

# City of Philadelphia

*Since 1682*

## Annual Financial Report

**Fiscal Year Ended  
June 30, 2010**



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# CITY OF PHILADELPHIA

## OFFICE OF THE DIRECTOR OF FINANCE

1401 John F. Kennedy Blvd.  
Suite 1340, Municipal Services Building  
Philadelphia, Pennsylvania 19102-1693

ROB DUBOW  
Director of Finance

October 28, 2010

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

The Annual Financial Report of the Director of Finance for the fiscal year ended June 30, 2010 is hereby submitted.

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

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

## GENERAL GOVERNMENT FUNCTIONS

### GENERAL FUND

At June 30, 2010 an unreserved fund balance deficit of \$114.0 million was reported on the budgetary basis while an unreserved fund balance deficit of \$251.8 million was reported on the modified accrual basis. The difference of \$138.0 million represents Business Privilege Tax receipts received in advance of being earned on the modified accrual basis.

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

*Amounts in Millions in USD*

<u>Revenues</u>	<u>FY2010</u>	<u>Percent of Total</u>	<u>FY2009</u>	<u>Increase (Decrease)</u>	<u>Percent of Increase (Decrease)</u>
Tax Revenue	2,316.3	69.4%	2,259.3	57.0	2.5%
Locally Generated Non-Tax Revenue	229.6	6.9%	236.2	(6.6)	-2.8%
Revenue from Other Governments	775.6	23.2%	715.7	59.9	8.4%
Other Revenue	16.4	0.5%	39.8	(23.4)	-58.8%
<u>Total</u>	<u>3,337.9</u>	<u>100.0%</u>	<u>3,251.0</u>	<u>86.9</u>	<u>2.7%</u>

*Amounts in Millions of USD*

<u>Expenditures</u>	<u>FY2010</u>	<u>Percent of Total</u>	<u>FY2009</u>	<u>Increase (Decrease)</u>	<u>Percent of Increase (Decrease)</u>
Economic Development	92.4	2.6%	66.7	25.7	38.5%
Streets & Highways	62.0	1.7%	64.5	(2.5)	-3.9%
Mass Transit	65.0	1.8%	63.6	1.4	2.2%
Police	869.7	24.3%	923.1	(53.4)	-5.8%
Prisons	313.8	8.8%	326.0	(12.2)	-3.7%
Courts	236.9	6.6%	262.2	(25.3)	-9.6%
EMS	44.0	1.2%	35.5	8.5	23.9%
Health Services	151.2	4.2%	157.2	(6.0)	-3.8%
Housing	2.9	0.1%	4.0	(1.1)	-27.5%
Recreation	50.7	1.4%	58.2	(7.5)	-12.9%
Parks	20.4	0.6%	22.6	(2.2)	-9.7%
Libraries and Museums	56.0	1.6%	67.0	(11.0)	-16.4%
Social Services	636.5	17.8%	697.1	(60.6)	-8.7%
Education	71.6	2.0%	67.2	4.4	6.5%
Inspections and Demolitions	27.3	0.8%	32.5	(5.2)	-16.0%
Sanitation	127.1	3.5%	131.3	(4.2)	-3.2%
Fire	237.3	6.6%	266.9	(29.6)	-11.1%
General Management	520.8	14.5%	565.9	(45.1)	-8.0%
	<u>3,585.6</u>	<u>100.0%</u>	<u>3,811.5</u>	<u>(225.9)</u>	<u>-5.9%</u>

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

*Amounts in Millions in USD*

<u>Revenues</u>	<u>FY2010</u>	<u>Percent of Total</u>	<u>FY2009</u>	<u>Increase (Decrease)</u>	<u>Percent of Increase (Decrease)</u>
Tax Revenue	2,316.6	63.4%	2,252.8	63.8	2.8%
Locally Generated Non-Tax Revenue	229.4	6.3%	256.3	(26.9)	-10.5%
Revenue from Other Governments	1,076.4	29.5%	993.4	83.0	8.4%
Revenue from Other Funds	31.9	0.9%	135.3	(103.4)	-76.4%
<u>Total</u>	<u>3,654.3</u>	<u>100.0%</u>	<u>3,637.8</u>	<u>16.5</u>	<u>0.5%</u>

*Amounts in Millions in USD*

<u>Obligations</u>	<u>FY2010</u>	<u>Percent of Total</u>	<u>FY2009</u>	<u>Increase (Decrease)</u>	<u>Percent of Increase (Decrease)</u>
Personal Services	1,358.5	37.2%	1,406.3	(47.8)	-3.4%
Pension Contributions	346.7	9.5%	459.0	(112.3)	-24.5%
Other Employee Benefits	484.7	13.3%	514.2	(29.5)	-5.7%
Purchase of Services	1,111.4	30.4%	1,174.2	(62.8)	-5.3%
Materials and Supplies	59.9	1.6%	67.9	(8.0)	-11.8%
Equipment	8.8	0.2%	14.8	(6.0)	-40.5%
Contributions, Indemnities and Taxes	128.0	3.5%	130.0	(2.0)	-1.5%
Debt Service	105.5	2.9%	100.9	4.6	4.6%
Payments to Other Funds	24.2	0.7%	25.3	(1.1)	-4.3%
Advances, Subsidies, Miscellaneous	26.1	0.7%	22.7	3.4	15.0%
<u>Total</u>	<u>3,653.8</u>	<u>100.0%</u>	<u>3,915.3</u>	<u>(261.5)</u>	<u>-6.7%</u>

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

### **SPECIAL REVENUE FUNDS**

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

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

*Amounts in Millions of USD*

<u>Revenues</u>	<u>FY2010</u>	Percent of <u>Total</u>	<u>FY2009</u>	Increase (Decrease)	Percent of Increase (Decrease)
Tax Revenue	496.0	23.7%	445.9	50.1	11.2%
Locally Generated Non-Tax Revenue	108.4	5.2%	109.5	(1.1)	-1.0%
Revenue from Other Governments	1,488.3	71.1%	1,811.8	(323.5)	-17.9%
Other Revenue	-	0.0%	9.7	(9.7)	0.0%
<u>Total</u>	2,092.7	100.0%	2,376.9	(284.2)	-12.0%

*Amounts in Millions in USD*

<u>Expenditures</u>	<u>FY2010</u>	Percent of <u>Total</u>	<u>FY2009</u>	Increase (Decrease)	Percent of Increase (Decrease)
Economic Development	41.7	2.5%	40.4	1.3	3.2%
Streets & Highways	29.2	1.7%	25.4	3.8	15.0%
Mass Transit	0.2	0.0%	0.1	0.1	-
Police	13.2	0.8%	10.8	2.4	22.2%
Prisons	1.5	0.1%	0.9	0.6	66.7%
Courts	50.3	3.0%	48.3	2.0	4.1%
EMS	1.0	0.1%	0.7	0.3	42.9%
Health Services	1,285.8	76.0%	1,537.8	(252.0)	-16.4%
Housing	128.3	7.6%	144.4	(16.1)	-11.1%
Recreation	7.7	0.5%	6.9	0.8	11.6%
Parks	4.3	0.3%	8.1	(3.8)	-46.9%
Libraries and Museums	10.4	0.6%	13.0	(2.6)	-20.0%
Social Services	54.9	3.2%	46.1	8.8	19.1%
Inspections and Demolitions	-	0.0%	0.6	(0.6)	-100.0%
Sanitation	3.5	0.2%	3.4	0.1	2.9%
General Management	60.9	3.6%	73.8	(12.9)	-17.5%
	1,692.9	100.0%	1,960.7	(267.8)	-13.7%

## ENTERPRISE OPERATIONS

The City's Enterprise Operations are comprised of three separate and distinct activities and are accounted for in the following funds: Water Fund, Aviation Fund and Industrial and Commercial Development Fund. The Water Fund provides water, sewer and storm water services on a user charge basis. The Aviation Fund covers airport operations under a long-term lease agreement with the individual user airlines that became effective July 1, 2007. The Industrial and Commercial Development Fund accounts for acquisition and disposition of land for industrial and commercial purposes. The following summary reflects actual revenues, expenses and results of operations for the individual Enterprise Funds:

Amounts in Millions of USD

	Water Fund	Aviation Fund	Industrial & Commercial Development Fund	Totals
Operating Revenues	552.4	239.5	0.3	792.2
Operating Expenses	396.2	265.7	0.1	662.0
Operating Income (Loss)	156.2	(26.2)	0.2	130.2
Non-Operating Revenues(Expenses)	(99.9)	17.0	-	(82.9)
Transfers (To) From Other Funds	(2.3)	-	-	(2.3)
Capital Contributions	-	26.8	-	26.8
Change in Net Assets	54.0	17.6	0.2	71.8
Net Assets-July 1, 2009	724.6	797.8	17.8	1,540.2
Net Assets-June 30, 2010	778.6	815.4	18.0	1,612.0

## CASH MANAGEMENT

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

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

## RISK MANAGEMENT

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

## PENSION AND OTHER POST-EMPLOYMENT BENEFITS

The Charter mandates that the City maintain an actuarially sound pension and retirement system. To satisfy that mandate, the City's Board of Pensions and Retirement maintains the single-employer Municipal Pension Plan (the Plan). The Plan covers all officers and employees of the City and officers and employees of 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.

The **Deferred Retirement Option Plan (DROP)** was initiated on October 1, 1999. Under this plan employees that reach retirement age may accumulate their monthly service retirement benefit in an interest bearing account at the Board of Pensions for up to four (4) years and continue to be employed by the City of Philadelphia. The Mayor may determine that an extraordinary circumstance exists which threatens public health, safety and welfare, and where it would be in the City's best overall interests to extend participation, participants in the DROP who are [public safety employees] in their fourth year in the program may remain employees of the City for up to one additional year beyond the four (4) year limit under the same terms and conditions of the DROP.

**DEBT ADMINISTRATION**

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


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

Under current state statutes, the City's general obligation bonded debt issuances are subject to a legal limitation. At June 30, 2010 the City's (excluding component units) net general obligation authorized debt of \$1,407.0 million was \$116.4 million below the legal limit of \$1,523.4 million.

**AWARDS AND ACKNOWLEDGEMENTS**

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

Respectfully submitted,



**ROB DUBOW**  
Director of Finance



City of Philadelphia  
Balance Sheet  
Governmental Funds  
June 30, 2010

Exhibit 1

Amounts in thousands of USD

	General	Special Revenue										Philadelphia Prisons	Arbitration Appeals
		County Liquid Fuels Tax	Special Gasoline Tax	Health Choices Behavioral Health	Hotel Room Rental Tax	Grants Revenue	Community Development	Car Rental Tax	Housing Trust	Acute Care Hospital Assessment	Riverview Residents		
<b>Assets</b>													
Cash on Deposit and on Hand	9,987	-	-	-	-	75	-	-	-	-	-	-	-
Equity in Treasurer's Account	12,694	2,167	19,431	201,462	6,006	156,993	-	4,737	17,998	11,315	39	3,800	-
Investments	-	-	-	-	-	-	-	-	-	-	-	-	-
Due from Other Funds	9,787	-	-	-	-	-	-	-	-	-	-	-	-
Amounts Held by Fiscal Agent	37,139	-	-	-	-	55,914	-	-	-	-	-	-	-
Taxes Receivable	613,957	-	-	-	5,459	-	-	678	-	-	-	-	-
Accounts Receivable	445,346	-	-	-	-	2,228	2,381	-	-	-	-	-	-
Due from Other Governmental Units	311,061	-	-	66,082	-	75,624	13,230	-	-	-	-	-	-
Allowance for Doubtful Accounts	(675,110)	-	-	-	(704)	-	-	(99)	-	-	-	-	-
Interest and Dividends Receivable	161	-	-	1,279	-	1	-	3	11	-	-	-	-
Other Assets	-	-	-	-	-	-	-	-	-	-	-	-	-
<b>Total Assets</b>	<b>765,022</b>	<b>2,167</b>	<b>19,431</b>	<b>268,823</b>	<b>10,761</b>	<b>290,835</b>	<b>15,611</b>	<b>5,319</b>	<b>18,009</b>	<b>11,315</b>	<b>39</b>	<b>3,800</b>	<b>-</b>
<b>Liabilities and Fund Balances</b>													
<b>Liabilities:</b>													
Vouchers Payable	97,939	3	668	2,122	-	23,127	2,887	-	1,860	81	1	215	-
Accounts Payable	98,042	-	4,143	6,235	4,075	62,855	2,685	-	907	440	-	-	-
Salaries and Wages Payable	83,838	-	-	-	-	2,777	250	-	-	-	-	-	-
Due to Other Funds	761	-	-	-	-	-	9,790	-	-	-	-	6	-
Due to Component Units	-	-	-	46,997	-	-	-	-	-	-	-	-	-
Funds Held in Escrow	10,047	-	-	-	-	37	-	-	-	-	-	448	-
Due to Other Governmental Units	1	-	-	-	-	-	-	-	-	-	-	-	-
Deferred Revenue	499,580	-	-	-	152	119,221	4,019	13	-	-	-	-	-
Overpayment of Taxes	108,247	-	-	-	-	-	-	-	-	-	-	-	-
<b>Total Liabilities</b>	<b>898,455</b>	<b>3</b>	<b>4,811</b>	<b>55,354</b>	<b>4,227</b>	<b>208,017</b>	<b>19,631</b>	<b>13</b>	<b>2,767</b>	<b>521</b>	<b>1</b>	<b>669</b>	<b>-</b>
<b>Fund Balances:</b>													
<b>Reserved for:</b>													
Encumbrances	81,275	176	537	-	1,316	-	-	-	12,523	-	-	645	-
Neighborhood Revitalization	-	-	-	-	-	73,065	-	-	-	-	-	-	-
Behavioral Health	-	-	-	170,995	-	-	-	-	-	-	-	-	-
Intergovernmental Financing	-	-	-	-	-	-	-	-	-	-	-	-	-
Financed Programs	-	-	-	-	-	9,095	-	-	-	-	-	-	-
Phone System	-	-	-	-	-	40,426	-	-	-	-	-	-	-
Debt Service Principal & Interest	-	-	-	-	-	-	-	-	-	-	-	-	-
Central Library Project	4,728	-	-	-	-	-	-	-	-	-	-	-	-
Stadium Financing	1,658	-	-	-	-	-	-	-	-	-	-	-	-
Cultural & Commercial Corridor F	30,753	-	-	-	-	-	-	-	-	-	-	-	-
Trust Purposes	-	-	-	-	-	-	-	-	-	-	-	2,486	-
Designated for Trust Purposes	-	-	-	-	-	-	-	-	-	-	38	-	-
Undesignated	(251,847)	1,988	14,083	42,474	5,218	(39,768)	(4,020)	5,306	2,719	10,794	-	-	-
<b>Total Fund Balances</b>	<b>(133,433)</b>	<b>2,164</b>	<b>14,620</b>	<b>213,469</b>	<b>6,534</b>	<b>82,818</b>	<b>(4,020)</b>	<b>5,306</b>	<b>15,242</b>	<b>10,794</b>	<b>38</b>	<b>3,131</b>	<b>-</b>
<b>Total Liabilities and Fund Balances</b>	<b>765,022</b>	<b>2,167</b>	<b>19,431</b>	<b>268,823</b>	<b>10,761</b>	<b>290,835</b>	<b>15,611</b>	<b>5,319</b>	<b>18,009</b>	<b>11,315</b>	<b>39</b>	<b>3,800</b>	<b>-</b>

Balance Sheet  
Governmental Funds(Continued)  
June 30, 2010

Exhibit 1

Amounts in thousands of USD

					Debt Service				Capital Improvement			Permanent	Total
	Departmental	Municipal Authority Administrative	PICA Administrative	Total Special Revenue	City	Municipal Authority	PICA	Total	City	Municipal Authority	Total	Libraries & Parks	Governmental Funds
<b>Assets</b>													
Cash on Deposit and on Hand	4,736	416	49,863	55,090	-	-	49,202	49,202	-	-	-	102	114,381
Equity in Treasurer's Account	247	-	-	424,195	1,502	-	-	1,502	139,220	-	139,220	-	577,611
Investments	858	100	-	958	-	11	30,394	30,405	-	78,566	78,566	4,688	114,617
Due from Other Funds	-	-	167	167	-	-	4,450	4,450	-	-	-	-	14,404
Amounts Held by Fiscal Agent	-	-	-	55,914	-	-	-	-	-	-	-	-	93,053
Taxes Receivable	-	-	1,268	7,405	-	-	-	-	-	-	-	-	621,362
Accounts Receivable	-	3,969	-	8,578	-	-	-	-	4	4	-	1	453,929
Due from Other Governmental Units	-	-	-	154,936	-	-	-	-	19,136	-	19,136	-	485,133
Allowance for Doubtful Accounts	-	-	-	(803)	-	-	-	-	-	-	-	-	(675,913)
Interest and Dividends Receivable	-	-	12	1,306	-	-	2	2	111	-	111	-	1,580
Other Assets	416	-	31	447	-	-	-	-	-	-	-	-	447
<b>Total Assets</b>	<b>6,257</b>	<b>4,485</b>	<b>51,341</b>	<b>708,193</b>	<b>1,502</b>	<b>11</b>	<b>84,048</b>	<b>85,561</b>	<b>158,467</b>	<b>78,570</b>	<b>237,037</b>	<b>4,791</b>	<b>1,800,604</b>
<b>Liabilities and Fund Balances</b>													
<b>Liabilities:</b>													
Vouchers Payable	118	-	-	31,082	-	-	-	-	6,695	-	6,695	-	135,716
Accounts Payable	851	4,255	106	86,552	-	-	-	-	18,366	1,498	19,864	-	204,458
Salaries and Wages Payable	-	-	109	3,136	-	-	-	-	52	-	52	20	87,046
Due to Other Funds	-	-	13,053	22,849	-	-	167	167	-	-	-	-	23,777
Due to Component Units	-	-	-	46,997	-	-	-	-	-	-	-	72	47,069
Funds Held in Escrow	765	-	-	1,250	-	-	-	-	4,275	-	4,275	-	15,572
Due to Other Governmental Units	-	-	-	-	-	-	-	-	-	-	-	-	1
Deferred Revenue	-	-	-	123,405	-	-	-	-	15,984	-	15,984	-	638,969
General Obligation Bonds	-	-	-	-	-	-	-	-	-	-	-	-	108,247
<b>Total Liabilities</b>	<b>1,734</b>	<b>4,255</b>	<b>13,268</b>	<b>315,271</b>	<b>-</b>	<b>-</b>	<b>167</b>	<b>167</b>	<b>45,372</b>	<b>1,498</b>	<b>46,870</b>	<b>92</b>	<b>1,260,855</b>
<b>Fund Balances:</b>													
<b>Reserved for:</b>													
Encumbrances	74	-	-	15,271	-	-	-	-	37,931	-	37,931	-	134,477
Neighborhood Revitalization	-	-	-	73,065	-	-	-	-	-	-	-	-	73,065
Behavioral Health	-	-	-	170,995	-	-	-	-	-	-	-	-	170,995
Intergovernmental Financing	-	-	54,454	54,454	-	-	-	-	-	-	-	-	54,454
Financed Programs	-	-	-	9,095	-	-	-	-	-	-	-	-	9,095
Phone System	-	-	-	40,426	-	-	-	-	-	-	-	-	40,426
Debt Service Principal & Interest	-	-	-	-	1,502	11	83,281	84,794	-	-	-	-	84,794
Central Library Project	-	-	-	-	-	-	-	-	-	-	-	-	4,728
Stadium Financing	-	-	-	-	-	-	-	-	-	-	-	-	1,658
Cultural & Commercial Corridor Project	-	-	-	-	-	-	-	-	-	-	-	-	30,753
Trust Purposes	200	-	-	2,686	-	-	-	-	-	-	-	1,931	4,617
Designated for Trust Purposes	4,249	-	-	4,287	-	-	-	-	-	-	-	2,768	7,055
Undesignated	-	230	(16,381)	22,643	-	-	600	600	75,164	77,072	152,236	-	(76,368)
<b>Total Fund Balances</b>	<b>4,523</b>	<b>230</b>	<b>38,073</b>	<b>392,922</b>	<b>1,502</b>	<b>11</b>	<b>83,881</b>	<b>85,394</b>	<b>113,095</b>	<b>77,072</b>	<b>190,167</b>	<b>4,699</b>	<b>539,749</b>
<b>Total Liabilities and Fund Balances</b>	<b>6,257</b>	<b>4,485</b>	<b>51,341</b>	<b>708,193</b>	<b>1,502</b>	<b>11</b>	<b>84,048</b>	<b>85,561</b>	<b>158,467</b>	<b>78,570</b>	<b>237,037</b>	<b>4,791</b>	<b>1,800,604</b>

City of Philadelphia  
Statement of Revenues, Expenditures and Changes in Fund Balances  
Governmental Funds  
For the Fiscal Year Ended June 30, 2010

Exhibit 2

Amounts in thousands of USD

	Special Revenue												
	General	County Liquid Fuels Tax	Special Gasoline Tax	HealthChoices Behavioral Health	Hotel Room Rental Tax	Grants Revenue	Community Development	Car Rental Tax	Housing Trust	Acute Care Hospital Assessment	Riverview Residents	Philadelphia Prisons	Arbitration Appeals
<b>Revenues</b>													
Tax Revenue	2,316,271	-	-	-	40,513	-	-	4,674	-	108,154	-	-	-
Locally Generated Non-Tax Revenue	229,565	-	32	1,954	595	39,297	12,434	5	8,030	-	-	1,627	377
Revenue from Other Governments	775,587	4,724	23,861	825,185	-	589,718	44,835	-	-	-	-	-	-
Other Revenues	16,379	-	-	-	-	-	-	-	-	-	-	-	-
<b>Total Revenues</b>	<b>3,337,802</b>	<b>4,724</b>	<b>23,893</b>	<b>827,139</b>	<b>41,108</b>	<b>629,015</b>	<b>57,269</b>	<b>4,679</b>	<b>8,030</b>	<b>108,154</b>	<b>-</b>	<b>1,627</b>	<b>377</b>
<b>Expenditures</b>													
Current Operating:													
Economic Development	92,409	-	-	-	34,574	7,092	-	-	-	-	-	-	-
Transportation:													
Streets & Highways	61,973	4,314	24,298	-	-	556	-	-	-	-	-	-	-
Mass Transit	64,975	-	-	-	-	197	-	-	-	-	-	-	-
Judiciary and Law Enforcement:													
Police	869,680	-	-	-	-	13,242	-	-	-	-	-	-	-
Prisons	313,758	-	-	-	-	484	-	-	-	-	968	-	-
Courts	236,933	-	-	-	-	50,346	-	-	-	-	-	-	-
Conservation of Health:													
Emergency Medical Services	44,014	-	-	-	-	1,000	-	-	-	-	-	-	-
Health Services	151,201	-	-	797,002	-	387,471	-	-	-	101,360	-	-	-
Housing and Neighborhood Development	2,854	-	-	-	-	60,756	56,246	-	11,346	-	-	-	-
Cultural and Recreational:													
Recreation	50,723	-	-	-	-	7,721	-	-	-	-	-	-	-
Parks	20,446	-	-	-	-	55	-	-	-	-	-	-	-
Libraries and Museums	55,966	-	-	-	-	10,309	-	-	-	-	-	-	-
Improvements to General Welfare:													
Social Services	636,539	-	-	-	-	54,924	-	-	-	-	-	-	-
Education	71,625	-	-	-	-	371	-	-	-	-	-	-	-
Inspections and Demolitions	27,342	-	-	-	-	-	-	-	-	-	-	-	-
Service to Property:													
Sanitation	127,118	-	-	-	-	3,463	-	-	-	-	-	-	-
Fire	237,254	-	-	-	-	417	-	-	-	-	-	-	-
General Management and Support	520,839	-	-	-	-	14,223	-	5,000	-	-	60	618	377
Capital Outlay	-	-	-	-	-	-	-	-	-	-	-	-	-
Debt Service:													
Principal Interest	-	-	-	-	-	-	-	-	-	-	-	-	-
Bond Issuance Cost	-	-	-	-	-	-	-	-	-	-	-	-	-
<b>Total Expenditures</b>	<b>3,585,649</b>	<b>4,314</b>	<b>24,298</b>	<b>797,002</b>	<b>34,574</b>	<b>612,627</b>	<b>56,246</b>	<b>5,000</b>	<b>11,346</b>	<b>101,360</b>	<b>60</b>	<b>1,586</b>	<b>377</b>
Excess (Deficiency) of Revenues Over (Under) Expenditures	(247,847)	410	(405)	30,137	6,534	16,388	1,023	(321)	(3,316)	6,794	(60)	41	-
<b>Other Financing Sources (Uses)</b>													
Issuance of Debt	-	-	-	-	-	-	-	-	-	-	-	-	-
Issuance of Refunding Bonds	-	-	-	-	-	-	-	-	-	-	-	-	-
Bond Issuance Premium	-	-	-	-	-	-	-	-	-	-	-	-	-
Bond Defeasance	-	-	-	-	-	-	-	-	-	-	-	-	-
Transfers In	316,360	-	-	-	-	-	-	-	-	-	-	-	-
Transfers Out	(126,388)	-	-	-	-	(22,435)	-	-	-	-	-	-	-
<b>Total Other Financing Sources (Uses)</b>	<b>189,972</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>(22,435)</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Net Change in Fund Balances</b>	<b>(57,875)</b>	<b>410</b>	<b>(405)</b>	<b>30,137</b>	<b>6,534</b>	<b>(6,047)</b>	<b>1,023</b>	<b>(321)</b>	<b>(3,316)</b>	<b>6,794</b>	<b>(60)</b>	<b>41</b>	<b>-</b>
Fund Balance - July 1, 2009	(75,558)	1,754	15,025	183,332	-	88,865	(5,043)	5,627	18,558	4,000	98	3,090	-
Adjustment	-	-	-	-	-	-	-	-	-	-	-	-	-
Fund Balance Adjusted - July 1, 2009	(75,558)	1,754	15,025	183,332	-	88,865	(5,043)	5,627	18,558	4,000	98	3,090	-
Fund Balance - June 30, 2010	(133,433)	2,164	14,620	213,469	6,534	82,818	(4,020)	5,306	15,242	10,794	38	3,131	-

City of Philadelphia  
Statement of Revenues, Expenditures and Changes in Fund Balances  
Governmental Funds(Continued)  
For the Fiscal Year Ended June 30, 2010

Exhibit 2

Amounts in thousands of USD

				Debt Service				Capital Improvement			Permanent	Total	
	Departmental	Municipal Authority Administrative	PICA Administrative	Total Special Revenue	City	Municipal Authority	PICA	Total	City	Municipal Authority	Total	Libraries & Parks	Governmental Funds
<b>Revenues</b>													
Tax Revenue	-	-	342,661	496,002	-	-	-	-	-	-	-	496	2,812,769
Locally Generated Non-Tax Revenue	4,488	39,340	236	108,415	129	-	1,263	1,392	-	66	66	-	339,438
Revenue from Other Governments	-	-	-	1,488,323	-	-	-	-	48,439	-	48,439	-	2,312,349
Other Revenues	-	-	-	-	-	-	4,450	4,450	12,318	-	12,318	-	33,147
<b>Total Revenues</b>	<b>4,488</b>	<b>39,340</b>	<b>342,897</b>	<b>2,092,740</b>	<b>129</b>	<b>-</b>	<b>5,713</b>	<b>5,842</b>	<b>60,757</b>	<b>66</b>	<b>60,823</b>	<b>496</b>	<b>5,497,703</b>
<b>Expenditures</b>													
Current Operating:													
Economic Development	-	-	-	41,666	-	-	-	-	-	-	-	-	134,075
Transportation:													
Streets & Highways	-	-	-	29,168	-	-	-	-	-	-	-	-	91,141
Mass Transit	-	-	-	197	-	-	-	-	-	-	-	-	65,172
Judiciary and Law Enforcement:													
Police	-	-	-	13,242	-	-	-	-	-	-	-	-	882,922
Prisons	-	-	-	1,452	-	-	-	-	-	-	-	-	315,210
Courts	-	-	-	50,346	-	-	-	-	-	-	-	-	287,279
Conservation of Health:													
Emergency Medical Services	-	-	-	1,000	-	-	-	-	-	-	-	-	45,014
Health Services	-	-	-	1,285,833	-	-	-	-	-	-	-	-	1,437,034
Housing and Neighborhood Development:													
Development	-	-	-	128,348	-	-	-	-	-	-	-	-	131,202
Cultural and Recreational:													
Recreation	-	-	-	7,721	-	-	-	-	-	-	-	-	58,444
Parks	4,280	-	-	4,335	-	-	-	-	-	-	-	2,171	26,952
Libraries and Museums	128	-	-	10,437	-	-	-	-	-	-	-	-	66,403
Improvements to General Welfare:													
Social Services	-	-	-	54,924	-	-	-	-	-	-	-	-	691,463
Education	-	-	-	371	-	-	-	-	-	-	-	-	71,996
Inspections and Demolitions	-	-	-	-	-	-	-	-	-	-	-	-	27,342
Service to Property:													
Sanitation	-	-	-	3,463	-	-	-	-	-	-	-	-	130,581
Fire	-	-	-	417	-	-	-	-	-	-	-	-	237,671
General Management and Support	391	39,322	864	60,855	-	-	42,035	42,035	-	124	124	-	623,853
Capital Outlay	-	-	-	-	-	-	-	-	137,913	10,939	148,852	-	148,852
Debt Service:													
Principal	-	-	-	-	34,485	15,008	40,216	89,709	-	-	-	-	89,709
Interest	-	-	-	-	62,047	13,888	20,805	96,740	-	-	-	-	96,740
Bond Issuance Cost	-	-	-	-	22,517	-	988	23,505	-	-	-	-	23,505
<b>Total Expenditures</b>	<b>4,799</b>	<b>39,322</b>	<b>864</b>	<b>1,693,775</b>	<b>119,049</b>	<b>28,896</b>	<b>104,044</b>	<b>251,989</b>	<b>137,913</b>	<b>11,063</b>	<b>148,976</b>	<b>2,171</b>	<b>5,682,560</b>
Excess (Deficiency) of Revenues Over (Under) Expenditures	(311)	18	342,033	398,965	(118,920)	(28,896)	(98,331)	(246,147)	(77,156)	(10,997)	(88,153)	(1,675)	(184,857)
<b>Other Financing Sources (Uses)</b>													
Issuance of Debt	-	-	-	-	-	-	206,960	206,960	-	-	-	-	206,960
Issuance of Refunding Bonds	-	-	-	-	336,022	-	-	336,022	-	-	-	-	336,022
Bond Issuance Premium	-	-	-	-	-	-	24,253	24,253	-	-	-	-	24,253
Bond Defeasance	-	-	-	-	(313,505)	-	(190,539)	(504,044)	-	-	-	-	(504,044)
Transfers In	48	-	-	48	96,191	28,896	64,195	189,282	19,786	-	19,786	-	525,476
Transfers Out	-	-	(374,565)	(397,000)	-	-	-	-	-	-	-	(48)	(523,436)
<b>Total Other Financing Sources (Uses)</b>	<b>48</b>	<b>-</b>	<b>(374,565)</b>	<b>(396,952)</b>	<b>118,708</b>	<b>28,896</b>	<b>104,869</b>	<b>252,473</b>	<b>19,786</b>	<b>-</b>	<b>19,786</b>	<b>(48)</b>	<b>65,231</b>
<b>Net Change in Fund Balances</b>	<b>(263)</b>	<b>18</b>	<b>(32,532)</b>	<b>2,013</b>	<b>(212)</b>	<b>-</b>	<b>6,538</b>	<b>6,326</b>	<b>(57,370)</b>	<b>(10,997)</b>	<b>(68,367)</b>	<b>(1,723)</b>	<b>(119,626)</b>
Fund Balance - July 1, 2009	4,786	212	70,605	390,909	1,714	11	-	1,725	170,465	-	170,465	6,422	493,963
Adjustment	-	-	-	-	-	-	77,343	77,343	-	88,069	88,069	-	165,412
Fund Balance Adjusted - July 1, 2009	4,786	212	70,605	390,909	1,714	11	77,343	79,068	170,465	88,069	258,534	6,422	659,375
Fund Balance - June 30, 2010	4,523	230	38,073	392,922	1,502	11	83,881	85,394	113,095	77,072	190,167	4,699	539,749

**City of Philadelphia**  
**Statement of Fund Net Assets**  
**Proprietary Funds**  
**June 30, 2010**

**Exhibit 3**

*Amounts in thousands of USD*

	Business Type Activities - Enterprise Funds			Total
	Water and Sewer	Aviation	Other Non-Major Industrial & Commercial Development	
<b>Assets</b>				
Current Assets:				
Cash on Deposit and on Hand	30	-	4,692	4,722
Equity in Treasurer's Account	69,595	118,364	-	187,959
Due from Other Governments	373	1,401	-	1,774
Accounts Receivable	225,170	14,870	1,975	242,015
Allowance for Doubtful Accounts	(90,980)	(1,075)	-	(92,055)
Inventories	12,913	3,085	11,398	27,396
<b>Total Current Assets</b>	<b>217,101</b>	<b>136,645</b>	<b>18,065</b>	<b>371,811</b>
Non-Current Assets:				
Restricted Assets:				
Equity in Treasurer's Account	289,665	235,816	-	525,481
Amounts Held by Fiscal Agent	-	30,806	-	30,806
Sinking Funds and Reserves	117,852	35,013	-	152,865
Grants for Capital Purposes	-	11,564	-	11,564
Receivables	898	6,929	-	7,827
<b>Total Restricted Assets</b>	<b>408,415</b>	<b>320,128</b>	<b>-</b>	<b>728,543</b>
Net Pension Asset	37,878	8,099	-	45,977
Capital Assets:				
Land	5,919	98,740	-	104,659
Infrastructure	1,983,922	586,509	-	2,570,431
Construction in Progress	205,852	116,823	-	322,675
Buildings and Equipment	1,497,507	2,014,331	-	3,511,838
Less: Accumulated Depreciation	(1,880,592)	(1,134,793)	-	(3,015,385)
<b>Total Capital Assets, Net</b>	<b>1,812,608</b>	<b>1,681,610</b>	<b>-</b>	<b>3,494,218</b>
<b>Total Non-Current Assets</b>	<b>2,258,901</b>	<b>2,009,837</b>	<b>-</b>	<b>4,268,738</b>
<b>Total Assets</b>	<b>2,476,002</b>	<b>2,146,482</b>	<b>18,065</b>	<b>4,640,549</b>
<b>Liabilities</b>				
Current Liabilities:				
Vouchers Payable	25,043	4,905	-	29,948
Accounts Payable	8,388	11,542	-	19,930
Salaries and Wages Payable	3,641	3,066	-	6,707
Construction Contracts Payable	33,113	41,342	-	74,455
Accrued Expenses	19,292	15,953	-	35,245
Deferred Revenue	8,016	29,253	-	37,269
Bonds Payable-Current	102,862	45,855	-	148,717
<b>Total Current Liabilities</b>	<b>200,355</b>	<b>151,916</b>	<b>-</b>	<b>352,271</b>
Non-Current Liabilities:				
Bonds Payable	1,555,568	1,186,845	-	2,742,413
Unamortized Discount and Loss	(81,322)	(21,521)	-	(102,843)
Other Non-Current Liabilities	22,866	13,859	-	36,725
<b>Total Non-Current Liabilities</b>	<b>1,497,112</b>	<b>1,179,183</b>	<b>-</b>	<b>2,676,295</b>
<b>Total Liabilities</b>	<b>1,697,467</b>	<b>1,331,099</b>	<b>-</b>	<b>3,028,566</b>
<b>Net Assets</b>				
Invested in Capital Assets, Net of Related Debt	226,851	608,134	-	834,985
Restricted For:				
Capital Projects	115,481	29,716	-	145,197
Debt Service	117,852	98,471	-	216,323
Rate Stabilization	145,693	-	-	145,693
Unrestricted	172,658	79,062	18,065	269,785
<b>Total Net Assets</b>	<b>778,535</b>	<b>815,383</b>	<b>18,065</b>	<b>1,611,983</b>

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

**City of Philadelphia**  
**Statement of Revenues, Expenses and Changes in Fund Net Assets**  
**Proprietary Funds**  
**For the Fiscal Year Ended June 30, 2010**

**Exhibit 4**

*Amounts in thousands of USD*

	Business-Type Activities - Enterprise Funds			Totals
	Water and Sewer	Aviation	Other Non-Major Industrial & Commercial Development	
Operating Revenues:				
Charges for Goods and Services	546,361	74,775	-	621,136
Rentals and Concessions	-	160,783	-	160,783
Miscellaneous Operating Revenues	5,989	3,918	287	10,194
<b>Total Operating Revenues</b>	<b>552,350</b>	<b>239,476</b>	<b>287</b>	<b>792,113</b>
Operating Expenses:				
Personal Services	106,120	59,675	-	165,795
Purchase of Services	93,362	76,226	59	169,647
Materials and Supplies	35,429	6,050	-	41,479
Employee Benefits	69,851	32,998	-	102,849
Indemnities and Taxes	4,915	1,449	-	6,364
Depreciation	86,490	89,339	-	175,829
<b>Total Operating Expenses</b>	<b>396,167</b>	<b>265,737</b>	<b>59</b>	<b>661,963</b>
<b>Operating Income (Loss)</b>	<b>156,183</b>	<b>(26,261)</b>	<b>228</b>	<b>130,150</b>
Non-Operating Revenues (Expenses):				
Operating Grants	3,048	3,526	-	6,574
Passenger Facility Charges	-	61,277	-	61,277
Interest Income	6,015	2,316	6	8,337
Debt Service - Interest	(103,619)	(49,344)	-	(152,963)
Other Revenue (Expenses)	(5,388)	(735)	-	(6,123)
<b>Total Non-Operating Revenues (Expenses)</b>	<b>(99,944)</b>	<b>17,040</b>	<b>6</b>	<b>(82,898)</b>
Income (Loss) Before Contributions & Transfers	56,239	(9,221)	234	47,252
Transfers In/(Out)	(2,304)	-	-	(2,304)
Capital Contributions	-	26,793	-	26,793
<b>Change in Net Assets</b>	<b>53,935</b>	<b>17,572</b>	<b>234</b>	<b>71,741</b>
Net Assets - July 1, 2009	715,896	797,811	17,831	1,531,538
Adjustment	8,704	-	-	8,704
<b>Net Assets Adjusted - July 1, 2009</b>	<b>724,600</b>	<b>797,811</b>	<b>17,831</b>	<b>1,540,242</b>
<b>Net Assets - June 30, 2010</b>	<b>778,535</b>	<b>815,383</b>	<b>18,065</b>	<b>1,611,983</b>

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

**City of Philadelphia**  
**Combining Statement of Fiduciary Net Assets**  
**Pension Trust Funds**  
**June 30, 2010**

**Exhibit 5**

*Amounts in thousands of USD*

	Gas Works Retirement Reserve Fund	Municipal Pension Fund	Total
<b><u>Assets</u></b>			
Equity in Treasurer's Account	374,409	3,471,907	3,846,316
Securities Lending Collective Investment Pool	-	440,491	440,491
Allowance for Unrealized Loss	-	(3,899)	(3,899)
Accounts Receivable	-	4,334	4,334
Due from Brokers for Securities Sold	-	866,955	866,955
Interest and Dividends Receivable	1,236	10,432	11,668
Due from Other Governmental Units	-	4,777	4,777
	<u>375,645</u>	<u>4,794,997</u>	<u>5,170,642</u>
Total Assets			
<b><u>Liabilities</u></b>			
Vouchers Payable	-	36	36
Accounts Payable	472	3,301	3,773
Salaries and Wages Payable	-	158	158
Funds Held in Escrow	-	365	365
Due on Return of Securities Loaned	-	440,491	440,491
Due to Brokers for Securities Purchased	-	844,726	844,726
Accrued Expenses	-	1,734	1,734
Deferred Revenue	-	2,071	2,071
Other Liabilities	-	513	513
	<u>472</u>	<u>1,293,395</u>	<u>1,293,867</u>
Total Liabilities			
Net Assets Held in Trust for Pension Benefits	<u><u>375,173</u></u>	<u><u>3,501,602</u></u>	<u><u>3,876,775</u></u>

**City of Philadelphia**  
**Combining Statement of Changes in Fiduciary Net Assets**  
**Pension Trust Funds**  
**For the Fiscal Year Ended June 30, 2010**

**Exhibit 6**

*Amounts in thousands of USD*

	Gas Works Retirement Reserve <u>Fund</u>	Municipal Pension <u>Fund</u>	<u>Total</u>
<b><u>Additions</u></b>			
Contributions:			
Employer's Contributions	23,088	312,556	335,644
Employees' Contributions	-	51,570	51,570
	<u>23,088</u>	<u>364,126</u>	<u>387,214</u>
Total Contributions			
Investment Income:			
Interest and Dividends	10,094	70,538	80,632
Net Gain in Fair Value of Investments	39,313	401,243	440,556
(Less) Investments Expenses	1,979	(15,989)	(14,010)
Securities Lending Revenue	75	2,852	2,927
Securities Lending Unrealized Loss	-	(3,899)	(3,899)
(Less) Securities Lending Expenses	(30)	(1,033)	(1,063)
	<u>51,431</u>	<u>453,712</u>	<u>505,143</u>
Net Investment Gain			
Miscellaneous Operating Revenues	-	712	712
	<u>74,519</u>	<u>818,550</u>	<u>893,069</u>
Total Additions			
<b><u>Deductions</u></b>			
Personal Services	-	3,815	3,815
Purchase of Services	-	1,952	1,952
Materials and Supplies	-	76	76
Employee Benefits	-	2,111	2,111
Pension Benefits	35,353	680,122	715,475
Refunds of Members' Contributions	-	4,520	4,520
Other Operating Expenses	-	120	120
	<u>35,353</u>	<u>692,716</u>	<u>728,069</u>
Total Deductions			
Change in Net Assets	39,166	125,834	165,000
Net Assets - July 1, 2009	<u>336,007</u>	<u>3,375,768</u>	<u>3,711,775</u>
Net Assets - June 30, 2010	<u><u>375,173</u></u>	<u><u>3,501,602</u></u>	<u><u>3,876,775</u></u>

City of Philadelphia  
Statement of Fiduciary Net Assets  
Agency Funds  
June 30, 2010

Exhibit 7

Amounts in thousands of USD

	<u>Escrow Fund</u>	<u>Employee Health &amp; Welfare Fund</u>	<u>Departmental Custodial Accounts</u>	<u>Total</u>
<b><u>Assets</u></b>				
Cash on Deposit and on Hand	-	-	136,315	136,315
Equity in Treasurer's Account	34,032	14,270	-	48,302
Investments	-	-	8,780	8,780
Due from Other Funds	-	-	811	811
	<u>34,032</u>	<u>14,270</u>	<u>145,906</u>	<u>194,208</u>
Total Assets	<u>34,032</u>	<u>14,270</u>	<u>145,906</u>	<u>194,208</u>
<b><u>Liabilities</u></b>				
Vouchers Payable	37	1,190	-	1,227
Payroll Taxes Payable	-	3,147	-	3,147
Funds Held in Escrow	33,995	9,933	145,906	189,834
	<u>34,032</u>	<u>14,270</u>	<u>145,906</u>	<u>194,208</u>
Total Liabilities	<u>34,032</u>	<u>14,270</u>	<u>145,906</u>	<u>194,208</u>
Net Assets	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>

City of Philadelphia  
Statement of Changes in Fiduciary Net Assets  
Agency Funds  
For the Fiscal Year Ended June 30, 2010

Exhibit 8

Amounts in thousands of USD

	<u>Balance 7-1-2009</u>	<u>Additions</u>	<u>Deductions</u>	<u>Balance 6-30-2010</u>
<b><u>Escrow Fund</u></b>				
<b><u>Assets</u></b>				
Equity in Treasurer's Account	7,200	789,928	763,096	34,032
<b><u>Liabilities</u></b>				
Funds Held in Escrow	7,056	789,928	762,989	33,995
Vouchers Payable	144	1,336	1,443	37
<b>Total Liabilities</b>	<b>7,200</b>	<b>791,264</b>	<b>764,432</b>	<b>34,032</b>
<b><u>Employee Health and Welfare Fund</u></b>				
<b><u>Assets</u></b>				
Equity in Treasurer's Account	14,712	823,657	824,099	14,270
<b><u>Liabilities</u></b>				
Vouchers Payable	393	7,983	7,186	1,190
Payroll Taxes Payable	5,247	737,423	739,523	3,147
Funds Held in Escrow	9,072	86,233	85,372	9,933
<b>Total Liabilities</b>	<b>14,712</b>	<b>831,639</b>	<b>832,081</b>	<b>14,270</b>
<b><u>Departmental Custodial Accounts</u></b>				
<b><u>Assets</u></b>				
Cash on Deposit and on Hand	130,990	156,285	150,960	136,315
Investments	12,254	6,168	9,642	8,780
Due from Other Funds	811	-	-	811
<b>Total Assets</b>	<b>144,055</b>	<b>162,453</b>	<b>160,602</b>	<b>145,906</b>
<b><u>Liabilities</u></b>				
Funds Held in Escrow	144,055	162,453	160,602	145,906
<b><u>Totals - Agency Funds</u></b>				
<b><u>Assets</u></b>				
Cash on Deposit and on Hand	130,990	156,285	150,960	136,315
Equity in Treasurer's Account	21,912	1,613,585	1,587,195	48,302
Investments	12,254	6,168	9,642	8,780
Due from Other Funds	811	-	-	811
<b>Total Assets</b>	<b>165,967</b>	<b>1,776,038</b>	<b>1,747,797</b>	<b>194,208</b>
<b><u>Liabilities</u></b>				
Vouchers Payable	537	9,319	8,629	1,227
Payroll Taxes Payable	5,247	737,424	739,523	3,148
Funds Held in Escrow	160,183	1,038,614	1,008,964	189,833
<b>Total Liabilities</b>	<b>165,967</b>	<b>1,785,357</b>	<b>1,757,116</b>	<b>194,208</b>

City of Philadelphia  
Statement of Long-Term Debt  
June 30, 2010

Exhibit 9

*Amounts in millions of USD*

Amount Available and to be Provided for Retirement of Long-Term Debt - Principal	
Bond Principal:	
Amount Available in Sinking Funds and Sinking Fund Reserve for Revenue Bonds	163.7
Amount of Principal to be Provided in Future Years	<u>4,531.3</u>
Total Bond Principal Available and to be Provided	4,695.0
Other Long-Term Obligations:	
Amount of Principal to be Provided in Future Years	<u>3,696.9</u>
<u>Total Available and to be Provided in Future Years</u>	<u><u>8,391.9</u></u>
Bonds Payable in Future Years:	
General Obligation Serial Bonds Payable	279.5
General Obligation Term Bonds Payable	173.4
General Obligation Refunding Bonds Payable	<u>819.3</u>
Total General Obligation Bonds Payable	1,272.2
Revenue Serial Bonds Payable	1,619.8
Revenue Term Bonds Payable	<u>1,269.1</u>
Total Revenue Bonds Payable	<u>2,888.9</u>
PICA Bonds Payable	<u>533.9</u>
Total Bonds Payable	4,695.0
Other Long-Term Obligations Payable	<u>3,696.9</u>
<u>Total Long-Term Debt</u>	<u><u>8,391.9</u></u>

**City of Philadelphia**  
**Analysis of Changes In Bonded Debt Outstanding**  
**For the Fiscal Year Ended June 30, 2010**

Exhibit 10

*Amounts in millions of USD*

	Governmental Fund Types				Enterprise Funds			All Funds Total
	General Fund	Municipal Authority Fund	PICA	Total	Water Fund	Aviation Fund	Total	
Bonded Debt Outstanding, July 1, 2009	<u>1,281.0</u>	<u>269.6</u>	<u>557.7</u>	<u>2,108.3</u>	<u>1,718.6</u>	<u>1,271.2</u>	<u>2,989.8</u>	<u>5,098.1</u>
<b>Increases:</b>								
Par Value of Bonds Issued:								
General Obligation	337.0	-	207.0	544.0	-	-	-	544.0
Revenue	-	-	-	-	409.9	-	409.9	409.9
<u>Total Bonds Sold</u>	<u>337.0</u>	<u>-</u>	<u>207.0</u>	<u>544.0</u>	<u>409.9</u>	<u>-</u>	<u>409.9</u>	<u>953.9</u>
<b>Decreases:</b>								
Matured Bonds:								
General Obligation	34.5	15.0	40.3	89.8	1.2	-	1.2	91.0
General Obligation Refunded	313.5	-	190.5	504.0	-	-	-	504.0
Revenue	-	-	-	-	98.9	38.5	137.4	137.4
Revenue Refunded	-	-	-	-	370.0	-	370.0	370.0
<u>Total Decrease</u>	<u>348.0</u>	<u>15.0</u>	<u>230.8</u>	<u>593.8</u>	<u>470.1</u>	<u>38.5</u>	<u>508.6</u>	<u>1,102.4</u>
<b>Net Change:</b>								
General Obligation	(11.0)	(15.0)	(23.8)	(49.8)	(1.2)	-	(1.2)	(51.0)
Revenue	-	-	-	-	(59.0)	(38.5)	(97.5)	(97.5)
<u>Total Change</u>	<u>(11.0)</u>	<u>(15.0)</u>	<u>(23.8)</u>	<u>(49.8)</u>	<u>(60.2)</u>	<u>(38.5)</u>	<u>(98.7)</u>	<u>(148.5)</u>
Bonded Debt Outstanding, June 30, 2010	<u><u>1,270.0</u></u>	<u><u>254.6</u></u>	<u><u>533.9</u></u>	<u><u>2,058.5</u></u>	<u><u>1,658.4</u></u>	<u><u>1,232.7</u></u>	<u><u>2,891.1</u></u>	<u><u>4,949.6</u></u>

City of Philadelphia  
 Analysis of Changes in Other Long-Term Debt  
 For the Fiscal Year Ended June 30, 2010

Exhibit 11

*Amounts in thousands of USD*

	<u>General Fund</u>	<u>Water Fund</u>	<u>Aviation Fund</u>	<u>Other Funds</u>	<u>Total All Funds</u>
<u>Balance Outstanding, July 1, 2009</u>					
Worker's Compensation	251,778	10,156	5,346	-	267,280
Pension Service Agreement	2,134,015	-	-	-	2,134,015
Termination Compensation	193,411	9,598	6,541	256	209,806
Leases	353,460	-	-	-	353,460
Indemnity Claims	37,625	3,095	1,293	-	42,013
Central Library Project	9,545	-	-	-	9,545
Arbitrage Payable	1,192	494	1,332	-	3,018
OPEB	21,150	-	-	-	21,150
Neighborhood Transformation	259,340	-	-	-	259,340
Sports Stadium	342,015	-	-	-	342,015
Cultural Corridor Bonds	129,430	-	-	-	129,430
	<u>3,732,961</u>	<u>23,343</u>	<u>14,512</u>	<u>256</u>	<u>3,771,072</u>
<u>Increases:</u>					
Termination Compensation	20,121	881	888	47	21,937
Leases	31,070	-	-	-	31,070
	<u>51,191</u>	<u>881</u>	<u>888</u>	<u>47</u>	<u>53,007</u>
<u>Decreases:</u>					
Pension Service Agreement	71,065	-	-	-	71,065
Termination Compensation	16,607	1,358	763	32	18,760
Leases	22,195	-	-	-	22,195
Central Library Project	435	-	-	-	435
Neighborhood Transformation	6,570	-	-	-	6,570
Sports Stadiums	4,900	-	-	-	4,900
Cultural Corridor Bonds	3,280	-	-	-	3,280
	<u>125,052</u>	<u>1,358</u>	<u>763</u>	<u>32</u>	<u>127,205</u>
<u>Balance Outstanding, June 30, 2010</u>					
Worker's Compensation	251,778	10,156	5,346	-	267,280
Pension Service Agreement	2,062,950	-	-	-	2,062,950
Termination Compensation	196,925	9,121	6,666	271	212,983
Leases	362,335	-	-	-	362,335
Indemnity Claims	37,625	3,095	1,293	-	42,013
Central Library Project	9,110	-	-	-	9,110
Arbitrage Payable	1,192	494	1,332	-	3,018
OPEB	21,150	-	-	-	21,150
Neighborhood Transformation	252,770	-	-	-	252,770
Sports Stadiums	337,115	-	-	-	337,115
Cultural Corridor Bonds	126,150	-	-	-	126,150
	<u>3,659,100</u>	<u>22,866</u>	<u>14,637</u>	<u>271</u>	<u>3,696,874</u>

**City of Philadelphia**  
**City Related Schedule of Debt Incurring Capacity**  
**July 1, 2010**

**Exhibit 12**

*Amounts in millions of USD*

	Issued and Outstanding	Authorized	
		Unissued	Total
General Obligation Bonded Debt:			
Tax Supported (Note 1)	1,267.9	139.1	1,407.0
Self-Sustaining	4.3	352.6	356.9
<u>Total General Obligation Bonded Debt (Note 2)</u>	<u>1,272.2</u>	<u>491.7</u>	<u>1,763.9</u>
	<u>Total</u>	<u>Applicable to Self-Sustaining</u>	<u>Net Deductions</u>
Deductions Authorized by Law:			
Appropriation for Maturing Serials (Fiscal 2011)	37.6	1.4	36.2
Total Self-Sustaining Debt			356.9
Total Net Deductions Authorized by Law			393.1
Total Amount of Debt Applicable to Debt Limit			<u>1,370.8</u>
Legal Debt Limit (Note 3)			<u>1,523.4</u>
Legal Debt Margin			<u>152.6</u>

**NOTES:**

- (1) Included in the Issued and Outstanding Total is \$4.8 million relating to the Philadelphia Port Corporation which has ceased operations. The City is using the proceeds from the sale of the Port Corporation assets for economic stimulus projects.
- (2) This statement does not reflect \$4,024.6 million of Revenue Bonds, secured by a pledge of Water Revenues, Airport Revenues and Gas Works Revenues, respectively, as listed below:

Water and Sewer Revenue Bonds, Series 1993, dated August 1, 1993	73.6
Water and Sewer Revenue Bonds, Series 1995, dated April 15, 1995	38.2
Water and Sewer Revenue Bonds, Series 1997 B, dated November 25, 1997	75.8
Water and Sewer Revenue Bonds, Series 1998, dated December 15, 1998	135.2
Water and Sewer Revenue Bonds, Series 1999 A, dated April 22, 1999	0.7
Water and Sewer Revenue Bonds, Series 2001 A and B, dated November 15, 2001	137.9
Water and Sewer Revenue Bonds, Series 2005 A, dated May 1, 2005	235.0
Water and Sewer Revenue Bonds, Series 2005 B, dated May 1, 2005	83.3
Water and Sewer Revenue Refunding Bonds, Series 2007 A dated May 9, 2007	179.9
Water and Sewer Revenue Refunding Bonds, Series 2007 B dated May 9, 2007	153.1
Water and Sewer Revenue Refunding Bonds, Series 2009 A dated May 21, 2009	140.0
Water and Sewer Revenue Refunding Bonds, Series 2010 A dated April 15, 2010	390.1
Water and Sewer Revenue Bonds, Series 2009C Pennvest Bonds, dated June 16, 2010	13.4
Airport Revenue Bonds, Series 1997 A, dated July 1, 1997	26.1
Airport Revenue Bonds, Series 1998 A, dated March 17, 1998	65.6
Airport Revenue Bonds, Series 1998 B, dated July 1, 1998	366.6
Airport Revenue Bonds, Series 2001 A and B, dated July 10, 2001	194.1
Airport Revenue Bonds, Series 2005 C, dated June 2, 2005	168.6
Airport Revenue Bonds, Series 2005 A dated August 4, 2005	120.2
Airport Revenue Bonds, Series 2007A, dated August 16, 2007	172.5
Airport Revenue Refunding Bonds, Series 2007B, dated August 16, 2007	73.3
Airport Revenue Refunding Bonds, Series 2009A, dated April 14, 2009	45.7
Gas Works Revenue Bonds, Eleventh Series C, dated January 1, 1989	25.0
Gas Works Revenue Bonds, First Series, dated June 1, 1998	93.6
Gas Works Revenue Bonds, Sixteenth Series, dated June 1, 1999	16.9
Gas Works Revenue Bonds, Second Series, dated June 1, 1999	8.4
Gas Works Revenue Bonds, Third Series, dated June 1, 2001	8.5
Gas Works Revenue Bonds, Fourth Series, dated December 30, 2002	92.6
Gas Works Revenue Bonds, Seventeenth Series, dated April 2, 2003	140.2
Gas Works Revenue Bonds, Fifth Series A-1, dated October 14, 2004	117.5
Gas Works Revenue Bonds, Fifth Series A-2, dated October 19, 2004	30.0
Gas Works Revenue Bonds, Eighteenth Series, dated October 14, 2004	50.5
Gas Works Revenue Bonds, Nineteenth Series, dated May 15, 2007	14.5
Gas Works Revenue Bonds, Seventh Series, dated May 15, 2007	224.7
Gas Works Revenue Bonds, Eighth Series A, dated August 20, 2009	58.3
Gas Works Revenue Bonds, Eighth Series B, dated August 20, 2009	105.0
Gas Works Revenue Bonds, Eighth Series C, dated August 20, 2009	50.0
Gas Works Revenue Bonds, Eighth Series D, dated August 20, 2009	50.0
Gas Works Revenue Bonds, Eighth Series E, dated August 20, 2009	50.0
	<u>4,024.6</u>

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

City of Philadelphia  
Statement of Net Assets  
Component Units  
June 30, 2010

Exhibit 13

Amounts in thousands of USD

	Philadelphia Gas Works*	Philadelphia Redevelopment Authority	Philadelphia Parking Authority*	School District of Philadelphia	Community College of Philadelphia	Community Behavioral Health*	Pennsylvania Convention Center Authority	Delaware River Waterfront Corporation	Philadelphia Authority for Industrial Development*	Total
<b>Assets</b>										
Cash on Deposit and on Hand	13,744	-	67,297	-	11,411	31,363	59,180	7,816	9,518	200,329
Investments	-	-	90,800	-	40,129	-	-	188	-	131,117
Due from Primary Government	-	-	-	-	-	-	1,875	-	-	1,875
Amounts Held by Fiscal Agent	6	-	-	-	-	-	-	-	-	6
Notes Receivable	-	-	-	-	33	-	-	-	-	33
Accounts Receivable-Net	105,496	-	944	-	5,809	543	1,107	1,817	18,827	134,543
Allowance for Doubtful Accounts	-	-	-	-	53	-	-	-	-	53
Interest and Dividends Receivable	-	-	292	-	2,327	-	1,245	-	-	3,864
Due from Other Governments	-	-	-	-	-	59,569	122,000	-	23,816	205,385
Inventories	125,023	-	-	-	-	-	-	-	-	125,023
Other Assets	139,541	-	4,293	-	-	461	477	141	-	144,913
Restricted Assets:	175,534	-	-	-	49,281	-	-	-	-	224,815
Cash and Cash Equivalents	-	-	-	-	-	-	-	-	16,964	16,964
Other Assets	-	-	-	-	1,242	-	-	-	26,413	27,655
Capital Assets:										
Land and Other Non-Depreciated Assets	36,548	-	15,980	-	60,152	-	458,715	4,850	4,841	581,086
Other Capital Assets (Net of Depreciation)	1,039,919	-	196,745	-	73,928	744	197,115	5,832	86,098	1,600,381
Total Capital Assets	1,076,467	-	212,725	-	134,080	744	655,830	10,682	90,939	2,181,467
Total Assets	1,635,811	-	376,351	-	244,365	92,680	841,714	20,644	186,477	3,398,042
<b>Liabilities</b>										
Notes Payable	-	-	23,407	-	104,550	-	-	-	-	127,957
Vouchers Payable	46,205	-	-	-	13,565	-	-	-	-	59,770
Accounts Payable	-	-	15,497	-	-	1,146	27,286	1,025	12,637	57,591
Salaries and Wages Payable	3,719	-	-	-	4,872	5,079	275	-	-	13,945
Accrued Expenses	161,458	-	832	-	1,607	77,055	-	1,362	-	242,314
Funds Held in Escrow	-	-	-	-	101	-	-	-	1,214	1,315
Due to Other Governments	-	-	8,989	-	2,699	-	2,275	-	12,160	26,123
Due to Primary Government	-	-	34,111	-	-	-	-	-	762	34,873
Deferred Revenue	14,427	-	2,733	-	2,503	9,400	3,015	6,444	41,945	80,467
Other Current Liabilities	-	-	-	-	-	-	-	44	-	44
Non-Current Liabilities:										
Due within one year	46,045	-	7,435	-	1,614	-	-	-	-	55,094
Due in more than one year	1,120,338	-	189,783	-	20,936	-	122,000	2,392	50,239	1,505,688
Total Liabilities	1,392,192	-	282,787	-	152,447	92,680	154,851	11,267	118,957	2,205,181
<b>Net Assets</b>										
Invested in Capital Assets, Net of Related Debt	1,019	-	51,444	-	69,278	-	-	-	32,650	154,391
Restricted For:										
Capital Projects	-	-	6,233	-	2,255	-	-	-	-	8,488
Debt Service	112,820	-	-	-	-	-	-	-	-	112,820
Educational Programs	-	-	-	-	4,674	-	-	-	-	4,674
Grant Programs	-	-	-	-	-	-	-	-	39,266	39,266
Other	-	-	-	-	-	-	686,863	-	-	686,863
Unrestricted	129,780	-	35,887	-	15,711	-	-	9,377	(4,396)	186,359
Total Net Assets	243,619	-	93,564	-	91,918	-	686,863	9,377	67,520	1,192,861

\* The Philadelphia Gas Works is presented as of the close of their fiscal year, August 31, 2008. Community Behavioral Health and the Philadelphia Authority for Industrial Development are presented as of the close of their fiscal year, December 31, 2008. The Philadelphia Parking Authority is presented as of the close of their fiscal year, March 31, 2009.

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

Functions	Program Revenues				Net (Expense) Revenue and Changes in Net Assets									Total
	Expenses	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Philadelphia Gas Works*	Philadelphia Redevelopment Authority	Philadelphia Parking Authority*	School District of Philadelphia	Community College of Philadelphia	Community Behavioral Health*	Philadelphia Convention Center Authority	Delaware River Waterfront Corporation	Philadelphia Authority for Industrial Development*	
<b>Gas Operations</b>														
Gas Works	924,470	919,768	21,913	-	17,211									17,211
<b>Housing</b>														
Redevelopment Authority	-	-	-	-	-									-
<b>Parking</b>														
Parking Authority	205,874	212,985	-	-		7,111								7,111
<b>Education</b>														
School District	-	-	-	-										-
Community College	145,648	31,258	58,295	-				(56,095)						(56,095)
Total	145,648	31,258	58,295	-										
<b>Health</b>														
Community Behavioral Health	758,324	-	758,049						(275)					(275)
<b>Economic Development</b>														
Convention Center Authority	90,713	8,420	376,424	196,267							490,398			490,398
Delaware River Waterfront Corp.	10,152	6,553	3,237	-								(362)		(362)
Authority for Ind. Development	103,714	29,960	39,801	-									(33,953)	(33,953)
Total	204,579	44,933	419,462	196,267										
Total Component Units	2,238,895	1,208,944	1,257,719	196,267										424,035
General Revenues:														
Grants & Contributions Not Restricted to Specific Programs					-	-	-	61,674	-	-	-	-	-	61,674
Unrestricted Interest & Investment Earnings					-	-	3,218	-	2,209	275	238	40	102	6,082
Miscellaneous					-	-	-	-	2,452	-	-	-	-	2,452
Special Item-Gain (Loss) on Sale of Capital Assets					-	-	-	-	-	-	-	-	752	752
Transfers					-	-	-	-	-	-	-	-	28,884	28,884
Total General Revenue ,Special items and Transfers					-	-	3,218	-	66,335	275	238	40	29,738	99,844
Change in Net Assets					17,211	-	10,329	-	10,240	-	490,636	(322)	(4,215)	523,879
Net Assets - July 1, 2009					226,408	-	83,235	-	81,678	-	196,227	9,699	71,735	668,982
Net Assets Adjusted - July 1, 2009					226,408	-	83,235	-	81,678	-	196,227	9,699	71,735	668,982
Net Assets - June 30, 2010					243,619	-	93,564	-	91,918	-	686,863	9,377	67,520	1,192,861

\* The Philadelphia Gas Works is presented as of the close of their fiscal year, August 31, 2009. Community Behavioral Health and the Philadelphia Authority for Industrial Development are presented as of the close of their fiscal year, December 31, 2009. The Philadelphia Parking Authority is presented as of the close of their fiscal year, March 31, 2010.

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

**City of Philadelphia**  
**Budgetary Comparison Schedule**  
**General Fund**  
**For the Fiscal Year Ended June 30, 2010**

**Exhibit 15**

*Amounts in thousands of USD*

	<u>Budgeted Amounts</u>			Final Budget to Actual Positive (Negative)
	<u>Original</u>	<u>Final</u>	<u>Actual*</u>	
<b><u>Revenues</u></b>				
Tax Revenue	2,339,328	2,334,647	2,316,641	(18,006)
Locally Generated Non-Tax Revenue	275,972	247,290	229,359	(17,931)
Revenue from Other Governments	1,171,136	1,168,941	1,076,381	(92,560)
Revenue from Other Funds	<u>28,134</u>	<u>33,003</u>	<u>31,945</u>	<u>(1,058)</u>
Total Revenues	3,814,570	3,783,881	3,654,326	(129,555)
<b><u>Expenditures and Encumbrances</u></b>				
Personal Services	1,358,423	1,378,758	1,358,456	20,302
Pension Contributions	332,175	346,730	346,730	-
Other Employee Benefits	<u>480,600</u>	<u>488,753</u>	<u>484,670</u>	<u>4,083</u>
Sub-Total Employee Compensation	2,171,198	2,214,241	2,189,856	24,385
Purchase of Services	1,149,555	1,169,864	1,111,393	58,471
Materials and Supplies	65,603	66,174	59,894	6,280
Equipment	12,719	15,438	8,800	6,638
Contributions, Indemnities and Taxes	117,874	128,105	128,042	63
Debt Service	121,867	108,867	105,513	3,354
Payments to Other Funds	30,011	30,012	24,172	5,840
Advances, Subsidies, Miscellaneous	<u>25,000</u>	<u>25,000</u>	<u>26,056</u>	<u>(1,056)</u>
Total Expenditures and Encumbrances	<u>3,693,827</u>	<u>3,757,701</u>	<u>3,653,726</u>	<u>103,975</u>
Operating Surplus (Deficit) for the Year	<u>120,743</u>	<u>26,180</u>	<u>600</u>	<u>(25,580)</u>
Fund Balance Available for Appropriation, July 1, 2009	(59,979)	(137,188)	(137,188)	-
<b><u>Operations in Respect to Prior Fiscal Years</u></b>				
Commitments Cancelled - Net	24,500	24,500	22,153	(2,347)
Revenue Adjustments - Net	-	-	-	-
Prior Period Adjustments	<u>-</u>	<u>-</u>	<u>406</u>	<u>406</u>
Adjusted Fund Balance, July 1, 2009	<u>(35,479)</u>	<u>(112,688)</u>	<u>(114,629)</u>	<u>(1,941)</u>
Fund Balance Available for Appropriation, June 30, 2010	<u>85,264</u>	<u>(86,508)</u>	<u>(114,029)</u>	<u>(27,521)</u>

\* Refer to the notes to required supplementary information.

City of Philadelphia  
 Schedule of Budgetary Actual and Estimated Revenues and Obligations  
 General Fund  
 For the Fiscal Year Ended June 30, 2010 (with comparative actual amounts for the Fiscal Year Ended June 30, 2009)

Schedule 16

Amounts in thousands of USD

	Budgeted Amounts		FY 2010 Actual	Final Budget to Actual Positive (Negative)	FY 2009 Actual	Increase (Decrease)
	Original	Final				
<b>Revenue</b>						
<b>Taxes</b>						
Real Property Tax:						
Current	378,242	371,420	364,313	(7,107)	365,637	(1,324)
Prior Years	42,000	42,000	37,874	(4,126)	34,420	3,454
Total Real Property Tax	420,242	413,420	402,187	(11,233)	400,057	2,130
Wage and Earnings Taxes:						
Current	1,133,993	1,092,993	1,102,285	9,292	1,105,871	(3,586)
Prior Years	12,000	24,000	11,918	(12,082)	11,170	748
Total Wage and Earnings Taxes	1,145,993	1,116,993	1,114,203	(2,790)	1,117,041	(2,838)
Business Taxes:						
Business Privilege Taxes:						
Current	323,688	349,638	329,275	(20,363)	367,074	(37,799)
Prior Years	25,000	27,000	35,428	8,428	18,916	16,512
Total Business Privilege Tax	348,688	376,638	364,703	(11,935)	385,990	(21,287)
Net Profits Tax:						
Current	8,381	8,381	12,058	3,677	9,472	2,586
Prior Years	4,000	6,000	2,448	(3,552)	2,727	(279)
Total Net Profits Tax	12,381	14,381	14,506	125	12,199	2,307
Total Business Taxes	361,069	391,019	379,209	(11,810)	398,189	(18,980)
Other Taxes:						
Sales Tax	234,660	199,801	207,113	7,312	128,233	78,880
Amusement Tax	18,894	20,894	21,850	956	21,379	471
Real Property Transfer Tax	84,745	118,745	119,236	491	115,133	4,103
Parking Lot Tax	70,725	70,725	70,453	(272)	70,380	73
Miscellaneous Taxes	3,000	3,050	2,390	(660)	2,406	(16)
Total Other Taxes	412,024	413,215	421,042	7,827	337,531	83,511
Total Taxes	2,339,328	2,334,647	2,316,641	(18,006)	2,252,818	63,823
<b>Locally Generated Non-Tax Revenue</b>						
Rentals from Leased City Properties	5,943	5,073	4,696	(377)	7,378	(2,682)
Licenses and Permits	49,564	39,917	43,346	3,429	39,286	4,060
Fines, Forfeits, Penalties, Confiscated Money and Property	22,672	20,997	17,727	(3,270)	17,665	62
Interest Income	13,375	12,776	8,264	(4,512)	15,815	(7,551)
Service Charges and Fees	133,328	126,017	113,972	(12,045)	100,118	13,854
Other	51,090	42,510	41,354	(1,156)	76,027	(34,673)
Total Locally Generated Non-Tax Revenue	275,972	247,290	229,359	(17,931)	256,289	(26,930)
<b>Revenue from Other Governments</b>						
United States Government:						
Grants and Reimbursements	202,801	192,170	140,347	(51,823)	128,655	11,692
Commonwealth of Pennsylvania:						
Grants and Other Payments	595,678	635,110	605,896	(29,214)	519,487	86,409
Other Governmental Units	372,657	341,661	330,138	(11,523)	345,294	(15,156)
Total Revenue from Other Governments	1,171,136	1,168,941	1,076,381	(92,560)	993,436	82,945
<b>Revenue from Other Funds</b>						
	28,134	33,003	31,945	(1,058)	135,338	(103,393)
Total Revenues	3,814,570	3,783,881	3,654,326	(129,555)	3,637,881	16,445

City of Philadelphia  
 Schedule of Budgetary Actual and Estimated Revenues and Obligations  
 General Fund  
 For the Fiscal Year Ended June 30, 2010 (with comparative actual amounts for the Fiscal Year Ended June 30, 2009)

Schedule 16

Amounts in thousands of USD

	Budgeted Amounts		FY 2010 Actual	Final Budget	FY 2009 Actual	Increase (Decrease)
	Original	Final		to Actual Positive (Negative)		
<b>Obligations</b>						
<b>General Government</b>						
City Council	16,049	16,139	13,464	2,675	14,696	(1,232)
Mayor's Office:						
Mayor's Office	4,359	5,022	4,263	759	9,435	(5,172)
Scholarships	200	200	193	7	200	(7)
Mural Arts Program	1,000	1,000	973	27	763	210
Labor Relations	485	539	523	16	535	(12)
MDO Office of Technology	21,744	42,733	38,521	4,212	36,397	2,124
Capital Program Office	-	-	-	-	3,020	(3,020)
Mayor's Office of Community Services	-	30	30	-	8	22
Transportation	500	500	482	18	411	71
Law	20,768	20,844	17,965	2,879	19,260	(1,295)
Board of Ethics	810	810	706	104	763	(57)
Youth Commission	100	100	85	15	51	34
Inspector General	1,310	1,310	1,146	164	-	1,146
City Planning Commission	2,728	2,904	2,904	-	3,054	(150)
Commission on Human Relations	2,084	2,084	1,983	101	2,076	(93)
Zoning Code Commission	500	500	468	32	382	86
Arts & Culture	3,935	3,949	3,943	6	-	3,943
Board of Revision of Taxes	7,816	7,816	7,463	353	8,789	(1,326)
<b>Total General Government</b>	<b>84,388</b>	<b>106,480</b>	<b>95,112</b>	<b>11,368</b>	<b>99,840</b>	<b>(4,728)</b>
<b>Operation of Service Departments</b>						
Housing	2,800	2,800	2,800	-	4,000	(1,200)
Managing Director	18,787	18,891	16,576	2,315	20,143	(3,567)
Police	522,478	541,956	541,606	350	544,120	(2,514)
Streets	117,124	139,031	134,903	4,128	140,411	(5,508)
Fire	188,656	190,698	190,051	647	191,222	(1,171)
Public Health	116,937	117,035	111,198	5,837	116,409	(5,211)
Office-Behavioral Health/Mental Retardation	14,272	14,272	14,239	33	14,260	(21)
Recreation	33,619	34,716	33,699	1,017	37,987	(4,288)
Fairmount Park Commission	12,590	13,337	13,251	86	14,876	(1,625)
Atwater Kent Museum	249	298	298	-	276	22
Camp William Penn	100	100	100	-	98	2
Public Property	177,712	167,629	164,793	2,836	169,732	(4,939)
Department of Human Services	590,878	592,522	562,731	29,791	600,655	(37,924)
Philadelphia Prisons	248,835	246,592	240,571	6,021	242,698	(2,127)
Office of Supportive Housing	38,474	38,478	38,387	91	39,437	(1,050)
Office of Fleet Management	52,254	52,839	47,331	5,508	54,601	(7,270)
Licenses and Inspections	24,103	24,975	23,069	1,906	26,783	(3,714)
Board of L & I Review	156	156	127	29	207	(80)
Board of Building Standards	72	72	61	11	91	(30)
Zoning Board of Adjustment	378	378	311	67	359	(48)
Records	5,335	5,361	5,195	166	6,873	(1,678)
Philadelphia Historical Commission	413	437	387	50	377	10
Art Museum	2,300	2,343	2,343	-	3,000	(657)
Philadelphia Free Library	32,968	33,239	32,752	487	37,533	(4,781)
<b>Total Operations of Service Departments</b>	<b>2,201,490</b>	<b>2,238,155</b>	<b>2,176,779</b>	<b>61,376</b>	<b>2,266,148</b>	<b>(89,369)</b>
<b>Financial Management</b>						
Office of Director of Finance	35,952	40,326	11,176	29,150	19,830	(8,654)
Department of Revenue	16,415	19,035	16,420	2,615	17,038	(618)
Sinking Fund Commission	215,531	202,531	185,464	17,067	186,963	(1,499)
Procurement	3,775	4,397	4,397	-	4,866	(469)
City Treasurer	751	751	648	103	632	16
Audit of City Operations	7,425	7,545	7,408	137	7,885	(477)
<b>Total Financial Management</b>	<b>279,849</b>	<b>274,585</b>	<b>225,513</b>	<b>49,072</b>	<b>237,214</b>	<b>(11,701)</b>

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

Schedule 16

Amounts in thousands of USD

For the Fiscal Year Ended June 30, 2010 (with comparative actual amounts for the Fiscal Year Ended June 30, 2009)

	Budgeted Amounts		FY 2010 Actual	Final Budget to Actual Positive (Negative)	FY 2009 Actual	Increase (Decrease)
	Original	Final				
<b>Obligations (Continued)</b>						
<b>City-Wide Appropriations Under the Director of Finance</b>						
Fringe Benefits	789,250	811,848	831,698	(19,850)	973,223	(141,525)
PGW Rental Reimbursement	18,000	18,000	18,000	-	18,000	-
Community College of Philadelphia	26,468	26,468	26,468	-	26,468	-
Legal Services	35,941	35,941	35,941	-	37,339	(1,398)
Hero Award	25	43	43	-	35	8
Refunds	250	8	1	7	-	1
Indemnities	24,500	39	1	38	31	(30)
Office of Risk Management	2,312	2,175	2,891	(716)		2,891
Witness Fees	172	172	104	68	117	(13)
Contribution to School District	38,540	38,540	38,540	-	38,490	50
<b>Total City-Wide Under Director of Finance</b>	<b>935,458</b>	<b>933,234</b>	<b>953,687</b>	<b>(20,453)</b>	<b>1,093,703</b>	<b>(140,016)</b>
<b>Promotion and Public Relations</b>						
City Representative	1,137	1,137	906	231	4,648	(3,742)
Commerce	28,554	28,554	27,321	1,233	27,761	(440)
	29,691	29,691	28,227	1,464	32,409	(4,182)
<b>Personnel</b>						
Civic Service Commission	170	170	154	16	165	(11)
Personnel Director	4,568	4,573	4,052	521	4,523	(471)
<b>Total Personnel</b>	<b>4,738</b>	<b>4,743</b>	<b>4,206</b>	<b>537</b>	<b>4,688</b>	<b>(482)</b>
<b>Administration of Justice</b>						
Clerk of Quarter Sessions	4,915	4,915	4,510	405	4,968	(458)
Register of Wills	3,399	3,399	3,209	190	3,598	(389)
District Attorney	28,942	30,151	30,153	(2)	30,882	(729)
Sheriff	13,067	15,785	15,785	-	15,706	79
First Judicial District	97,754	105,746	105,746	-	114,971	(9,225)
<b>Total Administration of Justice</b>	<b>148,077</b>	<b>159,996</b>	<b>159,403</b>	<b>593</b>	<b>170,125</b>	<b>(10,722)</b>
<b>City-Wide Appropriations Under the First Judicial District</b>						
Juror Fees	1,342	1,599	1,599	-	1,444	155
<b>Conduct of Elections</b>						
City Commissioners	8,794	9,218	9,200	18	9,717	(517)
<b>Total Obligations</b>	<b>3,693,827</b>	<b>3,757,701</b>	<b>3,653,726</b>	<b>103,975</b>	<b>3,915,288</b>	<b>(261,562)</b>
<b>Operating Surplus (Deficit) for the Year</b>	<b>120,743</b>	<b>26,180</b>	<b>600</b>	<b>(25,580)</b>	<b>(277,407)</b>	<b>278,007</b>

City of Philadelphia  
 Budgetary Comparison Schedule  
 Water Operating Fund  
 For the Fiscal Year Ended June 30, 2010

Exhibit 17

Amounts in thousands of USD

	<u>Budgeted Amounts</u>			Final Budget to Actual Positive (Negative)
	<u>Original</u>	<u>Final</u>	<u>Actual</u>	
<b>Revenues</b>				
Locally Generated Non-Tax Revenue	528,141	513,029	516,378	3,349
Revenue from Other Governments	4,000	3,000	2,631	(369)
Revenue from Other Funds	<u>81,469</u>	<u>58,696</u>	<u>27,734</u>	<u>(30,962)</u>
Total Revenues	613,610	574,725	546,743	(27,982)
<b>Expenditures and Encumbrances</b>				
Personal Services	111,393	111,417	101,754	9,663
Pension Contributions	39,986	38,686	27,493	11,193
Other Employee Benefits	<u>40,420</u>	<u>41,720</u>	<u>40,791</u>	<u>929</u>
Sub-Total Employee Compensation	191,799	191,823	170,038	21,785
Purchase of Services	123,152	123,128	106,002	17,126
Materials and Supplies	53,025	53,038	41,991	11,047
Equipment	6,320	6,308	2,435	3,873
Contributions, Indemnities and Taxes	6,513	6,513	4,897	1,616
Debt Service	200,123	200,123	196,917	3,206
Payments to Other Funds	<u>49,678</u>	<u>49,678</u>	<u>47,370</u>	<u>2,308</u>
Total Expenditures and Encumbrances	<u>630,610</u>	<u>630,611</u>	<u>569,650</u>	<u>60,961</u>
Operating Surplus (Deficit) for the Year	<u>(17,000)</u>	<u>(55,886)</u>	<u>(22,907)</u>	<u>32,979</u>
Fund Balance Available for Appropriation, July 1, 2009	-	-	-	-
<b>Operations in Respect to Prior Fiscal Years</b>				
Commitments Cancelled - Net	<u>17,000</u>	<u>17,000</u>	<u>22,707</u>	<u>5,707</u>
Adjusted Fund Balance, July 1, 2009	<u>17,000</u>	<u>17,000</u>	<u>22,707</u>	<u>5,707</u>
Fund Balance Available for Appropriation, June 30, 2010	<u>-</u>	<u>(38,886)</u>	<u>(200)</u>	<u>38,686</u>

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

**Exhibit 18**

*Amounts in thousands of USD*

**For the Fiscal Year Ended June 30, 2010 (with comparative actual amounts for the Fiscal Year Ended June 30, 2009)**

	<u>Budgeted Amounts</u>		<u>FY 2010 Actual</u>	<u>Final Budget</u>	<u>FY 2009 Actual</u>	<u>Increase (Decrease)</u>
	<u>Original</u>	<u>Final</u>		<u>to Actual Positive (Negative)</u>		
<b><u>Revenue</u></b>						
<b><u>Locally Generated Non-Tax Revenue</u></b>						
Sales and Charges - Current	425,795	421,350	429,760	8,410	414,381	15,379
Sales and Charges - Prior Years	43,008	38,257	31,431	(6,826)	11,273	20,158
Fire Service Connections	1,920	925	1,593	668	1,370	223
Surcharges	4,942	5,013	4,576	(437)	4,484	92
Fines and Penalties	1,038	1,002	1,206	204	824	382
Miscellaneous Charges	1,376	946	1,645	699	976	669
Charges to Other Municipalities	31,551	31,551	37,357	5,806	28,982	8,375
Licenses and Permits	2,000	2,024	2,226	202	2,208	18
Interest Income	9,181	5,720	851	(4,869)	10,050	(9,199)
Fleet Management - Sale of Vehicles & Equipment	195	245	287	42	295	(8)
Contributions from Sinking Fund Reserve	2,782	2,718	2,648	(70)	7,059	(4,411)
Reimbursement of Expenditures	193	218	59	(159)	94	(35)
Repair Loan Program	2,644	2,340	2,116	(224)	2,120	(4)
Other	1,516	720	623	(97)	422	201
<b>Total Locally Generated Non-Tax Revenue</b>	<b>528,141</b>	<b>513,029</b>	<b>516,378</b>	<b>3,349</b>	<b>484,538</b>	<b>31,840</b>
<b><u>Revenue from Other Governments</u></b>						
State	2,000	1,000	726	(274)	401	325
Federal	2,000	2,000	1,905	(95)	273	1,632
<b>Total Revenue from Other Governments</b>	<b>4,000</b>	<b>3,000</b>	<b>2,631</b>	<b>(369)</b>	<b>674</b>	<b>1,957</b>
<b><u>Revenue from Other Funds</u></b>	<b>81,469</b>	<b>58,696</b>	<b>27,734</b>	<b>(30,962)</b>	<b>58,263</b>	<b>(30,529)</b>
<b>Total Revenues</b>	<b>613,610</b>	<b>574,725</b>	<b>546,743</b>	<b>(27,982)</b>	<b>543,475</b>	<b>3,268</b>
<b><u>Obligations</u></b>						
Mayor's Office of Information Services	1,730	2,649	1,907	742	2,372	(465)
Public Property	4,533	3,614	3,614	-	3,613	1
Office of Fleet Management	8,543	8,543	7,210	1,333	7,189	21
Water Department	303,228	308,126	271,054	37,072	266,273	4,781
Office of the Director of Finance	-	-	-	-	108	(108)
City-Wide Appropriation Under the Director of Finance:						
Pension Contributions	39,986	38,686	27,494	11,192	38,364	(10,870)
Other Employee Benefits	40,420	41,720	40,792	928	39,346	1,446
Contributions, Indemnities and Taxes	6,500	1,603	-	1,603	-	-
Department of Revenue	22,157	22,157	17,678	4,479	17,540	138
Sinking Fund Commission	200,123	200,123	196,717	3,406	184,253	12,464
Procurement Department	69	69	69	-	66	3
Law	3,321	3,321	3,115	206	3,071	44
<b>Total Obligations</b>	<b>630,610</b>	<b>630,611</b>	<b>569,650</b>	<b>60,961</b>	<b>562,195</b>	<b>7,455</b>
<b>Operating Surplus (Deficit) for the Year</b>	<b>(17,000)</b>	<b>(55,886)</b>	<b>(22,907)</b>	<b>32,979</b>	<b>(18,720)</b>	<b>(4,187)</b>

**City of Philadelphia**  
**Budgetary Comparison Schedule**  
**Water Residual Fund**  
**For the Fiscal Year Ended June 30, 2010**

**Exhibit 19**

*Amounts in thousands of USD*

	<u>Budgeted Amounts</u>		<u>Actual</u>	Final Budget to Actual Positive (Negative)
	<u>Original</u>	<u>Final</u>		
<b><u>Revenues</u></b>				
Locally Generated Non-Tax Revenue	-	1,900	253	(1,647)
Revenue from Other Funds	<u>19,250</u>	<u>19,250</u>	<u>20,606</u>	<u>1,356</u>
Total Revenues	19,250	21,150	20,859	(291)
<b><u>Expenditures and Encumbrances</u></b>				
Payments to Other Funds	<u>19,250</u>	<u>19,250</u>	<u>18,772</u>	<u>478</u>
Total Expenditures and Encumbrances	<u>19,250</u>	<u>19,250</u>	<u>18,772</u>	<u>478</u>
Operating Surplus (Deficit) for the Year	<u>-</u>	<u>1,900</u>	<u>2,087</u>	<u>187</u>
Fund Balance Available for Appropriation, July 1, 2009	1,231	18,184	18,184	-
Fund Balance Available for Appropriation, June 30, 2010	<u>1,231</u>	<u>20,084</u>	<u>20,271</u>	<u>187</u>

City of Philadelphia  
 Budgetary Comparison Schedule  
 County Liquid Fuels Tax Fund  
 For the Fiscal Year Ended June 30, 2010

Exhibit 20

Amounts in thousands of USD

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Final Budget to Actual Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
<b><u>Revenues</u></b>				
Locally Generated Non-Tax Revenue	9	3	-	(3)
Revenue from Other Governments	5,049	4,715	4,724	9
Total Revenues	5,058	4,718	4,724	6
<b><u>Expenditures and Encumbrances</u></b>				
Personal Services	3,734	3,734	3,734	-
Purchase of Services	861	856	205	651
Materials and Supplies	260	265	264	1
Equipment	80	76	-	76
Payments to Other Funds	15	19	19	-
Total Expenditures and Encumbrances	4,950	4,950	4,222	728
Operating Surplus (Deficit) for the Year	108	(232)	502	734
Fund Balance Available for Appropriation, July 1, 2009	825	1,416	1,416	-
<b><u>Operations in Respect to Prior Fiscal Years</u></b>				
Commitments Cancelled - Net	50	50	70	20
Adjusted Fund Balance, July 1, 2009	875	1,466	1,486	20
Fund Balance Available for Appropriation, June 30, 2010	983	1,234	1,988	754

City of Philadelphia  
 Budgetary Comparison Schedule  
 Special Gasoline Tax Fund  
 For the Fiscal Year Ended June 30, 2010

Exhibit 21

Amounts in thousands of USD

	<u>Budgeted Amounts</u>			Final Budget to Actual Positive (Negative)
	<u>Original</u>	<u>Final</u>	<u>Actual</u>	
<b><u>Revenues</u></b>				
Locally Generated Non-Tax Revenue	120	15	32	17
Revenue from Other Governments	<u>24,761</u>	<u>23,701</u>	<u>23,861</u>	<u>160</u>
Total Revenues	24,881	23,716	23,893	177
<b><u>Expenditures and Encumbrances</u></b>				
Personal Services	3,000	3,000	3,000	-
Pension Contributions	500	500	500	-
Other Employee Benefits	<u>500</u>	<u>500</u>	<u>500</u>	<u>-</u>
Sub-Total Employee Compensation	4,000	4,000	4,000	-
Purchase of Services	15,648	16,279	15,263	1,016
Materials and Supplies	3,595	3,554	3,543	11
Equipment	590	-	-	-
Contributions, Indemnities and Taxes	<u>31</u>	<u>31</u>	<u>15</u>	<u>16</u>
Total Expenditures and Encumbrances	<u>23,864</u>	<u>23,864</u>	<u>22,821</u>	<u>1,043</u>
Operating Surplus (Deficit) for the Year	<u>1,017</u>	<u>(148)</u>	<u>1,072</u>	<u>1,220</u>
Fund Balance Available for Appropriation, July 1, 2009	12,034	12,507	12,507	-
<b><u>Operations in Respect to Prior Fiscal Years</u></b>				
Commitments Cancelled - Net	<u>120</u>	<u>120</u>	<u>504</u>	<u>384</u>
Adjusted Fund Balance, July 1, 2009	<u>12,154</u>	<u>12,627</u>	<u>13,011</u>	<u>384</u>
Fund Balance Available for Appropriation, June 30, 2010	<u><u>13,171</u></u>	<u><u>12,479</u></u>	<u><u>14,083</u></u>	<u><u>1,604</u></u>

City of Philadelphia  
 Budgetary Comparison Schedule  
 HealthChoices Behavioral Health Fund  
 For the Fiscal Year Ended June 30, 2010

Exhibit 22

Amounts in thousands of USD

	Budgeted Amounts			Final Budget to Actual Positive (Negative)
	Original	Final	Actual*	
<b>Revenues</b>				
Locally Generated Non-Tax Revenue	10,000	4,959	(13,046)	(18,005)
Revenue from Other Governments	840,638	789,391	840,185	50,794
Total Revenues	850,638	794,350	827,139	32,789
<b>Other Sources</b>				
Increase in Unreimbursed Commitments	-	-	2,698	2,698
Decrease in Financed Reserves	-	-	17,716	17,716
Total Revenues and Other Sources	850,638	794,350	847,553	53,203
<b>Expenditures and Encumbrances</b>				
Purchase of Services	897,959	897,959	805,031	92,928
Equipment	100	100	-	100
Payments to Other Funds	1,580	1,580	919	661
Total Expenditures and Encumbrances	899,639	899,639	805,950	93,689
Operating Surplus (Deficit) for the Year	(49,001)	(105,289)	41,603	146,892
Fund Balance Available for Appropriation, July 1, 2009	28,360	-	(5,379)	(5,379)
<b>Operations in Respect to Prior Fiscal Years</b>				
Commitments Cancelled - Net	-	-	6,250	6,250
Other Adjustments	69,000	13,491	-	(13,491)
Adjusted Fund Balance, July 1, 2009	97,360	13,491	871	(12,620)
Fund Balance Available for Appropriation, June 30, 2010	48,359	(91,798)	42,474	134,272

\* Refer to the notes to required supplementary information.

**City of Philadelphia**  
**Budgetary Comparison Schedule**  
**Hotel Room Rental Tax Fund**  
**For the Fiscal Year Ended June 30, 2010**

**Exhibit 23**

*Amounts in thousands of USD*

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Final Budget to Actual Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
<b><u>Revenues</u></b>				
Taxes	39,500	40,900	40,512	(388)
Locally Generated Non-Tax Revenue	30	82	596	514
	<u>39,530</u>	<u>40,982</u>	<u>41,108</u>	<u>126</u>
<b><u>Expenditures and Encumbrances</u></b>				
Personal Services	80	80	80	-
Contributions, Indemnities and Taxes	39,450	39,450	35,810	3,640
	<u>39,530</u>	<u>39,530</u>	<u>35,890</u>	<u>3,640</u>
Operating Surplus (Deficit) for the Year	<u>-</u>	<u>1,452</u>	<u>5,218</u>	<u>3,766</u>
Fund Balance Available for Appropriation, July 1, 2009	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Fund Balance Available for Appropriation, June 30, 2010	<u>-</u>	<u>1,452</u>	<u>5,218</u>	<u>3,766</u>

**City of Philadelphia**  
**Budgetary Comparison Schedule**  
**Grants Revenue Fund**  
**For the Fiscal Year Ended June 30, 2010**

**Exhibit 24**

*Amounts in thousands of USD*

	<u>Budgeted Amounts</u>			<u>Final Budget to Actual Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>	<u>Actual*</u>	
<b><u>Revenues</u></b>				
Locally Generated Non-Tax Revenue	60,437	75,016	39,297	(35,719)
Revenue from Other Governments	<u>1,327,486</u>	<u>748,867</u>	<u>532,525</u>	<u>(216,342)</u>
Total Revenues	1,387,923	823,883	571,822	(252,061)
<b><u>Other Sources</u></b>				
Increase in Unreimbursed Commitments	-	-	37,343	37,343
Decrease in Financed Reserves	<u>-</u>	<u>-</u>	<u>2,990</u>	<u>2,990</u>
Total Revenues and Other Sources	<u>1,387,923</u>	<u>823,883</u>	<u>612,155</u>	<u>(211,728)</u>
<b><u>Expenditures and Encumbrances</u></b>				
Personal Services	108,481	101,859	82,731	19,128
Pension Contributions	4,874	14,949	9,625	5,324
Other Employee Benefits	<u>22,469</u>	<u>17,171</u>	<u>14,971</u>	<u>2,200</u>
Sub-Total Employee Compensation	135,824	133,979	107,327	26,652
Purchase of Services	889,774	630,420	494,447	135,973
Materials and Supplies	17,534	17,467	14,717	2,750
Equipment	19,896	10,087	4,275	5,812
Contributions, Indemnities and Taxes	-	270	210	60
Payments to Other Funds	24,895	31,660	22,551	9,109
Advances, Subsidies, Miscellaneous	<u>300,000</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total Expenditures and Encumbrances	<u>1,387,923</u>	<u>823,883</u>	<u>643,527</u>	<u>180,356</u>
Operating Surplus (Deficit) for the Year	<u>-</u>	<u>-</u>	<u>(31,372)</u>	<u>(31,372)</u>
Fund Balance Available for Appropriation, July 1, 2009	-	(36,712)	(36,712)	-
<b><u>Operations in Respect to Prior Fiscal Years</u></b>				
Commitments Cancelled - Net	-	-	43,177	43,177
Revenue Adjustments - Net	-	-	(14,861)	(14,861)
Other Adjustments	<u>-</u>	<u>36,712</u>	<u>-</u>	<u>(36,712)</u>
Adjusted Fund Balance, July 1, 2009	<u>-</u>	<u>-</u>	<u>(8,396)</u>	<u>(8,396)</u>
Fund Balance Available for Appropriation, June 30, 2010	<u>-</u>	<u>-</u>	<u>(39,768)</u>	<u>(39,768)</u>

\* Refer to the notes to required supplementary information.

**City of Philadelphia**  
**Budgetary Comparison Schedule**  
**Aviation Operating Fund**  
**For the Fiscal Year Ended June 30, 2010**

**Exhibit 25**

*Amounts in thousands of USD*

	<u>Budgeted Amounts</u>			<u>Final Budget to Actual Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>	<u>Actual</u>	
<b><u>Revenues</u></b>				
Locally Generated Non-Tax Revenue	355,000	293,740	285,016	(8,724)
Revenue from Other Governments	7,800	2,000	3,091	1,091
Revenue from Other Funds	2,000	1,000	2,063	1,063
	<hr/>	<hr/>	<hr/>	<hr/>
Total Revenues	364,800	296,740	290,170	(6,570)
<b><u>Expenditures and Encumbrances</u></b>				
Personal Services	66,066	66,066	56,628	9,438
Pension Contributions	20,978	20,978	14,946	6,032
Other Employee Benefits	19,305	19,305	17,993	1,312
Sub-Total Employee Compensation	106,349	106,349	89,567	16,782
	<hr/>	<hr/>	<hr/>	<hr/>
Purchase of Services	110,515	110,515	79,954	30,561
Materials and Supplies	8,526	8,526	8,135	391
Equipment	12,846	12,846	3,835	9,011
Contributions, Indemnities and Taxes	6,032	6,032	1,449	4,583
Debt Service	107,650	107,650	95,343	12,307
Payments to Other Funds	24,627	24,627	5,674	18,953
	<hr/>	<hr/>	<hr/>	<hr/>
Total Expenditures and Encumbrances	376,545	376,545	283,957	92,588
	<hr/>	<hr/>	<hr/>	<hr/>
Operating Surplus (Deficit) for the Year	(11,745)	(79,805)	6,213	86,018
	<hr/>	<hr/>	<hr/>	<hr/>
Fund Balance Available for Appropriation, July 1, 2009	57,183	55,128	55,128	-
<b><u>Operations in Respect to Prior Fiscal Years</u></b>				
Commitments Cancelled - Net	15,000	15,000	12,281	(2,719)
	<hr/>	<hr/>	<hr/>	<hr/>
Adjusted Fund Balance, July 1, 2009	72,183	70,128	67,409	(2,719)
	<hr/>	<hr/>	<hr/>	<hr/>
Fund Balance Available for Appropriation, June 30, 2010	60,438	(9,677)	73,622	83,299
	<hr/> <hr/>	<hr/> <hr/>	<hr/> <hr/>	<hr/> <hr/>

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

Exhibit 26

Aviation Operating Fund

Amounts in thousands of USD

For the Fiscal Year Ended June 30, 2010 (with comparative actual amounts for the Fiscal Year Ended June 30, 2009)

	Budgeted Amounts		FY 2010 Actual	Final Budget	FY 2009 Actual	Increase (Decrease)
	Original	Final		to Actual Positive (Negative)		
<b>Revenue</b>						
<b>Locally Generated Non-Tax Revenue</b>						
Concessions	32,000	20,000	27,442	7,442	26,422	1,020
Space Rentals	117,270	102,500	103,250	750	101,474	1,776
Landing Fees	65,700	53,000	50,218	(2,782)	49,708	510
Parking	36,000	26,000	23,733	(2,267)	31,240	(7,507)
Car Rentals	25,000	18,000	16,743	(1,257)	18,629	(1,886)
Interest Earnings	2,000	2,000	326	(1,674)	2,163	(1,837)
Sale of Utilities	5,000	4,000	3,850	(150)	4,505	(655)
Passenger Facility Charge	33,000	33,000	33,133	133	32,925	208
Overseas Terminal Facility Charges	-	-	10	10	11	(1)
International Terminal Charge	24,000	20,000	19,755	(245)	19,733	22
Other	15,030	15,240	6,557	(8,683)	4,472	2,085
Total Locally Generated Non-Tax Revenue	355,000	293,740	285,017	(8,723)	291,282	(6,265)
<b>Revenue from Other Governments</b>						
State	1,300	-	194	194	-	194
Federal	6,500	2,000	2,896	896	1,934	962
<b>Revenue from Other Funds</b>						
	2,000	1,000	2,063	1,063	887	1,176
Total Revenue	364,800	296,740	290,170	(6,570)	294,103	(3,933)
<b>Obligations</b>						
Mayor's Office of Information Services	-	694	393	301	434	(41)
Police	13,543	13,553	13,029	524	13,069	(40)
Fire	6,203	6,203	5,109	1,094	5,478	(369)
Public Property	27,594	26,900	13,900	13,000	17,000	(3,100)
Office of Fleet Management	8,134	8,134	5,287	2,847	4,504	783
City-Wide Appropriation Under the Director of Finance:						
Pension Contributions	20,978	20,978	14,946	6,032	20,852	(5,906)
Other Employee Benefits	19,305	19,305	17,993	1,312	18,656	(663)
Purchase of Services	4,146	4,146	2,732	1,414	2,851	(119)
Contributions, Indemnities and Taxes	2,512	1,630	-	1,630	-	-
Sinking Fund Commission	107,650	107,650	95,343	12,307	99,676	(4,333)
Procurement	-	-	-	-	42	(42)
Commerce	164,576	165,448	113,665	51,783	118,196	(4,531)
Law	1,904	1,904	1,560	344	1,721	(161)
Total Obligations	376,545	376,545	283,957	92,588	302,479	(18,522)
<b>Operating Surplus (Deficit) for the Year</b>	<b>(11,745)</b>	<b>(79,805)</b>	<b>6,213</b>	<b>86,018</b>	<b>(8,376)</b>	<b>14,589</b>

City of Philadelphia  
 Budgetary Comparison Schedule  
 Community Development Fund  
 For the Fiscal Year Ended June 30, 2010

Exhibit 27

Amounts in thousands of USD

	<u>Budgeted Amounts</u>			Final Budget to Actual Positive (Negative)
	<u>Original</u>	<u>Final</u>	<u>Actual</u>	
<b><u>Revenues</u></b>				
Locally Generated Non-Tax Revenue	500	500	12,434	11,934
Revenue from Other Governments	<u>127,470</u>	<u>107,470</u>	<u>39,517</u>	<u>(67,953)</u>
Total Revenues	127,970	107,970	51,951	(56,019)
<b><u>Other Sources</u></b>				
Decrease in Unreimbursed Commitments	<u>-</u>	<u>-</u>	<u>(16,301)</u>	<u>(16,301)</u>
Total Revenues and Other Sources	<u>127,970</u>	<u>107,970</u>	<u>35,650</u>	<u>(72,320)</u>
<b><u>Expenditures and Encumbrances</u></b>				
Personal Services	7,416	7,416	5,205	2,211
Pension Contributions	2,880	2,901	1,204	1,697
Other Employee Benefits	<u>2,002</u>	<u>1,981</u>	<u>1,349</u>	<u>632</u>
Sub-Total Employee Compensation	12,298	12,298	7,758	4,540
Purchase of Services	95,032	94,950	50,139	44,811
Materials and Supplies	400	352	263	89
Equipment	210	340	241	99
Payments to Other Funds	30	30	26	4
Advances, Subsidies, Miscellaneous	<u>20,000</u>	<u>20,000</u>	<u>-</u>	<u>20,000</u>
Total Expenditures and Encumbrances	<u>127,970</u>	<u>127,970</u>	<u>58,427</u>	<u>69,543</u>
Operating Surplus (Deficit) for the Year	<u>-</u>	<u>(20,000)</u>	<u>(22,777)</u>	<u>(2,777)</u>
Fund Balance Available for Appropriation, July 1, 2009	-	(5,043)	(5,043)	-
<b><u>Operations in Respect to Prior Fiscal Years</u></b>				
Commitments Cancelled - Net	-	-	23,800	23,800
Prior Period Adjustments	<u>-</u>	<u>5,043</u>	<u>-</u>	<u>(5,043)</u>
Adjusted Fund Balance, July 1, 2009	<u>-</u>	<u>-</u>	<u>18,757</u>	<u>18,757</u>
Fund Balance Available for Appropriation, June 30, 2010	<u>-</u>	<u>(20,000)</u>	<u>(4,020)</u>	<u>15,980</u>

City of Philadelphia  
 Budgetary Comparison Schedule  
 Car Rental Tax Fund  
 For the Fiscal Year Ended June 30, 2010

Exhibit 28

Amounts in thousands of USD

	<u>Budgeted Amounts</u>		<u>Actual</u>	Final Budget to Actual Positive (Negative)
	<u>Original</u>	<u>Final</u>		
<b><u>Revenues</u></b>				
Taxes	4,500	4,700	4,674	(26)
Locally Generated Non-Tax Revenue	<u>100</u>	<u>25</u>	<u>5</u>	<u>(20)</u>
Total Revenues	4,600	4,725	4,679	(46)
<b><u>Expenditures and Encumbrances</u></b>				
Purchase of Services	<u>5,000</u>	<u>5,000</u>	<u>5,000</u>	<u>-</u>
Total Expenditures and Encumbrances	5,000	5,000	5,000	-
Operating Surplus (Deficit) for the Year	<u>(400)</u>	<u>(275)</u>	<u>(321)</u>	<u>(46)</u>
Fund Balance Available for Appropriation, July 1, 2009	<u>5,342</u>	<u>5,627</u>	<u>5,627</u>	<u>-</u>
Fund Balance Available for Appropriation, June 30, 2010	<u><u>4,942</u></u>	<u><u>5,352</u></u>	<u><u>5,306</u></u>	<u><u>(46)</u></u>

City of Philadelphia  
 Budgetary Comparison Schedule  
 Housing Trust Fund  
 For the Fiscal Year Ended June 30, 2010

Exhibit 29

Amounts in thousands of USD

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Final Budget to Actual Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
<b><u>Revenues</u></b>				
Locally Generated Non-Tax Revenue	10,000	9,100	8,030	(1,070)
Revenue from Other Funds	<u>1,500</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total Revenues	11,500	9,100	8,030	(1,070)
<b><u>Expenditures and Encumbrances</u></b>				
Personal Services	600	600	413	187
Purchase of Services	<u>16,800</u>	<u>22,300</u>	<u>18,488</u>	<u>3,812</u>
Total Expenditures and Encumbrances	17,400	22,900	18,901	3,999
Operating Surplus (Deficit) for the Year	<u>(5,900)</u>	<u>(13,800)</u>	<u>(10,871)</u>	<u>2,929</u>
Fund Balance Available for Appropriation, July 1, 2009	900	7,144	7,144	-
<b><u>Operations in Respect to Prior Fiscal Years</u></b>				
Commitments Cancelled - Net	<u>5,000</u>	<u>4,000</u>	<u>6,446</u>	<u>2,446</u>
Adjusted Fund Balance, July 1, 2009	<u>5,900</u>	<u>11,144</u>	<u>13,590</u>	<u>2,446</u>
Fund Balance Available for Appropriation, June 30, 2010	<u>-</u>	<u>(2,656)</u>	<u>2,719</u>	<u>5,375</u>

City of Philadelphia  
 Budgetary Comparison Schedule  
 General Capital Improvement Funds  
 For the Fiscal Year Ended June 30, 2010

Exhibit 30

Amounts in thousands of USD

	<u>Budgeted Amounts</u>		<u>Actual</u>	Final Budget to Actual Positive (Negative)
	<u>Original</u>	<u>Final</u>		
<b><u>Revenues</u></b>				
Locally Generated Non-Tax Revenue	397,216	397,216	12,443	(384,773)
Revenue from Other Governments	337,014	345,414	58,013	(287,401)
Revenue from Other Funds	-	-	10,087	10,087
Total Revenues	734,230	742,630	80,543	(662,087)
<b><u>Other Sources (Uses)</u></b>				
Increase in Unreimbursed Commitments	-	-	3,181	3,181
Total Revenues and Other Sources	734,230	742,630	83,724	(658,906)
<b><u>Expenditures and Encumbrances</u></b>				
Capital Outlay	734,230	742,630	125,138	617,492
Operating Surplus (Deficit) for the Year	-	-	(41,414)	(41,414)
Fund Balance Available for Appropriation, July 1, 2009	-	-	107,986	107,986
<b><u>Operations in Respect to Prior Fiscal Years</u></b>				
Commitments Cancelled - Net	-	-	8,435	8,435
Revenue Adjustments - Net	-	-	157	157
Adjusted Fund Balance, July 1, 2009	-	-	116,578	116,578
Fund Balance Available for Appropriation, June 30, 2010	-	-	75,164	75,164

City of Philadelphia  
 Budgetary Comparison Schedule  
 Acute Care Hospital Assessment Fund  
 For the Fiscal Year Ended June 30, 2010

Exhibit 31

Amounts in thousands of USD

	<u>Budgeted Amounts</u>		<u>Actual</u>	Final Budget to Actual Positive (Negative)
	<u>Original</u>	<u>Final</u>		
<b><u>Revenues</u></b>				
Tax Revenue	<u>126,500</u>	<u>124,430</u>	<u>108,154</u>	<u>(16,276)</u>
Total Revenues	<u>126,500</u>	<u>124,430</u>	<u>108,154</u>	<u>(16,276)</u>
<b><u>Other Sources</u></b>				
Increase in Unreimbursed Commitments	<u>-</u>	<u>-</u>	<u>10</u>	<u>10</u>
Total Revenues and Other Sources	<u>126,500</u>	<u>124,430</u>	<u>108,164</u>	<u>(16,266)</u>
<b><u>Expenditures and Encumbrances</u></b>				
Personal Services	5,845	5,845	-	5,845
Pension Contributions	1,039	1,039	-	1,039
Other Employee Benefits	<u>1,006</u>	<u>1,006</u>	<u>-</u>	<u>1,006</u>
Sub-Total Employee Compensation	<u>7,890</u>	<u>7,890</u>	<u>-</u>	<u>7,890</u>
Purchase of Services	117,705	117,705	101,370	16,335
Materials and Supplies	900	240	-	240
Equipment	<u>5</u>	<u>665</u>	<u>-</u>	<u>665</u>
Total Expenditures and Encumbrances	<u>126,500</u>	<u>126,500</u>	<u>101,370</u>	<u>25,130</u>
Operating Surplus (Deficit) for the Year	<u>-</u>	<u>(2,070)</u>	<u>6,794</u>	<u>8,864</u>
Fund Balance Available for Appropriation, July 1, 2009	<u>-</u>	<u>-</u>	<u>4,000</u>	<u>4,000</u>
Fund Balance Available for Appropriation, June 30, 2010	<u>-</u>	<u>(2,070)</u>	<u>10,794</u>	<u>12,864</u>

## 1. REPORTING ENTITY

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

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

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

### A. BLENDED COMPONENT UNITS

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

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

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

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

### B. DISCRETELY PRESENTED COMPONENT UNITS

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

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

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

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

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

**Pennsylvania Convention Center Authority (PCCA) – 1101 Arch St., Philadelphia, PA 19107**

PCCA was established to develop, promote and operate a convention center facility in the Philadelphia metropolitan area. Under a Lease & Service agreement, the City is obligated to pay an annual service fee sufficient to cover the debt service on PCCA's outstanding bonded debt. A voting majority of PCCA's governing board is not appointed by the City; however, PCCA meets the criteria of fiscal dependency and the significance of the City's relationship with PCCA is such that exclusion from the City's financial report would be misleading. Beginning FY2011 PCCA will become a component unit of the Commonwealth of Pennsylvania and all information will be removed from the City's CAFR.

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

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

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

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

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

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

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

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

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

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

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

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

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**2. BASIS OF ACCOUNTING, MEASUREMENT FOCUS AND FINANCIAL STATEMENTS**

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**A. PRIMARY GOVERNMENT**

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

corded only when payment is due. However, those expenditures may be accrued if they are to be liquidated with available resources.

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

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

*The City reports on the following fiduciary funds:*

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

*The City reports the following major proprietary funds:*

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

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

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

### **3. DEPOSITS AND INVESTMENTS**

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

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

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

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

#### **4. INVENTORIES**

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

Supplies of governmental funds are recorded as expenditures when purchased rather than capitalized as inventory. Accordingly, inventories for governmental funds are shown on the Statement of Net Assets but not on the Governmental Funds Balance Sheet. Inventories of proprietary funds are valued at moving average cost except for the following:

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

##### **B. COMPONENT UNITS**

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

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

#### **5. BONDS AND RELATED PREMIUMS, DISCOUNTS & ISSUANCE COSTS**

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

#### **6. INSURANCE**

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

#### **7. RECEIVABLE AND PAYABLES**

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Activities between funds that are representative of lending/borrowing arrangements outstanding at the end of the fiscal year are referred to as due to/from other funds. The real estate tax receivable allowance is equal to 43.8% of outstanding real estate taxes at June 30. Property taxes are levied on a calendar year basis. The City's property taxes, levied on assessed valuation as of January 1, are due and payable on or before March 31. Taxes levied are intended to finance the fiscal year in which they become due. Current real estate rates are \$8.264 on each \$100 assessment; \$4.959 for the SDP and \$3.305 for the City. Delinquent charges are assessed at 1.5% per month on all unpaid balances as of April 1. Real estate tax delinquents are subject to lien as of the following January 1. The City has established real estate improvement programs that abate, for limited periods, tax increases that result from higher assessments for improved properties. Certain incremental tax assessments are earmarked to repay loans from the City to developers who improve properties under Tax Increment Financing agreements.

## **8. DEFERRED REVENUES**

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### **A. PRIMARY GOVERNMENT**

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

### **B. COMPONENT UNITS**

Deferred revenue of the **RDA** generally represents cash received in advance from various sources to fund appropriate program expenditures. These advances are subject to various terms, including the obligation to return any unexpended funds upon completion or termination of the related project. Recognition of grants as revenues is deferred until funds have been expended or awarded as grants or loans.

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

## **9. COMPENSATED ABSENCES**

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

## **10. CLAIMS AND JUDGMENTS**

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

## **11. BUDGETARY INFORMATION**

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

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

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

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

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

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## 12. SECURITIES LENDING

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

- **The Pension Fund** lends US Government and US Government Agency securities, domestic and international equity securities and international fixed income securities and receives cash and securities issued or guaranteed by the federal government as collateral for these loans. Securities received as collateral can not be pledged or sold except in the case of a borrower default. The market value of collateral must be at least 102% (in some cases 105%) of the underlying value of loaned securities. The Pension fund has no restriction on the amount of securities that can be lent. The Pension Fund's custodian bank indemnifies the Fund by agreeing to purchase replacement securities or return cash collateral if a borrower fails to return securities or pay distributions thereon. The maturity of investments made with cash collateral generally did not match the maturity of securities loaned during the year or at year-end. The Pension Fund experienced \$20.6 million in unrealized losses from securities transactions during the year and had no credit risk exposure at June 30.
- The **PGWRR** lends US Treasury, federal agency, and DTC-eligible corporate debt and equity securities and receives cash, US Treasury and federal agency securities and letters of credit as collateral for these loans. Securities received as collateral can not be pledged or sold except in the case of a borrower default. The market value of collateral must be 102% of the total of the market value of loaned securities plus any accrued interest. The **PGWRR** placed no restrictions on the amount of securities that could be lent. The **PGWRR's** custodian bank does not indemnify the **PGWRR** in the event of a borrower default except in cases involving gross negligence or willful misconduct on the custodian's part. Maturity of investments made with cash collateral is generally matched with maturity of loans. The **PGWRR** experienced no losses and had no credit risk exposure at June 30.

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## 13. AMOUNTS HELD BY FISCAL AGENT

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

**A. GOVERNMENTAL FUNDS**

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

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

**B. PROPRIETARY FUNDS**

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

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**14. INTERFUND RECEIVABLES AND PAYABLES**

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**A. PRIMARY GOVERNMENT**

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

**B. COMPONENT UNITS**

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

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**15. NOTES PAYABLE**

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**PGW**, pursuant to the provisions of certain ordinances and Resolutions, may sell short-term notes in a principal amount which, together with the interest thereon, will not exceed \$200 million outstanding at any one time. These notes are intended to provide additional working capital. They are supported by an irrevocable letter of credit and a subordinated security interest in the **PGW's** revenues. There were no notes outstanding at year-end (August 31, 2009).

In February 2010, **CCP** borrowed \$1.4 million under a loan agreement with the State Public School Building Authority. The loan has a fixed annual interest rate of 2.50% and will be repaid over a five-year period through 2015. The loan proceeds are being used to fund the completion of three capital projects at the college.

In prior years, **CCP** has entered into various loan agreements with the State Public School Building Authority and the Hospitals & Higher Education Facilities Authority for loans totaling approximately \$124.8 million. The loans have interest rates ranging from 3.00% to 6.25%, mature through 2028 and will be used for various capital projects, the upgrading of network infrastructures and various deferred maintenance cost.

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**16. DEBT PAYABLE**

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

**(1) Governmental Debt Payable**

The City is subject to a statutory limitation established by the Commonwealth of Pennsylvania for bonded indebtedness (General Obligation Bonds) payable principally from property taxes. As of June 30, 2010 the statutory limit for the City is \$1.5 billion, the General Obligation Debt net of deductions authorized by law is \$1.4 billion, leaving a legal debt borrowing capacity of \$116.4 million. Termination Compensation costs and Worker's Com-

pensation claims are paid by whichever governmental fund incurs them. Indemnity claims are typically paid by the General Fund. The following schedule reflects the changes in long-term liabilities for the fiscal year:

(Amounts In Millions of USD)

<b>Governmental Activity</b>	<b>Beginning Balance</b>	<b>Additions</b>	<b>Reductions</b>	<b>Ending Balance</b>	<b>Due Within One Year</b>
Bonds Payable					
Term Bonds	809.9	207.0	(230.7)	786.2	39.2
Refunding Bonds	811.8	337.0	(329.5)	819.3	16.4
Serial Bonds	486.6	-	(33.5)	453.1	35.7
Less Deferred Amounts					
Unamortized Bond Premium	60.6	(4.8)	-	55.8	-
Unamortized Issuance Expenses	(36.3)	(7.1)	2.2	(41.2)	-
Unamortized Discount and Loss	(53.8)	(1.0)	3.9	(50.9)	-
Total Bonds Payable	<u>2,078.8</u>	<u>531.1</u>	<u>(587.6)</u>	<u>2,022.3</u>	<u>91.3</u>
Obligations Under Lease & Service Agreements					
Pension Service Agreement	1,443.8	55.5	(71.0)	1,428.3	80.2
Neighborhood Transformation	259.3	-	(6.5)	252.8	6.9
One Parkway	48.2	-	(1.5)	46.7	1.6
Sports Stadia	342.0	-	(4.9)	337.1	5.6
Library	9.6	-	(0.5)	9.1	0.5
Cultural Corridor Bonds	129.5	-	(3.3)	126.2	3.3
Arbitrage	1.2	-	-	1.2	-
Indemnity Claims	37.6	-	-	37.6	-
Worker's Compensation Claims	251.8	-	-	251.8	-
Termination Compensation Payable	193.4	20.1	(16.6)	196.9	16.6
OPEB Obligation	21.2	-	-	21.2	-
Leases	-	31.1	-	31.1	7.4
Governmental Activity Long-term Liabilities	<u>4,816.4</u>	<u>637.8</u>	<u>(691.9)</u>	<u>4,762.3</u>	<u>213.4</u>

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

(Amounts In Millions of USD)

<b>Governmental Funds:</b>	<b>Interest Rates</b>	<b>Principal</b>	<b>Due Dates</b>
City	4.00 % to 7.125 %	1,270.0	Fiscal 2011 to 2039
PMA	2.00 % to 7.50 %	254.6	Fiscal 2011 to 2039
PICA	2.00 % to 5.00 %	533.9	Fiscal 2011 to 2023
		<u>2,058.5</u>	

- In May 2010, **PICA** issued Series 2010 Special Tax Revenue Refunding Bonds in the amount of \$207.0 million. The serial bonds have interest rates ranging from 4.0% to 5.0% and mature in 2022. The proceeds from the sale of the bonds were used to (1) provide for the current refunding of **PICA's** Series 2008 A & B Special Tax Revenue Bonds, (2) pay the costs of terminating an interest rate swap transaction relating to the Series 2008 A & B bonds and (3) pay the costs of issuing the Series 2010 bonds. The cash flows required by the new bonds is \$61,000. less than the cash flow required by the refunded bonds. The economic gain on the refunding (the adjusted present value of the decrease in cash out flows) is \$1.6 million.
- In August 2009, the City issued General Obligation Refunding Bonds Series 2009A and 2009B in the amounts of \$237.0 million and \$100.0 million respectively. The Series 2009A bonds are fixed-rate refunding bonds with interest rates ranging from 4.25% to 5.5% and mature in 2031. The Series 2009B bonds are multi-modal refunding bonds and will bear interest at a weekly rate subject to conversion to a daily mode, term rate mode, or fixed

rate made at the direction of the City and upon satisfaction of certain conditions described in the Board Committee Resolution. The bonds were issued simultaneously for the purpose of refunding the City's outstanding series 2007B general obligation multi-modal refunding bonds and for the payment of the costs relating to the issuance of the 2009 bonds, including the termination payment of \$15.5 million due with respect to a portion of a related swap. There was no gain or loss because the reacquisition price equaled the carrying amount of the old debt.

- In June 2009, **PMA** issued lease revenue bonds series 2009 in the amount of \$97.9 million. There were serial bonds issued for the amount of \$19.1 million, with interest rates ranging from 4.0% to 6.10%, maturing in 2024. Term bonds were also issued, with interest ranging from 6.0% to 6.50% maturing in 2039. The term bonds were issued in the amounts of \$7.1 million, \$16.9 million, \$23.1 million, and \$31.6 million respectively. The proceeds from the bonds will be used to (i) design, construct and equip a youth center facility (including capitalized interest) and (ii) to pay costs associated with the issuance of the bonds.
- In January 2009, the City issued \$165.0 million of general obligation bonds series 2008B. There were serial bonds issued in the amount of \$20.5 million with interest rates ranging 4.0% to 6.0% maturing in 2018. Term bonds were issued in the amounts of \$4.8 million, \$19.4 million, \$25.0 million and \$95.3 million respectively. The term bonds have interest rates ranging from 5.25% to 7.125% maturing in 2038. The bonds were issued for the purpose of financing capital projects relating to transit; streets and sanitation; municipal buildings; parks, recreations and museums; and economic and community development.

The City has General Obligation Bonds authorized and un-issued at year-end of \$188.2 million for Governmental Funds. The debt service through maturity for the Governmental GO Debt is as follows:

(Amounts In Millions of USD)

Fiscal Year	City Fund		Blended Component Units			
	General Fund		PMA		PICA	
	Principal	Interest	Principal	Interest	Principal	Interest
2011	36.5	65.2	15.6	19.3	39.2	27.3
2012	39.4	63.3	17.1	18.7	41.8	24.6
2013	46.6	61.2	18.0	18.4	43.7	22.6
2014	49.0	58.8	19.2	17.2	45.6	20.4
2015	51.7	56.1	20.1	16.3	47.7	18.1
2016-2020	276.9	240.0	82.6	35.2	226.7	54.5
2021-2025	288.7	167.3	13.3	24.8	89.2	8.3
2026-2030	279.1	90.9	18.0	20.1	-	-
2031-2035	156.7	30.6	24.6	13.4	-	-
2036-2040	45.4	6.8	26.1	4.4	-	-
Totals	1,270.0	840.2	254.6	187.8	533.9	175.8

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

(Amounts In Millions of USD)

Lease & Service Agreements												
Fiscal Year	Pension Service Agreement		Neighborhood Transformation		One Parkway		Sports Stadium		Central Library		Cultural Corridors	
	Principal	Interest	Principal	Interest	Principal	Interest	Principal	Interest	Principal	Interest	Principal	Interest
2011	80.2	34.5	6.9	13.0	1.6	2.2	5.6	13.7	0.5	0.4	3.3	5.9
2012	80.4	39.3	7.2	12.7	1.6	2.1	5.9	13.4	0.5	0.3	3.4	5.8
2013	79.6	45.1	7.6	12.3	2.1	2.0	11.5	13.0	0.5	0.3	3.6	5.6
2014	75.6	50.5	8.0	11.9	2.1	1.9	12.0	12.4	0.5	0.3	3.8	5.4
2015	74.4	56.6	8.4	11.5	2.2	1.9	12.4	11.8	0.5	0.3	3.9	5.3
2016-2020	317.1	356.5	49.4	50.3	13.0	7.5	70.8	50.7	3.0	1.2	23.1	23.1
2021-2025	227.6	445.9	64.0	35.7	16.4	4.1	87.2	35.1	3.6	0.5	29.6	16.6
2026-2030	493.4	145.5	82.2	17.5	7.7	0.6	107.4	15.8	-	-	37.8	8.4
2031-2035	-	-	19.0	1.0	-	-	24.3	0.5	-	-	17.7	0.8
Totals	<u>1,428.3</u>	<u>1,173.9</u>	<u>252.7</u>	<u>165.9</u>	<u>46.7</u>	<u>22.3</u>	<u>337.1</u>	<u>166.4</u>	<u>9.1</u>	<u>3.3</u>	<u>126.2</u>	<u>76.9</u>

**(2) Business Type Debt Payable**

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

(Amounts In Millions of USD)

Business-Type Activity	Beginning Balance	Additions	Reductions	Ending Balance	Due Within One Year
Bonds Payable					
General Obligation Bonds	3.4	-	(1.2)	2.2	1.2
Revenue Bonds	2,986.3	409.9	(507.3)	2,888.9	147.5
Less Deferred Amounts					
Unamortized Discounts and Loss	(87.2)	(15.6)		(102.8)	-
Total Bonds Payable	<u>2,902.5</u>	<u>394.3</u>	<u>(508.5)</u>	<u>2,788.3</u>	<u>148.7</u>
Indemnity Claims	4.4	7.4	(5.4)	6.4	-
Worker's Compensation Claims	15.5	6.8	(3.4)	18.9	-
Termination Compensation Payable	16.2	1.8	(2.2)	15.8	-
Arbitrage	1.8	1.1	(0.1)	2.8	-
Business-type Activity Long-term Liabilities	<u>2,940.4</u>	<u>411.4</u>	<u>(519.6)</u>	<u>2,832.2</u>	<u>148.7</u>

In addition, the Enterprise Funds have debt that is classified on their respective balance sheets as General Obligation debt payable which is summarized in the following schedule:

(Amounts In Millions of USD)

	<b>Interest Rates</b>	<b><u>Principal</u></b>	<b><u>Due Dates</u></b>
Enterprise Funds			
Water Fund	1.00 %	2.2	Fiscal 2011 to 2012
		<u>2.2</u>	

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

The debt service through maturity for Business-type General Obligation Debt is as follows:

(Amounts In Millions of USD)

<b><u>Fiscal Year</u></b>	<b><u>Water Fund</u></b>	
	<b><u>Principal</u></b>	<b><u>Interest</u></b>
2011	1.2	-
2012	1.0	-
Totals	<u>2.2</u>	<u>-</u>

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

(Amounts In Millions of USD)

	<b>Interest Rates</b>	<b><u>Principal</u></b>	<b><u>Due Dates</u></b>
Water Fund	0.23 % to 7.00 %	1,656.2	Fiscal 2011 to 2036
Aviation Fund	3.00 % to 5.75 %	<u>1,232.7</u>	Fiscal 2011 to 2037
Total Revenue Debt Payable		<u>2,888.9</u>	

- In April 2010, the City issued Water & Wastewater Refunding Bonds Series 2010A in the amount of \$396.5 million. The bonds are serial bonds with interest rates ranging from 2% through 5% and mature in 2019. The proceeds of the bonds were used to (1) refund the Series 2003 Water & Wastewater Revenue Bonds issued in the amount of \$370.0 million, (2) fund a payment to terminate a 2003 swap, (3) fund the required debt reserve in the sinking fund and (4) pay bond issuance costs. The cash flows required by the new bonds is \$16.2 million more than the cash flow required by the refunded bonds. The economic loss on the refunding (the adjusted present value of these reduced cash flows) was \$19.1 million. The early extinguishment of debt resulted in an accounting loss of approx. \$2.1 million, representing the difference between the reacquisition price of \$396.5 million and the amount of debt extinguished of \$370.0 million (less \$2.1 million unamortized discount). The resulting loss will be amortized over the life of the refunded bonds at a rate of \$226,142 annually through June 2019.

- In July 2009, the outstanding balance of \$83.7 million of Water & Wastewater Revenue Refunding Bonds, Variable Rate Series 2005B was remarketed under an irrevocable direct pay letter of credit (LOC) from Bank of America. The LOC replaced a bond insurance policy from Financial Security Assurance, Inc. (FSA) and a liquidity facility for the 2005B Bonds provided by DEPFA Bank. The LOC will constitute both a credit facility and liquidity facility and Bank of America, N.A. a creditor provider and liquidity provider for the 2005B Bonds. The bonds continue to have a weekly interest rate, maturing in 2016.
- In June, 2009 **PICA** issued \$354.9 million in Special Tax Revenue Refunding Bonds Series 2009. The bonds have interest rates ranging from 2.0% to 5.0% maturing in 2023. The proceeds of the bonds were used to (1) provide for the current refunding of all of PICA's Special Tax Revenue Bonds, Series 1999 stated to mature on or after June 15, 2010, in the aggregate principal amount of \$326.8 million, (2) pay the costs of terminating an interest rate swaption and (3) pay the costs of issuing the 2009 bonds. The cash flow required by the new bonds is \$36.2 million more than the cash flows required by the refunded bonds. There was an economic loss on the refunding of \$28.1 million. The 1999 swaption associated with these Series 1999 bonds was terminated and PICA paid a termination fee to the counterparty in the amount of \$52.7 million.
- In May 2009, the City issued Water & Wastewater Revenue Bonds Series 2009A in the amount of \$140.0 million. There were serial bonds issued for \$80.4 million with interest rates ranging from 4.0% to 5.75% maturing in 2033. Term bonds were issued in the amounts of \$25.3 million and \$34.3 million. The term bonds have an interest rate of 5.25% maturing in 2032 and 2036 respectively. The proceeds of the bonds will be combined with other available funds of the Water Department and will be used (1) to fund capital improvements to the City's water & wastewater system, (2) to fund the debt reserve account of the sinking fund and (3) to pay costs of issuance relating to the bonds.
- In April 2009, the City of Philadelphia Water Department received notice that the Pennsylvania State Infrastructure Investment Authority ("Pennvest") had approved funding for three water and sewer applications totaling \$184.9 million. The funding is through low interest loans of 1.193% during the construction period and for the first five years of amortization (interest only payments are due during the construction period up to three years) and 2.107% for the remaining fifteen years. Individual loan information is as follows:

Date	Series	Maximun Loan Amount	Estimated Project Costs	Amt Requested thru 6/30/2010	Amt Rec'd Yes/No	Purpose
Oct. 2009	2009B	42,886,030	33,195,803	3,039,859	No	water plant improvements
Oct. 2009	2009C	57,268,193	50,423,484	13,430,973	Yes	water main replacements
Mar. 2010	2009D	<u>84,759,263</u>	<u>82,462,284</u>	<u>8,474,575</u>	No	sewer projects
	totals	<u>184,913,486</u>	<u>166,081,571</u>	<u>24,945,407</u>		

- In April 2009 the City issued Airport Revenue Refunding Bonds Series 2009A sub series (1) through (3) in the amount of \$45.7 million. Serial bonds were issued in the amount of \$25.7 million with interest rates ranging from 1.5% to 5.0% maturing in 2023. Term bonds were issued in the amounts of \$3.9 million and \$16.1 million with interest rates ranging from 5.0% to 5.375% maturing in 2024 and 2029 respectively. The gain/loss on the bonds cannot be calculated in the usual way because the refunded bonds (series 2005B) were variable rate bonds that were subject to Alternative Minimum Tax ("AMT"). However, the 2009A bonds were issued on a fixed rate basis with the bonds not being subject to AMT. The proceeds of the bonds, together with other monies of the City, are being used to (1) current refund the City's outstanding Airport Revenue Bonds Series 2005B, (2) fund a deposit to the Parity Sinking Fund Reserve Account in respect of the bonds, and (3) pay the costs of issuance of the bonds.

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

(Amounts In Millions of USD)

<u>Fiscal Year</u>	<u>Water Fund</u>		<u>Aviation Fund</u>	
	<u>Principal</u>	<u>Interest</u>	<u>Principal</u>	<u>Interest</u>
2011	101.6	78.1	45.8	63.3
2012	108.9	70.6	48.6	60.5
2013	117.3	65.4	51.5	57.5
2014	123.8	59.5	54.5	54.6
2015	130.2	53.4	57.7	51.4
2016-2020	404.6	194.4	283.7	208.3
2021-2025	204.0	131.9	326.8	133.2
2026-2030	244.8	84.1	257.1	57.2
2031-2035	194.5	26.8	85.1	18.1
2036-2040	26.5	1.0	21.9	1.6
Totals	<u>1,656.2</u>	<u>765.2</u>	<u>1,232.7</u>	<u>705.7</u>

**(3) Defeased Debt**

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

**(4) Short -Term Borrowings**

The City has statutory authorizations to negotiate temporary loans for periods not to extend beyond the fiscal year. The City borrows funds to pay debt service and required pension contributions due before the receipt of the real estate taxes. The City borrowed and repaid \$350.0 million in Tax Revenue Anticipation Notes by June 2010 plus interest. In accordance with statute, there are no temporary loans outstanding at year-end.

**(5) Arbitrage Liability**

The City has several series of General Obligation and Revenue Bonds subject to federal arbitrage requirements. Federal tax legislation requires that the accumulated net excess of interest income on the proceeds of these issues over interest expense paid on the bonds be paid to the federal government at the end of a five-year period. At June 30, 2010, the General Fund, Aviation Fund and the Water Fund had recorded liabilities of \$1.2 million, \$1.3 million and \$0.5 million respectively.

**(6) Pension Service Agreement**

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

**(7) Neighborhood Transformation Initiative Service Agreement**

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

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

In March, 2005, **RDA** issued additional City of Philadelphia Neighborhood Transformation Initiative (NTI) bonds to finance a portion of the initiative previously undertaken by the Authority and the City. Taxable Revenue Bonds Series 2005A issued in the amount of \$25.5 million are term bonds with interest rates ranging from 4.150% to 4.680% maturing through 2016. Qualified Revenue Bonds Series 2005B were issued in the amount of \$ 44.0 million, with interest rates ranging from 4.75 through 5% and mature through 2027. Revenue Bonds Series 2005C with an interest rate of 5% were issued for \$81.3 million and mature through 2031. The fiscal year 2010 NTI Service Agreement liability of \$252.7 million is reflected in the City's financial statements as another Long Term Obligation.

**(8) Sports Stadium Financing Agreement**

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

In October, 2007 **PAID** issued Lease Revenue Refunding Bonds Series A and B of 2007. The proceeds from the bonds were used to refund the Series 2001B Stadium Bonds. **PAID** assigned its interest in the lease agreements to the parties providing the financing and in accordance with GASB Interpretation #2, **PAID** treats this as conduit debt and therefore does not include these transactions on its financial statements. In fiscal 2010, the Sports Stadium Financing Agreement liability of \$337.1 million is reflected in the City's financial statements as Other Long Term Liabilities.

**(9) Cultural and Commercial Corridors Program Financing Agreement**

In December, 2006, **PAID** issued \$135.5 million in Revenue Bonds, Series A and B. The proceeds from the bonds will be used to finance a portion of the cost of various commercial and cultural infrastructure programs and administrative and bond issuance cost. The City and **PAID** signed a service agreement, whereby **PAID** manages a portion of the funds and the City makes payments equal to the yearly debt service. **PAID** will distribute some of the proceeds and some will flow through the City's capital project fund. In accordance with GASB Interpretation #2, **PAID** treats this as conduit debt, and therefore, does not include these transactions in its statements. During fiscal year 2007, none of the proceeds were spent. In fiscal 2010 the liability of \$126.2 million is reflected in the City's financial statements as Other Long Term Liabilities.

**(10) Forward Purchase Agreements**

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

**(11) Pension Obligation Bond Option Rights**

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

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**17. DEFERRED COMPENSATION PLANS**

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**A. PRIMARY GOVERNMENT**

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

**B. COMPONENT UNITS**

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

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**18. FUND BALANCE RESERVATIONS**

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The City has reserved portions of several funds' Fund Balances. Following is a description of all such reservations followed by a summary of the major funds at year end for the Primary Government:

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

**Reserved for Intergovernmental 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 Behavioral Health** - 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 Stadium Financing**- An account used to segregate a portion of Fund Balance that represents amounts that were restricted for debt service for Stadium Financing.

**Reserved for Neighborhood Revitalization** - An account used to segregate a portion of Fund Balance for the purpose of revitalizing various neighborhoods in the City of Philadelphia.

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

**Reserved for Central Library Project** - An account used to segregate a portion of Fund Balance for the amount held by the fiscal agent for the purpose of renovating the central library.

**Reserved for Cultural and Commercial Corridor Financing:** An account used to segregate a portion of fund balance for the amount held by the fiscal agent for the purpose of funding cultural and commercial corridor improvements.

## 19. INTERFUND TRANSACTIONS

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

## 20. PENSION PLANS

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

### A. SINGLE EMPLOYER PLANS

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

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

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

### 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, **CCP**, participates in two defined contribution plans (TIAA-CREF and Fidelity Investments) as described below.

The payroll for **CCP** employees covered by any of the four multiple employer plans was \$60.4 million and the total payroll was \$73.5 million. Contributions to the four plans by the **CCP** during the fiscal year totaled approximately \$5.1 million representing 8.53% of covered payroll. **CCP** employees contributed approximately \$4.4 million.

## 21. ACCUMULATED UNPAID SICK LEAVE

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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. SDP employees have an unlimited maximum accumulation and Gas Works' employees' sick leave is non-cumulative. 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.

## 22. OTHER POST EMPLOYMENT BENEFITS (OPEB)

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### A. PRIMARY GOVERNMENT

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

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

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

Costs were determined according to the individual entry age actuarial cost method with the attribution period ending at each decrement age. This is consistent with the cost method used for the City of Philadelphia Municipal Retirement System. Unfunded liabilities are funded over a 30 year period as a level percentage of payroll, which is assumed to increase at a compound annual rate of 4% per year. The actuarial assumption included a 3.5% compound annual interest rate on the City's general investments.

## 23. PENNSYLVANIA INTERGOVERNMENTAL COOPERATION AUTHORITY

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

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

PICA bonds are payable from the proceeds of a **PICA** tax on the wages and income earned by City residents. The City has reduced the amount of wage and earnings tax that it levies on City residents by an amount equal to the **PICA** tax so that the total tax remains the same. PICA returns to the City any portion of the tax not required to meet their debt service and operating expenses. In Fiscal 2009 this transfer amounted to \$277.6 million..

## 24. RELATED PARTY TRANSACTIONS

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

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

During the year the City provided an operating subsidy of \$64.2 million to SEPTA

**B. OTHER ORGANIZATIONS**

The City provides varying levels of subsidy and other support payments (which totaled \$119.6 million during the year) to the following organizations:

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

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**25. RISK MANAGEMENT**

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**A. PRIMARY GOVERNMENT**

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

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

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

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

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**26. CONTINGENCIES**

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**A. PRIMARY GOVERNMENT**

**1) Claims and Litigation**

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

Various claims have been asserted against the City and in some cases lawsuits have been instituted. Many of these claims are reduced to judgment or otherwise settled in a manner requiring payment by the City. The aggregate estimate of loss deemed to be probable is approximately \$305.1 million. Of this amount, \$19.9 million is charged to current operations of the Enterprise Funds. The remaining \$285.2 million pertaining to the General Fund is reflected in the Government Wide Full Accrual Statements.

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

## **27. SUBSEQUENT EVENTS**

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### **A. PRIMARY GOVERNMENT**

- 1) In July 2010, the City issued \$285.0 million of Tax and Revenue Anticipation Notes (TRAN) 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, 2011.
- 2) In July 2010, the City issued Water & Wastewater Revenue Bonds Series 2010 C (1) through (4) in the amount of \$185.0 million. Sub series (1) are serial bonds issued in the amount of \$116.8 million with interest rates ranging from 3.0% to 5.0%, and a maturity date of 2030. Sub series (2) through (4) are term bonds issued in the amount of \$5.2 million, \$24.6 million, and \$38.4 million respectively. Sub series (2) has an interest rate of 4.750%. Sub series (3) and (4) each have a 5.0% interest rate. Sub series (2) and (3) mature in 2035 and (4) matures in 2040. The proceeds of the bonds together with other available funds of the water department will be used to fund capital improvements to the City's water & wastewater system, fund payments to terminate a portion of the 2007 swap agreement, fund debt service requirements and pay various issuance costs.
- 3) In July 2010, the City of Philadelphia Water Department received approval for funding of "green infrastructure" projects from the Pennsylvania State Infrastructure Financing Authority ("Pennvest"). The maximum amount of the loan, as well as, the estimated project costs are \$30.0 million. No project draws have been requested to date.

### **B. COMPONENT UNITS**

- 1) In August 2010 **PGW** issued Gas Works Revenue Bonds (1998 Ordinance) Ninth Series A through D. Series A, issued in the amount of \$14.2 million are (uninsured) serial bonds with interest rates ranging from 2.0% to 5.0%, maturing in 2015. Series B are (insured) serial bonds issued in the amount of \$38.9 million, with interest rates ranging from 3.0% to 5.0% and mature in 2025. The Series C and D are (uninsured) term bonds issued in the amounts of \$27.1 million and \$69.8 million, have interest rates of 5.0% and 5.25%, and mature in 2030 and 2040 respectively. The proceeds from the bonds will be used to fund Gas Works capital projects and various bond issuance costs.