

UNAUDITED
PHILADELPHIA GAS WORKS
(A Component Unit of the City of Philadelphia)
Statements of Revenues and Expenses and Changes in Net Position
Eleven Months ended July 31, 2016 and 2015
(Thousands of U.S. dollars)

Line No.	FY2015 Actual		FY2016		Increase/(Decrease) Actual FY2016 vs Budget	
			Actual	Budget	Amount	%
		Operating revenues:				
		Gas revenues:				
1	\$ 29,374	Non-heating	\$ 19,935	\$ 24,821	(4,886)	(20)
2	37,763	Gas transport service	38,947	42,395	(3,448)	(8)
3	586,397	Heating	472,848	565,199	(92,351)	(16)
4	653,534	Total gas revenues	531,730	632,415	(100,685)	(16)
5	7,948	Appliance and other revenues	7,114	7,702	(588)	(8)
6	11,883	Other operating revenues	10,137	10,699	(562)	(5)
7	673,365	Total operating revenues	548,981	650,816	(101,835)	(16)
		Operating expenses:				
8	248,798	Natural gas	143,564	215,944	(72,380)	(34)
9	16,018	Gas processing	15,495	14,213	1,282	9
10	33,583	Field services	32,787	35,221	(2,434)	(7)
11	34,566	Distribution	32,101	35,202	(3,101)	(9)
12	9,742	Collection and account management	9,564	10,663	(1,099)	(10)
13	38,425	Provision for uncollectible accounts	30,042	33,914	(3,872)	(11)
14	11,212	Customer services	11,214	11,916	(702)	(6)
15	6,101	Marketing	3,165	3,989	(824)	(21)
16	85,378	Administrative and general	90,425	94,107	(3,682)	(4)
17	25,796	Pensions	46,063	44,916	1,147	3
18	9,388	Other post-employment benefits	4,994	4,991	3	-
19	7,246	Taxes	6,911	7,175	(264)	(4)
20		Labor Savings		(2,784)	2,784	-
21	526,253	Total operating expenses before depreciation	426,325	509,467	(83,142)	(16)
22	43,611	Depreciation	46,472	45,150	1,322	3
23	5,290	Less depreciation expense included in operating expenses above	5,555	5,712	(157)	(3)
24	38,321	Net depreciation	40,917	39,438	1,479	4
25	564,574	Total operating expenses	467,242	548,905	(81,663)	(15)
26	108,791	Operating income	81,739	101,911	(20,172)	(20)
27	3,567	Interest and other income	1,250	3,101	(1,851)	(60)
28	112,358	Income before interest expense	82,989	105,012	(22,023)	(21)
		Interest expense:				
29	41,442	Long-term debt	37,040	38,873	(1,833)	(5)
30	8,598	Other	5,595	5,580	15	-
31	(685)	Allowance for funds used during construction	(976)	(810)	(166)	20
32	49,355	Total interest expense	41,659	43,643	(1,984)	(5)
33	(16,500)	Distribution to the City of Philadelphia	(16,500)	(16,500)	-	-
34	46,503	Excess of revenues over expenses	24,830	44,869	(20,039)	-
35	258,002	Net position, beginning of year	277,984	289,106	(11,122)	(4)
36	\$ 304,505	Net position, end of year	\$ 302,814	\$ 333,975	(31,161)	(10)

See accompanying notes to basic financial statements.

PHILADELPHIA GAS WORKS
(A Component Unit of the City of Philadelphia)
Balance Sheets
July 31, 2016 and 2015
(Thousands of U.S. dollars)

Line No.	Assets	2016	2015
	Current assets:		
1	Cash and cash equivalents	\$ 124,386	137,120
2	Cash designated for capital expenditures	-	-
3	Accounts receivable (net of provision for uncollectible accounts of \$100,767 and \$112,865 for 2016 and 2015, respectively)	78,366	90,222
4	Gas inventories, materials, and supplies	44,461	47,563
5	Capital improvement fund	-	-
6	Workers' compensation escrow fund	2,599	2,597
7	Health insurance escrow fund	-	3,223
8	Other current assets	11,179	6,375
9	Total current assets	<u>260,991</u>	<u>287,100</u>
	Non-current assets:		
	Utility plant, at original cost:		
10	In service	2,128,683	2,042,244
11	Under construction	100,568	96,783
12	Total	<u>2,229,251</u>	<u>2,139,027</u>
13	Less accumulated depreciation	963,093	920,423
14	Utility plant, net	<u>1,266,158</u>	<u>1,218,604</u>
15	Unamortized bond insurance costs	3,205	12,746
16	Sinking fund, revenue bonds	90,725	106,358
17	Other non-current assets	37,374	37,057
18	Total non-current assets	<u>1,397,462</u>	<u>1,374,765</u>
19	Total assets	<u>1,658,453</u>	<u>1,661,865</u>
	Deferred outflows of resources		
20	Accumulated fair value of hedging derivatives	22,250	20,181
21	Unamortized losses on reacquired debt	30,295	30,265
22	Deferred outflows related to pension	78,129	46,131
23	Total assets and deferred outflows of resources	<u>\$ 1,789,127</u>	<u>1,758,442</u>

PHILADELPHIA GAS WORKS
(A Component Unit of the City of Philadelphia)
Balance Sheets
July 31, 2016 and 2015
(Thousands of U.S. dollars)

Line No.	Liabilities and Net Position	<u>2016</u>	<u>2015</u>
	Current liabilities:		
1	Current portion of revenue bonds	\$ 50,584	\$ 60,984
2	Notes payable	30,000	—
3	Accounts payable	36,890	35,340
4	Customer deposits	3,240	2,774
5	Other current liabilities	15,027	16,449
6	Accrued accounts:		
7	Interest, taxes, and wages	21,760	21,118
8	Distribution to the City	1,500	1,500
9	Total current liabilities	<u>159,001</u>	<u>138,165</u>
	Non-current liabilities:		
10	Long-term revenue bonds	896,327	948,010
11	Other non-current liabilities	156,437	171,698
12	Net pension liabilities	239,869	164,256
13	Total non-current liabilities	<u>1,292,633</u>	<u>1,283,964</u>
14	Total liabilities	<u>1,451,634</u>	<u>1,422,129</u>
	Deferred inflows of resources		
15	Deferred inflows related to pension	34,679	31,808
16	Total liabilities and deferred inflows of resources	<u>1,486,313</u>	<u>1,453,937</u>
	Net position:		
17	Net investment in capital assets	319,246	209,610
18	Restricted (debt service)	93,324	112,178
19	Unrestricted	(109,756)	(17,283)
20	Total net position	<u>302,814</u>	<u>304,505</u>
21	Total liabilities and deferred inflows of resources	<u>\$ 1,789,127</u>	<u>\$ 1,758,442</u>