
		<b>Authority</b>		<b>Philadelphia</b>			
Buildings & Improvements	\$ 5.2	\$ 341.2	\$ 108.8	\$ 8.6	\$ 77.8	\$ 98.4	\$ 640.0
Equipment	2.8	8.5	14.0	1.7	1,095.3	20.6	1,142.9
Construction In Process	1.5	--	--	--	25.3	--	26.8
	<u>9.5</u>	<u>349.7</u>	<u>122.8</u>	<u>10.3</u>	<u>1,198.4</u>	<u>119.0</u>	<u>1,809.7</u>
Accumulated Depreciation	(2.6)	(45.0)	(43.0)	(3.9)	(414.9)	(51.9)	(561.3)
	<u>6.9</u>	<u>304.7</u>	<u>79.8</u>	<u>6.4</u>	<u>783.5</u>	<u>67.1</u>	<u>1,248.4</u>
Land	0.4	1.0	--	0.5	5.3	14.2	21.4
	<u>7.3</u>	<u>305.7</u>	<u>79.8</u>	<u>6.9</u>	<u>788.8</u>	<u>81.3</u>	<u>1,269.8</u>
Totals	\$ <u>7.3</u>	\$ <u>305.7</u>	\$ <u>79.8</u>	\$ <u>6.9</u>	\$ <u>788.8</u>	\$ <u>81.3</u>	\$ <u>1,269.8</u>

† - The Philadelphia Parking Authority amounts are presented as of the close of its fiscal year on March 31, 1998.

‡ - The Philadelphia Gas Works amounts are presented as of the close of its fiscal year on August 31, 1997.

**9. NOTES PAYABLE**

- Pursuant to the provisions of certain Ordinances and Resolutions, the Gas Works 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, 1997) had an average weighted interest rate of approximately 3.68% and terms to maturity of 2 to 58 days. The principal amount outstanding was \$30.0 million.

- The Redevelopment Authority** has issued a series of Mortgage Notes Payable with an outstanding balance at year end of \$35.3 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:

**CITY OF PHILADELPHIA**  
**NOTES TO FINANCIAL STATEMENTS (Continued)**  
**FOR THE FISCAL YEAR ENDED JUNE 30, 1998**

<u>Fiscal Year</u>	<u>Amount</u>
1999	\$ 23,769,904
2000	388,097
2001	407,096
2002	426,096
2003	447,029
Thereafter	<u>9,881,927</u>
Total	<u>\$ 35,320,149</u>

- **The Housing Authority** presently has \$81.2 million of Permanent Notes - HUD at year end at various issue dates and effective interest rates. The maturity is indefinite and determined by HUD. Historically, annual contributions have been made which paid the interest expense and reduced principal. However, due to a provision of the Consolidated Omnibus Budget Reconciliation Act of 1985 all outstanding HUD-held notes were to be forgiven on September 30, 1986, and on any subsequent September 30, (end of the Federal Fiscal Year) and notes issued during that year would also be forgiven. HUD gives instructions annually to local public housing authorities regarding entries to post the effects of forgiveness and any other reductions in the books of account.

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 with annual principal reduction contributions approximating \$925,000. At March 31, 1998, the Authority's loans payable to the Federal Financing Bank was \$13.6 million. The outstanding notes bear interest at 6.6% and are payable annually on November 1.

- **The Community College of Philadelphia** borrowed \$30.6 million under an agreement with the Hospitals and Higher Education Authority dated June 1, 1994. Of the total obligation, \$15.7 million is scheduled to be repaid over a 20 year period through June 2014 at interest rates that vary from 3.75% to 6.35% with an average debt service payment of \$1.4 million. The remaining \$14.9 million of proceeds were used to purchase U.S. Government Securities. Those securities were deposited in an irrevocable trust with an escrow agent to provide for all future debt service payments on the 1989 Series bonds. As a result, the 1989 bonds are considered to be defeased and the liability has been removed from the College's Books. 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.

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 loan is scheduled to be repaid over a five year period through October 1, 2001 at a fixed annual rate of 6.25% and an annual debt service payment of \$237,186.

The combined balance outstanding at year end for both notes was \$26.9 million and the loan repayment is subject to the following schedule:

<u>Period</u>	<u>Amount</u>
1998 to 1999	1,661,852
1999 to 2000	1,731,852
2000 to 2001	1,811,852
2001 to 2002	1,783,426
2002 to 2003	1,700,000
2003 to 2014	<u>18,180,000</u>
Total	<u>26,868,982</u>

**CITY OF PHILADELPHIA**  
**NOTES TO FINANCIAL STATEMENTS (Continued)**  
**FOR THE FISCAL YEAR ENDED JUNE 30, 1998**

- **The Philadelphia Parking Authority**, during 1996, borrowed \$616,000 for the purchase of automobiles to be used in operations. The borrowings were in the form of five-year bank notes payable with interest at 5.10%.

During fiscal 1998, the Parking Authority borrowed:

- \$6,000,000 in three-year bank notes with interest at 5.48% to finance a parking facility.
- \$5,500,000 in fifteen-year bank notes with interest at 6.5% for building improvements
- \$1,500,000 in fifteen-year bank notes with interest at 5.99% for the development of a records department. The Authority has an agreement to sublease this department to another division of the City upon commencement of operations.

The total outstanding principal balance of these four notes at March 31, 1998 was \$13,313,000 subject to the following repayment schedule:

<u>Fiscal Year</u>	<u>Amount</u>
1999	\$ 486,000
2000	513,000
2001	375,000
2002	359,000
2003	382,000
Thereafter	<u>11,198,000</u>
Total	<u>\$ 13,313,000</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 \$850.0 million, leaving a legal debt borrowing capacity of \$365.4 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>Retirements &amp;</u>	<u>Ending</u>
	<u>Balance</u>	<u>Additions</u>	<u>Transfers</u>	<u>Balance</u>
General Obligation Bonds:				
Term Bonds	\$ 1,367.4	--	\$ (68.9)	\$ 1,298.5
Refunding Bonds	167.1	--	(17.0)	150.1
Serial Bonds	494.9	23.0	(38.8)	479.1
Total G.O. Bonds	<u>2,029.4</u>	<u>23.0</u>	<u>(124.7)</u>	<u>1,927.7</u>
Obligations Under Capital Leases	15.4	58.9	(3.1)	71.2
Other Long-Term Obligations:				
Indemnity Claims	64.0	36.7	(37.2)	63.5
Worker's Compensation Claims	49.4	29.6	(38.2)	40.8
Termination Compensation Payable	91.8	44.7	(38.8)	97.7
Pension Costs	1,046.6	--	(1,046.6)	--
Total Other Obligations	<u>1,251.8</u>	<u>111.0</u>	<u>(1,160.8)</u>	<u>202.0</u>
Total Long-Term Debt	<u>\$ 3,296.6</u>	<u>\$ 192.9</u>	<u>\$ (1,288.6)</u>	<u>\$ 2,200.9</u>

**CITY OF PHILADELPHIA**  
**NOTES TO FINANCIAL STATEMENTS (Continued)**  
**FOR THE FISCAL YEAR ENDED JUNE 30, 1998**

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:

		(Amounts In Millions)		
		<b>Interest</b>	<b>Principal</b>	<b>Due Dates</b>
		<b>Rates</b>		
Governmental Funds:				
City *	1.0 % to 11.5 %	\$	474.1	Fiscal 1999 to 2025
Municipal Authority	2.35 % to 8.625 %		398.6	Fiscal 1999 to 2019
PICA	4.20 % to 6.0 %		1,055.0	Fiscal 1999 to 2023
			<u>1,927.7</u>	
Enterprise Funds				
Water Fund	1.5 % to 7.75 %		21.0	Fiscal 1999 to 2012
Aviation Fund	4.6 % to 11.5 %		40.0	Fiscal 1999 to 2005
			<u>61.0</u>	
Total General Obligation Bonds			<u>\$ 1,988.7</u>	

\* Includes variable rate bonds set at 6.85% at June 30, 1998

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

(Amounts In Millions)											
City Funds							Blended Component Units				
Fiscal	General Fund		Water Fund		Aviation Fund		Municipal Authority		PICA		
Year	Principal	Interest	Principal	Interest	Principal	Interest	Principal	Interest	Principal	Interest	
1999	\$ 41.4	\$ 28.1	\$ 3.1	\$ 0.5	\$ 6.9	\$ 2.3	\$ 21.0	\$ 20.9	\$ 49.7	\$ 57.4	
2000	37.2	25.1	2.4	0.3	10.2	1.7	21.1	23.3	52.4	54.7	
2001	35.5	22.6	2.3	0.2	11.6	1.0	21.8	22.6	55.2	51.8	
2002	34.6	20.9	1.7	0.1	3.7	0.5	24.8	21.6	58.7	48.6	
2003	32.1	19.1	1.1	0.1	2.6	0.4	25.6	20.6	34.0	45.2	
Thereafter	293.3	175.5	10.4	0.5	5.0	0.3	284.3	188.7	805.0	428.3	
Totals	\$ 474.1	\$ 291.3	\$ 21.0	\$ 1.7	\$ 40.0	\$ 6.2	\$ 398.6	\$ 297.7	\$ 1,055.0	\$ 686.0	

In addition, the City has bonds authorized and unissued at year end of \$481.1 million for Governmental Funds and \$303.6 million for Enterprise Funds.

## (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:

		(Amounts In Millions)		
		<b>Interest</b>	<b>Principal</b>	<b>Due Dates</b>
		<b>Rates</b>		
Water Fund	3.85 % to 10.0 %	\$	1,840.7	Fiscal 1999 to 2028
Aviation Fund	4.5 % to 6.1 %		545.5	Fiscal 1999 to 2027
Total Revenue Debt Payable			<u>\$ 2,386.2</u>	

**CITY OF PHILADELPHIA**  
**NOTES TO FINANCIAL STATEMENTS (Continued)**  
**FOR THE FISCAL YEAR ENDED JUNE 30, 1998**

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
1999	\$ 48.4	\$ 100.7	\$ 13.0	\$ 31.0
2000	56.6	91.9	14.0	30.3
2001	59.1	89.4	18.0	29.6
2002	61.4	87.1	18.9	28.6
2003	63.9	84.7	20.0	27.6
Thereafter	<u>1,551.3</u>	<u>807.9</u>	<u>461.6</u>	<u>306.9</u>
Totals	<u>\$ 1,840.7</u>	<u>\$ 1,261.7</u>	<u>\$ 545.5</u>	<u>\$ 454.0</u>

Also, the City has \$443.7 million of Airport Revenue Bonds authorized and unissued at year end.

**(3) Defeased Debt**

In July 1997, the City issued \$123.6 million of Airport Revenue Refunding Bonds, Series 1997A to currently refund Series 1978, 1984 and 1985 Airport Revenue Bonds totaling \$40.2, \$11.3, and \$81.8 million respectively. The refunded bonds had maturities dates from 1998 to 2015. The future cash flows required by the new bonds are \$49.4 million less than the future cash flows required by the refunded bonds. The economic gain on the refunding (the present value of these reduced cash flows with adjustments) was \$27.9 million.

In March, 1998, the City issued \$123.4 million of Airport Revenue Refunding Bonds, Series 1998A to currently refund the Series 1988 Airport Revenue Bonds totaling \$116.7 million maturing from 1999 to 2018. The cash flows required by the new bonds are \$25.2 million less than the cash flows required by the refunded bonds. The economic gain on the refunding (the present value of these reduced cash flows with adjustments) was \$15.5 million.

The two refundings above resulted in an accounting loss of approximately \$7.4 million. This loss is equal to the \$3.2 million difference between the reacquisition price (\$253.2 million) and the amount of debt extinguished (\$250.0 million) plus the unamortized discount of \$4.2 million. This loss will be amortized over the life of the refunded bonds at a rate of approximately \$400,000 per year through June, 2018.

In prior years, the City defeased certain general obligation and other 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, \$1,053.7 million of bonds outstanding pertaining to the following funds and account groups are considered defeased:

(Amounts In Thousands)

Governmental Funds:	
PICA	438,695
Municipal Authority	184,620
Enterprise Funds:	
Water Fund Revenue Bonds	<u>430,365</u>
Total	<u>\$ 1,053,680</u>

**CITY OF PHILADELPHIA**  
**NOTES TO FINANCIAL STATEMENTS (Continued)**  
**FOR THE FISCAL YEAR ENDED JUNE 30, 1998**

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**(4) Bond Swap Transaction**

In Fiscal 1990, the City entered into a bond swap agreement with Merrill Lynch Capital Services, Inc. (MLCS) to exchange a variable rate payment obligation for a ten year fixed rate payment of 6.85% for an original notional amount of \$148.0 million on the General Obligation Bonds, Series 1990 (the Series 1990 Bonds).

The Series 1990 Bonds were issued in a variable rate mode and, at the time, uncertainty existed over the direction of the variable rate market. The City wished to avoid the budget uncertainties of a floating rate, and the interest rate swap transaction was available at 90 basis points under the then current long term uninsured fixed bond rate.

The interest rate swap transaction exchanged a fixed rate (to be paid by the City) for MLCS's obligation to pay a variable rate (equal to the J J Kenny index). The City retains the basis risk of the pricing differential between the City's actual variable rate obligation on the Series 1990 Bonds and the J J Kenny index. The interest rate swap transaction may be reversed at any time by the City which, depending on prevailing interest rate conditions, may or may not involve an additional cost to the City. The fee for the rate swap was 1% (\$1.48 million) and was paid out of the bond proceeds.

The City remains responsible for debt service payments and ongoing costs on the Series 1990 Bonds. The ongoing related costs such as remarketing, letter of credit and agency fees, etc. are approximately 45 basis points. Additional advantages of using a swap in lieu of a fixed rate bond issue are the flexibility and relatively low cost to reverse the swap when compared to the expenses and legal restrictions attendant to refinancing a long term fixed rate transaction and the availability of cost effective credit enhancement on the variable rate bonds.

The Series 1990 Bonds are currently in a "Unit Pricing Mode" which provides investors with options similar to commercial paper. Other pricing modes providing weekly and annual rate resets are also available.

On each annual anniversary date of the swap, the swap may, at the request of the City and with the consent of MLCS, be extended for an additional one year period at such new terms as may be mutually agreed upon. However, since the swap is initially for a stated term of ten years and the Series 1990 Bonds were issued with a 30 year term (with sinking fund redemptions) the City would still bear the interest rate risk of the underlying variable rate Series 1990 Bonds subsequent to a termination of the swap.

To reduce the credit risk inherent in the swap agreement, the parties to the swap agreement each caused letters of credit to be issued in favor of the respective counterparties as security for performance of the obligations of the respective counterparties.

As of August 1, 1998, the balance outstanding on the Series 1990 Bonds was reduced to \$134.8 million under the mandatory Sinking Fund redemption provisions of the bond issue.

**(5) Short -Term Borrowings**

The City has statutory authorizations to negotiate temporary loans for periods not to extend beyond the fiscal year. The City repaid \$300.0 million in Tax and Revenue Anticipation Notes by June 1998 plus interest. In accordance with statute there are no temporary loans outstanding at year end.

**(6) Other New Bond Issues**

- In July, 1997, the City issued \$98.7 million of Airport Revenue Bonds, Series 1997B to finance certain capital improvements to the airport system. These bonds have maturity dates from fiscal years 1999 to 2027.
- In November, 1997, the City issued \$250 million of Water and Wastewater Revenue Bonds, Series 1997A and \$100 million of Water and Wastewater Revenue Bonds, variable rate Series 1997B to finance certain capital projects of the City's Water Department. These bonds have maturity dates from fiscal years 1999 to 2028.



**CITY OF PHILADELPHIA**  
**NOTES TO FINANCIAL STATEMENTS (Continued)**  
**FOR THE FISCAL YEAR ENDED JUNE 30, 1998**

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

**(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 \$697.2 million in principal, with interest rates from 4.2% 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>Balance</u>	<u>Additions</u>	<u>Retirements &amp;</u> <u>Transfers</u>	<u>Ending</u> <u>Balance</u>
General Obligation Bonds	\$ 704.0	\$ 1.7	\$ (8.5)	\$ 697.2
Other Long-Term Debt:				
Severance Payable	153.9	4.9	(8.4)	150.4
Termination Compensation Payable	231.5	25.4	(14.4)	242.5
Other	73.1	15.4	(22.8)	65.7
	<u>458.5</u>	<u>45.7</u>	<u>(45.6)</u>	<u>458.6</u>
Total Long-Term Debt	<u>\$ 1,162.5</u>	<u>\$ 47.4</u>	<u>\$ (54.1)</u>	<u>\$ 1,155.8</u>

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

(Amounts In Millions)

<u>Fiscal</u> <u>Year</u>	<u>Principal</u>	<u>Interest</u>
1999	\$ 34.6	\$ 35.7
2000	36.4	33.7
2001	47.9	29.2
2002	45.5	38.0
2003	44.9	28.1
Thereafter	<u>487.9</u>	<u>268.9</u>
Totals	<u>\$ 697.2</u>	<u>\$ 433.6</u>

**(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:

**CITY OF PHILADELPHIA**  
**NOTES TO FINANCIAL STATEMENTS (Continued)**  
**FOR THE FISCAL YEAR ENDED JUNE 30, 1998**

(Amounts In Millions)

	<b>Interest Rates</b>	<b>Principal</b>	<b>Due Dates</b>
Convention Center Authority	5.75 % to 6.875 %	\$ 280.0	Fiscal 1999 to 2020
Parking Authority	4.0 % to 8.875 %	104.3	Fiscal 1999 to 2019
Gas Works	3.9 % to 7.5 %	681.6	Fiscal 1998 to 2027
Redevelopment Authority	4.0 % to 10.25 %	<u>79.1</u>	Fiscal 1999 to 2029
Total Revenue Debt Payable		<u>\$ 1,145.0</u>	

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

(Amounts In Millions)								
Fiscal	Convention Center Authority		Parking Authority	Gas Works †		Redevelopment Authority		
Year	Principal	Interest	Principal	Principal	Interest	Principal	Interest	
1999	\$ 6.0	\$ 18.3	\$ 3.3	\$ 32.3	\$ 37.2	\$ 4.3	\$ 5.7	
2000	6.3	17.9	4.9	33.2	35.5	1.6	5.5	
2001	6.7	17.6	3.7	30.9	37.8	1.4	5.4	
2002	7.2	17.1	3.8	31.2	37.5	1.1	5.4	
2003	7.6	16.7	4.0	30.8	36.4	4.2	5.3	
Thereafter	246.2	166.5	84.6	523.2	298.4	66.5	78.7	
Totals	\$ 280.0	\$ 254.1	\$ 104.3	\$ 681.6	\$ 482.8	\$ 79.1	\$ 106.0	

† - Gas Works amounts are presented as of its fiscal year ended August 31, 1997.

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

- The Housing Authority had bonds payable of \$39.5 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 \$74.7 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 \$2.8 million at year-end consisting of an interest-free federal asbestos loan expected to be repaid over the next ten years.

**(4) Defeased Debt**

In June, 1998 PGW 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 a 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. This refunding is not reflected in the amounts presented below.

At Year end, \$647.4 million of defeased bonds are outstanding from the following Component Units of the City:

**CITY OF PHILADELPHIA**  
**NOTES TO FINANCIAL STATEMENTS (Continued)**  
**FOR THE FISCAL YEAR ENDED JUNE 30, 1998**

(Amounts In Millions)

Pennsylvania Convention Center Authority	\$ 271.8
Philadelphia Parking Authority	58.6
Philadelphia Gas Works †	233.0
School District of Philadelphia	<u>84.0</u>
Total	<u>\$ 647.4</u>

† - Gas Works amounts are presented as of August 31, 1997

## **11. COMPONENT UNIT THIRD PARTY FINANCINGS**

The City, through the Redevelopment Authority, has issued \$103.8 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)

	<b>Primary Government</b>		<b>Component Units</b>
	<b>Governmental</b>	<b>Proprietary</b>	
	<b>Funds</b>	<b>Funds</b>	
Minimum Rentals	\$ 11,500	\$ 12,010	\$ 682
Additional Rentals	<u>4,464</u>	<u>69,540</u>	<u>--</u>
Total Rental Income	<u>\$ 15,964</u>	<u>\$ 81,550</u>	<u>\$ 682</u>

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

(Amounts In Thousands)

	<b>Primary Government</b>		<b>Component Units</b>
	<b>Governmental</b>	<b>Proprietary</b>	
	<b>Funds</b>	<b>Funds</b>	
<b>Fiscal Year Ending</b>			
<b>June 30</b>			
1999	\$ 5,075	\$ 13,720	\$ 623
2000	4,978	13,301	554
2001	4,956	12,825	527
2002	1,807	12,271	507
2003	1,056	11,950	507
Later Years	<u>501</u>	<u>125,153</u>	<u>15,012</u>
	<u>\$ 18,373</u>	<u>\$ 189,220</u>	<u>\$ 17,730</u>

**CITY OF PHILADELPHIA**  
**NOTES TO FINANCIAL STATEMENTS (Continued)**  
**FOR THE FISCAL YEAR ENDED JUNE 30, 1998**

**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>
	<u>Governmental</u>	<u>Proprietary</u>	
	<u>Funds</u>	<u>Funds</u>	
Minimum Rentals	\$ 30,717	\$ 8,447	\$ 19,367
Additional Rentals	--	--	--
Total Rental Expense	<u>\$ 30,717</u>	<u>\$ 8,447</u>	<u>\$ 19,367</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)		
	<u>Primary Government</u>		<u>Component Units</u>
	<u>Governmental</u>	<u>Proprietary</u>	
	<u>Funds</u>	<u>Funds</u>	
<b>Fiscal Year Ending</b>			
<b><u>June 30</u></b>			
1999	\$ 5,917	\$ 44	\$ 13,626
2000	6,052	2	11,772
2001	5,905	1	8,716
2002	5,888	--	7,420
2003	5,922	--	5,951
Later Years	11,310	--	28,191
Total	<u>\$ 40,994</u>	<u>\$ 47</u>	<u>\$ 75,676</u>

**(2) Capital Leases**

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 and its component units under capital leases are as follows:

	(Amounts In Thousands)	
	<u>Primary Government</u>	<u>Component Units</u>
	<u>General Long</u>	
	<u>Term Debt</u>	
<b>Fiscal Year Ending</b>		
<b><u>June 30</u></b>		
1999	\$ 3,108	\$ 37
2000	4,103	--
2001	4,106	--
2002	4,105	--
2003	4,105	--
Thereafter	98,483	--
Future Minimum Rental Payments	118,010	37
Interest Portion of Payments	(59,100)	(2)
Obligation Under Capital Leases	<u>\$ 58,910</u>	<u>\$ 35</u>

**CITY OF PHILADELPHIA**  
**NOTES TO FINANCIAL STATEMENTS (Continued)**  
**FOR THE FISCAL YEAR ENDED JUNE 30, 1998**

**13. DEFERRED COMPENSATION PLANS**

The City and the Gas Works each offer their employees a deferred compensation plan created in accordance with Internal Revenue Code (IRC) Section 457. The plans, available to all full time City and Gas Works employees, permit them to defer a portion of their salary until future years. The deferred compensation is not available to employees until termination, retirement, death, or unforeseeable emergency.

Under the original terms of IRC Section 457, all amounts of 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 City or the Gas Works (without being restricted to the provisions of benefits under the plans), subject only to the claims of the organization's general creditors. Participants' rights under the plans were equal to those of general creditors in an amount equal to the fair market value of the deferred account for each participant.

The Small Business Job Protection Act of 1996 changed the terms of IRC Section 457 to require that the plan assets be held in trust for the exclusive benefit of the participants and their beneficiaries. For existing plans, this requirement must be met by January 1, 1999. As of June 30, 1998, Pennsylvania law did not allow the City to hold these assets in a Trust. New state legislation was passed on December 22, 1998 that removed these restrictions and allowed the creation of such trusts. With this legislation, the assets of these plans automatically reverts to the exclusive benefit of the participants. However, as of June 30, 1998 and August 31, 1997, the plan assets were the property of the City and the Gas Works, respectively, as required under the original terms of IRC Section 457.

In the interim, the plans provide that in the absence of gross negligence, fraud or willful misconduct, neither the City, the Gas Works, nor the Plan Administrators shall be accountable or liable for any investment loss. The City believes that it is unlikely that it will use the assets of either plan to satisfy the claims of general creditors in the future.

The following is a summary of the increases and decreases of the City and Gas Works plans for their respective fiscal years:

	(Amounts In Thousands)	
	<b>City Plan</b>	<b>Gas Works Plan</b>
	<b>Fiscal Year Ended</b>	<b>Fiscal Year Ended</b>
	<b><u>June 30, 1998</u></b>	<b><u>August 31, 1997</u></b>
Fund Assets, Net (at Market Value), Beginning	\$ 213,127	\$ 23,216
Contributions From Employees	18,705	3,297
Investment Income	21,488	6,250
Payments to Eligible Participants and Beneficiaries	(6,032)	(1,107)
Administrative Expenses	(548)	--
Fund Assets, Net (at Market Value), Ending	<u>\$ 246,740</u>	<u>\$ 31,656</u>

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

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.

**CITY OF PHILADELPHIA**  
**NOTES TO FINANCIAL STATEMENTS (Continued)**  
**FOR THE FISCAL YEAR ENDED JUNE 30, 1998**

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**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 maturing 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.

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

**Designated for Grant Match** - An account used to segregate a portion of Unreserved Fund Balance for the School District to show funds accumulated as part of a matching grant.

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

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, 1998**

(Amounts In Thousands)

	General	Special	Debt	Capital	Enterprise	Trust and	
	Fund	Revenue	Service	Improvement	Funds	Agency	Total
	Funds	Funds	Funds	Funds	Funds	Funds	
Retained Earnings:							
Reserved for Capital Purposes	\$ --	\$ --	\$ --	\$ --	\$ 31,167	\$ --	\$ 31,167
Reserved for Rate Stabilization	--	--	--	--	203,556	--	203,556
Total Retained Earnings	<u>\$ --</u>	<u>\$ --</u>	<u>\$ --</u>	<u>\$ --</u>	<u>\$ 234,723</u>	<u>\$ --</u>	<u>\$ 234,723</u>
Reserved Fund Balance:							
Reserved for Inventories	\$ 13,485	\$ --	\$ --	\$ --	\$ --	\$ 95	\$ 13,580
Reserved for Encumbrances	120,425	2,536	--	71,930	--	319	195,210
Reserved for Intergovernmental Financing	--	80,059	--	--	--	--	80,059
Reserved for Intergovernmentally							
Financed Programs	--	27,994	--	--	--	--	27,994
Reserved for Debt Service Principal	--	--	93,946	--	--	--	93,946
Reserved for Debt Service Interest	--	--	2,772	--	--	--	2,772
Reserved for Managed Care	--	15,741	--	--	--	--	15,741
Reserved for Public Safety Emergency Phone							
System	--	10,759	--	--	--	--	10,759
Reserved for Trust Principal	--	--	--	--	--	4,411	4,411
Total Reserved Fund Balance	<u>\$ 133,910</u>	<u>\$ 137,089</u>	<u>\$ 96,718</u>	<u>\$ 71,930</u>	<u>\$ --</u>	<u>\$ 4,825</u>	<u>\$ 444,472</u>
Unreserved Fund Balance:							
Designated for Behavioral Health Programs	\$ --	\$ 140,951	\$ --	\$ --	\$ --	\$ --	\$ 140,951
Designated for Trust and Pension Purposes	--	--	--	--	--	3,674,088	3,674,088
Total Designated Unreserved Fund Balance	<u>\$ --</u>	<u>\$ 140,951</u>	<u>\$ --</u>	<u>\$ --</u>	<u>\$ --</u>	<u>\$ 3,674,088</u>	<u>\$ 3,815,039</u>

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

(Amounts In Thousands)

	Redevelopment				
	Community	Philadelphia	Authority	School	
	College of	Parking	of the City of	District of	
	Philadelphia	Authority	Philadelphia	Philadelphia	Total
Retained Earnings:					
Reserved for Debt Service	<u>\$ --</u>	<u>\$ 9,515</u>	<u>\$ 4,549</u>	<u>\$ --</u>	<u>\$ 14,064</u>
Reserved Fund Balance:					
Reserved for Inventories	\$ --	\$ --	\$ --	\$ 1,573	\$ 1,573
Reserved for Encumbrances	--	--	--	122,007	122,007
Reserved for Self-Insurance	--	--	--	2,265	2,265
Reserved for Debt Service Principal	--	--	--	36,186	36,186
Reserved for Debt Service Interest	--	--	--	15,502	15,502
Reserved for Tax Lien Proceeds	--	--	--	13,303	13,303
Reserved for Trust Principal	--	--	--	2,262	2,262
Reserved for Program Purposes	73,745	--	--	--	73,745
Total Reserved Fund Balance	<u>\$ 73,745</u>	<u>\$ --</u>	<u>\$ --</u>	<u>\$ 193,098</u>	<u>\$ 266,843</u>
Unreserved Fund Balance:					
Designated for Trust Purposes	\$ --	\$ --	\$ --	\$ 2,584	\$ 2,584
Total Designations	<u>\$ --</u>	<u>\$ --</u>	<u>\$ --</u>	<u>\$ 2,584</u>	<u>\$ 2,584</u>

**CITY OF PHILADELPHIA**  
**NOTES TO FINANCIAL STATEMENTS (Continued)**  
**FOR THE FISCAL YEAR ENDED JUNE 30, 1998**

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

Funds experiencing Unreserved Fund Balance/Retained Earnings deficits at year-end are as follows:

Enterprise Funds:	
Water Fund	\$ 39,443,438
Capital Improvement Funds:	
City Capital Improvement Fund	\$ 28,544,140

**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	\$ 463,752	\$ 44,042	\$ 157,143	\$ 19,794	\$ 712,758
Grants Received	--	2,339	--	27,668	--	30,007
Contributions Received	--	7,735	--	--	90	7,825
Credit Arising From Depreciation	--	(19,597)	--	(10,028)	--	(29,625)
Ending Balance	<u>\$ 28,027</u>	<u>\$ 454,229</u>	<u>\$ 44,042</u>	<u>\$ 174,783</u>	<u>\$ 19,884</u>	<u>\$ 720,965</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	\$ --	\$ 7,238	\$ 127,391
Grants Received	--	--	--	--	2,040	--	2,040
Contributions Received	--	--	--	--	--	--	--
Credit Arising From Depreciation	--	--	--	--	--	--	--
Ending Balance	<u>\$ 2,550</u>	<u>\$ 593</u>	<u>\$ 19,910</u>	<u>\$ 97,100</u>	<u>\$ 2,040</u>	<u>\$ 7,238</u>	<u>\$ 129,431</u>

\* - Information for CBH is presented for its fiscal year ended December 31, 1997.

**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, 1998**

**A. PRIMARY GOVERNMENT**

	(Amounts in Thousands)			
	<u>Transfers In</u>		<u>Transfers Out</u>	
General Fund	\$	140,792	\$	109,997
Special Revenue Funds:				
Grants Revenue Fund	--		7,132	
Municipal Authority Administrative Fund	272		--	
PICA Administrative Fund	800	1,072	246,574	253,706
Debt Service Funds:				
City Debt Service Fund	69,043		--	
Municipal Authority Debt Service Fund	33,388		23,076	
PICA Debt Service Fund	99,849	202,280	--	23,076
Capital Improvement Funds:				
City Capital Improvement Fund	24,214		--	
Municipal Authority Capital Improvement Fund	21,874	46,088	--	--
Proprietary Funds:				
Water Fund	--			4,137
Trust and Agency Funds:				
Departmental Non-Expendable Trust Funds	--		65	
Departmental Expendable Trust Funds	749	749	--	65
Total Interfund Transactions	\$	<u>390,981</u>	\$	<u>390,981</u>

**B. COMPONENT UNITS**

	(Amounts in Thousands)			
	<u>Transfers In</u>		<u>Transfers Out</u>	
<b>Primary Government</b>				
General Fund	\$	44,621	\$	70,419
Special Revenue Funds:				
Hotel Tax Fund	--		12,434	
Grants Revenue Fund	--		20,667	
HealthChoices Behavioral Health Fund	--		229,091	
Community Development Fund	--	--	38,893	301,085
Capital Improvement Funds:				
City Capital Improvement Fund	--			13,406
Proprietary Funds:				
Water Fund	--			2,826
Aviation Fund		19,566		--
<b>Component Units</b>				
School District of Philadelphia	14,750		--	
Philadelphia Gas Works	--		18,000	
Penn's Landing Corporation	1,100		--	
Pennsylvania Convention Center Authority	41,923		10,498	
Philadelphia Housing Development Corporation	27,298		--	
Philadelphia Parking Authority	--		35,689	
Philadelphia Authority for Industrial Development	21,179		7,587	
Redevelopment Authority of the City of Philadelphia	35,067			
Community Behavioral Health	115,438	256,755	--	71,774
Community Behavioral Health transfers represent activity for the fiscal period ended December 31, 1997 and is not compatible with the reporting period of other entities.		113,653		--
Philadelphia Authority for Industrial Development transfers represent activity for the fiscal period ended December 31, 1997 and is not compatible with the reporting period of other entities.		6,647		--
General Fund transfers to Community College of Philadelphia reflected as Contribution Revenue in conformance with GAAP for educational institutions.		18,268		--
Total Interfund Transactions	\$	<u>459,510</u>	\$	<u>459,510</u>

**CITY OF PHILADELPHIA**  
**NOTES TO FINANCIAL STATEMENTS (Continued)**  
**FOR THE FISCAL YEAR ENDED JUNE 30, 1998**

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**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. Plan 87 members 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.

**CITY OF PHILADELPHIA**  
**NOTES TO FINANCIAL STATEMENTS (Continued)**  
**FOR THE FISCAL YEAR ENDED JUNE 30, 1998**

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**Disability Benefits**

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, 1997 was as follows:

<u>Employee Group</u>	<u>Number</u>
Retirees and beneficiaries currently receiving benefits	31,535
Terminated members entitled to benefits but not yet receiving them	739
Active members	<u>30,527</u>
Total members	<u>62,801</u>

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 required employer contribution for the current year was 23% of covered payroll of \$1,094.0 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, 1996. Methods and assumptions used for that valuation include:

- the entry age actuarial cost method

**CITY OF PHILADELPHIA**  
**NOTES TO FINANCIAL STATEMENTS (Continued)**  
**FOR THE FISCAL YEAR ENDED JUNE 30, 1998**

- 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

For the current year, the City contributed the Annual Pension Cost of \$252.0 million. The Annual Pension Cost and related percentage contributed for the three most recent fiscal years are as follows:

Fiscal Year	Annual Required	Percentage
<u>Ended June 30</u>	<u>Contribution</u> (In Millions)	<u>Contributed</u>
1996	\$222.5	100.00%
1997	\$237.0	100.00%
1998	\$252.0	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:

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

**CITY OF PHILADELPHIA**  
**NOTES TO FINANCIAL STATEMENTS (Continued)**  
**FOR THE FISCAL YEAR ENDED JUNE 30, 1998**

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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**

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 \$4,590,000 (approximately 4.66% 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 \$23.4 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 \$4,590,000, equal to its required contribution. This represented the net of (a) \$4,694,000 for normal cost and (b) \$104,000 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 actuarial valuation performed as of September 1, 1996 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:

(Amounts in Thousands)

Fiscal Year Ended <u>August 31</u>	Annual Required <u>Contribution</u>	Percentage <u>Contributed</u>
1995	4,462	100%
1996	7,337	100%
1997	4,590	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.

**CITY OF PHILADELPHIA**  
**NOTES TO FINANCIAL STATEMENTS (Continued)**  
**FOR THE FISCAL YEAR ENDED JUNE 30, 1998**

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**(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 \$64.3 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
- 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 5.4% of covered payroll.

Year Ended	Annual Required	Percent
<u>October 31</u>	<u>Contribution</u>	<u>Contributed</u>
1995	\$2,153,027	140.0%
1996	2,029,166	155.8%
1997	2,951,006	116.7%

**(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 Authority is required to contribute the remaining amounts necessary to fund the Plan as defined under Act 205 of the Commonwealth of Pennsylvania Code.

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

**CITY OF PHILADELPHIA**  
**NOTES TO FINANCIAL STATEMENTS (Continued)**  
**FOR THE FISCAL YEAR ENDED JUNE 30, 1998**

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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. 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. Authority employees are required to contribute 6% of their salary to the Plan.

**(c) Annual Pension Cost**

The contribution for the Plan for fiscal 1998 of \$937,864 (approximately 20% of covered payroll, representing normal cost) was determined in accordance with actuarially determined requirements computed through the actuarial valuation performed as of January 1, 1998 using the entry age normal actuarial cost method. The Authority contributed \$524,013 (approximately 11% of current covered payroll) and the employees contributed \$413,851 (9% 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).

The net pension obligation at year end was (\$108,229) computed as follows:

Annual Required Contribution	499,117
Interest On Net Pension Obligation	(6,352)
Adjustment to Annual Required Contribution	10,633
Annual Pension Cost	<u>503,398</u>
Contributions Made	<u>524,013</u>
(Increase) Decrease In Net Pension Obligation	(20,615)
Net Pension Obligation - Beginning of Year	<u>(87,614)</u>
Net Pension Obligation - End of Year	<u><u>(108,229)</u></u>

Historical trend information is unavailable because of changing the report format from GASB Statement No. 5 to GASB Statement No. 27.

**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 an annuity plan (TIAA-CREF) as described below.

The payroll for Community College employees covered by all three multiple employer plans was \$35.3 million and the total payroll was \$47.5 million. Contributions to the three plans by the College during the fiscal year totaled approximately \$3.3 million representing 9.28% of covered payroll. College employees contributed approximately \$1.8 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

**CITY OF PHILADELPHIA**  
**NOTES TO FINANCIAL STATEMENTS (Continued)**  
**FOR THE FISCAL YEAR ENDED JUNE 30, 1998**

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premium assistance to qualifying annuitants. Authority to establish and amend benefit provisions rests in the Public School Employees' Retirement Code (the Code).

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 1998 was 8.61% 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	Annual Required	Percentage
<u>June 30</u>	<u>Contribution</u>	<u>Contributed</u>
1996	\$112,934,013	100%
1997	100,467,353	100%
1998	87,216,980	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.

Covered employees are required to contribute 5% of all earnings to the SERS. The contributions are recorded in an individually identified account which is also credited with interest, calculated quarterly to yield 4% per annum, 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.

Participating agency contributions are also mandated by statute and are based upon an actuarially determined percentage of gross pay that is necessary to provide the SERS with assets sufficient to meet the benefits to be paid to the SERS members. For the current year, agency contributions for all full-time faculty, administrators and other staff was 9.03% of all earnings.

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



**CITY OF PHILADELPHIA**  
**NOTES TO FINANCIAL STATEMENTS (Continued)**  
**FOR THE FISCAL YEAR ENDED JUNE 30, 1998**

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

**(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 by statute. Contributions and credited interest vest immediately. 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 1998 was 6.19%. Contributions of the Convention Center Authority for the last three years were as follows:

Fiscal Year Ended	Annual Required	Percentage
<u>June 30</u>	<u>Contribution</u>	<u>Contributed</u>
1996	\$254,000	100%
1997	207,096	100%
1998	201,104	100%

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

Fiscal Year Ended	Annual Required	Percentage
<u>June 30</u>	<u>Contribution</u>	<u>Contributed</u>
1996	\$34,849	100%
1997	29,873	100%
1998	28,064	100%

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)**

**(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 904 employees participating in this plan.

**CITY OF PHILADELPHIA**  
**NOTES TO FINANCIAL STATEMENTS (Continued)**  
**FOR THE FISCAL YEAR ENDED JUNE 30, 1998**

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**(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 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 3,027 eligible retirees amounted to \$16.2 million and \$3.6 million, respectively.

**B. COMPONENT UNIT**

The School District provides life insurance benefits for approximately 8,476 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 \$16.1 million and the cost of life insurance for the year for retirees was \$629,839.

The Gas Works provides certain health care and life insurance benefits for approximately 2,000 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 \$19.4 million, of which approximately 45% relates to retirees and their dependents. Total premiums for group life insurance amounted to \$1.2 million, of which approximately 29% 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

**CITY OF PHILADELPHIA**  
**NOTES TO FINANCIAL STATEMENTS (Continued)**  
**FOR THE FISCAL YEAR ENDED JUNE 30, 1998**

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 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 1998 this transfer amounted to \$129.7 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	\$339,122	\$106,856	\$4,438	450,416
Depreciation and Amortization Expense	72,602	37,681	--	110,283
Operating Income/(Loss)	64,558	(13,394)	(1,405)	49,759
Operating Grants	7,983	379	--	8,362
Operating Transfers In/(Out)	(6,964)	19,566	--	12,602
Net Income/(Loss)	12,925	26,142	(2,122)	36,945
Current Capital:				
Contributions	7,735	--	90	7,825
Transfers	19,597	10,027	--	29,624
Property, Plant & Equipment Additions	114,719	114,352	--	229,071
Net Working Capital	11,832	2,076	27,549	41,457
Bonds and Other Long-Term Liabilities	1,617,434	546,642	--	2,164,076
Total Equity	646,369	379,711	28,839	1,054,919
Total Assets	2,376,837	1,003,516	28,933	3,409,286

**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:

**CITY OF PHILADELPHIA**  
**NOTES TO FINANCIAL STATEMENTS (Continued)**  
**FOR THE FISCAL YEAR ENDED JUNE 30, 1998**

**A. SOUTHEASTERN PENNSYLVANIA TRANSPORTATION AUTHORITY (SEPTA)**

During the year the City provided an operating subsidy of \$50.7 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 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 \$19.9 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 to the following organizations, the total of which was \$67.1 million during the year:

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

**7. RISK MANAGEMENT**

The City and its 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. The City (except for those funds related to Gas and Aviation operations, as well as those of the Municipal Authority and PICA) and School District are 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 Gas Works and other component units are principally insured through insurance carriers. Each entity has coverage considered by management to be sufficient to satisfy loss claims.

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 \$197.4 million for the City and its Component Units. This liability is the City's best estimate based on available information. Changes in the reported liability since June 30, 1996 resulted from the following:

	(Amounts in Millions)			
	Beginning	Current Year		Ending
	<u>Liability</u>	Claims and Changes <u>In Estimates</u>	Claim <u>Payments</u>	<u>Liability</u>
Fiscal 1997	\$195.1	\$126.3	(\$117.2)	\$204.2
Fiscal 1998	\$204.2	\$124.2	(\$128.4)	\$200.0

The School District Weekly Indemnity and the City's and School District's Unemployment Compensation and Workers' Compensation coverages are provided through their respective General Funds. The cost of

**CITY OF PHILADELPHIA**  
**NOTES TO FINANCIAL STATEMENTS (Continued)**  
**FOR THE FISCAL YEAR ENDED JUNE 30, 1998**

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 of each organization. Payments for the year were \$15.8 million for Weekly Indemnity; Unemployment Compensation claims of \$1.6 million for the City and \$1.1 million for the School District; and Workers' Compensation claims of \$38.7 million for the City and \$20.2 million for the School District. 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 City's losses 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:

<b>Fiscal Year Ended</b>		(Amounts In Millions)	
		<b><u>Commitments</u></b>	
	<b><u>June 30</u></b>		
	1999	\$	24.3
	2000		24.3
	2001		24.3
	2002		24.2
	2003		24.3
	Thereafter		<u>412.7</u>
	Total	\$	<u><u>534.1</u></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 \$100.1 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.

**CITY OF PHILADELPHIA**  
**NOTES TO FINANCIAL STATEMENTS (Continued)**  
**FOR THE FISCAL YEAR ENDED JUNE 30, 1998**

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- In April 1992 the Federal Energy Regulatory Commission (FERC) issued order No. 636 which requires the Gas Works Fund's (PGW) 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, 1997 is approximately \$18.0 million. Therefore, PGW has recorded both a deferred debit and deferred credit on the Balance Sheet in that amount. As of August 31, 1997, PGW has paid approximately \$15.0 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 \$12.1 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 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 \$95.3 million. Of this amount, \$4.5 million is charged to current operations of the Enterprise Funds. The remaining \$90.8 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 \$101.8 million to the General Fund and \$5.1 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.

**CITY OF PHILADELPHIA**  
**NOTES TO FINANCIAL STATEMENTS (Continued)**  
**FOR THE FISCAL YEAR ENDED JUNE 30, 1998**

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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 City, School District and Board of Revision of Taxes have appealed for rehearing.

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 there is constitutional justification for this discrimination and, if not, for recommendation of a remedy. Common Pleas Court has found no justification and has recommended maintaining the underlying lawful tax and severing the discriminatory exemption.

The City has sought legislative relief 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.

**CITY OF PHILADELPHIA**  
**NOTES TO FINANCIAL STATEMENTS (Continued)**  
**FOR THE FISCAL YEAR ENDED JUNE 30, 1998**

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**(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 are as follows:

	(Amounts In Thousands)
Redevelopment Authority of the City of Philadelphia	\$ 4,805
Philadelphia Parking Authority	10,325
Philadelphia Authority for Industrial Development	<u>16,620</u>
	<u>\$ 31,750</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, 1998, which amounted to \$573.7 million for all open program years as of December 1, 1998. Of this amount, \$521.1 million represents unresolved cost due to the inability to obtain audit reports from subrecipients for the year ended June 30, 1998 due to timing differences in audit requirements, \$31.8 million represents questioned costs due to the inability to obtain subrecipient audit reports for the fiscal years June 30, 1997 and prior and \$20.8 million represents questioned costs related to specific compliance requirements which have yet to be resolved.

**(4) HUD Section 108 Loans**

The Federal Department of Housing and Urban Development (HUD) has disbursed \$79.8 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 \$72.7 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 \$36.3 million for Workers' Compensation, \$4.5 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



**CITY OF PHILADELPHIA**  
**NOTES TO FINANCIAL STATEMENTS (Continued)**  
**FOR THE FISCAL YEAR ENDED JUNE 30, 1998**

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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 have challenged the type of real estate tax abatement granted them by the Board. The abatements exempt from real estate taxation 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. The School District has petitioned the Court for a rehearing; a decision is expected within the next six weeks.
- 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 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 1998. The potential reimbursement is approximately \$20.0 million. The School District is reviewing the basis for PDE's

**CITY OF PHILADELPHIA**  
**NOTES TO FINANCIAL STATEMENTS (Continued)**  
**FOR THE FISCAL YEAR ENDED JUNE 30, 1998**

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revised position in this matter and undertaking further efforts to ascertain whether additional opportunities for adjustments exist. In addition, the District has accepted PDE's invitation to continue discussions toward resolution of the Auditor General's findings.

**10. ADJUSTMENTS TO BEGINNING FUND BALANCE / RETAINED EARNINGS**

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**A. PRIMARY GOVERNMENT**

• **Change In Reporting Principle For Pensions**

The City implemented the provisions of the Government Accounting Standards Board's Statement No. 27 Accounting for Pensions by State and Local Governmental Employers (GASB 27) for the first time in fiscal year 1998. Among the provisions of GASB 27 is the requirement to only accrue a pension-related liability if the employer ever failed to make an annual contribution equal to the actuarially determined amount since the employer's implementation of GASB Statement No. 5 (which GASB 27 superseded). Since implementing GASB 5, the City never failed to contribute the actuarially determined amount. Therefore, the City has no pension-related liability under GASB 27.

However, through fiscal year 1997, the City had been accruing a pension-related liability in two of its enterprise funds, in one pension trust fund and in the General Long-term Debt Account Group due to the use of a non-GAAP method to amortize the pension fund's unfunded liability. GASB 27 and the related implementation guide specifically state that such liabilities accrued prior to the implementation of GASB 27 should be eliminated. Therefore, the Municipal Pension Fund's Statement of Changes in Plan Net Assets (Exhibit I-A-13) and the Water Fund and Aviation Fund Statements of Revenues, Expenses and Changes in Unreserved Retained Earnings (Exhibit II-B-2) show adjustments to Plan Net Assets and Retained Earnings, respectively, at the beginning of the fiscal year. Also, the Combining Schedule of Changes in General Long-Term Debt (Exhibit III-A-4) shows a reduction in Other Long-Term Obligations Payable.

• **Departmental Non-Expendable Trust Funds**

Beginning fund balance has been restated in order to correct the reflection of unrealized gain resulting from the implementation of GASB Statement No. 31 which pertains to reporting investments at their fair market value. A portion of the amount for which the July 1, 1996 unreserved fund balance was restated to show that the beginning value of investments should have been applied to the portion of fund balance reserved for trust purposes.

• **Change in Reporting Presentation for Philadelphia Gas Works**

As discussed in Note IV.13, the Philadelphia Gas Works has been reclassified from an enterprise fund of the primary government to a discretely presented component unit. As a result, primary government enterprise funds' July 1, 1997 retained earnings has been decreased and discretely presented component unit retained earnings increased by \$263,252,432, respectively.

**B. COMPONENT UNIT**

The Philadelphia Housing Authority's Beginning Fund Balance has been reduced in order to correct amounts reported for land, structures and equipment.

**CITY OF PHILADELPHIA**  
**NOTES TO FINANCIAL STATEMENTS (Continued)**  
**FOR THE FISCAL YEAR ENDED JUNE 30, 1998**

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**11. YEAR 2000 COMPLIANCE EFFORTS**

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). To date, eighty percent 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 is planned for October 1998 to January 1999 for City-wide systems, January 1999 to April 1999 for department-wide systems and April 1999 to July 1999 for division-wide systems. This testing will be 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 \$ 1.3 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 \$1.5 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.

**B. COMPONENT UNIT**

The School District began addressing the problem approximately two 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

**CITY OF PHILADELPHIA**  
**NOTES TO FINANCIAL STATEMENTS (Continued)**  
**FOR THE FISCAL YEAR ENDED JUNE 30, 1998**

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**(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. The School District has contracted with a third party to assist and provide guidance for this major undertaking.

**(2) Assessment**

The year 2000 committee has begun an inventory of all School District buildings with a target date for completion of January, 1999. It is expected that this will yield a list of the major systems that will need to be replaced or modified. Furthermore, the School District is assessing systems, technologies and supply chains involving risks to critical business processes.

**(3) Remediation**

The School District's decision to replace its business and human resources systems is a major undertaking and the basis of the School District's remediation plan. The School District expects most components of the financial and human resources package to be 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 repaired/replaced as well.

**(4) Testing**

The School District has purchased an integrated financial and human resources package which is Year 2000 compliant. Testing of this package will be completed during the Spring of 1999. The testing will be directed by the School District's project implementation team.

The School District contracted with a software provider at a cost of \$23.4 million to provide for an integrated financial and human resources package which will be year 2000 compliant. The cost of compliance for other administrative software is being financed within the normal operating budget of the Information technology Office. Additional cost estimates for school-based building and equipment systems will be determined as part of the assessment currently being conducted.

**12. NEW COMPONENT UNITS**

The City's reporting entity includes two new component units beginning in Fiscal Year 1998. These two entities, Community Behavioral Health, Inc. (CBH) and the Philadelphia Authority for Industrial Development (PAID) are described in footnote I.1.

**13. CHANGE IN REPORTING PERIOD AND ENTITY PRESENTATION**

In fiscal 1998, the City changed the method of reporting the financial statements of the Philadelphia Gas Works (PGW). A reevaluation of the relationship between the City and PGW resulted in reclassifying PGW from an enterprise fund of the primary government to a discretely presented component unit. This reclassification has not affected operating results for fiscal 1998; it has resulted in a decrease of \$263,252,432 to the July 1, 1997 retained earnings of the primary government enterprise funds and a corresponding increase to the July 1, 1997 retained earnings of the City's discretely presented component units.

For fiscal 1998, PGW's component unit financial statements are presented for the period that ends within the City's fiscal year. In prior years, PGW's statements for the period that ended subsequent to the City's fiscal year were included in the enterprise fund statements of the primary government. This change was made to uniformly apply the reporting period provisions of GASB 14 to all the City's blended and discretely presented component units.

**CITY OF PHILADELPHIA**  
**NOTES TO FINANCIAL STATEMENTS (Continued)**  
**FOR THE FISCAL YEAR ENDED JUNE 30, 1998**

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**14. SUBSEQUENT EVENTS**

- In July 1998, the City issued \$350 million of Tax and Revenue Anticipation Notes, Series A of 1998 - 1999, 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, 1999.
- In July 1998, the School District issued \$235 million of Tax and Revenue Anticipation Notes. The proceeds will be invested until needed and repaid by June 30, 1999.
- In August, 1998 the Philadelphia Authority for Industrial Development issued \$443.7 million of Airport Revenue Bonds, Series 1998A. The proceeds of these bonds will be used to finance certain capital improvements to the Philadelphia Airport System. At the same time, the City issued \$443.7 million in Airport Revenue Bonds, Series 1998B to secure the payment of the Series 1998A bonds.
- In November, 1998 the City issued \$250 million of Series 1998 General Obligation Bonds. The proceeds of these bonds will be used for various capital projects of the City.
- In December, 1998 the City authorized the issuance of \$143.5 million of Series 1998 Water and Wastewater Revenue Refunding Bonds and \$34.3 million of Series 1999 Water and Wastewater Revenue Refunding Bonds. The proceeds of these bonds will be used to refund portions of two outstanding series of Water and Wastewater Revenue bonds.
- In December 1998, the City Council passed an ordinance authorizing the City to provide for an Alternative Funding Mechanism (as defined by state law) for the unfunded actuarial accrued liability (UAAL) of the Municipal Pension Fund. The ordinance calls for an agreement between PAID and the City whereby PAID will issue bonds to fund up to \$1.25 billion of the UAAL while the City would agree to provide for the payment requirements of these bonds. The bonds are to mature no later than 2028 and have a maximum interest rate of 7.75%. The City would then deposit the proceeds of the bonds with the Pension Fund.

**CITY OF PHILADELPHIA  
REQUIRED SUPPLEMENTARY INFORMATION  
FISCAL YEAR ENDED JUNE 30, 1998**

**Schedule of Funding Progress - City Plan**

(Amounts In Millions)

Actuarial Valuation <u>Date</u>	Actuarial Value of <u>Assets</u> (a)	Actuarial Accrued <u>Liability (AAL)</u> (b)	Unfunded AAL <u>(UAAL)</u> (b - a)	Funded <u>Ratio</u> (a / b)	Covered <u>Payroll</u> (c)	UAAL as a Percent of Covered <u>Payroll</u> (b - a) / c
07/01/95	\$2,312.1	\$4,850.8	\$2,538.7	47.66%	\$1,006.4	252.26%
07/01/96	\$2,457.2	\$5,098.1	\$2,640.9	48.20%	\$1,068.3	247.21%
07/01/97	\$2,660.9	\$5,318.1	\$2,657.2	50.03%	\$1,067.7	248.87%

**Schedule of Funding Progress - Gas Works Plan**

(Amounts In Thousands)

Actuarial Valuation <u>Date</u>	Actuarial Value of <u>Assets</u> (a)	Actuarial Accrued <u>Liability (AAL)</u> (b)	Unfunded AAL <u>(UAAL)</u> (b - a)	Funded <u>Ratio</u> (a / b)	Covered <u>Payroll</u> (c)	UAAL as a Percent of Covered <u>Payroll</u> (b - a) / c
09/01/94	300,824	288,420	(12,404)	104.30%	101,409	-12.23%
09/01/95	330,829	327,420	(3,409)	101.04%	96,290	-3.54%
09/01/96	349,675	301,883	(47,792)	115.83%	98,549	-48.50%

**Schedule of Funding Progress - PHA Plan**

(Amounts In Thousands)

Actuarial Valuation <u>Date</u>	Actuarial Value of <u>Assets</u> (a)	Actuarial Accrued <u>Liability (AAL)</u> (b)	Unfunded AAL <u>(UAAL)</u> (b - a)	Funded <u>Ratio</u> (a / b)	Covered <u>Payroll</u> (c)	UAAL as a Percent of Covered <u>Payroll</u> (b - a) / c
10/31/94	\$110,989	\$107,946	(\$3,043)	102.82%	\$51,790	-5.88%
10/31/95	\$120,156	\$106,522	(\$13,634)	112.80%	\$54,098	-25.20%
10/31/96	\$129,042	\$132,041	\$2,999	97.73%	\$63,856	4.70%

**Schedule of Funding Progress - RDA Plan**

(Amounts In Thousands)

Actuarial Valuation <u>Date</u>	Actuarial Value of <u>Assets</u> (a)	Actuarial Accrued <u>Liability (AAL)</u> (b)	Unfunded AAL <u>(UAAL)</u> (b - a)	Funded <u>Ratio</u> (a / b)	Covered <u>Payroll</u> (c)	UAAL as a Percent of Covered <u>Payroll</u> (b - a) / c
01/01/98	\$42,383	\$36,490	(\$5,893)	116.15%	\$4,705	-125.25%

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 6% 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 (PICA) 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, 1998

	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	558,130	5,403,742	174,790,278
Investments	-	-	-
Due from Other Funds	-	-	-
Taxes Receivable	-	-	-
Accounts Receivable	-	-	-
Interest and Dividends Receivable	-	-	698,506
Due from Other Governmental Units	-	-	-
Allowance for Doubtful Accounts	-	-	-
Other Assets	-	-	-
<u>Total Assets</u>	<u>\$ 558,130</u>	<u>\$5,403,742</u>	<u>\$ 175,488,784</u>
<u>Liabilities and Fund Equity</u>			
Vouchers Payable	\$ -	\$ 158,745	\$ 7,092
Accounts Payable	1,635	780,443	-
Salaries and Wages Payable	-	-	-
Due to Other Funds	-	-	-
Due to Component Units	-	-	18,789,376
Funds Held in Escrow and Advance Deposits	-	-	-
Due to Other Governmental Units	-	-	-
Deferred Revenue	-	-	-
<u>Total Liabilities</u>	<u>1,635</u>	<u>939,188</u>	<u>18,796,468</u>
Fund Equity:			
Fund Balance:			
Reserved for Managed Care	-	-	15,740,910
Reserved for Encumbrances	381,722	2,154,594	-
Reserved for Intergovernmental Financing	-	-	-
Reserved for Intergovernmentally Financed Programs	-	-	-
Reserved for Public Safety Emergency Phone System	-	-	-
Unreserved:			
Designated for Behavioral Health Programs	-	-	140,951,406
Undesignated Fund Balance	174,773	2,309,960	-
<u>Total Unreserved Fund Balances</u>	<u>174,773</u>	<u>2,309,960</u>	<u>140,951,406</u>
<u>Total Fund Equity</u>	<u>556,495</u>	<u>4,464,554</u>	<u>156,692,316</u>
<u>Total Liabilities and Fund Equity</u>	<u>\$ 558,130</u>	<u>\$5,403,742</u>	<u>\$ 175,488,784</u>



Hotel Room Rental Tax Fund	Grants Revenue Fund	Community Development Fund	Municipal Authority Administrative Fund	PICA Administrative Fund	Totals
\$ -	\$ 79,000	\$ -	\$ 1,266,569	\$ 11,523,242	\$ 12,868,811
4,159,809	41,391,879	-	-	-	226,303,838
-	-	-	-	69,115,259	69,115,259
-	-	-	-	263,164	263,164
226,425	-	-	-	-	226,425
576	327,896	1,718,345	5,518,494	-	7,565,311
-	350,186	(397,060)	-	227,456	879,088
-	71,681,695	24,101,495	-	-	95,783,190
(126,868)	-	-	-	-	(126,868)
-	-	-	-	11,940	11,940
<u>\$ 4,259,942</u>	<u>\$ 113,830,656</u>	<u>\$ 25,422,780</u>	<u>\$ 6,785,063</u>	<u>\$ 81,141,061</u>	<u>\$ 412,890,158</u>
\$ 447,452	\$ 4,154,180	\$ 972,687	\$ -	\$ -	\$ 5,740,156
2,165,734	21,471,032	6,096,104	6,707,151	89,240	37,311,339
-	1,749,063	179,380	-	129,165	2,057,608
-	-	17,158,390	-	269,837	17,428,227
1,547,199	491,535	1,016,219	-	-	21,844,329
-	6,521,679	-	9,080	-	6,530,759
-	2,581	-	-	-	2,581
99,557	40,687,102	-	-	-	40,786,659
<u>4,259,942</u>	<u>75,077,172</u>	<u>25,422,780</u>	<u>6,716,231</u>	<u>488,242</u>	<u>131,701,658</u>
-	-	-	-	-	15,740,910
-	-	-	-	-	2,536,316
-	-	-	-	80,058,870	80,058,870
-	27,994,232	-	-	-	27,994,232
-	10,759,252	-	-	-	10,759,252
-	-	-	-	-	140,951,406
-	-	-	68,832	593,949	3,147,514
<u>-</u>	<u>-</u>	<u>-</u>	<u>68,832</u>	<u>593,949</u>	<u>144,098,920</u>
-	38,753,484	-	68,832	80,652,819	281,188,500
<u>\$ 4,259,942</u>	<u>\$ 113,830,656</u>	<u>\$ 25,422,780</u>	<u>\$ 6,785,063</u>	<u>\$ 81,141,061</u>	<u>\$ 412,890,158</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, 1998

	County Liquid Fuels Tax Fund	Special Gasoline Tax Fund	HealthChoices Behavioral Health Fund
Revenues:			
Tax Revenue	\$ -	\$ -	\$ -
Locally Generated Non-Tax Revenue	47,862	232,782	8,210,348
Revenue from Other Governments	<u>3,949,713</u>	<u>19,603,624</u>	<u>325,052,517</u>
<u>Total Revenues</u>	<u>3,997,575</u>	<u>19,836,406</u>	<u>333,262,865</u>
Expenditures:			
Economic Development	-	-	-
Transportation	4,948,938	17,860,257	-
Judiciary and Law Enforcement	-	-	-
Conservation of Health	-	-	8,683,757
Housing and Neighborhood Development	-	-	-
Cultural and Recreational	-	-	-
Improvement of General Welfare	-	-	-
Services to Property	-	1,544,100	-
General Management and Support	<u>-</u>	<u>1,000,000</u>	<u>-</u>
<u>Total Expenditures</u>	<u>4,948,938</u>	<u>20,404,357</u>	<u>8,683,757</u>
Excess of Revenues Over (Under) Expenditures	<u>(951,363)</u>	<u>(567,951)</u>	<u>324,579,108</u>
Other Financing Sources (Uses):			
Operating Transfers In	-	-	-
Operating Transfers Out	-	-	-
Operating Transfers to Component Units	<u>-</u>	<u>-</u>	<u>(229,091,283)</u>
<u>Total Other Financing Sources (Uses)</u>	<u>-</u>	<u>-</u>	<u>(229,091,283)</u>
Excess of Revenues and Other Sources Over (Under) Expenditures and Other Uses	(951,363)	(567,951)	95,487,825
Other Changes in Unreserved Fund Balance:			
(Increase) Decrease in Reserve for Encumbrances	(58,158)	(1,021,088)	-
Decrease 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	<u>-</u>	<u>-</u>	<u>(6,039,991)</u>
Net Change in Unreserved Fund Balance for the Year	<u>(1,009,521)</u>	<u>(1,589,039)</u>	<u>89,447,834</u>
Fund Balance - Unreserved, July 1, 1997	<u>1,184,294</u>	<u>3,898,999</u>	<u>51,503,572</u>
Fund Balance - Unreserved, June 30, 1998	<u>\$ 174,773</u>	<u>\$ 2,309,960</u>	<u>\$ 140,951,406</u>

Hotel Room Rental Tax Fund	Grants Revenue Fund	Community Development Fund	Municipal Authority Administrative Fund	PICA Administrative Fund	Totals
\$ 17,441,875	\$ -	\$ -	\$ -	\$ 229,943,759	\$ 247,385,634
202,852	25,722,872	218,689	29,112,351	5,566,917	69,314,673
-	469,220,954	75,956,490	-	-	893,783,298
<u>17,644,727</u>	<u>494,943,826</u>	<u>76,175,179</u>	<u>29,112,351</u>	<u>235,510,676</u>	<u>1,210,483,605</u>
5,227,906	1,270,656	-	-	-	6,498,562
-	-	-	-	-	22,809,195
-	49,023,136	-	-	-	49,023,136
-	341,975,376	-	-	-	350,659,133
-	7,587,292	37,282,326	-	-	44,869,618
-	11,193,957	-	-	-	11,193,957
-	28,702,511	-	-	-	28,702,511
-	561,582	-	-	-	2,105,682
-	20,630,913	-	29,348,502	932,210	51,911,625
<u>5,227,906</u>	<u>460,945,423</u>	<u>37,282,326</u>	<u>29,348,502</u>	<u>932,210</u>	<u>567,773,419</u>
12,416,821	33,998,403	38,892,853	(236,151)	234,578,466	642,710,186
-	-	-	272,051	800,000	1,072,051
-	(7,131,726)	-	-	(246,573,909)	(253,705,635)
(12,433,991)	(20,666,428)	(38,892,853)	-	-	(301,084,555)
<u>(12,433,991)</u>	<u>(27,798,154)</u>	<u>(38,892,853)</u>	<u>272,051</u>	<u>(245,773,909)</u>	<u>(553,718,139)</u>
(17,170)	6,200,249	-	35,900	(11,195,443)	88,992,047
-	-	-	-	-	(1,079,246)
-	-	-	-	11,123,801	11,123,801
-	(820,385)	-	-	-	(820,385)
-	(5,379,864)	-	-	-	(5,379,864)
-	-	-	-	-	(6,039,991)
<u>(17,170)</u>	<u>-</u>	<u>-</u>	<u>35,900</u>	<u>(71,642)</u>	<u>86,796,362</u>
17,170	-	-	32,932	665,591	57,302,558
<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 68,832</u>	<u>\$ 593,949</u>	<u>\$ 144,098,920</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, 1998

	County Liquid Fuels Tax Fund		
	Revised Budget	Actual	Variance Favorable (Unfavorable)
Revenues:			
Tax Revenue	\$ -	\$ -	\$ -
Locally Generated Non-Tax Revenue	30,000	47,862	17,862
Revenue from Other Governments	4,400,000	3,949,713	(450,287)
Total Revenues	4,430,000	3,997,575	(432,425)
Other Sources:			
Increase (Decrease) in Unreimbursed Commitments	-	-	-
(Increase) in Financed Reserves	-	-	-
Total Revenues and Other Sources	4,430,000	3,997,575	(432,425)
Expenditures and Encumbrances:			
Personal Services:			
Personal Services	3,600,000	3,600,000	-
Pension Contributions	-	-	-
Other Employee Benefits	-	-	-
Sub-total	3,600,000	3,600,000	-
Purchase of Services	497,000	496,977	23
Materials and Supplies	786,000	784,481	1,519
Equipment	121,000	114,440	6,560
Contributions, Indemnities and Taxes	-	-	-
Payments to Other Funds	15,000	15,000	-
Advances, Subsidies, Miscellaneous	-	-	-
Total Expenditures and Encumbrances	5,019,000	5,010,898	8,102
Operating Surplus (Deficit) for the Year	\$ (589,000)	(1,013,323)	\$ (424,323)
Fund Balance Available for Appropriation, July 1, 1997		1,184,294	
Adjustments to Prior Fiscal Year Revenues, Expenditures and Encumbrances:			
Commitments Cancelled - Net		3,802	
Revenue Adjustments - Net		-	
Prior Period Adjustments		-	
Adjusted Fund Balance, July 1, 1997		1,188,096	
Fund Balance Available for Appropriation, June 30, 1998		\$ 174,773	

Special Gasoline Tax Fund			HealthChoices Behavioral Health Fund		
Revised Budget	Actual	Variance Favorable (Unfavorable)	Revised Budget	Actual	Variance Favorable (Unfavorable)
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
240,000	232,782	(7,218)	4,500,000	8,210,348	3,710,348
<u>19,516,000</u>	<u>19,603,624</u>	<u>87,624</u>	<u>341,399,000</u>	<u>325,052,517</u>	<u>(16,346,483)</u>
19,756,000	19,836,406	80,406	345,899,000	333,262,865	(12,636,135)
-	-	-	-	975,570	975,570
-	-	-	-	(6,039,991)	(6,039,991)
<u>19,756,000</u>	<u>19,836,406</u>	<u>80,406</u>	<u>345,899,000</u>	<u>328,198,444</u>	<u>(17,700,556)</u>
12,708,867	12,107,684	601,183	-	-	-
500,000	500,000	-	-	-	-
500,000	500,000	-	-	-	-
<u>13,708,867</u>	<u>13,107,684</u>	<u>601,183</u>	-	-	-
3,957,778	3,957,778	-	429,972,854	240,217,625	189,755,229
3,883,375	3,859,020	24,355	-	-	-
612,638	603,540	9,098	-	-	-
-	-	-	-	-	-
31,342	31,342	-	542,146	542,146	-
-	-	-	-	-	-
<u>22,194,000</u>	<u>21,559,364</u>	<u>634,636</u>	<u>430,515,000</u>	<u>240,759,771</u>	<u>189,755,229</u>
<u>\$ (2,438,000)</u>	<u>(1,722,958)</u>	<u>\$ 715,042</u>	<u>\$ (84,616,000)</u>	<u>87,438,673</u>	<u>\$ 172,054,673</u>
	3,898,999			51,503,572	
	133,919			2,009,161	
	-			-	
	-			-	
	<u>4,032,918</u>			<u>53,512,733</u>	
	<u>\$ 2,309,960</u>			<u>\$ 140,951,406</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, 1998

	Hotel Room Rental Tax Fund		
	Revised Budget	Actual	Variance Favorable (Unfavorable)
Revenues:			
Tax Revenue	\$ 17,900,000	\$ 17,441,875	\$ (458,125)
Locally Generated Non-Tax Revenue	100,000	202,852	102,852
Revenue from Other Governments	-	-	-
Total Revenues	18,000,000	17,644,727	(355,273)
Other Sources:			
Increase (Decrease) in Unreimbursed Commitments	-	-	-
(Increase) in Financed Reserves	-	-	-
Total Revenues and Other Sources	18,000,000	17,644,727	(355,273)
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	20,000,000	22,480,513	(2,480,513)
Payments to Other Funds	-	-	-
Advances, Subsidies, Miscellaneous	-	-	-
Total Expenditures and Encumbrances	20,000,000	22,480,513	(2,480,513)
Operating Surplus (Deficit) for the Year	\$ (2,000,000)	(4,835,786)	\$ (2,835,786)
Fund Balance Available for Appropriation, July 1, 1997		17,170	
Adjustments to Prior Fiscal Year Revenues, Expenditures and Encumbrances:			
Commitments Cancelled - Net		-	
Revenue Adjustments - Net		-	
Prior Period Adjustments		4,818,616	
Adjusted Fund Balance, July 1, 1997		4,835,786	
Fund Balance Available for Appropriation, June 30, 1998		\$ -	

Grants Revenue Fund			Community Development Fund		
Revised Budget	Actual	Variance Favorable (Unfavorable)	Revised Budget	Actual	Variance Favorable (Unfavorable)
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
38,944,320	25,751,377	(13,192,943)	518,000	218,689	(299,311)
<u>560,289,339</u>	<u>477,873,432</u>	<u>(82,415,907)</u>	<u>70,469,000</u>	<u>67,323,462</u>	<u>(3,145,538)</u>
599,233,659	503,624,809	(95,608,850)	70,987,000	67,542,151	(3,444,849)
-	46,351,465	46,351,465	-	1,026,499	1,026,499
<u>-</u>	<u>(6,200,250)</u>	<u>(6,200,250)</u>	<u>-</u>	<u>-</u>	<u>-</u>
<u>599,233,659</u>	<u>543,776,024</u>	<u>(55,457,635)</u>	<u>70,987,000</u>	<u>68,568,650</u>	<u>(2,418,350)</u>
79,734,200	68,207,998	11,526,202	5,573,558	5,155,057	418,501
4,972,904	4,044,944	927,960	885,583	885,583	-
<u>9,287,716</u>	<u>7,131,049</u>	<u>2,156,667</u>	<u>1,343,840</u>	<u>1,275,319</u>	<u>68,521</u>
93,994,820	79,383,991	14,610,829	7,802,981	7,315,959	487,022
551,893,067	451,323,758	100,569,309	62,760,032	62,179,080	580,952
12,803,490	9,373,996	3,429,494	243,240	217,084	26,156
11,170,488	5,620,537	5,549,951	61,747	58,584	3,163
184,028	184,028	-	-	-	-
12,947,859	8,001,627	4,946,232	300,000	25,775	274,225
<u>50,548,248</u>	<u>-</u>	<u>50,548,248</u>	<u>20,000,000</u>	<u>-</u>	<u>20,000,000</u>
<u>733,542,000</u>	<u>553,887,937</u>	<u>179,654,063</u>	<u>91,168,000</u>	<u>69,796,482</u>	<u>21,371,518</u>
<u>\$ (134,308,341)</u>	<u>(10,111,913)</u>	<u>\$124,196,428</u>	<u>\$ (20,181,000)</u>	<u>(1,227,832)</u>	<u>\$ 18,953,168</u>
	-			-	
	18,132,495			1,227,832	
	(8,680,983)			-	
	<u>660,401</u>			<u>-</u>	
	<u>10,111,913</u>			<u>1,227,832</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, 1998

	Totals		
	Revised Budget	Actual	Variance Favorable (Unfavorable)
Revenues:			
Tax Revenue	\$ 17,900,000	\$ 17,441,875	\$ (458,125)
Locally Generated Non-Tax Revenue	44,332,320	34,663,910	(9,668,410)
Revenue from Other Governments	996,073,339	893,802,748	(102,270,591)
Total Revenues	1,058,305,659	945,908,533	(112,397,126)
Other Sources:			
Increase (Decrease) in Unreimbursed Commitments	-	48,353,534	48,353,534
(Increase) in Financed Reserves	-	(12,240,241)	(12,240,241)
Total Revenues and Other Sources	1,058,305,659	982,021,826	(76,283,833)
Expenditures and Encumbrances:			
Personal Services:			
Personal Services	101,616,625	89,070,739	12,545,886
Pension Contributions	6,358,487	5,430,527	927,960
Other Employee Benefits	11,131,556	8,906,368	2,225,188
Sub-total	119,106,668	103,407,634	15,699,034
Purchase of Services	1,049,080,731	758,175,218	290,905,513
Materials and Supplies	17,716,105	14,234,581	3,481,524
Equipment	11,965,873	6,397,101	5,568,772
Contributions, Indemnities and Taxes	20,184,028	22,664,541	(2,480,513)
Payments to Other Funds	13,836,347	8,615,890	5,220,457
Advances, Subsidies, Miscellaneous	70,548,248	-	70,548,248
Total Expenditures and Encumbrances	1,302,438,000	913,494,965	388,943,035
Operating Surplus (Deficit) for the Year	\$ (244,132,341)	68,526,861	\$ 312,659,202
Fund Balance Available for Appropriation, July 1, 1997		56,604,035	
Adjustments to Prior Fiscal Year Revenues, Expenditures and Encumbrances:			
Commitments Cancelled - Net		21,507,209	
Revenue Adjustments - Net		(8,680,983)	
Prior Period Adjustments		5,479,017	
Adjusted Fund Balance, July 1, 1997		74,909,278	
Fund Balance Available for Appropriation, June 30, 1998		\$143,436,139	



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 on general obligation term bonds and to function as a conduit for 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 fund operations.
2. **MUNICIPAL AUTHORITY DEBT SERVICE FUND** - Established to account for the debt service activities related to the equipment and facilities financed through the Municipal Authority.
3. **PENNSYLVANIA INTERGOVERNMENTAL COOPERATION AUTHORITY (PICA) 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, 1998

	City Debt Service Fund	Municipal Authority Debt Service Fund	PICA Debt Service Fund	Totals
<u>Assets</u>				
Equity in Treasurer's Account	\$ 2,772,488	\$ -	\$ -	\$ 2,772,488
Investments	-	4,683,058	87,464,531	92,147,589
Interest Receivable	-	5,240,069	365,364	5,605,433
<u>Total Assets</u>	<u>\$ 2,772,488</u>	<u>\$ 9,923,127</u>	<u>\$ 87,829,895</u>	<u>\$ 100,525,510</u>
<u>Liabilities and Fund Equity</u>				
Accounts Payable	\$ -	\$ 2,664,347	\$ -	\$ 2,664,347
Due to Other Funds	-	-	263,164	263,164
<u>Total Liabilities</u>	<u>-</u>	<u>2,664,347</u>	<u>263,164</u>	<u>2,927,511</u>
Fund Equity:				
Fund Balance:				
Reserved for Debt Service Principal	-	7,258,780	86,686,731	93,945,511
Reserved for Debt Service Interest	2,772,488	-	-	2,772,488
Unreserved:				
Undesignated Fund Balance	-	-	880,000	880,000
<u>Total Fund Equity</u>	<u>2,772,488</u>	<u>7,258,780</u>	<u>87,566,731</u>	<u>97,597,999</u>
<u>Total Liabilities and Fund Equity</u>	<u>\$ 2,772,488</u>	<u>\$ 9,923,127</u>	<u>\$ 87,829,895</u>	<u>\$ 100,525,510</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, 1998

	City Debt Service Fund	Municipal Authority Debt Service Fund	PICA Debt Service Fund	Totals
Revenues:				
Locally Generated Non-Tax Revenue	\$ 87,110	\$ 7,608,424	\$ 7,134,420	\$ 14,829,954
Expenditures:				
Debt Service:				
Principal	37,913,955	22,117,637	47,385,000	107,416,592
Interest	32,075,557	24,130,445	59,641,115	115,847,117
<u>Total Expenditures</u>	<u>69,989,512</u>	<u>46,248,082</u>	<u>107,026,115</u>	<u>223,263,709</u>
Excess of Revenues (Under) Expenditures	(69,902,402)	(38,639,658)	(99,891,695)	(208,433,755)
Other Financing Sources (Uses):				
Proceeds from Bond Sales	-	43,436,184	-	43,436,184
Operating Transfers In	69,043,277	33,387,747	99,849,353	202,280,377
Operating Transfers Out	-	(23,076,334)	-	(23,076,334)
Defeasement	-	(20,405,000)	-	(20,405,000)
<u>Total Other Financing Sources (Uses)</u>	<u>69,043,277</u>	<u>33,342,597</u>	<u>99,849,353</u>	<u>202,235,227</u>
Excess of Revenues and Other Sources Over (Under) Expenditures and Other Uses	(859,125)	(5,297,061)	(42,342)	(6,198,528)
Other Changes in Unreserved Fund Balance: (Increase) Decrease in Reserve for Debt Service	859,125	5,297,061	122,342	6,278,528
Net Change in Unreserved Fund Balance for the Year	-	-	80,000	80,000
Fund Balance - Unreserved, July 1, 1997	-	-	800,000	800,000
Fund Balance - Unreserved, June 30, 1998	\$ -	\$ -	\$ 880,000	\$ 880,000



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 major capital facilities other than those financed by proprietary fund operations. 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 CAPITAL IMPROVEMENT FUND** - Established to account for capital additions and improvements to the City's facilities and infrastructure and financed 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, 1998

EXHIBIT II-A-6

	City Capital Improvement Fund	Municipal Authority Capital Improvement Fund	<u>Totals</u>
<u>Assets</u>			
Equity in Treasurer's Account	\$ 66,528,985	\$ -	\$ 66,528,985
Investments	-	40,672,875	40,672,875
Accounts Receivable	685,630	-	685,630
Interest and Dividends Receivable	382,947	85,407	468,354
Due from Component Units	410,131	-	410,131
Due from Other Governmental Units	13,235,158	-	13,235,158
Allowance for Doubtful Accounts	<u>(185,630)</u>	<u>-</u>	<u>(185,630)</u>
<u>Total Assets</u>	<u>\$ 81,057,221</u>	<u>\$ 40,758,282</u>	<u>\$ 121,815,503</u>
<u>Liabilities and Fund Equity</u>			
Vouchers Payable	\$ 7,110,965	\$ -	\$ 7,110,965
Accounts Payable	12,179,126	902,151	13,081,277
Salaries and Wages Payable	107,019	-	107,019
Funds Held in Escrow	17,774,656	-	17,774,656
Deferred Revenue	<u>500,000</u>	<u>-</u>	<u>500,000</u>
<u>Total Liabilities</u>	<u>37,671,766</u>	<u>902,151</u>	<u>38,573,917</u>
Fund Equity:			
Fund Balance:			
Reserved for Encumbrances	71,929,595	-	71,929,595
Unreserved:			
Undesignated Fund Balance	<u>(28,544,140)</u>	<u>39,856,131</u>	<u>11,311,991</u>
<u>Total Fund Equity</u>	<u>43,385,455</u>	<u>39,856,131</u>	<u>83,241,586</u>
<u>Total Liabilities and Fund Equity</u>	<u>\$ 81,057,221</u>	<u>\$ 40,758,282</u>	<u>\$ 121,815,503</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, 1998

	City Capital Improvement Fund	Municipal Authority Capital Improvement Fund	Totals
Revenues:			
Locally Generated Non-Tax Revenue	\$ -	\$ 2,937,619	\$ 2,937,619
Revenue from Other Governments	11,224,018	-	11,224,018
Other Revenues	734,462	-	734,462
<u>Total Revenues</u>	<u>11,958,480</u>	<u>2,937,619</u>	<u>14,896,099</u>
Expenditures:			
Capital Outlay	<u>114,361,346</u>	<u>20,072,613</u>	<u>134,433,959</u>
Excess of Revenues Over (Under) Expenditures	<u>(102,402,866)</u>	<u>(17,134,994)</u>	<u>(119,537,860)</u>
Other Financing Sources (Uses):			
Operating Transfers In	24,213,612	21,873,956	46,087,568
Operating Transfers Out to Component Units	(13,406,322)	-	(13,406,322)
Other	(988,566)	-	(988,566)
<u>Total Other Financing Sources (Uses)</u>	<u>9,818,724</u>	<u>21,873,956</u>	<u>31,692,680</u>
Excess of Revenues and Other Sources Over (Under) Expenditures and Other Uses	(92,584,142)	4,738,962	(87,845,180)
Other Changes in Unreserved Fund Balance:			
Decrease in Reserve for Encumbrances	<u>(18,063,789)</u>	<u>-</u>	<u>(18,063,789)</u>
Net Change in Unreserved Fund Balance for the Year	(110,647,931)	4,738,962	(105,908,969)
Fund Balance - Unreserved, July 1, 1997	<u>82,103,791</u>	<u>35,117,169</u>	<u>117,220,960</u>
Fund Balance - Unreserved, June 30, 1998	<u>\$ (28,544,140)</u>	<u>\$ 39,856,131</u>	<u>\$ 11,311,991</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 operations of the City's water and sewage systems.
2. **AVIATION FUND** - Established to account for the operations 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, 1998

	Water Fund	Aviation Fund	Industrial & Commercial Development Fund	Totals
<u>Assets</u>				
Current Assets:				
Cash on Deposit and on Hand	\$ 30,000	\$ -	\$ -	\$ 30,000
Equity in Treasurer's Account	38,114,713	70,915,485	5,552,445	114,582,643
Due from Other Governmental Units	-	-	-	-
Accounts Receivable:				
Utility and Aviation Charges	201,886,708	1,184,308	-	203,071,016
Other	8,327,270	6,250,427	376,452	14,954,149
	<u>210,213,978</u>	<u>7,434,735</u>	<u>376,452</u>	<u>218,025,165</u>
Total Accounts Receivable	210,213,978	7,434,735	376,452	218,025,165
Allowance for Doubtful Accounts	(136,274,561)	(724,655)	-	(136,999,216)
Inventories	12,178,353	1,612,202	21,714,450	35,505,005
Other Current Assets	603,173	-	1,290,000	1,893,173
	<u>124,865,656</u>	<u>79,237,767</u>	<u>28,933,347</u>	<u>233,036,770</u>
Total Current Assets	124,865,656	79,237,767	28,933,347	233,036,770
Restricted Assets:				
Equity in Treasurer's Account	529,388,783	180,779,502	-	710,168,285 *
Investments	-	-	-	-
Sinking Funds and Reserves Applicable to Revenue Bonds	150,600,768	73,787,137	-	224,387,905
Grants from Other Governments for Capital Purposes	11,199,217	8,502,856	-	19,702,073
Accounts Receivable	-	5,746,854	-	5,746,854
Interest Receivable	4,751,086	1,784,896	-	6,535,982
	<u>695,939,854</u>	<u>270,601,245</u>	<u>-</u>	<u>966,541,099</u>
Total Restricted Assets	695,939,854	270,601,245	-	966,541,099
Property, Plant and Equipment:				
In Service	2,515,193,584	974,576,873	-	3,489,770,457
Less Accumulated Depreciation and Amortization	(1,097,456,660)	(378,434,176)	-	(1,475,890,836)
Under Construction	138,294,406	57,534,137	-	195,828,543
	<u>1,556,031,330</u>	<u>653,676,834</u>	<u>-</u>	<u>2,209,708,164</u>
Total Property, Plant and Equipment	1,556,031,330	653,676,834	-	2,209,708,164
<u>Total Assets</u>	<u>\$ 2,376,836,840</u>	<u>\$ 1,003,515,846</u>	<u>\$ 28,933,347</u>	<u>\$ 3,409,286,033</u>

\* Equity in Treasurer's Account is presented as Restricted Assets - Cash and Cash Equivalents on Exhibit I-A-1.

	Water Fund	Aviation Fund	Industrial & Commercial Development Fund	Totals
<u>Liabilities and Fund Equity</u>				
Current Liabilities:				
Notes Payable	\$ -	\$ -	\$ -	\$ -
Vouchers Payable	3,471,133	839,172	-	4,310,305
Accounts Payable	3,331,929	3,985,703	94,325	7,411,957
Salaries and Wages Payable	2,709,343	1,551,359	-	4,260,702
Construction Contracts Payable	16,411,904	13,510,541	-	29,922,445
Accrued Expenses	27,390,684	13,681,635	-	41,072,319
Due to Other Funds	-	-	-	-
Funds Held in Escrow and Advance Deposits	-	-	-	-
Deferred Revenue	8,225,764	23,641,191	-	31,866,955
Current Maturities of Long-Term Bonded Debt	<u>51,493,358</u>	<u>19,952,777</u>	<u>-</u>	<u>71,446,135</u> **
Total Current Liabilities	<u>113,034,115</u>	<u>77,162,378</u>	<u>94,325</u>	<u>190,290,818</u>
Long-Term Liabilities:				
Deferred Compensation	-	-	-	-
General Obligation Bonds	17,901,906	33,107,398	-	51,009,304
Revenue Bonds - Principal Amount	1,792,305,000	532,485,000	-	2,324,790,000 **
Unamortized Loss - Refunded Debt	(133,278,991)	(7,210,640)	-	(140,489,631) **
Unamortized Discount on Revenue Bonds	(60,651,118)	(12,175,418)	-	(72,826,536)
Other Long-Term Liabilities	<u>1,157,092</u>	<u>435,697</u>	<u>-</u>	<u>1,592,789</u>
Total Long-Term Liabilities	<u>1,617,433,889</u>	<u>546,642,037</u>	<u>-</u>	<u>2,164,075,926</u>
Total Liabilities	<u>1,730,468,004</u>	<u>623,804,415</u>	<u>94,325</u>	<u>2,354,366,744</u>
Fund Equity:				
Contributed Capital - Local Sources	28,027,082	44,041,977	19,883,882	91,952,941
Contributed Capital - Other Sources	454,229,029	174,782,973	-	629,012,002
Retained Earnings:				
Reserved for Capital Purposes	-	31,166,513	-	31,166,513
Reserved for Rate Stabilization	203,556,163	-	-	203,556,163
Unreserved	<u>(39,443,438)</u>	<u>129,719,968</u>	<u>8,955,140</u>	<u>99,231,670</u>
Total Fund Equity	<u>646,368,836</u>	<u>379,711,431</u>	<u>28,839,022</u>	<u>1,054,919,289</u>
Total Liabilities and Fund Equity	<u>\$ 2,376,836,840</u>	<u>\$ 1,003,515,846</u>	<u>\$ 28,933,347</u>	<u>\$ 3,409,286,033</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	\$ 61,030,439
Revenue Bonds	2,386,215,000
Other Liabilities	1,592,789

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, 1998

	Water Fund	Aviation Fund	Industrial & Commercial Development Fund	Totals
Operating Revenues:				
Charges for Goods and Services	\$ 335,306,225	\$ 39,460,054	\$ -	\$ 374,766,279
Sales of Land and Improvements	-	-	4,221,810	4,221,810
Rentals and Concessions	-	64,986,413	-	64,986,413
Miscellaneous Operating Revenues	3,815,551	2,409,601	216,258	6,441,410
<u>Total Operating Revenues</u>	<u>339,121,776</u>	<u>106,856,068</u>	<u>4,438,068</u>	<u>450,415,912</u>
Operating Expenses:				
Personal Services	88,394,618	31,851,160	-	120,245,778
Purchase of Services	52,972,632	33,260,954	-	86,233,586
Materials and Supplies	21,184,855	2,566,771	-	23,751,626
Employee Benefits	35,516,274	14,102,789	-	49,619,063
Indemnities and Taxes	3,893,480	787,427	-	4,680,907
Depreciation and Amortization	72,601,723	37,680,810	-	110,282,533
Cost of Goods Sold	-	-	5,843,390	5,843,390
Other Operating Expenses	-	-	-	-
<u>Total Operating Expenses</u>	<u>274,563,582</u>	<u>120,249,911</u>	<u>5,843,390</u>	<u>400,656,883</u>
Operating Income (Loss)	<u>64,558,194</u>	<u>(13,393,843)</u>	<u>(1,405,322)</u>	<u>49,759,029</u>
Non-Operating Revenues (Expenses):				
Operating Grants	7,982,936	378,923	-	8,361,859
Passenger Facility Charges	-	31,083,182	-	31,083,182
Interest Income	43,152,679	16,927,469	108,561	60,188,709
Debt Service - Interest	(93,428,237)	(28,086,945)	-	(121,515,182)
Other Expenses	(2,377,430)	(332,101)	(825,669)	(3,535,200)
<u>Total Non-Operating Revenues (Expenses)</u>	<u>(44,670,052)</u>	<u>19,970,528</u>	<u>(717,108)</u>	<u>(25,416,632)</u>
Income (Loss) Before Operating Transfers	19,888,142	6,576,685	(2,122,430)	24,342,397
Operating Transfers In (Out)	(4,137,590)	-	-	(4,137,590)
Operating Transfers To Component Units	(2,825,632)	-	-	(2,825,632)
Operating Transfers From Component Units	-	19,565,769	-	19,565,769
<u>Net Income (Loss)</u>	<u>12,924,920</u>	<u>26,142,454</u>	<u>(2,122,430)</u>	<u>36,944,944</u>
Other Changes in Unreserved Retained Earnings:				
Credit Arising from Transfer of Depreciation to Contributed Capital - Other Sources	19,596,710	10,027,784	-	29,624,494
Decrease in Reserve for Capital Purposes	-	(386,048)	-	(386,048)
(Increase) in Reserve for Rate Stabilization	(39,846,881)	-	-	(39,846,881)
Net Change in Unreserved Retained Earnings for the Year	(7,325,251)	35,784,190	(2,122,430)	26,336,509
Retained Earnings - Unreserved, July 1, 1997	(99,417,398)	69,509,097	11,077,570	(18,830,731)
Prior Period Adjustments	67,299,211	24,426,681	-	91,725,892
Retained Earnings - Unreserved, July 1, 1997, as Adjusted	(32,118,187)	93,935,778	11,077,570	72,895,161
Retained Earnings - Unreserved, June 30, 1998	<u>\$ (39,443,438)</u>	<u>\$ 129,719,968</u>	<u>\$ 8,955,140</u>	<u>\$ 99,231,670</u>

CITY OF PHILADELPHIA  
ENTERPRISE FUNDS  
COMBINING STATEMENT OF CASH FLOWS  
FOR THE FISCAL YEAR ENDED JUNE 30, 1998

EXHIBIT II-B-3

	Water Fund	Aviation Fund	Industrial Commercial Development Fund	Totals
Cash Flows from Operating Activities:				
Operating Income (Loss)	\$ 64,558,194	\$ (13,393,843)	\$ (1,405,322)	\$ 49,759,029
Adjustments to Reconcile Operating Income to Net Cash Provided by Operating Activities:				
Depreciation and Amortization	72,601,723	37,680,810	-	110,282,533
Provision for Uncollectible Accounts	9,934,948	(93,157)	-	9,841,791
Changes in Assets and Liabilities:				
(Increase) Decrease in Receivables	7,884,072	909,200	8,677	8,801,949
(Increase) Decrease in Inventories	(61,487)	(238,036)	4,442,189	4,142,666
Increase (Decrease) in Payables	(4,312,297)	348,352	(619,985)	(4,583,930)
Increase (Decrease) in Accrued Expenses	6,702,634	3,426,887	-	10,129,521
Increase (Decrease) in Deferred Revenue	318,487	2,368,910	-	2,687,397
<u>Net Cash Provided (Used) by Operating Activities</u>	<u>157,626,274</u>	<u>31,009,123</u>	<u>2,425,559</u>	<u>191,060,956</u>
Cash Flows from Non-Capital Financing Activities:				
Operating Grants Received	7,982,937	584,816	-	8,567,753
Other Non-Capital Financing Expenses	(2,377,430)	-	(825,669)	(3,203,099)
Operating Transfers (Out) To Other Funds	(4,137,590)	-	-	(4,137,590)
Operating Transfers (Out) To Component Units	(2,825,632)	-	-	(2,825,632)
Operating Transfers In From Component Units	-	19,565,769	-	19,565,769
Changes in Assets and Liabilities:				
Increase (Decrease) in Other Liabilities	(77,046)	(437,062)	-	(514,108)
<u>Net Cash Provided (Used) in Non-Capital Financing Activities</u>	<u>(1,434,761)</u>	<u>19,713,523</u>	<u>(825,669)</u>	<u>17,453,093</u>
Cash Flows from Capital and Related Financing Activities:				
Proceeds from Sale of Bonds	350,000,000	345,670,000	-	695,670,000
Bond Issuance Expenses	(10,512,846)	(2,874,762)	-	(13,387,608)
Principal Paid on Debt Instruments	(49,294,523)	(271,529,126)	-	(320,823,649)
Interest Paid on Debt Instruments	(93,428,237)	(32,813,671)	-	(126,241,908)
Premium Paid on Refunding of Debt Instruments	-	(7,217,225)	-	(7,217,225)
Acquisition and Construction of Capital Assets	(114,719,380)	(114,352,276)	-	(229,071,656)
Capital Grants	-	27,190,156	-	27,190,156
Contributions Received	7,735,323	-	90,248	7,825,571
Passenger Facility Charge	-	30,990,648	-	30,990,648
Changes in Assets and Liabilities:				
(Increase) Decrease in Restricted Assets	(28,707,092)	950,836	-	(27,756,256)
Increase (Decrease) in Funds Held in Escrow	(186,351)	-	-	(186,351)
Increase (Decrease) in Other Liabilities	5,755,484	-	-	5,755,484
<u>Net Cash Provided (Used) in Capital and Related Financing Activities</u>	<u>66,642,378</u>	<u>(23,985,420)</u>	<u>90,248</u>	<u>42,747,206</u>
Cash Flows from Investing Activities:				
Interest and Dividends on Investments	43,152,679	22,443,047	108,561	65,704,287
<u>Net Cash Provided by Investing Activities</u>	<u>43,152,679</u>	<u>22,443,047</u>	<u>108,561</u>	<u>65,704,287</u>
Net Increase (Decrease) in Cash and Cash Equivalents	265,986,570	49,180,273	1,798,699	316,965,542
Cash and Cash Equivalents, July 1, 1997	301,546,926	202,514,714	3,753,746	507,815,386
<u>Cash and Cash Equivalents, June 30, 1998</u>	<u>\$ 567,533,496</u>	<u>\$ 251,694,987</u>	<u>\$ 5,552,445</u>	<u>\$ 824,780,928</u>
Reconciliation to Combining Balance Sheet:				
Current Assets	\$ 38,114,713	\$ 70,915,485	\$ 5,552,445	\$ 114,582,643
Equity in Treasurer's Account				
Cash on Deposit	30,000	-	-	30,000
Restricted Assets	529,388,783	180,779,502	-	710,168,285
Equity in Treasurer's Account				
Cash and Cash Equivalents, June 30, 1998	<u>\$ 567,533,496</u>	<u>\$ 251,694,987</u>	<u>\$ 5,552,445</u>	<u>\$ 824,780,928</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.

These types of Trust and Agency Funds are presented in this Section:

1. **PENSION TRUST FUNDS:**

- a. **GAS WORKS RETIREMENT RESERVE FUND** - Established to account for contributions made by the 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 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 Co-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 monies 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 ACCOUNTS** - Established to account for the funds held by the various City departments in their capacity as trustee, custodian or agent.
- h. **DEFERRED COMPENSATION FUND** - Established to account for the City's deferred compensation plan.

CITY OF PHILADELPHIA  
TRUST AND AGENCY FUNDS  
COMBINING BALANCE SHEET  
JUNE 30, 1998

		<u>Expendable Trust Funds</u>	
	Departmental Non-Expendable <u>Trust Fund</u>	Riverview Residents <u>Fund</u>	Philadelphia Prisons <u>Fund</u>
<u>Assets</u>			
Cash on Deposit and on Hand	\$ 397,606	\$ -	\$ -
Equity in Treasurer's Account	-	234,086	1,365,580
Investments	6,872,070	-	-
Due from Other Funds	-	-	-
Due from Other Governmental Units	2,189	-	-
Amounts Held by Fiscal Agent	-	-	-
Accounts Receivable	86,414	-	-
Interest and Dividends Receivable	49,904	-	-
Inventories	-	17,453	77,421
Other Assets	2	-	-
	<u>2</u>	<u>-</u>	<u>-</u>
<u>Total Assets</u>	<u>\$ 7,408,185</u>	<u>\$ 251,539</u>	<u>\$ 1,443,001</u>
<u>Liabilities and Fund Equity</u>			
Vouchers Payable	\$ -	\$ 1,768	\$ 18,436
Accounts Payable	30,403	-	9,696
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	-	-	-
Deferred Compensation	-	-	-
Other Liabilities	-	-	-
	<u>-</u>	<u>-</u>	<u>-</u>
<u>Total Liabilities</u>	<u>30,403</u>	<u>14,356</u>	<u>710,933</u>
Fund Equity:			
Fund Balances:			
Reserved for Inventories	-	17,453	77,421
Reserved for Encumbrances	-	53,293	218,079
Reserved for Trust Principal	4,405,345	-	-
Unreserved:			
Designated for Trust and Pension Purposes	2,972,437	166,437	436,568
	<u>2,972,437</u>	<u>166,437</u>	<u>436,568</u>
<u>Total Fund Equity</u>	<u>7,377,782</u>	<u>237,183</u>	<u>732,068</u>
<u>Total Liabilities and Fund Equity</u>	<u>\$ 7,408,185</u>	<u>\$ 251,539</u>	<u>\$ 1,443,001</u>



## Expendable Trust Funds

Arbitration Appeals Fund	Departmental Expendable Trust Fund	Total Expendable Trust Funds
\$ -	\$ 1,573,205	\$ 1,573,205
11,200	142,642	1,753,508
-	2,369,773	2,369,773
-	-	-
-	-	-
-	-	-
-	54,758	54,758
-	41,787	41,787
-	-	94,874
-	-	-
<u>\$ 11,200</u>	<u>\$ 4,182,165</u>	<u>\$ 5,887,905</u>
\$ 11,200	\$ 23,388	\$ 54,792
-	736,732	746,428
-	-	-
-	-	-
-	230,800	913,601
-	-	12,588
-	-	-
-	-	-
-	-	-
<u>11,200</u>	<u>990,920</u>	<u>1,727,409</u>
-	-	94,874
-	47,365	318,737
-	5,572	5,572
<u>-</u>	<u>3,138,308</u>	<u>3,741,313</u>
<u>-</u>	<u>3,191,245</u>	<u>4,160,496</u>
<u>\$ 11,200</u>	<u>\$ 4,182,165</u>	<u>\$ 5,887,905</u>

CITY OF PHILADELPHIA  
TRUST AND AGENCY FUNDS  
COMBINING BALANCE SHEET (Continued)  
JUNE 30, 1998

	Agency Funds		
	Escrow Fund	Employee Health & Welfare Fund	Departmental Custodial Accounts
<u>Assets</u>			
Cash on Deposit and on Hand	\$ -	\$ -	\$ 34,328,855
Equity in Treasurer's Account	13,386,165	5,904,443	-
Investments	-	-	14,498,493
Due from Other Funds	-	-	698,754
Due from Other Governmental Units	-	-	-
Amounts Held by Fiscal Agent	-	-	-
Accounts Receivable	-	-	-
Interest and Dividends Receivable	-	-	-
Inventories	-	-	-
Other Assets	-	-	-
<u>Total Assets</u>	<u>\$ 13,386,165</u>	<u>\$ 5,904,443</u>	<u>\$ 49,526,102</u>
<u>Liabilities and Fund Equity</u>			
Vouchers Payable	\$ -	\$ 427,005	\$ -
Accounts Payable	-	-	-
Salaries and Wages Payable	-	-	-
Payroll Taxes Payable	-	1,354,043	-
Funds Held in Escrow and Advance Deposits	12,381,875	4,123,395	49,526,102
Due to Other Governmental Units	1,004,290	-	-
Accrued Expenses	-	-	-
Deferred Revenue	-	-	-
Deferred Compensation	-	-	-
Other Liabilities	-	-	-
<u>Total Liabilities</u>	<u>13,386,165</u>	<u>5,904,443</u>	<u>49,526,102</u>
Fund Equity:			
Fund Balances:			
Reserved for Inventories	-	-	-
Reserved for Encumbrances	-	-	-
Reserved for Trust Principal	-	-	-
Unreserved:			
Designated for Trust and Pension Purposes	-	-	-
<u>Total Fund Equity</u>	<u>-</u>	<u>-</u>	<u>-</u>
<u>Total Liabilities and Fund Equity</u>	<u>\$ 13,386,165</u>	<u>\$ 5,904,443</u>	<u>\$ 49,526,102</u>

Agency Funds			
Deferred Compensation Fund	Total Agency Funds	Total Pension Trust Funds	Total Trust and Agency Funds
\$ -	\$ 34,328,855	\$ -	\$ 36,299,666
-	19,290,608	3,735,916,218	3,756,960,334
-	14,498,493	-	23,740,336
-	698,754	-	698,754
-	-	3,131,952	3,134,141
245,979,470	245,979,470	-	245,979,470
760,358	760,358	6,932,514	7,834,044
-	-	22,961,424	23,053,115
-	-	-	94,874
-	-	541,821,554	541,821,556
<u>\$ 246,739,828</u>	<u>\$ 315,556,538</u>	<u>\$ 4,310,763,662</u>	<u>\$ 4,639,616,290</u>
\$ -	\$ 427,005	\$ 41,081	\$ 522,878
-	-	3,540,168	4,316,999
-	-	96,797	96,797
-	1,354,043	-	1,354,043
-	66,031,372	-	66,944,973
-	1,004,290	-	1,016,878
-	-	463,398	463,398
-	-	4,783,927	4,783,927
246,739,828	246,739,828	-	246,739,828
-	-	632,417,640	632,417,640
<u>246,739,828</u>	<u>315,556,538</u>	<u>641,343,011</u>	<u>958,657,361</u>
-	-	-	94,874
-	-	-	318,737
-	-	-	4,410,917
<u>-</u>	<u>-</u>	<u>3,669,420,651</u>	<u>3,676,134,401</u>
<u>-</u>	<u>-</u>	<u>3,669,420,651</u>	<u>3,680,958,929</u>
<u>\$ 246,739,828</u>	<u>\$ 315,556,538</u>	<u>\$ 4,310,763,662</u>	<u>\$ 4,639,616,290</u>

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CITY OF PHILADELPHIA  
PENSION TRUST FUNDS  
COMBINING STATEMENT OF PLAN NET ASSETS  
JUNE 30, 1998

EXHIBIT II-C-2

	Gas Works Retirement Reserve Fund	Municipal Pension Fund	Total Pension Trust Funds
<u>Assets</u>			
Equity in Treasurer's Account	\$ 417,805,079	\$ 3,318,111,139	\$ 3,735,916,218
Securities Lending	30,716,598	450,204,852	480,921,450 **
Accounts Receivable	-	6,932,514	6,932,514
Due from Brokers	-	60,888,884	60,888,884 **
Interest and Dividends Receivable	3,299,873	19,661,551	22,961,424
Due from Other Governmental Units	-	3,131,952	3,131,952
Other Assets	-	11,220	11,220 **
<u>Total Assets</u>	<u>\$ 451,821,550</u>	<u>\$ 3,858,942,112</u>	<u>\$ 4,310,763,662</u>
<u>Liabilities</u>			
Vouchers Payable	\$ -	\$ 41,081	\$ 41,081
Accounts Payable	533,403	3,006,765	3,540,168
Salaries and Wages Payable	-	96,797	96,797
Due on Securities Lending	30,716,598	450,204,852	480,921,450 ***
Due to Brokers	-	151,149,181	151,149,181 ***
Accrued Expenses	-	463,398	463,398
Deferred Revenue	-	4,783,927	4,783,927
Other Liabilities	-	347,009	347,009 ***
<u>Total Liabilities</u>	<u>\$ 31,250,001</u>	<u>\$ 610,093,010</u>	<u>\$ 641,343,011</u>
 Net Assets Held in Trust for Pension Benefits	 <u>\$ 420,571,549</u>	 <u>\$ 3,248,849,102</u>	 <u>\$ 3,669,420,651 ****</u>

The Accounts Receivable of the Municipal Pension Fund consists of Employee Contributions Receivable in the amount of \$2,148,587 and Installment Repurchase Agreements Receivable in the amount of \$4,783,927.

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

\*\*\* Due on Securities Lending 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-Designated 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, 1998

	Riverview Residents Fund	Philadelphia Prisons Fund
Revenues:		
Locally Generated Non-Tax Revenue	\$ 104,492	\$ 906,115
Expenditures:		
Judiciary and Law Enforcement	-	833,522
Cultural and Recreational	-	-
Improvement of General Welfare	89,171	-
General Management and Support	-	-
<u>Total Expenditures</u>	<u>89,171</u>	<u>833,522</u>
Excess of Revenues Over (Under) Expenditures	<u>15,321</u>	<u>72,593</u>
Other Financing Sources (Uses):		
Operating Transfers In	-	-
Excess of Revenues and Other Sources Over (Under) Expenditures and Other Uses	15,321	72,593
Other Changes in Unreserved Fund Balance:		
(Increase) in Reserve for Encumbrances	<u>(24,575)</u>	<u>(95,472)</u>
Net Change in Unreserved Fund Balance for the Year	(9,254)	(22,879)
Fund Balance - Unreserved, July 1, 1997	<u>175,691</u>	<u>459,447</u>
Fund Balance - Unreserved, June 30, 1998	<u>\$ 166,437</u>	<u>\$ 436,568</u>

## EXHIBIT II-C-3

Arbitration Appeals Fund	Departmental Expendable Trust Fund	Total Expendable Trust Funds
\$ 657,000	\$ 4,669,926	\$ 6,337,533
-	-	833,522
657,000	4,480,339	5,137,339
-	-	89,171
-	51,189	51,189
657,000	4,531,528	6,111,221
	138,398	226,312
-	749,257	749,257
-	887,655	975,569
	(7,211)	(127,258)
-	880,444	848,311
-	2,257,864	2,893,002
\$ -	\$ 3,138,308	\$ 3,741,313

CITY OF PHILADELPHIA  
AGENCY FUNDS  
COMBINING STATEMENT OF CHANGES IN ASSETS AND LIABILITIES  
FOR THE FISCAL YEAR ENDED JUNE 30, 1998

EXHIBIT II-C-4

	Balance <u>7-1-97</u>	<u>Additions</u>	<u>Deductions</u>	Balance <u>6-30-98</u>
<u>Escrow Fund</u>				
<u>Assets</u>				
Equity in Treasurer's Account	\$ <u>11,401,650</u>	\$ <u>549,708,334</u>	\$ <u>547,723,819</u>	\$ <u>13,386,165</u>
<u>Liabilities</u>				
Funds Held in Escrow	\$ 10,577,411	\$ 28,319,569	\$ 26,515,105	\$ 12,381,875
Due to Other Governmental Units	<u>824,239</u>	<u>521,388,765</u>	<u>521,208,714</u>	<u>1,004,290</u>
<u>Total Liabilities</u>	\$ <u>11,401,650</u>	\$ <u>549,708,334</u>	\$ <u>547,723,819</u>	\$ <u>13,386,165</u>
<u>Employee Health and Welfare Fund</u>				
<u>Assets</u>				
Equity in Treasurer's Account	\$ <u>4,412,088</u>	\$ <u>585,216,428</u>	\$ <u>583,724,073</u>	\$ <u>5,904,443</u>
<u>Liabilities</u>				
Vouchers Payable	\$ 133,993	\$ 1,713,101	\$ 1,420,089	\$ 427,005
Payroll Taxes Payable	1,269,599	319,364,967	319,280,523	1,354,043
Funds Held in Escrow	<u>3,008,496</u>	<u>264,213,402</u>	<u>263,098,503</u>	<u>4,123,395</u>
<u>Total Liabilities</u>	\$ <u>4,412,088</u>	\$ <u>585,291,470</u>	\$ <u>583,799,115</u>	\$ <u>5,904,443</u>
<u>Departmental Custodial Accounts</u>				
<u>Assets</u>				
Cash on Deposit and on Hand	\$ 34,664,581	\$ 196,965,351	\$ 197,301,077	\$ 34,328,855
Investments	12,428,948	4,974,322	2,904,777	14,498,493
Due from Other Funds	1,093,754	698,754	1,093,754	698,754
Other Assets	<u>29,349</u>	<u>-</u>	<u>29,349</u>	<u>-</u>
<u>Total Assets</u>	\$ <u>48,216,632</u>	\$ <u>202,638,427</u>	\$ <u>201,328,957</u>	\$ <u>49,526,102</u>
<u>Liabilities</u>				
Funds Held in Escrow	\$ <u>48,216,632</u>	\$ <u>202,638,427</u>	\$ <u>201,328,957</u>	\$ <u>49,526,102</u>



CITY OF PHILADELPHIA  
AGENCY FUNDS  
COMBINING STATEMENT OF CHANGES IN ASSETS AND LIABILITIES  
FOR THE FISCAL YEAR ENDED JUNE 30, 1998

EXHIBIT II-C-4

	Balance <u>7-1-97</u>	<u>Additions</u>	<u>Deductions</u>	Balance <u>6-30-98</u>
<u>Deferred Compensation Fund</u>				
<u>Assets</u>				
Amounts Held by Fiscal Agent	\$ 202,318,943	\$ 58,732,711	\$ 15,072,184	\$ 245,979,470
Accounts Receivable	<u>11,878</u>	<u>760,358</u>	<u>11,878</u>	<u>760,358</u>
<u>Total Assets</u>	<u>\$ 202,330,821</u>	<u>\$ 59,493,069</u>	<u>\$ 15,084,062</u>	<u>\$ 246,739,828</u>
<u>Liabilities</u>				
Deferred Compensation	\$ <u>202,330,821</u>	\$ <u>59,493,069</u>	\$ <u>15,084,062</u>	\$ <u>246,739,828</u>
<u>Total Liabilities</u>	<u>\$ 202,330,821</u>	<u>\$ 59,493,069</u>	<u>\$ 15,084,062</u>	<u>\$ 246,739,828</u>
<u>Totals - Agency Funds</u>				
<u>Assets</u>				
Cash on Deposit and on Hand	\$ 34,664,581	\$ 196,965,351	\$ 197,301,077	\$ 34,328,855
Equity in Treasurer's Account	15,813,738	1,134,924,762	1,131,447,892	19,290,608
Investments	12,428,948	4,974,322	2,904,777	14,498,493
Due from Other Funds	1,093,754	698,754	1,093,754	698,754
Amounts Held by Fiscal Agent	202,318,943	58,732,711	15,072,184	245,979,470
Accounts Receivable	11,878	760,358	11,878	760,358
Other Assets	<u>29,349</u>	<u>-</u>	<u>29,349</u>	<u>-</u>
<u>Total Assets</u>	<u>\$ 266,361,191</u>	<u>\$ 1,397,056,258</u>	<u>\$ 1,347,860,911</u>	<u>\$ 315,556,538</u>
<u>Liabilities</u>				
Vouchers Payable	\$ 133,993	\$ 1,713,101	\$ 1,420,089	\$ 427,005
Payroll Taxes Payable	1,269,599	319,364,967	319,280,523	1,354,043
Funds Held in Escrow	61,802,539	495,171,398	490,942,565	66,031,372
Due to Other Governmental Units	824,239	521,388,765	521,208,714	1,004,290
Deferred Compensation	<u>202,330,821</u>	<u>59,493,069</u>	<u>15,084,062</u>	<u>246,739,828</u>
<u>Total Liabilities</u>	<u>\$ 266,361,191</u>	<u>\$ 1,397,131,300</u>	<u>\$ 1,347,935,953</u>	<u>\$ 315,556,538</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 results of operations.

The account groups presented 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 the 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 Authority payable from leasing agreements with the City.
3. **PENNSYLVANIA INTERGOVERNMENTAL COOPERATION AUTHORITY (PICA) LONG-TERM DEBT** - Established to account for the long-term debt of the Authority.

CITY OF PHILADELPHIA  
SCHEDULE OF GENERAL FIXED ASSETS BY FUNCTION  
JUNE 30, 1998

	<u>Land</u>	<u>Buildings</u>	Improvements Other Than Buildings
<u>City-Related Assets</u>			
Economic Development	\$ 94,530,706	\$ 71,494,174	\$ 22,582,833
Transportation	-	-	-
Judiciary and Law Enforcement	6,183,329	114,043,011	3,247,220
Conservation of Health	2,041,379	43,319,583	236,858
Housing and Neighborhood Development	27,366	88,439	70,391,357
Cultural and Recreational	248,179,443	501,047,052	130,105,536
Improvement of General Welfare	8,631,887	122,221,907	3,385,246
Services to Property	3,787,594	70,953,246	3,832,599
General Management and Support	<u>34,593,073</u>	<u>194,418,178</u>	<u>42,479,624</u>
<u>Totals - City-Related</u>	<u>\$ 397,974,777</u>	<u>\$ 1,117,585,590</u>	<u>\$ 276,261,273</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>\$ 397,974,777</u>	<u>\$ 1,117,585,590</u>	<u>\$ 276,261,273</u>

<u>Equipment</u>	<u>Transit</u>	<u>Leased Equipment</u>	<u>Construction Work in Process</u>	<u>Total</u>
\$ 6,976,402	\$ -	\$ -	\$ 952,210	\$ 196,536,325
541,430	172,931,096	-	150,004	173,622,530
44,778,360	-	-	1,458,041	169,709,961
8,738,995	-	34,645	547,857	54,919,317
1,487,344	-	-	-	71,994,506
114,380,137	-	-	15,035,874	1,008,748,042
9,865,662	-	-	465,261	144,569,963
6,925,790	-	-	2,723,042	88,222,271
<u>251,582,220</u>	<u>-</u>	<u>53,353</u>	<u>1,911,568</u>	<u>525,038,016</u>
<u>\$ 445,276,340</u>	<u>\$ 172,931,096</u>	<u>\$ 87,998</u>	<u>\$ 23,243,857</u>	<u>\$ 2,433,360,931</u>
\$ -	\$ -	\$ -	\$ 254,786,709	\$ 254,786,709
<u>-</u>	<u>-</u>	<u>-</u>	<u>46,298,396</u>	<u>46,298,396</u>
<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 301,085,105</u>	<u>\$ 301,085,105</u>
<u>\$ 445,276,340</u>	<u>\$ 172,931,096</u>	<u>\$ 87,998</u>	<u>\$ 324,328,962</u>	<u>\$ 2,734,446,036</u>

CITY OF PHILADELPHIA  
SCHEDULE OF GENERAL FIXED ASSETS BY SOURCE  
JUNE 30, 1998

EXHIBIT III-A-2

	City Related Assets	Municipal Authority Related Assets	Total General Fixed Assets
General Fixed Assets:			
Land	\$ 397,974,777	\$ -	\$ 397,974,777
Buildings	1,117,585,590	-	1,117,585,590
Other Improvements	276,261,273	-	276,261,273
Equipment	445,276,340	-	445,276,340
Transit Facilities	172,931,096	-	172,931,096
Leased Equipment	87,998	-	87,998
Construction Work in Process	23,243,857	301,085,105	324,328,962
	<hr/>	<hr/>	<hr/>
<u>Total General Fixed Assets</u>	<u>\$ 2,433,360,931</u>	<u>\$ 301,085,105</u>	<u>\$ 2,734,446,036</u>
Investment in General Fixed Assets by Source:			
Capital Projects Funds	\$ 980,321,723	\$ 301,085,105	\$ 1,281,406,828
Other Funds	534,846,229	-	534,846,229
Donations	249,212,275	-	249,212,275
Foreclosures	41,708	-	41,708
Unclassified Sources	668,938,996	-	668,938,996
	<hr/>	<hr/>	<hr/>
<u>Total Investment in General Fixed Assets</u>	<u>\$ 2,433,360,931</u>	<u>\$ 301,085,105</u>	<u>\$ 2,734,446,036</u>

CITY OF PHILADELPHIA  
SCHEDULE OF CHANGES IN GENERAL FIXED ASSETS BY FUNCTION  
FOR THE FISCAL YEAR ENDED JUNE 30, 1998

EXHIBIT III-A-3

	Adjusted Balance <u>7-1-97</u>	Additions	Retirements	Balance <u>6-30-98</u>
<u>City-Related Assets</u>				
Economic Development	\$ 179,908,031	\$ 16,644,957	\$ (16,663)	\$ 196,536,325
Transportation	172,931,097	691,433	-	173,622,530
Judiciary and Law Enforcement	104,773,511	67,764,497	(2,828,047)	169,709,961
Conservation of Health	50,975,759	4,114,177	(170,619)	54,919,317
Housing and Neighborhood Development	71,466,068	529,625	(1,187)	71,994,506
Cultural and Recreational	963,674,856	46,328,668	(1,255,482)	1,008,748,042
Improvement of General Welfare	138,340,408	6,955,336	(725,781)	144,569,963
Services to Property	87,213,254	7,826,495	(6,817,478)	88,222,271
General Management and Support	<u>422,142,997</u>	<u>104,747,818</u>	<u>(1,852,799)</u>	<u>525,038,016</u>
<u>Totals - City-Related</u>	<u>\$ 2,191,425,981</u>	<u>\$ 255,603,006</u>	<u>\$ (13,668,056)</u>	<u>\$ 2,433,360,931</u>
<u>Municipal Authority-Related Assets</u>				
Judiciary and Law Enforcement	\$ 297,448,074	\$ 14,250,291	\$ (56,911,656)	\$ 254,786,709
General Management and Support	<u>62,967,161</u>	<u>5,807,425</u>	<u>(22,476,190)</u>	<u>46,298,396</u>
<u>Totals - Municipal Authority Related Assets</u>	<u>\$ 360,415,235</u>	<u>\$ 20,057,716</u>	<u>\$ (79,387,846)</u>	<u>\$ 301,085,105</u>
<u>Totals</u>	<u>\$ 2,551,841,216</u>	<u>\$ 275,660,722</u>	<u>\$ (93,055,902)</u>	<u>\$ 2,734,446,036</u>

CITY OF PHILADELPHIA  
COMBINING SCHEDULE OF CHANGES IN GENERAL LONG-TERM DEBT  
FOR THE FISCAL YEAR ENDED JUNE 30, 1998

	Balance 7-1-97	General Obligation Bonds Issued	General Obligation Bonds Retired	Additional Lease Commitments
<u>City-Related Debt</u>				
Amount Available in Debt Service Funds	\$ -	\$ -	\$ -	\$ -
Amount to be Provided for Retirement of Long-Term Debt	<u>1,763,831,027</u>	<u>-</u>	<u>(37,913,955)</u>	<u>58,910,000</u>
<u>Total Available and to be Provided</u>	<u>\$ 1,763,831,027</u>	<u>\$ -</u>	<u>\$ (37,913,955)</u>	<u>\$ 58,910,000</u>
General Obligation Debt Payable:				
Term Bonds	\$ 64,875,000	\$ -	\$ -	\$ -
Refunding Bonds	167,149,768	-	(17,039,945)	-
Serial Bonds	<u>279,965,173</u>	<u>-</u>	<u>(20,874,010)</u>	<u>-</u>
Total General Obligation Debt Payable	511,989,941	-	(37,913,955)	-
Lease Commitments Payable	20,931	-	-	58,910,000
Other Long-Term Obligations Payable	<u>1,251,820,155</u>	<u>-</u>	<u>-</u>	<u>-</u>
<u>Total City-Related General Long-Term Debt Payable</u>	<u>\$ 1,763,831,027</u>	<u>\$ -</u>	<u>\$ (37,913,955)</u>	<u>\$ 58,910,000</u>
<u>Municipal Authority Debt</u>				
Amount Available in Debt Service Funds	\$ 12,555,841	\$ -	\$ -	\$ -
Amount to be Provided for Retirement of Long-Term Debt	<u>417,893,423</u>	<u>23,000,000</u>	<u>(39,422,637)</u>	<u>-</u>
<u>Total Available and to be Provided</u>	<u>\$ 430,449,264</u>	<u>\$ 23,000,000</u>	<u>\$ (39,422,637)</u>	<u>\$ -</u>
General Obligation Debt Payable:				
Term Bonds	\$ 200,114,325	\$ -	\$ (21,515,000)	\$ -
Serial Bonds	<u>214,934,939</u>	<u>23,000,000</u>	<u>(17,907,637)</u>	<u>-</u>
Total General Obligation Debt Payable	415,049,264	23,000,000	(39,422,637)	-
Lease Commitments Payable	<u>15,400,000</u>	<u>-</u>	<u>-</u>	<u>-</u>
<u>Total Municipal Authority Long-Term Debt Payable</u>	<u>\$ 430,449,264</u>	<u>\$ 23,000,000</u>	<u>\$ (39,422,637)</u>	<u>\$ -</u>
<u>PICA Debt</u>				
Amount Available in Debt Service Funds	\$ 86,809,073	\$ -	\$ -	\$ -
Amount to be Provided for Retirement of Long-Term Debt	<u>1,015,570,927</u>	<u>-</u>	<u>(47,385,000)</u>	<u>-</u>
<u>Total Available and to be Provided</u>	<u>\$ 1,102,380,000</u>	<u>\$ -</u>	<u>\$ (47,385,000)</u>	<u>\$ -</u>
General Obligation Debt Payable:				
Term Bonds	\$ 1,102,380,000	\$ -	\$ (47,385,000)	\$ -
<u>Total PICA Long-Term Debt Payable</u>	<u>\$ 1,102,380,000</u>	<u>\$ -</u>	<u>\$ (47,385,000)</u>	<u>\$ -</u>
<u>Total General Long-Term Debt Payable</u>	<u>\$ 3,296,660,291</u>	<u>\$ 23,000,000</u>	<u>\$ (124,721,592)</u>	<u>\$ 58,910,000</u>



Lease Commitments Retired	Indemnity Claims	Worker's Compensation Claims	Termination Compensation Payable	Pension Costs	Debt Service Funds Operations	Balance 6-30-98
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
<u>(20,931)</u>	<u>(554,460)</u>	<u>(8,611,614)</u>	<u>5,862,579</u>	<u>(1,046,626,195)</u>	<u>-</u>	<u>734,876,451</u>
\$ <u>(20,931)</u>	\$ <u>(554,460)</u>	\$ <u>(8,611,614)</u>	\$ <u>5,862,579</u>	\$ <u>(1,046,626,195)</u>	\$ <u>-</u>	\$ <u>734,876,451</u>
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 64,875,000
-	-	-	-	-	-	150,109,823
-	-	-	-	-	-	259,091,163
-	-	-	-	-	-	474,075,986
(20,931)	-	-	-	-	-	58,910,000
<u>-</u>	<u>(554,460)</u>	<u>(8,611,614)</u>	<u>5,862,579</u>	<u>(1,046,626,195)</u>	<u>-</u>	<u>201,890,465</u>
\$ <u>(20,931)</u>	\$ <u>(554,460)</u>	\$ <u>(8,611,614)</u>	\$ <u>5,862,579</u>	\$ <u>(1,046,626,195)</u>	\$ <u>-</u>	\$ <u>734,876,451</u>
\$ -	\$ -	\$ -	\$ -	\$ -	\$ (5,297,061)	\$ 7,258,780
<u>(3,100,000)</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>5,297,061</u>	<u>403,667,847</u>
\$ <u>(3,100,000)</u>	\$ <u>-</u>	\$ <u>-</u>	\$ <u>-</u>	\$ <u>-</u>	\$ <u>-</u>	\$ <u>410,926,627</u>
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 178,599,325
-	-	-	-	-	-	220,027,302
-	-	-	-	-	-	398,626,627
(3,100,000)	-	-	-	-	-	12,300,000
\$ <u>(3,100,000)</u>	\$ <u>-</u>	\$ <u>-</u>	\$ <u>-</u>	\$ <u>-</u>	\$ <u>-</u>	\$ <u>410,926,627</u>
\$ -	\$ -	\$ -	\$ -	\$ -	\$ (122,342)	\$ 86,686,731
<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>122,342</u>	<u>968,308,269</u>
\$ <u>-</u>	\$ <u>-</u>	\$ <u>-</u>	\$ <u>-</u>	\$ <u>-</u>	\$ <u>-</u>	\$ <u>1,054,995,000</u>
\$ <u>-</u>	\$ <u>-</u>	\$ <u>-</u>	\$ <u>-</u>	\$ <u>-</u>	\$ <u>-</u>	\$ <u>1,054,995,000</u>
\$ <u>-</u>	\$ <u>-</u>	\$ <u>-</u>	\$ <u>-</u>	\$ <u>-</u>	\$ <u>-</u>	\$ <u>1,054,995,000</u>
\$ <u>(3,120,931)</u>	\$ <u>(554,460)</u>	\$ <u>(8,611,614)</u>	\$ <u>5,862,579</u>	\$ <u>(1,046,626,195)</u>	\$ <u>-</u>	\$ <u>2,200,798,078</u>

CITY OF PHILADELPHIA  
COMBINING STATEMENT OF GENERAL LONG-TERM DEBT  
JUNE 30, 1998

EXHIBIT III-A-5

	City Related General Long-Term Debt	Municipal Authority General Long-Term Debt	PICA General Long-Term Debt	Totals
<u>Amounts Available and to be Provided</u>				
Amount Available in Debt Service Funds	\$ -	\$ 7,258,780	\$ 86,686,731	\$ 93,945,511
Amount to be Provided for Retirement of Long-Term Debt	<u>734,876,451</u>	<u>403,667,847</u>	<u>968,308,269</u>	<u>2,106,852,567</u>
Total Available and to be Provided	\$ <u>734,876,451</u>	\$ <u>410,926,627</u>	\$ <u>1,054,995,000</u>	\$ <u>2,200,798,078</u>
<u>Long-Term Debt</u>				
General Obligation Bonds	\$ 474,075,986	\$ 398,626,627	\$ 1,054,995,000	\$ 1,927,697,613
Obligations - Under Capital Leases	58,910,000	12,300,000	-	71,210,000
Other Long-Term Obligations Payable	<u>201,890,465</u>	<u>-</u>	<u>-</u>	<u>201,890,465</u>
Total Debt Payable	\$ <u>734,876,451</u>	\$ <u>410,926,627</u>	\$ <u>1,054,995,000</u>	\$ <u>2,200,798,078</u>

## SUPPORTING SCHEDULES

The Supporting Schedules presented in this Section are:

**Summary Schedule of Investments - City Related Fund Types and Accounts**

June 30, 1998

**Schedule of Bonded Debt Outstanding - City Related**

June 30, 1998

**Schedule of Actual and Estimated Revenues - City Related General Funds -Legal Basis**

For the Fiscal Years Ended June 30, 1998 and 1997

**Schedule of Budgeted and Actual Expenditures and Encumbrances by Department - City Related General Fund - Legal Basis**

For the Fiscal Years Ended June 30, 1998 and 1997

**Schedule of Revenues, Expenditures, Encumbrances and Changes in Fund Balance - Water Fund - Budget (Legal Basis) and Actual**

For the Fiscal Year Ended June 30, 1998

**Schedule of Revenues, Expenditures, Encumbrances and Changes in Fund Balance - Aviation Fund - Budget (Legal Basis) and Actual**

For the Fiscal Year Ended June 30, 1998

**Schedule of Actual and Estimated Revenues - City Related Enterprise Funds - Legal Basis**

For the Fiscal Years Ended June 30, 1998 and 1997

**Schedule of Budgeted and Actual Expenditures and Encumbrances by Department - City Related Enterprise Funds - Legal Basis**

For the Fiscal Years Ended June 30, 1998 and 1997

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CITY OF PHILADELPHIA  
CITY RELATED FUND TYPES AND ACCOUNTS  
SUMMARY SCHEDULE OF INVESTMENTS  
JUNE 30, 1998

	<u>Par Value</u>	<u>Cost</u>	<u>Fair Value 6-30-98</u>
Fiduciary Fund Types:			
Non-Expendable Trust Funds:			
<u>Departmental Non-Expendable Trust Fund:</u>			
U.S. Government Securities	\$ 540,000	\$ 1,432,265	\$ 1,493,008
U.S. Government Agencies	175,000	176,688	179,274
Corporate Bonds	-	573,700	599,054
Common Stock	-	1,787,596	4,355,133
Other Investments	-	245,601	245,601
<u>Total Non-Expendable Trust Funds</u>	<u>715,000</u>	<u>4,215,850</u>	<u>6,872,070</u>
Expendable Trust Funds:			
<u>Departmental Expendable Trust Fund:</u>			
U.S. Government Securities	104,059	104,059	105,895
Corporate Bonds	248,986	248,986	268,596
Common Stock	-	101,310	276,347
Other Investments	-	1,718,935	1,718,935
<u>Total Expendable Trust Funds</u>	<u>353,045</u>	<u>2,173,290</u>	<u>2,369,773</u>
Agency Funds:			
<u>Departmental Custodial Accounts:</u>			
U.S. Government Securities	2,502,813	2,502,813	2,512,345
U.S. Government Agencies	11,948,220	11,477,417	11,970,891
Other Investments	15,257	15,257	15,257
<u>Total Agency Funds</u>	<u>14,466,290</u>	<u>13,995,487</u>	<u>14,498,493</u>
<u>Total Fiduciary Fund Types</u>	<u>15,534,335</u>	<u>20,384,627</u>	<u>23,740,336</u>
<u>Treasurer's Account:*</u>			
U.S. Government Securities	803,681,700	822,354,970	827,543,813
U.S. Government Agency Securities	770,857,489	777,895,806	784,840,107
Corporate Bonds	822,155,435	830,708,863	836,468,925
Common Stock	-	1,386,915,685	1,835,217,540
Mortgage Obligations	183,564,368	164,248,263	165,790,145
Closed End Mutual Funds	-	67,884,593	78,156,686
Short Term Investments	145,885,964	128,188,570	128,301,205
Real Estate	59,417,471	59,417,471	33,909,437
Financial Agreements	-	45,717,033	35,896,323
Other Bonds and Investments	88,714,866	157,501,938	162,861,736
<u>Total Treasurer's Account</u>	<u>2,874,277,293</u>	<u>4,440,833,192</u>	<u>4,888,985,917</u>
<u>Total All Fund Types and Accounts</u>	<u>\$ 2,889,811,628</u>	<u>\$ 4,461,217,819</u>	<u>\$ 4,912,726,253</u>

\* 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, 1998

SCHEDULE IV-A-2

	Original Authorization	Date of Issuance	Issued	Fiscal 1998 Outstanding	Maturities	Interest Rates	Fiscal 1999 Debt Service Requirements	
							Interest	Principal
General Obligation Bonds:								
Term Bonds	\$ 32,130,483 (1)	12/01/95	\$ 28,516,101	\$ 28,516,101	05/2014 to 05/2025	5.00	\$ 1,425,805	\$ -
	76,103,268 (1)	12/01/95	36,358,899	36,358,899	05/2014 to 05/2025	5.00	1,817,945	-
Refunding Issues	86,000,000	07/01/87	86,000,000	19,810,000	08/1998 to 08/2000	11.50	1,844,312	7,545,000
	97,645,000	07/15/93	97,645,000	92,120,000	05/1999 to 05/2005	4.60 to 6.00	4,707,642	13,645,000
	101,505,000	06/15/94	101,505,000	75,690,000	11/1998 to 11/2004	5.20 to 6.25	4,228,086	6,655,000
Total Term Bonds	393,383,751		350,025,000	252,495,000			14,023,790	27,845,000
Serial Bonds	25,000,000	03/01/49	25,000,000	500,000	01/1999	1.50	7,500	500,000
	31,675,000	06/01/50	31,675,000	986,000	01/1999 to 01/2000	1.50	14,790	493,000
	6,000,000	02/16/56	6,000,000	960,000	01/1999 to 01/2006	1.00 to 2.75	20,100	120,000
	19,500,000	12/01/68	19,500,000	650,000	01/1999	5.50	35,750	650,000
	48,000,000	07/01/69	48,000,000	5,265,000	07/1998 to 07/1999	6.30	251,370	2,550,000
	45,000,000	06/01/73	25,000,000	1,825,000	07/1998	5.90	53,838	1,825,000
	44,200,000	03/01/70	44,200,000	7,620,000	07/1998 to 07/2000	7.75	497,550	2,400,000
	12,000,000	03/01/70	9,500,000	2,145,000	07/1998 to 07/2000	7.75	140,663	660,000
		06/01/73	2,500,000	885,000	07/1998 to 07/2003	5.90	48,380	130,000
	87,330,000	08/01/70	12,330,000	2,725,000	01/1999 to 01/2001	7.50	204,375	845,000
		01/15/71	13,000,000	3,750,000	07/1998 to 07/2001	7.75	257,881	845,000
		12/17/71	10,000,000	2,605,000	01/1999 to 01/2002	6.75	175,837	590,000
		06/01/73	10,700,000	3,805,000	07/1998 to 07/2003	5.90	208,418	545,000
	25,000,000	08/01/70	12,500,000	2,760,000	01/1999 to 01/2001	7.50	207,000	855,000
		01/15/71	7,500,000	2,140,000	07/1998 to 07/2001	7.75	147,444	475,000
		06/01/73	5,000,000	1,775,000	07/1998 to 07/2003	5.90	97,203	255,000
	27,700,000	01/15/71	27,700,000	2,360,000	07/1998 to 07/2001	4.00 to 7.75	137,912	590,000
	8,400,000	01/15/71	1,200,000	160,000	07/1998 to 07/2001	4.00 to 7.75	9,350	40,000
		01/01/73	2,320,000	375,000	01/1999 to 01/2003	5.75	21,562	75,000
	32,825,000	01/01/73	32,825,000	775,000	01/1999 to 01/2003	5.75	44,562	155,000
	100,000,000	06/01/73	10,000,000	730,000	07/1998	5.90	21,535	730,000
	10,280,000 (1)	07/01/87	10,280,000	1,005,000	08/1998	7.60	38,190	1,005,000
	8,225,000 (1)	07/01/87	8,225,000	805,000	08/1998	7.60	30,590	805,000
	44,000,000 (2)	03/22/90	44,000,000	40,675,000	08/1997 to 08/2020	6.85	2,748,643	595,000
	50,000,000 (2)	03/22/90	50,000,000	46,215,000	08/1997 to 08/2020	6.85	3,123,458	675,000
	54,000,000 (2)	03/22/90	54,000,000	49,910,000	08/1997 to 08/2020	6.85	3,373,335	730,000
	20,000,000	NA	20,000,000	15,845,425	07/1997 to 06/2013	1.00	153,543	1,073,439
	75,869,517	06/15/94	47,500,000	43,170,000	11/1997 to 11/2014	4.90 to 6.00	2,422,304	1,585,000
	(1)	12/01/95	19,834,899	17,665,697	05/1998 to 05/2025	4.00 to 6.25	993,856	797,792
	52,935,028 (1)	12/01/95	25,290,101	22,524,303	05/1998 to 05/2025	4.00 to 6.25	1,267,197	1,017,208
Total Serial Bonds	827,939,545		635,580,000	282,611,425			16,754,136	23,611,439
Total General Obligation Bonds	1,221,323,296		985,605,000	535,106,425			30,777,926	51,456,439
Revenue Bonds:								
Water and Sewer Revenue Bonds:								
14th Series	\$ 158,265,000 (3)	05/15/89	\$ 158,265,000	\$ 60,400,000	10/2005 to 10/2008	NA	\$ -	\$ -
15th Series	176,005,000 (3)	05/15/89	176,005,000	138,080,000	10/1998 to 10/2006	6.75 to 6.875	3,734,679	14,015,000
16th Series	297,175,000	05/15/91	297,175,000	19,745,000	08/1998 to 08/2021	7.30 to 7.60	1,312,245	4,400,000
Series 1993	1,157,585,000	08/01/93	1,010,025,000	908,950,000	06/1998 to 06/2023	4.50 to 7.00	50,800,025	23,935,000
Series 1993		08/26/93	147,560,000	147,560,000	06/2004 to 06/2012	5.15 to 10.00	9,839,200	-
Series 1995	221,630,000	04/15/95	221,630,000	216,000,000	08/1998 to 08/2018	4.60 to 6.75	12,568,470	5,980,000
Series 1997 A	350,000,000	10/15/97	250,000,000	250,000,000	08/1998 to 08/2027	3.85 to 5.125	16,363,139	100,000
Series 1997 B	(4)	11/25/97	100,000,000	100,000,000	08/1999 to 08/2027	Variable rates	6,101,534	-
Total Water Revenue Bonds	2,360,660,000		2,360,660,000	1,840,735,000			100,719,292	48,430,000
Aviation Revenue Bonds:								
5th Series	209,690,000	06/15/95	209,690,000	207,775,000	06/1999 to 06/2025	4.70 to 6.10	12,385,708	1,125,000
Series 1997 A and B	222,265,000	07/01/97	222,265,000	214,400,000	06/1999 to 06/2025	4.50 to 6.00	11,771,475	8,360,000
Series 1998 A	123,405,000	03/17/98	123,405,000	123,305,000	06/1999 to 06/2025	5.25 to 6.00	6,810,931	3,510,000
Total Aviation Revenue Bonds	555,360,000		555,360,000	545,480,000			30,968,114	12,995,000
Total Revenue Bonds	2,916,020,000		2,916,020,000	2,386,215,000			131,687,406	61,425,000
Total All Bonds	\$ 4,137,343,296		\$ 3,901,625,000	\$ 2,921,321,425 (5)			\$ 162,465,332	\$ 112,881,439

CITY OF PHILADELPHIA  
CITY RELATED SCHEDULE OF BONDED DEBT OUTSTANDING(Continued)  
JUNE 30, 1998

SCHEDULE IV-A-2

NOTES:

- (1) These General Obligation Authorizations were issued as both Term and Serial Bonds.
- (2) General Obligation Bonds, Series 1990, \$148,000,000 were issued initially in the Unit Pricing Mode and will bear interest at the Unit Pricing Rate estimated at 6.85%. All, or a portion of the Bonds, may be converted to a Variable Rate Mode, Term Rate Mode and/or Fixed Rate Mode.
- (3) 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
138,080,000	76,670,000	45,494,017

- (4) Based on latest available estimated rates.
- (5) 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	\$ 474,075,986	\$ -	\$ 474,075,986
Proprietary Fund Types:			
Water Fund	20,965,263	1,840,735,000	1,861,700,263
Aviation Fund	40,065,176	545,480,000	585,545,176
<u>Total Proprietary Funds</u>	<u>61,030,439</u>	<u>2,386,215,000</u>	<u>2,447,245,439</u>
<u>Total All Funds</u>	<u>\$ 535,106,425</u>	<u>\$ 2,386,215,000</u>	<u>\$ 2,921,321,425</u>

CITY OF PHILADELPHIA  
CITY RELATED GENERAL FUND  
SCHEDULE OF ACTUAL AND ESTIMATED REVENUES  
(LEGAL BASIS)  
FOR THE FISCAL YEARS ENDED JUNE 30, 1998 AND 1997

	Fiscal 1998 Budget Estimate	Fiscal 1998 Actual	Variance Favorable (Unfavorable)	Fiscal 1997 Actual
Taxes:				
General Property Taxes:				
Real Property Tax:				
Current	\$ 310,228,000	\$ 305,778,663	\$ (4,449,337)	\$ 310,102,765
Prior Years	30,000,000	28,105,592	(1,894,408)	44,674,146
<u>Total Real Property Tax</u>	<u>340,228,000</u>	<u>333,884,255</u>	<u>(6,343,745)</u>	<u>354,776,911</u>
Personal Property Tax:				
Current	-	-	-	3,210,987
Prior Years	34,000	3,705	(30,295)	215,835
<u>Total Personal Property Tax</u>	<u>34,000</u>	<u>3,705</u>	<u>(30,295)</u>	<u>3,426,822</u>
<u>Total General Property Tax</u>	<u>340,262,000</u>	<u>333,887,960</u>	<u>(6,374,040)</u>	<u>358,203,733</u>
Wage and Earnings Taxes:				
Current	878,338,000	896,620,360	18,282,360	859,702,688
Prior Years	13,000,000	17,661,889	4,661,889	12,843,066
<u>Total Wage and Earnings Taxes</u>	<u>891,338,000</u>	<u>914,282,249</u>	<u>22,944,249</u>	<u>872,545,754</u>
Business Taxes:				
Business Privilege Taxes:				
Current	218,629,000	214,035,763	(4,593,237)	210,620,916
Prior Years	26,000,000	23,354,274	(2,645,726)	35,820,368
<u>Total Business Privilege Tax</u>	<u>244,629,000</u>	<u>237,390,037</u>	<u>(7,238,963)</u>	<u>246,441,284</u>
Net Profits Tax:				
Current	10,592,000	10,193,942	(398,058)	10,436,208
Prior Years	2,400,000	2,388,905	(11,095)	2,343,941
<u>Total Net Profits Tax</u>	<u>12,992,000</u>	<u>12,582,847</u>	<u>(409,153)</u>	<u>12,780,149</u>
<u>Total Business Taxes</u>	<u>257,621,000</u>	<u>249,972,884</u>	<u>(7,648,116)</u>	<u>259,221,433</u>
Other Taxes:				
Sales Tax	93,650,000	94,498,387	848,387	91,366,603
Amusement Tax	9,480,000	9,456,200	(23,800)	9,248,972
Real Property Transfer Tax	62,000,000	82,526,297	20,526,297	54,777,915
Parking Lot Tax	29,148,000	30,047,192	899,192	28,437,015
Miscellaneous Taxes	1,000,000	94,613	(905,387)	1,412,911
<u>Total Other Taxes</u>	<u>195,278,000</u>	<u>216,622,689</u>	<u>21,344,689</u>	<u>185,243,416</u>
<u>Total Taxes</u>	<u>1,684,499,000</u>	<u>1,714,765,782</u>	<u>30,266,782</u>	<u>1,675,214,336</u>



CITY OF PHILADELPHIA  
CITY RELATED GENERAL FUND  
SCHEDULE OF ACTUAL AND ESTIMATED REVENUES(Continued)  
(LEGAL BASIS)  
FOR THE FISCAL YEARS ENDED JUNE 30, 1998 AND 1997

	Fiscal 1998 Budget Estimate	Fiscal 1998 Actual	Variance Favorable (Unfavorable)	Fiscal 1997 Actual
Locally Generated Non-Tax Revenue:				
Rentals from Leased City-Owned Properties	\$ 13,591,000	\$ 11,686,818	\$ (1,904,182)	\$ 10,910,486
Licenses and Permits	30,528,000	36,952,817	6,424,817	31,721,987
Fines, Forfeits, Penalties, Confiscated Money and Property	21,468,000	24,382,594	2,914,594	20,025,574
Interest Income	23,500,000	19,607,399	(3,892,601)	26,859,571
Service Charges and Fees	52,506,000	56,647,686	4,141,686	53,446,516
Other	28,791,000	31,639,152	2,848,152	35,702,028
<u>Total Locally Generated Non-Tax Revenue</u>	<u>170,384,000</u>	<u>180,916,466</u>	<u>10,532,466</u>	<u>178,666,162</u>
Revenue from Other Governments:				
United States Government:				
Grants and Reimbursements	176,319,000	168,859,555	(7,459,445)	139,922,295
Commonwealth of Pennsylvania:				
Grants and Other Payments	237,257,000	239,502,948	2,245,948	217,630,567
United States and Commonwealth Combined:				
Grants and Reimbursements	-	-	-	21,052,084
Other Governmental Units	170,643,000	170,622,598	(20,402)	167,813,913
<u>Total Revenue from Other Governments</u>	<u>584,219,000</u>	<u>578,985,101</u>	<u>(5,233,899)</u>	<u>546,418,859</u>
Revenue from Other Funds of the City	24,982,000	22,567,785	(2,414,215)	24,479,371
<u>Totals</u>	<u>\$ 2,464,084,000</u>	<u>\$ 2,497,235,134</u>	<u>\$ 33,151,134</u>	<u>\$ 2,424,778,728</u>

## CITY OF PHILADELPHIA

## SCHEDULE IV-A-4

## CITY RELATED GENERAL FUND

## SCHEDULE OF BUDGETED AND ACTUAL EXPENDITURES AND ENCUMBRANCES BY DEPARTMENT

(LEGAL BASIS)

FOR THE FISCAL YEARS ENDED JUNE 30, 1998 AND 1997

	Fiscal 1998 Budget Estimate	Fiscal 1998 Actual	Variance Favorable (Unfavorable)	Fiscal 1997 Actual
General Government:				
City Council	\$ 9,784,778	\$ 9,841,063	\$ (56,285)	\$ 9,480,763
Mayor's Office:				
Mayor's Office	2,230,990	2,071,449	159,541	2,185,878
Scholarships	200,000	199,280	720	196,655
Labor Relations	379,305	358,751	20,554	96,899
Mayor's Office of Information Services	11,434,988	11,305,696	129,292	10,826,713
Capital Program Office	2,403,533	2,300,799	102,734	-
Mayor's Office of Community Services	878,508	777,469	101,039	760,260
Law	13,833,973	13,603,129	230,844	14,792,116
City Planning Commission	2,444,314	2,277,114	167,200	1,866,837
Commission on Human Relations	2,075,900	1,951,984	123,916	1,897,410
Board of Revision of Taxes	7,329,273	6,993,595	335,678	7,607,784
<u>Total General Government</u>	<u>52,995,562</u>	<u>51,680,329</u>	<u>1,315,233</u>	<u>49,711,315</u>
Operation of Service Departments:				
Housing	4,157,058	4,075,096	81,962	2,942,865
Managing Director	6,243,611	5,958,781	284,830	5,645,882
Police	364,508,106	363,646,374	861,732	367,598,564
Streets	130,747,007	128,099,023	2,647,984	140,014,462
Fire	133,865,540	131,741,942	2,123,598	127,248,816
Public Health	109,920,714	98,947,085	10,973,629	96,409,461
Recreation	33,369,613	33,429,756	(60,143)	32,110,216
Fairmount Park Commission	15,926,127	14,982,183	943,944	12,254,453
Atwater Kent Museum	335,875	326,330	9,545	315,950
Camp William Penn	313,430	311,301	2,129	283,682
Public Property	168,427,692	167,631,792	795,900	162,416,494
Department of Human Services	344,161,998	336,967,198	7,194,800	308,285,847
Philadelphia Prisons	113,952,093	113,771,641	180,452	115,165,246
Office of Emergency Services	13,331,916	13,318,948	12,968	15,514,460
Office of Fleet Management	52,604,965	51,849,496	755,469	51,384,605
Licenses and Inspections	32,041,161	31,889,129	152,032	28,927,247
Board of Licenses and Inspections				
Review	193,701	186,930	6,771	174,625
Board of Building Standards	107,901	85,388	22,513	83,688
Zoning Board of Adjustment	415,788	413,902	1,886	394,317
Records	4,537,769	4,498,637	39,132	4,062,671
Philadelphia Historical Commission	248,275	196,051	52,224	149,941
Art Museum	2,511,000	2,511,000	-	2,250,000
Philadelphia Civic Center	354,874	141,493	213,381	172,704
Philadelphia Free Library	30,740,331	30,572,432	167,899	31,318,207
<u>Total Operation of Service Departments</u>	<u>1,563,016,545</u>	<u>1,535,551,908</u>	<u>27,464,637</u>	<u>1,505,124,403</u>

CITY OF PHILADELPHIA  
CITY RELATED GENERAL FUND

SCHEDULE IV-A-4

SCHEDULE OF BUDGETED AND ACTUAL EXPENDITURES AND ENCUMBRANCES BY DEPARTMENT (Continued)  
(LEGAL BASIS)  
FOR THE FISCAL YEARS ENDED JUNE 30, 1998 AND 1997

	Fiscal 1998 Budget Estimate	Fiscal 1998 Actual	Variance Favorable (Unfavorable)	Fiscal 1997 Actual
Financial Management:				
Office of Director of Finance	\$ 16,116,631	\$ 16,185,788	\$ (69,157)	\$ 12,128,787
Department of Revenue	17,789,438	17,180,705	608,733	16,099,844
Sinking Fund Commission	122,302,709	122,302,708	1	129,527,763
Procurement	5,182,111	5,182,110	1	4,133,051
City Treasurer	913,279	908,820	4,459	899,650
<u>Total Director of Finance</u>	<u>162,304,168</u>	<u>161,760,131</u>	<u>544,037</u>	<u>162,789,095</u>
Audit of City Operations	6,658,126	6,658,118	8	6,494,147
<u>Total Financial Management</u>	<u>168,962,294</u>	<u>168,418,249</u>	<u>544,045</u>	<u>169,283,242</u>
City-Wide Appropriations Under the Director of Finance:				
Capital Administration Program	-	-	-	1,439,428
Fringe Benefits	471,148,584	471,033,423	115,161	456,652,387
Community College of Philadelphia	18,267,924	18,267,924	-	17,767,924
Legal Services	24,178,105	24,178,105	-	22,630,837
Hero Award	17,600	17,600	-	18,600
Refunds	167,894	167,894	-	137,116
Indemnities	1,776,931	1,776,931	-	1,454,500
Witness Fees	130,996	130,996	-	92,457
Risk Management	1,352,652	1,352,652	-	1,372,219
Contribution to School District	14,750,000	14,750,000	-	14,779,000
<u>Total City-Wide Appropriations Under the Director of Finance</u>	<u>531,790,686</u>	<u>531,675,525</u>	<u>115,161</u>	<u>516,344,468</u>
Promotion and Public Relations:				
City Representative	35,092,659	35,093,093	(434)	64,747,118
Personnel:				
Civic Service Commission	146,905	140,750	6,155	136,567
Personnel Director	4,567,323	4,493,678	73,645	4,654,185
<u>Total Personnel</u>	<u>4,714,228</u>	<u>4,634,428</u>	<u>79,800</u>	<u>4,790,752</u>

CITY OF PHILADELPHIA  
CITY RELATED GENERAL FUND

SCHEDULE IV-A-4

SCHEDULE OF BUDGETED AND ACTUAL EXPENDITURES AND ENCUMBRANCES BY DEPARTMENT (Continued)  
(LEGAL BASIS)  
FOR THE FISCAL YEARS ENDED JUNE 30, 1998 AND 1997

	Fiscal 1998 Budget Estimate	Fiscal 1998 Actual	Variance Favorable (Unfavorable)	Fiscal 1997 Actual
Administration of Justice:				
Clerk of Quarter Sessions	\$ 3,863,036	\$ 3,759,139	\$ 103,897	\$ 3,782,466
Register of Wills	2,848,693	2,820,810	27,883	2,783,140
District Attorney	22,147,187	22,025,158	122,029	22,147,361
Sheriff	11,213,555	11,216,626	(3,071)	9,827,661
First Judicial District	<u>103,708,782</u>	<u>103,145,432</u>	<u>563,350</u>	<u>106,171,335</u>
Total Administration of Justice	<u>143,781,253</u>	<u>142,967,165</u>	<u>814,088</u>	<u>144,711,963</u>
City-Wide Appropriations Under the First Judicial District:				
Juror Fees	<u>1,502,898</u>	<u>1,502,898</u>	<u>-</u>	<u>1,937,588</u>
Conduct of Elections:				
City Commissioners	<u>8,215,875</u>	<u>8,093,795</u>	<u>122,080</u>	<u>7,279,414</u>
Totals	<u>\$ 2,510,072,000</u>	<u>\$ 2,479,617,390</u>	<u>\$ 30,454,610</u>	<u>\$ 2,463,930,263</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, 1998

	Revised <u>Budget</u>	<u>Actual</u>	Variance Favorable (Unfavorable)
Revenues:			
Locally Generated Non-Tax Revenue	\$ 347,814,000	\$ 357,910,811	\$ 10,096,811
Revenue from Other Governments	17,800,000	17,571,640	(228,360)
Revenue from Other Funds	<u>18,880,000</u>	<u>23,173,322</u>	<u>4,293,322</u>
<u>Total Revenues</u>	<u>384,494,000</u>	<u>398,655,773</u>	<u>14,161,773</u>
Expenditures and Encumbrances:			
Personal Services:			
Personal Services	84,797,593	81,744,334	3,053,259
Pension Contributions	15,247,131	15,247,131	-
Other Employee Benefits	<u>22,130,869</u>	<u>19,851,553</u>	<u>2,279,316</u>
Sub-total	122,175,593	116,843,018	5,332,575
Purchase of Services	68,819,429	65,925,042	2,894,387
Materials and Supplies	27,793,295	27,252,353	540,942
Equipment	4,521,417	4,389,888	131,529
Contributions, Indemnities and Taxes	6,525,000	5,596,699	928,301
Debt Service - Principal	49,701,976	49,294,523	407,453
Debt Service - Interest	82,457,290	81,442,316	1,014,974
Short Term Interest	500,000	-	500,000
Payments to Other Funds	<u>30,559,000</u>	<u>60,266,491</u>	<u>(29,707,491)</u>
<u>Total Expenditures and Encumbrances</u>	<u>393,053,000</u>	<u>411,010,330</u>	<u>(17,957,330)</u>
Operating Surplus (Deficit) for the Year	\$ <u>(8,559,000)</u>	<u>(12,354,557)</u>	\$ <u>(3,795,557)</u>
Fund Balance Available for Appropriation, July 1, 1997		-	
Adjustments to Prior Fiscal Year Revenues, Expenditures and Encumbrances:			
Commitments Cancelled - Net		11,710,521	
Revenue Adjustments - Net		183,736	
Other Adjustments		<u>460,300</u>	
Adjusted Fund Balance, July 1, 1997		<u>12,354,557</u>	
Fund Balance Available for Appropriation, June 30, 1998		\$ <u>-</u>	

## CITY OF PHILADELPHIA

## SCHEDULE IV-A-6

## AVIATION FUND

## SCHEDULE OF REVENUES, EXPENDITURES, ENCUMBRANCES AND CHANGES IN FUND BALANCES

## BUDGET (LEGAL BASIS) AND ACTUAL

## FOR THE FISCAL YEAR ENDED JUNE 30, 1998

	Revised Budget	Actual	Variance Favorable (Unfavorable)
Revenues:			
Locally Generated Non-Tax Revenue	\$ 133,982,000	\$ 130,064,899	\$ (3,917,101)
Revenue from Other Governments	364,000	587,211	223,211
Revenue from Other Funds	344,000	368,245	24,245
<u>Total Revenues</u>	<u>134,690,000</u>	<u>131,020,355</u>	<u>(3,669,645)</u>
Expenditures and Encumbrances:			
Personal Services:			
Personal Services	33,481,032	30,285,221	3,195,811
Pension Contributions	6,930,552	6,930,552	-
Other Employee Benefits	7,472,448	6,799,735	672,713
Sub-total	47,884,032	44,015,508	3,868,524
Purchase of Services	44,242,975	37,060,830	7,182,145
Materials and Supplies	5,807,325	4,132,914	1,674,411
Equipment	6,545,597	5,030,364	1,515,233
Contributions, Indemnities and Taxes	2,516,727	723,034	1,793,693
Debt Service - Principal	21,764,126	21,519,126	245,000
Debt Service - Interest	26,958,184	16,962,826	9,995,358
Payments to Other Funds	5,531,034	2,990,239	2,540,795
Advances, Subsidies, Miscellaneous	500,000	-	500,000
<u>Total Expenditures and Encumbrances</u>	<u>161,750,000</u>	<u>132,434,841</u>	<u>29,315,159</u>
Operating Surplus (Deficit) for the Year	\$ <u>(27,060,000)</u>	<u>(1,414,486)</u>	\$ <u>25,645,514</u>
Fund Balance Available for Appropriation, July 1, 1997		21,928,841	
Adjustments to Prior Fiscal Year Revenues, Expenditures and Encumbrances:			
Commitments Cancelled - Net		5,410,137	
Revenue Adjustments - Net		(1,838,456)	
Other Adjustments		279,443	
Adjusted Fund Balance, July 1, 1997		<u>25,779,965</u>	
Fund Balance Available for Appropriation, June 30, 1998		\$ <u>24,365,479</u>	

CITY OF PHILADELPHIA  
CITY RELATED ENTERPRISE FUNDS  
SCHEDULE OF ACTUAL AND ESTIMATED REVENUES  
(LEGAL BASIS)  
FOR THE FISCAL YEARS ENDED JUNE 30, 1998 AND 1997

	Fiscal 1998 Revised Budget Estimate	Fiscal 1998 Actual	Variance Favorable (Unfavorable)	Fiscal 1997 Actual
<u>Water Fund</u>				
Locally Generated Non-Tax Revenue:				
Sales and Charges - Current	\$263,782,700	\$253,029,868	\$ (10,752,832)	\$263,440,736
Sales and Charges - Prior Years	31,511,500	35,764,257	4,252,757	27,537,002
Fire Service Connections	644,200	818,061	173,861	834,211
Surcharges	4,753,000	5,184,905	431,905	4,810,168
Miscellaneous Charges	2,881,800	3,345,402	463,602	4,139,539
Charges to Other Municipalities	24,500,000	25,224,406	724,406	23,596,637
Licenses and Permits	915,000	1,048,458	133,458	953,583
Interest Income	11,525,800	21,216,835	9,691,035	11,860,903
Fleet Management - Sale of Vehicles & Equipment	100,000	55,000	(45,000)	394,175
Contributions from Sinking Fund Reserve	7,200,000	12,223,619	5,023,619	8,321,724
<u>Total Locally Generated Non-Tax Revenue</u>	<u>347,814,000</u>	<u>357,910,811</u>	<u>10,096,811</u>	<u>345,888,678</u>
Revenue from Other Governments:				
State	17,800,000	17,571,640	(228,360)	18,730,165
Revenue from Other Funds	18,880,000	23,173,322	4,293,322	19,341,768
<u>Total Revenues</u>	<u>\$384,494,000</u>	<u>\$398,655,773</u>	<u>\$ 14,161,773</u>	<u>\$383,960,611</u>
<u>Aviation Fund</u>				
Locally Generated Non-Tax Revenue:				
Concessions	\$ 10,678,000	\$ 11,716,410	\$ 1,038,410	\$ 10,350,710
Space Rentals	30,944,000	32,837,481	1,893,481	33,420,314
Landing Fees	28,102,000	24,549,267	(3,552,733)	23,478,777
Parking	19,500,000	19,565,769	65,769	17,946,557
Car Rentals	12,041,000	12,557,477	516,477	11,722,579
Payment in Aid - Terminal Building	12,774,000	6,894,337	(5,879,663)	7,345,946
Interest Earnings	3,200,000	3,773,117	573,117	2,863,576
Sale of Utilities	3,172,000	3,882,354	710,354	4,097,838
Overseas Terminal Facility Charges	110,000	568,306	458,306	384,518
Terminal Unit A	10,401,000	11,234,315	833,315	13,064,274
Other Locally Generated Revenue	3,060,000	2,486,066	(573,934)	3,948,557
<u>Total Locally Generated Non-Tax Revenue</u>	<u>133,982,000</u>	<u>130,064,899</u>	<u>(3,917,101)</u>	<u>128,623,646</u>
Revenue from Other Governments:				
State	123,000	123,258	258	252,534
Federal	241,000	463,953	222,953	804,624
<u>Total Revenue from Other Governments</u>	<u>364,000</u>	<u>587,211</u>	<u>223,211</u>	<u>1,057,158</u>
Revenue from Other Funds	344,000	368,245	24,245	299,506
<u>Total Revenues</u>	<u>\$134,690,000</u>	<u>\$131,020,355</u>	<u>\$ (3,669,645)</u>	<u>\$129,980,310</u>

CITY OF PHILADELPHIA  
CITY RELATED ENTERPRISE FUNDS  
SCHEDULE IV-A-8  
SCHEDULE OF BUDGETED AND ACTUAL EXPENDITURES AND ENCUMBRANCES BY DEPARTMENT  
(LEGAL BASIS)  
FOR THE FISCAL YEARS ENDED JUNE 30, 1998 AND 1997

	Fiscal 1998 Budget <u>Estimate</u>	Fiscal 1998 <u>Actual</u>	Variance Favorable (Unfavorable)	Fiscal 1997 <u>Actual</u>
<u>Water Fund</u>				
Mayor's Office of Information Services	\$ 745,277	\$ 684,248	\$ 61,029	\$ 503,534
Public Property	3,004,572	3,003,006	1,566	2,787,157
Office of Fleet Management	6,243,203	5,123,994	1,119,209	8,931,058
Water Department	189,078,583	213,952,119	(24,873,536)	200,301,447
Office of the Director of Finance	149,794	124,243	25,551	135,988
City-Wide Appropriation Under the Director of Finance:				
Pension Contributions	15,247,131	15,247,131	-	14,404,785
Other Employee Benefits	22,130,869	19,851,553	2,279,316	19,726,851
Contributions, Indemnities and Taxes	1,197,121	287,151	909,970	-
Department of Revenue	20,184,357	19,606,297	578,060	19,337,058
Sinking Fund Commission	132,659,266	130,736,839	1,922,427	125,924,336
Law	2,412,827	2,393,749	19,078	2,281,324
<u>Totals</u>	<u>\$ 393,053,000</u>	<u>\$ 411,010,330</u>	<u>\$ (17,957,330)</u>	<u>\$ 394,333,538</u>
 <u>Aviation Fund</u>				
Police	\$ 6,023,270	\$ 5,997,700	\$ 25,570	\$ 5,804,300
Fire	3,727,400	3,606,954	120,446	3,474,635
Public Property	9,975,000	9,932,122	42,878	10,067,668
Office of Fleet Management	5,917,906	5,304,138	613,768	2,467,508
City-Wide Appropriation Under the Director of Finance:				
Pension Contributions	6,930,552	6,930,552	-	6,397,668
Other Employee Benefits	7,472,448	6,799,736	672,712	6,718,559
Purchase of Services	1,000,000	622,086	377,914	825,135
Contributions, Indem- nities and Taxes	1,448,583	-	1,448,583	-
Sinking Fund Commission	48,722,310	38,481,952	10,240,358	39,884,816
Commerce	69,616,224	53,886,993	15,729,231	51,612,312
Law	916,307	872,608	43,699	764,796
<u>Totals</u>	<u>\$ 161,750,000</u>	<u>\$ 132,434,841</u>	<u>\$ 29,315,159</u>	<u>\$ 128,017,397</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 1989 THROUGH 1998  
(Amounts in Millions of Dollars)

TABLE 1

	1989	1990	1991	1992	1993	1994	1995	1996	1997	1998
General Property Taxes (a)	\$ 286.7	\$ 314.1	\$ 326.5	\$ 343.3	\$ 345.2	\$ 346.0	\$ 339.5	\$ 346.6	\$ 358.2	\$ 333.9
Wage, Earnings and Net Profits Taxes (b)	913.9	947.8	974.6	815.9	820.0	840.8	857.6	877.5	885.4	926.9
Business Privilege Taxes (b)	201.7	207.5	217.3	200.3	215.1	221.6	230.2	237.5	246.4	237.4
Other Taxes	96.8	101.3	80.4	129.4	153.2	171.3	177.8	174.5	202.5	234.1
<b>Total Taxes</b>	<b>1,499.1</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>
Water and Sewer Charges (c)	207.7	205.0	217.7	268.8	294.8	288.1	288.9	296.2	291.7	289.6
Airport Charges	67.4	72.0	84.6	103.3	109.0	113.0	109.1	117.6	121.8	123.8
Other Locally Generated Revenue	170.5	209.3	162.3	178.0	198.7	206.2	262.2	271.8	270.1	290.1
<b>Total Local Revenue</b>	<b>1,944.7</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>
Revenue From Other Governments (d)	506.5	518.4	573.4	1,006.4	959.2	966.4	991.6	1,092.4	1,276.5	1,490.9
Transfers Between Funds	34.8	54.6	42.7	25.5	31.8	38.6	31.1	33.2	44.1	46.1
<b>Sub-Totals</b>	<b>2,486.0</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>
Gas Works Fund (e)	485.0	485.5	484.3	474.8	500.4	541.5	581.3	508.6	564.1	557.7
<b>Totals</b>	<b>\$ 2,971.0</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>Summary of Revenues by Fund:</b>										
General Fund	\$ 1,945.9	\$ 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
County Liquid Fuels Tax Fund	4.1	4.2	4.1	3.9	4.1	4.1	2.6	6.1	4.4	4.0
Special Gasoline Tax Fund	15.3	16.3	15.6	15.7	16.5	16.5	17.0	17.3	17.6	19.8
HealthChoices Behavioral Health Fund (f)	-	-	-	-	-	-	-	-	103.8	333.3
Hotel Tax Fund	7.8	7.8	7.7	7.9	7.9	10.5	12.0	14.5	17.4	17.6
Grants Revenue Fund	115.1	151.0	180.3	211.7	234.5	331.4	423.0	463.0	536.8	503.6
Community Development Fund	52.3	58.9	59.4	59.2	53.9	52.2	65.0	79.3	77.9	67.5
<b>Sub-Total Governmental Funds</b>	<b>2,140.5</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>
Water Fund	273.2	282.9	285.6	344.3	359.3	349.1	376.8	377.7	384.0	398.7
Convention and Civic Center Fund (g)	-	47.2	7.9	8.7	10.1	-	-	-	-	-
Aviation Fund	72.3	77.3	92.3	109.1	114.8	116.5	115.9	124.6	130.0	131.1
Gas Works Fund (e)	485.0	485.5	484.3	474.8	500.4	541.5	581.3	508.6	564.1	557.7
<b>Sub-Total Proprietary Funds</b>	<b>830.5</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>Totals</b>	<b>\$ 2,971.0</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>

**NOTES:**

- (a) The millage rate was increased in Fiscal 1989 to 37.45 mills.
- (b) Effective July 1, 1997 rates for City residents for Wage, Earnings and Net Profits Taxes decreased from 4.84% to 4.79%.  
Effective January 1, 1998 the Business Privilege Tax Rate decreased from 2.95% to 2.875%.  
Pursuant to a Fiscal Year 1992 agreement with the Pennsylvania Inter-Governmental Cooperation Authority (PICA), the City's share of Wage, Earnings, and Net Profits taxes for City residents is 3.34%, while PICA receives 1.5%.
- (c) Water and Sewer Charges were increased January 1, 1991.
- (d) 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.
- (e) The Gas Works Fund fiscal year ends on August 31.
- (f) The HealthChoices Behavioral Health Fund began in February, 1997.
- (g) 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.

TABLE 2

CITY OF PHILADELPHIA  
SCHOOL DISTRICT RELATED GENERAL REVENUES  
FOR THE FISCAL YEARS 1989 THROUGH 1998  
(Amounts in Millions of Dollars)

	1989	1990	1991	1992	1993	1994	1995	1996	1997	1998
Local:										
Taxes:										
Real Estate	\$ 304.2	\$ 333.6	\$ 372.5	\$ 397.7	\$ 397.9	\$ 399.5	\$ 398.8	\$ 401.9	\$ 420.7	\$ 403.2
Use and Occupancy	69.2	75.7	95.1	100.9	97.1	93.1	83.4	84.5	81.4	80.8
General Business (1)	0.2	0.1	0.1	0.2	-	-	-	-	-	-
Other	23.9	24.1	23.6	23.9	23.5	23.7	30.3	42.1	85.3	45.4
Total Taxes	397.5	433.5	491.3	522.7	518.5	516.3	512.5	528.5	587.4	529.4
City Contributions	-	-	-	-	-	-	-	15.0	15.0	15.0
Other	29.8	32.2	26.7	23.6	22.7	21.1	34.7	47.3	56.1	67.9
Total Locally Generated	427.3	465.7	518.0	546.3	541.2	537.4	547.2	590.8	658.5	612.3
State Subsidies	616.0	638.5	654.3	709.8	717.8	739.0	764.1	834.7	851.0	848.7
Federal Grants	103.6	112.7	121.2	143.9	160.0	136.5	129.4	132.8	144.9	151.5
Other Financing Sources (2)	43.6	0.5	148.9	40.0	211.1	160.1	-	213.1	154.5	-
Total General Revenues and Other Sources	<u>\$ 1,190.5</u>	<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>
Summary by Fund:										
General Fund (3)	\$ 836.0	\$ 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
Intermediate Unit Fund	136.7	145.7	155.0	99.1	68.1	72.4	75.3	72.9	65.8	67.5
Categorical Funds	115.0	127.8	135.7	152.6	173.0	156.9	152.3	163.0	178.5	187.0
Debt Service Fund (4)	53.4	54.8	132.2	53.1	265.2	58.3	74.5	114.3	124.2	37.8
Capital Improvements Fund	49.4	9.2	80.2	43.2	4.8	162.5	6.9	164.1	116.4	17.3
Total General Revenues and Other Sources	<u>\$ 1,190.5</u>	<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>

## 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.

TABLE 3

CITY OF PHILADELPHIA  
CITY AND GAS WORKS RELATED EXPENDITURES AND ENCUMBRANCES BY PROGRAM  
(LEGAL BASIS)  
FOR THE FISCAL YEARS 1989 THROUGH 1998  
(Amounts in Millions of Dollars)

	1989	1990	1991	1992	1993	1994	1995	1996	1997	1998
Economic Development	\$ 86.2	\$ 100.8	\$ 67.9	\$ 69.2	\$ 82.6	\$ 109.6	\$ 95.5	\$ 133.2	\$ 140.4	\$ 115.3
Transportation	56.6	63.5	107.8	110.3	109.3	103.0	105.8	121.8	121.2	120.0
Judiciary and Law Enforcement	480.4	504.5	539.1	561.3	560.0	544.2	561.2	618.1	681.8	682.9
Conservation of Health	266.9	287.3	319.5	350.8	378.1	412.1	436.8	445.9	514.7	726.6
Housing and Neighborhood Development	69.6	74.3	56.7	73.0	83.0	85.4	118.4	105.7	126.4	121.2
Cultural and Recreational	78.5	77.2	80.2	85.9	84.5	80.4	82.7	86.1	91.7	96.1
Improvement of General Welfare	231.4	236.4	254.7	292.7	321.2	341.6	376.4	390.5	403.9	433.6
Services to Property	367.9	346.2	353.6	369.2	377.5	380.3	361.5	388.3	407.9	421.2
General Management and Support	971.1	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
Sub-Totals	2,608.6	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
Gas Works Fund (c)	463.5	465.5	462.7	450.3	465.9	497.7	561.6	483.3	550.4	552.0
Totals	\$ 3,072.1	\$ 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
Summary of Expenditures by Fund:										
General Fund	\$ 2,010.9	\$ 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
County Liquid Fuels Tax Fund	3.1	4.7	3.8	4.2	4.4	5.0	4.4	4.6	4.7	5.0
Special Gasoline Tax Fund	13.9	18.3	15.4	16.0	18.3	17.4	15.7	20.1	19.3	21.6
HealthChoices Behavioral Health Fund (a)	-	-	-	-	-	-	-	-	42.6	240.8
Hotel Tax Fund	7.8	7.8	7.8	7.8	7.9	10.6	11.9	16.4	20.8	22.5
Grants Revenue Fund	139.9	155.9	174.1	213.1	251.9	340.1	459.3	466.0	532.2	553.9
Community Development Fund	50.3	54.4	51.3	56.0	60.4	66.1	73.9	74.4	71.9	69.8
Sub-Total Governmental Funds	2,225.9	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
Water Fund	308.9	312.7	308.9	323.6	357.5	379.2	391.1	387.4	394.3	411.0
Convention and Civic Center Fund (b)	-	46.2	10.4	9.6	9.6	-	-	-	-	-
Aviation Fund	73.8	78.7	95.1	117.3	121.3	118.8	110.8	125.5	127.9	132.4
Gas Works Fund (c)	463.5	465.5	462.7	450.3	465.9	497.7	561.6	483.3	550.4	552.0
Sub-Total Proprietary Funds	846.2	903.1	877.1	900.8	954.3	995.7	1,063.5	996.2	1,072.6	1,095.4
Totals	\$ 3,072.1	\$ 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

## 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 1989 THROUGH 1998  
(Amounts in Millions of Dollars)

TABLE 4

	1989	1990	1991	1992	1993	1994	1995	1996	1997	1998
Instructional	\$ 744.8	\$ 804.6	\$ 846.1	\$ 904.7	\$ 988.5	\$ 934.2	\$ 943.1	\$ 1,085.9	\$ 1,145.2	\$ 1,111.1
Support and Administration	233.7	246.5	258.1	261.8	267.8	254.4	255.0	231.8	236.0	257.5
Basic Building Services	162.6	162.6	156.8	161.1	181.7	196.3	202.8	234.7	284.2	289.5
Debt Service and Temporary Borrowing	57.4	61.2	70.3	69.8	66.4	56.6	67.6	72.4	83.6	43.9
Net Transfers/Uses (1)	11.4	13.0	78.8	5.0	213.3	2.7	1.9	56.7	51.0	-
<b>Total General Expenditures/Uses</b>	<b>\$ 1,209.9</b>	<b>\$ 1,287.9</b>	<b>\$ 1,410.1</b>	<b>\$ 1,402.4</b>	<b>\$ 1,717.7</b>	<b>\$ 1,444.2</b>	<b>\$ 1,470.4</b>	<b>\$ 1,681.5</b>	<b>\$ 1,800.0</b>	<b>\$ 1,702.0</b>
Summary of Expenditures/Uses by Fund:										
General Fund	\$ 829.3	\$ 886.0	\$ 918.0	\$ 963.9	\$ 1,021.5	\$ 984.8	\$ 993.9	\$ 1,111.9	\$ 1,166.3	\$ 1,143.2
Intermediate Unit Fund	150.5	158.2	164.8	173.2	183.8	175.9	180.8	196.4	197.6	196.3
Categorical Fund	129.5	147.2	157.6	176.4	201.0	178.0	173.0	182.7	192.7	200.6
Debt Service Fund	55.3	57.3	136.9	58.6	271.4	50.6	59.0	119.9	124.9	43.9
Capital Improvement Fund	45.3	39.2	32.8	30.3	40.0	54.9	63.7	70.6	118.5	118.0
<b>Total General Expenditures/Uses</b>	<b>\$ 1,209.9</b>	<b>\$ 1,287.9</b>	<b>\$ 1,410.1</b>	<b>\$ 1,402.4</b>	<b>\$ 1,717.7</b>	<b>\$ 1,444.2</b>	<b>\$ 1,470.4</b>	<b>\$ 1,681.5</b>	<b>\$ 1,800.0</b>	<b>\$ 1,702.0</b>
Total General Governmental Expenditures Restated on a Constant Dollar Basis: (2)										
1989 as Base Year	\$ 1,209.9	\$ 1,225.0	\$ 1,288.9	\$ 1,231.9	\$ 1,479.4	\$ 1,216.7	\$ 1,202.0	\$ 1,338.9	\$ 1,399.4	\$ 1,301.5
1998 as Base Year	\$ 1,582.2	\$ 1,602.0	\$ 1,685.5	\$ 1,611.0	\$ 1,934.6	\$ 1,591.1	\$ 1,571.8	\$ 1,750.8	\$ 1,829.8	\$ 1,702.0

NOTES:

(1) Includes bond defeasement costs of \$74.8 million in 1991, \$210.2 million in 1993, \$56.7 million in 1996 and \$51.0 in 1997.

(2) Source: Bureau of Labor Statistics, United States Department of Labor.

TABLE 5

CITY OF PHILADELPHIA  
 ASSESSED AND MARKET VALUE OF TAXABLE REALTY IN PHILADELPHIA  
 FOR THE CALENDAR YEARS 1989 THROUGH 1998  
 (Amounts in Millions of Dollars)

Calendar Year	Assessed Value Adjusted to 6-30-1998(a)		Market Value on Basis of STEB Ratio			Estimated Market Value Based on Sales		
	Amount	Percentage Increase (Decrease) Over Prior Year	Assessment Ratio of State Tax Equalization Board (b)	Amount	Percentage Increase Over Prior Year	Assessment Ratio as Determined by Sales (d)	Amount	Percentage Increase (Decrease) Over Prior Year
1989	7,573	0.49%	0.308	24,588	0.49%	0.250	30,292	-2.36%
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	8,867	-0.65%	0.300	29,576	-0.65%	0.251	35,299	-0.45%
1994	9,012	1.64%	0.300	30,060	1.64%	0.273	33,072	-6.31%
1995	8,900	-1.24%	0.299	29,766	-0.98%	0.270	32,926	-0.44%
1996	8,907	0.08%	0.300	29,710	-0.19%	0.271	32,904	-0.07%
1997	8,992	0.95%	0.303	29,696	-0.05%	0.264	34,009	3.36%
1998(c)	9,098	1.18%	0.302	30,136	1.48%	NA	NA	NA
Total Increase 1989 - 1998	1,525	20.14%						
Compounded Annual Average Rate of Increase 1989 - 1998		2.06%						

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, 1998
- (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 1989 THROUGH 1998

<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>
1989	\$ 315,473,383	284,584,650	90.21%	14,625,558	94.84%
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 (A)	369,734,710	91.17%	48,828,295 (B)	103.21%
1998	407,100,063 (C)	NA	NA	NA	NA

(A) Certified by Board of Revision of Taxes including revisions through December 31, 1997.

(B) Increased prior years' tax collections are attributable primary to the tax lien sale of June, 1997.

(C) Certified by Board of Revision of Taxes including revisions through June 30, 1998.

FISCAL YEARS 1989 THROUGH 1998

<u>Fiscal Year</u>	<u>Current Tax Collections</u>	<u>Prior Year Tax Collections</u>	<u>Total Tax Collections</u>
1989	290,325,111	13,902,200	304,227,311
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

CITY OF PHILADELPHIA  
REAL PROPERTY TAXES LEVIED AND COLLECTED  
FOR THE CALENDAR YEARS 1989 THROUGH 1998  
(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 6-30-1998(c) (2)	Amount Collectible in Year of Levy (3)	Amount Collected in Year of Levy (e) (4)	Collections Within Year of Levy as a Percent of Amount Collectible (4) / (3) (5)	Net Levy Adjusted to 6-30-1998 (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)
1989	\$8,317	\$7,573	\$284.6	\$263.4	92.6	\$285.1	\$18.3	\$281.7	98.8
1990	\$9,261	\$8,416	\$316.6	\$290.5	91.8	\$317.7	\$23.0	\$313.5	98.7
1991	\$9,604	\$8,794	\$330.4	\$297.6	90.1	\$331.4	\$27.2	\$324.8	98.0
1992	\$9,681	\$8,925	\$338.9	\$306.4	90.4	\$337.7	\$23.0	\$329.4	97.5
1993	\$9,676	\$8,867	\$337.2	\$307.1	91.1	\$338.8	\$22.6	\$329.7	97.3
1994	\$9,516	\$9,012	\$335.6	\$305.9	91.2	\$338.6	\$19.7	\$325.6	96.2
1995	\$9,410	\$8,900	\$338.5	\$307.1	90.7	\$340.9	\$19.1	\$326.2	95.7
1996	\$9,266	\$8,907	\$337.7	\$308.2	91.3	\$345.5	\$12.9	\$321.1	92.9
1997	\$9,275	\$8,992	\$336.2	\$310.8	92.4	\$342.1	\$5.2	\$316.0	92.4
1998	\$9,220	\$9,098	\$337.4	\$297.3 (f)	88.1	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 \$603.7 million in 1989, \$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 and \$13.7 million in 1998 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 \$47.9 million in 1989, \$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 and \$1.1 million in 1998 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) The millage rate was increased from 35.05 to 37.45 in 1989.
- (e) Amounts shown as collected include amounts allowed as discounts for payments during the discount period.
- (f) Includes collections through June 30, 1998, 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 1998 will be collected within the year of levy, resulting in approximately \$307.0 million by December 31, 1998.



TABLE 8

TAX RATES OF THE CITY OF PHILADELPHIA  
AND SCHOOL DISTRICT REAL ESTATE TAX RATES  
FOR THE TEN-YEAR PERIOD 1989 THROUGH 1998

<u>Tax Classification</u>	<u>1989</u>	<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>
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%	4.120%	4.519%	4.519%	4.519%	4.519%	4.519%	4.519%	4.519%	4.519%
Total Real Property Tax	7.865%	7.865%	8.264%	8.264%	8.264%	8.264%	8.264%	8.264%	8.264%	8.264%
Assessment Ratio as Determined by Sales	25.00%	23.80%	24.60%	25.20%	25.10%	27.30%	27.00%	27.07%	26.44%	NA
Effective Tax Rate (Real Estate Tax Rate x Assessment Ratio)	1.966%	1.872%	2.033%	2.083%	2.074%	2.256%	2.231%	2.237%	2.185%	NA
Wage, Earnings and Net Profits Taxes:										
Residents	4.96%	4.96%	4.96%	4.96% (a)	4.96%	4.96%	4.96%	4.86% (b)	4.84% (c)	4.79% (d)
Non-Residents	4.3125%	4.3125%	4.3125%	4.3125%	4.3125%	4.3125%	4.3125%	4.2256% (b)	4.208% (c)	4.165% (d)
Real Property Transfer Tax	4.07%	4.07%	3.92% (e)	3.69% (e)	3.46% (e)	3.23% (e)	3.00% (e)	3.00%	3.00%	3.00%
Personal Property Tax (% on Taxable Intangible Items)(f)	0.4%	0.4%	0.4%	0.4%	0.4%	0.4%	0.4%	0.4%	NA	NA
Business Privilege Taxes (% on Gross Receipts) (% on Net Income)(j)	0.325% 6.50%	0.325% 6.50%	0.325% 6.50%	0.325% 6.50%	0.325% 6.50%	0.325% 6.50%	0.325% 6.50%	0.300% (g) 6.50%	0.295% (h) 6.50%	0.2875% (i) 6.50%
Sales and Use Tax	-	-	-	1.00% (k)	1.00%	1.00%	1.00%	1.00%	1.00%	1.00%
Amusement Tax	7.3%	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)(j)	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%	5.0%	- (l)	-	-	-	-	-
Bowling Alley Tax (Annual Per Alley)	\$25	\$25	\$25	\$25	- (l)	-	-	-	-	-
Mechanical Amusement Device Tax (Annual Per Device) (m)	\$100	\$100	\$100	\$100	\$100	-	-	-	-	-
Vending Machine Tax (Annual Per Machine, Newspapers Exempt)	\$100.0 (n)	\$100.0 (n)	-	-	-	-	-	-	-	-
Condominium Conversion Privilege Tax (% on Assessed Valuation)	8.3%	- (o)	-	-	-	-	-	-	-	-
Hotel Room Rental Tax (% on Cost of Room Rental) (p)	5.0%	5.0%	5.0%	5.0%	5.0%	6.0% (q)	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) Phased decreases effective July 1, 1990.

(f) The City ceased the collection of the Personal Property Tax during FY 97.

(g) Tax decrease effective January 1, 1996.

(h) Tax decrease effective January 1, 1997.

(i) Tax decrease effective January 1, 1998.

(j) 60% of Net Income Tax portion paid is credited against Net Profits Tax Payable.

(k) Effective September 28, 1991.

(l) These taxes were repealed in Fiscal 1993.

(m) The City converted this tax to a Licensing Fee in Fiscal 1994.

(n) Tax effective July 1, 1988, repealed effective July 1, 1989.

(o) Repealed per court order.

(p) 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.

(q) Increase effective July, 1993.

CITY OF PHILADELPHIA  
CITY AND SCHOOL DISTRICT NET TAX SUPPORTED DEBT AND DEBT SERVICE RATIOS  
FOR THE FISCAL YEARS 1989 THROUGH 1998

TABLE 9

Line No.		1989	1990	1991	1992	1993	1994	1995	1996	1997	1998
<u>Net Tax Supported Debt (Millions)</u>											
<u>City:</u>											
1	Bonded Debt (a)	\$ 721.6	841.1	855.4	823.9	792.6	490.2	451.4	522.6	486.1	453.7
2	Other Long-Term Obligations (b)	1,061.4	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	Total City	\$ 1,783.0	2,079.1	2,182.2	2,505.9	2,609.9	2,244.3	2,247.7	2,322.4	2,322.4	1,187.8
<u>Overlapping School District Debt:</u>											
4	Bonded Debt	\$ 377.2	350.7	400.5	411.4	400.7	533.1	498.7	628.2	704.0	697.2
5	Other Long-Term Obligations (c)	328.5	342.7	369.8	392.0	381.3	403.3	420.6	436.5	436.2	458.2
6	Total School District	\$ 705.7	693.4	770.3	803.4	782.0	936.4	919.3	1,064.7	1,140.2	1,155.4
7	<u>Overlapping PICA Bonded Debt:</u>	\$ -	-	-	-	-	1,156.7	1,237.5	1,146.2	1,102.4	1,055.0
8	Total Debt	\$ 2,488.7	2,772.5	2,952.5	3,309.3	3,391.9	4,337.4	4,404.5	4,533.3	4,565.0	3,398.2
9	Estimated Population (Thousands) (d)	1,543	1,586	1,573	1,553	1,539	1,524	1,499	1,478	1,451	1,451
10	Assessed Valuation (Millions) (e)	\$ 7,573	8,416	8,794	8,925	8,867	9,012	8,900	8,907	8,992	9,098
11	Estimated Market Value (Millions) (e)	\$ 30,292	35,376	35,806	35,459	35,299	33,072	32,926	32,904	34,009	NA
<u>City Net Tax Supported Annual Debt Service:</u>											
12	Bonded Debt	\$ 118.7	116.4	124.8	225.4	176.4	168.0	69.1	67.6	68.1	61.4
13	Other Long-Term Obligations	46.4	53.4	88.1	97.9	96.1	132.2	115.0	87.2	104.4	108.1
14	Total (Line 12 and Line 13)	\$ 165.1	169.8	212.9	323.3	272.5	300.2	184.1	154.8	172.5	169.5
15	City General Governmental Obligations (f)	\$ 2,225.9	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
<u>Net Tax Supported Debt per Capita:</u>											
16	City Bonded Debt (Line 1/Line 9)	\$ 467.7	530.3	543.8	530.5	515.0	321.7	301.1	353.6	335.0	312.7
17	City Total Long-Term Debt (Line 3/Line 9)	\$ 1,155.5	1,310.9	1,387.3	1,613.6	1,695.8	1,472.6	1,499.5	1,571.3	1,600.6	818.6
18	School District Total (Line 6/Line 9)	\$ 457.4	437.2	489.7	517.3	508.1	614.4	613.3	720.4	785.8	796.3
19	PICA Bonded Debt (Line 7/Line 9)	\$ -	-	-	-	-	759.0	825.6	775.5	759.8	727.1
20	Total (Line 8/Line 9)	\$ 1,612.9	1,748.1	1,877.0	2,130.9	2,204.0	2,846.1	2,938.3	3,067.2	3,146.1	2,342.0
<u>Net Tax Supported Debt as a Percentage of Assessed Valuation:</u>											
21	City Bonded Debt (Line 1/Line 10)	9.53	9.99	9.73	9.23	8.94	5.44	5.07	5.87	5.41	4.99
22	City Total Long-Term Debt (Line 3/Line 10)	23.54	24.70	24.81	28.08	29.43	24.90	25.26	26.07	25.83	13.06
23	School District Total (Line 6/Line 10)	9.32	8.24	8.76	9.00	8.82	10.39	10.33	11.95	12.68	12.70
24	Total (Lines 3 & 6/Line 10)	32.86	32.94	33.57	37.08	38.25	35.29	35.58	38.03	38.51	25.76
<u>Net Tax Supported Debt as a Percentage of Estimated Market Value:</u>											
25	City Bonded Debt (Line 1/Line 11)	2.38	2.38	2.39	2.32	2.25	1.48	1.37	1.59	1.43	NA
26	City Total Long-Term Debt (Line 3/Line 11)	5.89	5.88	6.09	7.07	7.39	6.79	6.83	7.06	6.83	NA
27	School District Total (Line 6/Line 11)	2.33	1.96	2.15	2.27	2.22	2.83	2.79	3.24	3.35	NA
28	Total (Lines 3 & 6/Line 11)	8.22	7.84	8.25	9.33	9.61	9.62	9.62	10.29	10.18	NA
<u>City Net Tax Supported Debt Service as a Percentage of City General Governmental Obligations:</u>											
29	City Bonded Debt (Line 12/Line 15)	5.33	5.17	5.25	8.83	6.72	6.03	2.44	2.29	2.16	1.81
30	City Total Long-Term Obligation (Line 14/Line 15)	7.42	7.55	8.95	12.67	10.39	10.78	6.50	5.24	5.47	5.00

**NOTES:**

- (a) See Table 13
- (b) Consists of leasing obligations, payments on contingent liabilities and accrued compensated absences.
- (c) Consists of amounts due the Commonwealth of Pennsylvania 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, 1998  
(Amounts in Thousands of Dollars)

TABLE 10

	Issued and Outstanding	Authorized	
		Unissued	Total
General Obligation Bonded Debt:			
Tax Supported (Note 1)	\$ 450,307	\$ 432,056	\$ 882,363
Self-Sustaining	<u>73,665</u>	<u>352,614</u>	<u>426,279</u>
Total General Obligation Bonded Debt (Note 2)	<u>\$ 523,972</u>	<u>\$ 784,670</u>	1,308,642
	Applicable to Self- Sustaining	Net Deductions	
	Total		
Deductions Authorized by Law:			
Appropriation for Maturing Serials (Fiscal 1999)	<u>\$ 40,322</u>	<u>\$ 8,006</u>	\$ 32,316
Total Self-Sustaining Debt		<u>426,279</u>	
Total Net Deductions Authorized by Law			<u>458,595</u>
Total Amount of Debt Applicable to Debt Limit			<u>\$ 850,047</u>
Legal Debt Limit (Note 3)			<u>\$ 1,215,422</u>
Legal Debt Margin			<u>\$ 365,375</u>

NOTES:

- (1) Included in the Issued and Outstanding Total is \$13.4 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 capital purposes.
- (2) This statement does not reflect \$3,227.1 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	138,080,000
Water and Sewer Revenue Bonds, Sixteenth Series, dated May 15, 1991	19,745,000
Water and Sewer Revenue Bonds, Seventeenth Series, dated August 1, 1993	908,950,000
Water and Sewer Revenue Bonds, Seventeenth Series, dated August 26, 1993	147,560,000
Water and Sewer Revenue Bonds, Eighteenth Series, dated April 15, 1995	216,000,000
Water and Sewer Revenue Bonds, Series 1997 A, dated October 15, 1997	250,000,000
Water and Sewer Revenue Bonds, Series 1997 B, dated November 25, 1997	100,000,000
Airport Revenue Bonds, Fifth Series, dated June 15, 1995	207,775,000
Airport Revenue Bonds, Series 1997 A and B dated July 1, 1997	214,400,000
Airport Revenue Bonds, Series 1998 A dated March 17, 1998	123,305,000
Gas Works Revenue Bonds, Eleventh Series C, dated January 1, 1989	127,312,892
Gas Works Revenue Bonds, Twelfth Series A, dated March 1, 1990	25,280,000
Gas Works Revenue Bonds, Thirteenth Series, dated June 6, 1991	3,820,000
Gas Works Revenue Bonds, Fourteenth Series, dated February 1, 1993	252,290,000
Gas Works Revenue Bonds, Fifteenth Series, dated January 1, 1994	145,040,000
Gas Works Revenue Bonds, First Series, dated June 1, 1998	<u>287,185,000</u>
	<u>\$ 3,227,142,892</u>

- (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, 1998

## Borrowing Base:

Gross Revenues - General, Special Revenue and Debt Service Funds for Years Ended June 30, 1996, 1997 and 1998	\$ 4,785,032,315
Less: Statutory Exclusions	<u>543,884,657</u>
Net Revenues for Years Ended June 30, 1996, 1997 and 1998	<u>\$ 4,241,147,658</u>
Borrowing Base (Average of Net Revenue for Three Fiscal Years)	<u>\$ 1,413,715,886</u>

## Debt Limit:

Electoral Debt Limit	\$ No Limit
Electoral Debt Outstanding (1)	<u>28,142,445</u>
Electoral Borrowing Capacity	<u>\$ No Limit</u>
Non-Electoral Debt Limit - 100% Borrowing Base	\$ 1,413,715,886
Less: Non-Electoral Debt Outstanding (2)	<u>658,846,400</u>
Non-Electoral Borrowing Capacity	<u>\$ 754,869,486</u>
Non-Electoral and Lease Rental Debt Limit - 200% of Borrowing Base	\$ 2,827,431,772
Less: Non-Electoral Debt Outstanding (2)	<u>658,846,400</u>
Non-Electoral and Lease Rental Borrowing Capacity	<u>\$ 2,168,585,372</u>

NOTES:

(1) Does not include Capital Appreciation Bonds Accreted - \$1,157,682.

(2) Does not include Capital Appreciation Bonds Accreted - \$9,023,193.

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.

TABLE 12

CITY OF PHILADELPHIA  
CITY AND GAS WORKS RELATED SCHEDULE OF REVENUE BOND RATE COVENANT COMPLIANCE  
AS REQUIRED BY AUTHORIZING ORDINANCES  
FOR THE FISCAL YEARS 1989 THROUGH 1998  
(Amounts in Millions of Dollars)

No.		1989	1990	1991	1992	1993	1994	1995	1996	1997	1998
Water and Sewer Revenue Bonds - Series 1993											
1	Total Revenue and Beginning Fund Balance						\$ 379.2	\$ 376.8	\$ 387.4	\$ 394.4	\$ 411.1
2	Net Operating Expenses						209.3	197.9	216.8	228.7	228.6
3	Transfer To Rate Stabilization Fund						42.6	25.9	24.3	20.9	30.7
4	Net Revenues						127.3	153.0	146.3	144.8	151.8
	Debt Service:										
5	Revenue Bonds Outstanding						102.7	127.1	121.2	120.8	126.5
6	General Obligation Bonds Outstanding						7.4	6.1	5.2	3.9	3.1
7	Pennvest Loan						0.3	1.1	1.1	1.3	1.1
8	Total Debt Service						110.4	134.3	127.5	126.0	130.7
9	Net Revenue after Debt Service						16.9	18.7	18.8	18.8	21.1
10	Transfer to General Fund						2.4	4.1	4.1	4.1	4.1
11	Transfer to Capital Fund						14.5	14.6	14.8	14.8	15.0
12	Transfer to Residual Fund						-	-	-	-	1.9
	Debt Service Coverage:										
	Coverage A (Line 4/Line 5)	-	-	-	-	-	1.24	1.20	1.21	1.20	1.20
	Coverage B (Line 4/Line 8 + Line 11)	-	-	-	-	-	1.02	1.03	1.03	1.03	1.04
	Prior Rate Covenant Compliance										
	Debt Service Coverage:										
	Revenue Bonds Only - Test "A"	1.99	1.64	1.28	1.94	1.68	-	-	-	-	-
	Total Debt Service - Test "B"	1.34	1.09	0.87	1.39	1.28	-	-	-	-	-
Airport Revenue Bonds - First Through Fourth Series:											
1	Project Revenues	\$ 56.7	\$ 60.1	\$ 76.0	\$ 96.0	\$ 97.7	\$ 102.4	\$ 96.6	\$ 103.9	\$ 109.4	\$ 108.2
2	Net Operating Expenses	21.2	23.6	28.9	37.5	36.6	38.3	33.4	38.8	41.2	41.2
3	Interdepartmental Charges	19.8	20.2	23.7	26.8	26.3	28.6	30.2	28.8	31.6	32.3
4	Total Expenses	41.0	43.8	52.6	64.3	62.9	66.9	63.6	67.6	72.8	73.5
	Available for Debt Service:										
5	Revenue Bonds (Line 1-Line 2)	35.5	36.5	47.1	58.5	61.1	64.1	63.2	65.1	68.2	67.0
6	All Bonds (Line 1-Line 4)	15.7	16.3	23.4	31.7	34.8	35.5	33.0	36.3	36.6	34.7
	Debt Service:										
7	Revenue Bonds	7.3	8.0	16.0	22.7	27.5	28.1	26.8	27.4	27.6	25.3
8	General Obligation Bonds	8.4	8.3	7.4	7.4	7.3	7.3	5.6	7.2	6.2	7.2
9	Total Debt Service	15.7	16.3	23.4	30.1	34.8	35.4	32.4	34.6	33.8	32.5
	Debt Service Coverage:										
	Revenue Bonds Only - Test "A" (Line 5/Line 7)	4.86	4.56	2.94	2.58	2.22	2.28	2.36	2.38	2.47	2.65
	Total Debt Service - Test "B" (Line 6/Line 9)	1.00	1.00	1.00	1.05	1.00	1.00	1.02	1.05	1.08	1.07
Gas Works Revenue Bonds - First Through Thirteenth Series:											
1	Funds Provided by Operations and Other Income	\$ 486.2	\$ 487.1	\$ 486.6	\$ 475.7	\$ 501.4	\$ 539.5	\$ 580.0	\$ 509.6	\$ 583.1	\$ 557.5
2	Funds Applied to Operations	391.4	395.7	393.8	373.6	385.9	425.4	479.3	397.7	458.3	445.6
3	Internally Generated Funds Available to Cover Debt Service	94.8	91.4	92.8	102.1	115.5	114.1	100.7	111.9	124.8	111.9
4	Revenue Bond Debt Service	59.5	57.3	61.7	67.8	74.5	71.4	68.9	77.2	80.9	74.5
5	General Obligation Debt Service	-	-	-	-	-	-	-	-	-	-
6	Total Bonded Debt Service	59.5	57.3	61.7	67.8	74.5	71.4	68.9	77.2	80.9	74.5
	Debt Service Coverage:										
	Revenue Bonds Only - Test "A" (Line 3/Line 4)	1.59	1.60	1.50	1.51	1.55	1.60	1.46	1.45	1.54	1.50
	Total Debt Service - Test "B" (Line 3/Line 6)	1.59	1.60	1.50	1.51	1.55	1.60	1.46	1.45	1.54	1.50

- (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 1989 THROUGH 1998  
(Amounts in Millions of Dollars)

TABLE 13

Line No.		1989	1990	1991	1992	1993	1994	1995	1996	1997	1998
1	General Obligation Bonds	\$ 1,255.8	\$ 1,346.8	\$ 1,291.1	\$ 1,128.0	\$ 1,010.1	\$ 643.5	\$ 589.3	\$ 639.5	\$ 586.7	\$ 535.1
2	Bond Anticipation Notes	109.3	103.1	96.2	-	-	-	-	-	-	-
3	Revenue Bonds	<u>2,020.2</u>	<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>
4	Gross Bonded Debt	<u>3,385.3</u>	<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>
	Less Self-Supporting Debt and Available Assets:										
5	Self-Supporting General Obligation Bonds	282.0	258.0	193.3	166.3	148.6	151.4	135.9	116.9	100.6	81.4
6	Self-Supporting Bond Anticipation Notes	109.3	103.1	96.2	-	-	-	-	-	-	-
7	Revenue Bonds	<u>2,020.2</u>	<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>
8	Gross Self-Supporting Debt	<u>2,411.5</u>	<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>
9	Gross Tax Supported Bonded Debt (Line 4 less Line 8)	973.8	1,088.8	1,097.8	961.7	861.5	492.1	453.4	522.6	486.1	453.7
10	Less Sinking Funds of Tax Supported Bonds	1.2	1.3	1.5	1.7	1.9	1.9	2.0	-	-	-
11	Less Sinking Fund Assets Held by Fiscal Agent	<u>251.0</u>	<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>
12	Net Tax Supported Bonded Debt (Line 9 less Line 10 less Line 11)	<u>\$ 721.6</u>	<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>

CITY OF PHILADELPHIA  
CITY AND GAS WORKS RELATED ANNUAL DEBT SERVICE ON LONG-TERM DEBT  
AS OF JUNE 30, 1998  
(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
1999	\$ 35.7	\$ 26.9	\$ 62.6	\$ 15.7	\$ 4.0	\$ 19.7	\$ 51.4	\$ 30.9	\$ 82.3
2000	31.1	24.3	55.4	18.7	2.8	21.5	49.8	27.1	76.9
2001	31.8	22.1	53.9	17.6	1.6	19.2	49.4	23.7	73.1
2002	31.8	20.6	52.4	8.2	0.8	9.0	40.0	21.4	61.4
2003	31.1	19.0	50.1	4.6	0.6	5.2	35.7	19.6	55.3
2004	32.8	17.3	50.1	4.7	0.4	5.1	37.5	17.7	55.2
2005	19.1	15.5	34.6	3.6	0.2	3.8	22.7	15.7	38.4
2006	8.1	14.4	22.5	1.3	0.1	1.4	9.4	14.5	23.9
2007	8.9	13.9	22.8	1.2	0.1	1.3	10.1	14.0	24.1
2008	9.8	13.3	23.1	1.2	0.1	1.3	11.0	13.4	24.4
2009	10.6	12.7	23.3	1.2	-	1.2	11.8	12.7	24.5
2010	11.4	12.0	23.4	1.2	-	1.2	12.6	12.0	24.6
2011	12.3	11.3	23.6	1.2	-	1.2	13.5	11.3	24.8
2012	13.2	10.4	23.6	1.0	-	1.0	14.2	10.4	24.6
2013	14.2	9.5	23.7	-	-	-	14.2	9.5	23.7
2014	15.2	8.6	23.8	-	-	-	15.2	8.6	23.8
2015	16.3	7.6	23.9	-	-	-	16.3	7.6	23.9
2016	13.2	6.7	19.9	-	-	-	13.2	6.7	19.9
2017	14.0	5.8	19.8	-	-	-	14.0	5.8	19.8
2018	14.9	4.9	19.8	-	-	-	14.9	4.9	19.8
2019	16.1	3.9	20.0	-	-	-	16.1	3.9	20.0
2020	17.4	2.8	20.2	-	-	-	17.4	2.8	20.2
2021	18.8	1.7	20.5	-	-	-	18.8	1.7	20.5
2022	6.0	1.3	7.3	-	-	-	6.0	1.3	7.3
2023	6.3	1.0	7.3	-	-	-	6.3	1.0	7.3
2024	6.6	0.7	7.3	-	-	-	6.6	0.7	7.3
2025	7.0	0.3	7.3	-	-	-	7.0	0.3	7.3
2026	-	-	-	-	-	-	-	-	-
2027	-	-	-	-	-	-	-	-	-
2028	-	-	-	-	-	-	-	-	-
2029	-	-	-	-	-	-	-	-	-
Total	453.7 (a)	288.5 (b)	742.2	81.4 (c)	10.7	92.1	535.1	299.2	834.3
Sinking Fund Assets Held by Fiscal Agent	-	2.4	2.4	-	-	-	-	2.4	2.4
Available City Sinking Fund Assets	-	0.4	0.4	-	-	-	-	0.4	0.4
Net Debt	\$ 453.7	\$ 285.7	\$ 739.4	\$ 81.4	\$ 10.7	\$ 92.1	\$ 535.1	\$ 296.4	\$ 831.5

**NOTES:**

- (a) Included in this amount is \$16.7 million issued for Port purposes which has been reclassified as Tax-Supported due to the sale of the Port Corporation.
- (b) On March 22, 1990, \$148.0 million was issued as 30 year variable rate bonds. The variable rate bonds were hedged with a ten year 6.85% interest rate swap transaction. A 6.85% interest rate has been assumed for the remaining term of the Bonds.
- (c) Of this amount, Bonds have been issued for the following major purposes: Water and Sewer, \$21.0 million; Airport, \$40.0 million; Veterans Stadium, \$5.8 million and Subways, \$12.9 million. Issues for five other purposes account for the balance of \$1.7 million.

CITY OF PHILADELPHIA  
CITY AND GAS WORKS RELATED ANNUAL DEBT SERVICE ON LONG-TERM DEBT (Continued)  
AS OF JUNE 30, 1998  
(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
1999	\$ 48.4	\$ 100.7	\$ 149.1	\$ 28.9	\$ 35.8	\$ 64.7	\$ 13.0	\$ 31.0	\$ 44.0
2000	56.6	91.9	148.5	35.2	40.2	75.4	14.0	30.3	44.3
2001	59.1	89.4	148.5	36.6	38.8	75.4	18.0	29.6	47.6
2002	61.4	87.1	148.5	36.4	37.4	73.8	18.9	28.6	47.5
2003	63.9	84.7	148.6	40.7	35.9	76.6	20.0	27.6	47.6
2004	66.6	82.0	148.6	37.2	34.3	71.5	21.1	26.5	47.6
2005	69.4	79.2	148.6	36.3	33.0	69.3	22.3	25.3	47.6
2006	74.7	73.9	148.6	36.0	31.2	67.2	23.6	24.0	47.6
2007	78.8	69.9	148.7	28.7	29.4	58.1	17.1	22.6	39.7
2008	82.4	66.2	148.6	32.7	27.6	60.3	18.1	21.6	39.7
2009	85.7	62.9	148.6	32.3	25.6	57.9	19.1	20.5	39.6
2010	89.2	59.4	148.6	22.1	23.6	45.7	20.1	19.5	39.6
2011	95.3	53.4	148.7	40.9	22.2	63.1	21.2	18.4	39.6
2012	101.6	47.0	148.6	32.8	20.9	53.7	22.4	17.2	39.6
2013	107.4	41.3	148.7	21.5	20.0	41.5	23.7	16.0	39.7
2014	113.5	35.1	148.6	27.7	18.5	46.2	25.0	14.6	39.6
2015	119.8	29.0	148.8	23.2	16.8	40.0	26.4	13.3	39.7
2016	126.3	22.4	148.7	23.7	15.4	39.1	21.8	11.8	33.6
2017	41.0	16.0	57.0	23.6	14.0	37.6	23.0	10.5	33.5
2018	43.1	13.9	57.0	23.4	12.7	36.1	23.5	9.2	32.7
2019	36.1	11.8	47.9	23.2	11.3	34.5	14.5	7.9	22.4
2020	27.9	10.3	38.2	23.0	10.0	33.0	15.4	7.0	22.4
2021	29.3	8.9	38.2	22.8	8.7	31.5	16.3	6.1	22.4
2022	30.8	7.4	38.2	22.5	7.5	30.0	17.3	5.1	22.4
2023	32.4	5.9	38.3	22.8	6.2	29.0	18.3	4.1	22.4
2024	18.1	4.3	22.4	22.5	5.0	27.5	19.4	3.0	22.4
2025	19.0	3.4	22.4	22.2	3.8	26.0	20.5	1.8	22.3
2026	20.0	2.4	22.4	16.4	2.8	19.2	5.6	0.6	6.2
2027	20.9	1.5	22.4	16.9	1.9	18.8	5.9	0.3	6.2
2028	22.0	0.4	22.4	14.0	1.1	15.1	-	-	-
2029	-	-	-	14.7	0.4	15.1	-	-	-
Total	1,840.7	1,261.7	3,102.4	840.9	592.0	1,432.9	545.5	454.0	999.5
Sinking Fund Assets Held by Fiscal Agent	-	-	-	-	-	-	-	-	-
Available City Sinking Fund Assets	149.1	1.5	150.6 (d)	84.8	1.3	86.1	45.7	25.6	71.3 (e)
Net Debt	\$ 1,691.6	\$ 1,260.2	\$ 2,951.8	\$ 756.1	\$ 590.7	\$ 1,346.8	\$ 499.8	\$ 428.4	\$ 928.2

**NOTES (Continued)**

(d) In addition to the \$150.6 million available in Sinking Fund Assets, \$203.6 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 \$71.3 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

Total			Total General Obligation and Revenue Bonds			Fiscal Year
Principal	Interest	Total	Principal	Interest	Total	
\$ 90.3	\$ 167.5	\$ 257.8	\$ 141.7	\$ 198.4	\$ 340.1	1999
105.8	162.4	268.2	155.6	189.5	345.1	2000
113.7	157.8	271.5	163.1	181.5	344.6	2001
116.7	153.1	269.8	156.7	174.5	331.2	2002
124.6	148.2	272.8	160.3	167.8	328.1	2003
124.9	142.8	267.7	162.4	160.5	322.9	2004
128.0	137.5	265.5	150.7	153.2	303.9	2005
134.3	129.1	263.4	143.7	143.6	287.3	2006
124.6	121.9	246.5	134.7	135.9	270.6	2007
133.2	115.4	248.6	144.2	128.8	273.0	2008
137.1	109.0	246.1	148.9	121.7	270.6	2009
131.4	102.5	233.9	144.0	114.5	258.5	2010
157.4	94.0	251.4	170.9	105.3	276.2	2011
156.8	85.1	241.9	171.0	95.5	266.5	2012
152.6	77.3	229.9	166.8	86.8	253.6	2013
166.2	68.2	234.4	181.4	76.8	258.2	2014
169.4	59.1	228.5	185.7	66.7	252.4	2015
171.8	49.6	221.4	185.0	56.3	241.3	2016
87.6	40.5	128.1	101.6	46.3	147.9	2017
90.0	35.8	125.8	104.9	40.7	145.6	2018
73.8	31.0	104.8	89.9	34.9	124.8	2019
66.3	27.3	93.6	83.7	30.1	113.8	2020
68.4	23.7	92.1	87.2	25.4	112.6	2021
70.6	20.0	90.6	76.6	21.3	97.9	2022
73.5	16.2	89.7	79.8	17.2	97.0	2023
60.0	12.3	72.3	66.6	13.0	79.6	2024
61.7	9.0	70.7	68.7	9.3	78.0	2025
42.0	5.8	47.8	42.0	5.8	47.8	2026
43.7	3.7	47.4	43.7	3.7	47.4	2027
36.0	1.5	37.5	36.0	1.5	37.5	2028
14.7	0.4	15.1	14.7	0.4	15.1	2029
3,227.1	2,307.7	5,534.8	3,762.2	2,606.9	6,369.1	
-	-	-	-	2.4	2.4	
279.6	28.4	308.0	279.6	28.8	308.4	
\$ 2,947.5	\$ 2,279.3	\$ 5,226.8	\$ 3,482.6	\$ 2,575.7	\$ 6,058.3	

TABLE 14

CITY AND GAS WORKS RELATED ANNUAL DEBT SERVICE ON LONG-TERM DEBT (Continued)  
AS OF JUNE 30, 1998  
(Amounts in Millions of Dollars)

Fiscal Year	Other Long-Term Obligations			Total Long-Term Debt		
	Principal	Interest	Total	Principal	Interest	Total
1999	\$ 44.4	\$ 19.7	\$ 64.1	\$ 186.1	\$ 218.1	\$ 404.2
2000	45.7	21.8	67.5	201.3	211.3	412.6
2001	42.7	20.9	63.6	205.8	202.4	408.2
2002	42.2	19.8	62.0	198.9	194.3	393.2
2003	39.6	18.7	58.3	199.9	186.5	386.4
2004	35.2	17.5	52.7	197.6	178.0	375.6
2005	34.2	16.5	50.7	184.9	169.7	354.6
2006	35.3	15.4	50.7	179.0	159.0	338.0
2007	36.7	14.2	50.9	171.4	150.1	321.5
2008	29.2	13.1	42.3	173.4	141.9	315.3
2009	29.9	12.3	42.2	178.8	134.0	312.8
2010	30.9	11.5	42.4	174.9	126.0	300.9
2011	77.8	10.7	88.5	248.7	116.0	364.7
2012	24.8	9.8	34.6	195.8	105.3	301.1
2013	25.5	8.8	34.3	192.3	95.6	287.9
2014	26.0	7.8	33.8	207.4	84.6	292.0
2015	26.3	6.7	33.0	212.0	73.4	285.4
2016	20.1	5.5	25.6	205.1	61.8	266.9
2017	21.3	4.3	25.6	122.9	50.6	173.5
2018	27.2	3.2	30.4	132.1	43.9	176.0
2019	13.0	1.8	14.8	102.9	36.7	139.6
2020	2.7	1.4	4.1	86.4	31.5	117.9
2021	2.8	1.3	4.1	90.0	26.7	116.7
2022	3.0	1.1	4.1	79.6	22.4	102.0
2023	3.2	1.0	4.2	83.0	18.2	101.2
2024	3.3	0.8	4.1	69.9	13.8	83.7
2025	3.5	0.6	4.1	72.2	9.9	82.1
2026	3.7	0.4	4.1	45.7	6.2	51.9
2027	3.9	0.2	4.1	47.6	3.9	51.5
2028	-	-	-	36.0	1.5	37.5
2029	-	-	-	14.7	0.4	15.1
Total	734.1	266.8	1,000.9	4,496.3	2,873.7	7,370.0
Sinking Fund Assets Held by Fiscal Agent	-	-	-	-	2.4	2.4
Available City Sinking Fund Assets	-	-	-	279.6	28.8	308.4
Net Debt	\$ 734.1	\$ 266.8	\$ 1,000.9	\$ 4,216.7	\$ 2,842.5	\$ 7,059.2

TABLE 15

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 1989 THROUGH 1998  
(Amounts in Thousands of Dollars)

	1989	1990	1991	1992	1993	1994	1995	1996	1997	1998
General Bonded Debt Principal	\$ 23,380	\$ 26,580	\$ 28,790	\$ 31,000	\$ 29,160	\$ 29,180	\$ 34,706	\$ 34,135	\$ 33,675	\$ 8,595
General Bonded Debt Interest	26,586	26,474	24,858	22,770	22,965	17,032	23,924	22,282	36,233	34,890
Loans	334	362	365	369	369	369	369	369	369	369
State Public School Building Authority (1)	3,908	3,908	2,581	2,516	2,321	78	-	-	-	-
Total Bonded Debt Service Expenditures (2)	<u>\$ 54,208</u>	<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>
Total General Expenditures Excluding Categorical Funds	<u>\$ 1,068,995</u>	<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>
Ratio of Debt Service to Net General Expenditures Excluding Categorical Funds	<u>5.07%</u>	<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>
Total General Expenditures (3)	<u>\$ 1,198,493</u>	<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>
Ratio of Debt Service to Total General Expenditures	<u>4.52%</u>	<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>

## 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 1989 THROUGH 1998  
(Amounts in Millions of Dollars)

	1989 Amount	%	1990 Amount	%	1991 Amount	%	1992 Amount	%
Revenue:								
Contributions:								
Employees':								
Members' Contributions	\$ 40.6	12.4	40.3	10.7	\$ 44.8	14.1	\$ 44.8	9.5
Less: Refunds to Members	<u>6.9</u>	<u>2.1</u>	<u>7.2</u>	<u>1.9</u>	<u>7.2</u>	<u>2.3</u>	<u>5.7</u>	<u>1.2</u>
Net Members' Contributions	<u>33.7</u>	<u>10.3</u>	<u>33.1</u>	<u>8.8</u>	<u>37.6</u>	<u>11.9</u>	<u>39.1</u>	<u>8.3</u>
Employer's:								
City of Philadelphia	125.0	38.0	147.7	39.3	169.8	53.6	176.6	37.3
Commonwealth of Pennsylvania Through City of Philadelphia	27.3	8.3	-	-	-	-	34.8	7.4
Quasi Governmental Agencies	<u>3.4</u>	<u>1.0</u>	<u>3.2</u>	<u>0.9</u>	<u>2.9</u>	<u>0.9</u>	<u>4.8</u>	<u>1.0</u>
Total Employer's Contributions	155.7	47.4	150.9	40.2	172.7	54.5	216.2	45.7
Commonwealth of Pennsylvania	<u>13.6</u>	<u>4.1</u>	<u>40.9</u>	<u>10.9</u>	<u>46.6</u>	<u>14.7</u>	<u>13.9</u>	<u>2.9</u>
Total Contributions	203.0	61.8	224.9	59.9	256.9	81.1	269.2	56.9
Investment Earnings	125.0	38.0	150.2	40.0	59.3	18.7	203.5	43.0
Other	<u>0.7</u>	<u>0.2</u>	<u>0.4</u>	<u>0.1</u>	<u>0.7</u>	<u>0.2</u>	<u>0.6</u>	<u>0.1</u>
Total Revenues	<u>328.7</u>	<u>100.0</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>
Disbursements:								
For Pension Benefits	250.4		260.5		272.7		287.8	
For Other Purposes, Excluding Refunds	<u>10.5</u>		<u>9.6</u>		<u>9.4</u>		<u>10.4</u>	
Total Disbursements	<u>260.9</u>		<u>270.1</u>		<u>282.1</u>		<u>298.2</u>	
Excess of Revenue Over Disbursements	<u>\$ 67.8</u>		<u>105.4</u>		<u>\$ 34.8</u>		<u>\$ 175.1</u>	
Net Assets: Opening	\$ 1,464.0		1,531.8		\$ 1,637.2		\$ 1,672.0	
Closing	<u>1,531.8</u>		<u>1,637.2</u>		<u>1,672.0</u>		<u>1,847.1</u>	
Increase During the Year	<u>\$ 67.8</u>		<u>105.4</u>		<u>\$ 34.8</u>		<u>\$ 175.1</u>	

EXHIBIT:

1. Pension Benefits Paid as a Percent of				
A. Net Contributions of Members	743.0	787.0	725.3	736.1
B. Revenue	76.2	69.4	86.1	60.8
C. Closing Net Assets	16.3	15.9	16.3	15.6
2. The Closing Assets as a Percent of				
Total Disbursements	587.1	606.1	592.7	619.4
3. Coverage of Revenues Over Disbursements	126.0	139.0	112.3	158.7
4. Investment Earnings as a Percent of				
Pension Benefits	49.9	57.7	21.7	70.7

(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

TABLE 16

1993 Amount	%	1994 Amount	%	1995 Amount	%	1996 Amount	%	1997 Amount	%	1998 Amount	%
\$ 45.0	10.7	\$ 44.3	9.6	\$ 44.2	10.1	\$ 45.6	7.2	\$ 47.0	4.9	\$ 48.0	6.7
<u>4.9</u>	<u>1.2</u>	<u>4.3</u>	<u>0.9</u>	<u>3.7</u>	<u>0.8</u>	<u>3.8</u>	<u>0.6</u>	<u>3.8</u>	<u>0.4</u>	<u>3.2</u>	<u>0.4</u>
40.1	9.5	40.0	8.6	40.5	9.2	41.8	6.6	43.2	4.5	44.8	6.3
174.3	41.3	233.7	50.5	212.8	48.5	222.5	35.3	237.0	24.8	252.0	35.3
35.1	8.3	-	-	-	-	-	-	-	-	-	-
<u>3.6</u>	<u>0.9</u>	<u>2.8</u>	<u>0.6</u>	<u>4.6</u>	<u>1.0</u>	<u>4.8</u>	<u>0.8</u>	<u>5.2</u>	<u>0.5</u>	<u>5.0</u>	<u>0.7</u>
213.0	50.5	236.5	51.1	217.4	49.5	227.3	36.0	242.2	25.3	257.0	36.0
<u>6.5</u>	<u>1.5</u>	<u>2.7</u>	<u>0.6</u>	<u>1.3</u>	<u>0.3</u>	<u>4.5</u>	<u>0.7</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
259.6	61.6	279.2	60.4	259.2	59.0	273.6	43.4	285.4	29.8	301.8	42.3
161.6	38.3	182.9	39.5	178.9	40.8	356.4	56.5	669.9 (2)	70.1	411.8	57.6
<u>0.5</u>	<u>0.1</u>	<u>0.5</u>	<u>0.1</u>	<u>0.9</u>	<u>0.2</u>	<u>0.8</u>	<u>0.1</u>	<u>0.3</u>	<u>0.1</u>	<u>0.4</u>	<u>0.1</u>
421.7	100.0	462.6	100.0	439.0	100.0	630.8	100.0	955.6	100.0	714.0	100.0
312.5		326.2		338.6		353.4		372.0		383.3	
<u>43.2 (1)</u>		<u>26.8 (1)</u>		<u>28.1 (1)</u>		<u>21.4 (1)</u>		<u>13.6</u>		<u>2.9 (3)</u>	
355.7		353.0		366.7		374.8		385.6		386.2	
\$ <u>66.0</u>		\$ <u>109.6</u>		\$ <u>72.3</u>		\$ <u>256.0</u>		<u>570.0</u>		<u>327.8</u>	
\$ 1,847.1		\$ 1,913.1		\$ 2,022.7		\$ 2,095.0		2,351.0		2,921.0	
<u>1,913.1</u>		<u>2,022.7</u>		<u>2,095.0</u>		<u>2,351.0</u>		<u>2,921.0</u>		<u>3,248.8</u>	
\$ <u>66.0</u>		\$ <u>109.6</u>		\$ <u>72.3</u>		\$ <u>256.0</u>		<u>570.0</u>		<u>327.8</u>	
779.3		815.5		836.0		845.5		861.1		855.6	
74.1		70.5		77.1		56.0		38.9		53.7	
16.3		16.1		16.2		15.0		12.7		11.8	
537.8		573.0		571.3		627.3		757.5		841.2	
118.6		131.0		119.7		168.3		247.8		184.9	
51.7		56.1		52.8		100.8		180.1		107.4	

CITY OF PHILADELPHIA  
PROPERTY VALUES, AUTHORIZED CONSTRUCTION AND BANK DEPOSITS  
FOR THE CALENDAR YEARS 1988 THROUGH 1997  
(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
1988	\$ 8,242	\$ 31,025	163.4	765.8	98.5	1,027.7	2,981	\$ 16,623	\$ 9,009
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	35,299	81.8	319.5	54.3	455.6	307	19,879	2,277
1994	9,516	33,072	89.7	304.9	54.3	448.9	N/A	20,195	1,979
1995	9,410	32,926	82.5	298.6	53.7	434.8	N/A	19,077	3,627
1996	9,266	32,904	N/A	N/A	N/A	N/A	N/A	20,587	3,703
1997	9,275	34,009	N/A	N/A	N/A	N/A	N/A	26,351	3,848

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 1997

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
1992	1,552,572
1994	1,524,249
1995	1,498,971
1996	1,478,002
1997	1,451,372

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

CITY OF PHILADELPHIA  
DEMOGRAPHIC STATISTICS  
FOR THE CALENDAR YEARS 1988 THROUGH 1997

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)
1988	1,647,000	\$ 15,398	6.3%	194,698
1989	1,543,000	16,469	5.3%	192,341
1990	1,585,577	17,687	6.0%	189,511
1991	1,572,631	18,386	8.3%	190,978
1992	1,552,572	19,271	8.8%	189,850
1993	1,539,148	19,663	8.9%	207,662
1994	1,524,249	19,896	7.5%	208,973
1995	1,498,971	20,741	7.7%	211,052
1996	1,478,002	21,931	6.9%	215,602
1997	1,451,372	N/A	6.8%	213,853

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 1998 REAL ESTATE ASSESSMENTS  
JANUARY 1, 1998

<u>Location</u>	<u>Owner</u>	<u>Assessment</u>	<u>Percentage of Total Assessments</u>
1500-42 Market Street	C S F Partnership	\$ 52,800,000	0.57%
1650 Market Street	One Liberty Place & Land Joint Venture PH-1	48,000,000	0.52%
4301 Byberry Road	Franklin Mills Associates	47,737,184	0.52%
1717 Arch Street	Bell Atlantic Properties	47,040,000	0.51%
50 S. 16th Street	L. P. Associates	45,440,000	0.49%
1735 Market Street	Nine Penn Center Associates	45,440,000	0.49%
1201 Market Street	The Marriott	38,400,000	0.42%
2001 Market Street	Maguire/Thomas	31,576,768	0.34%
2005 Market Street	Maguire/Thomas Partners & Philadelphia Plaza Associates	31,040,000	0.34%
1600-22 Market Street	1600 Market Street Associates	<u>27,600,000</u>	<u>0.30%</u>
		\$ <u>415,073,952</u>	<u>4.51%</u>
Total Taxable Assessments		\$ <u>9,200,530,753</u>	<u>100.00%</u>

CITY OF PHILADELPHIA  
LARGEST NON-GOVERNMENTAL EMPLOYERS IN PHILADELPHIA  
DECEMBER 31, 1997

TABLE 21

<u>Employer</u>	<u>1997 Wage Tax Collected (1)</u>	<u>Percentage of Total Collections</u>
University of Pennsylvania	\$ 30,753,176	2.80%
CoreStates Services Corporation	14,756,847	1.34%
Temple University	11,979,014	1.09%
University of Pennsylvania Hospital	11,485,048	1.05%
Allegheny University for the Health Sciences	9,810,400	0.89%
Thomas Jefferson University Hospital	9,185,286	0.84%
Albert Einstein Medical Center	7,697,591	0.70%
Conrail Inc.	7,410,612	0.68%
Bell Atlantic - PA	7,073,550	0.64%
Hahneman University Hospital	6,987,950	0.64%
SmithKline Beecham	6,006,901	0.55%
PECO Energy	5,839,575	0.53%
Children's Hospital of Philadelphia	5,766,819	0.53%
Thomas Jefferson University	5,742,932	0.52%
Bell Atlantic Network Services	5,406,533	0.49%
Independence Blue Cross	5,187,523	0.47%
Sun Company	5,054,566	0.46%
Philadelphia Newspapers, Inc.	5,012,427	0.46%
Insurance Company of North America	4,969,849	0.45%
SDN, Inc.	4,882,506	0.44%
PNC Bank	4,668,417	0.43%
Temple University Hospital	4,517,619	0.41%
Pennsylvania Hospital	4,374,329	0.40%
Rohm & Haas	4,003,004	0.36%
Acme Markets, Inc.	3,851,244	0.35%
	<u>\$ 192,423,718</u>	<u>17.54%</u>
Total Wage Tax Collected for Calendar Year	<u>\$ 1,097,257,082</u>	<u>100.00%</u>

SOURCES:

(1) Philadelphia Department of Collections

CITY OF PHILADELPHIA  
MISCELLANEOUS STATISTICS  
JUNE 30, 1998

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	-	7,001
Water System:		
Number of Accounts	-	479,953
Average Daily Consumption - Gallons	-	193,000,000
Average Daily Production - Gallons	-	276,049,315
Miles of Water Mains	-	3,300
Area Serviced - Square Miles (1)	-	130
Wastewater System:		
Number of Accounts	-	478,189
Miles of Sewer	-	2,955
Area Serviced - Square Miles (1)	-	279
Philadelphia International Airport:		
Passengers Handled	-	23,470,849
Air Cargo Tons	-	446,952
Aircraft Movements	-	468,664
Air Mail Tons	-	79,861
Northeast Philadelphia Airport:		
Aircraft Movements	-	168,036
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 1994 THROUGH 1998

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 1994</u>	<u>Fiscal 1995</u>	<u>Fiscal 1996</u>	<u>Fiscal 1997</u>	<u>Fiscal 1998</u>
Number of Schools (1)					
Elementary	172	172	172	173	175
Junior/Middle	41	41	41	41	41
Special	8	8	9	8	8
Senior	31	31	31	31	31
Vocational/Technical	<u>4</u>	<u>4</u>	<u>4</u>	<u>4</u>	<u>4</u>
Total	<u>256</u>	<u>256</u>	<u>257</u>	<u>257</u>	<u>259</u>
School Enrollment (2)					
Elementary	106,052	106,661	107,060	108,473	108,237
Junior/Middle	33,398	33,966	34,474	34,030	33,663
Senior/Special/ Vocational/Technical	<u>68,212</u>	<u>68,346</u>	<u>69,519</u>	<u>70,962</u>	<u>71,153</u>
Total	<u>207,662</u>	<u>208,973</u>	<u>211,053</u>	<u>213,465</u>	<u>213,053</u>
Number of High School Graduates (1)	<u>8,670</u>	<u>8,696</u>	<u>8,664</u>	<u>9,225</u>	<u>8,835</u>

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

(2) School District of Philadelphia, Budget Document