NEW ISSUE - BOOK ENTRY ONLY

RATINGS:
Fitch: "A"
Moody's: "A1"
S&P: "A"
See "RATINGS" herein.

Interest on the 2023A Bonds is included in gross income for federal income tax purposes pursuant to the Internal Revenue Code of 1986, as amended (the "Code"). In the opinion of Co-Bond Counsel, interest on the Tax-Exempt Bonds will be excluded from gross income for federal income tax purposes under existing statutes, regulations, rulings and court decisions, subject to the conditions described in "TAX MATTERS" herein. In addition, interest on the Tax-Exempt Bonds will not be treated as an item of tax preference under Section 57 of the Internal Revenue Code of 1986, as amended (the "Code"), for purposes of the federal alternative minimum tax; however, such interest is taken into account in determining the annual adjusted financial statement income of applicable corporations (as defined in Section 59(k) of the Code) for the purpose of computing the alternative minimum tax imposed on corporations. Under the laws of the Commonwealth of Pennsylvania, as enacted and construed on the date hereof, interest on the 2023 Bonds is exempt from Pennsylvania personal income tax and Pennsylvania corporate net income tax. Co-Bond Counsel expresses no opinion regarding any other tax consequences related to the ownership or disposition of, or the amount, accrual or receipt of interest on, the 2023 Bonds. For a more complete discussion, see "TAX MATTERS" herein.

$124,080,000
PHILADELPHIA REDEVELOPMENT AUTHORITY
City Service Agreement Revenue Bonds

$79,470,000
City Service Agreement Revenue Bonds,
Series A of 2023
(City of Philadelphia Neighborhood Preservation Initiative)
(Federally Taxable Social Bonds)

$19,985,000
City Service Agreement Revenue Bonds,
Series B of 2023
(City of Philadelphia Neighborhood Preservation Initiative)
(Tax-Exempt Social Bonds)

$24,625,000
City Service Agreement Revenue Refunding Bonds,
Series C of 2023
(City of Philadelphia Neighborhood Transformation Initiative)
(Tax-Exempt)

Dated: Date of Delivery **Due: As shown on inside cover page**

Capitalized terms used and not otherwise defined on this cover page have the meanings given to such terms in this Official Statement, APPENDIX D, or APPENDIX E, as applicable.

The 2023 Bonds. The Philadelphia Redevelopment Authority (the "Authority") is issuing the above-referenced bonds (the "2023 Bonds").

Social Bonds. The Authority and The City of Philadelphia (the "City") have designated the 2023A Bonds and the 2023B Bonds as "Social Bonds." See "DESIGNATION AS SOCIAL BONDS."

Purpose. The 2023A Bonds are being issued to (i) finance certain costs of the NPI Program, including certain program-wide administrative costs, as further described herein, and (ii) pay the costs of issuing the 2023A Bonds.

The 2023B Bonds are being issued to (i) finance certain costs of the NPI Program, as further described herein, and (ii) pay the costs of issuing the 2023B Bonds.

The 2023C Bonds are being issued to (i) refund the Refunded Bonds, and (ii) pay the costs of issuing the 2023C Bonds.

For more information on the NPI Program and the use of the proceeds of the 2023 Bonds, see "INTRODUCTION – Purpose," "THE AUTHORITY – Neighborhood Preservation Initiative," and "PLAN OF FINANCE AND ESTIMATED SOURCES AND USES OF FUNDS" herein.

Security. The following is qualified in all respects by the information in this Official Statement under the caption "SECURITY AND SOURCES OF PAYMENT FOR THE 2023 BONDS" and the documents referenced under such caption. As further described herein, the 2023 Bonds are payable by the Authority solely from certain payments to be made by:

THE CITY OF PHILADELPHIA

2023A Bonds and 2023B Bonds. The 2023A Bonds and the 2023B Bonds are payable by the Authority solely from the NPI Service Fee to be paid by the City under the NPI Service Agreement and certain funds held under the NPI Indenture.

2023C Bonds. The 2023C Bonds are payable by the Authority solely from the NTI Service Fee to be paid by the City under the NTI Service Agreement and certain funds held under the NTI Indenture.

General. The Service Fees under the respective Service Agreements are sized to be sufficient to pay, among other things, the principal of and interest on the related 2023 Bonds when due. The Service Fees are payable solely from the current revenues of the City, are subject to annual appropriation by the City, and City Council is required by the City Charter to appropriate to pay the Service Fees in each Fiscal Year. The City has covenanted in the Service Agreements and the Ordinances to include in its annual operating budget and appropriate in each Fiscal Year amounts sufficient to pay all Service Fee payments in such Fiscal Year when due. The obligations of the City to pay the Service Fees pursuant to the Service Agreements are unconditional and absolute.

Special Limited Obligations. The 2023A Bonds and the 2023B Bonds are special limited obligations of the Authority payable solely from the NPI Trust Estate. The 2023C Bonds are special limited obligations of the Authority payable solely from the NTI Trust Estate. The 2023 Bonds are not obligations of the City, the Commonwealth of Pennsylvania (the "Commonwealth") or any other political subdivision thereof. The 2023 Bonds are not secured by the General Fund of the City, and neither the general credit of the Authority nor the credit or taxing power of the City, the Commonwealth or any other political subdivision thereof is pledged to the payment of the principal of the 2023 Bonds, or the interest thereon or any premium or other costs incidental thereto. The Authority has no taxing power.

Redemption. The 2023A Bonds and the 2023B Bonds are subject to redemption prior to maturity, as described herein. The 2023C Bonds are not subject to redemption prior to maturity. See "THE 2023 BONDS – Redemption Provisions" herein.

Additional Obligations. The Authority has reserved the right to issue additional bonds and certain other obligations secured on a parity basis with the 2023A Bonds, the 2023B Bonds, and the 2021 Bonds (issued under the NPI Indenture), or the 2023C Bonds and the 2015 Bonds (issued under the NTI Indenture), as applicable, under the circumstances and upon satisfaction of certain conditions described in the applicable Ordinances and Indentures, all as described herein. See "THE 2023 BONDS – Additional Obligations" herein.

Interest Payment Dates. Interest on the 2023A Bonds and 2023B Bonds is payable semiannually on each March 1 and September 1, commencing on September 1, 2023. Interest on the 2023C Bonds is payable semiannually on each April 15 and October 15, commencing on October 15, 2023.

Tax Status. For information on the tax status of the 2023 Bonds, see the italicized language at the top of this cover page and "TAX MATTERS" herein. The 2023B Bonds and the 2023C Bonds are referred to herein collectively as the "Tax-Exempt Bonds."

Delivery Date. It is expected that the 2023 Bonds will be available for delivery to DTC on or about May 25, 2023.

This cover page contains certain information for quick reference only. It is not a summary of the 2023 Bonds or this Official Statement. Investors must read the entire Official Statement, including the Appendices, which are an integral part hereof, to obtain information essential to the making of an informed investment decision regarding the 2023 Bonds.

The 2023 Bonds are offered when, as and if issued by the Authority and accepted by the Underwriters and subject to the approval of the legality of the issuance of the 2023 Bonds by Cozen O'Connor and Ahmad Zaffarese LLC, Co-Bond Counsel, both of Philadelphia, Pennsylvania. Certain legal matters will be passed upon for the Authority by Turner Law, P.C., Philadelphia, Pennsylvania, Special Counsel to the Authority. Certain legal matters will be passed upon for the Underwriters by their counsel, Ballard Spahr LLP, Philadelphia, Pennsylvania. Certain legal matters will be passed upon for the City by the City of Philadelphia Law Department. Hawkins Delafield & Wood LLP and Law Office of Ann C. Lebowitz, Philadelphia, Pennsylvania, as Co-Disclosure Counsel to the City, will each deliver an opinion to the City and the Underwriters regarding certain matters.

Loop Capital Markets **J.P. Morgan**

Dated: May 17, 2023

MATURITIES, AMOUNTS, INTEREST RATES, PRICES, YIELDS, AND CUSIPS

$79,470,000
PHILADELPHIA REDEVELOPMENT AUTHORITY
City Service Agreement Revenue Bonds,
Series A of 2023
(City of Philadelphia Neighborhood Preservation Initiative)
(Federally Taxable Social Bonds)

Maturity Date (September 1)	Principal Amount	Interest Rate	Price	CUSIP†
2024	$3,195,000	4.917%	100.000	717868HF3
2025	3,360,000	4.867	100.000	717868HG1
2026	3,525,000	4.782	100.000	717868HH9
2027	3,695,000	4.719	100.000	717868HJ5
2029	3,875,000	4.889	100.000	717868HK2
2030	4,070,000	4.939	100.000	717868HL0
2031	4,280,000	4.939	100.000	717868HM8
2032	4,500,000	5.039	100.000	717868HN6
2033	4,730,000	5.089	100.000	717868HP1
2034	4,980,000	5.239	100.000	717868HQ9
2035	5,250,000	5.289	100.000	717868HR7
2036	5,540,000	5.339	100.000	717868HS5
2037	5,845,000	5.439	100.000	717868HT3
2038	6,175,000	5.489	100.000	717868HU0

$16,450,000 Term Bond maturing September 1, 2041; Interest Rate: 5.590%; Price: 100.000; CUSIP†: 717868HV8

---

† CUSIP is a registered trademark of the American Bankers Association (the "ABA"). CUSIP data herein is provided by CUSIP Global Services ("CGS"), which is managed on behalf of the ABA by FactSet Research Systems Inc. This data is not intended to create a database and does not serve in any way as a substitute for the CGS database. The CUSIP numbers listed above are being provided solely for the convenience of the holders of the 2023 Bonds only at the time of issuance of the 2023 Bonds, and the City, the Authority, the Trustees, and the Underwriters do not make any representation with respect to such CUSIP numbers or undertake any responsibility for their accuracy now or at any time in the future. The CUSIP numbers are subject to being changed after the issuance of the 2023 Bonds as a result of various subsequent actions including, but not limited to, a refunding in whole or in part of the 2023 Bonds or as a result of the procurement of secondary market portfolio insurance or other similar enhancement by investors that may be applicable to all or a portion of the 2023 Bonds.

$19,985,000
PHILADELPHIA REDEVELOPMENT AUTHORITY
City Service Agreement Revenue Bonds,
Series B of 2023
(City of Philadelphia Neighborhood Preservation Initiative)
(Tax-Exempt Social Bonds)

Maturity Date (September 1)	Principal Amount	Interest Rate	Price	Yield	CUSIP[†]
2041	$4,260,000	5.000%	108.785*	3.950%*	717868HW6
2042	7,665,000	5.000	108.434*	3.990*	717868HX4
2043	8,060,000	5.000	107.821*	4.060*	717868HY2

* Price and yield calculated to the first optional call date of September 1, 2033, at par.

† CUSIP is a registered trademark of the American Bankers Association (the "ABA"). CUSIP data herein is provided by CUSIP Global Services ("CGS"), which is managed on behalf of the ABA by FactSet Research Systems Inc. This data is not intended to create a database and does not serve in any way as a substitute for the CGS database. The CUSIP numbers listed above are being provided solely for the convenience of the holders of the 2023 Bonds only at the time of issuance of the 2023 Bonds, and the City, the Authority, the Trustees, and the Underwriters do not make any representation with respect to such CUSIP numbers or undertake any responsibility for their accuracy now or at any time in the future. The CUSIP numbers are subject to being changed after the issuance of the 2023 Bonds as a result of various subsequent actions including, but not limited to, a refunding in whole or in part of the 2023 Bonds or as a result of the procurement of secondary market portfolio insurance or other similar enhancement by investors that may be applicable to all or a portion of the 2023 Bonds.

$24,625,000
PHILADELPHIA REDEVELOPMENT AUTHORITY
City Service Agreement Revenue Refunding Bonds,
Series C of 2023
(City of Philadelphia Neighborhood Transformation Initiative)
(Tax-Exempt)

Maturity Date (April 15)	Principal Amount	Interest Rate	Price	Yield	CUSIP†
2024	$7,900,000	5.000%	101.438	3.340%	717868HZ9
2025	8,160,000	5.000	103.475	3.090	717868JA2
2026	8,565,000	5.000	105.633	2.950	717868JB0

† CUSIP is a registered trademark of the American Bankers Association (the "ABA"). CUSIP data herein is provided by CUSIP Global Services ("CGS"), which is managed on behalf of the ABA by FactSet Research Systems Inc. This data is not intended to create a database and does not serve in any way as a substitute for the CGS database. The CUSIP numbers listed above are being provided solely for the convenience of the holders of the 2023 Bonds only at the time of issuance of the 2023 Bonds, and the City, the Authority, the Trustees, and the Underwriters do not make any representation with respect to such CUSIP numbers or undertake any responsibility for their accuracy now or at any time in the future. The CUSIP numbers are subject to being changed after the issuance of the 2023 Bonds as a result of various subsequent actions including, but not limited to, a refunding in whole or in part of the 2023 Bonds or as a result of the procurement of secondary market portfolio insurance or other similar enhancement by investors that may be applicable to all or a portion of the 2023 Bonds.

THE CITY OF PHILADELPHIA, PENNSYLVANIA

MAYOR

HONORABLE JAMES F. KENNEY

MAYOR'S CHIEF OF STAFF

Christina Hernandez

MAYOR'S CABINET

Tumar Alexander	Managing Director
Rob Dubow	Director of Finance
Diana P. Cortes	City Solicitor
Josie Pickens	Chief Diversity, Equity & Inclusion Officer
Stephanie Tipton	Chief Administrative Officer
Anne Nadol	Director of Commerce
Anne Fadullon	Director of Planning & Development
Sheila Hess	City Representative
Sarah E. Stevenson	Chief Integrity Officer
Alexander F. DeSantis	Inspector General
Basil Merenda	Director of Labor
Vanessa Garrett Harley	Deputy Mayor for Children and Families
Deborah Mahler	Deputy Mayor for Intergovernmental Affairs

CITY TREASURER

Jacqueline Dunn

ACTING CITY CONTROLLER

Charles Edacheril

No Offering May Be Made Except by this Official Statement. No dealer, broker, salesperson or other person has been authorized by the Authority, the City, or the Underwriters to give any information or to make representations, other than as contained in this Official Statement, and if given or made, such other information or representations must not be relied upon as having been authorized by the Authority, the City, or the Underwriters. The offering of the 2023 Bonds is made only by means of this entire Official Statement.

No Unlawful Offers or Solicitations. This Official Statement does not constitute an offer to sell or the solicitation of an offer to buy, nor shall there be any sale of the 2023 Bonds by any person, in any jurisdiction in which it is unlawful for such person to make such offer, solicitation, or sale.

Use of this Official Statement. This Official Statement is submitted in connection with the sale of the 2023 Bonds described in this Official Statement and may not be reproduced or used, in whole or in part, for any other purpose. This Official Statement is not to be construed as a contract or agreement among the Authority, the City, the Underwriters and the purchasers or owners of any offered 2023 Bonds. This Official Statement is being provided to prospective purchasers either in bound printed form ("Original Bound Format") or in electronic format on the following websites: www.mcelweequinn.com and http://emma.msrb.org. This Official Statement may be relied upon only if it is in its Original Bound Format or if it is printed in full directly from such website.

Preparation of this Official Statement. The information set forth herein has been furnished by the Authority and the City and includes information obtained from other sources, all of which are believed to be reliable. The information and expressions of opinion herein are subject to change without notice and neither the delivery of this Official Statement nor any sale made hereunder shall, under any circumstances, create any implication that there has been no change in the affairs of the Authority or the City since the date hereof. Such information and expressions of opinion are made for the purpose of providing information to prospective investors and are not to be used for any other purpose or relied on by any other party. The Underwriters have reviewed the information in this Official Statement in accordance with, and as part of, their responsibilities to investors under the federal securities laws as applied to the facts and circumstances of this transaction, but the Underwriters do not guarantee the accuracy or completeness of such information.

Order and Placement of Materials. The order and placement of materials in this Official Statement, including the Appendices, are not to be deemed a determination of relevance, materiality or importance, and this Official Statement, including the cover page, the inside cover page and the Appendices, must be considered in its entirety. The captions and headings in this Official Statement are for convenience only and in no way define, limit or describe the scope or intent, or affect the meaning or construction, of any provisions or sections of this Official Statement.

Estimates and Forecasts. The statements contained in this Official Statement and the Appendices hereto that are not purely historical are forward-looking statements. Such forward-looking statements can be identified, in some cases, by terminology such as "may," "will," "should," "expects," "intends," "plans," "anticipates," "believes," "estimates," "predicts," "potential," "illustrate," "example," and "continue," or the singular, plural, negative or other derivations of these or other comparable terms. Readers should not place undue reliance on forward-looking statements. All forward-looking statements included in this Official Statement are based on information available to such parties on the date of this Official Statement, and neither the Authority nor the City assumes any obligation to update any such forward-looking statements. The forward-looking statements included herein are necessarily based on various assumptions and estimates and are inherently subject to various risks and uncertainties, including, but not limited to, risks and uncertainties relating to the possible invalidity of the underlying assumptions and estimates and possible changes or developments in various important factors. Accordingly, actual results may vary from the projections, forecasts and estimates contained in this Official Statement and such variations may be material, which could affect the ability to fulfill some or all of the obligations under the 2023 Bonds.

Public Offering Prices. In connection with the offering of the 2023 Bonds, the Underwriters may overallot or effect transactions which stabilize or maintain the market price of the 2023 Bonds at levels above those which might otherwise prevail in the open market. Such stabilization, if commenced, may be discontinued at any time.

No Recommendation or Registration. The 2023 Bonds have not been recommended by any federal or state securities commission or regulatory authority. Furthermore, the foregoing authorities have not confirmed the accuracy or determined the adequacy of this document. Any representation to the contrary is a criminal offense. The 2023 Bonds have not been registered with the Securities and Exchange Commission (the "SEC") under the Securities Act of 1933, as amended, in reliance upon the exemption contained in Section 3(a)(2) of such act; and the Indentures have not been qualified under the Trust Indenture Act of 1939, as amended, in reliance upon certain exemptions contained in such act.

Informational Purposes Only; No Incorporation by Reference Unless Expressly Stated Otherwise. References to website addresses presented herein, including the City's Investor Website (as defined herein) or any other website containing information about the City, are for informational purposes only and may be in the form of a hyperlink solely for the reader's convenience. Unless specified otherwise, such websites and the information or links contained therein are not incorporated into, and are not part of, this Official Statement for any purpose, including for purposes of Rule 15c2-12 promulgated by the SEC.

[THIS PAGE INTENTIONALLY LEFT BLANK]

Summary of the Offering

This summary is subject in all respects to more complete information contained in this Official Statement and should not be considered a complete statement of the facts material to making an investment decision. The offering of the 2023 Bonds to potential investors is made only by means of the entire Official Statement, including the cover page, the inside cover pages, and the Appendices. Capitalized terms used in this summary and not otherwise defined in the front portion of this Official Statement have the meanings given to such terms in APPENDIX D or APPENDIX E, as applicable.

Issuer:	The Philadelphia Redevelopment Authority (the "Authority").
Bonds Offered:	$79,470,000 aggregate principal amount City Service Agreement Revenue Bonds, Series A of 2023 (City of Philadelphia Neighborhood Preservation Initiative) (Federally Taxable Social Bonds) (the "2023A Bonds") $19,985,000 aggregate principal amount City Service Agreement Revenue Bonds, Series B of 2023 (City of Philadelphia Neighborhood Preservation Initiative) (Tax-Exempt Social Bonds) (the "2023B Bonds") $24,625,000 aggregate principal amount City Service Agreement Revenue Refunding Bonds, Series C of 2023 (City of Philadelphia Neighborhood Transformation Initiative) (Tax-Exempt) (the "2023C Bonds," and together with the 2023A Bonds and the 2023B Bonds, the "2023 Bonds")
Designation as Social Bonds:	The Authority and The City of Philadelphia (the "City") have designated the 2023A Bonds and the 2023B Bonds as "Social Bonds." See "DESIGNATION AS SOCIAL BONDS."
Interest Payment Dates:	Interest on the 2023A Bonds and 2023B Bonds is payable semiannually on each March 1 and September 1, commencing on September 1, 2023. Interest on the 2023C Bonds is payable semiannually on each April 15 and October 15, commencing on October 15, 2023.
Security and Sources of Payment:	The following is qualified in all respects by the information in this Official Statement under the caption "SECURITY AND SOURCES OF PAYMENT FOR THE 2023 BONDS" and the documents referenced under such caption. <u>2023A Bonds and 2023B Bonds</u> The 2023A Bonds and the 2023B Bonds are payable by the Authority solely from the NPI Service Fee to be paid by the City under the NPI Service Agreement and certain funds held under the NPI Indenture. <u>2023C Bonds</u>. The 2023C Bonds are payable by the Authority solely from the NTI Service Fee to be paid by the City under the NTI Service Agreement and certain funds held under the NTI Indenture. <u>General</u> The Service Fees under the respective Service Agreements are sized to be sufficient to pay, among other things, the principal of and interest on the related 2023 Bonds when due. The Service Fees are payable solely from the current revenues of the City, are subject to annual appropriation by the City, and City Council is required by the City Charter to appropriate to pay the Service Fees in each Fiscal Year. The City has covenanted in the Service Agreements and the Ordinances to include in its annual operating budget and appropriate in each Fiscal Year amounts sufficient to pay all

	Service Fee payments in such Fiscal Year when due. The obligations of the City to pay the Service Fees pursuant to the Service Agreements are unconditional and absolute.
	Special Limited Obligations
	The 2023A Bonds and the 2023B Bonds are special limited obligations of the Authority payable solely from the NPI Trust Estate. The 2023C Bonds are special limited obligations of the Authority payable solely from the NTI Trust Estate. The 2023 Bonds are not obligations of the City, the Commonwealth of Pennsylvania (the "Commonwealth") or any other political subdivision thereof. The 2023 Bonds are not secured by the General Fund of the City, and neither the general credit of the Authority nor the credit or taxing power of the City, the Commonwealth or any other political subdivision thereof is pledged to the payment of the principal of the 2023 Bonds, or the interest thereon or any premium or other costs incidental thereto. The Authority has no taxing power.
Additional Obligations:	The Authority has reserved the right to issue additional bonds and certain other obligations secured on a parity basis with the 2023A Bonds, the 2023B Bonds, and the 2021 Bonds (issued under the NPI Indenture), or the 2023C Bonds and the 2015 Bonds (issued under the NTI Indenture), as applicable, under the circumstances and upon satisfaction of certain conditions described in the applicable Ordinances and Indentures, all as described herein. See "THE 2023 BONDS – Additional Obligations" herein.
Use of Proceeds:	The proceeds of the 2023A Bonds are being used to (i) finance certain costs of the NPI Program, including certain program-wide administrative costs, as further described herein, and (ii) pay the costs of issuing the 2023A Bonds. The proceeds of the 2023B Bonds are being used to (i) finance certain costs of the NPI Program, as further described herein, and (ii) pay the costs of issuing the 2023B Bonds. The proceeds of the 2023C Bonds are being used to (i) refund the Refunded Bonds, and (ii) pay the costs of issuing the 2023C Bonds. For more information on the NPI Program, the use of the proceeds of the 2023 Bonds, and the Refunded Bonds, see "INTRODUCTION – Purpose," "THE AUTHORITY – Neighborhood Preservation Initiative," "PLAN OF FINANCE AND ESTIMATED SOURCES AND USES OF FUNDS," and "APPENDIX J – Schedule of Refunded Bonds" herein.
Redemption:	The 2023A Bonds and the 2023B Bonds are subject to redemption prior to maturity, as described herein. The 2023C Bonds are not subject to redemption prior to maturity. See "THE 2023 BONDS – Redemption Provisions" herein.
Authorized Denominations:	The 2023 Bonds will be issued as registered bonds in denominations of $5,000 and integral multiples thereof.
Form and Depository:	The 2023 Bonds will be delivered solely in registered form under a global book-entry system through the facilities of DTC. See APPENDIX H.
Tax Status:	For information on the tax status of the 2023 Bonds, see the italicized language at the top of the cover page of this Official Statement and "TAX MATTERS" herein. The 2023B Bonds and the 2023C Bonds are referred to herein collectively as the "Tax-Exempt Bonds."

Ratings:	Fitch	"A" (stable outlook)
	Moody's	"A1" (stable outlook)
	S&P	"A" (positive outlook)
	See "RATINGS" herein.	

[THIS PAGE INTENTIONALLY LEFT BLANK]

TABLE OF CONTENTS

Page

OFFICIAL STATEMENT

Relating To

$124,080,000
PHILADELPHIA REDEVELOPMENT AUTHORITY
City Service Agreement Revenue Bonds

$79,470,000
City Service Agreement Revenue Bonds,
Series A of 2023
(City of Philadelphia Neighborhood Preservation Initiative)
(Federally Taxable Social Bonds)

$19,985,000
City Service Agreement Revenue Bonds,
Series B of 2023
(City of Philadelphia Neighborhood Preservation Initiative)
(Tax-Exempt Social Bonds)

$24,625,000
City Service Agreement Revenue Refunding Bonds,
Series C of 2023
(City of Philadelphia Neighborhood Transformation Initiative)
(Tax-Exempt)

INTRODUCTION

General

This Official Statement, including the cover page, the inside cover pages, and the attached Appendices, is furnished in connection with the offering by the Philadelphia Redevelopment Authority, Philadelphia, Pennsylvania (the "Authority") of (i) $79,470,000 aggregate principal amount of its City Service Agreement Revenue Bonds, Series A of 2023 (City of Philadelphia Neighborhood Preservation Initiative) (Federally Taxable Social Bonds) (the "2023A Bonds"), (ii) $19,985,000 aggregate principal amount of its City Service Agreement Revenue Bonds, Series B of 2023 (City of Philadelphia Neighborhood Preservation Initiative) (Tax-Exempt Social Bonds) (the "2023B Bonds"), and (iii) $24,625,000 aggregate principal amount of its City Service Agreement Revenue Refunding Bonds, Series C of 2023 (City of Philadelphia Neighborhood Transformation Initiative) (Tax-Exempt) (the "2023C Bonds," and together with the 2023A Bonds and 2023B Bonds, the "2023 Bonds"). Reference should be made to the material under the caption "THE 2023 BONDS" for a description of the 2023 Bonds and to APPENDIX H for a description of the book-entry system applicable thereto.

Certain factors that may affect an investment decision concerning the 2023 Bonds are described throughout this Official Statement. Prospective purchasers considering a purchase of the 2023 Bonds should read this Official Statement, including the cover page, the inside cover pages and the Appendices, which are an integral part hereof, in its entirety. All estimates and assumptions of financial and other information are based on information currently available, are believed to be reasonable and are not to be construed as assurances of actual outcomes. All estimates of future performance or events constituting forward-looking statements may or may not be realized because of a wide variety of economic and other circumstances. Included in such forward-looking statements are numbers and other information from the adopted and proposed budgets of The City of Philadelphia (the "City"), as well as from the City's five-year financial plans. See APPENDIX A – "DISCUSSION OF FINANCIAL OPERATIONS – Current

Financial Information" hereto. Accordingly, no assurance is given that any projected future results will be achieved.

Capitalized terms used and not otherwise defined in the front portion of this Official Statement have the meanings given to such terms in APPENDIX D or APPENDIX E, as applicable.

Authorization

2023A Bonds and 2023B Bonds. The 2023A Bonds and 2023B Bonds are being issued pursuant to the provisions of (i) the Pennsylvania Urban Redevelopment Law, Act No. 385 of the General Assembly of the Commonwealth of Pennsylvania approved May 24, 1945 (P.L. 991), as amended and supplemented (the "Act"), and (ii) a resolution of the Authority adopted on March 8, 2023 (the "Resolution"). The 2023A Bonds and 2023B Bonds will be secured under the terms of a First Supplemental Indenture dated as of May 1, 2023 (the "First Supplemental NPI Indenture") between the Authority and U.S. Bank Trust Company, National Association, successor in interest to U.S. Bank National Association, as trustee (the "NPI Trustee"), supplementing the Trust Indenture dated as of October 1, 2021 (the "Original NPI Indenture," and together with the First Supplemental NPI Indenture, the "NPI Indenture").

Pursuant to an Ordinance (Bill No. 210203) passed by City Council on May 13, 2021, and signed by the Mayor of the City (the "Mayor") on May 27, 2021 (the "NPI Ordinance"), the City has authorized the NPI Service Agreement and the payment of the NPI Service Fee (each as defined herein).

2023C Bonds. The 2023C Bonds are being issued pursuant to the provisions of (i) the Act and (ii) the Resolution. The 2023C Bonds will be secured under the terms of a Sixth Supplemental Indenture dated as of May 1, 2023 (the "Sixth Supplemental NTI Indenture") between the Authority and TD Bank National Association, as successor trustee to Commerce Bank/Pennsylvania, National Association (the "NTI Trustee"), supplementing the Trust Indenture dated as of April 15, 2002, as previously supplemented (the "Original NTI Indenture," and together with the Sixth Supplemental NTI Indenture and the other supplemental indentures under the Original NTI Indenture, the "NTI Indenture").

With respect to bonds previously issued under the NTI Indenture, the Existing NTI Service Agreement and the payment of the NTI Service Fee (each as defined herein) have been authorized by the City pursuant to (i) Ordinance (Bill No. 020036) passed by City Council on February 28, 2002 and signed by the Mayor on March 13, 2002 (the "Original NTI Ordinance") and (ii) Ordinance (Bill No. 110733) passed by City Council on December 8, 2011 and signed by the Mayor on December 21, 2011 (the "2011 Ordinance"). With respect to the 2023C Bonds, the Fifth Supplemental NTI Service Agreement (as defined herein) and the payment of the NTI Service Fee have been authorized by the City pursuant to Ordinance (Bill No. 230251) passed by City Council on May 11, 2023, and signed by the Mayor on May 15, 2023 (the "Refunding Ordinance," and together with the Original NTI Ordinance and 2011 Ordinance, the "NTI Ordinances").

The NPI Ordinance and the NTI Ordinances are each referred to herein, individually, as an "Ordinance" and, collectively, as the "Ordinances".

The NPI Indenture and the NTI Indenture are each referred to herein, individually, as an "Indenture" and, collectively, as the "Indentures."

COVID-19 Response

On March 11, 2020, the World Health Organization declared a novel strain of coronavirus ("COVID-19"), a worldwide pandemic. Due to the increase in the number of COVID-19 cases, federal, state, and local bodies enacted legislation, and other administrative orders, directives and guidance to mitigate the impacts of COVID-19 on the general population and the economy. Since then, the Governor of the Commonwealth and the Mayor of the City of Philadelphia have instituted a series of orders and other emergency measures, which have expired or been supplanted. As vaccination rates have increased, both the Commonwealth and the City have eased restrictions. For more information on the City's response to COVID-19, including the distribution of COVID-19 vaccines, see https://www.phila.gov/programs/coronavirus-disease-2019-covid-19/. Such website is included herein for reference only and the information contained therein is not incorporated by reference in this Official Statement.

The City continues to closely monitor and assess the effects of the COVID-19 pandemic and its impact on the City's financial position and operations. No assurances can be given that circumstances will not deteriorate in the future as a result of a subsequent COVID-19 outbreak or surge in cases related to any COVID-19 variants. For more information on the City's response to COVID-19 and the related financial and budgetary impacts on the City, see APPENDIX A – "OVERVIEW – Fiscal Health of the City – COVID-19" and APPENDIX B – "CITY SOCIOECONOMIC INFORMATION – COVID-19.

Purpose

The proceeds of the 2023A Bonds are being used to (i) finance certain costs of the NPI Program, including certain program-wide administrative costs, as further described herein, and (ii) pay the costs of issuing the 2023A Bonds.

The proceeds of the 2023B Bonds are being used to (i) finance certain costs of the NPI Program, as further described herein, and (ii) pay the costs of issuing the 2023B Bonds.

The proceeds of the 2023C Bonds are being used to (i) refund the Refunded Bonds (as defined herein), and (ii) pay the costs of issuing the 2023C Bonds.

For more information on the NPI Program, the use of the proceeds of the 2023 Bonds, and the Refunded Bonds, see "THE AUTHORITY – Neighborhood Preservation Initiative," "PLAN OF FINANCE AND ESTIMATED SOURCES AND USES OF FUNDS," and "APPENDIX J – Schedule of Refunded Bonds" herein.

Philadelphia Redevelopment Authority

The Authority is a public body, corporate and politic, exercising public powers of the Commonwealth of Pennsylvania (the "Commonwealth") as an agency thereof created under and pursuant to the Act. See "THE AUTHORITY" herein.

Security for the 2023 Bonds

The following is qualified in all respects by the information in this Official Statement under the caption "SECURITY AND SOURCES OF PAYMENT FOR THE 2023 BONDS" and the documents referenced under such caption.

2023A Bonds and the 2023B Bonds. The 2023A Bonds and the 2023B Bonds are payable by the Authority solely from certain service fee payments (the "NPI Service Fee") to be paid by the City under the Service Agreement dated as of October 1, 2021 (the "Original NPI Service Agreement"), as supplemented by a First Supplemental Service Agreement, dated as of May 1, 2023 (the "First Supplemental NPI Service Agreement," and together with the Original NPI Service Agreement, the "NPI Service Agreement"), each between the Authority and the City, and certain funds held under the NPI Indenture.

2023C Bonds. The 2023C Bonds are payable by the Authority solely from certain service fee payments (the "NTI Service Fee") to be paid by the City under the Service Agreement dated as of April 15, 2002 (the "Original NTI Service Agreement"), as previously supplemented (the "Existing NTI Service Agreement") and as further supplemented by a Fifth Supplemental Service Agreement, dated as of May 1, 2023 (the "Fifth Supplemental NTI Service Agreement," and together with the Existing NTI Service Agreement, the "NTI Service Agreement"), each between the Authority and the City, and certain funds held under the NTI Indenture.

The NPI Service Fee and the NTI Service Fee are each referred to herein, individually, as a "Service Fee" and, collectively, as the "Service Fees."

The NPI Service Agreement and the NTI Service Agreement are each referred to herein, individually, as a "Service Agreement" and, collectively, as the "Service Agreements."

General. The Service Fees under the respective Service Agreements are sized to be sufficient to pay, among other things, the principal of and interest on the related 2023 Bonds when due. The Service Fees are payable solely from the current revenues of the City, and are subject to annual appropriation by the City. City Council is obligated by the City Charter (as defined herein) to make appropriations from year to year to pay the Service Fees coming due under the Service Agreements. The City has covenanted in the Service Agreements and the Ordinances to include in its annual operating budget and appropriate in each Fiscal Year amounts sufficient to pay all Service Fee payments in such Fiscal Year when due. The obligations of the City to pay the Service Fees pursuant to the Service Agreements are unconditional and absolute.

Under the respective Indentures, the Authority has assigned, and granted a security interest in, and pledged, to the respective Trustees all of the right, title and interest of the Authority in and to the applicable Service Agreement (except for rights reserved under the applicable Service Agreement) and amounts held in certain funds and accounts established under the respective Indentures. The City has covenanted in the Ordinances to make all Service Fee payments and to pay certain other amounts due under the applicable Service Agreement directly to the applicable Trustee, as assignee of the Authority, so long as any bonds are Outstanding (as defined herein) under the applicable Indenture.

Special Limited Obligations. The 2023A Bonds and the 2023B Bonds are special limited obligations of the Authority payable solely from the NPI Trust Estate (as defined herein) established under the NPI Indenture. The 2023C Bonds are special limited obligations of the Authority payable solely from the NTI Trust Estate (as defined herein) established under the NTI Indenture. The 2023 Bonds are not a debt or liability of the City, the Commonwealth or any political subdivision thereof and shall not create or constitute an indebtedness, liability or obligation (legal, moral or otherwise) of the City, the Commonwealth or any political subdivision thereof. Neither the general credit of the Authority nor the credit or taxing power of the City, the Commonwealth or any political subdivision thereof is pledged to the payment of the principal of or any premium or interest on the 2023 Bonds. The 2023 Bonds are not secured by the General Fund of the City. The Authority has no taxing power.

Trustees

2023A Bonds and 2023B Bonds. U.S. Bank Trust Company, National Association is a national banking association organized and existing under the laws of the United States of America, having a corporate trust office in Philadelphia, and is serving as NPI Trustee under the NPI Indenture. The designated corporate trust office of the NPI Trustee is U.S. Bank Trust Company, National Association, Two Liberty Place, 50 S. 16th Street, Suite 2000, Mail Station EX-PA-WBSP, Philadelphia, PA 19102, Attention: Global Corporate Trust.

2023C Bonds. TD Bank, National Association, is a national banking association organized and existing under the laws of the United States of America, having a corporate trust office in Philadelphia, Pennsylvania, and is serving as NTI Trustee under the NTI Indenture. The designated corporate trust office of the NTI Trustee is 12000 Horizon Way, Mt. Laurel, New Jersey 08054.

The NPI Trustee and the NTI Trustee are each referred to herein, individually, as a "Trustee" and, collectively, as the "Trustees."

Information Regarding The City of Philadelphia

APPENDIX A provides information regarding the City, including relevant statutory provisions, financial information, litigation information, the City's relationship with the Pennsylvania Intergovernmental Cooperation Authority ("PICA") and the City's five-year plans. APPENDIX B contains socioeconomic and demographic information about the City. APPENDIX C contains the Annual Comprehensive Financial Report of the City for the Fiscal Year ended June 30, 2022 (the "Fiscal Year 2022 ACFR"). Certain information contained in APPENDIX A regarding the City is for periods prior to or subsequent to June 30, 2022. As a result, certain of the information in APPENDIX C may vary from corresponding information concerning the City in APPENDIX A.

The Fiscal Year 2022 ACFR was filed with the Municipal Securities Rulemaking Board ("MSRB") on February 25, 2023, through the MSRB's Electronic Municipal Market Access ("EMMA") system. For bonds issued in calendar year 2015 and thereafter, the annual filing deadline for the ACFR is February 28; for bonds issued prior to calendar year 2015, the annual filing deadline for the ACFR is 240 days after the end of the respective Fiscal Year, being February 25.

The Fiscal Year 2022 ACFR and other information about the City can be found on the City's website at www.phila.gov/investor (the "City's Investor Website"). The "Terms of Use" statement of the City's Investor Website, which applies to all users of the City's Investor Website, provides, among other things, that the information contained therein is provided for the convenience of the user, that the City is not obligated to update such information, and that the information may not provide all information that may be of interest to investors. The information contained on the City's Investor Website does not constitute an offer to buy or sell securities, nor is it a solicitation therefor. The information contained on the City's Investor Website is not incorporated by reference in this Official Statement and persons considering a purchase of the 2023 Bonds should rely only on information contained in this Official Statement or expressly incorporated by reference herein.

The City Controller has examined and expressed opinions on the basic financial statements of the City contained in the Fiscal Year 2022 ACFR. The City Controller has not participated in the preparation of this Official Statement nor in the preparation of the budget estimates and projections and cash flow statements and forecasts set forth in various tables contained in this Official Statement. Consequently, the

City Controller expresses no opinion with respect to any of the data contained in this Official Statement other than what is contained in the basic financial statements of the City in the Fiscal Year 2022 ACFR.

The Authority makes no representation as to the accuracy of any information contained in, or referenced in, this Official Statement relating to the City. Because the general credit of the Authority is not pledged to the payment of the 2023 Bonds, no financial information or operating data with respect to the Authority has been included in this Official Statement.

Miscellaneous

Brief descriptions of the Authority, the 2023 Bonds, the Service Agreements, the Ordinances, and the Indentures are included in this Official Statement. The summaries of the documents contained herein do not purport to be complete, comprehensive or definitive and are qualified in their entirety by reference to the entire text of such documents, and the description herein of the 2023 Bonds is qualified in its entirety by reference to the forms thereof and the information with respect thereto included in the aforesaid documents. All such descriptions are further qualified in their entirety by reference to laws and principles of equity relating to or affecting generally the enforcement of creditors' rights and the exercise of judicial discretion.

Copies of the Ordinances, the Resolution, the Indentures, and the Service Agreements may be obtained from the Authority and, during the initial offering period, at the principal offices of the Representative of the Underwriters (as defined herein). After delivery of the 2023 Bonds, such copies may be obtained from the applicable Trustee at its designated corporate trust office.

This Official Statement speaks only as of the date printed on the cover page hereof. The information contained herein is subject to change. This Official Statement will be made available through the Municipal Securities Rulemaking Board's Electronic Municipal Market Access System, accessible at http://emma.msrb.org.

THE AUTHORITY

The Authority was established in 1945 pursuant to the Act. The Authority exists and operates under the Act for the public purposes of the elimination of blighted areas through economically and socially sound redevelopment of such areas, as provided by the Act, in conformity with the comprehensive general plan of the City, for residential, recreational, commercial, industrial or other purposes, and otherwise encouraging the provision of healthful homes, a decent living environment and adequate places of employment of the people of the Commonwealth. In order to carry out its corporate purposes, the Authority has the power under the Act and the Pennsylvania Redevelopment Cooperation Law, Act No. 383 of the General Assembly of the Commonwealth approved May 24, 1945 (P.L. 982), as amended and supplemented (the "Redevelopment Cooperation Law"), to issue bonds, to cooperate with the City and to enter into contracts necessary or convenient to the exercise of its power. The jurisdiction of the Authority is coextensive with the corporate limits of the City. In 2011, the Authority's name was changed from Redevelopment Authority of the City of Philadelphia to the Philadelphia Redevelopment Authority. In 2019, the Authority and the Philadelphia Land Bank combined operations under the Philadelphia Housing Development Corporation to achieve certain administrative and programmatic efficiencies. The Authority continues to exist as an Authority under the Act and continues to be governed by its own board (as described below). The principal office of the Authority is located at 1234 Market Street, 16th Floor, Philadelphia, Pennsylvania 19107, telephone (215) 854-6500, facsimile (215) 854-6603.

Organization

The powers of the Authority are vested in and exercised by a board of five members (the "Board") appointed by the Mayor of the City. The Act provides that all members of the Board of the Authority shall be residents of the City and shall hold office for a term of five years or until a successor is appointed. The members of the Board of the Authority and their terms are as follows:

Name	Title	Term Expires (March 28)
David S. Thomas	Chair	2026
William Smith	Vice Chair	2027
Maria Duque Buckley	2nd Vice Chair & Assistant Secretary	2025
Anne Nadol	Secretary	2028
Kate McGlinchey	Treasurer	2024

Indebtedness of the Authority

The Authority has a number of special obligation bond and note issues outstanding under indentures or other instruments apart from the NPI Indenture and the NTI Indenture and may issue others from time to time. Each such issue is payable solely from revenues derived from the project being financed or from special funds established therefor, is separately secured, and is separate and independent from the 2023 Bonds as to sources of payment and security. Similarly, the obligations outstanding under the NPI Indenture and NTI Indenture, respectively, are separately secured by such applicable Indenture and are separate and independent from the obligations outstanding under the other Indenture as to sources of payment and security.

The Authority has experienced a default with respect to an obligation issued by it, by reason of nonpayment of debt service by the party receiving financing through the Authority. However, the 2023 Bonds are payable solely from the funds pledged under the respective Indentures and any other obligations issued by the Authority are payable solely from the funds specifically pledged for the payment of such other obligations. Accordingly, a default on another issue of obligations issued by the Authority under another indenture would not constitute a default on the 2023A Bonds, the 2023B Bonds, and the 2021 Bonds (issued under the NPI Indenture), or the 2023C Bonds and the 2015 Bonds (issued under the NTI Indenture). Similarly, a default under the NPI Indenture would not constitute a default under the NTI Indenture, and a default under the NTI Indenture would not constitute a default under the NPI Indenture.

For more information on the issuance of Additional Obligations by the Authority under the NPI Indenture and of Additional Bonds by the Authority under the NTI Indenture, respectively, see "THE 2023 BONDS – Additional Obligations."

Neighborhood Preservation Initiative

The Authority and the City have determined, in accordance with the NPI Ordinance, that the Authority will, at the direction and with the cooperation of the City, by entering into the NPI Service Agreement, provide financial and administrative services to the City in connection with, and undertake, certain housing, small business, commercial corridors, and neighborhood infrastructure programs within the City referred to as the "Neighborhood Preservation Initiative" (the "NPI Program"), including the financing of certain costs thereof, all as further described in the NPI Ordinance in order to encourage the provision of healthful homes and a decent living environment, eliminate blight, preserve critical affordable housing, respond to inadequacies in the supply of residential owner-occupied and rental housing in the City, encourage the provision of adequate places for employment, and promote economic activity to improve the health, safety and welfare of residents of the City as further described in the NPI Ordinance through redevelopment, renewal, rehabilitation, housing, conservation, urban beautification and/or commercial section and neighborhood development activities.

On October 26, 2021, the Authority issued (i) $89,685,000 aggregate principal amount of City Service Agreement Revenue Bonds, Series A of 2021 (Federally Taxable Social Bonds) (the "2021A Bonds"), and (ii) $8,875,000 aggregate principal amount of City Service Agreement Revenue Bonds, Series B of 2021 (Tax-Exempt Social Bonds) (the "2021B Bonds," and together with the 2021A Bonds, the "2021 Bonds"). The 2021 Bonds were issued to finance certain costs of the NPI Program and were designated as "Social Bonds."

The Authority will, to the extent requested by the City, select, or otherwise cooperate with the City in the selection of certain governmental, non-profit and other entities, including minority, women, and disadvantaged business enterprise (MWDBE) contracting entities, as Program Intermediaries ("PIs") to assist in carrying out various program delivery activities. To the extent that the City utilizes PIs to administer elements of the NPI Program and perform specified activities in connection with the NPI Program, the Authority will cooperate with the City in the oversight, administration and coordination of such activities of such PIs to the extent directed by the City. The City and the Authority may also mutually determine that the Authority will carry out certain program delivery activities directly on behalf of the City.

Pursuant to the Redevelopment Cooperation Law, and in connection with the issuance of the 2021 Bonds, the Authority and the City entered into an Intergovernmental Cooperation Agreement (the "Original Cooperation Agreement") to address the administration of the NPI Program generally and certain particular matters with respect to a number of the housing-related components of the NPI Program, as well as certain matters related to NPI Program funds and fiscal responsibilities, among other things. The Original Cooperation Agreement was previously amended to reflect certain reallocations of planned levels of expenditures among component programs of the NPI Program due to demand for particular projects and services (as amended to date, the "Existing Cooperation Agreement"). The Existing Cooperation Agreement is expected to be further amended and restated in connection with the issuance of the 2023A Bonds and the 2023B Bonds to make reference to such issuance and address certain other program-related matters (as so amended and restated, the "Cooperation Agreement"). Neither the Cooperation Agreement nor any payment to the Authority pursuant thereto is pledged to secure the payment of the 2023A and 2023B Bonds. While the Cooperation Agreement is expected to set forth specific programmatic uses of proceeds of the 2023A Bonds and the 2023B Bonds, such determinations are subject to change at any time upon agreement of the Authority and the City. The Cooperation Agreement may be further amended or terminated by the parties without any consent of, or notice to, the NPI Trustee or the Holders of the 2023A Bonds and 2023B Bonds.

In administering the NPI Program, the City and the Authority may determine that additional intergovernmental cooperation agreements, memoranda of understanding, or other agreements or arrangements of a similar nature are necessary and beneficial in order to deliver certain components of the NPI Program. Any such agreements or arrangements could involve parties in addition to the City or the Authority.

Proceeds of the 2023A Bonds and 2023B Bonds are expected to be used for some or all of the costs (either incurred directly, or on a reimbursement basis, by the City, the Authority or PIs) of one or more of the various components of the NPI Program described below. Proceeds of the 2023A Bonds and 2023B Bonds may be used to make direct payments for costs of property acquisition, construction or improvements, or grants or loans in connection with carrying out various program delivery activities. Loans may be made at zero interest rates. **Any loan repayments made by borrowers under any part of the NPI Program or other amounts recovered from borrowers or other program intermediaries, lenders or contractors (other than unspent proceeds of the 2023A Bonds and 2023B Bonds on deposit in the Project Fund) do not constitute part of the NPI Trust Estate and are not pledged to secure the 2023A Bonds and 2023B Bonds.**

The following summarizes the respective components of the NPI Program. A more detailed description of the NPI Program is set forth in the NPI Ordinance, which is publicly available on City Council's website, no portion of which is incorporated by reference in this Official Statement.

Rental Assistance: Providing grants to landlords or directly to tenants to provide rental payment support for tenants who are low-income or rent burdened (i.e., spend more than 30% of their household income on housing-related expenses).

Small Landlord Loan Program: Making loans to small landlords (30 or fewer units in the portfolio for the particular landlord) to be used for making property repairs/improvements, addressing building code or lead-paint issues, or for use as working capital for costs related to the rental properties of such small landlords incurred in the ordinary course of their business.

Basic Systems Repair Program (BSRP): Providing grants to homeowners with household income of up to 50% of area median income (AMI) to fund repairs to correct electrical, plumbing, heating, structural and roofing emergencies in owner-occupied homes.

Adaptive Modifications Program (AMP): Providing grants to disabled renters (with permission of the related property owner) and homeowners with household income of up to 50% AMI to fund adaptation projects to provide easier access to and mobility within their homes.

PhillyFirstHome (PFH): Providing grants or forgivable loans of up to $10,000 (subject to federal or commercially prevailing inflation adjustors) (or up to 6% of the relevant home's purchase price, whichever is lower) for first-time and certain other eligible homebuyers, which funds are available to reduce the principal of homebuyer loans and cover down payment and loan closing costs for such homebuyers with household incomes of up to 120% AMI. Loan forgiveness is generally conditioned upon the homeowner remaining in the home for 15 years. If the home is sold prior to the end of the 15-year period, the loan must be repaid, subject to waivers for extenuating circumstances due to factors such as loss of a job, job relocation or illness.

Tangled Title (TT): Providing grants of up to $4,000 per applicant (subject to federal or commercially prevailing inflation adjustors) to cover any costs that are involved with helping low-income homeowners obtain clear title to their homes. All of the funds for the TT program are dispersed to third party vendors who perform the work needed to clear title.

Eviction Diversion Program (EDP): Providing funding for housing counseling and legal services for tenants and mediation services for tenants and landlords in accordance with existing EDP guidelines to help tenants avoid eviction, provided that no proceeds shall be paid directly to tenants or landlords. All of the funds for the EDP are dispersed to third party vendors who administer and provide services related to the EDP.

Housing Production (HPro): Providing loans and/or grants to PIs, homeowners, property owners and developers for costs of rehabilitation, property acquisition and new construction, and providing funds for property acquisition directly by the City, to increase the production of affordable homeownership and rental housing. The major components of the HPro program will consist of: (i) providing loans of up to $100,000 (subject to federal or commercially prevailing inflation adjustors) directly to first time homebuyers to buy down the cost of new construction units on publicly held land, (ii) providing funding as long-term, low interest subordinate debt to fill financing gaps for low-income housing projects which have already secured a reservation of tax credits, (iii) providing grant funding as short-term rent assistance to buy down the cost of rent for newly created units to make them affordable to low- and very-low income tenants, including with respect to projects that may include a mix of units at market rate rents and certain percentages of median rental prices, and (iv) providing grant funding via the Philadelphia Land Bank to purchase properties in order to complete development parcels for the development of affordable and mixed-income housing units.

Housing Preservation (HPres): Providing loans and/or grants to PIs, property owners and developers for costs of existing property acquisition and rehabilitation, and providing funds for existing property acquisition and rehabilitation directly by the City or PIs for potential resale, to preserve existing affordable rental housing, with special emphasis on the preservation of low-income housing tax credit rental housing developments. The major components of the HPres program will consist of: (i) providing funds for the public, private or not for profit acquisition of rental units at risk of being converted to market-rate units, and (ii) providing funds to be used to make capital improvements to existing affordable units.

Permanent Homeless Housing (PHH): Providing funds for the City or PIs to improve existing properties or provide for the costs of the acquisition of properties and their transfer to responsible owners/managers who will maintain the properties' suitability for permanent housing options for homeless residents, including the funding of loans to property owners and developers, the payment of settlement and other costs related to the acquisition and transfer of such properties and costs related to maintaining, managing and holding properties prior to their resale or other conveyance. The major components of the PHH program will consist of programs for (i) funding the acquisition of properties to provide for permanent housing for currently homeless individuals, (ii) funding capital improvements to create or maintain units for permanent, homeless housing, and (iii) providing grants to provide incentives, such as an upfront participation payment (per unit) and a rental loss and damages reserve (per unit) for rental property owners who commit to renting to people with rental assistance vouchers or other subsidy for a period commensurate with receiving public funding support, but no less than a period of 3 years.

Neighborhood Small Business Programs

Direct Support to Small Businesses: Providing grants and loans for start-up and growth-oriented small, Historically Disadvantaged businesses for capital expenditures for construction, improvement, renovation and rehabilitation of property and working capital expenditures for property repairs, property management services and rent support to support place-based business development in commercial areas at risk of deterioration and/or in or near low-income and middle neighborhoods.

Investment in Neighborhood Commercial Corridors (INCC): (i) Providing grants and loans and technical assistance to enable small business owners and local community development corporations to purchase and/or renovate commercial corridor properties in order to mitigate commercial vacancy and increase community ownership of small businesses, (ii) funding direct support for critical corridor business repairs (interior and exterior), new construction, and upper floor renovations programs, including through the InStore and Storefront Improvement Program necessary to help small business and property owners in low and moderate income corridors make capital investments that will benefit the entire corridor, improve safety and attractiveness, and decrease vacancy with the outcome of increasing foot traffic and revenues, and (iii) funding improvements to publicly owned property for full streetscapes (i.e. curb, sidewalk, crosswalks and lighting) as well as "a la carte" infrastructure and projects to bring needed lighting, trash receptacles, landscaping, beautification, signage, and other improvements to commercial corridors outside of the City's central business district for the purpose of promoting equitable development in placemaking in corridors around the City.

Neighborhood Infrastructure Program: Providing grants or loans to property owners for improvement or enhancement of privately owned neighborhood infrastructure for the benefit of the residents of the City which may include retaining walls and other private assets in disrepair (e.g., driveways, alleys, sidewalks, trees and sewers) that may create dangerous or unhealthy conditions.

Refunded Bonds and the Neighborhood Transformation Initiative

The Refunded Bonds were issued to refund certain prior bonds that financed a portion of the Neighborhood Transformation Initiative (the "NTI Program") undertaken by the Authority and the City for revitalization, renewal, redevelopment, and transformation of blighted areas within the City to promote the health, safety and welfare of the residents of the City. The refunding of the Refunded Bonds is expected to produce debt service savings and no proceeds of the 2023C Bonds will be used to finance the costs of the NTI Program. For more information on the use of the proceeds of the 2023 Bonds, see "PLAN OF FINANCE AND ESTIMATED SOURCES AND USES OF FUNDS" herein.

The Authority also has other bonds outstanding issued to refinance costs of the NTI Program. On April 15, 2015, the Authority issued (i) $73,185,000 aggregate principal amount of City Service Agreement Revenue Refunding Bonds, Series 2015A (Non-AMT) (the "2015A Bonds") and (ii) $38,330,000 aggregate principal amount of City Service Agreement Revenue Refunding Bonds, Series 2015B (AMT) (the "2015B Bonds," and together with the 2015A Bonds, the "2015 Bonds").

Miscellaneous

THE AUTHORITY HAS NOT PREPARED OR ASSISTED IN THE PREPARATION OF THIS OFFICIAL STATEMENT. EXCEPT FOR THE STATEMENTS MADE UNDER THE HEADINGS "INTRODUCTION – PHILADELPHIA REDEVELOPMENT AUTHORITY," "THE AUTHORITY" AND "NO LITIGATION – THE AUTHORITY," THE AUTHORITY IS NOT RESPONSIBLE FOR AND DOES NOT REPRESENT OR WARRANT IN ANY WAY THE ACCURACY OR COMPLETENESS OF ANY INFORMATION OR ANY STATEMENTS MADE HEREIN. ACCORDINGLY, EXCEPT AS AFORESAID, THE AUTHORITY DISCLAIMS RESPONSIBILITY FOR THE DISCLOSURES SET FORTH HEREIN MADE IN CONNECTION WITH THIS OFFER, SALE, AND DISTRIBUTION OF THE 2023 BONDS.

[REMAINDER OF PAGE INTENTIONALLY LEFT BLANK.]

DESIGNATION AS SOCIAL BONDS

The Authority and the City have designated the 2023A Bonds and 2023B Bonds as "Social Bonds" based on, among other things, the intended or actual use of proceeds for the respective components of the NPI Program, as set forth in the NPI Ordinance and described herein.

The Authority's Social Bonds designation reflects the intended or actual use of proceeds of the 2023A Bonds and 2023B Bonds in a manner that is consistent with the "ICMA Social Bond Principles: Voluntary Process Guidelines for Issuing Social Bonds" (the "ICMA Social Bond Principles") as promulgated by the International Capital Market Association ("ICMA") and updated most recently in June 2021 (with the June 2022 revisions to Appendix 1). The ICMA Social Bond Principles include project categories for the most commonly used types of projects (defined as "Social Projects") supported by or expected to be supported by the Social Bond market and indicate that Social Projects aim to address or mitigate a specific social issue and/or seek to achieve positive social outcomes, especially but not exclusively for target populations. The ICMA Social Bond Principles include Social Project categories, such as, providing and/or promoting: (i) affordable basic infrastructure, (ii) access to essential services, (iii) affordable housing, (iv) employment generation, (v) food security, or (vi) socioeconomic advancement and empowerment.

The NPI Program, as summarized herein, includes certain housing, small business, commercial corridors, and neighborhood infrastructure programs within the City, including the financing of certain costs thereof, and includes elements of several of the Social Project categories in the ICMA Social Bond Principles. For more information on the NPI Program, see "INTRODUCTION – Purpose" and "THE AUTHORITY – Neighborhood Preservation Initiative" herein. The NPI Program serves certain of the target populations included in the ICMA Social Bond Principles such as (i) excluded and/or marginalized populations, (ii) communities that are underserved regarding affordable homeownership, and (iii) minorities and other target populations. See the "Target Populations" column in APPENDIX I hereto. The Authority's Social Bonds designation also reflects the process by which the Authority and the City have determined that the NPI Program further advances housing, small business, commercial corridors, and neighborhood infrastructure programs within the City, including the way the Authority and the City intend to track the use of proceeds of the 2023A Bonds and 2023B Bonds to fund such programs and report on such activities.

The ICMA Social Bond Principles, updated as of June 2021, include the following four core components: 1. Use of Proceeds; 2. Process for Project Evaluation and Selection; 3. Management of Proceeds; and 4. Reporting. The Authority's determination of the Social Bonds designation is based, in summary, on the following:

Use of Proceeds. The proceeds of the 2023A Bonds and 2023B Bonds will be used to finance the various component programs comprising the NPI Program, subject to reallocations among component programs due to demand for specific programs and other factors. The Authority's designation of the 2023A Bonds and 2023B Bonds as Social Bonds is based upon the anticipated use of proceeds and satisfaction of the other core components of the ICMA Social Bond Principles.

Project Evaluation and Selection. The projects comprising the NPI Program will be selected consistent with the applicable program criteria and objectives as described in "THE AUTHORITY – Neighborhood Preservation Initiative."

Management of Proceeds. Net of certain transaction costs, the proceeds of the 2023A Bonds and 2023B Bonds will be invested in Investment Obligations until disbursed to finance costs of the respective components of the NPI Program. Such disbursements will be tracked by the Authority and the City in compliance with NPI Program requirements.

Reporting. With respect to the 2023A Bonds and 2023B Bonds, the Authority and the City expect to prepare an annual report on the NPI Program with respect to the use of proceeds of the 2023A Bonds and 2023B Bonds (the specific form and content of which are in the absolute discretion of the Authority and the City). The Authority and the City expect that such report will consist of the information outlined in the Form of Social Bonds Reporting in “APPENDIX I – FORM OF SOCIAL BONDS REPORTING” in this Official Statement. The Authority or the City, through Digital Assurance Certification, L.L.C. (“DAC”), as dissemination agent, expects to post such report as a voluntary filing on EMMA. Although the Authority and the City intend to provide such report, there is no requirement to provide this report pursuant to the Continuing Disclosure Agreement (as described herein) or any other agreement to provide continuing disclosure and the failure to do so will not constitute an event of default thereunder or under the NPI Indenture or the NPI Service Agreement.

On December 20, 2022, the City, through DAC, filed on EMMA the initial report to support the Social Bonds designation for the 2021 Bonds, which were issued to finance certain costs of the NPI Program. Such report covered the period from the issuance of the 2021 Bonds on October 26, 2021 through June 30, 2022. Data contained therein only describes funds that have been fully expended during the reporting period. All remaining unspent proceeds of the 2021 Bonds have been committed to future eligible projects and programs and are expected to be included in future reports.

The information set forth under this heading “DESIGNATION AS SOCIAL BONDS” concerning the designation of the 2023A Bonds and 2023B Bonds as “Social Bonds” has been furnished by the Authority and the City from sources that they believe to be reliable but such information is not guaranteed as to accuracy or completeness and is not to be construed as a representation by the Authority or the City. The information and expressions of opinion related to the designation as Social Bonds herein are subject to change without notice, and neither the delivery of this Official Statement nor any sale made hereunder shall, under any circumstances, create an implication that there has been no change in the affairs of the Authority or the City since the date hereof.

The term “Social Bonds” is neither defined in nor related to provisions of the NPI Indenture, the NPI Ordinance, or the Act. Bondholders do not have any security other than as provided in the NPI Indenture and described under “SECURITY AND SOURCES OF PAYMENT FOR THE 2023 BONDS.” The Authority and the City do not assume any obligation to ensure that the 2023A Bonds and 2023B Bonds comply with any legal or other standards or principles that may be related to the ICMA Social Bond Principles or that the 2023A Bonds and 2023B Bonds comply with any legal or other standards or principles that may be related to “Social Bonds.”

As of the time of this Official Statement, no clearly articulated definition of a “Social Bond” has been developed for, nor is there market consensus as to what constitutes, a “Social Bond.” Accordingly, no assurance is or can be given by the Authority or the City that any uses of the proceeds of the 2023A Bonds and the 2023B Bonds will continue to meet investor expectations regarding “Social” or other equivalently-labeled performance objectives.

[REMAINDER OF PAGE INTENTIONALLY LEFT BLANK.]

THE 2023 BONDS

General

The 2023 Bonds will be dated the date of their issuance and delivery and will bear interest at the respective rates per annum and will mature, subject to prior redemption, in the amounts and on the dates set forth on the inside cover page hereof. The 2023 Bonds are being issued as fully registered bonds without coupons in denominations of $5,000 and integral multiples thereof.

Interest on the 2023A Bonds and 2023B Bonds is payable semiannually on each March 1 and September 1, commencing on September 1, 2023. Each such date is an "NPI Interest Payment Date." Interest on the 2023C Bonds is payable semiannually on each April 15 and October 15, commencing on October 15, 2023. Each such date is an "NTI Regular Interest Payment Date." The NPI Interest Payment Dates and the NTI Regular Interest Payment Dates are collectively referred to as "Interest Payment Dates" within the front portion of this Official Statement. Interest shall be computed on the basis of a year of 360 days, consisting of twelve 30-day months.

The principal and redemption price of each 2023 Bond will be payable at the designated corporate trust office of the applicable Trustee or any Paying Agent upon presentation and surrender of such 2023 Bonds by the registered owners thereof. Interest on each 2023 Bond of a series is payable by check or draft of the applicable Trustee mailed to the person in whose name such 2023 Bond is registered (the "Registered Owner") on the registration books maintained by the Trustee (the "Register") at the close of business on the applicable Record Date or Special Record Date (each as hereinafter defined) or, with respect to a series of 2023 Bonds, at the election of any such Registered Owner of at least $1,000,000 in aggregate principal amount of 2023 Bonds of such series, by wire transfer to an account at a financial institution in the continental United States upon written notice provided by such Registered Owner to the applicable Trustee not later than the record date for the first payment to which such election applies.

2023A Bonds and 2023B Bonds. The record date for any Interest Payment Date for the 2023A Bonds and 2023B Bonds (each, an "NPI Record Date") will be the fifteenth day preceding such Interest Payment Date (whether or not a business day). If sufficient funds for the payment of interest becoming due on any Interest Payment Date are not on deposit with the NPI Trustee on such date, the interest so becoming due will cease to be payable to the Holders otherwise entitled thereto as of such date. If sufficient funds thereafter become available for the payment of such overdue interest, the NPI Trustee will establish a special interest payment date (any such date being herein referred to as an "NPI Special Interest Payment Date") on which such overdue interest will be paid and a special record date relating thereto (any such date, an "NPI Special Record Date"), which will be the fifteenth day, whether or not a business day, preceding the NPI Special Interest Payment Date, for determining the Holders of the 2023A Bonds and 2023B Bonds entitled to such payments, and will mail a notice of each such date to each Holder of the 2023A Bonds and 2023B Bonds at least ten (10) days prior to the NPI Special Record Date but not more than thirty (30) days prior to the NPI Special Interest Payment Date.

2023C Bonds. The record date for any NTI Regular Interest Payment Date for the 2023C Bonds (each, an "NTI Regular Record Date" and together with any NPI Record Date, a "Record Date") will be the last day (whether or not a business day) of the calendar month immediately preceding such NTI Regular Interest Payment Date. If sufficient funds for the payment of interest becoming due on any NTI Regular Interest Payment Date are not on deposit with NTI Trustee on such date, the interest so becoming due will forthwith cease to be payable to the registered owners otherwise entitled thereto as of such date. If sufficient funds thereafter become available for the payment of such overdue interest, the NTI Trustee will establish a special interest payment date (any such date being herein referred to as an "NTI Special

Interest Payment Date") on which such overdue interest will be paid and a special record date relating thereto (any such date being herein referred to as an "NTI Special Record Date"), and will mail a notice of each such date to the registered owners of all 2023C Bonds at least ten (10) days prior to the NTI Special Record Date, but not more than thirty (30) days prior to the NTI Special Interest Payment Date.

The NPI Record Dates and the NTI Regular Record Dates are collectively referred to as "Record Dates" in the front portion of this Official Statement. The NPI Special Record Dates and the NTI Special Record Dates are collectively referred to as "Special Record Dates" in the front portion of this Official Statement.

The 2023 Bonds will be issued initially in "book entry" form only, as described in APPENDIX H.

Transfer and Exchange

The 2023 Bonds may be transferred and exchanged upon delivery thereof to the office of the applicable Trustee, to the extent and upon the conditions set forth in the related Indenture. No service charge shall be made for any exchange or transfer, but the Authority or the applicable Trustee may require payment of a sum sufficient to cover any tax or other governmental charge that may be imposed.

2023A Bonds and 2023B Bonds. Neither the Authority nor the NPI Trustee is required to transfer or exchange any 2023A Bonds or 2023B Bonds during the fifteen (15) days immediately preceding the date of selection of the 2023 Bonds of such series to be redeemed and ending at the close of business on the date on which the notice of redemption is given, or to transfer or exchange any 2023A Bonds or 2023B Bonds selected or called for redemption in whole or in part.

2023C Bonds. Neither the Authority nor the NTI Trustee is required to transfer or exchange any 2023C Bonds during the fifteen (15) days immediately preceding the date of mailing of any notice of redemption of 2023C Bonds or at any time following the mailing of any such notice, if the 2023C Bonds or portion thereof to be transferred or exchanged have been called for such redemption.

No transfer or exchange of 2023 Bonds made other than as described above and in the applicable Indenture shall be valid or effective for any purpose thereunder.

If any 2023 Bond is mutilated, lost, stolen or destroyed, the Authority shall execute and the applicable Trustee shall authenticate and deliver a new 2023 Bond of like series, maturity, tenor and denomination. The Authority and the applicable Trustee may require indemnification against any and all claims arising out of the issuance of substitute 2023 Bonds.

Redemption Provisions

The 2023C Bonds are not subject to redemption prior to maturity. The following sets forth the redemption provisions for the 2023A Bonds and 2023B Bonds.

Optional Redemption

2023A Bonds – Par Call (i.e. Optional Redemption on or after September 1, 2033). The 2023A Bonds maturing on or after September 1, 2034 are subject to redemption prior to maturity at any time on or after September 1, 2033, as a whole or in part (and if in part, in such order of maturity as directed by the City and within a maturity by lot), at the option of the Authority as directed by the City, at par, plus accrued interest to the date of redemption.

2023A Bonds – Make-Whole Redemption Call (i.e., Optional Redemption prior to September 1, 2033). The 2023A Bonds are subject to redemption prior to maturity, at the option of the Authority as directed by the City, from their date of issuance to and including August 31, 2033, in whole or in part (and if in part, in such order of maturity as directed by the City and within a maturity by lot), on any date, at a redemption price equal to 100% of the principal amount of 2023A Bonds to be redeemed, plus the Make-Whole Premium (as defined below), if any, together with interest accrued and unpaid to the redemption date.

The "Make-Whole Premium" is the applicable amount calculated (for each related maturity of the 2023A Bonds or portion thereof being redeemed) by the Calculation Agent equal to the positive difference, if any, between:

(a) The sum of the present values, calculated as of the date fixed for redemption of:

(1) Each interest payment that, but for the redemption, would have been payable on the 2023A Bond or portion thereof being redeemed on each regularly scheduled interest payment date occurring after the date fixed for redemption through the maturity date of such 2023A Bond (excluding any accrued interest for the period prior to the date fixed for redemption); provided, that if the date fixed for redemption is not a regularly scheduled interest payment date with respect to such 2023A Bond, the amount of the next regularly scheduled interest payment will be reduced by the amount of interest accrued on such 2023A Bond to the date fixed for redemption; plus

(2) The principal amount that, but for such redemption, would have been payable on the maturity date of the 2023A Bond or portion thereof being redeemed; minus

(b) The principal amount of the 2023A Bond or portion thereof being redeemed.

The present values of the interest and principal payments referred to in (a) above will be determined by discounting the amount of each such interest and principal payment from the date that each such payment would have been payable but for the redemption to the date fixed for redemption on a semiannual basis (assuming a 360-day year consisting of twelve (12) 30-day months) at a discount rate equal to the Comparable Treasury Yield plus the Spread.

For purposes of calculating the Make-Whole Premium:

"Calculation Agent" means a commercial bank or an investment banking institution of national standing that is a primary dealer of United States government securities (which may be one of the institutions that served as underwriters for the 2023A Bonds) designated by the City. The NPI Trustee may rely on the Calculation Agent's determination.

"Comparable Treasury Issue" means the United States Treasury security selected by the Calculation Agent as having a maturity comparable to the remaining term to maturity of the 2023A Bond being redeemed that would be utilized, at the time of selection and in accordance with customary financial practice, in pricing new issues of corporate debt securities of comparable maturity to the remaining term to maturity of the 2023A Bond being redeemed.

"Comparable Treasury Price" means, with respect to any date on which a 2023A Bond or portion thereof is being redeemed, either (a) the average of five Reference Treasury Dealer quotations for the date fixed for redemption, after excluding the highest and lowest such quotations, and (b) if the Calculation Agent is unable to obtain five such quotations, the average of the quotations that are obtained. The quotations will be the average, as determined by the Calculation Agent, of the bid and asked prices for the Comparable Treasury Issue (expressed in each case as a percentage of principal amount) quoted in writing to the Calculation Agent, at 5:00 p.m. New York City time at least three (3) business days but not more than forty-five (45) calendar days preceding the date fixed for redemption.

"Comparable Treasury Yield" means the yield that represents the weekly average yield to maturity for the preceding week appearing in the most recently published statistical release designated "H.15 (519) Selected Interest Rates" under the heading "Treasury Constant Maturities," or any successor publication selected by the Calculation Agent that is published weekly by the Board of Governors of the Federal Reserve System and that establishes yields on actively traded United States Treasury securities adjusted to constant maturity, for the maturity corresponding to the remaining term to maturity of the 2023A Bond being redeemed. The Comparable Treasury Yield will be determined at least three (3) business days but not more than forty-five (45) calendar days preceding the date fixed for redemption. If the H.15 (519) statistical release sets forth a weekly average yield for United States Treasury securities that have a constant maturity that is the same as the remaining term to maturity of the 2023A Bond being redeemed, then the Comparable Treasury Yield will be equal to such weekly average yield. In all other cases, the Comparable Treasury Yield will be calculated by interpolation on a straight-line basis, between the weekly average yields on the United States Treasury securities that have a constant maturity (i) closest to and greater than the remaining term to maturity of the 2023A Bond being redeemed; and (ii) closest to and less than the remaining term to maturity of the 2023A Bond being redeemed. Any weekly average yields calculated by interpolation will be rounded to the nearest 1/100th of 1%, with any figure of 1/200th of 1% or above being rounded upward. If, and only if, weekly average yields for United States Treasury securities for the preceding week are not available in the H.15 (519) statistical release or any successor publication, then the Comparable Treasury Yield will be the rate of interest per annum equal to the semiannual equivalent yield to maturity of the Comparable Treasury Issue (expressed as a percentage of its principal amount) equal to the Comparable Treasury Price (each as defined herein) as of the date fixed for redemption.

"Reference Treasury Dealer" means a primary dealer of United States Government securities (which may be one of the institutions that served as underwriters for the 2023A Bonds) appointed by the City and reasonably acceptable to the Calculation Agent.

"Spread" means, for the 2023A Bonds maturing (i) September 1, 2024 through and including September 1, 2026, fifteen (15) basis points; (ii) September 1, 2027 through and including September 1, 2031, twenty (20) basis points; (iii) September 1, 2032 through and including September 1, 2034, twenty-five (25) basis points; and (iv) September 1, 2035 through and including September 1, 2041, thirty (30) basis points.

2023B Bonds -- Par Call (i.e. Optional Redemption on or after September 1, 2033). The 2023B Bonds are subject to redemption prior to maturity at any time on or after September 1, 2033, as a whole or in part (and if in part, in such order of maturity as directed by the City and within a maturity by lot), at the option of the Authority as directed by the City, at par, plus accrued interest to the date of redemption.

Mandatory Sinking Fund Redemption

The 2023A Bonds are subject to mandatory sinking fund redemption prior to maturity (to the extent that 2023A Bonds of such maturity in the principal amount otherwise required to be redeemed have not been previously purchased or optionally redeemed), on September 1 of the years and in the principal amounts set forth below, at a redemption price equal to 100% of the principal amount thereof, plus accrued interest to the redemption date.

Year	Amount
2039	$6,525,000
2040	6,900,000
2041*	3,025,000

*Stated Maturity

In the event a portion, but not all, of the 2023A Bonds (subject to mandatory redemption) maturing on a particular date is redeemed pursuant to optional redemption or purchased by the City and presented to the Trustee for cancellation, then the principal amount of any remaining mandatory sinking fund redemptions or the final maturity applicable to such 2023A Bonds will be reduced (subject to the ability to effect future redemptions of such 2023A Bonds in authorized denominations) in such amounts as specified by the City.

Selection of Bonds for Redemption

2023A Bonds and 2023B Bonds. In the event that less than all the 2023A Bonds and the 2023B Bonds of a maturity and series are to be redeemed, such 2023A Bonds and 2023B Bonds will be selected for redemption by lot in such manner as the NPI Trustee may determine, except that in the case of any 2023A Bonds and the 2023B Bonds of varying denominations, each 2023A Bond and 2023B Bond will be treated as representing that number of 2023A Bonds or 2023B Bonds which is obtained by dividing the face amount thereof by the smallest authorized denomination.

Notice of Redemption

2023A Bonds and 2023B Bonds. Under the NPI Indenture, the NPI Trustee is required to provide notice of any redemption of the 2023A Bonds and the 2023B Bonds to be mailed by first class mail, postage prepaid, to the Holders of all the 2023A Bonds and the 2023B Bonds to be redeemed at the registered addresses appearing in the Register kept for such purpose pursuant to the NPI Indenture, unless such notice is waived by the Holders of such 2023A Bonds and the 2023B Bonds to be redeemed.

Each such notice is required to (i) be mailed at least twenty (20) days prior to the redemption date, (ii) identify the 2023A Bonds and the 2023B Bonds, including by series, to be redeemed (specifying the CUSIP numbers, if any, assigned to the 2023A Bonds and the 2023B Bonds), (iii) specify the redemption date and the redemption price, and (iv) state that on the redemption date the 2023A Bonds and the 2023B Bonds called for redemption will be payable at the designated corporate trust office of the NPI Trustee or Paying Agent, that from that date interest will cease to accrue, and that no representation is made as to the accuracy or correctness of the CUSIP numbers printed therein or on the 2023A Bonds and the 2023B Bonds.

Any notice of redemption mailed or sent in accordance with the requirements of the NPI Indenture will be conclusively presumed to have been duly given, whether or not such notice is actually received by the applicable Holders. No defect affecting any 2023 Bonds of the applicable series, whether in the notice of redemption or mailing thereof (including any failure to mail such notice), will affect the validity of the redemption proceedings as to any other 2023 Bonds of the applicable series.

If at the time of mailing or sending of any notice of optional redemption the Authority will not have deposited with the NPI Trustee moneys sufficient to redeem all the 2023 Bonds of the applicable series called for redemption, such notice will state that it is subject to the deposit of the redemption moneys with the NPI Trustee on the redemption date and will be of no effect unless such moneys are so deposited. If such moneys are not so deposited, the NPI Trustee will promptly notify the Holders of all 2023 Bonds of the applicable series called for redemption of such fact.

Additional Obligations

Each Indenture provides for the issuance of additional bonds, and certain other obligations, secured, respectively, on a parity basis with the 2023A Bonds, the 2023B Bonds, and the 2021 Bonds (issued under the NPI Indenture), or the 2023C Bonds and the 2015 Bonds (issued under the NTI Indenture), as applicable, under the circumstances and upon satisfaction of certain conditions in each such Indenture.

For more information on the NPI Indenture and the NPI Service Agreement, see "SUMMARY OF CERTAIN PROVISIONS OF THE NPI INDENTURE AND THE NPI SERVICE AGREEMENT" in APPENDIX D hereto.

For more information on the NTI Indenture and the NTI Service Agreement, see "SUMMARY OF CERTAIN PROVISIONS OF THE NTI INDENTURE AND THE NTI SERVICE AGREEMENT" in APPENDIX E hereto.

SECURITY AND SOURCES OF PAYMENT FOR THE 2023 BONDS

General

<u>2023A Bonds and 2023B Bonds Secured Separately from 2023C Bonds</u>. The 2023A Bonds and the 2023B Bonds are secured separately from the 2023C Bonds. The 2023A Bonds and the 2023B Bonds are secured pursuant to the NPI Indenture. The 2023C Bonds are secured pursuant to the NTI Indenture.

The 2023A Bonds and the 2023B Bonds are special limited obligations of the Authority and, together with the 2021 Bonds, any Additional Obligations and Credit Facility Payment Obligations (as defined in APPENDIX D), are payable solely and exclusively from the NPI Trust Estate established under the NPI Indenture, which includes the revenues pledged under the NPI Indenture for their payment and derived by the Authority under the NPI Service Agreement. Pursuant to the NPI Indenture, the NPI Service Fee payable by the City pursuant to the NPI Service Agreement is pledged as part of the NPI Trust Estate, as described below.

The 2023C Bonds are special limited obligations of the Authority and, together with the 2015 Bonds, any Additional Bonds, Swap Payment Obligations, and Credit Facility Payment Obligations (as defined in APPENDIX E), are payable solely and exclusively from the NTI Trust Estate established under the NTI Indenture, which includes the revenues pledged under the NTI Indenture for their payment and derived by the Authority under the NTI Service Agreement. Pursuant to the NTI Indenture, the NTI Service Fee payable by the City pursuant to the NTI Service Agreement is pledged as part of the NTI Trust Estate, as described below.

Payments made pursuant to the NPI Indenture and the NPI Service Agreement secure only the 2023A Bonds, the 2023B Bonds and the 2021 Bonds and do not secure any obligations under the NTI Indenture. Similarly, payments made pursuant to the NTI Indenture and the NTI Service Agreement secure only the 2023C Bonds and the 2015 Bonds and do not secure any obligations under the NPI Indenture.

The 2023 Bonds are not a debt or liability of the City, the Commonwealth or any political subdivision thereof and shall not create or constitute an indebtedness, liability or obligation (legal, moral or otherwise) of the City, the Commonwealth or any political subdivision thereof. Neither the general credit of the Authority nor the credit or taxing power of the City, the Commonwealth or any political subdivision thereof is pledged to the payment of the principal of or any premium or interest on the 2023 Bonds. The 2023 Bonds are not secured by the General Fund of the City. The Authority has no taxing power.

City Charter

Under the City's Home Rule Charter, at 351 Pa. Code § 2.2-309 (the "City Charter"), City Council is obligated to make annual appropriations to pay amounts coming due under the applicable Service Agreement as provided in the related Ordinances, as further described below. The City Charter permits City Council to authorize service contracts of a duration of more than one year without making appropriations therefor beyond the current year. Such contracts are valid and binding upon the City although no appropriations have been made for the ensuing years during which such agreements are to be operative, but it is the duty of City Council to make subsequent appropriations from year to year to pay amounts coming due under such contracts. The Service Agreements constitute such service contracts.

Ordinances

Pursuant to the respective Ordinances, City Council has authorized the Service Agreements. The City has covenanted in the respective Ordinances to budget and make appropriations in each and every Fiscal Year in such amounts as will be required to make all Service Fee payments and pay all other amounts due and payable under the applicable Service Agreement, and to make such payments to the applicable Trustee, as assignee of the Authority, so long as the bonds issued by the Authority under the related Indenture are Outstanding.

Obligation of City to Pay Service Fees Unconditional and Absolute

The respective Service Agreements provide that the City is required to pay the related Service Fees and additional amounts required under the applicable Service Agreement with respect to administrative fees and expenses. The respective Ordinances and the Service Agreements each provide that the obligation of the City to pay the related Service Fees shall be absolute and unconditional and shall not be suspended, abated, reduced, abrogated, waived or diminished regardless of any cause or circumstances, including any defense, rights of setoff, recoupment or counterclaim that the City might otherwise have or assert against the Authority, the applicable Trustees, any bondholder or any other person. The obligations of the City to make payments under each Service Agreement shall continue in full force and effect so long as any of the related 2023 Bonds remain Outstanding.

Indentures

NPI Indenture. In order to secure (i) all Obligations (including the 2023A Bonds, the 2023B Bonds, and the 2021 Bonds) issued and Outstanding in accordance with the NPI Indenture and each Supplemental Indenture to the NPI Indenture, (ii) to the extent and in the manner provided in the NPI Indenture, the payment of Credit Facility Payment Obligations, (iii) the rights of the Holders of Obligations (and, to the extent provided in the NPI Indenture, Credit Issuers), and (iv) the performance and observance of all of the covenants contained in the Obligations, in the NPI Indenture, and in each Supplemental Indenture thereto, the Authority has assigned and granted to the NPI Trustee a security interest in all of the right, title, and interest of the Authority in and to (a) the NPI Service Agreement (except for the Reserved Rights (as defined in APPENDIX D) under the NPI Service Agreement), (b) the Revenues (as defined below), and (c) the funds and accounts established under the NPI Indenture (collectively, the "NPI Trust Estate").

The term "Revenues" is defined in the NPI Indenture to mean (i) the NPI Service Fee and all other amounts payable to the Authority by the City under the NPI Service Agreement, and all rights to receive the same (except for payments with respect to the Reserved Rights), (ii) all moneys, investments and securities at any time and from time to time held in the Funds and Accounts including all interest earnings and gains on sales of Investment Securities on deposit in such Funds and Accounts established under the NPI Indenture, and (iii) any other amounts appropriated by the City and paid by the City to the Authority or the NPI Trustee and pledged by the Authority as security for the payment of Payment Obligations and Credit Facility Payment Obligations or received from any other source by the Authority or the NPI Trustee and pledged by the Authority as security for the payment of Payment Obligations and Credit Facility Payment Obligations.

The pledge and security interest granted to secure the Credit Facility Payment Obligations under the NPI Indenture is subject and subordinate to the pledge and security interest granted to secure the Obligations (including the 2023A Bonds, the 2023B Bonds, and the 2021 Bonds under the NPI Indenture).

<u>NTI Indenture</u>. In order to secure (i) the payment of the principal or redemption price of, and interest on the 2023C Bonds, the 2015 Bonds, and any Additional Bonds issued under the NTI Indenture, (ii) to the extent and in the manner provided in the NTI Indenture, the payment of amounts owed to any Credit Issuer and any Swap Provider, and (iii) the performance and observance by the Authority of all of the covenants, expressed or implied, in the NTI Indenture or the Bonds Outstanding thereunder (including the 2023C Bonds and the 2015 Bonds), the Authority has assigned and granted to the NTI Trustee a security interest in all of the right, title and interest of the Authority in and to the (a) NTI Service Agreement (except for the Reserved Rights (as defined in the APPENDIX E)), (b) the Revenues (as defined below), and (c) all monies, investments, and securities held in the funds and accounts (except the Rebate Fund) established under the NTI Indenture (the "NTI Trust Estate").

The term "Revenues" is defined in the NTI Indenture to mean (i) the NTI Service Fee and all other amounts payable to the Authority by the City under the NTI Service Agreement, and all rights to receive the same (except for payments with respect to the Reserved Rights), (ii) all Swap Revenues, (iii) all interest earnings and gains on sales of Investment Securities on deposit in the Funds and Accounts established under the NTI Indenture and (iv) any other amounts appropriated by the City and paid by the City to the Authority or the NTI Trustee and pledged by the Authority as security for the payment of Bond Payment Obligations, Swap Payment Obligations and Credit Facility Payment Obligations or received from any other source by the Authority or the NTI Trustee and pledged by the Authority as security for the payment of Bond Payment Obligations, Swap Payment Obligations and Credit Facility Payment Obligations.

The pledge and security interest granted to secure the Credit Facility Payment Obligations and Subordinated Swap Payment Obligations under the NTI Indenture is subject and subordinate to the pledge and security interest granted to secure the Bond Payment Obligations (including the 2023C Bonds and the 2015 Bonds) and Parity Swap Payment Obligations under the NTI Indenture.

The NPI Trust Estate and the NTI Trust Estate are each referred to herein, individually, as a "Trust Estate" and, collectively, as the "Trust Estates."

There are no outstanding swap or credit facility related obligations under the NPI Indenture or the NTI Indenture.

For more information on the NPI Indenture and the NPI Service Agreement, see "SUMMARY OF CERTAIN PROVISIONS OF THE NPI INDENTURE AND THE NPI SERVICE AGREEMENT" in APPENDIX D hereto.

For more information on the NTI Indenture and the NTI Service Agreement, see "SUMMARY OF CERTAIN PROVISIONS OF THE NTI INDENTURE AND THE NTI SERVICE AGREEMENT" in APPENDIX E hereto.

Service Agreements

The City has agreed in the respective Service Agreements to pay to the applicable Trustee, as assignee of the Authority, the applicable Service Fee in an amount sufficient, among other things, to pay the related Annual Debt Service Requirement.

For the 2023A Bonds, the 2023B Bonds, and the 2021 Bonds, such term is defined in the Service Agreement as, with respect to each Fiscal Year, the sum of the amounts required to be paid by the Authority in such Fiscal Year for (i) the payment of principal and mandatory sinking fund redemptions of and interest on, or any other payments with respect to, the Obligations, and (ii) the payment of any Credit Facility Payment Obligations.

For the 2023C Bonds and the 2015 Bonds, such term is defined in the Service Agreement as, with respect to each Fiscal Year, (a) the sum of the amounts required to be paid by the Authority in such Fiscal Year for (i) the payment of principal or mandatory redemption price of and interest on the bonds and (ii) the payment of any Credit Facility Payment Obligations or Swap Payment Obligations, less (b) an amount equal to earnings on the Debt Service Reserve Fund, if any is established under the NTI Indenture, in such Fiscal Year. No Debt Service Reserve Fund has been established under the NTI Indenture.

See "– Service Fees Payable Out of Current Revenues; Covenant to Budget and Appropriate; Not City Indebtedness" below.

The failure of the City to pay the Service Fees or any other payment required to be paid by the City under the respective Service Agreements when due constitutes a default under the applicable Service Agreement. A default under the Service Agreements will not cause an acceleration of payments thereunder. See "– Remedies for Bondholders" below.

See "SUMMARY OF CERTAIN PROVISIONS OF THE NPI INDENTURE AND THE NPI SERVICE AGREEMENT" in APPENDIX D and "SUMMARY OF CERTAIN PROVISIONS OF THE NTI INDENTURE AND THE NTI SERVICE AGREEMENT" in APPENDIX E hereto.

Service Fees Payable Out of Current Revenues; Covenant to Budget and Appropriate; Not City Indebtedness

The Service Fees are payable only out of current revenues of the City, and are subject to annual appropriation by the City. The City has agreed in the respective Service Agreements to provide for the payment of the related Service Fees and include the same in its annual operating budget for each Fiscal Year. The City covenants in the respective Service Agreements to make appropriations in each of its Fiscal Years in such amounts as shall be required in order to make all Service Fee payments due and payable under the related Service Agreement in each of the City's Fiscal Years. If the City's current revenues are insufficient to pay the total Service Fees in any Fiscal Year as the same become due and payable, the City covenants in the related Service Agreement to include amounts not so paid in its operating budget for the ensuing Fiscal Year in order to provide sufficient current revenues to pay in each ensuing Fiscal Year such balance due for the preceding Fiscal Year in addition to the amount of the Service Fees due for such ensuing Fiscal Year. See APPENDIX A – "DISCUSSION OF FINANCIAL OPERATIONS – Budget Procedure" hereto.

The City's obligations under the Service Agreements are not part of the indebtedness of the City within the meaning of any constitutional or statutory provision relating to the incurrence of debt by the City, and the City has not pledged its full faith and credit or its taxing power for the payment of its obligations under the Service Agreements.

Remedies for Bondholders

The failure to pay, as the case may be, interest on, or principal or redemption price of, the 2023 Bonds when due constitutes an Event of Default under the NPI Indenture or the NTI Indenture, as applicable. Upon the occurrence and continuation of such an Event of Default, the NPI Trustee or the NTI Trustee, as applicable, may (and, at the written direction of bondholders and holders of parity obligations on the terms, and to the extent, set forth in the related Indenture, shall) declare the principal amount of the Outstanding 2023A Bonds and 2023B Bonds or 2023C Bonds, as applicable (together with related Outstanding parity obligations to the extent set forth in the related Indenture), to be immediately due and payable.

If any Event of Default is continuing, the NPI Trustee or the NTI Trustee, as applicable, may (and, at the written direction of bondholders and holders of parity obligations on the terms, and to the extent, set forth in the related Indenture, shall), in its own name exercise certain remedies in accordance with the terms set forth in the related Indenture including: (a) by mandamus, or other suit, action or proceeding at law or in equity, enforce all rights of the related bondholders including the right to require the Authority to enforce collection of all amounts due and payable under the related Service Agreement (other than with respect to the Reserved Rights), and to require the Authority to carry out any other agreements with, or for the benefit of, the related bondholders and to perform its duties under the Act; (b) bring suit upon the bonds then Outstanding (including the 2023A Bonds and 2023B Bonds or 2023C Bonds, as applicable) under the related Indenture; (c) by action or suit in equity require the Authority to account as if it were the trustee of an express trust for the related bondholders; and (d) by action or suit in equity enjoin any acts or things which may be unlawful or in violation of the rights of the bondholders and Credit Issuers, as applicable, under the applicable Indenture.

Upon the occurrence and continuance of a payment default under the related Service Agreement, the Authority (or the respective Trustee as assignee of the Authority) may, at its option exercise one or more of certain remedies including, among other things, instituting proceedings to require the City to perform its obligations under the related Service Agreement, or to enjoin violations of the Authority's rights under the related Service Agreement. In no event (including an acceleration of the Authority's payment obligations under the 2023A Bonds and 2023B Bonds or 2023C Bonds, or with respect to any Credit Facility Payment Obligation (or Swap Payment Obligation in the case of the NTI Indenture), as applicable) shall payment of the Service Fees due under the related Service Agreement be accelerated.

Accordingly, although the NPI Trustee and the NTI Trustee can accelerate the Authority's payment obligations with respect to the 2023A Bonds and 2023B Bonds or 2023C Bonds, as applicable, neither the Authority nor the applicable Trustee is empowered to accelerate the City's obligations under the related Service Agreement to make payments thereunder in amounts sufficient to pay, among other things, the principal of and interest on the 2023A Bonds and 2023B Bonds or 2023C Bonds, as applicable, upon the occurrence and continuance of an Event of Default under the NPI Indenture or NTI Indenture, respectively.

For additional information regarding the rights of bondholders and remedies available upon the occurrence of events of default under the Indentures and the Service Agreements, as well as limitations on such rights and remedies, see APPENDIX D or APPENDIX E, as applicable.

The rights and remedies of bondholders with respect to the City's and the Authority's obligations under the Service Agreements and the 2023 Bonds could be significantly limited by the provisions of Chapter 9 of the United States Bankruptcy Code ("Chapter 9"). Chapter 9 permits, under prescribed circumstances (and only after an authorization by the applicable state legislature or by a governmental office or organization empowered by state law to give such authorization), a "municipality" of a state to file a petition for relief in a bankruptcy court of the United States if it is insolvent or unable to meet its debts as they mature, and it desires to effect a plan to adjust its debt. Chapter 9 defines "municipality" as a "political subdivision or public agency or instrumentality of a State." Thus, for purposes of Chapter 9, except as may be limited by state law, each of the Authority and the City would be considered a "municipality." As a result of the commencement of a federal bankruptcy case by either the Authority or the City, bondholders could experience delays in receiving bond payments, as well as partial or total losses of their investments in the 2023 Bonds.

The Pennsylvania Intergovernmental Cooperation Authority Act for Cities of the First Class (Pa. P.L. 9, No. 6 (1991), as amended by the Act of July 7, 2022, P.L. 440, No. 36) (the "PICA Act"), prohibits the City from filing a petition for relief under Chapter 9 of the United States Bankruptcy Code so long as PICA has any power or duty under the PICA Act (which provides that PICA will remain in existence until the later of January 2, 2047 or one year after all its liabilities are met or, in the case of PICA Bonds (as defined in APPENDIX A), one year after provision for such payment shall have been made or provided for in the applicable bond indenture). The PICA Act requires approval in writing by the Governor of the Commonwealth for a filing under Chapter 9 by the City. If the Governor were to grant an approval for the City to file a petition under Chapter 9, and the City were to file, provisions of the United States Bankruptcy Code could limit the enforcement of bondholders' rights and remedies. For more information on PICA, see APPENDIX A – "THE GOVERNMENT OF THE CITY OF PHILADELPHIA – Local Government Agencies – *Non-Mayor-Appointed or Nominated Agencies* – PICA."

No Pennsylvania law currently permits an entity such as the Authority to file a petition under Chapter 9 nor is there any state law that permits any state official to authorize such a filing by the Authority.

Regardless of any specific adverse determinations in an Authority or City bankruptcy proceeding, the existence of such a proceeding could have a materially adverse effect on the liquidity and value of the 2023 Bonds.

PLAN OF FINANCE AND ESTIMATED SOURCES AND USES OF FUNDS

The proceeds of the 2023A Bonds are being used to (i) finance certain costs of the NPI Program not otherwise financed by the 2023B Bonds, including certain program-wide administrative costs, and (ii) pay the costs of issuing the 2023A Bonds.

The proceeds of the 2023B Bonds are being used to (i) finance certain costs related to the Basic Systems Repair and the Adaptive Modifications components of the NPI Program, and (ii) pay the costs of issuing the 2023B Bonds.

The proceeds of the 2023C Bonds, together with other available funds, are being used to (i) refund all of the Authority's outstanding Revenue Refunding Bonds, Series 2012 (City of Philadelphia Neighborhood Transformation Initiative), which bonds mature on April 15 in the years 2024 through 2026 inclusive (the "Refunded Bonds"), of which $25,005,000 remains outstanding, and (ii) pay the costs of issuing the 2023C Bonds. The Refunded Bonds were issued to refund certain bonds that financed a portion of the NTI Program. The refunding of the Refunded Bonds is expected to produce debt service savings and no proceeds of the 2023C Bonds will be used to finance the costs of the NTI Program.

A portion of the proceeds of the 2023C Bonds, together with other available funds, will be (a) irrevocably deposited in an escrow fund (the "Escrow Fund") established under an Escrow Deposit Agreement among the Authority, the City, and the NTI Trustee, as escrow agent, and (b) invested in noncallable United States Treasury obligations (the "Government Obligations"). The maturing principal of, and interest on the Government Obligations, together with any cash held in the Escrow Fund, will be applied to the payment of the accrued interest on, and redemption price of, the Refunded Bonds on June 26, 2023, the date fixed for the redemption of the Refunded Bonds. See "VERIFICATION" herein.

For more information on the NPI Program, see "INTRODUCTION – Purpose" and "THE AUTHORITY – Neighborhood Preservation Initiative" herein. For more information on the Refunded Bonds, see "APPENDIX J – Schedule of Refunded Bonds."

[REMAINDER OF PAGE INTENTIONALLY LEFT BLANK.]

The following table sets forth estimated sources and uses of funds in connection with the 2023 Bonds:

	2023A Bonds	2023B Bonds	2023C Bonds	Total
Sources of Funds				
Principal Amount………………………………………..	$79,470,000.00	$19,985,000.00	$24,625,000.00	$124,080,000.00
Original Issue Premium………………………………..	-	1,651,079.70	879,628.45	2,530,708.15
Other Available Funds…………………………………..	-	-	2,690.92	2,690.92
Total Sources of Funds	**$79,470,000.00**	**$21,636,079.70**	**$25,507,319.37**	**$126,613,399.07**
Uses of Funds				
2023A Bonds Account of Project Fund.………………....	$78,600,000.00	-	-	$78,600,000.00
2023B Bonds Account of Project Fund………………….	-	$21,400,000.00	-	21,400,000.00
Refunding of the Refunded Bonds………………………	-	-	$25,251,582.08	25,251,582.08
Costs of Issuance[(1)]………………………………………	870,000.00	236,079.70	255,737.29	1,361,816.99
Total Uses of Funds	**$79,470,000.00**	**$21,636,079.70**	**$25,507,319.37**	**$126,613,399.07**

(1) Includes legal fees, Underwriters' discount, printing, rating agency fees, trustee/escrow agent fees, verification agent fees, financial advisor fees, and other expenses of the offering.

[REMAINDER OF PAGE INTENTIONALLY LEFT BLANK.]

FISCAL YEAR DEBT SERVICE REQUIREMENTS

Set forth on the following page is the schedule of estimated Fiscal Year debt service payments due on the 2023 Bonds and all outstanding General Fund-Supported Debt in each Fiscal Year of the City ending June 30. The schedule does not include (a) debt service on the Refunded Bonds, (b) debt service on PICA Bonds, (c) debt service on the City's revenue bonds or notes, which include Water and Wastewater Revenue Bonds, Gas Works Revenue Bonds or notes, if any, and Airport Revenue Bonds, (d) debt service on the City's tax and revenue anticipation notes, if any, or (e) letter of credit fees. For more information on the City's outstanding debt, see "DEBT OF THE CITY" (and Tables 40-43 therein) and "OTHER FINANCING RELATED MATTERS" in APPENDIX A hereto.

General obligation debt of the City consists of two types: (i) debt (herein called "Tax-Supported Debt"), which is subject to the limitation of the Constitution of the Commonwealth (the aggregate limit on such debt equals 13.5% of the average of the annual assessed valuations of the taxable real property in the City during the ten (10) years immediately preceding the year in which such debt is incurred (of which, no more than 3% may be non-electoral debt (the "Constitutional Debt Limit")); and (ii) debt (herein called "Self-Supporting Debt"), which, having been incurred for revenue-producing capital improvements that may reasonably be expected to yield revenue in excess of operating expenses sufficient to pay the debt service thereon, is excluded from the computation of debt for the purposes of the Constitutional Debt Limit. The amount of Self-Supporting Debt to be so excluded must be determined by the Court of Common Pleas of Philadelphia County upon petition by the City. Self-Supporting Debt is general obligation debt of the City and ranks equally in all respects with Tax-Supported Debt, the only distinction being that it is not used in the calculation of the Constitutional Debt Limit. Self-Supporting Debt, however, is not secured by a lien on any particular revenues. For more information on the Constitutional Debt Limit, see "DEBT OF THE CITY – General" in APPENDIX A hereto.

For purposes of this Official Statement, Tax-Supported Debt and Self-Supporting Debt are referred to collectively as "General Obligation Debt." The term "General Fund-Supported Debt" is comprised of: (i) General Obligation Debt and (ii) bonds issued by the Authority, the Philadelphia Municipal Authority ("PMA"), the Philadelphia Parking Authority ("PPA"), and the Philadelphia Authority for Industrial Development ("PAID"), which are secured by agreements with the City to appropriate and pay amounts sufficient to pay principal, interest, or redemption price when due on the bonds.

[REMAINDER OF PAGE INTENTIONALLY LEFT BLANK.]

Fiscal Year Ending June 30,	Debt Service on the 2023 Bonds (A)	Current Debt Service on General Obligation Debt[(1), (2)] (B)	Current Debt Service on all other General Fund-Supported Debt[(3), (4), (5), (6)] (C)	Aggregate Debt Service on all General Fund-Supported Debt (A+B+C)
2024	$12,937,332	$188,539,574	$248,449,704	$449,926,610
2025	17,255,598	188,297,029	248,453,643	454,006,270
2026	17,257,284	180,825,250	247,620,087	445,702,620
2027	8,262,985	180,534,865	252,839,821	441,637,671
2028	8,261,519	180,922,514	255,736,787	444,920,819
2029	4,479,336	152,017,736	319,624,468	476,121,539
2030	8,259,611	164,227,174	101,786,437	274,273,223
2031	8,259,378	164,994,321	101,766,560	275,020,259
2032	8,263,175	165,066,857	58,976,261	232,306,293
2033	8,264,103	128,556,163	56,915,692	193,735,957
2034	8,260,370	114,223,227	71,328,021	193,811,618
2035	8,259,565	99,388,042	86,131,901	193,779,508
2036	8,260,277	99,374,855	48,562,595	156,197,727
2037	8,263,551	84,514,242	48,561,050	141,338,842
2038	8,261,706	84,594,567	48,554,661	141,410,934
2039	8,263,278	64,774,703	36,627,366	109,665,347
2040	8,261,431	30,193,100	26,810,108	65,264,639
2041	8,261,203	30,193,475	26,805,449	65,260,126
2042	8,262,299	30,196,175	26,799,667	65,258,140
2043	8,259,625	-	19,975,800	28,235,425
2044	8,261,500	-	19,975,175	28,236,675
2045	-	-	15,899,375	15,899,375
2046	-	-	15,899,625	15,899,625
2047	-	-	15,902,875	15,902,875
2048	-	-	-	-
TOTALS[(7)]	**$192,375,125**	**$2,331,433,868**	**$2,400,003,125**	**$4,923,812,119**

(1) Includes both Tax-Supported Debt and Self-Supporting Debt. See "FISCAL YEAR DEBT SERVICE REQUIREMENTS."
(2) Assumes interest rate on hedged variable rate bonds to be the associated fixed swap rate.
(3) Includes bonds of the Authority, PMA, PPA, and PAID, which are secured by agreements with the City to appropriate and pay amounts sufficient to pay principal, interest, or redemption price when due on such bonds. For capital appreciation bonds, only actual amounts payable are included.
(4) Assumes interest rate on hedged variable rate bonds to be the associated fixed swap rate, plus any fixed spread.
(5) Includes (i) sublease payments of approximately $15.2 million annually for the police headquarters renovation; and (ii) an assumption that the City issues approximately $200 million in bonds in 2026 to acquire the project at an assumed interest rate of 5% over the next 20 years.
(6) There are no outstanding swap or credit facility related obligations under the NPI Indenture or the NTI Indenture.
(7) Totals may not add due to rounding.

[REMAINDER OF PAGE INTENTIONALLY LEFT BLANK.]

NO LITIGATION

The Authority

There is no controversy or litigation of any nature now pending or threatened seeking to restrain or enjoin the issuance, sale, execution or delivery of, or the Authority's obligations with respect to, the 2023 Bonds or contesting any proceedings of the Authority with respect to the issuance or sale thereof, or the pledge or application of any monies or security provided for the payment of the 2023 Bonds or the existence or powers of the Authority or the validity or enforceability of the Resolution, the 2023 Bonds, the Indentures, the Service Agreements, or the Cooperation Agreement, or seeking to restrain or enjoin the execution or delivery of the First Supplemental NPI Indenture, the Sixth Supplemental NTI Indenture, the First Supplemental NPI Service Agreement, the Fifth Supplemental NTI Service Agreement, or the Cooperation Agreement, or the performance of the Authority's obligations thereunder.

The City

Upon delivery of the 2023 Bonds, the City of Philadelphia Law Department (the "Law Department") shall furnish an opinion to the effect, among other things, that, except for litigation, other legal proceedings, or threats thereof which, in the opinion of the Law Department, are without merit and except as disclosed in this Official Statement (including in "LITIGATION" in APPENDIX A hereto and in Note 8 to the Fiscal Year 2022 ACFR, "Contingencies – Primary Government – Claims and Litigation" in APPENDIX C hereto), there is no litigation or other legal proceeding pending in any court or, to the best of its knowledge after inquiry within the Law Department, threatened in writing against the City, (i) seeking to restrain or enjoin the issuance, execution, delivery, or sale of the 2023 Bonds or the execution or delivery of the First Supplemental NPI Indenture, the Sixth Supplemental NTI Indenture, the First Supplemental NPI Service Agreement, the Fifth Supplemental NTI Service Agreement, or the Cooperation Agreement, or the performance of the City's obligations thereunder, (ii) contesting the validity of the applicable Ordinances, (iii) contesting the validity or enforceability of the City's obligations under the 2023 Bonds, the Indentures, the Service Agreements, or the Cooperation Agreement, (iv) challenging the right of any City official who signs the Service Agreements or the Official Statement to hold his or her office, or (v) in which a final adverse decision can be anticipated which would reasonably be expected to materially and adversely affect the financial condition or operations of the City as a whole or the performance by the City of its obligations under the 2023 Bonds, the Indentures, the Service Agreements, or the Cooperation Agreement.

RATINGS

Fitch Ratings, Inc., Moody's Investors Service, Inc., and S&P Global Ratings, a division of S&P Global Inc., have assigned the 2023 Bonds ratings of "A" (stable outlook), "A1" (stable outlook), and "A" (positive outlook), respectively. Such ratings reflect only the view of each such credit rating agency. An explanation of the significance of each of such ratings and any outlook may only be obtained from the rating agency furnishing the same.

A rating is not a recommendation to buy, sell or hold securities and may be subject to revision or withdrawal at any time. There is no assurance that any such credit rating will continue for any given period of time or that it will not be revised or withdrawn entirely by such credit rating agency if, in its judgment, circumstances so warrant. None of the Authority, the City, or the Underwriters has undertaken any responsibility to assure the maintenance of any rating. The City has agreed, in the Continuing Disclosure Agreement, to report actual rating changes on the 2023 Bonds. See "CONTINUING DISCLOSURE UNDERTAKING" herein and APPENDIX G hereto. Any downgrade, revision or withdrawal of a rating may have an adverse effect on the market price of or the market for the 2023 Bonds.

APPROVAL OF LEGAL MATTERS

The 2023 Bonds are offered when, as and if issued by the Authority and accepted by the Underwriters, subject to the receipt of approving opinions with respect to certain legal matters of Cozen O'Connor and Ahmad Zaffarese LLC, Co-Bond Counsel, both of Philadelphia, Pennsylvania. The proposed forms of approving opinions of Co-Bond Counsel are attached hereto as APPENDIX F. Certain legal matters will be passed upon for the Authority by Turner Law, P.C., Philadelphia, Pennsylvania, Special Counsel to the Authority. Certain legal matters will be passed upon for the Underwriters by their counsel, Ballard Spahr LLP, Philadelphia, Pennsylvania. Certain legal matters will be passed upon for the City by the City of Philadelphia Law Department. Hawkins Delafield & Wood LLP and the Law Office of Ann C. Lebowitz, Philadelphia, Pennsylvania, as Co-Disclosure Counsel to the City, will each deliver an opinion to the City and the Underwriters regarding certain matters.

The various legal opinions to be delivered concurrently with the delivery of the 2023 Bonds express the professional judgment of the attorney or law firms rendering the opinions as to the legal issues explicitly addressed therein. In rendering a legal opinion, the attorney or law firm does not become an insurer or guarantor of that expression of professional judgment, of the transaction opined upon, or of the future performance of parties to the transaction. Nor does the rendering of an opinion guarantee the outcome of any legal dispute that may arise out of the transaction.

TAX MATTERS

Federal Income Tax Treatment – 2023A Bonds

Interest on the 2023A Bonds is included in gross income for federal income tax purposes pursuant to the Internal Revenue Code of 1986, as amended (the "Code").

Federal Tax Exemption

The Code contains provisions relating to the tax-exempt status of interest on obligations issued by governmental entities which apply to the Tax-Exempt Bonds. These provisions include, but are not limited to, requirements relating to the use and investment of the proceeds of the Tax-Exempt Bonds and the rebate of certain investment earnings derived from such proceeds to the United States Treasury Department on a periodic basis. These and other requirements of the Code must be met by the Authority and the City subsequent to the issuance and delivery of the Tax-Exempt Bonds in order for interest thereon to be and remain excludable from gross income for purposes of federal income taxation. The Authority and the City have covenanted to comply with such requirements.

In the opinion of Co-Bond Counsel, interest on the Tax-Exempt Bonds will be excluded from gross income for purposes of federal income taxation under existing statutes, regulations, rulings and court decisions. Interest on the Tax-Exempt Bonds is not treated as an item of tax preference under Section 57 of the Code for purposes of the federal alternative minimum tax; however, such interest is taken into account in determining the annual adjusted financial statement income of applicable corporations (as defined in Section 59(k) of the Code) for the purpose of computing the alternative minimum tax imposed on corporations for tax years beginning after December 31, 2022.

The opinion of Co-Bond Counsel assumes the accuracy of the representations and certifications of the Authority and the City and is subject to a number of qualifications and limitations, including the condition that the Authority and the City comply with all applicable federal income tax law requirements that must be satisfied subsequent to the issuance of the Tax-Exempt Bonds in order that interest thereon continues to be excluded from gross income. Failure to comply with certain of such requirements could cause the interest on the Tax-Exempt Bonds to be includable in gross income retroactive to the date of issuance of the Tax-Exempt Bonds. The Authority and the City have covenanted to comply with all such requirements.

In addition to the matters addressed above, prospective purchasers of the Tax-Exempt Bonds should be aware that ownership of the Tax-Exempt Bonds may result in collateral tax consequences to certain taxpayers, including, but not limited to, foreign corporations, certain S corporations, financial institutions, recipients of social security and railroad retirement benefits and property or casualty insurance companies. Co-Bond Counsel expresses no opinion regarding any other federal tax consequences related to the ownership or disposition of, or the amount, accrual or receipt of interest on, the Tax-Exempt Bonds.

Original Issue Premium. Each maturity of the Tax-Exempt Bonds (the "Premium Bonds"), has been sold with original issue premium. An amount equal to the excess of the initial public offering price of a Premium Bond over its stated redemption price at maturity constitutes premium on such Premium Bond. A purchaser of a Premium Bond must amortize any premium over such Premium Bond's term using constant yield principles. The amount of amortized bond premium (i) reduces the holder's basis in the Premium Bond for purposes of determining gain or loss for federal income tax purposes upon the sale or other disposition of the Premium Bond and (ii) is not allowed as a deduction for federal income tax purposes to the holder. **Purchasers of any Premium Bonds, whether at the time of the initial issuance or subsequent thereto, should consult their own tax advisors with respect to the determination and treatment of premium.**

No assurances can be given that amendments to the Code or other federal legislation will not be introduced and/or enacted which would cause interest on the Tax-Exempt Bonds to be subject, directly or indirectly, to Federal income taxation or adversely affect the market price of the Tax-Exempt Bonds or otherwise prevent the holders of the Tax-Exempt Bonds from realizing the full current benefit of the federal tax status of the interest thereon.

State Tax Exemption

In the opinion of Co-Bond Counsel, under the laws of the Commonwealth, as enacted and construed on the date hereof, the interest on the 2023 Bonds is exempt from Pennsylvania personal income tax and Pennsylvania corporate net income tax. Co-Bond Counsel expresses no opinion regarding any other tax consequences related to the ownership or disposition of, or the amount, accrual or receipt of interest on, the 2023 Bonds.

This summary is based on laws, regulations, rulings and decisions now in effect, all of which may change. Any change could apply retroactively and could affect the continued validity of this summary. **Prospective purchasers should consult their tax advisors about the consequences of purchasing or holding the 2023 Bonds.**

VERIFICATION

Bingham Arbitrage Rebate Services, Inc. (the "Verification Agent") will deliver to the City, on or before the date of the delivery of the 2023C Bonds, its report, together with the concurring letter of even date of Terry M. Patteson, Certified Public Accountant (the "Verification Report") indicating that it has verified the mathematical accuracy of the information provided by the City and its representatives with respect to the refunding requirements of the Refunded Bonds. Included within the scope of its engagement will be a verification of the mathematical accuracy of the computations of the adequacy of the cash and maturing principal of and interest on the Government Obligations to meet the scheduled payment of interest on the Refunded Bonds until redemption and the payment of the redemption price of the Refunded Bonds on the date fixed for the redemption as further described in "PLAN OF FINANCE AND ESTIMATED SOURCES AND USES OF FUNDS" above.

The verification performed by the Verification Agent will be based solely upon data, information and documents provided to the Verification Agent. The Verification Report will state that the Verification Agent has no obligation to update the Verification Report for events occurring, or data or information coming to their attention, subsequent to the date of the Verification Report.

UNDERWRITING

The 2023 Bonds are being purchased by the Underwriters named on the cover page of this Official Statement (the "Underwriters"), for whom Loop Capital Markets LLC, is acting as the representative (the "Representative"), subject to certain terms and conditions set forth in a Bond Purchase Agreement between the Authority and the Representative, on behalf of the Underwriters.

The 2023A Bonds are being purchased at a purchase price of $79,127,921.91, which reflects the par amount of the 2023A Bonds, less an Underwriters' discount of $342,078.09.

The 2023B Bonds are being purchased at a purchase price of $21,543,964.31, which reflects the par amount of the 2023B Bonds, plus original issue premium of $1,651,079.70, less an Underwriters' discount of $92,115.39.

The 2023C Bonds are being purchased at a purchase price of $25,420,351.09, which reflects the par amount of the 2023C Bonds, plus original issue premium of $879,628.45, less an Underwriters' discount of $84,277.36.

The 2023 Bonds are offered for sale to the public at prices set forth on the inside front cover page of this Official Statement. The 2023 Bonds may be offered and sold to certain dealers (including the Underwriters and other dealers depositing 2023 Bonds into investment trusts) at prices lower than such offering prices, and such public offering prices may be changed from time to time by the Underwriters without prior notice.

The Underwriters and their respective affiliates are full service financial institutions engaged in various activities, which may include securities trading, commercial and investment banking, advisory, investment management, principal investment, hedging, financing and brokerage activities. Certain of the Underwriters and their respective affiliates have, from time to time, performed and may in the future perform, various investment banking services for the City for which they received or will receive customary fees and expenses.

In the ordinary course of their various business activities, the Underwriters and their respective affiliates may make or hold a broad array of investments and actively trade debt and equity securities (or related derivative securities) and financial instruments (which may include bank loans and/or credit default swaps) for their own account and for the accounts of their customers and may at any time hold long and short positions in such securities and instruments. Such investment and securities activities may involve securities and instruments of the Authority or the City. The Underwriters and their respective affiliates may also communicate independent investment recommendations, market color or trading ideas and/or publish or express independent research views in respect of such assets, securities or instruments and may at any time hold, or recommend to clients that they should acquire, long and/or short positions in such assets, securities and instruments.

J.P. Morgan Securities LLC ("JPMS"), one of the Underwriters of the 2023 Bonds, has entered into negotiated dealer agreements (each, a "Dealer Agreement") with each of Charles Schwab & Co., Inc. ("CS&Co.") and LPL Financial LLC ("LPL") for the retail distribution of certain securities offerings at the original issue prices. Pursuant to each Dealer Agreement, each of CS&Co. and LPL may purchase 2023 Bonds from JPMS at the original issue price less a negotiated portion of the selling concession applicable to any 2023 Bonds that such firm sells.

FINANCIAL ADVISORS

PFM Financial Advisors LLC, of Philadelphia, Pennsylvania, and Phoenix Capital Partners, LLP, of Philadelphia, Pennsylvania, are acting as co-financial advisors (together, the "Financial Advisors") to the City in connection with the issuance of the 2023 Bonds. The Financial Advisors have assisted in the preparation of this Official Statement and in other matters relating to the planning, structuring, and issuance of the 2023 Bonds. They have received and reviewed but have not independently verified information in this Official Statement for accuracy or completeness (except, as to each Financial Advisor, the information in this section). Investors should not draw any conclusions as to the suitability of the 2023 Bonds from, or base any investment decisions upon, the fact that the Financial Advisors have advised the City with respect to the 2023 Bonds. The Financial Advisors' fees for this issue are contingent upon the sale and issuance of the 2023 Bonds.

The Financial Advisors are financial advisory and consulting organizations and not organizations engaged in the business of underwriting, marketing or trading of municipal securities or any other negotiable instruments.

CONTINUING DISCLOSURE UNDERTAKING

In order to assist the Underwriters in complying with the requirements of Rule l5c2-12 promulgated by the Securities and Exchange Commission under the Securities Exchange Act of 1934, as amended, the City, as obligated person, (i) will enter into a Continuing Disclosure Agreement with DAC, as dissemination agent, for the benefit of the Registered Owners (as defined in such agreement) of the 2023 Bonds, to be dated the date of original delivery of and payment for the 2023 Bonds, the form of which is annexed hereto as APPENDIX G, and (ii) has provided the disclosure in the following paragraphs.

During the last five years, the City has not fully satisfied its obligations to file annual updates to certain tables in APPENDIX A by the deadlines provided in its continuing disclosure agreements (either February 25 or February 28, as applicable). Such annual updates were made through incorporation by reference to the City's offering documents, but, in some instances, were done so after the applicable filing deadline. The City engaged a third-party vendor to monitor its continuing disclosure obligations and was not aware that the annual updates made through incorporation by reference to the City's offering documents were not compliant in all respects. The City has undertaken a comprehensive review of its process for providing annual updates to the tables in APPENDIX A to ensure future compliance. On December 23, 2019, the City filed a failure to file notice describing the foregoing circumstances. Such notice was subsequently amended to provide further clarification.

In connection with the continuing disclosure annual filing for certain Gas Works Revenue Bonds that was made in February 2019, the audited financial statements for the Philadelphia Gas Works' fiscal year ended August 31, 2018, were inadvertently not filed until March 2019.

The Philadelphia Parking Authority (the "PPA"), as the issuer, and the City, as an obligated person, entered into separate continuing disclosure agreements relating to the PPA's Parking System Revenue Bonds, Series 1999A (the "1999A PPA Bonds"). For the City's continuing disclosure agreement relating to such bonds, it is required to file (i) its ACFR and (ii) annual updates to certain financial information and operating data of the type included in APPENDIX A. During the previous five years, the City's ACFRs were properly filed for the 1999A PPA Bonds when due. However, the annual updates to certain financial information and operating data of the type included in APPENDIX A, which are made through incorporation by reference to the City's offering documents, were not properly linked to the 1999A PPA Bonds. Such error has been corrected.

The City has reviewed and updated its disclosure policies and procedures to assist the City in complying with its continuing disclosure undertakings in the future.

CERTAIN RELATIONSHIPS

Cozen O'Connor has provided certain legal services to the City related to the issuance and sale of the 2023 Bonds, and also provides legal services to the City in matters unrelated to the issuance and sale of the 2023 Bonds.

Ahmad Zaffarese LLC has provided certain legal services to the City related to the issuance and sale of the 2023 Bonds, and also provides legal services to the City in matters unrelated to the issuance and sale of the 2023 Bonds.

[REMAINDER OF PAGE INTENTIONALLY LEFT BLANK.]

MISCELLANEOUS

This Official Statement is made available only in connection with the sale of the 2023 Bonds and may not be used in whole or in part for any other purpose. This Official Statement is not to be construed as a contract or agreement between the Authority, the City, the Underwriters, and the purchasers or owners of any of the 2023 Bonds. Any statements made in this Official Statement involving matters of opinion, whether or not expressly so stated, are intended merely as opinions and not as representations of fact. No representation is made that any opinions or estimates herein will be realized. The information and expressions of opinion herein are subject to change without notice, and neither the delivery of this Official Statement nor any sale made hereunder shall, under any circumstances, create any implication that there has been no change in the affairs of the Authority or the City since the date hereof.

The attached Appendices are an integral part of this Official Statement and should be read in their entirety together with the foregoing statements.

The City makes no representations or warranties to investors as to the accuracy or timeliness of any information available on the City's Investor Website, any other websites maintained by the City or the Authority, or any hyperlinks referenced therein.

The execution and distribution of this Official Statement has been duly authorized by the Authority and approved by the City.

PHILADELPHIA REDEVELOPMENT AUTHORITY

By: */s/ David S. Thomas*
Name: David S. Thomas
Title: Chair

Approved:

THE CITY OF PHILADELPHIA

By: */s/ Rob Dubow*
Name: Rob Dubow
Title: Director of Finance

[THIS PAGE INTENTIONALLY LEFT BLANK]

APPENDIX A

GOVERNMENT AND FINANCIAL INFORMATION

[THIS PAGE INTENTIONALLY LEFT BLANK]

TABLE OF CONTENTS

Page

TABLE OF CONTENTS
(continued)

Page

TABLE OF CONTENTS
(continued)

Page

[THIS PAGE INTENTIONALLY LEFT BLANK]

OVERVIEW

The City of Philadelphia (the "City" or "Philadelphia"), located along the southeastern border of the Commonwealth of Pennsylvania (the "Commonwealth" or "Pennsylvania"), is the largest city in the Commonwealth and the sixth largest city in the United States. The City is also the center of the United States' seventh largest metropolitan statistical area, which is an 11-county area encompassing the City, Camden, NJ, and Wilmington, DE.

According to the U.S. Census data, the City increased its population by 4.7% to 1.597 million residents in the ten years from 2012 to 2021. The City's population in the prior decade increased modestly (0.7%) to 1.53 million residents, ending six decades of population decline. While longer-term population growth trends have been positive, single year population estimates have shown modest decreases in City population figures from 2020 to 2022, with a loss of approximately 33,000 residents. The City is monitoring these short-term data points, which are often further refined and revised as more information becomes available.

The City benefits from its strategic geographical location, relative affordability, cultural and recreational amenities, and its growing strength in key industries. The City's economy is composed of diverse industries, with virtually all classes of industrial and commercial businesses represented. The City is a major regional business and personal services center with strengths in insurance, law, finance, healthcare, higher education, utilities, and the arts. In addition, the City is a center for health, education, research and science facilities with the nation's largest concentration of healthcare resources within a 100-mile radius.

The cost of living in the City is relatively moderate and affordable compared to other major metropolitan areas in the northeast United States. The City, as one of the country's education centers, offers its business community a large and diverse labor pool that draws from major universities including, within the geographical boundaries of the City, the University of Pennsylvania, Temple University, Drexel University, St. Joseph's University, and LaSalle University, among others.

Fiscal Health of the City

The City has implemented several strategies to address significant fiscal challenges, including the novel coronavirus ("COVID-19") pandemic, for Fiscal Year 2023 and over the course of Fiscal Years 2023-2028, which are described in the Fiscal Year 2023 Adopted Budget, the Thirty-First Five-Year Plan, the Proposed Fiscal Year 2024 Budget, and the Proposed Thirty-Second Five-Year Plan (all as defined herein), as applicable.

COVID-19: On January 31, 2020, the United States Department of Health and Human Services declared a public health emergency for the United States to aid the nation's health care community in responding to COVID-19. On March 11, 2020, the World Health Organization declared the COVID-19 outbreak a global pandemic, and on March 13, 2020, the President of the United States (the "President") declared a national state of emergency. On January 30, 2023, the President announced that the national state of emergency will not be extended and will expire on May 11, 2023.

Due to the increase in the number of COVID-19 cases, federal, state, and local bodies enacted legislation, and other administrative orders, directives, and guidance to mitigate the impacts of COVID-19 on the general population and the economy. In March 2020, the Commonwealth was placed under a disaster emergency order as issued by the Governor of Pennsylvania (the "Governor"). By April 1, 2020, stay-at-home orders were in place for the entire Commonwealth. The Commonwealth's restrictions in the stay-at-home orders were modified, as circumstances permitted, and all of the Commonwealth's COVID-19 restrictions were lifted as of June 28, 2021.

The Mayor also implemented various emergency measures and other actions to respond to the spread of COVID-19 in the City, including the City's own stay-at-home order. All of the City's COVID-19 restrictions were lifted as of June 11, 2021. City offices fully reopened to both employees and the public on July 6, 2021.

As a result of COVID-19 variants and surges in cases, aspects of the foregoing emergency measures and actions in the Commonwealth and the City, including mask mandates and restrictions on indoor gatherings, were reinstituted for periods of time depending on the then-current health and safety conditions.

For more information on the City's response to COVID-19, including the phased distribution of the COVID-19 vaccines, see https://www.phila.gov/programs/coronavirus-disease-2019-covid-19/. Such website is included herein for reference only and the information contained therein is not incorporated by reference in this Official Statement.

In response to increased expenses related to COVID-19, various federal, state, and local recovery grants have become available to the City, including recovery grants under the Coronavirus Aid, Relief, and Economic Security Act (the "CARES Act") and the American Rescue Plan Act of 2021 (the "American Rescue Plan" or "ARPA"). The CARES Act and the American Rescue Plan include substantial federal relief funds for state and local governments, including the City, to address the impact of COVID-19 on the economy, public health, state and local governments, individuals, and businesses. The funds include the $276 million Coronavirus Relief Fund (via the CARES Act) and the $1.395 billion Coronavirus Local Fiscal Recovery Fund (via the American Rescue Plan), which represent the two largest allocations made to the City. The American Rescue Plan funds are fully allocated in the Thirty-First Five-Year Plan and the Proposed Thirty-Second Five-Year Plan. Such funds must be obligated by the end of calendar year 2024.

Fiscal Impact. The City continues to closely monitor and assess the effects of the COVID-19 pandemic and its economic, operating, financial, and budgetary impact on the City. Such impact has been significant, with sudden, dramatic increases in service demands, unanticipated costs, and challenging economic conditions. The Fiscal Year 2023 Adopted Budget, the Thirty-First Five-Year Plan, the Proposed Fiscal Year 2024 Budget, and the Proposed Thirty-Second Five-Year Plan, as applicable, reflect the ongoing evolution of the pandemic and the City's associated response.

While the City continues to be significantly impacted by COVID-19, revenues increased in Fiscal Year 2022 as compared to Fiscal Year 2021, growing by 22.9%. Part of such increase in revenues is attributable to the City drawing down on approximately $250 million in federal relief funding from the American Rescue Plan, which is expected to replace lost revenue to support core government services and pandemic response efforts. The Proposed Thirty-Second Five-Year Plan projects that Fiscal Year 2023 will end with a cumulative adjusted year end General Fund balance of $617.1 million.

Over the course of Fiscal Years 2023-2025, the City has identified projected budgetary gaps that are expected to be addressed, in part, by available federal relief funding from the American Rescue Plan (which, as described above, totals $1.395 billion). The City plans to monitor its proposed draw down schedule of such federal relief funding, and modify it, as necessary, in order to have an additional cushion if revenues are lower than anticipated. The federal relief funding from the American Rescue Plan alone is not expected to be sufficient to close the projected budgetary gap. Notwithstanding the foregoing, the City projects in the Proposed Thirty-Second Five-Year Plan that it will end Fiscal Years 2023-2028 with positive General Fund balances.

For more information on the Fiscal Year 2023 Adopted Budget, the Thirty-First Five-Year Plan, the Proposed Fiscal Year 2024 Budget, the Proposed Thirty-Second Five-Year Plan, the City's historical financial operations, and the City's projected General Fund balances for Fiscal Years 2023-2028, see "DISCUSSION OF FINANCIAL OPERATIONS" and Tables 1 and 2 (and the text following Table 2) herein.

Revenues. For Fiscal Year 2023, the City is estimating revenues of $5.892 billion (based on the Proposed Thirty-Second Five-Year Plan), a $124.4 million (2.2%) increase compared to Fiscal Year 2022.

For Fiscal Year 2023, the City is currently estimating increases in tax collections, including increases in Wage and Earnings Taxes, Real Property Transfer Taxes, Sales and Use Taxes, and Business Income and Receipts Taxes ("BIRT"), resulting in projected tax collections of $4.202 billion (based on the Proposed Thirty-Second Five-Year Plan), a $62.5 million (1.5%) increase compared to Fiscal Year 2022.

As a result of the pandemic and remote work arrangements, the City continues to closely monitor Wage and Earnings Taxes. In the City, commuters account for about 40% of all Wage and Earnings Taxes. Such tax is not due when those commuters are required to work from home outside the City and may also lead to an increase in tax credit eligibility for such remote workers. If there are more long-term or permanent shifts to work from home, changes in consumer preferences, and population shifts, then there may be a lasting negative impact on City finances. In the Proposed Thirty-Second Five-Year Plan, the City assumes a reduced non-resident tax base, as a result of remote work arrangements. This could create a permanent reduction in Wage and Earnings Tax collections. Current projections assume 25% of the non-resident portion of the Wage and Earnings Taxes will not be collected over the course of the Proposed Thirty-Second Five-Year Plan. In Fiscal Year 2022, the non-resident portion of the Wage and Earnings Taxes was approximately 10.4% of General Fund total revenue.

For the first two quarters of Fiscal Year 2023, Wage and Earnings Tax collections are up by approximately 10.7% compared to the same period in Fiscal Year 2022 and are now greater than the amounts collected during the same period in Fiscal Year 2019 (pre-pandemic).

For more information on tax revenues, see "– Fiscal Health of the City – Tax Revenues" and "REVENUES OF THE CITY" and Table 3 herein.

Expenses. The City is projecting higher costs for essential services and increased fixed costs, including overtime and other added labor costs and higher pension payments. With tax filing and payment deadlines delayed in calendar year 2020, the City also expected lower near-term collections and issued tax and revenue anticipation notes in Fiscal Year 2021 to maintain cash flow. The City did not issue tax and revenue anticipation notes in Fiscal Year 2022. The City does not expect to issue tax and revenue anticipation notes in Fiscal Year 2023 or Fiscal Year 2024.

In Fiscal Years 2020-2023, the City incurred significant new expenses for healthcare to reduce the spread of COVID-19 and treat those affected, including labor costs and expenses for testing sites and supplies, quarantine locations and services, surge hospital capacity, medical vehicles, personal protective equipment, disinfectant/cleaning supplies, morgue capacity, business supports, and vaccination rollout and administration. In addition to ongoing pandemic-related expenses, the City incurred additional expenses relating to certain unplanned events in Fiscal Year 2021 that stressed operations and the local economy.

The City received in Fiscal Years 2020 and 2021 certain CARES Act funding in the amounts of \$100 million in the General Fund and \$176 million in the Grants Revenue Fund, respectively. Such amounts were available to be transferred periodically from the Grants Revenue Fund to the General Fund to reimburse for COVID-19-related costs. In Fiscal Year 2021, the City also received transfers of \$26 million from available federal COVID-19 relief funding from the American Rescue Plan. In Fiscal Year 2022, the City drew down on approximately \$250 million in federal COVID-19 relief funding from the American Rescue Plan. In Fiscal Year 2023, the City drew down on approximately \$335 million in federal COVID-19 relief funding from the American Rescue Plan.

The American Rescue Plan funds are fully allocated in the Thirty-First Five-Year Plan and the Proposed Thirty-Second Five-Year Plan. In Fiscal Year 2024, the City expects to draw down on approximately \$391 million in federal COVID-19 relief funding from the American Rescue Plan. In Fiscal Year 2025, the City expects to draw down on approximately \$449 million in federal COVID-19 relief funding from the American Rescue Plan. Such funds must be obligated by the end of calendar year 2024. The expected draw down in Fiscal Year 2025 will occur prior to December 31, 2024.

As described above, federal COVID-19 relief funding available to the City from the American Rescue Plan has been included in the Fiscal Year 2023 Adopted Budget, the Thirty-First Five-Year Plan, the Proposed Fiscal Year 2024 Budget, and the Proposed Thirty-Second Five-Year Plan, as applicable. The City does not include potential federal stimulus funding entitlements, reimbursements from the Federal Emergency Management Agency ("FEMA"), or funds from other federal or Commonwealth sources that may be received in its budgetary projections or five-year financial planning.

Budget Measures. The projected revenue losses and increases in expenses described above are expected to be addressed with reductions to planned spending, reduced reserve levels, and federal COVID-19 relief funding from the American Rescue Plan.

In prior Fiscal Years, the City implemented measures to reduce spending, including (i) a hiring freeze, (ii) layoffs for temporary, seasonal, and part-time workforce, (iii) temporary pay cuts, (iv) containing labor costs with the City's unions, (v) reducing certain overtime expenses, and (vi) eliminating vacant positions, among others. While many of these measures were discontinued for Fiscal Year 2022, the City continues to emphasize long-term overtime management and labor cost containment. The other key budget priorities for Fiscal Year 2022 included achieving fiscal stability and continuing to work toward a safer and more equitable Philadelphia.

The key budget priorities for Fiscal Year 2023 include investments in the safety and well-being of City residents, tax rate reductions and tax relief, and focusing on the City's long-term fiscal health.

The Fiscal Year 2023 Adopted Budget, the Thirty-First Five-Year Plan, the Proposed Fiscal Year 2024 Budget, and the Proposed Thirty-Second Five-Year Plan, as applicable, include budgeted reserves for specific costs or scenarios in the future. Over the course of Fiscal Years 2023-2028, the City is increasing projected overall reserve allocations to make a portion of those funds available for the delivery of services, while maintaining a minimum level of reserve balances to guard against greater than expected revenue losses or new spending pressures.

For information on the City's historical financial operations and the City's projected General Fund balances for Fiscal Years 2023-2028, see "– General Fund Balance" and "DISCUSSION OF FINANCIAL OPERATIONS" and Tables 1 and 2 (and the text following Table 2) herein. For information on budgeted reserves, see "– Budgeted Reserves" and "DISCUSSION OF FINANCIAL OPERATIONS," Table 1, Table 2, and related footnotes herein.

Long-Term Effects of COVID-19. The City continues to closely monitor and assess the effects of the COVID-19 pandemic and its impact on the City's financial position and operations. The overall impact on City revenues, expenditures, reserves, budgets, and financial position has been significant and it is still evolving. Various economic sectors throughout the City have been affected by the COVID-19 pandemic, including higher education, healthcare, travel, leisure and hospitality, and professional services, among others. The long-term impact of COVID-19 on the City will depend heavily on future events and actions by the federal and Commonwealth governments. No assurance can be given regarding future events or impacts because many actions and events are unpredictable, unknowable at this time, and outside the control of the City.

The information provided by the City in this Official Statement and previous filings by the City on EMMA was provided as of the respective dates and for the periods specified therein and is subject to change without notice. In particular, the dates as of and periods for which information was provided in this Official Statement and previous filings by the City on EMMA may have occurred before the COVID-19 pandemic and before realizing the economic impact of measures instituted to slow the spread of COVID-19. Accordingly, such information may not be indicative of future results or performance due to these and other factors.

General Fund Balance: In the Fiscal Year 2023 Adopted Budget, the City projected that Fiscal Year 2022 would end with a cumulative adjusted year end General Fund balance of $492.4 million. Based on the actual results included in the City's audited Annual Comprehensive Financial Report for Fiscal Year 2022 (the "Fiscal Year 2022 ACFR"), the City reported that Fiscal Year 2022 ended with a cumulative adjusted year end General Fund balance of $779.1 million. Such number has been included as part of the current estimate for Fiscal Year 2023 in the Proposed Thirty-Second Five-Year Plan.

The City's current estimate is that Fiscal Year 2023 will end with a cumulative adjusted year end General Fund balance of $617.1 million, which at 10.5% of projected revenues exceeds the Mayor's target for the General Fund balance of 6-8% of revenues, but remains below the Government Finance Officers Association ("GFOA") recommendation of 17% of revenues.

For more information on the City's historical financial operations and the City's projected General Fund balances for Fiscal Years 2023-2028, see "DISCUSSION OF FINANCIAL OPERATIONS" and Tables 1 and 2 (and the text following Table 2) herein.

Budget Stabilization Reserve: To provide the City with a financial cushion should unexpected costs arise, the City made a deposit of $34.3 million to the Budget Stabilization Reserve (as defined herein), pursuant to the adopted budget for Fiscal Year 2020. Pursuant to the adopted budget for Fiscal Year 2021, the City drew down such funds and redirected them to spending. At present, there are no funds in the Budget Stabilization Reserve.

There were no payments to the Budget Stabilization Reserve in Fiscal Years 2021 or 2022. In the Proposed Thirty-Second Five-Year Plan, the City projects payments to the Budget Stabilization Reserve in Fiscal Years 2023, 2024, 2025, and 2026, in the amounts of $65.1 million, $42.3 million, $170.7 million, and $41.8 million, respectively. For more information on the Budget Stabilization Reserve, see "DISCUSSION OF FINANCIAL OPERATIONS – Budget Stabilization Reserve" herein.

Budgeted Reserves: The Fiscal Year 2023 Adopted Budget, the Thirty-First Five-Year Plan, the Proposed Fiscal Year 2024 Budget, and the Proposed Thirty-Second Five-Year Plan, as applicable, include budgeted reserves, certain of which are described below.

Labor Reserve. In Fiscal Year 2022, the City received arbitration awards or reached collective bargaining agreements with its largest unions covering the period of July 1, 2022 through June 30, 2024. For more information on the City's labor contracts, see "EXPENDITURES OF THE CITY – Overview of City Employees" herein.

The Fiscal Year 2023 Adopted Budget, the Thirty-First Five-Year Plan, and the Proposed Thirty-Second Five-Year Plan, as applicable, include a labor reserve for potential future labor cost increases (the "Labor Reserve").

Recession, Inflation, and Reopening Reserve. To mitigate against the fiscal impact of a national and local economic recession and inflation and the costs of reopening efforts related to COVID-19, the Fiscal Year 2023 Adopted Budget, the Thirty-First Five-Year Plan, the Proposed Fiscal Year 2024 Budget, and the Proposed Thirty-Second Five-Year Plan, as applicable, include a recession, inflation, and reopening reserve to address related expenses (the "Recession, Inflation, and Reopening Reserve").

While the Fiscal Year 2023 Adopted Budget included approximately $86.0 million in the Labor Reserve and the Recession, Inflation, and Reopening Reserve, current estimates for Fiscal Year 2023 do not include any remaining amounts in such reserves. In the Proposed Thirty-Second Five-Year Plan, the City projects that the Labor Reserve and the Recession, Inflation, and Reopening Reserve will total approximately (i) $54.0 million in Fiscal Year 2024 (all in the Recession, Inflation, and Reopening Reserve), (ii) $72.0 million in Fiscal Year 2025 ($42.0 million in the Labor Reserve and $30.0 million in the Recession, Inflation, and Reopening Reserve), (iii) $108.0 million in Fiscal Year 2026 ($78.0 million in the Labor Reserve and $30.0 million in the Recession, Inflation, and Reopening Reserve), (iv) $145.0 million in Fiscal Year 2027 ($115.0 million in the Labor Reserve and $30.0 million in the Recession, Inflation, and Reopening Reserve), and (v) $144.0 million in Fiscal Year 2028 ($114.0 million in the Labor Reserve and $30.0 million in the Recession, Inflation, and Reopening Reserve).

For the foregoing reserves, any portion of such reserves that is not used to offset the applicable stated costs will increase the General Fund balance at the end of the given Fiscal Year, if not used by the City for other purposes. Information related to the foregoing reserves can be found in Tables 1 and 2 and the related footnotes in "DISCUSSION OF FINANCIAL OPERATIONS."

Tax Revenues: Consistently, more than 70% of the City's revenues come from local taxes and approximately 88.0% of tax revenues come from just four taxes: Wage and Earnings Taxes, Real Estate Taxes, BIRT, and Real Property Transfer Taxes, with the largest portion of such tax revenues (approximately 40.0%) coming from the Wage and Earnings Tax (see Table 3 and "REVENUES OF THE CITY – Wage, Earnings, and Net Profits Taxes" herein). Approximately 46% of the Wage and Earnings Tax is paid by non-resident workers.

Additionally, the City remains unique among the nation's largest cities in that it imposes a tax on both corporate profits and revenue through the BIRT, which generated approximately 18.1% of the City's local tax revenue in Fiscal Year 2022 (based on the Fiscal Year 2022 ACFR) and is projected to generate approximately 17.4% of the City's local tax revenue in Fiscal Year 2023 (based on the Proposed Thirty-Second Five-Year Plan). See "REVENUES OF THE CITY" and Table 3 herein.

High Fixed Costs: The City's high fixed costs consume a significant portion of the City's budget. The largest of such costs is the City's payment to the Municipal Pension Fund. In the Fiscal Year 2022 ACFR, pension costs consumed approximately 19.3% of General Fund expenditures in Fiscal Year 2022, with a City pension cost of approximately $1,031.4 million (from the General Fund). Based on the current estimate in the Proposed Thirty-Second Five-Year Plan, pension costs are expected to consume approximately 13.8% of General Fund expenditures in Fiscal Year 2023, with a City pension cost of approximately $837.0 million (from the General Fund). Even with such payments, the Municipal Pension Fund is only 57.6% funded on an actuarial basis (as of the July 1, 2022 Valuation (as defined herein)). See "PENSION SYSTEM" and Table 27 herein.

Significant Funding for the School District: In the Fiscal Year 2022 ACFR, the City reported that its direct contribution to the School District of Philadelphia (the "School District") from the General Fund was $256.0 million in Fiscal Year 2022. In the Fiscal Year 2023 Adopted Budget, the City's direct contribution to the School District from the General Fund is $270.0 million in Fiscal Year 2023 (which amount is unchanged as the current estimate in the Proposed Thirty-Second Five-Year Plan). The School District is an independent governmental entity.

For more information on the School District, see "THE GOVERNMENT OF THE CITY OF PHILADELPHIA – Local Government Agencies – Mayoral-Appointed or Nominated Agencies – The School District." For more information on the City's historical contributions to the School District, see "EXPENDITURES OF THE CITY – City Payments to School District" and Table 21 herein.

This "OVERVIEW" is intended to highlight the strategies implemented by the City to address its principal anticipated fiscal challenges, and the City continues to monitor the circumstances related thereto. The reader is cautioned to review with care the more detailed information presented in this APPENDIX A.

THE GOVERNMENT OF THE CITY OF PHILADELPHIA

Introduction

As noted above, the City is the largest city in the Commonwealth, the sixth largest city in the United States, and the center of the United States' seventh largest metropolitan statistical area. The City benefits from its strategic geographical location, relative affordability, cultural and recreational amenities, and its growing strength in key industries.

As one of the country's education centers, the City offers the business community a large and diverse labor pool. The University of Pennsylvania, Temple University, Drexel University, St. Joseph's University, La Salle University, and Community College of Philadelphia are certain of the well-known institutions of higher education located in the City. There are also a number of other well-known colleges and universities located near the City, notably including Villanova University, Bryn Mawr College, Haverford College, Swarthmore College, Lincoln University, and the Camden Campus of Rutgers University, among others.

The City is a center for health, education, research and science facilities. In the City, there are more than 30 hospitals, including the Children's Hospital of Philadelphia, Hospital of the University of Pennsylvania, Einstein Medical Center-Philadelphia, Temple University Hospital, and Thomas Jefferson University Hospitals and Jefferson Health, among others, and schools of medicine, dentistry, pharmacy, optometry, podiatry, and veterinary medicine.

Tourism is important to the City and is driven by the City's extraordinary historic and cultural assets. The City's Historic District includes Independence Hall, the Liberty Bell, Carpenters' Hall, the Betsy Ross House, and Elfreth's Alley, the Nation's oldest residential street. The Benjamin Franklin Parkway District (referred to as the "Parkway" in APPENDIX B) includes the Philadelphia Museum of Art, the Barnes Foundation, and the Rodin Museum. The Avenue of the Arts, located along a mile-long section of South Broad Street between City Hall and Washington Avenue, includes the Kimmel Center, the Academy of Music, and other performing arts venues. All of the foregoing are key tourist attractions in the City.

For more information on the City's demographic and economic resources and economic development initiatives, see APPENDIX B hereto.

History and Organization

The City was incorporated in 1789 by an Act of the General Assembly of the Commonwealth (the "General Assembly") (predecessors of the City under charters granted by William Penn in his capacity as proprietor of the colony of Pennsylvania may date to as early as 1682). In 1854, the General Assembly, by an act commonly referred to as the Consolidation Act: (i) made the City's boundaries coterminous with the boundaries of Philadelphia County (the same boundaries that exist today) (the "County"); (ii) abolished all governments within these boundaries other than the City and the County; and (iii) consolidated the legislative functions of the City and the County. Article 9, Section 13 of the Pennsylvania Constitution abolished all county offices in the City, provides that the City performs all functions of county government, and states that laws applicable to counties apply to the City.

Since 1952, the City has been governed under a Home Rule Charter authorized by the General Assembly pursuant to the First Class City Home Rule Act, Act of April 21, 1949, P.L. 665, Section 17, and adopted by the voters of the City (as amended and supplemented, the "City Charter"). The City Charter provides, among other things, for the election, organization, powers and duties of the legislative branch (the "City Council") and the executive and administrative branch, as well as the basic rules governing the City's fiscal and budgetary matters, contracts, procurement, property, and records. Under Article XII of the City Charter, the School District operates as a separate and independent home rule school district. Certain other constitutional provisions and Commonwealth statutes continue to govern various aspects of the City's affairs, notwithstanding the broad grant of powers of local self-government in relation to municipal functions set forth in the First Class City Home Rule Act.

Under the City Charter, there are two distinct principal governmental entities in the City: (i) the City, which performs municipal and county functions; and (ii) the School District, which has boundaries coterminous with the City and responsibility for all public primary and secondary education.

The court system in the City, consisting of Common Pleas and Municipal Courts, is part of the Commonwealth judicial system. Although judges are paid by the Commonwealth, most other court costs are paid by the City, with partial reimbursement from the Commonwealth.

Elected and Appointed Officials

The Mayor is elected for a term of four years and is eligible to be elected for no more than two successive terms. Each of the seventeen members of City Council is also elected for a four-year term, which runs concurrently with that of the Mayor. There is no limitation on the number of terms that may be served by members of City Council. Of the members of City Council, ten are elected from districts and seven are elected at-large. No more than five of the seven at-large candidates for City Council may be nominated by any one party or political body. The District Attorney and the City Controller are elected at the mid-point of the terms of the Mayor and City Council.

In November 2023, the City will hold elections for Mayor and City Council. There will also be a special election for City Controller.

The City Controller's responsibilities derive from the City Charter, various City ordinances and state and federal statutes, and contractual arrangements with auditees. The City Controller must follow Generally Accepted Government Auditing Standards, established by the federal Government Accountability Office (formerly known as the General Accounting Office), and Generally Accepted

Auditing Standards, promulgated by the American Institute of Certified Public Accountants (collectively, "Generally Accepted Auditing Standards").

The City Controller audits and reports on the City's and the School District's respective Annual Comprehensive Financial Reports ("ACFRs"), federal assistance received by the City, and the performance of City departments. The City Controller also conducts a pre-audit program of City expenditure documents required to be submitted for approval, such as invoices, payment vouchers, purchase orders and contracts. Documents are selected for audit by category and statistical basis. The Pre-Audit Division verifies that expenditures are authorized and accurate in accordance with the City Charter and other pertinent legal and contractual requirements before any moneys are paid by the City Treasurer. The Pre-Audit Technical Unit, consisting of auditing and engineering staff, inspects and audits capital project design, construction and related expenditures. Other responsibilities of the City Controller include investigation of allegations of fraud, preparation of economic reports, certification of the City's debt capacity and the capital nature and useful life of the capital projects, and opining to the Pennsylvania Intergovernmental Cooperation Authority ("PICA") on the reasonableness of the assumptions and estimates in the City's five-year financial plans.

Under the City Charter, the principal officers of the City's government are the Managing Director of the City (the "Managing Director"), the Director of Finance of the City (the "Director of Finance"), the City Solicitor (the "City Solicitor"), the Director of Planning and Development (the "Director of Planning and Development"), the Director of Commerce (the "Director of Commerce"), the Director of Labor (the "Director of Labor"), the City Representative (the "City Representative"), and the Director of Aviation (the "Director of Aviation"). Under the City Charter, the Mayor appoints each of the foregoing. With respect to the City Solicitor, the Mayor appoints an individual to such position, with the advice and consent of a majority of City Council.

The Managing Director, in coordination with the senior officials of City departments and agencies, is responsible for supervising the operating departments and agencies of the City that render the City's various municipal services. The Director of Commerce is charged with the responsibility of promoting and developing commerce and industry. The City Representative is the Ceremonial Representative of the City and especially of the Mayor. The City Representative is charged with the responsibility of giving wide publicity to any items of interest reflecting the activities of the City and its inhabitants, and for the marketing and promotion of the image of the City. Under the City Charter, the Director of Planning and Development oversees the Department of Planning and Development, which includes three divisions: (i) the Division of Development Services; (ii) the Division of Planning and Zoning; and (iii) the Division of Housing and Community Development. Such divisions represent five budgetary programs/fiscal divisions, including Executive Administration, Planning & Zoning, Development Services, Community Development, and Housing Development.

The City Solicitor is head of the Law Department and acts as legal advisor to the Mayor, City Council, and all of the agencies of the City government. The City Solicitor is also responsible for: (i) advising on legal matters pertaining to all of the City's contracts and bonds; (ii) assisting City Council, the Mayor, and City agencies in the preparation of ordinances for introduction in City Council; and (iii) conducting litigation involving the City.

The Director of Finance is the chief financial and budget officer of the City and is selected from three names submitted to the Mayor by a Finance Panel, which is established pursuant to the City Charter and is comprised of the President of the Philadelphia Clearing House Association, the Chairman of the Philadelphia Chapter of the Pennsylvania Institute of Certified Public Accountants, and the Dean of the Wharton School of Finance and Commerce of the University of Pennsylvania. Under Mayor Kenney's administration, the Director of Finance is responsible for the financial functions of the City, including:

(i) development of the annual operating budget, the capital budget, and capital program; (ii) the City's program for temporary and long-term borrowing; (iii) supervision of the operating budget's execution; (iv) the collection of revenues through the Department of Revenue; (v) the oversight of pension administration as Chairperson of the Board of Pensions and Retirement; and (vi) the supervision of the Office of Property Assessment. The Director of Finance is also responsible for the appointment and supervision of the City Treasurer, whose office manages the City's debt program and serves as the disbursing agent for the distribution of checks and electronic payments from the City Treasury and the management of cash resources.

The following are brief biographies of Mayor Kenney, his Chief of Staff, the Director of Finance, and the City Treasurer.

James F. Kenney, Mayor. On November 3, 2015, James F. Kenney was elected as the City's 99th Mayor and was sworn into office on January 4, 2016. Mayor Kenney was reelected to a second term on November 5, 2019, and was sworn into office on January 6, 2020. Mayor Kenney is a lifelong resident of the City and a graduate of La Salle University. In 1991, Mayor Kenney was elected to serve as a Democratic City Councilman At-Large and was a member of City Council for 23 years.

Christina Hernandez, Chief of Staff. In September 2022, Christina Hernandez was appointed Chief of Staff. Prior to that, Ms. Hernandez served as First Deputy Chief of Staff, where she oversaw the Mayor's Office of Legislative Affairs. Ms. Hernandez also previously served as Assistant Director of Legislation, and later as Director of Legislation. Before joining the Administration, she served as an Assistant District Attorney in the Philadelphia District Attorney's Office, working in its South Division, Government Fraud Unit, and Diversion Unit. Ms. Hernandez is a graduate of The Pennsylvania State University and the Beasley School of Law at Temple University. She also completed a Leading for Change Fellowship from Drexel University's Lebow College of Business.

Rob Dubow, Director of Finance. Mr. Dubow has served as Director of Finance since being appointed on January 7, 2008. Prior to that appointment, Mr. Dubow was the Executive Director of PICA. He has also served as Executive Deputy Budget Secretary of the Commonwealth, from 2004 to 2005, and as Budget Director for the City, from 2000 to 2004.

Jacqueline Dunn, City Treasurer. On February 11, 2021, Ms. Dunn was appointed City Treasurer. Prior to such appointment, Ms. Dunn served as Acting City Treasurer since September 25, 2020, and prior to that, she served as Deputy City Treasurer since July 2019. As City Treasurer, Ms. Dunn (i) oversees the issuance of all notes and bonds on behalf of the City's General Fund and Enterprise Funds used to finance capital projects, (ii) manages cash collections and cash resources in the City Treasury, and (iii) serves as the disbursing agent for the distribution of checks and electronic payments from the City Treasury. Ms. Dunn also serves as the Director of Finance's designee on the Philadelphia Board of Pensions and Retirement and as a board member for the Philadelphia Municipal Authority ("PMA"). In 2014, Ms. Dunn joined the City as an Assistant Finance Director in the Finance Department. In 2016, she was appointed Chief of Staff to the Director of Finance. Prior to joining the City, Ms. Dunn worked for Public Financial Management and the Annenberg Public Policy Center. She has a master's degree in Governmental Administration and a bachelor's degree in Political Science, both from the University of Pennsylvania.

Government Services

Municipal services provided by the City include: (i) police and fire protection; (ii) health care; (iii) certain welfare programs; (iv) construction and maintenance of local streets, highways, and bridges; (v) trash collection, disposal and recycling; (vi) provision for recreational programs and facilities;

(vii) maintenance and operation of the water and wastewater systems (the "Water and Wastewater Systems"); (viii) acquisition and maintenance of City real and personal property, including vehicles; (ix) maintenance of building codes and regulation of licenses and permits; (x) maintenance of records; (xi) collection of taxes and revenues; (xii) purchase of supplies and equipment; (xiii) construction and maintenance of airport facilities (the "Airport System"); and (xiv) maintenance of a prison system. For information on the Water and Wastewater Systems, see APPENDIX B – "KEY CITY-RELATED SERVICES AND BUSINESSES – Water and Wastewater." For information on the Airport System, see APPENDIX B – "TRANSPORTATION – Airport System."

The City owns the assets that comprise the Philadelphia Gas Works ("PGW" or the "Gas Works"). PGW serves residential, commercial, and industrial customers in the City. PGW is operated by Philadelphia Facilities Management Corporation ("PFMC"), a non-profit corporation specifically organized to manage and operate PGW for the benefit of the City. For more information on PGW, see "PGW PENSION PLAN," "PGW OTHER POST-EMPLOYMENT BENEFITS," "EXPENDITURES OF THE CITY – PGW Annual Payments," and "LITIGATION – PGW" and APPENDIX B – "KEY CITY-RELATED SERVICES AND BUSINESSES – Gas Works."

Local Government Agencies

There are a number of governmental authorities and quasi-governmental non-profit corporations that also provide services within the City. Certain of these entities are comprised of governing boards, the members of which are either appointed or nominated, in whole or part, by the Mayor, while others are independent of the Mayor's appointment or recommendation.

Mayoral-Appointed or Nominated Agencies

Philadelphia Industrial Development Corporation and Philadelphia Authority for Industrial Development. The Philadelphia Industrial Development Corporation ("PIDC") and the Philadelphia Authority for Industrial Development ("PAID"), along with the City's Commerce Department, coordinate the City's efforts to maintain an attractive business environment, attract new businesses to the City, and retain existing businesses. PIDC manages PAID's activities through a management agreement. Of the 30 members of the board of PIDC, eight are City officers or officials (the Mayor, the Managing Director, the Finance Director, the Commerce Director, the Director of Planning and Development, the City Solicitor, and two members of City Council), nine members are designated by the President of the Chamber of Commerce of Greater Philadelphia (the "Chamber of Commerce"), and the remaining 13 members are jointly designated by the Chamber of Commerce and the Commerce Director. The five-member board of PAID is appointed by the Mayor.

Philadelphia Municipal Authority. PMA (formerly the Equipment Leasing Authority of Philadelphia) was originally established for the purpose of buying equipment and vehicles to be leased to the City. PMA's powers have been expanded to include any project authorized under applicable law that is specifically authorized by ordinance of City Council. PMA is governed by a five-member board appointed by City Council from nominations made by the Mayor.

Philadelphia Energy Authority. The Philadelphia Energy Authority ("PEA") was established by the City and incorporated in 2011. Its original powers as expanded are for the purpose, among other things, of facilitating, developing, and financing storage or energy generation projects, facilitating, developing, and financing energy efficiency projects, the purchase or facilitation of energy supply and energy services, and consumer energy education. PEA is authorized to participate in projects on behalf of the City, other government agencies, institutions and businesses. PEA is governed by a five-member board appointed by City Council from four nominations made by the Mayor and one nomination from City Council.

Philadelphia Redevelopment Authority. The Philadelphia Redevelopment Authority (formerly known as the Redevelopment Authority of the City of Philadelphia) (the "PRA"), supported by federal funds through the City's Community Development Block Grant Fund and by Commonwealth and local funds, is responsible for the redevelopment of the City's blighted areas. PRA is governed by a five-member board appointed by the Mayor.

In 2019, the PRA combined operations under the Philadelphia Housing Development Corporation to achieve certain administrative and programmatic efficiencies. Other than such efficiencies, PRA remains independent in all other respects.

Philadelphia Land Bank. The Philadelphia Land Bank (the "PLB") is an independent agency formed under the authority of City ordinance and Pennsylvania law to return vacant and tax delinquent properties to productive reuse. The PLB has an 11-member board of directors, of which five are appointed by the Mayor and five are appointed by City Council. The final board member is appointed by a majority vote of the other board members.

In 2019, the PLB combined operations under the Philadelphia Housing Development Corporation to achieve certain administrative and programmatic efficiencies. Other than such efficiencies, PLB remains independent in all other respects. For more information on the PLB, see APPENDIX B – "ECONOMIC DEVELOPMENT STRATEGIES AND IMPLEMENTATION – City and Quasi-City Economic Development Agencies and Related Programs – Philadelphia Land Bank."

Philadelphia Housing Authority. The Philadelphia Housing Authority (the "PHA") is a public body organized pursuant to the Housing Authorities Law of the Commonwealth and is neither a department nor an agency of the City. PHA is responsible for developing and managing low and moderate income rental units and limited amounts of for-sale housing in the City. PHA is also responsible for administering rental subsidies to landlords who rent their units to housing tenants qualified by PHA for such housing assistance payments. PHA is governed by a nine-member Board of Commissioners, all of whom are appointed by the Mayor with the approval of a majority of the members of City Council. The terms of the Commissioners are concurrent with the term of the appointing Mayor. Two of the members of the Board are required to be PHA residents. For more information on PHA, see APPENDIX B – "ECONOMIC DEVELOPMENT STRATEGIES AND IMPLEMENTATION – City and Quasi-City Economic Development Agencies and Related Programs – The Philadelphia Housing Authority."

Hospitals and Higher Education Facilities Authority of Philadelphia. The Hospitals and Higher Education Facilities Authority of Philadelphia (the "Hospitals Authority") assists non-profit hospitals by financing hospital construction projects. The City does not own or operate any hospitals. The powers of the Hospitals Authority also permit the financing of construction of buildings and facilities for certain colleges and universities and other health care facilities and nursing homes. The Hospitals Authority is governed by a five-member board appointed by City Council from nominations made by the Mayor.

Southeastern Pennsylvania Transportation Authority. The Southeastern Pennsylvania Transportation Authority ("SEPTA"), which is supported by transit revenues and federal, Commonwealth, and local funds, is responsible for developing and operating a comprehensive and coordinated public transportation system in the southeastern Pennsylvania region. Two of the 15 members of SEPTA's board are appointed by the Mayor and confirmed by City Council. SEPTA is not a department or agency of the City. For more information on SEPTA, see "EXPENDITURES OF THE CITY – City Payments to SEPTA" and APPENDIX B – "TRANSPORTATION – Southeastern Pennsylvania Transportation Authority (SEPTA)."

Pennsylvania Convention Center Authority. The Pennsylvania Convention Center Authority (the "Convention Center Authority") constructed and maintains, manages, and operates the Pennsylvania Convention Center, which opened on June 25, 1993. The Pennsylvania Convention Center is owned by the Commonwealth and leased to the Convention Center Authority. An expansion of the Pennsylvania Convention Center was completed in March 2011. This expansion enlarged the Pennsylvania Convention Center to approximately 2,300,000 square feet with the largest contiguous exhibit space in the Northeast, the largest convention center ballroom on the East Coast, and the ability to host large tradeshows or two major conventions simultaneously.

Of the 15 members of the board of the Convention Center Authority, two are appointed by the Mayor and one by each of the President and Minority Leader of City Council. The Director of Finance is an ex-officio member of the Board with no voting rights. The Commonwealth, the City, and the Convention Center Authority have entered into an operating agreement with respect to the operation and financing of the Pennsylvania Convention Center. ASM Global manages and operates the Pennsylvania Convention Center. For more information on the Convention Center Authority, see "EXPENDITURES OF THE CITY – City Payments to Convention Center Authority."

The School District. The School District was established, pursuant to the First Class City Home Rule Education Act, by the Educational Supplement to the City Charter as a separate and independent home rule school district to provide free public education to the City's residents. Under the City Charter, the School District is governed by the Board of Education of the School District of Philadelphia (the "Board of Education"), which is appointed by the Mayor.

Under the City Charter, the Board of Education is required to levy taxes annually, within the limits and upon the subjects authorized by the General Assembly or City Council, in amounts sufficient to provide for operating expenses, debt service charges, and for the costs of any other services incidental to the operation of public schools. The School District has no independent power to authorize school taxes. Certain financial information regarding the School District is included in the City's ACFR.

The School District is part of the Commonwealth system of public education. In a number of matters, including the incurrence of short-term and long-term debt, the School District is governed by the separate statutes of the Commonwealth. The School District is a separate political subdivision of the Commonwealth, and the City has no property interest in or claim on any revenues or property of the School District.

In the Fiscal Year 2022 ACFR, the City reported that its direct contribution to the School District from the General Fund was $256.0 million in Fiscal Year 2022. In the Fiscal Year 2023 Adopted Budget, the City's direct contribution to the School District from the General Fund is $270.0 million in Fiscal Year 2023 (which amount is unchanged as the current estimate in the Proposed Thirty-Second Five-Year Plan). Such amounts do not include funding from taxes levied by the School District and authorized by City Council. For more information on the City's historical contributions to the School District, see "EXPENDITURES OF THE CITY – City Payments to School District" and Table 21.

Non-Mayoral-Appointed or Nominated Agencies

PICA. PICA was created by the Pennsylvania Intergovernmental Cooperation Authority Act for Cities of the First Class (the "PICA Act") in 1991 to provide financial assistance to cities of the first class.

The City is the only city of the first class in the Commonwealth. The Governor, 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 of PICA's board. The Secretary of the Budget of the Commonwealth and the Director of Finance of the City serve as ex officio members of PICA's board with no voting rights.

In January 1992, the City and PICA entered into an Intergovernmental Cooperation Agreement (the "PICA Agreement"), pursuant to which PICA agreed to issue bonds from time to time, at the request of the City, for the purpose of funding, among other things, deficits in the General Fund and a debt service reserve. The authority for PICA to issue bonds to fund deficits of the City has expired. See "DEBT OF THE CITY – PICA Bonds."

Under the PICA Act, the City is required to submit to PICA: (i) a five-year financial plan on an annual basis; and (ii) quarterly financial reports, each as further described below under "DISCUSSION OF FINANCIAL OPERATIONS – Five-Year Plans of the City" and "– Quarterly Reporting to PICA."

On July 7, 2022, an amendment to the PICA Act was signed into law by the Governor, which, among other things, (i) extends the term of existence of PICA until the later of January 2, 2047 or one year after all its liabilities are met or, in the case of PICA Bonds, one year after provision for such payment shall have been made or provided for in the applicable bond indenture; (ii) continues all of the financial oversight and reporting requirements of the PICA Act for the life of PICA (regardless of whether PICA Bonds are outstanding); (iii) permits on a limited basis during certain recurring three-year periods on a decennial basis, at the request of the City, the issuance of PICA Bonds for capital projects of the City; and (iv) continues the authorization and dedication of the PICA Tax for so long as PICA remains in existence (regardless of whether any PICA Bonds are outstanding). For more information on PICA Bonds, see "DEBT OF THE CITY – PICA Bonds." The City expects to amend the PICA Agreement and the PICA Tax ordinance to extend their durations and update certain other provisions therein in order to reflect the amendments to the PICA Act. Legislation extending the PICA Tax has been introduced in City Council.

The PICA Act and the PICA Agreement provide PICA with certain financial and oversight functions. PICA has the power to exercise certain advisory and review procedures with respect to the City's financial affairs, including the power to review and approve the five-year financial plans prepared by the City, and to certify non-compliance by the City with the then-existing five-year plan. PICA is also required to certify non-compliance if, among other things, no approved five-year plan is in place or if the City has failed to file mandatory revisions to an approved five-year plan. Under the PICA Act, any such certification of non-compliance would, upon certification by PICA, require the Secretary of the Budget of the Commonwealth to withhold funds due to the City from the Commonwealth or any of its agencies (including, with certain exceptions, all grants, loans, entitlements, and payments payable to the City by the Commonwealth, including payment of the portion of the PICA Tax, as further described under "DEBT OF THE CITY – PICA Bonds" below, otherwise payable to the City). Such withheld funds are held in escrow by the Commonwealth or in the applicable City account until such non-compliance is cured. A majority vote of PICA will determine when the conditions that caused the City to be certified as non-compliant have ceased to exist. Following such vote, PICA notifies the Secretary of the Budget and the withheld funds are released (together with all interest and income earned thereon during the period held in escrow).

Philadelphia Parking Authority. The Philadelphia Parking Authority (the "PPA") is responsible for: (i) the construction and operation of parking facilities in the City and at Philadelphia International Airport ("PHL"); and (ii) enforcement of on-street parking regulations. The members of the

PPA's board are appointed by the Governor, with certain nominations from the General Assembly. PPA is not a department or agency of the City. For more information on the PPA, see "REVENUES OF THE CITY – Philadelphia Parking Authority Revenues."

Cybersecurity

The City relies on a complex technology environment to conduct its operations. As a recipient and provider of personal, private, and sensitive information, the City and its departments and offices face multiple cyber threats including, but not limited to, hacking, viruses, malware, and other attacks on computers and other sensitive digital networks and systems. In recent years, various cyber incidents have occurred that resulted in proactive remediation and quarantining of computer hardware and networks. The impact of such incidents was reduced as a result of the City's cyber policies and procedures.

The City's Office of Innovation and Technology works to protect the City from cyber threats by adopting new technology and ensuring City systems and citizen data are protected. The Office of Innovation and Technology follows industry best practices, develops City-wide security policies, provides regular security training to all City employee users, and uses security tools to mitigate, prevent, deter, and respond to incidents if and when they occur. Additionally, to identify potential vulnerabilities and proactively mitigate them, the City organizes periodic (i) vulnerability scanning of critical systems, (ii) penetration tests of the information security environment, and (iii) regular internal testing of systems and users. These tests are performed by both the Office of Innovation and Technology and third parties.

The Office of Innovation and Technology has worked to establish relationships with federal and state government, and commercial, academic, and law enforcement security experts. It is the City's expectation that such relationships will enable the City to stay informed of threats and continuing improvements to security systems.

While the City closely monitors its networks and conducts periodic tests and reviews thereof, no assurances can be given that such security and operational control measures will be successful in guarding against all future cyber threats and attacks. New technical cyber vulnerabilities are discovered in the United States daily. In addition, cyber attacks have become more sophisticated and increasingly are capable of impacting municipal control systems and components. The techniques used to obtain unauthorized access to, or to disable or degrade, electronic networks, computers, systems and solutions are rapidly evolving and have become increasingly complex and sophisticated. In addition, there is heightened risk due to an increase in remote access to City systems by City employees as a result of the outbreak of COVID-19. As cybersecurity threats continue to evolve, the City may be required to expend significant additional resources to continue to modify and strengthen security measures, investigate and remediate any vulnerabilities, or invest in new technology designed to mitigate security risks. The results of any successful attack on the City's computer and information technology systems could impact its operations and damage the City's digital networks and systems, and the costs of remedying any such damage could be substantial.

Climate Change

The City's Office of Sustainability ("OOS") works with partners around the City, both public and private, to educate and prepare the City for climate change, among other things. OOS is responsible for implementing Greenworks Philadelphia, the City's comprehensive sustainability plan, which consists of a variety of initiatives to prepare the City for future climate–related challenges.

Planning for the potential impacts of climate change in the City is challenging. The City's climate is variable and projections of future conditions range significantly. Potential climate change impacts include rising temperatures (heat waves); air quality issues; increased heavy precipitation events (rain or snow); rising sea levels (two feet by 2050 and four feet by 2100); and storm surges from more intense hurricanes and tropical storms.

Under the mid-century (2050) and end-of-century (2100) analyses, the City projects that it will experience a greater frequency of heavy and extremely heavy precipitation events, with the largest increase occurring in precipitation that falls during winter months. Heavy precipitation and flooding can be caused by a variety of weather systems, including tropical storms and hurricanes, thunderstorms, and frontal activity. When these heavy precipitation events fall as rain, they can exceed the capacity of the City's storm sewer infrastructure; when they fall as snow, they require many City resources to manage. Some of these projections are already becoming a reality, as the City has experienced an increase in the intensity and frequency of storm events over the last decade, which has on occasion resulted in significant flooding.

The sea level rising is a particularly important risk for the City, as rising seas affect water levels in the Delaware and Schuylkill Rivers bordering the City. Higher sea levels will increase the depth and extent of flooding in and around the City from storm surges. Low-lying areas already experience localized flooding during heavy storm events, and both municipal infrastructure and private development exist along the two rivers. Because of the City's topography and its location next to tidal rivers, many City facilities and other properties are vulnerable to sea level rise, even under conservative sea level rise scenarios. For example, Philadelphia International Airport (PHL) and at least a dozen other City facilities would be exposed to flooding with two feet of sea level rise, a scenario that is likely to occur by mid-century. Under the mid-century sea level rise scenario (indicating two feet of sea level rise), only one City facility is highly vulnerable to flooding, but under the end-of-century sea level rise scenario (four feet of sea level rise), 19 facilities are highly vulnerable and another 12 City facilities are moderately vulnerable. Hundreds of additional facilities (both City and private) are highly vulnerable to both riverine flooding and the combination of sea level rise and storm surge.

As an example of the City's possible susceptibility to flooding from major storms or rising sea levels, on September 1, 2021, remnants of Hurricane Ida passed through the City and surrounding areas causing heavy rainfall, major flooding, and numerous tornadoes. The Schuylkill River rose to record levels, or near record levels, in various areas and caused flooding and damage throughout parts of the City. The City has received federal relief funding and grants, and has sought other aid from the Commonwealth, to offset costs incurred in addressing the damages from the storm.

Financial Impact. While the financial effects of climate change are difficult to quantify, the City has developed some cost estimates related to its future fiscal impact. Climate change will increase both the risk of expensive extreme events and the regular, recurring costs of doing business, along with equally important but less quantifiable costs to quality of life in the City. Proactive planning for climate change can help to reduce many of these costs, both public and private.

Climate change is increasing the intensity of extreme storms, and just one severe hurricane could cause more than $2 billion in damages across the City. The City expects to see more frequent extreme storms with higher winds and more flooding, due in part to sea level rise combined with heavy rains. Depending on severity, each of these storms could cause an estimated $20 million to $900 million in damages in the City.

In addition to increasing disaster costs, higher heat and more precipitation will increase the everyday cost of doing business for the City's government, businesses, and residents. Increased operating costs from climate change across all sectors would result in a significant economic impact in the City.

Much of these costs will be borne by City departments in combination with Commonwealth and federal government; others will fall directly on the private sector.

As the effects of climate change take shape in the City, annual costs related thereto are expected to include a variety of increases ranging from energy and maintenance costs to the increasing costs of continuing to provide services. For example, the City expects climate change to (i) increase annual electricity costs due to increased demand for air conditioning; (ii) create additional roadway maintenance costs from precipitation, freeze-thaw cycles, and high temperatures; and (iii) increase the annual cost of running heat emergency helplines to advise callers about how to avoid heat stress and refer those in need of help to emergency services.

The City also expects to face a variety of other increased costs due to climate change, such as (i) costs associated with a variety of respiratory diseases caused by higher levels of ozone (with costs for medical treatment and lost productivity associated with these diseases approaching $20 million by 2050), and (ii) increased regional transportation expenses (increased operational costs and damages from climate change could rise by almost $2 million per year).

In 2016, OOS, along with a cross-departmental Climate Adaptation Working Group, issued *Growing Stronger: Toward a Climate-Ready Philadelphia* to (i) assess vulnerabilities and preparation opportunities for municipal government; (ii) identify low-barrier and high-impact internal actions that can be taken to reduce risks and decrease stressors on City infrastructure services; and (iii) guide proactive projects with benefits beyond municipal operations. City-wide climate adaptation planning efforts are now also underway.

In addition to participating in planning efforts, City departments are taking action and implementing projects that aim to increase resilience on a broad array of climate issues. The Department of Public Property ensures that emergency generators in City-maintained facilities are well maintained and fueled, which is intended to allow other City departments to continue providing services during emergency situations. During heat emergencies, the Department of Public Health ensures communication among City agencies and deploys environmental health teams into the community. Philadelphia Parks and Recreation works with citizen scientists to identify forest restoration practices suitable for the City's changing climate. Regarding broader development across the City, the Philadelphia City Planning Commission (the "Planning Commission") requires new facilities located in flood zones to be raised 18 inches above FEMA base flood elevation, and the Philadelphia Water Department (the "Water Department") promotes green storm water infrastructure as a source control measure to minimize flooding impacts.

CITY FINANCES AND FINANCIAL PROCEDURES

Except as otherwise noted, the financial statements, tables, statistics, and other information shown below have been prepared by the Office of the Director of Finance and can be reconciled to the financial statements in the Fiscal Year 2022 ACFR and notes therein. The Fiscal Year 2022 ACFR was prepared by the Office of the Director of Finance in conformance with guidelines adopted by the Governmental Accounting Standards Board and the American Institute of Certified Public Accountants' audit guide, Audits of State and Local Government Units and audited by the City Controller under Generally Accepted Auditing Standards.

General

Governmental funds account for their activities 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 in the case of full accrual accounting. Debt service expenditures, as well as expenditures related to compensated absences and claims and judgments, are recorded only when payment is due; however, those expenditures may be accrued if they are to be liquidated with available resources.

Imposed non-exchange revenues, such as real estate taxes, are recognized when the enforceable legal claim arises and the resources are available. Derived tax revenues, such as wage, BIRT, 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.

Revenue that is considered to be program revenue includes: (i) charges to customers or applicants for goods received, services rendered or privileges provided; (ii) operating grants and contributions; and (iii) capital grants and contributions. Internally dedicated resources are reported as general revenues rather than as program specific revenues; therefore, all taxes are considered general revenues.

The City's financial statements reflect the following three funds as major governmental funds:

- The General Fund is the City's primary operating fund. It accounts for all financial resources of the general government, except those required to be accounted for in other funds.

- The Health Choices Behavioral Health Fund accounts for resources received from the Commonwealth. These resources are restricted to providing managed behavioral health care to residents of the City.

- The Grants Revenue Fund accounts for the resources received from various federal, Commonwealth, and private grantor agencies, including those received by the City's Department of Human Services ("DHS"). The resources are restricted to accomplishing the various objectives of the grantor agencies.

The City also 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 permanent funds that require the principal to remain intact, while only the earnings may be used for the programs.

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 PGW Retirement Reserve Fund accounts for contributions made by PGW to provide pension benefit payments to its qualified employees under its pension plan. For more information on the PGW Pension Plan (as defined herein), see "PGW PENSION PLAN."

- 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 departments of the City.

The City reports on the following major proprietary funds:

- The Water Fund accounts for the activities related to the operation of the Water and Wastewater Systems.

- The Aviation Fund accounts for the activities of the Airport System.

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 revenues of the Aviation Fund are charges for the use of the City's airports, PHL and Northeast Philadelphia 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.

Current City Disclosure Practices

It is the City's practice to file its ACFR, which contains the audited combined financial statements of the City, in addition to certain other information, such as the City's bond ratings and information about upcoming debt issuances, with the Municipal Securities Rulemaking Board ("MSRB") as soon as practicable after delivery of such information. For bonds issued in calendar year 2015 and thereafter, the annual filing deadline is February 28; for bonds issued prior to calendar year 2015, the annual filing deadline is 240 days after the end of the respective Fiscal Year, being February 25. The Fiscal Year 2022 ACFR was filed with the MSRB on February 25, 2023, through the MSRB's Electronic Municipal Market Access ("EMMA") system.

A wide variety of information concerning the City is available from publications and websites of the City and others, including the City's investor information website at http://www.phila.gov/investor (the "City's Investor Website"). Any such information that is inconsistent with the information set forth in this Official Statement should be disregarded. No such information is a part of or incorporated into this Official Statement.

Independent Audit and Opinion of the City Controller

The City Controller has examined and expressed opinions on the basic financial statements of the City contained in the Fiscal Year 2022 ACFR. The City Controller has not participated in the preparation of this Official Statement nor in the preparation of the budget estimates and projections and cash flow statements and forecasts set forth in various tables contained in this Official Statement. Consequently, the City Controller expresses no opinion with respect to any of the data contained in this Official Statement other than what is contained in the basic financial statements of the City in the Fiscal Year 2022 ACFR.

Budgetary Accounting Practices

The City's budgetary process accounts for certain transactions on a basis other than generally accepted accounting principles ("GAAP"). In accordance with the City 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, twelve (12) Special Revenue Funds (County Liquid Fuels Tax, Special Gasoline Tax, Health Choices Behavioral Health, Hotel Room Rental Tax, Grants Revenue, Community Development, Car Rental Tax, Acute Care Hospital Assessment, Budget Stabilization Reserve, Housing Trust, Demolition, and Transportation) and two Enterprise Funds (Water and Aviation Funds), are subject to annual operating budgets adopted by City Council. These budgets appropriate funds for all City departments, boards and commissions by major class of expenditure within each department. Major classes are defined as: (i) personal services; (ii) purchase of services; (iii) materials and supplies; (iv) equipment; (v) contributions, indemnities, and taxes; (vi) debt service; (vii) payments to other funds; and (viii) 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 City Council approval. Appropriations that are not expended or encumbered at Fiscal Year-end are lapsed.

The City's capital budget is adopted annually by City Council. The capital budget is appropriated by project for each department. Requests to transfer appropriations between projects must be approved by City Council. Any appropriations that are not obligated at year-end are either lapsed or carried forward to the next Fiscal Year.

Schedules prepared on the legally enacted basis differ from the GAAP basis 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. The primary difference between the GAAP and legal (budgetary) fund balance is due to the timing of recognizing the BIRT. The legal basis recognizes BIRT revenues in the Fiscal Year they are collected. The GAAP basis requires the City to recognize the BIRT revenues (which are primarily paid in April) for the calendar year in which the BIRT taxes are due, requiring the City to defer a portion of the April payment into the next Fiscal Year. For more information on BIRT, see "REVENUES OF THE CITY – Business Income and Receipts Tax."

DISCUSSION OF FINANCIAL OPERATIONS

Principal Operations

The major financial operations of the City are conducted through the General Fund. In addition to the General Fund, operations of the City are conducted through two other major governmental funds and 19 non-major governmental funds. The City operates on a July 1 to June 30 fiscal year ("Fiscal Year") and reports on all the funds of the City, as well as its component units, in the City's ACFR. PMA's and PICA's financial statements are blended with the City's statements. The financial statements for PGW, PRA, the PPA, the School District, the Community College of Philadelphia, the Community Behavioral Health, Inc., the Delaware River Waterfront Corporation, and PAID are presented discretely.

Fund Accounting

Funds are groupings of activities that enable the City to maintain control over resources that have been segregated for particular purposes or objectives. All of the funds of the City can be divided into three categories: governmental funds, proprietary funds, and fiduciary funds.

Governmental Funds. The governmental funds are used to account for the financial activity of the City's basic services, such as: general government; economic and neighborhood development; public health, welfare and safety; cultural and recreational; and streets, highways and sanitation. The funds' financial activities focus on a short-term view of the inflows and outflows of spendable resources, as well as on the balances of spendable resources available at the end of the Fiscal Year. The financial information presented for the governmental funds is useful in evaluating the City's short-term financing requirements.

The City maintains 22 individual governmental funds (which will grow to 23 with the newly created Transportation Fund, which is expected to be accounted for as a special revenue fund). The City's ACFRs, including the Fiscal Year 2022 ACFR, present data separately for the General Fund, Grants Revenue Fund, and Health Choices Behavioral Health Fund, which are considered to be major funds. Data for the remaining 19 funds (20 with the Transportation Fund) are combined into a single aggregated presentation.

Proprietary Funds. The proprietary funds are used to account for the financial activity of the City's operations for which customers are charged a user fee; they provide both a long- and short-term view of financial information. The City maintains three enterprise funds that are a type of proprietary fund – airport, water and wastewater operations, and industrial land bank.

Fiduciary Funds. The City is the trustee, or fiduciary, for its employees' pension plans. It is also responsible for PGW's employees' retirement reserve assets. Both of these fiduciary activities are reported in the City's ACFRs, including the Fiscal Year 2022 ACFR, as separate financial statements of fiduciary net assets and changes in fiduciary net assets.

See "CITY FINANCES AND FINANCIAL PROCEDURES" for a further description of these governmental, proprietary, and fiduciary funds.

Budget Procedure

The City Charter provides that, at least 90 days before the end of the Fiscal Year, the operating budget for the next Fiscal Year is prepared by the Mayor and submitted to City Council for adoption. The budget, as adopted, must be balanced and provide for discharging any estimated deficit from the current Fiscal Year and make appropriations for all items to be funded with City revenues. The Mayor's budgetary estimates of revenues for the ensuing Fiscal Year and projection of surplus or deficit for the current Fiscal Year may not be altered by City Council. Not later than the passage of the operating budget ordinance, City Council must enact such revenue measures as will, in the opinion of the Mayor, yield sufficient revenues to balance the budget. While the City Charter requires the Mayor to submit the operating budget for the next Fiscal Year to City Council at least 90 days before the end of the Fiscal Year, such submissions have occasionally been submitted after such deadline. There is no practical consequence to submitting the proposed budget after the 90-day deadline in the City Charter.

The City Charter provides that, at least 30 days before the end of the Fiscal Year, City Council must adopt by ordinance an operating budget and a capital budget for the ensuing Fiscal Year and a capital program for the six ensuing Fiscal Years. If the Mayor disapproves the bills, they must be returned to City Council with the reasons for disapproval at the first meeting thereof held not less than ten days after receipt of such bills. If the Mayor does not return the bills within the time required, they become law without the Mayor's approval. If City Council passes the bills by a vote of two-thirds of all of its members within seven days after the bills have been returned with the Mayor's disapproval, they become law without the Mayor's approval. While the City Charter requires that City Council adopt the ordinances for the operating and capital budgets at least 30 days before the end of the Fiscal Year, in practice, such ordinances are often adopted after such deadline, but before the end of such Fiscal Year. For example, the proposed Fiscal Year 2023 operating budget was presented to City Council on March 31, 2022, approved by City Council on June 23, 2022, and signed by the Mayor on June 27, 2022. There is no practical consequence to adopting the budget ordinances after the deadline in the City Charter, but before the end of the Fiscal Year.

The capital program is prepared annually by the Planning Commission to present the capital expenditures planned for each of the six ensuing Fiscal Years, including the estimated total cost of each project and the sources of funding (local, state, federal, and private) estimated to be required to finance each project. The capital improvement plans for the Water Department and the Department of Aviation are included in the City's capital program. The capital program is reviewed by the Mayor and transmitted to City Council for adoption with his recommendation thereon. The Capital Program ordinance for Fiscal Years 2023-2028 (the "Fiscal Year 2023-2028 Adopted Capital Program") was approved by City Council on June 23, 2022, and signed by the Mayor on June 27, 2022 (see Table 48).

The capital budget ordinance, authorizing in detail the capital expenditures to be made or incurred in the ensuing Fiscal Year from City Council appropriated funds, is adopted by City Council concurrently with the capital program. The capital budget must be in full conformity with that part of the capital program applicable to the Fiscal Year that it covers.

For more information on the City's budgets and five-year plans, see "– Current Financial Information" and the text following Table 2. For more information on the City's capital program, see "CITY CAPITAL PROGRAM" herein.

Budget Stabilization Reserve

In April 2011, the City adopted an amendment to the City Charter that established the "Budget Stabilization Reserve." Under the City Charter, if the projected General Fund balance for the upcoming Fiscal Year equals or exceeds three percent of General Fund appropriations for such Fiscal Year, the annual operating budget ordinance is required to provide for appropriations to a Budget Stabilization Reserve. Such reserve is to be created and maintained by the Director of Finance as a separate fund, which may not be commingled with any other funds of the City. City Council can appropriate additional amounts to the Budget Stabilization Reserve by ordinance, no later than at the time of passage of the annual operating budget ordinance and only upon recommendation of the Mayor. Total appropriations to the Budget Stabilization Reserve are currently subject to a limit of five percent (5.0%) of General Fund appropriations. Amounts in the Budget Stabilization Reserve from the prior Fiscal Years, including any investment earnings certified by the Director of Finance, are to remain on deposit therein.

In February 2023, City Council passed a resolution to amend the City Charter to require larger contributions to the Budget Stabilization Reserve in years where the projected General Fund revenues at the end of the current Fiscal Year equal or exceed certain percentages. The amendment would also increase the maximum contribution to the Budget Stabilization Reserve from 5.0% to 17.0%. The proposal is part of a ballot measure that will be voted on by City voters in May 2023. If adopted, under the amendment, the schedule of contributions to the Budget Stabilization Reserve would be as follows: (i) less than 3.0% of projected General Fund revenues at the end of the then current Fiscal Year – no required contribution; (ii) 3.0% or more, but less than 5.0% of projected General Fund revenues at the end of the then current Fiscal Year – a contribution of 0.75% of projected unrestricted General Fund revenues for the upcoming Fiscal Year; (iii) 5.0% or more, but less than 8.0% of projected General Fund revenues at the end of the then current Fiscal Year – a contribution of 1.0% of projected unrestricted General Fund revenues for the upcoming Fiscal Year; and (iv) 8.0% or more, but less than 17.0% of projected General Fund revenues at the end of the then current Fiscal Year – the amount that exceeds such 8.0% or 1.0% of projected unrestricted General Fund revenues for the upcoming Fiscal Year, whichever is greater. After 17%, any extra funds in the General Fund are to remain there as unrestricted fund balance. If adopted, such amended provisions will become effective for Fiscal Year 2025.

Withdrawals from the Budget Stabilization Reserve are permitted only upon (i) approval by ordinance of a transfer of appropriations from the Budget Stabilization Reserve and only for the purposes set forth in such transfer ordinance and (ii) either (1) a certification by the Director of Finance that General Fund revenues actually received by the City during the prior Fiscal Year were at least one percent less than the General Fund revenues set forth in the Mayor's estimate of receipts, or (2) a certification by the Director of Finance that such withdrawal is necessary to avoid either a material disruption in City services or to fund emergency programs necessary to protect the health, safety or welfare of City residents, and that it would be fiscally imprudent to seek emergency appropriations pursuant to the City Charter. Any such certification must be approved either by a resolution adopted by two-thirds of all of the members of City Council or an agency of the Commonwealth with responsibility for ensuring the fiscal stability of the City.

The City made a deposit of $34.3 million to the Budget Stabilization Reserve, pursuant to the adopted budget for Fiscal Year 2020. Pursuant to the adopted budget for Fiscal Year 2021, the City drew down on such funds and redirected them to spending. At present, there are no funds in the Budget Stabilization Reserve. There were no payments to the Budget Stabilization Reserve in Fiscal Years 2021 or 2022. In the Proposed Thirty-Second Five-Year Plan, the City projects payments to the Budget Stabilization Reserve in Fiscal Years 2023, 2024, 2025, and 2026, in the amounts of $65.1 million, $42.3 million, $170.7 million, and $41.8 million, respectively. The projections in the Proposed Thirty-Second Five-Year Plan assume that the ballot measure amending the Budget Stabilization Reserve as described above is passed by voters.

Annual Financial Reports

The City is required by the City Charter to issue, within 120 days after the close of each Fiscal Year, a statement as of the end of the Fiscal 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 (the "Annual Financial Reports"). The Annual Financial Reports, which are released on or about October 28 of each year, are intended to meet these requirements and are unaudited. As described above, the audited financial statements of the City are contained in its ACFR, which is published at a later date. The Annual Financial Reports contain 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. They also contain 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 are available as of the date of the Annual Financial Reports are also presented. Historically, the results for General Fund balance have not materially changed between the Annual Financial Reports and the ACFRs.

The Annual Financial Report for Fiscal Year 2022 was released on October 28, 2022. As noted herein, the Fiscal Year 2022 ACFR was filed with the MSRB on February 25, 2023, through the EMMA system. See "CITY FINANCES AND FINANCIAL PROCEDURES – Current City Disclosure Practices."

Five-Year Plans of the City

The PICA Act requires the City to annually prepare a financial plan that includes projected revenues and expenditures of the principal operating funds of the City for five Fiscal Years consisting of the current Fiscal Year and the subsequent four Fiscal Years. Each five-year plan, which must be approved by PICA, is required, among other things, to eliminate any projected deficits, balance the Fiscal Year budgets, and provide procedures to avoid fiscal emergencies. Under the PICA Act, each five-year plan is required to be submitted at least 100 days prior to the beginning of the next Fiscal Year or on such other date as PICA may approve upon the request of the City. It is the City's practice to submit its five-year plans to PICA after City Council approves, and the Mayor signs, the operating budget ordinance for the next Fiscal Year, which is typically after the 100-day deadline. For example, the Thirty-First Five-Year Plan was submitted to PICA on June 30, 2022, after City Council approved, and the Mayor signed, the Fiscal Year 2023 Adopted Budget. PICA approved the Thirty-First Five-Year Plan at a meeting on July 27, 2022, and released a report in connection therewith. See "– Current Financial Information" and the text following Table 2.

Quarterly Reporting to PICA

The PICA Act requires the City to prepare and submit quarterly reports to PICA so that PICA may determine whether the City is in compliance with the then-current five-year plan. Each quarterly report is required to describe actual or current estimates of revenues, expenditures, and cash flows compared to budgeted revenues, expenditures, and cash flows by covered funds for each month in the previous quarter and for the year-to-date period from the beginning of the then-current Fiscal Year of the City to the last day of the fiscal quarter or month, as the case may be, just ended. Each such report is required to explain any variance existing as of such last day.

Under the PICA Agreement, a "variance" is deemed to have occurred as of the end of a reporting period if (i) a net adverse change in the fund balance of a covered fund (i.e., a principal operating fund) of more than 1% of the revenues budgeted for such fund for that Fiscal Year is reasonably projected to occur, such projection to be calculated from the beginning of the Fiscal Year for the entire Fiscal Year, or (ii) the actual net cash flows of the City for a covered fund are reasonably projected to be less than 95% of the net cash flows of the City for such covered fund for that Fiscal Year originally forecast at the time of adoption of the budget, such projection to be calculated from the beginning of the Fiscal Year for the entire Fiscal Year.

PICA may not take any action with respect to the City for variances if the City: (i) provides a written explanation of the variance that PICA deems reasonable; (ii) proposes remedial action that PICA believes will restore overall compliance with the then-current five-year plan; (iii) provides information in the immediately succeeding quarterly financial report demonstrating to the reasonable satisfaction of PICA that the City is taking remedial action and otherwise complying with the then-current five-year plan; and (iv) submits monthly supplemental reports until it regains compliance with the then-current five-year plan.

A failure by the City to explain or remedy a variance would, upon certification by PICA, require the Secretary of the Budget of the Commonwealth to withhold funds due to the City from the Commonwealth or any of its agencies (including, with certain exceptions, all grants, loans, entitlements and payments payable to the City by the Commonwealth, including payment of the portion of the PICA Tax, as further described under "DEBT OF THE CITY – PICA Bonds" below, otherwise payable to the City). The City uses its Quarterly City Manager's Reports to satisfy the quarterly reporting requirement to PICA. Such reports are released within 45 days following the end of the applicable quarter and the most recent versions of such reports are available on the City's Investor Website. The most recent

Quarterly City Manager's Report is the report for the period ending March 31, 2023, which was released on May 15, 2023. The next Quarterly City Manager's Report is the report for the period ending June 30, 2023, and it is expected to be released on or about August 15, 2023.

Summary of Operations

The following table presents the summary of operations for the General Fund for Fiscal Years 2019-2022 and budgeted amounts and current estimates for Fiscal Year 2023. For a description of the legally enacted basis on which the City's budgetary process accounts for certain transactions, see "CITY FINANCES AND FINANCIAL PROCEDURES – Budgetary Accounting Practices." "Current Estimate," as used in the tables and text below, refers (except as otherwise indicated) to the most recently revised estimates for Fiscal Year 2023, which were released by the City on March 2, 2023, as part of the Proposed Fiscal Year 2024 Budget and the Proposed Thirty-Second Five-Year Plan, as applicable, unless otherwise noted herein.

[REMAINDER OF PAGE INTENTIONALLY LEFT BLANK.]

Table 1
General Fund
Summary of Operations (Legal Basis)
Fiscal Years 2019-2022 (Actual) and 2023 (Adopted Budget and Current Estimate)
(Amounts in Millions of USD)(1), (2)

	Actual 2019	Actual 2020	Actual 2021	Actual 2022	Adopted Budget 2023 (June 23, 2022)	Current Estimate 2023 (March 2, 2023)
Revenues						
Real Property Taxes	$696.6	$699.1	$723.3	$700.6	$813.4	$814.0
Wage and Earnings Tax	1,581.9	1,599.2	1,450.7	1,653.9	1,625.2	1,708.8
Net Profits Tax	35.8	29.2	44.4	27.3	36.4	34.6
Business Income and Receipts Tax	540.9	534.2	541.6	749.9	631.5	729.5
Sales Tax(3)	224.2	204.6	230.4	277.7	277.6	280.6
Other Taxes(4)	458.6	419.7	363.3	654.6	553.7	566.3
Philadelphia Beverage Tax(5)	76.9	69.9	70.2	75.4	77.9	68.1
Total Taxes	3,614.8	3,555.9	3,423.9	4,139.4	4,015.7	4,201.9
Locally Generated Non-Tax Revenue	349.1	365.1	344.2	396.4	372.8	347.9
Revenue from Other Governments						
Net PICA Taxes Remitted to the City(6)	493.6	495.9	509.0	555.1	560.9	599.6
Other Revenue from Other Governments(7)	311.1	362.6	327.6	376.1	352.5	347.7
Total Revenue from Other Governments	804.7	858.5	836.6	931.2	913.4	947.3
Receipts from Other City Funds	51.7	54.0	87.8(8)	300.6(9)	401.0(9)	394.7(9)
Total Revenue	4,820.3	4,833.6	4,692.5	5,767.5	5,702.8	5,891.9
Obligations/Appropriations						
Personal Services	1,749.8	1,874.2	1,811.4	1,890.7	2,057.0	2,089.0
Purchase of Services(10)	915.5	1,016.8	941.4	1,014.4	1,236.0	1,263.9
Materials, Supplies and Equipment	113.3	125.6	90.9	125.6	143.5	196.1
Employee Benefits	1,371.1(11)	1,363.4(11)	1,275.1(11)	1,690.0(11)	1,603.5(11)	1,600.7(11)
Indemnities, Contributions, and Refunds(12)	279.8	342.5	368.0	384.9	408.2	457.9
City Debt Service(13)	159.8	159.2	178.5	188.7	193.7	193.7
Payments to Other City Funds	183.2(14)	154.8(8)	52.3	44.1	74.4	210.4
Advances & Miscellaneous Payments(15)	0.0	0.0	0.0	0.0	86.0(16)	0.0
Payment to Budget Stabilization Reserve	0.0	0.0(8)	0.0	0.0	40.1	65.1
Total Obligations/Appropriations	4,772.4	5,036.5	4,717.8	5,338.5	5,842.5	6,076.9
Operating Surplus (Deficit) for the Year	47.9	(202.9)	(25.3)	429.0	(139.7)	(185.1)
Net Adjustments – Prior Year(17)	22.0	54.9	33.1	51.6	19.5	23.0
Cumulative Fund Balance Prior Year	368.8	438.7	290.7	298.5	492.4(18)	779.1(18)
Cumulative Adjusted Year End Fund Balance (Deficit)	$438.7	$290.7	$298.5	$779.1(18)	$372.5	$617.1

(1) Sources: For Fiscal Years 2019-2022, the City's ACFRs for such Fiscal Years. For Fiscal Year 2023, the Fiscal Year 2023 Adopted Budget, the Proposed Fiscal Year 2024 Budget, and the Proposed Thirty-Second Five-Year Plan, as applicable.
(2) Figures may not sum due to rounding.
(3) For more information on the City Sales Tax, see "REVENUES OF THE CITY – Sales and Use Tax."
(4) Includes Amusement Tax, Real Property Transfer Tax, Parking Tax, Smokeless Tobacco Tax and miscellaneous taxes. Starting in Fiscal Year 2024, Parking Tax revenues will no longer be part of the General Fund. Such revenues are expected to be reassigned to the newly created Transportation Fund, which is expected to be accounted for as a special revenue fund.
(5) The Philadelphia Beverage Tax (as defined herein) taxes the distribution of certain beverages at 1.5 cents per ounce and became effective January 1, 2017.
(6) For a detailed breakdown of "Net PICA Taxes Remitted to the City," see Table 43. Such figures reflect revenues received by the City from the PICA Tax of 1.50%, the proceeds of which are remitted to PICA for payment of debt service on PICA Bonds and PICA expenses. After paying debt service and expenses, net proceeds from the tax are remitted to the City as Revenue from Other Governments. See "DEBT OF THE CITY – PICA Bonds."
(7) For a detailed breakdown of "Other Revenue from Other Governments," see Table 12. "Other Revenue from Other Governments" includes state gaming revenues.
(8) In Fiscal Year 2020, the City made a deposit of $34.3 million to the Budget Stabilization Reserve. In Fiscal Year 2021, the City drew down on such funds and redirected them to spending. For Fiscal Year 2021, such funds are shown as revenue in "Revenues from Other Funds of City."
(9) In the Fiscal Year 2022, the City included approximately $250 million in federal COVID-19 relief funding from the American Rescue Plan. In the Fiscal Year 2023 Adopted Budget, the City includes approximately $335 million in federal COVID-19 relief funding from the American Rescue Plan. In the Fiscal Year 2023 Current Estimate, the City includes approximately $335 million in federal COVID-19 relief funding from the American Rescue Plan.
(10) Includes debt service on lease and service agreement financings.
(11) For Fiscal Year 2019, includes $52.1 million from such tax revenues for the Municipal Pension Fund. For Fiscal Year 2020, includes $42.7 million from such tax revenues for the Municipal Pension Fund. For Fiscal Year 2021, includes $55.2 million from such tax revenues for the Municipal Pension Fund. For Fiscal Year 2022, includes $78.8 million from such tax revenues for the Municipal Pension Fund. For Fiscal Year 2023 (Adopted Budget), assumes $78.8 million from such tax revenues for the Municipal Pension Fund. For Fiscal Year 2023 (Current Estimate), assumes $80.3 million from such tax revenues for the Municipal Pension Fund. See "REVENUES OF THE CITY – Sales and Use Tax."
(12) Includes contributions to the School District. See also Table 21 and the accompanying text herein.
(13) Includes debt service on General Obligation Debt (as defined herein) and, if issued and outstanding, interest on tax and revenue anticipation notes; excludes debt service on PICA Bonds and lease and service agreement financings.
(14) Includes $20.0 million for recession-related expenses.
(15) Advances & Miscellaneous Payments includes certain budgeted reserves for a given Fiscal Year. Any portion of such reserves that is not used to offset the applicable stated costs will increase the General Fund balance at the end of the given Fiscal Year, if not used by the City for other purposes.
(16) For Fiscal Year 2023 (Adopted Budget), includes $54.0 million in the Labor Reserve and $32.0 million in the Recession, Inflation, and Reopening Reserve.
(17) "Net Adjustments – Prior Year" includes the cancellation of commitments from previous Fiscal Years during the current Fiscal Year. Such figure for Fiscal Year 2021 includes a $22 million contribution to the Municipal Pension Fund and the liquidation of $47 million of pay-as-you-go capital encumbrances, each of which was obligated in Fiscal Year 2020.
(18) In its Fiscal Year 2023 Adopted Budget, the City projected that Fiscal Year 2022 would end with a General Fund balance of $492.4 million. In the Fiscal Year 2022 ACFR, the City reported that Fiscal Year 2022 ended with a General Fund balance of $779.1 million. Such number has been included as the "Cumulative Fund Balance Prior Year" in the Proposed Fiscal Year 2024 Budget and the Proposed Thirty-Second Five-Year Plan, as applicable.

Current Financial Information

Table 2 below shows General Fund balances for Fiscal Year 2022 and budgeted amounts and current estimates for Fiscal Year 2023.

Table 2
General Fund – Fund Balance Summary
(Amounts in Thousands of USD)[1]

	Fiscal Year 2022 Actual[2] (June 30, 2022)	Fiscal Year 2023 Adopted Budget[2] (June 23, 2022)	Fiscal Year 2023 Current Estimate[2] (March 2, 2023)
REVENUES			
Taxes	$4,139,390[3]	$4,015,653[3]	$4,201,940[3]
Locally Generated Non – Tax Revenues	396,364	372,765	347,929
Revenue from Other Governments	931,192	913,380	947,306
Revenues from Other Funds of City	300,567[4]	400,959[4]	394,684[4]
Total Revenue	**$5,767,513**	**$5,702,757**	**$5,891,859**
OBLIGATIONS / APPROPRIATIONS			
Personal Services	$1,890,714	$2,057,006	$2,088,982
Personal Services – Employee Benefits	1,690,046[5]	1,603,511[5]	1,600,747[5]
Purchase of Services[6]	1,014,424	1,236,034	1,263,936
Materials, Supplies, and Equipment	125,593	143,529	196,148
Contributions, Indemnities, and Taxes	384,930	408,158	457,873
Debt Service[7]	188,718	193,710	193,710
Payments to Other Funds	44,101	74,404	210,404
Advances & Miscellaneous Payments[8]	0	86,000[9]	0
Payment to Budget Stabilization Reserve	0	40,128	65,128
Total Obligations / Appropriations	**$5,338,526**	**$5,842,480**	**$6,076,928**
Operating Surplus (Deficit)	**428,987**	**(139,723)**	**(185,069)**
OPERATIONS IN RESPECT TO PRIOR FISCAL YEARS			
Net Adjustments – Prior Years[10]	51,616	19,500	23,032
Operating Surplus/(Deficit) & Prior Year Adj.	480,603	(120,223)	(162,037)
Prior Year Fund Balance	298,542	492,417[11]	779,145[11]
Year End Fund Balance	**$779,145**[11]	**$372,194**	**$617,108**

(1) Figures may not sum due to rounding.
(2) Sources: For Fiscal Year 2022, the Fiscal Year 2022 ACFR. For Fiscal Year 2023, the Fiscal Year 2023 Adopted Budget, the Proposed Fiscal Year 2024 Budget, and the Proposed Thirty-Second Five-Year Plan, as applicable.
(3) For Fiscal Year 2022, includes $75.4 million in revenue from the Philadelphia Beverage Tax. For Fiscal Year 2023 Adopted Budget, assumes $77.9 million in revenue from such tax. For Fiscal Year 2023 Current Estimate, assumes $68.1 million in revenue from such tax. The Philadelphia Beverage Tax taxes the distribution of certain beverages at 1.5 cents per ounce and became effective January 1, 2017.
(4) In the Fiscal Year 2022, the City included approximately $250 million in federal COVID-19 relief funding from the American Rescue Plan. In the Fiscal Year 2023 Adopted Budget, the City includes approximately $335 million in federal COVID-19 relief funding from the American Rescue Plan. In the Fiscal Year 2023 Current Estimate, the City includes approximately $335 million in federal COVID-19 relief funding from the American Rescue Plan.
(5) For Fiscal Year 2022, includes $78.8 million from such tax revenues for the Municipal Pension Fund. For Fiscal Year 2023 (Adopted Budget), assumes $78.8 million from such tax revenues for the Municipal Pension Fund. For Fiscal Year 2023 (Current Estimate), assumes $80.3 million from such tax revenues for the Municipal Pension Fund. See "REVENUES OF THE CITY – Sales and Use Tax."
(6) Includes debt service on lease and service agreement financings.
(7) Includes debt service on General Obligation Debt (as defined herein) and, if issued and outstanding, interest on tax and revenue anticipation notes; excludes debt service on PICA Bonds and lease and service agreement financings.
(8) Advances & Miscellaneous Payments includes certain budgeted reserves for a given Fiscal Year. Any portion of such reserves that is not used to offset the applicable stated costs will increase the General Fund balance at the end of the given Fiscal Year, if not used by the City for other purposes.
(9) For Fiscal Year 2023 (Adopted Budget), includes $54.0 million in the Labor Reserve and $32.0 million in the Recession, Inflation, and Reopening Reserve.
(10) "Net Adjustments – Prior Year" includes the cancellation of commitments from previous Fiscal Years during the current Fiscal Year.
(11) In its Fiscal Year 2023 Adopted Budget, the City projected that Fiscal Year 2022 would end with a General Fund balance of $492.4 million. In the Fiscal Year 2022 ACFR, the City reported that Fiscal Year 2022 ended with a General Fund balance of $779.1 million. Such number has been included as the "Cumulative Fund Balance Prior Year" in the Proposed Fiscal Year 2024 Budget and the Proposed Thirty-Second Five-Year Plan, as applicable.

The following discussion of the Fiscal Year 2023 Adopted Budget, the Thirty-First Five-Year Plan, the Proposed Fiscal Year 2024 Budget, and the Proposed Thirty-Second Five-Year Plan, as applicable, is based, in part, on estimates, projections, and forward-looking statements related to Fiscal Year 2023 and Fiscal Year 2024. No assurance can be given that the applicable budget estimates and forward-looking statements will be realized. The accuracy of such budget estimates and forward-looking statements cannot be verified until after the close of the given Fiscal Year and the completion of the related audits.

Fiscal Year 2023 Adopted Budget and Thirty-First Five-Year Plan. The City's proposed Fiscal Year 2023 operating budget was submitted by the Mayor to City Council on March 31, 2022, along with the City's proposed five-year plan for Fiscal Years 2023-2027. On June 23, 2022, City Council approved the Fiscal Year 2023 operating budget ordinance, which was signed by the Mayor on June 27, 2022 (the "Fiscal Year 2023 Adopted Budget").

On June 30, 2022, the City submitted to PICA its FY 2023-2027 Five Year Financial Plan (the "Thirty-First Five-Year Plan"). PICA recommended approval of the Thirty-First Five-Year Plan at a meeting on July 27, 2022. PICA staff, in recommending that PICA approve the Thirty-First Five-Year Plan, noted that the revenue and expenditure projections presented in the Plan were [quoting from the PICA Act] "based on reasonable and appropriate assumptions and methods of estimation . . . consistently applied." The PICA staff report concluded that "[a]lthough PICA is confident that the [p]lan is based on reasonable and appropriate assumptions, and year end fund balances are positive throughout the life of the [p]lan, certain factors were identified that might present risks to the [p]lan." The PICA report identified such factors as: (i) a slower than anticipated economic growth; (ii) impact of gun violence; (iii) low fund balance levels; (iv) pension funding; and (v) overtime costs. The PICA staff report also highlighted certain other financial concerns that could impact the City's financial condition, including, among others (a) the projected payments to the Budget Stabilization Reserve over the course of the plan are not realized; (b) future labor costs; (c) increased funding of the School District; (d) rising employee health benefit costs; (e) speculative revenues from sources such as locally generated non-tax revenue and revenue from other governments; and (f) mandated required annual operating expenditure to the City's Housing Trust Fund (currently projected to be approximately $30 million per year based on a formula tied to total General Fund obligations for each year).

PICA staff also noted that, while the plan projects positive year end fund balances in all five fiscal years of the plan, General Fund balances are projected to be lower in Fiscal Years 2026 and 2027, reflecting the expiration of ARPA funds. The ARPA funds (approximately $1.395 billion) have supported the City's fiscal stability to counteract the adverse impact from COVID-19.

Fiscal Year 2023 Current Estimates. The current estimates for Fiscal Year 2023 are derived from information included in the Proposed Fiscal Year 2024 Budget and/or the Proposed Thirty-Second Five-Year Plan, as applicable. In the Proposed Thirty-Second Five-Year Plan, the City estimates that it will end Fiscal Year 2023 with a General Fund balance (on the legally enacted basis) of approximately $617.1 million ($244.9 million higher than projected in the Fiscal Year 2023 Adopted Budget).

Proposed Fiscal Year 2024 Budget and Proposed Thirty-Second Five-Year Plan. The City's proposed Fiscal Year 2024 operating budget was submitted by the Mayor to City Council on March 2, 2023 (the "Proposed Fiscal Year 2024 Budget"), along with the City's proposed five-year plan for Fiscal Years 2024-2028 (the "Proposed Thirty-Second Five-Year Plan").

For Fiscal Years 2024-2028, the Proposed Thirty-Second Five-Year Plan projects that the City will end such Fiscal Years with General Fund balances (on the legally enacted basis) of approximately (i) $523.6 million (Fiscal Year 2024), (ii) $507.5 million (Fiscal Year 2025), (iii) $253.6 million (Fiscal Year 2026), (iv) $141.6 million (Fiscal Year 2027), and (iv) $127.2 million (Fiscal Year 2028).

For information on the current assessment of the fiscal impact of COVID-19 on the City, see "OVERVIEW – Fiscal Health of the City – COVID-19."

For more information on the City's annual budget process under the City Charter and the five-year financial plans and quarterly reporting required under the PICA Act, see "– Budget Procedure," "– Five-Year Plans of the City," and "– Quarterly Reporting to PICA," above.

REVENUES OF THE CITY

General

Prior to 1939, the City relied heavily on the real estate tax as the mainstay of its revenue system. In 1932, the General Assembly adopted an act (commonly referred to as the Sterling Act) under which the City is permitted to levy any tax that was not specifically pre-empted by the Commonwealth. Acting under the Sterling Act and other Pennsylvania legislation, the City has taken various steps over the years to broaden its sources of income, including: (i) enacting the wage, earnings, and net profits tax in 1939; (ii) introducing a sewer service charge to make the sewage treatment system self-sustaining after 1945; (iii) requiring under the City Charter that the water, sewer, and other utility systems be fully self-sustaining; (iv) enacting the Mercantile License Tax (a gross receipts tax on business done within the City) in 1952, which was replaced as of the commencement of Fiscal Year 1985 by the Business Privilege Tax (renamed the Business Income and Receipts Tax in May 2012), and (v) enacting the City Sales Tax (as defined herein) for City general revenue purposes effective beginning in Fiscal Year 1992.

Major Revenue Sources

The City currently derives its revenues primarily from various taxes, non-tax revenues, and receipts from other governments. See Table 3 for General Fund tax revenues for Fiscal Years 2019-2022 and the budgeted amounts and current estimates for Fiscal Year 2023. The following discussion of the City's revenues does not take into account revenues in the non-debt related funds.

Table 3 provides a detailed breakdown of the "Total Taxes" line from Table 1 above. Table 3 does not include "Revenues from Other Governments," which consists of "Net PICA Taxes Remitted to the City" and "Other Revenue from Other Governments." "Net PICA Taxes Remitted to the City" is set forth in Table 1 and a detailed breakdown of such revenues is shown in Table 43. "Other Revenue from Other Governments" is set forth in Table 1 and a detailed breakdown of such revenues is shown in Table 12.

[REMAINDER OF PAGE INTENTIONALLY LEFT BLANK.]

Table 3
General Fund Tax Revenues
Fiscal Years 2019-2022 (Actual) and 2023 (Adopted Budget and Current Estimate)
(Amounts in Millions of USD) (1), (2), (3)

	Actual 2019	Actual 2020	Actual 2021	Actual 2022	Adopted Budget 2023 (June 23, 2022)	Current Estimate 2023 (March 2, 2023)
Real Property Taxes						
Current	$658.2	$671.8	$693.9	$670.8	$785.2	$784.7
Prior	38.4	27.3	29.4	29.9	28.2	29.3
Total	$696.6	$699.1	$723.3	$700.6	$813.4	$814.0
Wage and Earnings Tax[4]						
Current	$1,577.5	$1,591.9	$1,447.7	$1,648.1	$1,619.8	$1,703.4
Prior	4.4	7.3	3.0	5.8	5.4	5.4
Total	$1,581.9	$1,599.2	$1,450.7	$1,653.9	$1,625.2	$1,708.8
Business Taxes						
Business Income and Receipts Tax Current & Prior	$540.9	$534.2	$541.6	$749.9	$631.5	$729.5
Net Profits Tax						
Current	$29.5	$22.5	$42.5	$22.0	$31.7	$29.9
Prior	6.4	6.7	1.9	5.3	4.7	4.7
Subtotal Net Profits Tax	$35.8	$29.2	$44.4	$27.3	$36.4	$34.6
Total Business and Net Profits Taxes	$576.7	$563.4	$586.0	$777.2	$668.0	$764.1
Other Taxes						
Sales and Use Tax[5]	$224.2	$204.6	$230.4	$277.7	$277.6	$280.6
Amusement Tax	26.4	18.4	2.9	26.1	22.7	37.1
Real Property Transfer Tax	328.4	319.8	304.0	536.9	418.3	423.8
Parking Taxes[6]	99.3	77.3	53.2	86.6	93.1	97.2
Other Taxes	4.4	4.3	3.1	5.1	19.4	8.3
Subtotal Other Taxes	$682.7	$624.4	$593.7	$932.4	$831.2	$847.0
Philadelphia Beverage Tax[7]	76.9	69.9	70.2	75.4	77.9	68.1
TOTAL TAXES	**$3,614.8**	**$3,555.9**	**$3,423.9**	**$4,139.4**	**$4,015.7**	**$4,201.9**

(1) Sources: For Fiscal Years 2019-2022, the City's ACFRs for such Fiscal Years. For Fiscal Year 2023, the Fiscal Year 2023 Adopted Budget and the Proposed Fiscal Year 2024 Budget.
(2) See Table 7 in the Fiscal Year 2022 ACFR for tax rates.
(3) Figures may not sum due to rounding.
(4) Does not include the PICA Tax of 1.50%, the proceeds of which are remitted to PICA for payment of debt service on PICA Bonds and PICA expenses. After paying debt service and expenses, net proceeds from the tax are remitted to the City as Revenue from Other Governments. See "DEBT OF THE CITY – PICA Bonds" for a description of the PICA Tax.
(5) For more information on the City Sales Tax, see "– Sales and Use Tax" and Table 11.
(6) Starting in Fiscal Year 2024, Parking Tax revenues will no longer be part of the General Fund. Such revenues are expected to be reassigned to the newly created Transportation Fund, which will utilize the Parking Tax and certain fees and grants to support transportation activities including paving, traffic, engineering, school crossing guards, right-of-way management, public safety enforcement officers, surveys, and street lighting. The Transportation Fund is expected to be accounted for as a special revenue fund.
(7) The Philadelphia Beverage Tax taxes the distribution of certain beverages at 1.5 cents per ounce and became effective January 1, 2017.

[REMAINDER OF PAGE INTENTIONALLY LEFT BLANK.]

Wage, Earnings, and Net Profits Taxes

The largest tax revenue source (comprising approximately 40.0% of all tax revenues in Fiscal Year 2022) is the wage, earnings, and net profits tax (collectively, the "Wage, Earnings, and Net Profits Tax"). The Wage and Earnings Tax is collected from all employees working within City limits, and all City residents regardless of work location. The Net Profits Tax is collected on the net profits from the operation of a trade, business, profession, enterprise or other activity conducted by individuals, partnerships, associations or estates and trusts within the City limits. The following table sets forth the resident and non-resident Wage, Earnings, and Net Profits Tax rates for Fiscal Years 2019-2023, the annual Wage, Earnings, and Net Profits Tax receipts in Fiscal Years 2019-2022, and the budgeted amount and current estimate of such receipts for Fiscal Year 2023.

Table 4
Summary of Wage, Earnings, and Net Profits Tax Rates and Receipts
Fiscal Years 2019-2022 (Actual) and 2023 (Adopted Budget and Current Estimate)[(1)]

Fiscal Year	Resident Wage, Earnings and Net Profits Tax Rates[(2)]	Non-Resident Wage, Earnings and Net Profits Tax Rates	Annual Wage, Earnings and Net Profits Tax Receipts (including PICA Tax) (Amounts in Millions of USD)[(3)]
2019	3.8809%	3.4567%	$2,146.4 (Actual)
2020	3.8712%	3.4481%	$2,162.8 (Actual)
2021	3.8712%	3.5019%	$2,019.3 (Actual)
2022	3.8398%	3.4481%	$2,266.8 (Actual)
2023	3.79%	3.44%	$2,245.5 (Adopted Budget) $2,366.0 (Current Estimate)

(1) See Table 7 in the Fiscal Year 2022 ACFR for tax rates for Fiscal Years 2019-2022. See the Thirtieth Five-Year Plan for tax rates for Fiscal Year 2023.
(2) Includes PICA Tax. See "DEBT OF THE CITY – PICA Bonds" for a description of the PICA Tax.
(3) Sources: For Fiscal Years 2019-2022, the City's ACFRs for the City's annual Wage, Earnings, and Net Profits Tax receipts and the City's Quarterly City Manager's Reports for gross PICA Tax (see first column in Table 43). For Fiscal Year 2023, the Fiscal Year 2023 Adopted Budget and the Proposed Fiscal Year 2024 Budget.

Commonwealth funding from gaming revenues is mandated by statute to be used to reduce the resident and nonresident Wage, Earnings, and Net Profits Tax rate. Gaming revenues have averaged approximately $86.3 million in Fiscal Years 2018-2022. For Fiscal Year 2023, the budgeted amount of gaming revenues is $86.3 million, while the current estimate of gaming revenues is $108.8 million.

In a 2015 decision by the Supreme Court of the United States (*Comptroller of the Treasury of Maryland v. Wynne*, 135 S. Ct. 1787 (2015)), a state's failure to provide certain credits against its personal income tax was held to have violated the dormant Commerce Clause of the United States Constitution. Such personal income tax was applied to income earned outside of the state of residency, and residents were not given a credit for income taxes paid to the state where such income was earned, resulting, in the circumstances presented, in taxing income earned interstate at a rate higher than income earned intrastate. The City provides a credit to resident taxpayers against their respective wage, earnings, and net profits tax liabilities for similar taxes paid to another locality but does not provide a credit for similar taxes paid to another state. Taxpayers have challenged the City's refusal to grant a credit for taxes paid to other states and have appealed to the Pennsylvania Supreme Court on such matters. To date, the City's position has been upheld by the Tax Review Board, the Court of Common Pleas, and the Commonwealth Court. The Pennsylvania Supreme Court heard the taxpayer's further appeal from those decisions in March 2023. The City estimates the cost of current appeals to be approximately $10 million.

On May 3, 2023, the Pennsylvania Senate passed Senate Bill 671 ("SB 671"), which amends the Local Tax Enabling Act by adding a new chapter thereto and repeals the Sterling Act. SB 671 prohibits a city of the first class, such as the City, from imposing a tax on salaries, wages, commissions, or other compensation on a nonresident individual who is employed by an employer whose place of business is located within the city but performs all employment duties or services outside of the city. It clarifies that a city of the first class may only impose a tax on nonresident individuals' wages, or other compensation, on that portion of the nonresident's compensation attributable to duties performed by the individual while they are physically within the city. If SB 671 becomes law, it would reduce the amount of Wage and Earnings Taxes that the City collects and have a significant financial impact on the City. SB 671 now moves to the Pennsylvania House of Representatives for consideration. It is unclear at this time whether the Pennsylvania House of Representatives will advance the legislation or, if so advanced, whether the Governor would sign SB 671.

Business Income and Receipts Tax

Pursuant to The First Class City Business Tax Reform Act of 1984, City Council imposed a business tax measured by gross receipts, net income or the combination of the two. The same year, City Council by ordinance repealed the Mercantile License Tax and the General Business Tax and imposed the Business Privilege Tax. As of May 1, 2012, the Business Privilege Tax was renamed the Business Income and Receipts Tax (or BIRT). The BIRT allows for particular allocations and tax computations for regulated industries, public utilities, manufacturers, wholesalers, and retailers. Rental activities are usually considered to be business activities. Every estate or trust (whether the fiduciary is an individual or a corporation) must file a BIRT return if the estate or trust is engaged in any business or activity for profit within the City. There are also credit programs where meeting the requirement of the program allows for a credit against the BIRT. All persons subject to both the BIRT and the Net Profits Tax are entitled to apply a credit of 60% of the net income portion of their BIRT liability against what is due on the Net Profits Tax to the maximum of the Net Profits Tax liability for that tax year.

In November 2011, legislation was enacted to halt a previously enacted program of reducing the gross receipts portion of the BIRT and to commence reductions in the net income portion of the BIRT. The following table provides a summary of BIRT rates for tax years 2015-2024. Future BIRT rates remain subject to amendment by action of City Council and the Mayor.

Table 5
Summary of Business Income and Receipts Tax Rates

Tax Year	Gross Receipts	Net Income
2015	1.415 mills	6.41%
2016	1.415 mills	6.39%
2017	1.415 mills	6.35%
2018	1.415 mills	6.30%
2019	1.415 mills	6.25%
2020	1.415 mills	6.20%
2021	1.415 mills	6.20%
2022	1.415 mills	6.20%
2023	1.415 mills	5.99%
2024	1.415 mills	5.83%*

* Proposed.

The 2011 legislation incorporated several changes intended to help small and medium sized businesses and lower costs associated with starting a new business in order to stimulate new business formation and increase employment in the City, including the following: (i) the Commercial Activity License fee for all businesses was eliminated in 2014; (ii) business taxes for the first two years of operations for all new businesses with at least three employees in their first year and six employees in their second year were eliminated beginning in 2012; and (iii) across the board exclusions on the gross receipts portion of the BIRT were provided for all businesses phased in over a three-year period beginning in 2014 and eventually excluding the first $100,000 of gross receipts, along with proportional reductions in the net income portion of the BIRT. The legislation also provided for implementation of single sales factor apportionment in 2015, which enables businesses to pay BIRT based solely on sales in the City, rather than on property or payroll.

In addition, legislation was enacted, effective for tax year 2019, to (i) eliminate the requirement for new businesses to make an estimated business tax payment when filing a return for their first tax year of business operations and (ii) allow such estimated payments in the second year to be made in quarterly installments.

Real Property Taxes

Assessment and Collection. Taxes are levied on the assessed value of all taxable residential and commercial real property located within the City's boundaries for the City and for the School District (each, a "Real Estate Tax") as assessed by the Office of Property Assessment ("OPA") and collected by the Department of Revenue for both the City and the School District. Real Estate Taxes are authorized by Commonwealth law with the millage split between the City Real Estate Tax and the School District Real Estate Tax changing over the years. Currently, the City Real Estate Tax is equal to 45% of the total authorized millage and the School District Real Estate Tax is equal to 55% of the total authorized millage. Real Estate Taxes are levied on a calendar year basis. By separate ordinances, City Council authorizes and levies the rate of the City Real Estate Tax and authorizes the rate of the School District Real Estate Tax. The Board of Education levies all School District taxes, including the School District Real Estate Tax. Bills are sent in December for the following year and payments are due March 31.

For tax year 2014, all properties in Philadelphia were reassessed at their actual market value by OPA under the Actual Value Initiative ("AVI") in order to replace outdated values and inequities within the system. Under AVI, the total assessed value of all properties more accurately reflected the market in the City and the total assessment grew substantially. As a result, the Mayor and City Council significantly reduced the Real Estate Tax rate to ensure that, in its first year, the reassessment resulted in the collection of approximately the same amount of Real Estate Taxes as the prior year (tax year 2013).

In order to mitigate any hardship that could be created by the substantial increases in assessed value, the ordinance imposing the new Real Estate Tax rates included a Homestead Exemption of $30,000 for all primary residential owner-occupants, which was subsequently increased to $40,000 of assessed value in Fiscal Year 2019. In the adopted budget for Fiscal Year 2020, the Homestead Exemption was increased from $40,000 to $45,000 of assessed value. In the Fiscal Year 2023 Adopted Budget, the Homestead Exemption was increased from $45,000 to $80,000 of assessed value. In addition to the Homestead Exemption, the City has also instituted several other property tax relief programs for taxpayers.

In December 2019, City Council also passed legislation to modify the existing 10-year property tax abatement for new construction of residential properties. Such program has been adjusted to exempt 100% of the improvement value in the first year with graduated 10% annual reductions in the exemption percentage each subsequent year. No changes were made to the existing property tax abatement programs for commercial buildings or substantial rehabilitation of residential structures. Due to the COVID-19 pandemic, this legislation was amended to delay its effective date and applies to exemption applications beginning January 1, 2022.

In December 2020, City Council also passed legislation to implement a Development Impact Tax, which also became effective on January 1, 2022, where a $1 levy will be collected for each $100 improvement of residential space.

The Real Estate Tax rates for tax years 2019-2023 are set forth in Table 6 below:

Table 6
Real Estate Tax Rates and Allocations

Tax Year	City	School District	Total
2019	0.6317%	0.7681%	1.3998%
2020	0.6317%	0.7681%	1.3998%
2021	0.6317%	0.7681%	1.3998%
2022	0.6317%	0.7681%	1.3998%
2023	0.6317%	0.7681%	1.3998%

For Fiscal Year 2022, the actual amount of Real Estate Tax revenue for the City was $670.8 million (excluding delinquent collections). For Fiscal Year 2023, the budgeted amount of Real Estate Tax revenue for the City is $785.2 million (excluding delinquent collections). For Fiscal Year 2023, the current estimate of Real Estate Tax revenue for the City is $784.7 million (excluding delinquent collections). See Table 3 above. For information on the process for appealing a property tax assessment, see the text before and after Table 7 below.

Table 7 shows certified property values for tax years 2022 and 2023.

[REMAINDER OF PAGE INTENTIONALLY LEFT BLANK.]

Table 7
Certified Property Values for Tax Years 2022 and 2023

Tax Year 2022

Category	Market Value[(1)]	Taxable Assessed Value	Exempt Assessed Value	Homestead	# of Properties
Single Family Residential	$80,355,038,591	$63,566,942,535	$7,305,795,823	$9,482,300,233	461,956
Multi-Family Residential (Apartments)[(2)]	27,909,714,448	19,414,879,091	8,176,867,345	317,968,012	42,451
Non-Residential[(3)]	57,837,117,231	30,205,808,358	27,586,486,873	44,822,000	32,908
Vacant Land	4,942,431,920	2,137,721,190	2,798,497,830	6,212,900	44,233
Total	**$171,044,302,190**	**$115,325,351,174**	**$45,867,647,871**	**$9,851,303,145**	**581,548**

[1] Assessment data current as of March 31, 2021.
[2] Apartments were split from the previous hotels and apartments category and are now reflected as multi-family residential.
[3] Includes commercial, industrial, store with dwelling, hotels, and motels.

Tax Year 2023

Category	Market Value[(1)]	Taxable Assessed Value	Exempt Assessed Value	Homestead	# of Properties
Single Family Residential	$101,870,962,436	$83,597,169,328	$8,624,639,687	$9,649,153,421	463,240
Multi-Family Residential (Apartments)[(2)]	36,406,123,912	26,088,044,114	9,963,156,267	354,923,531	42,869
Non-Residential[(3)]	59,079,612,534	31,799,128,204	27,230,134,717	50,349,613	32,520
Vacant Land	6,326,352,610	3,229,608,752	3,094,662,958	2,080,900	42,726
Total	**$203,683,051,492**	**$144,713,950,398**	**$48,912,593,629**	**$10,056,507,465**	**581,355**

[1] Assessment data current as of May 25, 2022.
[2] Apartments were split from the previous hotels and apartments category and are now reflected as multi-family residential.
[3] Includes commercial, industrial, store with dwelling, hotels, and motels.

Assessment and Appeals. OPA is responsible for property assessments, while the Board of Revision of Taxes ("BRT"), an independent, seven-member board appointed by the Board of Judges of the Philadelphia Common Pleas Court, is the property assessment appeals board.

OPA certifies the market values during the prior year (i.e., for tax year 2023, OPA certified the market values on April 30, 2022). Taxpayers base their appeals on the certified market values, and therefore, the assessed values are adjusted as the appeals are finalized. In some circumstances and for certain tax years, taxpayers are permitted, during the appeals process, to pay their property tax bills based on the certified market value of their properties from the prior assessment. For budgetary purposes, OPA provides updated assessment data to the Office of the Director of Finance by February of each year, from which Real Estate Tax projections are made. Certified values can vary substantially from the amounts included in such data and, as such, Real Estate Tax collections can also vary from the amounts included in the City's proposed annual operating budget.

Under AVI, OPA set up a new process called a first level review ("FLR"), where a taxpayer could request an administrative review of its assessment notice prior to launching a formal appeal with the BRT. The BRT has the authority, following a formal appeal, to either increase, decrease, or leave unchanged the property assessment. Some appeals are not resolved before bills are sent to taxpayers. As such, some property assessments are modified after taxpayers receive bills.

For tax year 2018 (as certified on March 31, 2017), OPA changed the assessed values of over 45,000 parcels (which included properties of all categories, including commercial and residential parcels) throughout the City as part of its reassessment. In September 2017, the owners of multiple commercial properties in the City filed a lawsuit against the City in the Court of Common Pleas. The plaintiffs in such matter alleged, based on a July 2017 Pennsylvania Supreme Court decision, that OPA violated the uniformity clause of the Pennsylvania Constitution in reassessing commercial properties and not residential properties for tax year 2018. The plaintiffs sought declaratory relief, a permanent injunction, and an order directing OPA to recertify their properties at tax year 2017 values. Subsequently, twelve additional cases were filed, asserting virtually the same claims. All of the cases, which encompass approximately 600 plaintiffs and approximately 700 properties, were consolidated for management purposes. In a ruling handed down on July 18, 2019, the Common Pleas Court found that plaintiffs were owed refunds for overpayments equal to the difference between the plaintiffs' Real Estate Taxes for tax year 2017 and tax year 2018. The total amount of these refunds against the City and the School District may be up to approximately $60 million. The City and School District appealed the ruling on October 22, 2019 and oral arguments on such appeal were heard in the Commonwealth Court in June 2021. On July 29, 2021, the Commonwealth Court issued a decision that upheld the ruling of the Common Pleas Court. The City and School District applied to the Commonwealth Court for reargument, which application was denied on September 28, 2021. The City and School District petitioned the Pennsylvania Supreme Court for allowance of appeal, which was denied on June 8, 2022. No further appeals are available. City-wide reassessments were conducted for tax years 2019 and 2020 and the City does not expect the Real Estate Taxes for such tax years to be impacted by the final judgment on this matter. For more general information on judgments and settlements on claims against the City, see "LITIGATION."

For tax year 2023 (as certified on April 30, 2022), OPA revised the assessed values of over 550,000 parcels throughout the City as part of its first citywide revaluation since tax year 2020. The International Association of Assessing Officers ("IAAO") conducted a ratio study on the 2023 assessments for single-family homes and determined that OPA met industry standards for both uniformity and equity. As of March 29, 2023, OPA has received approximately 19,500 FLRs, with approximately

85% that have yet to be decided. As of March 29, 2023, BRT has received 13,199 appeals, with approximately 9,050 that have yet to be decided.

For tax year 2024 (as certified on March 31, 2023), the City did not conduct a citywide revaluation so that OPA can focus on reviewing FLR applications submitted for tax year 2023. As such, the City carried forward the assessed values from tax year 2023, with the exception of properties that had new construction, expiring abatements, renovations, subdivisions, consolidations, or errors in prior year assessments.

Review of Assessment Methodology. OPA continues to review its assessment methodology in order to improve the transparency and accuracy of its assessment activities and the quality of assessments. Such efforts include (i) implementing the new computer-assisted mass appraisal system program, (ii) contracting with an outside vendor to improve the quality of OPA's data, (iii) strengthening OPA's modeling team, and (iv) providing more training to the sales validation team, which was created in 2019, to help ensure improved data.

Real Estate Tax Tables. See Table 8 below for data with respect to Real Estate Taxes levied from 2018 to 2022 and collected by the City from January 1, 2018 to June 30, 2022. See Table 9 for the assessed property values of the City's principal taxable assessed parcels in 2023. See Table 10 for the 2023 market and assessed values of the ten highest valued taxable real properties in the City, as well as the amounts and duration of Real Estate Tax abatements with respect to such properties.

[REMAINDER OF PAGE INTENTIONALLY LEFT BLANK.]

Table 8
City of Philadelphia
Real Property Taxes Levied and Collected
For the Calendar Years 2018-2022
(Amounts in Millions of USD)[(1), (2)]

Calendar Year	Taxes Levied Based on Original Assessment[(3)]	Taxes Levied Based on Adjusted Assessment[(4)]	Collections in the Calendar Year of Levy[(6)]	Percentage Collected in the Calendar Year of Levy	Collections in Subsequent Years[(5), (6)]	Total Collections to Date: All Years[(6)]	Percentage Collected to Date: All Years[(6)]
2018	$658.1	$627.5	$604.4	96.3%	$5.0	$609.4	97.1%
2019	$709.4	$681.3	$660.4	96.9%	$14.4	$674.8	99.0%
2020	$722.7	$701.6	$672.3	95.8%	$17.8	$690.1	98.4%
2021	$729.7	$717.7	$692.2	96.4%	$8.0	$700.2	97.6%
2022	$732.2	$726.1	$676.3	N/A	N/A	$676.3	N/A

(1) Source: Fiscal Year 2022 ACFR.
(2) Real Estate Taxes are levied by the City and the School District. While this table reflects City General Fund Real Estate Tax revenues exclusively, the School District Real Estate Tax collection rates are the same.
(3) Taxes are levied on a calendar year basis. They are due on March 31.
(4) Adjustments include assessment appeals, the senior citizen tax discount, and the tax increment financing return of tax paid. For more information on the reassessment appeal process, see "– Real Property Taxes – Assessment and Appeals."
(5) Includes payments from capitalized interest. This capitalization occurs only after the first year of the levy on any amount that remains unpaid at that time.
(6) For calendar year 2022, the data shown reflects collections through June 30, 2022. For earlier calendar years, the data shown reflects collections through December 31 of the respective year.

Table 9
Principal Taxable Assessed Parcels – 2023
(Amounts in Millions of USD)[(1)]

	2023	
Taxpayer	**Assessment[(2)]**	**Percentage of Total Assessments**
EQC Nine Penn Center Prop	$422.2	0.27%
Kim Sub Cira Square LP	370.6	0.24
Liberty Property Phila[(3)]	368.1	0.24
NG 1500 Market St LLC	362.6	0.23
Phila Liberty Place LP	335.3	0.22
Brandywine Cira Walnut 1	298.1	0.19
PRU 1901 Market LLC	278.0	0.18
Brandywine Cira LP	272.1	0.18
Commerce Square Partners	268.3	0.17
Phila Plaza Phaze II	259.0	0.17
Total	**$3,234.3**	**2.08%**
Total Taxable Assessments[(4)]	**$154,770.5**	

Source: City of Philadelphia, Office of Property Assessment.

(1) Figures may not sum due to rounding.
(2) Assessment Values rounded to the nearest $100,000 and only include the largest assessed property for each taxpayer, additional properties owned by the same taxpayer are not included.
(3) Acquired by Prologis, Inc. in the first quarter of calendar year 2020.
(4) Total 2023 Taxable Assessment as of May 25, 2022.

Table 10
Ten Largest Certified Market and Assessment Values of Tax-Abated Properties
Certified Values for 2023
(Amounts in Millions of USD)[(1), (2)]

Location	2023 Certified Market Value	Total Assessment	Total Taxable Assessment	Total Exempt Assessment	Exempt Through Tax Year
900 Packer Ave	$476.9	$476.9	$96.6	$380.3	2030
1001-99 N Delaware Ave	$335.9	$335.9	$186.2	$149.6	2026
1800 Arch St	$334.5	$334.5	$33.4	$301.0	2027
2201 Park Towne Pl	$276.9	$276.9	$159.5	$117.4	2028
401 N Broad St	$270.3	$270.3	$244.4	$26.0	2025
170 S Independence W Mall	$186.5	$186.5	$165.6	$20.9	2028
1801 John F Kennedy	$185.0	$185.0	$123.7	$61.3	2024
200 N 16TH St	$157.6	$157.6	$52.8	$104.7	2029
1601 Vine St	$154.1	$154.1	$13.8	140.3	2028
2402-14 Market St	$151.8	$151.8	$46.1	$105.6	2028

Source: City of Philadelphia, Office of Property Assessment.

(1) Figures may not sum due to rounding.
(2) Certified Values as of 05/25/2022.

Sales and Use Tax

Pursuant to the authorization granted by the Commonwealth under the PICA Act, the City adopted a 1% sales and use tax (the "City Sales Tax") for City general revenue purposes effective beginning in Fiscal Year 1992. It is imposed in addition to, and on the same basis as, the Commonwealth's sales and use tax. Vendors are required to pay City Sales Taxes to the Commonwealth Department of Revenue together with the Commonwealth sales and use tax. The State Treasurer deposits the collections of City Sales Taxes in a special fund and disburses the collections, including any investment income earned thereon, less administrative fees of the Commonwealth Department of Revenue, to the City on a monthly basis.

The City's budgets for Fiscal Years 2010-2014 provided for an increase in the City Sales Tax rate to 2%, as authorized by the Commonwealth effective October 8, 2009, through June 30, 2014. In July 2013, the Commonwealth authorized the implementation of a new, permanent 1% increase in the City Sales Tax rate effective July 1, 2014, which was adopted by the City on June 12, 2014 and became effective on July 1, 2014. Under the reauthorized City Sales Tax, the first $120 million collected from such additional 1% is distributed to the School District. For Fiscal Years 2015-2018, the General Assembly authorized the City to use the next $15 million of City Sales Tax revenues from such additional 1% collected in such Fiscal Years for the payment of debt service on obligations issued by the City for the benefit of the School District. Following such debt service payments, that remaining portion of the City Sales Tax revenues from such additional 1% distributed to the City is required to be used exclusively in accordance with Act 205 (as defined herein) and deposited to the Municipal Pension Fund.

The following table sets forth the City Sales Taxes collected in Fiscal Years 2019-2022 and the budgeted amount and current estimate for Fiscal Year 2023.

Table 11
Summary of City Sales Tax Collections
Fiscal Years 2019-2022 (Actual) and 2023 (Adopted Budget and Current Estimate)
(Amounts in Millions of USD)[1]

Fiscal Year	City Sales Tax Collections
2019 (Actual)	$224.2[2]
2020 (Actual)	$204.6[2]
2021 (Actual)	$230.4[2]
2022 (Actual)	$277.7[2]
2023 (Adopted Budget)	$277.6[2]
2023 (Current Estimate)	$280.6[2]

(1) Sources: For Fiscal Years 2018-2022, the City's ACFRs for such Fiscal Years. For Fiscal Year 2023, the Fiscal Year 2023 Adopted Budget and the Proposed Thirty-Second Five-Year Plan.

(2) Net collections estimated to be distributed to the City from the first 1% City Sales Tax and following the distribution of $120 million of revenues from the second 1% City Sales Tax to the School District, as described above.

Real Property Transfer Tax

Real Property Transfer Taxes are collected in connection with the sale of real property in the City. The Real Property Transfer Tax rate in the City is 4.278%, 3.278% of which is imposed by the City and 1% of which is charged by the Commonwealth. In the Fiscal Year 2022 ACFR, the City reported that it collected approximately $536.9 million in revenues from the Real Property Transfer Tax in Fiscal Year 2022.

In the Proposed Thirty-Second Five-Year Plan, the City currently estimates for Fiscal Years 2023-2028 that it will collect approximately (i) $423.8 million (Fiscal Year 2023), (ii) $432.3 million (Fiscal Year 2024), (iii) $440.9 million (Fiscal Year 2025), (iv) $449.8 million (Fiscal Year 2026), (v) $458.8 million (Fiscal Year 2027), and (vi) $468.0 million (Fiscal Year 2028) in revenues from the Real Property Transfer Tax in such Fiscal Years.

[REMAINDER OF PAGE INTENTIONALLY LEFT BLANK.]

Other Taxes

The City also collects parking taxes, an amusement tax, a valet parking tax, an outdoor advertising tax, a smokeless tobacco tax, the Philadelphia Beverage Tax (see below), and other miscellaneous taxes.

In June 2016, City Council passed the Philadelphia Beverage Tax (Chapter 19-4100 of the Philadelphia Code) (the "Philadelphia Beverage Tax"). On October 31, 2016, the Department of Revenue adopted regulations for the Philadelphia Beverage Tax. The Philadelphia Beverage Tax taxes the distribution of certain beverages at 1.5 cents per ounce and became effective January 1, 2017.

The Philadelphia Beverage Tax is deposited into the General Fund, and with the additional revenue, the City has budgeted for pre-Kindergarten, community schools, and debt service for improvements to parks, playgrounds, recreation centers, and libraries, as contemplated by the City's Rebuild program. In the Fiscal Year 2022 ACFR, the City reported that it collected approximately $75.4 million in revenues from the Philadelphia Beverage Tax for Fiscal Year 2022.

In the Proposed Thirty-Second Five-Year Plan, the City currently estimates that for Fiscal Years 2023-2028 that it will collect approximately (i) $68.1 million (Fiscal Year 2023), (ii) $68.9 million (Fiscal Year 2024), (iii) $69.8 million (Fiscal Year 2025), (iv) $69.1 million (Fiscal Year 2026), (v) $68.7 million (Fiscal Year 2027), and (vi) $68.4 million (Fiscal Year 2028) in revenues from the Philadelphia Beverage Tax in such Fiscal Years.

Collection Initiatives

The City is pursuing a multifaceted strategy designed to improve collections of various taxes while decreasing delinquencies. Key compliance strategies continue to include revocation of commercial licenses and sequestration, among others.

In addition to compliance efforts, the City has completed two projects – one to implement technology solutions for its cashiering and payments processing systems and another to develop an integrated data warehouse and case management system. These projects are prior to the City's launch of its new tax system of record and its public facing counterpart, the Philadelphia Tax Center, which was completed in October 2022. These initiatives improve operational efficiencies, customer service and compliance, and drive enforcement efforts by providing tools previously unavailable to the City.

As a result of economic disruptions from the COVID-19 pandemic, the City modified its regular collection strategies. Throughout the pandemic, the Department of Revenue continued to send bills and notifications and pursue outreach efforts to both businesses and vulnerable residents. Some legal action, enforcement projects, and placements with collection agencies have resumed as economic conditions have improved, including the revocation of business licenses. The City continues to evaluate and pursue long-time delinquent accounts and place liens on properties for property-based taxes and fees. Along with existing flexible payment agreements for property tax and water fees, the City also launched new payment agreements for all business taxes in an effort to bring businesses affected by COVID-19 closures into compliance. Additionally, the Department of Revenue launched an "Offers in Compromise" program, which allows certain taxpayers to submit a request to settle their tax obligations for a payment of less than the full amount owed. Such requests are determined based on the taxpayer's current and projected financial circumstances. The program is designed to bring long-time delinquent accounts into compliance. For information on other collection initiatives related to Real Estate Taxes, see "– Real Property Taxes – Real Estate Tax Collection Initiatives."

Other Locally Generated Non-Tax Revenues

These revenues include license fees and permit sales, traffic fines and parking meter receipts, court related fees, certain stadium revenues, interest earnings and other miscellaneous charges and revenues of the City. Starting in Fiscal Year 2024, some of these revenues will no longer be part of the General Fund and are expected to be reassigned to the newly created Transportation Fund, which will support transportation activities including paving, traffic, engineering, school crossing guards, right-of-way management, public safety enforcement officers, surveys, and street lighting.

Revenue from Other Governments

The following table presents revenues received from other governmental jurisdictions for Fiscal Years 2019-2022 and the budgeted amount and current estimate for Fiscal Year 2023, and the percentage such revenues represent in the General Fund. The table does not reflect substantial amounts of revenues from other governments received by the Grants Revenue Fund, Community Development Fund, and other operating and capital funds of the City.

Table 12
Revenue from Other Governmental Jurisdictions
Fiscal Years 2019-2022 (Actual) and 2023 (Adopted Budget and Current Estimate)
(Dollar Amounts in Millions of USD)[(1), (2), (3)]

Fiscal Year	Commonwealth[(4)]	Federal Government	Other Governments[(5)]	Total	Percentage of General Fund Revenues
2019 (Actual)	$214.8	$21.9	$74.4	$311.1	6.5%
2020 (Actual)	$215.1	$85.5[(6)]	$62.0	$362.6	7.5%
2021 (Actual)	$229.8	$62.4[(6)]	$35.4	$327.6	7.0%
2022 (Actual)	$228.9	$84.6[(6)]	$62.6	$376.1	6.5%
2023 (Adopted Budget)	$231.5	$55.9[(6)]	$65.1	$352.5	6.2%
2023 (Current Estimate)	$252.8	$29.9[(6)]	$65.1	$347.7	5.9%

(1) Sources: For Fiscal Years 2019-2022, the City's ACFRs for such Fiscal Years. For Fiscal Year 2023, the Fiscal Year 2023 Adopted Budget and the Proposed Fiscal Year 2024 Budget.
(2) Figures may not sum due to rounding.
(3) Does not include the PICA Tax.
(4) Such revenues are for health, welfare, court, and various other specified purposes.
(5) Such revenues primarily consist of payments from PGW, parking fines and fees from PPA, and other authorized adjustments.
(6) Includes federal relief funding from the CARES Act.

Revenues from City-Owned Systems

In addition to taxes, the City realizes revenues through the operation of various City-owned systems, such as the Water and Wastewater Systems and PGW. The City has issued revenue bonds with respect to the Water and Wastewater Systems and PGW to be paid solely from and secured by a pledge of the respective revenues of these systems. The revenues of the Water and Wastewater Systems and PGW are not legally available for payment of other obligations of the City until, on an annual basis, all bond debt service requirements and covenants relating to those bonds have been satisfied, and then only in a limited amount and upon satisfaction of certain other conditions.

Water Fund. The revenues of the Water Department are required to be segregated from other funds of the City. Under the City's Restated General Water and Wastewater Revenue Bond Ordinance of 1989 (the "Water Ordinance"), an annual transfer may be made from the Water Fund to the City's

General Fund in an amount not to exceed the lesser of (i) all Net Reserve Earnings and (ii) $4,994,000. "Net Reserve Earnings" means the amount of interest earnings during the Fiscal Year on amounts in the Debt Reserve Account and Subordinated Bond Fund, each as defined in the Water Ordinance.

The following table shows the amounts transferred from the Water Fund to the General Fund for Fiscal Years 2019-2022 and the budgeted amount and current estimate for Fiscal Year 2023.

Table 13
Transfers from Water Fund to General Fund (Excess Interest on Sinking Fund Reserve)
Fiscal Years 2019-2022 (Actual) and 2023 (Adopted Budget and Current Estimate)(1), (2)

Fiscal Year	Amount Transferred
2019 (Actual)	$4,094,824
2020 (Actual)	$4,994,000
2021 (Actual)	$2,586,100
2022 (Actual)	$575,643
2023 (Adopted Budget and Current Estimate)	$1,500,000

(1) Sources: For Fiscal Years 2019-2022, the City's Supplemental Report of Revenues & Obligations for such Fiscal Years. For Fiscal Year 2023, the Fiscal Year 2023 Adopted Budget and the Proposed Fiscal Year 2024 Budget.
(2) The Water Department's budgeted amount for such transfers is typically greater than the figure included in the City's operating budget.

The City also budgets for certain transfers from the Water Fund to the General Fund related to services performed and costs borne by the General Fund. For Fiscal Year 2021, the amount of such transfers was approximately $7.8 million. For Fiscal Year 2022, the amount of such transfers was approximately $6.5 million. For Fiscal Year 2023, the budgeted amount of such transfers is approximately $7.6 million, while the current estimate is $7.1 million.

PGW. The revenues of PGW are required to be segregated from other funds of the City. Payments for debt service on PGW bonds are made directly by PGW. PGW is required to make an annual payment of $18 million to the General Fund. The Fiscal Year 2023 Adopted Budget includes such $18 million annual payment to the General Fund from PGW for such Fiscal Year. For more information on PGW, see "THE GOVERNMENT OF THE CITY OF PHILADELPHIA – Government Services."

Philadelphia Parking Authority Revenues

The PPA was established by City ordinance pursuant to the Pennsylvania Parking Authority Law (P.L. 458, No. 208 (June 5, 1947)). Various statutes, ordinances, and contracts authorize the PPA to plan, design, acquire, hold, construct, improve, maintain and operate, own or lease land and facilities for parking in the City, including such facilities at PHL, and to administer the City's on-street parking program.

The PPA owned and operated five parking garages and a number of surface parking lots at PHL (collectively, the "Improvements"). The land on which these garages and surface lots are located was previously leased from the City, acting through the Department of Aviation, pursuant to a lease originally expiring in 2030 (the "Lease Agreement"). On August 14, 2020, pursuant to the Lease Agreement and that certain Parking Services Contract, the City exercised its option to purchase the Improvements. As of the date of this Official Statement, the City has terminated the Lease Agreement and provided the requisite funds to redeem the debt issued and outstanding under the PPA's bond indenture related to the

Improvements. The PPA now manages the PHL parking facilities under a management agreement with the City.

The PPA's administrative costs are a component of its operating expenses. In 1999, at the request of the Federal Aviation Administration ("FAA"), the PPA and the City entered into a letter agreement (the "FAA Letter Agreement"), which contained a formula for calculating the PPA's administrative costs and capped such costs at 28% of the PPA's total administrative costs for all of its cost centers. The PPA owns and/or operates parking facilities at a number of locations in the City in addition to those at PHL. The PPA parking facilities at PHL are cost centers for purposes of the FAA Letter Agreement.

On-street parking revenues are administered and collected, on behalf of the City, by the PPA. Pursuant to Pennsylvania law, the PPA transmits these revenues to the City, net of any actual expenses incurred in the administration of the on-street parking system in accordance with the PPA's approved budget. If such net revenues exceed a designated threshold, then any excess above that threshold is to be transmitted to the School District. The current threshold is $35 million and includes a mandatory escalator to take into account increases in revenues.

The following table presents payments received by the City from PPA for on-street parking for Fiscal Years 2019-2022 and the budgeted amount and current estimate for Fiscal Year 2023.

Table 14
PPA On-Street Parking Payments to the City
Fiscal Years 2019-2022 (Actual) and 2023 (Adopted Budget and Current Estimate)[(1), (2)]
(Amounts in Millions of USD)

Fiscal Year	Payments to the City
2019 (Actual)	$39.1
2020 (Actual)	$32.6
2021 (Actual)	$25.6
2022 (Actual)	$44.6
2023 (Adopted Budget and Current Estimate)	$44.7

(1) Sources: For Fiscal Years 2019-2022, the City's Supplemental Report of Revenues & Obligations for such Fiscal Years. For Fiscal Year 2023, the Fiscal Year 2023 Adopted Budget and Proposed Fiscal Year 2024 Budget.
(2) Table 14 shows City revenues; none of such payments is transferred to the School District.

[REMAINDER OF PAGE INTENTIONALLY LEFT BLANK.]

Other Tax Rate Changes

The Fiscal Year 2023 Adopted Budget lowers both the resident and non-resident wage and earnings tax rates to 3.79% and 3.44%, respectively. In the Proposed Thirty-Second Five-Year Plan, the resident wage and earnings tax rates are reduced further and maintained for the life of the plan, as shown in the following table.

Table 15
Wage and Earnings Tax Rates[1]

	Proposed Thirty-Second Five-Year Plan	
Fiscal Year	Resident Wage and Earnings Tax Rates[2]	Non-Resident Wage and Earnings Tax Rates
2023	3.79%	3.44%
2024	3.7565%	3.44%
2025	3.7565%	3.44%
2026	3.7565%	3.44%
2027	3.7565%	3.44%
2028	3.7565%	3.44%

(1) Source: The Proposed Thirty-Second Five-Year Plan.
(2) Includes PICA Tax. See "DEBT OF THE CITY – PICA Bonds" for a description of the PICA Tax.

[REMAINDER OF PAGE INTENTIONALLY LEFT BLANK.]

EXPENDITURES OF THE CITY

Three of the principal City expenditures are for personal services (personnel) (including pensions and other employee benefits), purchase of services (including payments to SEPTA), and debt service. The expenditures for personal services (personnel) and purchase of services are addressed below under this caption; debt service is addressed below under "DEBT OF THE CITY."

Personal Services (Personnel)

As of June 30, 2022, the City employed 26,432 full-time employees, representing approximately 3.9% of employees in Philadelphia (approximately 675,661 employees, according to preliminary, non-seasonally adjusted data from the Bureau of Labor Statistics). Of the 26,432 full-time employees, the salaries of 21,055 were paid from the General Fund. Additional sources of funding for full-time City employees include the Grants Revenue Fund, the Water Fund, and the Aviation Fund, as well as grants and contributions from other governments. Activities funded through such grants and contributions are not undertaken if funding is not received. The following table sets forth the number of filled, full-time positions of the City as of the dates indicated.

Table 16
Filled, Full-Time Positions[(1), (2)]

	June 30, 2018	June 30, 2019	June 30, 2020	June 30, 2021	June 30, 2022
General Fund					
Police	7,172	7,241	7,175	6,869	6,651
Fire	2,511	2,530	2,628	2,678	2,667
Courts	1,867	1,842	1,825	1,773	1,686
Prisons	2,177	2,130	1,975	1,620	1,393
Streets	1,738	1,736	1,925	1,941	2,072
Public Health	711	752	739	716	689
Human Services[(3)]	517	396	437	492	492
All Other	5,533	5,583	5,718	5,541	5,405
Total – General Fund	22,226	22,210	22,422	21,630	21,055
Other Funds	5,641	5,873	5,917	5,579	5,377
Total – All Funds	27,867	28,083	28,339	27,209	26,432

(1) Source: Table P-1 in the City's Quarterly City Manager's Reports.
(2) Table 16 does not include seasonal or temporary employees.
(3) Positions have been transferred to the Grants Revenue Fund. Non-reimbursed expenditures will be transferred to the General Fund during the fiscal year.

Overview of City Employees

The wages and benefits of City employees vary not only by position, but also by whether the employees are represented by a union and, if so, which union. Employee wages and benefits may also be impacted by whether the employee is subject to the civil service system or exempt from those rules. Thus, City employees may be broken down into three major categories for purposes of understanding how their wages and benefits are determined: (i) employees who are not subject to the civil service system ("exempt employees"); (ii) employees who fall under the civil service system but are not represented by a union ("non-represented employees"); and (iii) employees who are subject to the civil service system and are represented by a union ("union employees").

As of January 2023, the City had approximately 21,959 unionized employees, representing approximately 84% of the City's employees. Such employees were represented by the City's four municipal unions: (i) Fraternal Order of Police ("FOP") Lodge No. 5; (ii) International Association of Fire Fighters ("IAFF") Local 22; (iii) American Federation of State, County and Municipal Employees District Council 33 ("AFSCME DC 33"); and (iv) American Federation of State, County and Municipal Employees District Council 47 ("AFSCME DC 47"). Table 18 below describes certain aspects of the collective bargaining agreements or interest arbitration awards with the City's municipal unions.

In Fiscal Year 2022, the City received arbitration awards with the FOP and IAFF and reached collective bargaining agreements with AFSCME DC 33 and AFSCME DC 47 covering the period July 1, 2022 through June 30, 2024. In Fiscal Year 2023, the City received an arbitration award with AFSCME DC 33, Local 159 Correctional Officers. On August 12, 2022, the economic portion of the collective bargaining agreement with one new bargaining unit, the United Steelworkers Local 286, was resolved. The negotiations for the non-economic matters remain ongoing.

A brief description of certain terms of the current labor agreements is included below.

On September 3, 2021, a collective bargaining agreement, covering Fiscal Years 2022-2024, was reached with AFSCME DC 33 and provides for, among other things, (i) wages increases of 2.5%, 3.25%, and 3.25% in Fiscal Years 2022, 2023, and 2024, respectively, (ii) a one-time lump sum bonus for members ($1,200 per member), and (iii) an increase to the City's monthly payments to the union health and welfare fund (item (iii) also applies to AFSCME DC 33 Local 159, which shares a common health fund with AFSCME DC 33, as described below). The collective bargaining agreement was ratified by AFSCME DC 33 members on September 24, 2021. Such agreement is expected to result in a projected aggregate cost to the City of approximately $138.0 million over the course of Fiscal Years 2022-2024.

AFSCME DC 33 and AFSCME DC 33 Local 159 share a common health fund. Under prior collective bargaining agreements, the cost of bonuses for such unions have been partially offset by reduced monthly City contributions to the health fund. Such reduced monthly contributions have been paused and the City is currently making full contributions to the health fund. It is not known at this time when or if the reduced monthly contributions may resume.

On September 14, 2021, the interest arbitration award was issued for the FOP Lodge No. 5 (Police Department), covering Fiscal Years 2022-2024, and provides for, among other things, (i) wages increases of 2.75%, 3.50%, and 3.50% in Fiscal Years 2022, 2023, and 2024, respectively, (ii) a one-time lump sum bonus for members ($1,500 per member), (iii) disciplinary reforms, (iv) grievance and arbitration reforms, and (v) a City health fund payment holiday for two months (one in each of calendar year 2021 and 2023, respectively) to reduce City costs. Such arbitration award is expected to result in a projected aggregate cost to the City of approximately $133.0 million over the course of Fiscal Years 2022-2024.

Under the award, the City also received changes to police officer termination arbitrations. Other disciplinary procedure changes were made, such as requiring officers on "injured on duty" leave to report for Internal Affairs interviews and the inclusion of civilians on Police Board of Inquiry panels. The City also received certain concessions on the civilianization of positions. Procedures are now included to review work that has been performed by police officers to determine if such work can be performed by civilian employees.

On September 17, 2021, a collective bargaining agreement, covering Fiscal Years 2022-2024, was reached with AFSCME DC 47 and provides for, among other things, (i) wages increases of 2.5%, 3.25%, and 3.25% in Fiscal Years 2022, 2023, and 2024, respectively, (ii) a one-time lump sum bonus for members ($1,200 per member), and (iii) lump sum payments to union health fund of $1.5 million, $1.8 million, and $1.5 million in Fiscal Year 2022, 2023, and 2024, respectively. The collective bargaining agreement was ratified by AFSCME DC 47 members on October 14, 2021. Such agreement is expected to result in a projected aggregate cost to the City of approximately $47.7 million over the course of Fiscal Years 2022-2024.

In December 2021, pursuant to the Act 111 interest arbitration award, the IAFF received a three-year contract through June 2024. IAFF employees received a wage increase of 2.75% in July 2021 and wage increases of 3.5% in July 2022 and July 2023. Similar to the FOP Lodge No. 5 (Police Department) award, the City received certain concessions on the civilianization of positions. Procedures are now included to review work that has been performed by firefighters to determine if such work can be performed by civilian employees.

In March 2022, pursuant to the Act 195 arbitration award, the FOP Lodge No. 5 (Sheriff's Office and Register of Wills ("ROW")) received an award covering Fiscal Years 2022-2024, which provides for, among other things, (i) wages increases for Sheriffs of 2.75%, 3.25%, and 3.25% in Fiscal Years 2022, 2023, and 2024, respectively, and for ROW of 2.5%, 3.25%, and 3.25% in Fiscal Years 2022, 2023, and 2024, respectively, and (ii) a one-time lump sum bonus for members ($1,300 for Sheriffs and $1,200 for ROW).

In August 2022, pursuant to the Act 195 arbitration award, the AFSCME DC 33, Local 159 Correctional Officers received an award covering Fiscal Years 2022-2024, which provides for, among other things, (i) wages increases for Correctional Officers of 2.75%, 3.25%, and 3.25% in Fiscal Years 2022, 2023, and 2024, respectively, and (ii) providing for retention ($1,300), hiring ($2,000) and attendance bonuses ($500) to incentivize hiring and retention to support operations.

Pension reforms that were agreed to in the 2017 labor agreements were maintained in the labor agreements described above.

Other than the arbitration award for the AFSCME DC 33, Local 159 Correctional Officers, the costs of the labor agreements discussed above have been included in the City's five-year plans, as applicable. With respect to the arbitration award for the AFSCME DC 33, Local 159 Correctional Officers, the City expects the Labor Reserve to be sufficient to cover the costs of such award and will reallocate funds from such reserve to the appropriate budget line items as necessary. See "DISCUSSION OF FINANCIAL OPERATIONS – Current Financial Information" herein).

For more information on the current status of the interest arbitration awards that have been issued for, and contract settlements reached with, the City's major labor organizations, as well as changes that have been made for non-represented employees, see Table 18.

Collective bargaining with respect to the wages, hours and other terms and conditions of employment of union employees, other than uniformed employees of the Police Department and the Fire Department, is governed by the Public Employee Relations Act (Pa. P.L. 563, No. 195 (1970)) ("PERA"). PERA requires the City and the unions to negotiate in good faith to attempt to reach agreement on new contract terms and, if an impasse exists after such negotiations, to mediate through the Commonwealth Bureau of Mediation. Once the mediation procedures have been satisfied, and if no collective bargaining agreement has been reached, most employees covered by PERA are permitted to strike. Certain employees, however, including employees of the Sheriff's Office and the Register of Wills represented by the FOP, corrections officers represented by AFSCME DC 33, and employees of the First Judicial District represented by AFSCME DC 47, are not permitted to strike under PERA. These employees must submit any impasse to binding interest arbitration once the mediation procedures have been satisfied. PERA permits parties at an impasse, which are not required to submit to binding interest arbitration, to do so voluntarily. Provisions of an interest arbitration award issued under PERA that require legislative action are considered advisory only and the legislative body is permitted to meet, consider, and reject those provisions.

Uniformed employees of the Police Department and the Fire Department bargain under the Policemen and Firemen Collective Bargaining Act (Pa. P.L. 237, No. 111 (1968)) ("Act 111"), which provides for final and binding interest arbitration to resolve collective bargaining impasses and prohibits these employees from striking. Interest arbitration under Act 111 operates similarly to interest arbitration under PERA, but City Council is not permitted to reject the portions of an interest arbitration award that require legislative action. To the contrary, City Council is required to pass any legislation necessary to implement the award unless doing so would violate state or federal law. Thus, the arbitration panel has significant, although not limitless, power to issue an award on mandatory subjects of bargaining. As with interest arbitration under PERA, the arbitration panel cannot issue an award on a matter that is one of inherent managerial policy. In addition to the grounds available to challenge a PERA interest arbitration award on appeal, the PICA Act requires an Act 111 interest arbitration panel to, among other things, give substantial weight to the City's five-year plan and ability to pay for the cost of the award without negatively impacting services, and gives the City the right to appeal the award to the Court of Common Pleas if it believes the panel has failed to meet these responsibilities. If the arbitration panel fails to do so or, among other things, if it awards wages or benefits that exceed what is assumed in the most-recent five-year plan without substantial evidence in the record demonstrating that the City can afford these increases without adversely impacting service levels, the Court of Common Pleas is required to vacate the arbitration award and remand it to the arbitration panel.

Overview of Employee Benefits

The City provides various pension, life insurance, and health benefits for its employees. The benefits offered depend on the employee's union status and bargaining unit, if applicable. General Fund employee benefit expenditures for Fiscal Years 2019 through 2023 are shown in the following table.

[REMAINDER OF PAGE INTENTIONALLY LEFT BLANK.]

Table 17
General Fund Employee Benefit Expenditures
Fiscal Years 2019-2022 (Actual) and 2023 (Adopted Budget and Current Estimate)
(Amounts in Millions of USD)[1]

	Actual 2019	Actual 2020	Actual 2021	Actual 2022	Adopted Budget 2023	Current Estimate 2023
Pension Costs[2]	$752.5[5]	$759.5[6]	$664.4[7]	$1,031.4[8]	$842.5[9]	$837.0[10]
Health						
Payments under City-administered plan	77.7	78.6	81.2	91.9	116.2	116.2
Payments under union-administered plans	379.3	365.1	358.8	392.4	443.3	443.3
Total Health	457.0	443.7	440.0	484.3	559.5	559.5
Federal Insurance Contributions Act (FICA) Taxes[3]	81.8	80.1	81.5	81.9	94.1	95.2
Other[4]	79.8	80.1	84.4	92.4	107.4	109.0
Total	$1,371.1	$1,363.4	$1,270.3	$1,690.0	$1,603.5	$1,600.7

(1) Sources: The City's five-year financial plans and the City's Quarterly City Manager's Reports. "Payments under City-administered plan" and "Payments under union-administered plans" were provided by the City, Department of Human Resources and the Office of Budget and Program Evaluation. Figures may not sum due to rounding.
(2) Includes debt service on Pension Bonds (as defined herein) and the Commonwealth contributions to the Municipal Pension Fund. See Tables 29 and 30.
(3) Includes payments of social security and Medicare taxes.
(4) Includes payments for unemployment compensation, employee disability, group life, group legal, tool allowance, and flex cash payments.
(5) Includes $52.1 million from City Sales Tax revenues for the Municipal Pension Fund. See "REVENUES OF THE CITY – Sales and Use Tax."
(6) Includes $42.7 million from City Sales Tax revenues for the Municipal Pension Fund. See "REVENUES OF THE CITY – Sales and Use Tax."
(7) Includes $55.2 million from City Sales Tax revenues for the Municipal Pension Fund. See "REVENUES OF THE CITY – Sales and Use Tax."
(8) Includes $78.8 million from City Sales Tax revenues for the Municipal Pension Fund. See "REVENUES OF THE CITY – Sales and Use Tax."
(9) Assumes $78.8 million from City Sales Tax revenues for the Municipal Pension Fund. See "REVENUES OF THE CITY – Sales and Use Tax."
(10) Assumes $80.3 million from City Sales Tax revenues for the Municipal Pension Fund. See "REVENUES OF THE CITY – Sales and Use Tax."

Each of the City's four municipal unions sponsors its own health plan that provides medical, prescription, dental and optical benefits to participating employees and eligible retirees through trusts on which the City has varying degrees of minority representation. Exempt and non-represented employees, along with represented employees of the Register of Wills and employees represented by AFSCME DC 33 who have chosen not to become members of the union's healthcare plan, receive health benefits through a plan sponsored and administered by the City. Each of the plans provides different benefits determined by the plan sponsor or through collective bargaining. To provide health care coverage, the City pays a negotiated monthly premium for employees covered by the union contract for AFSCME DC 33 and is self-insured for all other eligible employees. Aside from AFSCME DC 33, the City is responsible for the actual health care cost that is invoiced to the City's unions by their respective vendors. The actual cost can be a combination of self-insured claim expenses, premiums, ancillary services, and administrative expenses. In addition, employees who satisfy certain eligibility criteria receive five years of health benefits after their retirement. See "OTHER POST-EMPLOYMENT BENEFITS" below. Such benefits are determined and administered by the plan in which the employee participated at the time of his or her retirement. Other employee benefits, including life insurance and paid leave, are similarly determined by the respective collective bargaining agreements, as well as City policies and Civil Service Regulations. Employees also participate in the Municipal Pension Plan. See "PENSION SYSTEM" below.

Overview of Current Labor Situation

Table 18 summarizes the current status of the contract settlements reached with the City's major labor organizations, as well as changes that have been made for non-represented employees. It also provides a brief summary of pension reforms that have occurred since 2016, as part of previous labor contract settlements. The following table does not include exempt employees (which as of January 2023 totaled 3,075).

Table 18
Status of Arbitration Awards and Labor Contract Settlements

Organization	Authorized Number of Full-Time Citywide Employees Represented[1]	Status of Arbitration Award or Contract Settlement	Wage Increases	Pension Reforms[2]
FOP Lodge No. 5 (Police Department)	5,872	Three-year contract effective July 1, 2021 through June 30, 2024	• 2.75% in Fiscal Year 2022 • 3.50% in Fiscal Year 2023 • 3.50% in Fiscal Year 2024	• Current employees in Plan 87 or Plan 10 will pay an additional .92% of salary effective 7/1/17, increasing by an additional .92% of salary effective 7/1/18 (total increase of 1.84%). These contributions are on top of the current 5% or 6% contribution rates in effect, varies by plan membership • Employees hired on or after 7/1/17 are required to pay an additional 2.5% of salary
FOP Lodge No. 5 (Sheriff's Office and Register of Wills)	320	Three-year contract effective July 1, 2021 through June 30, 2024	Sheriff's Office employees: • 2.75% in Fiscal Year 2022 • 3.25% in Fiscal Year 2023 • 3.25% in Fiscal Year 2024 Register of Wills employees: • 2.50% in Fiscal Year 2022 • 3.25% in Fiscal Year 2023 • 3.25% in Fiscal Year 2024	• Tiered contribution system for current employees under which employees who have higher salaries pay a higher percent of their salaries as contributions to the pension fund • Mandatory stacked-hybrid plan for new hires under which employees receive a defined benefit pension for their first $65,000 of earnings and a defined contribution pension for earnings above $65,000 • Plan 10 is closed to new enrollment for members of Lodge 5 • DROP (as defined below) interest rate decreases from 4.5% to the rate on the one-year treasury effective January 1 of each year for participants not currently enrolled or eligible to enroll
IAFF Local 22	2,706	Three-year contract effective July 1, 2021 through June 30, 2024	• 2.75% in Fiscal Year 2022 • 3.50% in Fiscal Year 2023 • 3.50% in Fiscal Year 2024	• Current employees in Plan 87 or Plan 10 will pay an additional .92% of salary effective 7/1/17, increasing by an additional .92% of salary effective 7/1/18 (total increase of 1.84%). These contributions are on top of the current 5% or 6% contribution rates in effect; varies by plan membership • Employees hired on or after 7/1/17 are required to pay an additional 2.5% of salary
AFSCME DC 33	6,929	Three-year contract effective July 1, 2021 through June 30, 2024	• 2.50% in Fiscal Year 2022 • 3.25% in Fiscal Year 2023 • 3.25% in Fiscal Year 2024	• Tiered contribution system for current employees under which employees who have higher salaries pay a higher percent of their salaries as contributions to the pension fund • Mandatory stacked-hybrid plan for new hires under which employees receive a defined benefit pension for their first $65,000 of earnings and a defined contribution pension for earnings above $65,000 • Plan 10 is closed to new enrollment for members of DC 33 • DROP interest rate decreases from 4.5% to the rate on the one-year treasury effective January 1 of each year for participants not currently enrolled or eligible to enroll

(1) From data provided by the Department of Labor in January 2023.
(2) "Plan 87," "Plan 10," and "Plan 16" referenced in this column are described in Table 19.

Organization	Authorized Number of Full-Time Citywide Employees Represented[1]	Status of Arbitration Award or Contract Settlement	Wage Increases	Pension Reforms[2]
AFSCME DC 33, Local 159 Correctional Officers	1,316	Three-year contract effective July 1, 2021 through June 30, 2024	• 2.75% in Fiscal Year 2022 • 3.25% in Fiscal Year 2023 • 3.25% in Fiscal Year 2024	• Tiered contribution system for current employees under which employees who have higher salaries pay a higher percent of their salaries as contributions to the pension fund • Mandatory stacked-hybrid plan for new hires under which employees receive a defined benefit pension for their first $65,000 of earnings and a defined contribution pension for earnings above $65,000 • Plan 10 is closed to new enrollment for members of DC 33 • DROP interest rate decreases from 4.5% to the rate on the one-year treasury effective January 1 of each year for participants not currently enrolled or eligible to enroll
AFSCME DC 47	3,660	Three-year contract effective July 1, 2021 through June 30, 2024	• 2.50% in Fiscal Year 2022 • 3.25% in Fiscal Year 2023 • 3.25% in Fiscal Year 2024	• Tiered contribution system for current employees under which employees who have higher salaries pay a higher percent of their salaries as contributions to the pension fund (effective January 1, 2019) • Mandatory stacked-hybrid plan for new hires under which employees receive a defined benefit pension for their first $65,000 of earnings and a defined contribution pension for earnings above $65,000 (effective January 1, 2019) • Plan 10 is closed to new enrollment for members of DC 47 (effective January 1, 2019)
AFSCME DC 47 Local 810 Court Employees	413	Three-year contract effective July 1, 2021 through June 30, 2024	• 2.50% in Fiscal Year 2022 (plus $1,200 bonus) • 3.25% in Fiscal Year 2023 • 3.25% in Fiscal Year 2024	• Tiered contribution system for current employees under which employees who have higher salaries pay a higher percent of their salaries as contribution to the pension fund (effective January 1, 2019) • Mandatory stacked-hybrid plan for new hires under which employees receive a defined benefit pension for their first $65,000 of earnings and a defined contribution pension for earnings above $65,000 (effective January 1, 2019) • Plan 10 is closed to new enrollment for members of DC 47 (effective January 1, 2019)
Non-Represented Employees	1,155	Changes for non-represented employees	• 2.50% in Fiscal Year 2022 • 3.25% in Fiscal Year 2023 • 3.25% in Fiscal Year 2024	• Tiered contribution system for current employees under which employees who have higher salaries pay a higher percent of their salaries as contribution to the pension fund (effective January 1, 2019) • Mandatory stacked-hybrid plan for new hires under which employees receive a defined benefit pension for their first $65,000 of earnings and a defined contribution pension for earnings above $65,000 (effective January 1, 2019) • Previous 2011 reforms to DROP program remain in place; interest rate was decreased from 4.5% to the rate on the one-year treasury effective January 1 of each year for participants not currently enrolled or eligible to enroll and eligibility age remains increased by two years

(1) From data provided by the Department of Labor in January 2023.
(2) "Plan 87," "Plan 10," and "Plan 16" referenced in this column are described in Table 19.

Certain features of the 1987 Plan ("Plan 87"), the 2010 Plan ("Plan 10"), and the 2016 Plan ("Plan 16") are summarized below. Plan 87 is solely a defined benefit plan. Plan 10 and Plan 16 are "hybrid" plans that include both defined benefit and defined contribution components. A more comprehensive summary of each plan is included as Appendix D of the July 1, 2022 Valuation (as defined herein). See "PENSION SYSTEM" below.

Table 19
Summary of Key Aspects of Plan 87, Plan 10, and Plan 16

Plan 87	Normal Retirement Eligibility	Average Final Compensation ("AFC")	Defined Benefit – Retirement Benefits Multiplier
Municipal (Plan Y)	Age 60 and 10 years of credited service[1]	Average of three highest calendar or anniversary years	• (2.2% x AFC x years of service up to 10 years) plus (2.0% x AFC x numbers of years in excess of 10 years), subject to a maximum of 100% of AFC
Police and Fire	Age 50 and 10 years of credited service[1]	Average of two highest calendar or anniversary years	• (2.2% x AFC x years of service up to 20 years) plus (2.0% x AFC x numbers of years in excess of 20 years), subject to a maximum of 100% of AFC
Elected Official (Plan L)	Age 55 and 10 years of credited service[2]	Average of three highest calendar or anniversary years	• 3.5% x AFC x years of service, subject to a maximum of 100% of AFC

Plan 10	Normal Retirement Eligibility	Average Final Compensation ("AFC")	Defined Benefit – Retirement Benefits Multiplier
Municipal	Age 60 and 10 years of credited service	Average of five highest calendar or anniversary years	• 1.25% x AFC x years of service up to 20 years
Police and Fire[3]	Age 50 and 10 years of credited service	Average of five highest calendar or anniversary years	• 1.75% x AFC x years of service up to 20 years - **Defined Contribution** • The City matches employee contributions at a 50% rate, with the total City match not to exceed 1.5% of compensation for each year. • After five years of credited service, the full amount in the account is distributed to the employee when he or she separates from City service. • The right to the portion of the account attributable to City contributions does not vest until the completion of five years of credited service.

Plan 16	Normal Retirement Eligibility	Average Final Compensation ("AFC")	Defined Benefit – Retirement Benefits Multiplier
Municipal	Age 60 and 10 years of credited service	Lesser of (i) AFC under Plan Y (of Plan 87) (which is the average of three highest calendar or anniversary years) or (ii) $65,000	• (2.2% x AFC x years of service up to 10 years) plus (2.0% x AFC x numbers of years in excess of 10 years), subject to a maximum of 100% of AFC - **Defined Contribution** • Employees may voluntarily participate in the defined contribution portion; employee contributions vest immediately. • For employees with annual salaries above the cap, the City matches employee contributions at a 50% rate, with the total City match not to exceed 1.5% of compensation for each year (only if employee is contributing); the City's matching contributions vest after five years of credited service. • The maximum annual employee contribution is $20,500, excluding the City's matching contributions.

(1) Five years of credited service for those who make additional contributions. See "PENSION SYSTEM – Pension System; Pension Board – Membership."
(2) The lesser of two full terms or eight years of credited service for those elected officials who make additional contributions. See "PENSION SYSTEM – Pension System; Pension Board – Membership."
(3) Under Plan 10 (Police and Fire), pension contributions freeze after 20 years. At such time and for each subsequent year, the employee's pension payments remain fixed and the employee may no longer make pension contributions.

Purchase of Services

The following table shows the City's major purchase of services, which represents one of the major classes of expenditures from the General Fund. Table 20 shows contracted costs of the City for Fiscal Years 2019-2022 and the budgeted amounts and current estimates for Fiscal Year 2023.

Table 20
Purchase of Services in the General Fund
Fiscal Years 2019-2022 (Actual) and 2023 (Adopted Budget and Current Estimate)
(Amounts in Millions of USD)[(1), (7)]

	Actual 2019	Actual 2020	Actual 2021	Actual 2022	Adopted Budget 2023	Current Estimate 2023
Human Services[(2)]	$82.8	$88.6	$123.4	$138.8	$152.6	$152.6
Public Health	72.9	96.1	87.8	86.9	90.8	90.5
Public Property[(3)]	163.9	176.9	165.0	162.0	204.6	210.8
Streets[(4)]	53.5	54.4	67.2	60.4	73.1	71.3
First Judicial District	10.3	11.1	9.3	13.4	8.6	8.6
Licenses & Inspections	13.5	12.6	12.1	13.0	14.1	14.1
Homeless Services[(5)]	47.3	50.2	36.8	45.8	58.6	60.1
Prisons	92.5	101.0	95.2	97.9	104.7	113.7
All Other[(6)]	378.8	425.9	349.4	396.2	528.9	542.2
Total	**$915.5**	**$1,016.8**	**$946.2**	**$1,014.4**	**$1,236.0**	**$1,263.9**

(1) For Fiscal Years 2019-2022, the City's Supplemental Report of Revenues & Obligations for such Fiscal Years. For Fiscal Year 2023, the Fiscal Year 2023 Adopted Budget, the Proposed Fiscal Year 2024 Budget, and the Proposed Thirty-Second Five-Year Plan, as applicable.
(2) Includes payments for care of dependent and delinquent children.
(3) Includes payments for SEPTA, space rentals, and utilities.
(4) Includes solid waste disposal costs.
(5) Includes homeless shelter and boarding home payments.
(6) Includes the Convention Center subsidy, payments for vehicle leasing, and debt service on lease and service agreement financings, among other things.
(7) Figures may not sum due to rounding.

[REMAINDER OF PAGE INTENTIONALLY LEFT BLANK.]

City Payments to School District

The following table presents the City's payments to the School District from the General Fund for Fiscal Years 2019-2022 and the budgeted amount and current estimate for Fiscal Year 2023.

Table 21
City Payments to School District
Fiscal Years 2019-2022 (Actual) and 2023 (Adopted Budget and Current Estimate)
(Amounts in Millions of USD)[1]

	Actual 2019	Actual 2020	Actual 2021	Actual 2022	Adopted Budget 2023	Current Estimate 2023
City Payments to School District	$180.9	$227.1	$252.6	$256.0	$270.0	$270.0

(1) Sources: For Fiscal Years 2019-2022, the City's ACFRs for such Fiscal Years. For Fiscal Year 2023, the Fiscal Year 2023 Adopted Budget and the Proposed Thirty-Second Five-Year Plan.

Beginning with the City's adopted budget for Fiscal Year 2016, the City implemented a $25 million property tax increase and a $10 million parking tax increase to benefit the School District. The figures in Table 21 reflect such increases.

For more discussion of the School District, see "THE GOVERNMENT OF THE CITY OF PHILADELPHIA – Local Government Agencies – *Mayoral-Appointed or Nominated Agencies* – The School District," above. For a discussion of changes in the funding provided by the City to the School District, see "REVENUES OF THE CITY – Sales and Use Tax." For a discussion of the transition to AVI and how such transition affects funding for the School District, see "REVENUES OF THE CITY – Real Property Taxes."

City Payments to SEPTA

SEPTA operates a public transportation system within the City and Bucks, Chester, Delaware, and Montgomery counties. SEPTA's operating budget is supported by federal, Commonwealth, and local subsidies, including payments from the City. The following table presents the City's payments to SEPTA from the General Fund for Fiscal Years 2019-2022 and the budgeted amount and current estimate for Fiscal Year 2023.

Table 22
City Payments to SEPTA
Fiscal Years 2019-2022 (Actual) and 2023 (Adopted Budget and Current Estimate)
(Amounts in Millions of USD)[1]

	Actual 2019	Actual 2020	Actual 2021	Actual 2022	Adopted Budget 2023	Current Estimate 2023
City Payment to SEPTA	$84.6	$86.3	$84.6	$91.2	$100.7	$100.7

(1) Sources: For Fiscal Years 2019-2022, the City's ACFRs for such Fiscal Years. For Fiscal Year 2023, the Fiscal Year 2023 Adopted Budget and the Proposed Thirty-Second Five-Year Plan.

The City budgets operating subsidies each Fiscal Year to match the estimated operating subsidies of the Commonwealth under Act 89. The state operating subsidy is funded through the Pennsylvania Public Transportation Trust Fund as created by Act 44 of 2007, amended by Act 89 of 2013. The local match requirement is calculated to match state operating subsidies. In addition, local matching funds must be appropriated each Fiscal Year in which state funds are received in order for SEPTA to receive the full allocation of state funds. The Proposed Thirty-Second Five-Year Plan projects annual operating subsidy payments to SEPTA from the City will increase to approximately $129.1 million by Fiscal Year 2028. For more information on SEPTA, see APPENDIX B – "TRANSPORTATION – Southeastern Pennsylvania Transportation Authority (SEPTA)."

City Payments to Convention Center Authority

In connection with the financing of the expansion to the Pennsylvania Convention Center and the refinancing of debt for the original Pennsylvania Convention Center construction, the Commonwealth, the City, and the Convention Center Authority entered into an operating agreement in 2010 (the "Convention Center Operating Agreement"). The Convention Center Operating Agreement provides for the operation of the Convention Center by the Convention Center Authority and includes an annual subsidy of $15,000,000 from the City to the Convention Center Authority in each Fiscal Year through Fiscal Year 2040.

As authorized by ordinance, the City has agreed to pay to the Convention Center Authority on a monthly basis a certain percentage of hotel room taxes and hospitality promotion taxes collected during the term of the Convention Center Operating Agreement. The remaining percentages of such taxes are paid to the City's tourism and marketing agencies. The General Fund does not retain any portion of the proceeds of the hotel room rental tax or the hospitality promotion tax.

[REMAINDER OF PAGE INTENTIONALLY LEFT BLANK.]

PENSION SYSTEM

The amounts and percentages set forth under this heading relating to the City's pension system, including, for example, actuarial liabilities and funded ratios, are based upon numerous demographic and economic assumptions, including the investment return rates, inflation rates, salary increase rates, post-retirement mortality, active member mortality, rates of retirement, etc. The reader is cautioned to review and carefully consider the assumptions set forth in the documents that are cited as the sources for the information in this section. In addition, the reader is cautioned that such sources and the underlying assumptions are relevant as of their respective dates, and are subject to changes, any of which could cause a significant change in the unfunded actuarial liability.

Each year, an actuarial valuation report of the City's pension system is published in late March or early April. Such report includes, as of July 1 of a given Fiscal Year, an examination of the current financial condition of the pension system, key historical trends, and the projected financial outlook of the pension system, among other information. In addition, an annual report on the audited financial statements of the City's pension system is published in late December or early January. The information included under the caption "PENSION SYSTEM" is derived from the actuarial valuation reports or the annual reports on the audited financial statements of the City's pension system, unless otherwise noted herein.

Overview

The City faces significant ongoing financial challenges in meeting its pension obligations, including an unfunded actuarial liability ("UAL") of approximately $5.27 billion as of July 1, 2022. In Fiscal Year 2022, the City's contribution to the Municipal Pension Fund was approximately $859.8 million, of which the General Fund's share (including the Commonwealth contribution) was $751.2 million. See Table 29. The City's aggregate pension costs (consisting of payments to the Municipal Pension Fund and debt service on the Pension Bonds (as defined herein)) have decreased from approximately 15.31% of the City's General Fund budget to approximately 14.30% of the General Fund budget from Fiscal Years 2013 to 2022. See Table 31.

The funded ratio of the Municipal Pension Plan was 76.7% on July 1, 1999 (at which time the UAL was approximately $1.4 billion), and was 57.6% on July 1, 2022 (at which time the UAL was approximately $5.27 billion). These metrics are the product of a number of factors, including the following:

- The declines in the equity markets in 2000-2001 and in 2008-2009. The City and its actuary are monitoring the 2022 declines in the fixed income and equity markets, the potential negative investment returns for the Municipal Pension System's assets, and the related impact on future City contributions to the Municipal Pension System. The actual investment return rate for Fiscal Year 2022, along with the findings and actuarial assumption changes contained in the most recent experience study, are reflected in the July 1, 2022 Valuation.

- A reduction in the assumed rate of return, from 8.75% as of July 1, 2008, to 7.40% effective July 1, 2022 (i.e., Fiscal Year 2023). The City also approved a further reduction in the assumed rate of return from 7.40% to 7.35% effective July 1, 2023 (Fiscal Year 2024). Although the gradual reductions in the assumed rates of return reflected in Table 24 are considered a prudent response to experience studies, by reducing the assumed return in the measurement of the actuarial liabilities, it serves to increase the UAL from what it otherwise would have been.

- Adopting more conservative mortality rates in response to experience studies performed by the Municipal Pension Plan actuary.

- The Municipal Pension Plan is a mature system, which means the number of members making contributions to the Municipal Pension Plan is less than the number of retirees and other beneficiaries receiving payments from the Municipal Pension Plan, by approximately 10,700. As a result, the aggregate of member contributions and the City's contributions are less than the amount of benefits and refunds payable in most years, with the result that in such years investment income must be relied upon to meet such difference before such income can contribute to an increase in the Municipal Pension System's assets growth. See Table 26 (which reflects that in Fiscal Years 2018-2022, however, the aggregate of member contributions and the City's contribution exceeded the amount of benefits and refunds payable in such Fiscal Years).

- The determination by the City, commencing in Fiscal Year 2005, to fund in accordance with the "minimum municipal obligation" ("MMO"), as permitted and as defined by Pennsylvania law, in lieu of the City Funding Policy (as defined herein), resulted in the City contributing less than otherwise would have been contributed. See below, "– Funding Requirements; Funding Standards."

- Revising, in Fiscal Year 2009, in accordance with Pennsylvania law, the period over which the UAL was being amortized, such that the UAL as of July 1, 2009 was "fresh started" to be amortized over a 30-year period ending June 30, 2039. In addition, changes were made to the periods over which actuarial gains and losses and assumption changes were amortized under Pennsylvania law. See "– UAL and its Calculation – Actuarial Valuations."

The City has taken a number of steps to address the funding of the Municipal Pension Plan, including the following:

- Reducing the assumed rate of return on a gradual and consistent basis, which results in the City making larger annual contributions. See Table 24 below.

- Adopting more conservative mortality rates in response to experience studies performed by the Municipal Pension Plan actuary reducing the potential for future experience losses due to mortality experience.

- In conjunction with the revisions to the amortization periods that occurred in Fiscal Year 2009, changing from a level percent of pay amortization schedule to a level dollar amortization schedule. This results in producing payments that ensure that a portion of principal on the UAL is paid each year.

- Funding consistently an amount greater than the MMO. See Table 29.

- Entering into collective bargaining agreements by which additional contributions are being made (and will be made) by certain current (and future) members and by which benefits will be capped for certain future members of the Municipal Pension Plan. See Table 18.

- Securing additional funding, including funds required to be deposited by the City to the Municipal Pension Fund from its share of sales tax revenue.

- Adopting a Revenue Recognition Policy (defined and described below), by which sources of anticipated additional revenue that will be received by the Municipal Retirement System are specifically dedicated toward paying down the unfunded pension liability and not to reducing future costs of the City. The additional revenue is tracked and accumulated in a notional account, which is then deducted from the Actuarial Asset Value to determine the contribution under the Revenue Recognition Policy. As a result, such contribution is higher than the MMO.

- Changing the investment strategy to increase the use of passive investment vehicles, which has resulted in increased returns and decreased fees.

As a result of (i) pension reforms adopting a defined benefit plan capped at $65,000 for new municipal employees, along with increased employee contributions, (ii) a portion of the sales tax dedicated to paying down the UAL, and (iii) the various other reforms mentioned above, the funded ratio of the Municipal Pension Plan increased from 46.8% in Fiscal Year 2018 to 57.6% in Fiscal Year 2022. During Fiscal Years 2020, 2021, and 2022, the UAL decreased by 2.3%, 6.1%, and 3.1% respectively. The Municipal Pension Fund had a positive cash flow, excluding investment returns, for Fiscal Years 2018-2022 (see "– Rates of Return; Asset Values; Changes in Plan Net Position – Changes in Plan Net Position" and Table 26).

This "Overview" is intended to highlight certain of the principal factors that led to the pension system's current funded status, and significant steps the City and the Pension Board (as defined herein) have taken to address the underfunding. The reader is cautioned to review with care the more detailed information presented below under this caption, "PENSION SYSTEM."

Pension System; Pension Board

The City maintains two defined-benefit pension programs: (i) the Municipal Pension Plan, a single employer plan, which provides benefits to police officers, firefighters, non-uniformed employees, and non-represented appointed and elected officials, and (ii) the PGW Pension Plan, a single employer plan, which provides benefits to PGW employees. The Municipal Pension Plan is administered through 20 separate benefit structures, the funding for which is accounted for on a consolidated basis by the Municipal Pension Fund. Such benefit structures establish for their respective members different contribution levels, retirement ages, etc., but all assets are available to pay benefits to all members of the Municipal Pension Plan. The Municipal Pension Plan is a mature plan, initially established in 1915, with net investment assets that totaled approximately $6.9 billion as of June 30, 2022. The Municipal Pension Plan has approximately 26,700 members who make contributions to the plan and provides benefits to approximately 37,400 retirees and other beneficiaries including terminated vested members.

PGW is principally a gas distribution facility owned by the City. For accounting presentation purposes, PGW is a component unit of the City and follows accounting rules as they apply to proprietary fund-type activities. The PGW Pension Plan is funded with contributions by PGW to such plan, which are treated as an operating expense of PGW, and such plan is not otherwise addressed under the caption "PENSION SYSTEM." See "PGW PENSION PLAN" below.

Contributions are made by the City to the Municipal Pension Fund from: (i) the City's General Fund; (ii) funds that are received by the City from the Commonwealth for deposit into the Municipal Pension Fund; and (iii) various City inter-fund transfers, representing amounts contributed, or reimbursed, to the City's General Fund for pensions from the City's Water Fund, Aviation Fund, and certain other City funds or agencies. See Table 29. In addition to such City (employer) contribution, the other principal additions to the Municipal Pension Fund are: (i) member (employee) contributions; (ii) interest and dividend income; (iii) net appreciation in asset values; and (iv) net realized gains on the sale of investments. See Table 26 below. An additional source of funding is that portion of the 1% Sales Tax rate increase that is required under Pennsylvania law to be deposited to the Municipal Pension Fund. See “REVENUES OF THE CITY – Sales and Use Tax.”

The City of Philadelphia Board of Pensions and Retirement (the “Pension Board”) was established by the City Charter to administer “a comprehensive, fair and actuarially sound pension and retirement system covering all officers and employees of the City.” The City Charter provides that the Pension Board “shall consist of the Director of Finance, who shall be its chairman, the Managing Director, the City Controller, the City Solicitor, the Personnel Director and four other persons who shall be elected to serve on the Board by the employees in the civil service in such manner as shall be determined by the Board.” In addition, there is one non-voting member on the Pension Board, who is appointed by the President of City Council. An Executive Director, together with a budgeted staff of 73 personnel, administers the day-to-day activities of the retirement system, providing services to approximately 64,100 members.

The Municipal Pension Plan, the Municipal Pension Fund, and the Pension Board are for convenience sometimes collectively referred to under this caption as the “Municipal Retirement System.”

Membership. The following table shows the membership totals for the Municipal Pension Plan, as of July 1, 2022 and as compared to July 1, 2021.

Table 23
Municipal Pension Plan – Membership Totals

	July 1, 2022	**July 1, 2021**	**% Change**
Actives	26,723	27,020	-1.1%
Terminated Vesteds	832	900	-7.6%
Disabled	3,757	3,796	-1.0%
Retirees	22,392	22,202	0.9%
Beneficiaries	8,523	8,445	0.9%
Deferred Retirement Option Plan (“DROP”)	1,921	1,878	2.3%
Total City Members	64,148	64,241	-0.1%
Annual Salaries	$1,921,141,531	$1,886,511,515	1.8%
Average Salary per Active Member	71,891	$69,819	3.0%
Annual Retirement Allowances	$828,187,638	$804,906,478	2.9%
Average Retirement Allowance	$23,886	$23,369	2.2%

Source: July 1, 2022 Valuation.

As shown in Table 23, total membership in the Municipal Pension Plan decreased by 0.1%, or from 64,241 to 64,148 members, from July 1, 2021 to July 1, 2022, including a decrease of 1.1% in active members from 27,020 to 26,723 (who were contributing to the Municipal Pension Fund). Of the 64,148 members as of July 1, 2022, 37,425 were retirees, beneficiaries, disabled, and other members (who were withdrawing from, or not contributing to, the Municipal Pension Fund).

Subject to the exceptions otherwise described in this paragraph, employees and officials become vested in the Municipal Pension Plan upon the completion of ten years of service. Employees and appointed officials who hold positions that are exempt from civil service and who are not entitled to be represented by a union, and who were hired before January 13, 1999, may elect accelerated vesting after five years of service in return for payment of a higher employee contribution than if the vesting period were ten years. Such employees and officials become vested after five years of service if hired after January 13, 1999, or seven years of service if hired after January 1, 2019, and pay a higher employee contribution than if the vesting period were ten years. Elected officials become vested in the Municipal Pension Plan once they complete service equal to the lesser of two full terms in their elected office or eight years and pay a higher contribution than if the vesting period were ten years. Elected officials pay an additional employee contribution for the full cost of the additional benefits they may receive over those of general municipal employees. Upon retirement, employees and officials may receive up to 100% of their average final compensation depending upon their years of credited service and the plan in which they participate.

All City employees participate in the U.S. Social Security retirement system except for uniformed Police and uniformed Fire employees.

Certain membership information relating to the City's municipal retirement system provided by the Pension Board is set forth in Appendix A to the July 1, 2022 Actuarial Valuation Report (the "July 1, 2022 Valuation") and includes as of July 1, 2022, among other information, active and non-active member data by plan, age/service distribution for active participants and average salary for all plans, and age and benefit distributions for non-active member data.

Funding Requirements; Funding Standards

City Charter. The City Charter establishes the "actuarially sound" standard quoted above. Case law has interpreted "actuarially sound" as used in the City Charter to require the funding of two components: (i) "normal cost" (as defined below) and (ii) interest on the UAL. (*Dombrowski v. City of Philadelphia*, 431 Pa. 199, 245 A.2d 238 (1968)).

Pennsylvania Law. The Municipal Pension Plan Funding Standard and Recovery Act (Pa. P.L. 1005, No. 205 (1984)) ("Act 205"), applies to all municipal pension plans in Pennsylvania, "[n]otwithstanding any provision of law, municipal ordinance, municipal resolution, municipal charter, pension plan agreement or pension plan contract to the contrary . . . ." Act 205 provides that the annual financial requirements of the Municipal Pension Plan are: (i) the normal cost; (ii) administrative expense requirements; and (iii) an amortization contribution requirement. In addition, Act 205 requires that the MMO be payable to the Municipal Pension Fund from City revenues, and that the City shall provide for the full amount of the MMO in its annual budget. The MMO is defined as "the financial requirements of the pension plan reduced by . . . the amount of any member contributions anticipated as receivable for the following year." Act 205 further provides that the City has a "duty to fund its municipal pension plan," and the failure to provide for the MMO in its budget, or to pay the full amount of the MMO, may be remedied by the institution of legal proceedings for mandamus.

In accordance with Pennsylvania law and Act 205, the City uses the entry age normal actuarial funding method, whereby "normal cost" (associated with active employees only) is the present value of the benefits that the City expects to become payable in the future distributed evenly as a percent of expected payroll from the age of first entry into the plan to the expected age at retirement. The City's share of such normal cost (to which the City adds the Plan's administrative expenses) is reduced by member contributions. The term "level" means that the contribution rate for the normal cost, expressed as a percentage of active member payroll, is expected to remain relatively level over time.

The City has budgeted and paid at least the full MMO amount since such requirement was established, and more specifically, prior to Fiscal Year 2005 the City had been contributing to the Municipal Pension Plan the greater amount as calculated pursuant to the City Funding Policy which was implemented before Act 205 was effective, as described below. Beginning in Fiscal Year 2018, the City is contributing under the Revenue Recognition Policy (defined below), which requires higher contribution amounts than under the MMO. Payment of the MMO is a condition for receipt of the Commonwealth contribution to the Municipal Pension Fund. See Table 29.

Act 205 was amended in 2009 by Pa. P.L. 396, No. 44 ("Act 44") to authorize the City to: (i) "fresh start" the amortization of the UAL as of July 1, 2009 by a level annual dollar amount over 30 years ending June 30, 2039; and (ii) revise the amortization periods for actuarial gains and losses and assumption changes in accordance with Act 44, as described below under "UAL and its Calculation – Actuarial Valuations." In addition, Act 44 authorized the City to defer, and the City did defer, $150 million of the MMO otherwise payable in Fiscal Year 2010, and $80 million of the MMO otherwise payable in Fiscal Year 2011, subject to repayment of the deferred amounts by June 30, 2014. The City repaid the aggregate deferred amount of $230 million, together with interest at the then-assumed interest rate of 8.25%, in Fiscal Year 2013. See Table 29. Because the final amortization date is fixed, if all actuarial assumptions are achieved, the unfunded liability would decline to zero as of the final amortization date. To the extent future experience differs from the assumptions used to establish the 30-year fixed amortization payment schedule, new amortization bases attributable to a particular year's difference would be established and amortized over their own 20-year schedule.

GASB; City Funding Policy. Governmental Accounting Standards Board ("GASB") Statement No. 27, "Accounting for Pensions by State and Local Governmental Employers" ("GASB 27"), applied to the City for Fiscal Years beginning prior to July 1, 2014. For the Fiscal Year beginning July 1, 2014, GASB Statement No. 68 ("GASB 68"), which amends GASB 27 in several significant respects, applies. GASB 27 defined an "annual required contribution" ("ARC") as that amount sufficient to pay (i) the normal cost and (ii) the amortization of UAL, and provides that the maximum acceptable amortization period is 30 years (for the initial 10 years of implementation, 1996-2006, a 40-year amortization period was permitted). GASB 27 did not establish funding requirements for the City but rather was an accounting and financial reporting standard. GASB 68 does not require the calculation of an ARC but does require the City to include as a liability on its balance sheet the City's "net pension liability," as defined by GASB 68. The City has been funding the Municipal Pension Fund since Fiscal Year 2003 based on the MMO (at a minimum), including the deferral permitted by Act 44. See Table 29 below.

The City, prior to Fiscal Year 2005, had been funding the Municipal Pension Fund in accordance with what the City referred to as the "City Funding Policy." That reference was used and continues to be used in the Actuarial Reports. Under the City Funding Policy, the UAL as of July 1, 1985, was to be amortized over 34 years ending June 30, 2019, with payments increasing at 3.3% per year, the assumed payroll growth. This initial UAL base under the City's Funding Policy has now been fully amortized. Other changes in the unfunded actuarial liability were amortized in level-dollar payments over various periods as prescribed in Act 205. In 1999, the City issued pension funding bonds, the proceeds of which were deposited directly into the Municipal Pension Fund to pay down its UAL. See "– Annual Contributions – *Annual Debt Service Payments on the Pension Bonds*" below.

Revenue Recognition Policy. The City follows a policy (the "Revenue Recognition Policy") to contribute each year to the Municipal Pension Fund an amount in excess of the MMO. Aspects of such policy are mandated by City ordinance or labor agreements, as applicable. The determination for such additional funding is based on not including (i) the portion of the amounts generated by the increase in the Sales Tax rate that became effective on July 1, 2014 and are deposited to the Municipal Pension Fund (see "REVENUES OF THE CITY – Sales and Use Tax"), (ii) contributions to be made by City employees that are under Plan 16 (described above in the text that immediately follows Table 19), and (iii) additional member contributions for current and future members in Plan 87 Police, Plan 87 Fire, and all Municipal Plans in the actuarial asset value when determining the annual contribution obligation.

The amounts projected by the City in the Proposed Thirty-Second Five-Year Plan to be deposited from Sales Tax revenue into the Municipal Pension Fund, for Fiscal Years 2023-2028, respectively, are as follows: (i) $80.3 million; (ii) $88.2 million; (iii) $96.9 million; (iv) $105.1 million; (v) $113.2 million; and (vi) $121.2 million.

UAL and its Calculation

According to the July 1, 2022 Valuation, the funded ratio (the valuation of assets available for benefits to total actuarial liability) of the Municipal Pension Fund as of July 1, 2022 was 57.6% and the Municipal Pension Fund had an unfunded actuarial liability ("UAL") of $5.272 billion. The UAL is the difference between total actuarial liability ($12.448 billion as of July 1, 2022) and the actuarial value of assets ($7.176 billion as of July 1, 2022).

Key Actuarial Assumptions. In accordance with Act 205, the actuarial assumptions must be, in the judgment of both Cheiron (the independent consulting actuary for the Municipal Pension Fund) and the Pension Board, "the best available estimate of future occurrences in the case of each assumption." The assumed investment return rate used in the July 1, 2022 Valuation was 7.40% a year (which includes an inflation assumption of 2.75%), net of administrative expenses, compounded annually. For the prior actuarial valuation, the assumed investment return rate was 7.45%. See Table 24 for the assumed rates of return for Fiscal Years 2013 to 2022. The 7.45% was used to establish the MMO payment for Fiscal Year 2023 and 7.40% will be used to establish the MMO payment for Fiscal Year 2024.

Other key actuarial assumptions in the July 1, 2022 Valuation include the following: (i) total annual payroll growth of 3.30%, (ii) annual administrative expenses assumed to increase 3.30% per year, (iii) to recognize the expense of the benefits payable under the Pension Adjustment Fund (as described below), actuarial liabilities were increased by 0.54%, based on the statistical average expected value of the benefits, (iv) a vested employee who terminates will elect a pension deferred to service retirement age so long as their age plus years of service at termination are greater than or equal to 55 (45 for police and fire employees in the 1967 Plan), (v) for municipal and elected members, 65% of all disabilities are ordinary and 35% are service-connected, and (vi) for police and fire members, 25% of all disabilities are ordinary and 75% are service-connected.

"Smoothing Methodology". The Municipal Retirement System uses an actuarial value of assets to calculate its annual pension contribution, using an asset "smoothing method" to dampen the volatility in asset values that could occur because of fluctuations in market conditions. The Municipal Retirement System used a five-year smoothing prior to Fiscal Year 2009, and beginning with Fiscal Year 2009 began employing a ten-year smoothing. Using the ten-year smoothing methodology, investment returns in excess of or below the assumed rate are prospectively distributed in equal amounts over a ten-year period, subject to the requirement that the actuarial value of assets will be adjusted, if necessary, to ensure that the actuarial value of assets will never be less than 80% of the market value of the assets, nor greater than 120% of the market value of the assets. The actuarial value of assets as of July 1, 2022, was approximately 103.9% of the market value of the assets, as compared to 90.3% as of July 1, 2021.

Actuarial Valuations. The Pension Board engages an independent consulting actuary (currently Cheiron) to prepare annually an actuarial valuation report. Act 205, as amended by Act 44, establishes certain parameters for the actuarial valuation report, including: (i) use of the entry age normal actuarial cost method; (ii) that the report shall contain: (a) actuarial exhibits, financial exhibits, and demographic exhibits; (b) an exhibit of normal costs expressed as a percentage of the future covered payroll of the active membership in the Municipal Pension Plan; and (c) an exhibit of the actuarial liability of the Municipal Pension Plan; and (iii) that changes in the actuarial liability be amortized in level-dollar payments as follows: (a) actuarial gains and losses be amortized over 20 years beginning July 1, 2009 (prior to July 1, 2009, gains and losses were amortized over 15 years); (b) assumption changes be amortized over 15 years beginning July 1, 2010 (prior to July 1, 2010, assumption changes were amortized over 20 years); (c) plan changes for active members be amortized over 10 years; (d) plan changes for inactive members be amortized over one year; and (e) plan changes mandated by the Commonwealth be amortized over 20 years.

Act 205 further requires that an experience study be conducted at least every four years, and cover the five-year period ending as of the end of the plan year preceding the plan year for which the actuarial valuation report is filed. An experience study was prepared by Cheiron in March 2022 for the period July 1, 2016 – June 30, 2021 (the "Experience Study"). The actuarial and demographic assumptions that were adopted by the Pension Board in response to such Experience Study were employed for the July 1, 2022 Valuation (which was used to determine the June 30, 2024 fiscal year end MMO, City Funding Policy, and Revenue Recognition Policy contributions). Details of the assumption changes and the experience of the Municipal Pension Plan can be found in the *The City of Philadelphia Municipal Retirement System Experience Study Results for the period covering July 1, 2016 – June 30, 2021*. Such Experience Study can be found under the "Financial Reports" section of the City's Investor Website.

Pension Adjustment Fund

Pursuant to § 22-311 of the Philadelphia Code, the City directed the Pension Board to establish a Pension Adjustment Fund ("PAF") on July 1, 1999, and further directed the Pension Board to determine, effective June 30, 2000, and each Fiscal Year thereafter, whether there are "excess earnings" (as defined therein) available to be credited to the PAF. The Pension Board's determination is to be based upon the actuary's certification using the "adjusted market value of assets valuation method" as defined in § 22-311. Although the portion of the assets attributed to the PAF is not segregated from the assets of the Municipal Pension Fund, the Philadelphia Code provides that the "purpose of the Pension Adjustment Fund is for the distribution of benefits as determined by the Board for retirees, beneficiaries or survivors [and] [t]he Board shall make timely, regular and sufficient distributions from the Pension Adjustment Fund in order to maximize the benefits of retirees, beneficiaries or survivors." Distributions are to be made "without delay" no later than six months after the end of each Fiscal Year. The PAF was established, in part, because the Municipal Retirement System does not provide annual cost-of-living increases to retirees or beneficiaries. At the time the PAF was established, distributions from the PAF were subject to the restriction that the actuarial funded ratio using the "adjusted market value of assets" be not less than such ratio as of July 1, 1999 (76.7%). That restriction was deleted in 2007.

The amount to be credited to the PAF is 50% of the "excess earnings" that are between one percent (1%) and six percent (6%) above the actuarial assumed investment rate. Earnings in excess of six percent (6%) of the actuarial assumed investment rate remain in the Municipal Pension Fund. Although the Pension Board utilizes a ten-year smoothing methodology, as explained above, for the actuarial valuation of assets for funding and determination of the MMO, § 22-311 provides for a five-year smoothing to determine the amount to be credited to the PAF.

The actuary determined that for the Fiscal Year ended June 30, 2022, there were no "excess earnings" as defined to be credited to the PAF. The Pension Board transfers to the PAF the full amount calculated by the actuary as being available in any year for transfer within six months of the Pension Board designating the amount to be transferred.

Transfers to the PAF and the resultant additional distributions to retirees result in removing assets from the Municipal Pension Plan. To account for the possibility of such transfers, and as an alternative to adjusting the assumed investment return rate to reflect such possibility, the actuary applies a load of

0.54% to the calculated actuarial liability as part of the funding requirement and MMO. Such calculation was utilized for the first time in the July 1, 2013 actuarial valuation.

The market value of assets as used under this caption, "PENSION SYSTEM," represents the value of the assets if they were liquidated on the valuation date and this value includes the PAF (except as otherwise indicated in certain tables), although the PAF is not available for funding purposes. The actuarial value of assets does not include the PAF.

Rates of Return; Asset Values; Changes in Plan Net Position

Rates of Return. The following table sets forth for the Fiscal Years 2013-2022 the market value of assets internal rate of return and actuarial value of assets internal rate of return experienced by the Municipal Pension Fund, and the assumed rate of return. The 5-year and 10-year annual average returns as of June 30, 2022, were 7.03% and 7.07%, respectively, on a market value basis.

Table 24
Municipal Pension Fund
Annual Rates of Return

Year Ending June 30,	Market Value	Actuarial Value[(1)]	Assumed Rate of Return
2013	10.9%	5.1%	7.95%
2014	15.7%	4.8%	7.85%
2015	0.3%	5.8%	7.80%
2016	-3.2%	4.5%	7.75%
2017	13.1%	4.4%	7.70%
2018	9.0%	5.1%	7.65%
2019	5.7%	7.6%	7.60%
2020	1.5%	6.5%	7.55%
2021	28.4%	6.3%	7.50%
2022	-6.5%	7.7%	7.45%

Source: July 1, 2022 Valuation.

(1) Net of PAF. See "Pension Adjustment Fund" above. The actuarial values reflect a ten-year smoothing.

[REMAINDER OF PAGE INTENTIONALLY LEFT BLANK.]

Asset Values. The following table sets forth, as of the July 1 actuarial valuation date for the years 2013-2022, the actuarial and market values of assets in the Municipal Pension Fund and the actuarial value as a percentage of market value.

Table 25
Actuarial Value of Assets vs. Market Value of Net Assets
(Dollar Amounts in Millions of USD)

Actuarial Valuation Date (July 1)	Actuarial Value of Assets[1]	Market Value of Net Assets[1]	Actuarial Value as a Percentage of Market Value
2013	$4,799.3	$4,444.1	108.0%
2014	$4,814.9	$4,854.3	99.2%
2015	$4,863.4	$4,636.1	104.9%
2016	$4,936.0	$4,350.8	113.5%
2017	$5,108.6	$4,873.0	104.8%
2018	$5,397.4	$5,340.1	101.1%
2019	$5,852.5	$5,687.2	102.9%
2020	$6,242.7	$5,781.6	108.0%
2021	$6,633.1	$7,348.5	90.3%
2022	$7,176.1	$6,905.5	103.9%

Source: July 1, 2022 Valuation for Actuarial Value of Assets; 2013-2022 Actuarial Reports for Market Value of Net Assets.

(1) For purposes of this table, the Market Value of Net Assets excludes the PAF, which as of June 30, 2022 equaled $34.3 million. The Actuarial Value of Assets excludes that portion of the Municipal Pension Fund that is allocated to the PAF. The actuarial values reflect a ten-year smoothing.

Changes in Plan Net Position. The following table sets forth, for Fiscal Years 2018-2022, the additions, including employee (member) contributions, City contributions (including contributions from the Commonwealth), investment income and miscellaneous income, and deductions, including benefit payments and administration expenses, for the Municipal Pension Fund. Debt service payments on pension funding bonds (as described below at "Annual Contributions – *Annual Debt Service Payments on the Pension Bonds*") are made from the City's General Fund, Water Operating Fund, and Aviation Operating Fund, but are not made from the Municipal Pension Fund, and therefore are not included in Table 26. In those years in which the investment income is less than anticipated, the Municipal Pension Fund may experience negative changes (total deductions greater than total additions). If unrealized gains are excluded from the calculation, resulting in a comparison of cash actually received against actual cash outlays, it could result in a negative cash flow in some Fiscal Years, which is typical of a mature retirement system. However, in Fiscal Years 2018-2022, there was a positive cash flow.

Contributions from the Commonwealth are provided pursuant to the provisions of Act 205. Any such contributions are required to be used to defray the cost of the City's pension system. The amounts contributed by the Commonwealth for each of the last ten Fiscal Years are set forth in Table 29 below. The contributions from the Commonwealth are capped pursuant to Act 205, which provides that "[n]o municipality shall be entitled to receive an allocation of general municipal pension system State aid in an amount greater that 25% of the total amount of the general municipal pension system State aid available."

Employee (member) contribution amounts reflect contribution rates as a percent of pay, which for the plan year beginning July 1, 2022, vary from 6.00% to 8.50% for police and fire employees, and from 2.44% to 7.00% for municipal employees excluding elected officials. These rates include the increases for police employees effective July 1, 2017, resulting from the FOP Lodge No. 5 and IAFF Local No. 22 Labor Contracts. Such contracts increased member contributions for current police officers in Plan 87 and Plan 10 by 0.92% effective July 1, 2017, and an additional 0.92% effective July 1, 2018. For new police officers and fire fighters hired or rehired on or after July 1, 2017, the member contribution rate is increased by 2.5% over the rate which would otherwise be in effect as of July 1, 2017. The rates also include the increases in contributions for certain municipal employees and elected officials currently in Plans 67, 87 and 87 Prime and elected officials as required by legislation. This legislation called for employees in these groups to pay an additional 0.5% of compensation from January 1, 2015 to December 31, 2015 and an additional 1.0% from January 1, 2016 onwards. New employees in these groups entering Plan 87 Municipal Prime will pay an additional 1.0% of compensation, which is included in the table below. Finally, these rates do not include the additional tiered contributions paid by current and future municipal employees based on their level of compensation.

Table 26
Changes in Net Position of the Municipal Pension Fund
Fiscal Years 2018-2022
(Amounts in Thousands of USD)

	2018	2019	2020	2021	2022
Beginning Net Assets (Market Value)[1]	$4,874,075	$5,341,286	$5,688,383	$5,782,891	$7,424,983
Additions					
- Member Contributions	83,289	99,180	111,825	111,273	110,447
- City Contributions[2]	781,984	797,806	768,721	788,483	859,787
- Investment Income[3]	438,515	301,749	85,228	1,642,217	(480,676)
- Miscellaneous Income[4]	1,812	1,987	1,923	1,273	913
Total	$1,305,600	$1,200,721	$967,697	$2,543,246	$490,471
Deductions					
- Benefits and Refunds	(828,266)	(842,469)	(862,198)	(891,445)	(966,686)
- Administration	(10,123)	(11,155)	(10,991)	(9,709)	(8,933)
Total	$(838,389)	$(853,624)	$(873,189)	$(901,154)	$(975,619)
Ending Net Assets (Market Value)	$5,341,286	$5,688,383	$5,782,891	$7,424,983	$6,939,834

Source: Municipal Pension Fund's audited financial statements.

(1) Includes the PAF, which is not available for funding purposes.

(2) City Contributions include pension contributions from the Commonwealth. See Table 29.

(3) Investment income is shown net of fees and expenses, and includes interest and dividend income, net appreciation (depreciation) in fair value of investments, and net gains realized upon the sale of investments.

(4) Miscellaneous income includes securities lending and other miscellaneous revenues.

[REMAINDER OF PAGE INTENTIONALLY LEFT BLANK.]

Funded Status of the Municipal Pension Fund

The following two tables set forth, as of the July 1 actuarial valuation date for the years 2013-2022, the asset value, the actuarial liability, the UAL, the funded ratio, covered payroll and UAL, as a percentage of covered payroll for the Municipal Pension Fund on actuarial and market value bases, respectively.

Table 27
Schedule of Funding Progress (Actuarial Value)
(Dollar Amounts in Millions of USD)

Actuarial Valuation Date (July 1)	Actuarial Value of Assets (a)	Actuarial Liability (b)	UAL (Actuarial Value) (b-a)	Funded Ratio (a/b)	Covered Payroll (c)	UAL as a % of Covered Payroll [(b-a)/c]
2013	$4,799.3	$10,126.2	$5,326.9	47.4%	$1,429.7	372.6%
2014	$4,814.9	$10,521.8	$5,706.9	45.8%	$1,495.4	381.6%
2015	$4,863.4	$10,800.4	$5,937.0	45.0%	$1,597.8	371.6%
2016	$4,936.0	$11,024.8	$6,088.8	44.8%	$1,676.5	363.2%
2017	$5,108.6	$11,275.7	$6,167.1	45.3%	$1,744.7	353.5%
2018	$5,397.4	$11,521.0	$6,123.5	46.8%	$1,805.4	339.2%
2019	$5,852.5	$11,783.1	$5,930.6	49.7%	$1,842.6	321.9%
2020	$6,242.7	$12,038.1	$5,795.4	51.9%	$1,921.2	301.7%
2021	$6,633.1	$12,074.0	$5,441.0	54.9%	$1,886.5	288.4%
2022	$7,176.1	$12,448.4	$5,272.3	57.6%	$1,921.1	274.4%

Source: July 1, 2022 Valuation.

[REMAINDER OF PAGE INTENTIONALLY LEFT BLANK.]

Table 28
Schedule of Funding Progress (Market Value)
(Dollar Amounts in Millions of USD)

Actuarial Valuation Date (July 1)	Market Value of Net Assets (a)	Actuarial Liability (b)	UAL (Market Value) (b-a)	Funded Ratio (a/b)	Covered Payroll (c)	UAL as a % of Covered Payroll [(b-a)/c]
2013	$4,444.1	$10,126.2	$5,682.1	43.9%	$1,429.7	397.4%
2014	$4,854.3	$10,521.8	$5,667.6	46.1%	$1,495.4	379.0%
2015	$4,636.1[1]	$10,800.4	$6,164.3	42.9%	$1,597.8	385.8%
2016	$4,350.8[1]	$11,024.8	$6,674.0	39.5%	$1,676.5	398.1%
2017	$4,873.0[1]	$11,275.7	$6,402.7	43.2%	$1,744.7	367.0%
2018	$5,340.1[1]	$11,521.0	$6,180.9	46.4%	$1,805.4	342.4%
2019	$5,687.2[1]	$11,783.1	$6,095.9	48.3%	$1,842.6	330.8%
2020	$5,781.6[1]	$12,038.1	$6,256.5	48.0%	$1,921.2	325.7%
2021	$7,348.5[1]	$12,074.0	$4,725.5	60.9%	$1,886.5	250.5%
2022	$6,905.5[1]	$12,448.4	$5,542.9	55.5%	$1,921.1	288.5%

Source: 2013-2022 Actuarial Valuation Reports.

(1) For purposes of this table, the Market Value of Net Assets excludes the PAF, which as of June 30, 2015 equaled $38,198,762; as of June 30, 2016 equaled $7,222,828; as of June 30, 2017 equaled $1,097,499; as of June 30, 2018 equaled $1,160,247; as of June 30, 2019 equaled $1,225,114; as June 30, 2020 equaled $1,243,871; as June 30, 2021 equaled $76,471,047; and as June 30, 2022 equaled $34,340,630.

[REMAINDER OF PAGE INTENTIONALLY LEFT BLANK.]

Annual Contributions

Annual Municipal Pension Contributions

Table 29 shows the components of the City's annual pension contributions to the Municipal Pension Fund for the Fiscal Years 2013-2022.

Table 29
Total Contribution to Municipal Pension Fund
(Dollar Amounts in Millions of USD)

Fiscal Year	General Fund Contribution (A)	Commonwealth Contribution (B)	Aggregate General Fund Contribution (A+B)	Water Fund Contribution	Aviation Fund Contribution	Grants Funding and Other Funds Contribution[1]	Contributions from Quasi-governmental Agencies	Pension Bond Proceeds	Total Contribution (C)	MMO (D)	MMO (Deferred) Makeup Payments	% of MMO Contributed (C/D)
2013	$356.5	$65.7	$422.2	$41.4	$20.3	$27.2	$18.1	$252.6[2]	$781.8	$492.0	$230.0[2]	100.0%[3]
2014	$365.8	$69.6	$435.4	$45.5	$22.5	$30.0	$19.8	$0.0	$553.2	$523.4	-	105.7%
2015	$388.5	$62.0	$450.5	$48.3	$23.9	$33.4	$21.1	$0.0	$577.2	$556.0	-	103.8%
2016	$449.6	$62.6	$512.2	$55.1	$27.1	$34.8	$31.0	$0.0	$660.2	$595.0	-	111.0%
2017	$487.0	$68.7	$555.7	$61.0	$28.8	$33.3	$27.4	$0.0	$706.2	$629.6	-	112.2%
2018	$559.7	$72.4	$632.1	$62.7	$28.8	$32.5	$25.9	$0.0	$782.0	$661.3	-	118.3%
2019	$567.7	$74.8	$642.5	$64.7	$31.6	$33.8	$25.2	$0.0	$797.8	$668.3	-	119.4%
2020	$545.1	$82.0	$627.1	$71.6	$34.0	$14.6	$21.4	$0.0	$768.7	$675.8	-	113.7%
2021	$558.5	$81.3	$639.8	$81.2	$34.7	$12.5	$20.3	$0.0	$788.5	$673.9	-	117.0%
2022	$671.9	$79.3	$751.2	$59.0	$21.8	$12.6	$15.2	$0.0	$859.8	$678.2	-	126.8%

(1) Other Funds Contributions represents contributions to the Municipal Pension Fund from the City's Special Gasoline Tax Fund, Community Development Block Grant Fund, Municipal Pension Fund, and Housing Trust Fund.

(2) As authorized pursuant to Act 44, the City deferred payments to the Municipal Pension Fund of $150 million in Fiscal Year 2010 and $80 million in Fiscal Year 2011. Those amounts were repaid in Fiscal Year 2013, in which year the City made a contribution of $252.6 million to the Municipal Pension Fund, consisting of $230 million of proceeds of Pension Bonds that were issued in October 2012 and $22.6 million in refunding savings from a refunding Pension Bond financing in December 2012. See "*– Annual Debt Service Payments on the Pension Bonds*" below.

(3) Act 205 directs the Actuary, in performing the actuarial valuations, to disregard deferrals, and therefore for ease of presentation 100.0% is reflected for the year in which the makeup payment was made.

Annual Debt Service Payments on the Pension Bonds

Pension funding bonds ("Pension Bonds") were initially issued in Fiscal Year 1999 (the "1999 Pension Bonds"), at the request of the City, by PAID. Debt service on the Pension Bonds is payable pursuant to a Service Agreement between the City and PAID. The Service Agreement provides that the City is obligated to pay a service fee from its current revenues and the City covenanted in the agreement to include the annual amount in its operating budget and to make appropriations in such amounts as are required. If the City's revenues are insufficient to pay the full service fee in any Fiscal Year as the same becomes due and payable, the City has covenanted to include amounts not so paid in its operating budget for the ensuing Fiscal Year.

The 1999 Pension Bonds were issued in the principal amount of $1.3 billion, and the net proceeds were used, together with other funds of the City, to make a contribution in Fiscal Year 1999 to the Municipal Pension Fund in the amount of approximately $1.5 billion.

In October 2012, PAID, at the request of the City, issued Pension Bonds in the principal amount of $231.2 million, the proceeds of which were used principally to make the $230 million repayment of deferred contributions to the Municipal Pension Fund reflected in Table 29 above. These bonds had maturities of April 1, 2013 and 2014, and have been repaid.

In December 2012, PAID, at the request of the City, issued Pension Bonds in the approximate principal amount of $300 million (the "2012 Pension Bonds"), the proceeds of which were used to currently refund a portion of the 1999 Pension Bonds. The refunding generated savings of approximately $22.6 million, which the City deposited into the Municipal Pension Fund.

In April 2021, PAID, at the request of the City, issued bonds in the approximate principal amount of $137 million, the proceeds of which were used, among other things, to refund a portion of the 1999 Pension Bonds and the 2012 Pension Bonds. Such refunding restructured debt service to provide the City with budgetary relief in Fiscal Years 2021 and 2022. No proceeds of the bonds were used to make a deposit to the Municipal Retirement System.

[REMAINDER OF PAGE INTENTIONALLY LEFT BLANK.]

Table 30 shows the components of the City's annual debt service payments on the Pension Bonds for the Fiscal Years 2013-2022.

Table 30
Total Debt Service Payments on Pension Bonds
(Amounts in Millions of USD)

Fiscal Year	General Fund Payment	Water Fund Payment	Aviation Fund Payment	Other Funds Payment[1]	Grants Funding	Total Payment
2013[2]	$196.6	$21.5	$10.1	$1.3	$3.8	$233.3
2014[2]	$211.0	$23.6	$11.2	$1.4	$3.7	$250.9
2015	$107.7	$12.6	$5.9	$0.8	$4.0	$131.0
2016	$109.9	$13.7	$6.4	$0.9	$3.8	$134.7
2017	$109.5	$14.5	$6.6	$0.9	$3.3	$134.8
2018	$110.1	$14.3	$6.3	$0.9	$3.1	$134.7
2019	$109.8	$14.2	$6.6	$1.1	$3.0	$134.7
2020	$110.1	$15.7	$7.1	$1.2	$0.6	$134.7
2021	$28.4	$4.5	$1.9	$0.3	$0.5	$35.6
2022	$91.7	$8.5	$3.1	$0.5	$0.9	$104.7

(1) Other Funds Payments represents the allocable portion of debt service payments on the City's Pension Bonds from the City's Community Development Block Grant Fund and Municipal Pension Fund.

(2) Debt service payments in Fiscal Years 2013 and 2014 increased from the Fiscal Year 2012 amounts and reflect the debt service payments on the Pension Bonds that were issued in October 2012. See "– *Annual Debt Service Payments on the Pension Bonds*" above.

[REMAINDER OF PAGE INTENTIONALLY LEFT BLANK.]

Annual Pension Costs of the General Fund

Table 31 shows the annual pension costs of the General Fund for the Fiscal Years 2013-2022, being the sum of the General Fund Contribution to the Municipal Pension Fund (column (A) in Table 29 above) and the General Fund debt service payments on Pension Bonds (Table 30 above).

Table 31
Annual Pension Costs of the General Fund
(Amounts in Millions of USD)

Fiscal Year	General Fund Pension Fund Contribution (A)[1]	General Fund Pension Bond Debt Service Payment (B)	Annual Pension Costs (A+B)	Total General Fund Expenditures (C)	General Fund portion of Annual Pension Costs as % of Total General Fund Expenditures (A+B) / C
2013	$356.5	$196.6	$553.1	$3,613.27	15.31%
2014	$365.8	$211.0	$576.8	$3,886.56	14.84%
2015	$388.5	$107.7	$496.2	$3,831.51	12.95%
2016	$449.6	$109.9	$559.5	$4,015.80	13.93%
2017	$487.0	$109.5	$596.5	$4,139.80	14.41%
2018	$559.7	$110.1	$669.8	$4,402.85	15.21%
2019	$567.7	$109.8	$677.5	$4,772.39	14.20%
2020	$545.1	$110.1	$655.2	$5,036.53	13.01%
2021	$558.5	$28.4	$586.9	$4,717.75	12.44%
2022	$671.9	$91.7	$763.6	$5,338.53	14.30%

(1) Does not include Commonwealth contribution. See Table 29.

[REMAINDER OF PAGE INTENTIONALLY LEFT BLANK.]

The following table shows the annual City contribution to the Municipal Pension Fund as a percentage of the covered employee payroll.

Table 32
Annual City Contribution ("ACC") as % of Covered Employee Payroll
(Dollar Amounts in Thousands of USD)

Fiscal Year	Annual City Contribution	Fiscal Year Covered Employee Payroll(1)	ACC as % of Payroll
2013	$781,823	$1,429,723	54.68%
2014	$553,179	$1,495,421	36.99%
2015	$577,195	$1,597,849	36.12%
2016	$660,247	$1,676,549	39.38%
2017	$706,237	$1,744,728	40.48%
2018	$781,984	$1,805,400	43.31%
2019	$797,806	$1,842,555	43.30%
2020	$768,721	$1,921,217	40.01%
2021	$788,483	$1,886,512	41.80%
2022	$859,787	$1,921,142	44.75%

Source: Municipal Pension Fund Financial Statements, June 30, 2022.

(1) The definition of "covered-employee payroll" in GASB 68 differs slightly from the "covered payroll" definition in GASB 27. See "PENSION SYSTEM – Funding Requirements; Funding Standards – *GASB; City Funding Policy*."

[REMAINDER OF PAGE INTENTIONALLY LEFT BLANK.]

Actuarial Projections of Funded Status

Cautionary Note. The information under this subheading, “Actuarial Projections of Funded Status,” was prepared by Cheiron. The table below shows a five-year projection of Revenue Recognition Policy (“RRP”) payments, Actuarial Value of Assets, Actuarial Liability, UAL, and Funded Ratio. The charts below show projections of funded ratios and City contributions based on the RRP through Fiscal Year 2042. All projections, whether for five years or for twenty years, are subject to actual experience deviating from the underlying assumptions and methods, and that is particularly the case for the charts below for the periods beyond the projections in the five-year table. **Projections and actuarial assessments are “forward looking” statements and are based on assumptions which may not be fully realized in the future and are subject to change, including changes based on the future experience of the City’s Municipal Pension Fund and Municipal Pension Plan.**

The projections are on the basis that all assumptions as reflected in the July 1, 2022 Valuation are exactly realized and the City makes all future RRP payments on schedule as required by the funding policy adopted by the Pension Board, and must be understood in the context of the assumptions, methods and benefits in effect as described in the July 1, 2022 Valuation. Included among such assumptions are: (i) the rates of return for the Municipal Pension Fund over the projection period will equal 7.40% in Fiscal Year 2023 and 7.35% annually thereafter, (ii) RRP contributions will be made each year, (iii) the provisions of Act 205 as amended by Act 44 will remain in force during the projection period, and (iv) the future population changes of the participants in the pension plan will follow the demographic actuarial assumptions with the active population remaining constant in the future. They reflect the assumption changes resulting from the most recent Experience Study, which was effective for the July 1, 2022 Valuation.

The July 1, 2022 Valuation includes charts reflecting the contributions based on MMO (Baseline projection set 1), and charts reflecting the additional contributions in accordance with the RRP (Baseline projection set 2). The charts provided below reflect the RRP contributions, which are higher than the MMO required under Pennsylvania law. Using the RRP, the Municipal Retirement System is projected to be 80% funded by 2029 and 100% funded by 2033, three years earlier than under the MMO projections. By the end of the projection period, the Municipal Retirement System is expected to be funded at 122.2% compared to 109.91% when MMO contributions are made. See the July 1, 2022 Valuation for further discussion of the assumptions and methodologies used by the Actuary in preparing the July 1, 2022 Valuation and the following projections, all of which should be carefully considered in reviewing the projections. The July 1, 2022 Valuation is available for review on the website of the City’s Board of Pensions. The table and charts below separately set forth estimates of Sales Tax revenues that will be deposited by the City into the Municipal Pension Fund, which were provided by the City to Cheiron based on current estimates or budgeted amounts of such revenues as included in the Proposed Fiscal Year 2024 Budget or the Proposed Thirty-Second Five-Year Plan. Cheiron has not analyzed and makes no representation regarding the validity of the sales tax revenue assumptions and estimates provided by the City. See “REVENUES OF THE CITY – Sales and Use Tax.”

Each of the tables and graphs that follow are shown in Appendix E of the July 1, 2022 Valuation and such report should be referenced regarding the underlying benefits, methods, and assumptions utilized in the production of these values.

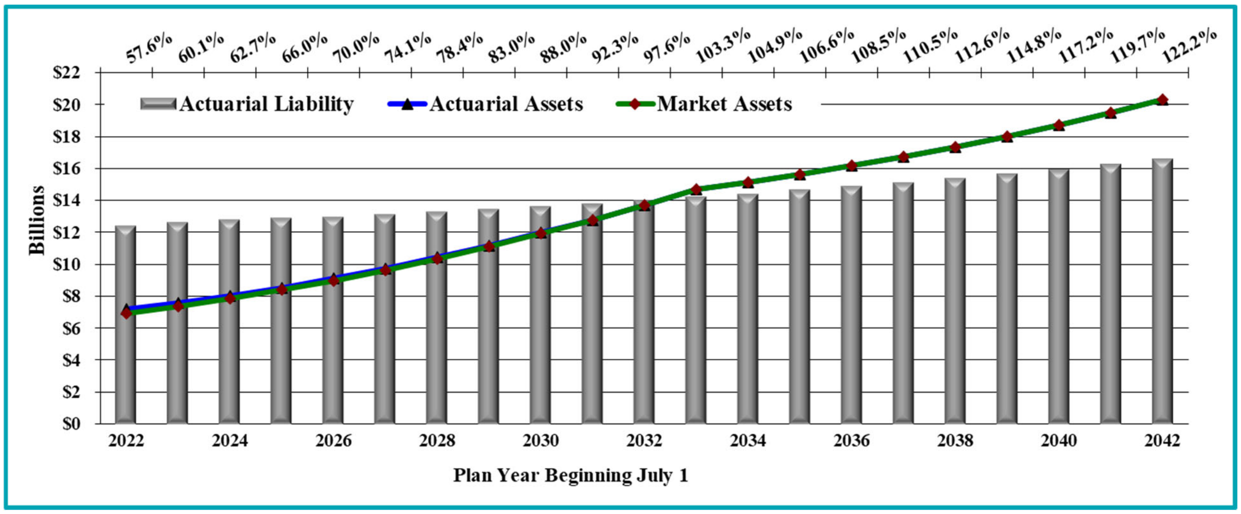
[REMAINDER OF PAGE INTENTIONALLY LEFT BLANK.]

Five-Year Projection. The following chart provides dollar amounts in millions of USD.

Table E-1 ($ millions)						
Fiscal Year End	RRP Contributions	Sales Tax Contributions	Actuarial Value of Assets	Actuarial Liability	Unfunded Actuarial Liability	Funded Ratio
2023	$ 726.5	$ 80.3	$ 7,176.1	$ 12,448.4	$ 5,272.3	57.6%
2024	742.8	88.2	7,601.9	12,656.9	5,055.0	60.1%
2025	761.5	96.9	8,023.8	12,789.7	4,765.9	62.7%
2026	776.7	105.1	8,517.9	12,905.4	4,387.5	66.0%
2027	772.0	113.2	9,097.1	13,002.9	3,905.8	70.0%
2028	772.4	121.2	9,740.6	13,151.6	3,411.0	74.1%

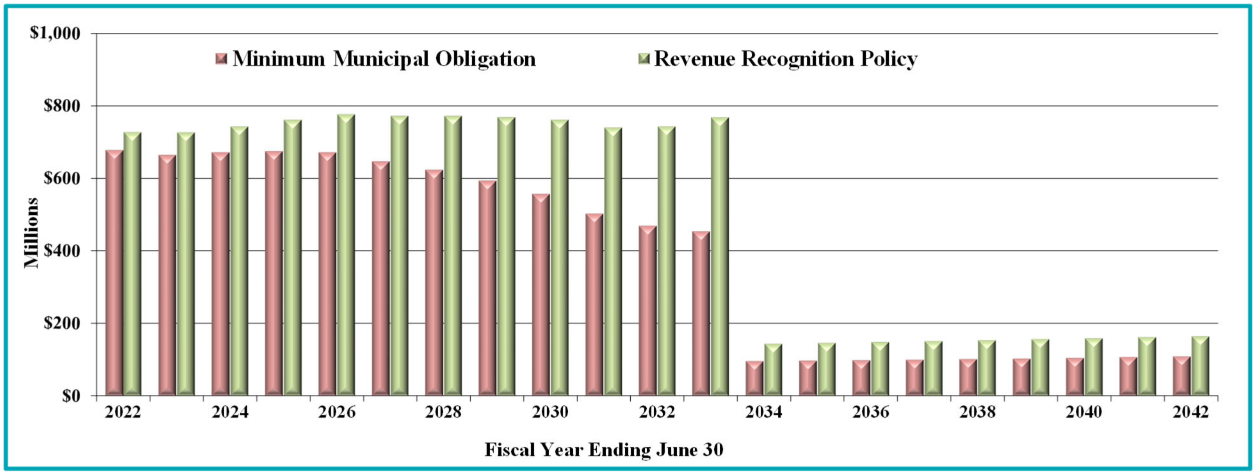
Twenty-Year Projections.

Funded Ratio Chart based on the RRP:



[REMAINDER OF PAGE INTENTIONALLY LEFT BLANK.]

Expected City Contribution Chart based on the RRP:



[REMAINDER OF PAGE INTENTIONALLY LEFT BLANK.]

OTHER POST-EMPLOYMENT BENEFITS

The City self-administers a single employer, defined benefit plan for post-employment benefits other than pension benefits ("OPEB"), and funds such plan on a pay-as-you-go basis. The City's OPEB plan provides for those persons who retire from the City and are participants in the Municipal Pension Plan: (i) post-employment healthcare benefits for a period of five years following the date of retirement and (ii) lifetime life insurance coverage ($7,500 for firefighters who retired before July 1, 1990; $6,000 for all other retirees). In general, retirees eligible for OPEB are those who terminate their employment after ten years of continuous service to immediately become pensioned under the Municipal Pension Plan.

To provide health care coverage, the City pays a negotiated monthly premium for retirees covered by the union contract for AFSCME DC 33 and is self-insured for all other eligible pre-Medicare retirees. Aside from AFSCME DC 33, the City is responsible for the actual health care cost that is invoiced to the City's unions by their respective vendors. The actual cost can be a combination of self-insured claim expenses, premiums, ancillary services, and administrative expenses. Eligible union represented employees receive five years of coverage through their union's health fund. The City's funding obligation for pre-Medicare retiree benefits is the same as for active employees. Union represented and non-union employees may defer their retiree health coverage until a later date. For some groups, the amount that the City pays for their deferred health care is based on the value of the health benefits at the time the retiree claims the benefits, but for police and fire retirees who retired after an established date, the City pays the cost of five years of coverage when the retiree claims the benefits.

The annual payments made by the City for OPEB for Fiscal Years 2018-2022 are shown in Table 33 below.

Table 33
Annual OPEB Payment
(Amounts in Thousands of USD)

Fiscal Year ended June 30,	Annual OPEB Payment
2018	$96,400
2019	$96,900
2020	$104,600
2021	$97,800
2022	$118,300

Source: See Note IV.3 to the City's ACFRs for such Fiscal Years.

For financial reporting purposes, although the City funds OPEB on a pay-as-you-go basis, it is required to include in its financial statements (in accordance with GASB Statement No. 75) a calculation similar to that performed to calculate its pension liability. Pursuant to GASB 75, an annual required contribution is calculated which, if paid on an ongoing basis, is projected to cover normal costs each year and to amortize any unfunded actuarial liability over a period not to exceed 30 years. The City's total OPEB liability reported as of June 30, 2022 of $2.156 billion, was measured as of June 30, 2021 and was determined by an actuarial valuation as of June 30, 2020. See Note IV.3 to the Fiscal Year 2022 ACFR.

PGW PENSION PLAN

General

PGW consists of all the real and personal property owned by the City and used for the acquisition, manufacture, storage, processing, and distribution of gas within the City, and all property, books, and records employed and maintained in connection with the operation, maintenance, and administration of PGW. The City Charter provides for a Gas Commission (the "Gas Commission") to be constituted and appointed in accordance with the provisions of contracts between the City and the operator of PGW as may from time to time be in effect, or, in the absence of a contract, as may be provided by ordinance. The Gas Commission consists of the City Controller, two members appointed by City Council and two members appointed by the Mayor.

PGW is operated by PFMC, pursuant to an agreement between the City and PFMC dated December 29, 1972, as amended, authorized by ordinances of City Council (the "Management Agreement"). Under the Management Agreement, various aspects of PFMC's management of PGW are subject to review and approval by the Gas Commission. The Pennsylvania Public Utility Commission (the "PUC") has the regulatory responsibility for PGW with regard to rates, safety, and customer service.

The City sponsors the Philadelphia Gas Works Pension Plan (the "PGW Pension Plan"), a single employer defined benefit plan, to provide pension benefits for certain current and former PGW employees and other eligible class employees of PFMC and the Gas Commission. As plan sponsor, the City, through its General Fund, could be responsible for plan liabilities if the PGW Pension Plan does not satisfy its payment obligations to PGW retirees. At June 30, 2022, the PGW Pension Plan membership total was 3,620, comprised of: (i) 2,555 retirees and beneficiaries currently receiving benefits and terminated employees entitled to benefits but not yet receiving them; and (ii) 1,065 participants, of which 833 were vested and 232 were nonvested.

PGW Pension Plan

The PGW Pension Plan provides retirement benefits as well as death and disability benefits. Retirement benefits vest after five years of credited service. Retirement payments for vested employees commence: (i) at age 65 and five years of credited service; (ii) age 55 and 15 years of credited service; or (iii) without regard to age, after 30 years of credited service. For covered employees hired prior to May 21, 2011 (union employees) or prior to December 21, 2011 (non-union employees), PGW pays the entire cost of the PGW Pension Plan. Union employees hired on or after May 21, 2011 and non-union employees hired on or after December 21, 2011 have the option to participate in the PGW Pension Plan and contribute 6% of applicable wages or participate in a plan established in compliance with Section 401(a) of the Internal Revenue Code (deferred compensation plan) and have PGW contribute 5.5% of applicable wages.

PGW is required by statute to contribute the amounts necessary to fund the PGW Pension Plan. The PGW Pension Plan is funded with (i) contributions by PGW, (ii) contributions from the Sinking Fund Commission of the City (the "Sinking Fund Commission"), (iii) investment earnings, and (iv) employee contributions required for new hires after December 2011 who elect to participate in the PGW Pension Plan. Each month, the Sinking Fund Commission sends, in two separate payments, (i) approximately \$2.3 million and (ii) one-twelfth of PGW's annual contribution to the applicable bank account for processing and payment to PGW pensioners.

Benefit and contribution provisions are established by City ordinance and may be amended only as allowed by City ordinance. The pension payments are treated as an operating expense of PGW and are included as a component of PGW's base rate. The PUC approves all items that are to be included in PGW's base rates.

Effective October 2015, payments to beneficiaries of the PGW Pension Plan are made by the PGW Retirement Reserve Fund. Prior to October 2015, payments to beneficiaries of the PGW Pension Plan were made by PGW through its payroll system. The financial statements for the PGW Pension Plan for the fiscal year ended June 30, 2021, show an amount due to PGW of approximately $0.2 million, which represents the cumulative excess of payments made to the retirees and administrative expenses incurred by PGW, over the sum of PGW's required annual contribution and reimbursements received from the PGW Pension Plan.

Pension Costs and Funding

PGW pays an annual amount that is projected to be sufficient to cover its normal cost and an amortization of the PGW Pension Plan's UAL. The following table shows the normal cost, the amortization payment, and the resulting annual required contribution as of the last five actuarial valuation dates for the PGW Pension Plan. Prior to fiscal year 2016, PGW had been using a 20-year open amortization period (and the payments in Table 34 are on the basis of a 20-year open amortization). Commencing in PGW's fiscal year 2016, PGW calculated an annual required contribution on the basis of both a 20-year open amortization period and a 30-year closed amortization period and contributed the higher of the two amounts. An open amortization period is one that begins again or is recalculated at each actuarial valuation date. With a closed amortization period, the unfunded liability is amortized over a specific number of years to produce a level annual payment. Because the final amortization date is fixed, if all actuarial assumptions are achieved, the unfunded liability would decline to zero as of the final amortization date. To the extent future experience differs from the assumptions used to establish the 30-year fixed amortization payment schedule, new amortization bases attributable to a particular year's difference would be established and amortized over their own 30-year schedule. Commencing in PGW's fiscal year 2021, PGW's annual contribution is required to be at least $30,000,000 annually unless changed by written directive of the Finance Director. The contribution amount exceeds the suggested level of funding in the Actuarial Valuation Report (Funding) for the Plan Year July 1, 2022 – June 30, 2023 for the PGW Pension Plan and is consistent with the contribution amount in PGW's base rates (i.e., rates PGW charges for services).

[REMAINDER OF PAGE INTENTIONALLY LEFT BLANK.]

Table 34
PGW Pension – Annual Required Contributions ("ARC")
(Dollar Amounts in Thousands of USD)

Calculation of ARC for the 12-month period ended:	Normal Cost[(1)] (A)	Amortization Payment[(1)] (B)	ARC[(1), (2)] (A + B)	Payments to Beneficiaries[(3)]
7/1/2018	$7,760	$20,022	$27,782	$52,627
7/1/2019	$7,282	$18,617	$25,899	$53,893
7/1/2020	$6,161	$16,504	$22,665	$55,061
7/1/2021	$7,892	$17,375	$25,267	$56,647
7/1/2022	$7,732	$16,400	$24,132	$58,502

(1) Source: The Actuarial Valuation Report (Funding) for the Plan Year July 1, 2022 – June 30, 2023 for the PGW Pension Plan.

(2) Each ARC is the sum reflected in this table, but the "Calculated Mid-Year Contribution" in Tables 36 and 37 more closely approximates the actual pension contributions made by PGW.

(3) Sources: For 2018, the audited financial statements for PGW for the fiscal years ended August 31, 2018 and 2017. For 2019, the audited financial statements for PGW for the fiscal years ended August 31, 2019 and 2018. For 2020, the audited financial statements for PGW are for the fiscal years ended August 31, 2020 and 2019. For 2021, the financial statements for PGW are for fiscal years ended August 31, 2021 and 2020. For 2022, the financial statements for PGW are for fiscal years ended August 31, 2022 and 2021.

Although PGW has paid its annual required contribution each year, the market value of assets for the PGW Pension Plan is less than the actuarial accrued liability, as shown in the next table. Table 35 shows such values as of the applicable actuarial valuation dates (July 1, 2018 through July 1, 2022).

Table 35
Schedule of Pension Funding Progress
(Dollar Amounts in Thousands of USD)[(1)]

Actuarial Valuation Date	Market Value of Assets	Actuarial Liability	UAL (Market Value)	Funded Ratio
7/1/2018	$543,246	$758,069	$214,823	71.66%
7/1/2019	$553,240	$755,782	$202,542	73.20%
7/1/2020	$543,230	$741,279	$198,049	73.28%
7/1/2021	$673,542	$792,325	$118,783	85.01%
7/1/2022	$565,748	$806,257	$240,509	70.17%

(1) Source: The Actuarial Valuation Report (Funding) for the Plan Year July 1, 2022 – June 30, 2023 for the PGW Pension Plan.

The current significant actuarial assumptions for the PGW Pension Plan are: (i) investment return rate of 7.00% compounded annually; (ii) salaries are assumed to increase by an amount based on years of service, see table 3 in The Actuarial Valuation Report (Funding) for the Plan Year July 1, 2022 – June 30, 2023 for the PGW Pension Plan; and (iii) retirements that are assumed to occur at the ages detailed in The Actuarial Valuation Report (Funding) for the Plan Year July 1, 2022 – June 30, 2023 for the PGW Pension Plan.

The Actuarial Valuation Report (Funding) for the Plan Year July 1, 2022 – June 30, 2023 for the PGW Pension Plan includes certain changes to the actuarial assumptions, including (i) modifications to mortality tables, turnover rates, disability rates, retirement rates, and salary scales, (ii) increases to assumed participant compensation in the final year of employment prior to retirement, and (iii) modifications to the optional payment form election percentages and the surviving spouse benefit assumptions.

PGW uses a September 1 – August 31 fiscal year, while the PGW Pension Plan uses a July 1 – June 30 fiscal year (the same as the City's fiscal year). The last five actuarial valuation reports for the PGW Pension Plan utilized a plan year of July 1 to June 30. This is reflected in Table 35 above.

The PGW Pension Plan actuary prepared a separate actuarial valuation report ("GASB 67 Report") for the fiscal year ending June 30, 2022, for purposes of plan reporting information under Governmental Accounting Standards Board Statement No. 67, "Financial Reporting for Pension Plans." The GASB 67 Report shows for the fiscal year ending June 30, 2022, an unfunded liability of approximately $261.1 million (rather than the approximately $240.5 million reflected in Table 35), which results in a funded ratio of 68.42%. In addition, that report provides an interest rate sensitivity, which shows that were the investment rate to be 6.00% (1% lower than the assumed investment rate of 7.00%), the unfunded liability would be approximately $349.4 million.

[REMAINDER OF PAGE INTENTIONALLY LEFT BLANK.]

Projections of Funded Status

The information under this subheading, "Projections of Funded Status," is extracted from tables prepared by Aon, as actuary to the PGW Pension Plan, which were included in their "Philadelphia Gas Works Pension Plan – Funding Alternative Funding Schedules July 1, 2022-June 30, 2023". The charts show 10-year projections, using both the current amortization method (20-year, open) and the alternative amortization method (30-year, fixed). See "– Pension Costs and Funding" above. Projections are subject to actual experience deviating from the underlying assumptions and methods. **Projections and actuarial assessments are "forward looking" statements and are based upon assumptions that may not be fully realized in the future and are subject to change, including changes based upon the future experience of the PGW Pension Plan.**

Table 36
Schedule of Prospective Funded Status (20-Year Open Amortization)
(Dollar Amounts in Thousands of USD)

Actuarial Valuation Date (July 1)	Actuarial Value of Assets	Actuarial Accrued Liability	UAL (Actuarial Value)	Calculated Mid-Year Contribution[(1), (2)]	Funded Ratio
2022	$608,225	$806,257	$198,033	$26,084	75.44%
2023	605,535	809,386	203,851	26,545	74.81%
2024	603,897	811,949	208,052	26,843	74.38%
2025	607,449	814,095	206,647	26,678	74.62%
2026	587,411	815,877	228,466	28,660	72.00%
2027	594,951	817,328	222,377	28,110	72.79%
2028	602,257	818,741	216,485	27,623	73.56%
2029	609,447	820,343	210,896	27,187	74.29%
2030	616,686	822,214	205,528	26,786	75.00%
2031	624,126	824,000	199,874	26,316	75.74%

(1) Source: The Actuarial Valuation Report (Funding) for the Plan Year July 1, 2022 – June 30, 2023 for the PGW Pension Plan.

(2) PGW makes monthly contributions to the PGW Retirement Reserve Fund. The actuary's report assumes contributions at the beginning, middle, and end of the plan year. PGW utilizes the mid-year contribution level to approximate the actual funding methodology.

[REMAINDER OF PAGE INTENTIONALLY LEFT BLANK.]

Table 37
Schedule of Prospective Funded Status (30-Year Closed Amortization)
(Dollar Amounts in Thousands of USD)

Actuarial Valuation Date (July 1)	Actuarial Value of Assets	Actuarial Accrued Liability	UAL (Actuarial Value)	Calculated Mid-Year Contribution[1], [2]	Funded Ratio
2022	$608,225	$806,257	$198,033	$24,979	75.44%
2023	604,392	809,386	204,994	25,739	74.67%
2024	601,839	811,949	210,110	26,368	74.12%
2025	604,755	814,095	209,340	26,618	74.29%
2026	584,467	815,877	231,410	28,701	71.64%
2027	591,843	817,328	225,485	28,666	72.41%
2028	599,507	818,741	219,235	28,682	73.22%
2029	607,601	820,343	212,742	28,732	74.07%
2030	616,309	822,214	205,904	28,804	74.96%
2031	625,811	824,000	198,189	28,800	75.95%

(1) Source: The Actuarial Valuation Report (Funding) for the Plan Year July 1, 2022 – June 30, 2023 for the PGW Pension Plan.

(2) PGW makes monthly contributions to the PGW Retirement Reserve Fund. The actuary's report assumes contributions at the beginning, middle, and end of the plan year. PGW utilizes the mid-year contribution level to approximate the actual funding methodology.

Additional Information

The City issues a publicly available financial report that includes financial statements and required supplementary information for the PGW Pension Plan. The report is not incorporated into this Official Statement by reference. The report may be obtained by writing to the Office of the Director of Finance of the City.

Further information on the PGW Pension Plan, including with respect to its membership, plan description, funding policy, actuarial assumptions and funded status is contained in the Fiscal Year 2022 ACFR.

[REMAINDER OF PAGE INTENTIONALLY LEFT BLANK.]

PGW OTHER POST-EMPLOYMENT BENEFITS

PGW provides post-employment healthcare and life insurance benefits to its participating retirees and their beneficiaries and dependents. The City, through its General Fund, could be responsible for costs associated with post-employment healthcare and life insurance benefits if PGW fails to satisfy its post-employment benefit obligations.

PGW pays the full cost of medical, basic dental, and prescription coverage for employees who retired prior to December 1, 2001. Employees who retire after December 1, 2001 are provided a choice of three plans at PGW's expense and can elect to pay toward a more expensive plan. Union employees hired prior to May 21, 2011 and non-union employees hired prior to December 21, 2011 who retire from active service to immediately begin receiving pension benefits are entitled to receive lifetime post-retirement medical, prescription, and dental benefits for themselves and, depending on their retirement plan elections, their dependents. Employees hired on or after those dates are entitled to receive only five years of post-retirement benefits. Currently, PGW provides for the cost of healthcare and life insurance benefits for retirees and their beneficiaries on a pay-as-you-go-basis.

As part of a July 29, 2010 rate case settlement (the "Rate Settlement"), which provided for the establishment of an irrevocable trust for the deposit of funds derived through a rider from all customer classes to fund OPEB liabilities (the "OPEB Surcharge"), PGW established the trust in July 2010, and began funding the trust in accordance with the Rate Settlement in September 2010. The Rate Settlement provided that PGW was to deposit $15.0 million annually for an initial five-year period towards the ARC, and an additional $3.5 million annually, which represented a 30-year amortization of the OPEB liability at August 31, 2010. These deposits were funded primarily through increased rates of $16.0 million granted in the Rate Settlement. The ARC represents a level of funding that, if paid on an ongoing basis, is projected to cover normal costs each year and amortize any unfunded actuarial liabilities (or funding excesses) over a period of 30 years. In PGW's 2015-2016 Gas Cost Rate ("GCR") proceeding, PGW proposed to continue its OPEB Surcharge. The parties to the GCR proceeding submitted a settlement agreement continuing the OPEB Surcharge at the same level of revenue ($16.0 million annually) and funding ($18.5 million annually). Such settlement agreement was approved by the PUC.

[REMAINDER OF PAGE INTENTIONALLY LEFT BLANK.]

Table 38 provides detail of actual PGW OPEB payments for the last five PGW Fiscal Years and projected PGW OPEB payments for PGW Fiscal Years 2023-2027. Table 39 is the schedule of PGW OPEB funding progress.

Table 38
PGW OPEB Payments
(Amounts in Thousands of USD)

	Calculation of OPEB Payment for the 12-month period ended:	Healthcare	Life Insurance	OPEB Trust	Total
Actual[(1)]					
	8/31/2018	$26,953	$1,661	$18,500	$47,114
	8/31/2019	$27,419	$1,629	$18,500	$47,548
	8/31/2020	$26,944	$1,661	$18,500	$47,105
	8/31/2021	$24,655	$1,725	$18,500	$44,880
	8/31/2022	$21,970	$1,778	$18,500	$42,248
Projections[(2)]					
	12/31/2023	$26,450	$1,700	$18,500	$46,650
	12/31/2024	$27,724	$1,700	$18,500	$47,924
	12/31/2025	$28,458	$1,700	$18,500	$48,858
	12/31/2026	$29,439	$1,700	$18,500	$49,639
	12/31/2027	$0	$0	$14,864	$14,864

(1) Source: PGW audited financial statements for fiscal year ended August 31, 2022.
(2) The Actuarial Valuation Report for the PGW Health and Life Insurance Plan GASB 75 Projected Costs – Discount Rate = 7.0%.

Table 39
Schedule of OPEB Funding Progress
(Dollar Amounts in Thousands of USD)

Actuarial valuation date	Actuarial value of assets	Actuarial liability	Unfunded actuarial liability	Funded ratio
12/31/2017[(1)]	$180,743	$559,631	$378,888	32.3%
12/31/2018[(1)]	$184,455	$520,533	$336,078	35.4%
12/31/2019[(1)]	$245,361	$493,570	$248,209	49.7%
12/31/2020[(1)]	$306,079	$507,667	$201,588	60.3%
12/31/2021[(1)]	$365,944	$515,175	$149,231	71.0%
12/31/2022[(2)]	$410,642	$529,184	$118,542	77.6%

(1) The Actuarial Valuation Report for the PGW Health and Life Insurance Plan for Retired Employees GASB 75 Financial Disclosure Report for the Fiscal Year Ended August 31, 2021.
(2) The Actuarial Valuation Report for the PGW Health and Life Insurance Plan GASB 75 Projected Costs – Discount rate = 7.0%.

CITY CASH MANAGEMENT AND INVESTMENT POLICIES

General Fund Cash Flow

Because the receipt of revenues into the General Fund generally lags behind expenditures from the General Fund during each Fiscal Year, the City issues notes in anticipation of General Fund revenues and makes payments from the Consolidated Cash Account (described below) to finance its on-going operations.

The timing imbalance referred to above results from a number of factors, principally the following: (i) Real Estate Taxes, BIRT, and Net Profits Taxes are not due until the latter part of the Fiscal Year; and (ii) the City experiences lags in reimbursement from other governmental entities for expenditures initially made by the City in connection with programs funded by other governments.

From time to time, the City issues, or PICA has issued on behalf of the City, tax and revenue anticipation notes. Each issue was repaid when due, prior to the end of the particular Fiscal Year. The City did not issue tax and revenue anticipation notes in Fiscal Year 2022. The City does not expect to issue tax and revenue anticipation notes in Fiscal Year 2023 or Fiscal Year 2024.

The repayment of the tax and revenue anticipation notes is funded through cash available in the General Fund.

Consolidated Cash

The Act of the General Assembly of June 25, 1919 (Pa. P.L. 581, No. 274, Art. XVII, § 6) authorizes the City to make temporary inter-fund loans between certain operating and capital funds. The City maintains a Consolidated Cash Account for the purpose of pooling the cash and investments of all City funds, except those which, for legal or contractual reasons, cannot be commingled (e.g., the Municipal Pension Fund, sinking funds, sinking fund reserves, funds of PGW, the Aviation Fund, the Water Fund, and certain other restricted purpose funds). A separate accounting is maintained to record the equity of each member fund that participates in the Consolidated Cash Account. The City manages the Consolidated Cash Account pursuant to the procedures described below.

To the extent that any member fund temporarily experiences the equivalent of a cash deficiency, an advance is made from the Consolidated Cash Account, in an amount necessary to result in a zero balance in the cash equivalent account of the borrowing fund. All subsequent net receipts of a member fund that has negative equity are applied in repayment of the advance.

All advances are made within the budgetary constraints of the borrowing funds. Within the General Fund, this system of inter-fund advances has historically resulted in the temporary use of tax revenues or other operating revenues for capital purposes and the temporary use of capital funds for operating purposes. With the movement of the reimbursable component of DHS activities from the General Fund to the Grants Revenue Fund, a similar system of advances has resulted in the use of tax revenues or other operating revenues in the General Fund to make expenditures from the Grants Revenue Fund, which advances may be outstanding for multiple Fiscal Years, but which are expected to be reimbursed by the Commonwealth.

The City, in addition to maintaining an ongoing cash reconciliation process, is reviewing and reconciling certain unidentified variances in the Consolidated Cash Account. The reconciliation process, in short, reconciles the account balance and activity shown on the records of the bank at which the cash balance of the Consolidated Cash Account is maintained to that shown on the City's records. The City's records were not consistently reconciled for the period of July 1, 2014 – June 30, 2017. The balance in the Consolidated Cash Account on the City's records was higher than the account balance on the bank's records by approximately $40 million, which is attributable principally to unidentified historic variances. The City engaged the services of an auditing firm to undertake a complete reconciliation and resolve the unidentified variances. In January 2019, a final audit report was delivered. The final reported variance was $528,606 and the City has written-off such amount, which completes the reconciliation efforts for the period of July 1, 2014 – June 30, 2017.

Procedures governing the City's cash management operations require the General Fund-related operating fund to borrow initially from the General Fund-related capital fund, and only to the extent there is a deficiency in such fund may the General Fund-related operating fund borrow money from any other funds in the Consolidated Cash Account.

Investment Practices

Cash balances in each of the City's funds are managed to maintain daily liquidity to pay expenses, and to make investments that preserve principal while striving to obtain the maximum rate of return. Pursuant to the City Charter, the City Treasurer is the City official responsible for managing cash collected into the City Treasury. The available cash balances in excess of daily expenses are placed in demand accounts, swept into money market mutual funds, or used to make investments directed by professional investment managers. These investments are held in segregated trust accounts at a separate financial institution. Cash balances related to revenue bonds for water and sewer and the airport are directly deposited and held separately in trust. A fiscal agent manages these cash balances in accordance with the applicable bond documents and the investment practice is guided by administrative direction of the City Treasurer per the Investment Committee and the Investment Policy (as described below). In addition, certain operating cash deposits (such as Community Behavioral Health, Special Gas/County Liquid and "911" surcharge) of the City are restricted by purpose and required to be segregated into accounts in compliance with federal or Commonwealth reporting.

Investment guidelines for the City are embodied in Section 19-202 of the Philadelphia Code. In furtherance of these guidelines, as well as Commonwealth and federal legislative guidelines, the Director of Finance adopted a written Investment Policy (the "Policy") that went into effect in August 1994 and was most recently revised in January 2023. The Policy supplements other legal requirements and establishes guiding principles for the overall administration and effective management of all of the City's monetary funds (except the Municipal Pension Fund, the PGW Retirement Reserve Fund, the PGW OPEB Trust and the PGW Workers' Compensation Reserve Fund).

The Policy delineates permitted investments as authorized by the Philadelphia Code and the funds to which the Policy applies. Investment managers may invest in the instruments expressly listed in the Policy, which states that investments in instruments not listed as authorized investments are prohibited. The authorized investments include U.S. government securities, U.S. treasuries, U.S. agencies, repurchase agreements, commercial paper, corporate bonds, money market mutual funds, obligations of the Commonwealth, collateralized banker's acceptances and certificates of deposit, and collateralized mortgage obligations and pass-through securities directly issued by a U.S. agency or instrumentality, all of investment grade rating or better and with maturity limitations.

U.S. government treasury and agency securities carry no limitation as to the percent of the total portfolio. Commercial paper and corporate bonds are limited to investment of no more than 30% of the total portfolio. Repurchase agreements and money market mutual funds are limited to investment of no more than 25% of the total portfolio. Obligations of the Commonwealth and collateralized banker's acceptances and certificates of deposit are limited to no more than 15% of the total portfolio.

Collateralized mortgage obligations and pass-through securities directly issued by a U.S. agency or instrumentality are limited to no more than 5% of the total portfolio.

U.S. government securities carry no limitation as to the percent of the total portfolio per issuer. U.S. agency securities are limited to no more than 33% of the total portfolio per issuer. Repurchase agreements and money market mutual funds are limited to no more than 10% of the total portfolio per issuer. Commercial paper, corporate bonds, obligations of the Commonwealth, collateralized banker's acceptances and certificates of deposit, and collateralized mortgage obligations and pass-through securities directly issued by a U.S. agency or instrumentality are limited to no more than 3% of the total portfolio per issuer.

The Policy provides for an ad hoc Investment Committee consisting of the Director of Finance, the City Treasurer and one representative each from the Water Department, the Department of Aviation, and PGW. The Investment Committee meets quarterly with each of the investment managers to review each manager's performance to date and to plan for the next quarter. Investment managers are given any changes in investment instructions at these meetings. The Investment Committee approves all modifications to the Policy. The Investment Committee may from time to time review and revise the Policy and does from time to time approve temporary waivers of the restrictions on assets based on cash management needs and recommendations of investment managers.

Investment managers provide monthly compliance reports to the Investment Committee, which certify that the manager has received, read, and established control measures for ensuring compliance with the Policy, and that the applicable City accounts are in compliance with the Policy. Such reports must include instances of non-compliance, if any, and indicate corrective action taken, gains or losses, and the timeframe, to bring the account into compliance.

The Policy expressly forbids the use of any derivative investment product as well as investments in any security whose yield or market value does not follow the normal swings in interest rates. Examples of these types of securities include, but are not limited to, structured notes, floating rate (excluding U.S. Treasury and U.S. agency floating rate securities) or inverse floating rate instruments, securities that could result in zero interest accrual if held to maturity, and mortgage derived interest and principal only strips. The City currently makes no investments in derivatives.

[REMAINDER OF PAGE INTENTIONALLY LEFT BLANK.]

DEBT OF THE CITY

General

Section 12 of Article IX of the Constitution of the Commonwealth provides that the authorized debt of the City "may be increased in such amount that the total debt of [the] City shall not exceed 13.5% of the average of the annual assessed valuations of the taxable realty therein, during the ten years immediately preceding the year in which such increase is made, but [the] City shall not increase its indebtedness to an amount exceeding 3.0% upon such average assessed valuation of realty, without the consent of the electors thereof at a public election held in such manner as shall be provided by law." The Supreme Court of Pennsylvania has held that bond authorizations once approved by the voters need not be reduced as a result of a subsequent decline in the average assessed value of City property. The general obligation debt subject to the limitation described in this paragraph is referred to herein as "Tax-Supported Debt."

The Constitution of the Commonwealth further provides that there shall be excluded from the computation of debt for purposes of the Constitutional debt limit, debt (herein called "Self-Supporting Debt") incurred for revenue-producing capital improvements that may reasonably be expected to yield revenue in excess of operating expenses sufficient to pay interest and sinking fund charges thereon. In the case of general obligation debt, the amount of such Self-Supporting Debt to be so excluded must be determined by the Court of Common Pleas of Philadelphia County upon petition by the City. Self-Supporting Debt is general obligation debt of the City, with the only distinction from Tax-Supported Debt being that it is not used in the calculation of the Constitutional debt limit. Self-Supporting Debt has no lien on any particular revenues.

For purposes of this Official Statement, Tax-Supported Debt and Self-Supporting Debt are referred to collectively as "General Obligation Debt." The term "General Fund-Supported Debt" is comprised of: (i) General Obligation Debt; and (ii) PAID, PMA, PPA, and PRA bonds, which are secured by agreements with the City to appropriate and pay amounts sufficient to pay principal, interest, or redemption price when due on the bonds.

Using the methodology described above, as of March 31, 2023, the Constitutional debt limitation for Tax-Supported Debt was $16,256,520,806. The total amount of authorized debt applicable to the debt limit was $2,784,316,000, including $1,042,981,000 of authorized but unissued debt, leaving a legal debt margin of 13,833,464,000. Based on the foregoing figures, the calculation of the legal debt margin is as follows:

Table 40
General Obligation Debt Limit
As of March 31, 2023
(Amounts in Thousands of USD)

Authorized, issued and outstanding	$1,741,335
Authorized and unissued	1,042,981
Total	$2,784,316
Less: Self-Supporting Debt	($352,614)
Less: Serial bonds maturing within a year	(8,645)
Total amount of authorized debt applicable to debt limit	2,423,057
Legal debt limit	16,256,521
Legal debt margin	$13,833,464

As a result of the implementation of the City's AVI, the assessed value of taxable real estate within the City has increased substantially. See "REVENUES OF THE CITY – Real Property Taxes." The $16.251 billion Constitutional debt limit calculation includes ten years of property values certified under the City's AVI program. Assuming no increase or decrease in property values used to calculate the Constitutional debt limit in Table 40, the Constitutional debt limit is estimated to be $22.792 billion by 2030.

The City is also empowered by statute to issue revenue bonds and, as of March 31, 2023, had outstanding $2,683,890,547 aggregate principal amount of Water and Wastewater Revenue Bonds ("Water and Wastewater Bonds"), $971,745,000 aggregate principal amount of Gas Works Revenue Bonds, and $1,511,885,000 aggregate principal amount of Airport Revenue Bonds. The City has also enacted ordinances authorizing the issuance of (i) up to $350 million aggregate principal amount in Airport Revenue Commercial Paper Notes for the Department of Aviation, (ii) up to $400 million of Airport Revenue Bonds to finance capital projects for the Department of Aviation (of which approximately $179.6 million has been issued), (iii) up to $270 million of Gas Works Revenue Notes to finance working capital and capital projects for PGW, (iv) up to $460 million of Gas Works Revenue Bonds to finance capital projects for PGW, of which approximately $203.2 million has been issued, (v) up to $400 million of Water and Wastewater Commercial Paper Notes for the Philadelphia Water Department, and (vi) up to $3.1 billion of Water and Wastewater Revenue Bonds for the Philadelphia Water Department, of which approximately $841.2 million has been issued. For information on recent and upcoming financings, see "OTHER FINANCING RELATED MATTERS – Recent and Upcoming Financings."

As of March 31, 2023, the principal amount of PICA Bonds outstanding was $10,870,000. The final maturity date for such PICA Bonds is June 15, 2023. For more information on PICA Bonds, see "– PICA Bonds" below.

Short-Term Debt

As provided in the PICA Act, the City's tax and revenue anticipation notes are general obligations of the City but do not constitute debt of the City subject to the limitations of the Constitutional debt limit. The City did not issue tax and revenue anticipation notes in Fiscal Year 2022. The City does not expect to issue tax and revenue anticipation notes in Fiscal Year 2023 or Fiscal Year 2024. See "OTHER FINANCING RELATED MATTERS – Recent and Upcoming Financings" and "CITY CASH MANAGEMENT AND INVESTMENT POLICIES – General Fund Cash Flow."

Long-Term Debt

The following table presents a synopsis of the bonded debt of the City and its component units as of the date indicated. Of the total balance of the City's General Fund-Supported Debt issued and outstanding as of March 31, 2023, approximately 34% is scheduled to mature within five Fiscal Years and approximately 70% is scheduled to mature within ten Fiscal Years. When PICA's outstanding bonds are included with the City's General Fund-Supported Debt, approximately 70% is scheduled to mature within ten Fiscal Years.

Table 41
Bonded Debt
as of March 31, 2023
(Amounts in Thousands of USD)[(1), (2)]

General Obligation Debt and PICA Bonds				
General Obligation Bonds		$1,741,335		
PICA Bonds		10,870		
Subtotal: General Obligation Debt and PICA Bonds			**$1,752,205**	
Other General Fund-Supported Debt[(3)]				
Philadelphia Municipal Authority				
Juvenile Justice Center	$73,600			
Public Safety Campus	56,370			
Energy Conservation	5,075			
		$135,045		
Philadelphia Authority for Industrial Development				
Pension capital appreciation bonds	$110,168			
Pension fixed rate bonds	856,435			
Stadiums	167,110			
Library	1,555			
Cultural and Commercial Corridor	61,135			
One Parkway	13,615			
Affordable Housing	43,360			
400 N. Broad[(4)]	224,280			
Art Museum	8,510			
Rebuild	70,555			
		$1,556,722		
Philadelphia Redevelopment Authority				
Neighborhood Transformation Initiative	124,380			
Home Repair Program	34,375			
Neighborhood Preservation Initiative	94,935			
		253,690		
Philadelphia Parking Authority		6,665		
Subtotal: Other General Fund-Supported Debt			**$1,952,122**	
Revenue Bonds				
Water Fund[(5)]		$2,683,890		
Aviation Fund[(5)]		1,511,885		
Gas Works[(5)]		971,745		
Subtotal: Revenue Bonds			**$5,167,520**	
Grand Total				**$8,871,847**

(1) Unaudited; figures may not sum due to rounding.
(2) For tables setting forth a ten-year historical summary of Tax-Supported Debt of the City and the School District and the debt service requirements to maturity of the City's outstanding bonded indebtedness as of June 30, 2022, see the Fiscal Year 2022 ACFR.
(3) The principal amount outstanding relating to the PAID 1999 Pension Obligation Bonds, Series B (capital appreciation bonds) is reflected as the accreted value thereon as of March 31, 2023.
(4) Includes (i) sublease payments of approximately $15.2 million annually for the police headquarters renovation; and (ii) an assumption that the City issues approximately $200 million in bonds in 2026 to acquire the project at an assumed interest rate of 5% over the next 20 years.
(5) Does not include any outstanding commercial paper or short-term note issuances for the Department of Aviation, the Water Department, or PGW, as applicable.

Table 42
Annual Debt Service on General Fund-Supported Debt
(as of March 31, 2023)
(Amounts in Millions of USD)[1]

Fiscal Year	General Obligation Debt[2] Principal	Interest[3]	Total	Other General Fund-Supported Debt[4], [5] Principal	Interest[6], [7]	Total	Aggregate General Fund-Supported Debt Principal	Interest	Total
2023	8.65	6.50	15.15	90.63	56.50	147.13	99.26	63.02	162.27
2024	113.38	75.16	188.54	146.33	111.30	257.63	259.71	186.45	446.17
2025	118.58	69.72	188.30	151.67	105.97	257.64	270.25	175.69	445.93
2026	116.58	64.25	180.83	168.25	88.55	256.80	284.83	152.80	437.63
2027	121.81	58.73	180.53	189.70	63.14	252.84	311.50	121.87	433.37
2028	127.90	53.02	180.92	199.70	56.04	255.74	327.60	109.06	436.66
2029	104.04	47.98	152.02	281.74	37.89	319.62	385.77	85.87	471.64
2030	121.06	43.17	164.23	74.19	27.60	101.79	195.25	70.77	266.01
2031	127.22	37.77	164.99	77.75	24.02	101.77	204.97	61.80	266.76
2032	132.98	32.09	165.07	38.12	20.86	58.98	171.10	52.94	224.04
2033	101.58	26.98	128.56	37.68	19.24	56.92	139.26	46.22	185.47
2034	91.43	22.80	114.22	53.75	17.58	71.33	145.17	40.38	185.55
2035	80.37	19.02	99.39	70.71	15.43	86.13	151.08	34.44	185.52
2036	84.03	15.35	99.37	35.89	12.68	48.56	119.91	28.03	147.94
2037	72.71	11.80	84.51	37.56	11.01	48.56	110.27	22.81	133.08
2038	76.04	8.55	84.59	39.31	9.25	48.55	115.35	17.80	133.15
2039	59.09	5.69	64.77	29.12	7.51	36.63	88.20	13.20	101.40
2040	26.83	3.37	30.19	20.56	6.26	26.81	47.38	9.62	57.00
2041	27.95	2.25	30.19	21.46	5.35	26.81	49.40	7.60	57.00
2042	29.16	1.04	30.20	22.40	4.40	26.80	51.55	5.45	57.00
2043	0.00	0.00	0.00	16.45	3.53	19.98	16.45	3.53	19.98
2044	0.00	0.00	0.00	17.26	2.72	19.98	17.26	2.72	19.98
2045	0.00	0.00	0.00	14.04	1.86	15.90	14.04	1.86	15.90
2046	0.00	0.00	0.00	14.76	1.14	15.90	14.76	1.14	15.90
2047	0.00	0.00	0.00	15.52	0.39	15.90	15.52	0.39	15.90
2048	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Total	**$1,741.34**	**$605.25**	**$2,346.58**	**$1,864.47**	**$710.21**	**$2,574.67**	**$3,605.79**	**$1,315.47**	**$4,921.26**

(1) Does not include letter of credit fees. Figures may not sum due to rounding.
(2) Includes both Tax-Supported Debt and Self-Supporting Debt. See "– General." Does not include PICA Bonds.
(3) Assumes interest rate on hedged variable rate bonds to be the associated fixed swap rate.
(4) Includes PAID, PMA, PPA, and PRA bonds, which are secured by agreements with the City to appropriate and pay amounts sufficient to pay principal, interest, or redemption price when due on such bonds, with capital appreciation bonds including only actual amounts payable. The original issuance amount of such capital appreciation bonds is included under the "Principal" column in the Fiscal Year such bonds mature and the full accretion amount at maturity less the original issuance amount is included in the "Interest" column in the Fiscal Year such bonds mature.
(5) Includes (i) sublease payments of approximately $15.2 million annually for the police headquarters renovation; and (ii) an assumption that the City issues approximately $200 million in bonds in 2026 to acquire the project at an assumed interest rate of 5% over the next 20 years.
(6) Assumes interest rate on hedged variable rate bonds to be the associated fixed swap rate.
(7) Net of capitalized interest.

Other Long-Term Debt Related Obligations

The City has entered into other contracts and leases to support the issuance of debt by public authorities related to the City pursuant to which the City is required to budget and appropriate tax or other general revenues to satisfy such obligations, as shown in Table 41. The City budgets all other long-term debt-related obligations as a single budget item with the exception of PPA.

The Hospitals Authority and the State Public School Building Authority have issued bonds on behalf of the Community College of Philadelphia ("CCP"). Under the Community College Act (Pa. P.L. 103, No. 31 (1985)), each community college must have a local sponsor, which for CCP is the City. As the local sponsor, the City is obligated to pay up to 50% of the annual capital expenses of CCP, which includes debt service. The remaining 50% is paid by the Commonwealth. Additionally, the City annually appropriates funds for a portion of CCP's operating costs (less tuition and less the Commonwealth's payment), as well as certain scholarship programs. The amount paid by the City in Fiscal Year 2022 was $48.1 million. The budgeted amount for Fiscal Year 2023 is $50.1 million. The current estimate for Fiscal Year 2023 is $50.2 million.

PICA Bonds

PICA has issued several series of bonds at the request of, or for the benefit of, the City (the "PICA Bonds"). Under the PICA Act (both before and after the recent amendments thereto), PICA no longer has authority to issue bonds to finance cash flow deficits but may refund bonds previously issued. The proceeds of the PICA Bonds were used to: (i) make grants to the City to fund its General Fund deficits, to fund all or a portion of the costs of certain City capital projects, to provide other financial assistance to the City to enhance operational productivity, and to defease certain of the City's general obligation bonds; (ii) refund other PICA Bonds; and (iii) pay costs of issuance.

On December 3, 2019, PICA issued $31,085,000 of its Series 2019 Special Tax Refunding Bonds (the "2019 PICA Bonds") to provide funds, together with other available funds, to defease certain of its PICA Bonds. On March 17, 2020, PICA issued $24,990,000 Series 2020 Special Tax Refunding Bonds (the "2020 PICA Bonds") to provide funds, together with other available funds, to defease certain of its PICA Bonds. Following the issuance of the 2019 PICA Bonds and 2020 PICA Bonds and the related defeasances, PICA has, as of March 31, 2023, $10,870,000 in PICA Bonds outstanding with a final maturity date of June 15, 2023.

The PICA Act authorizes the City to impose a tax for the sole and exclusive purposes of PICA. In connection with the adoption of the Fiscal Year 1992 budget and the execution of the PICA Agreement, as so authorized by the PICA Act, the City reduced the wage, earnings, and net profits taxes on City residents by 1.5% and enacted a new tax of 1.5% on wages, earnings, and net profits of City residents (the "PICA Tax"), which continues in effect. The PICA Tax secures the PICA Bonds.

Pursuant to recent amendments to the PICA Act, PICA may, at the request of the City, issue bonds to finance capital projects and certain additional bonds issued in accordance with the timelines set forth therein. Further, the amendments to the PICA Act provide that the PICA Tax will continue to be authorized and dedicated for so long as PICA remains in existence (regardless of whether any PICA Bonds are outstanding). As amended, the PICA Act provides that PICA will remain in existence until the later of January 2, 2047 or one year after all its liabilities are met or, in the case of PICA Bonds, one year after provision for such payment shall have been made or provided for in the applicable bond indenture. The City expects to amend the PICA Agreement and the PICA Tax ordinance to extend their durations and update certain other provisions therein in order to reflect the amendments to the PICA Act. Legislation extending the PICA Tax has been introduced in City Council.

At any time, the City is authorized to increase for its own use its various taxes, including its wage, earnings, and net profits taxes on City residents and could do so upon the expiration of the PICA Tax. Certain taxes, such as sales, liquor, and hotel taxes, among others, cannot be increased by the City without Commonwealth approval.

The PICA Tax is collected by the City's Department of Revenue, as agent of the State Treasurer, and deposited in the Pennsylvania Intergovernmental Cooperation Authority Tax Fund (the "PICA Tax Fund") of which the State Treasurer is custodian. The PICA Tax Fund is not subject to appropriation by City Council or the General Assembly. See "THE GOVERNMENT OF THE CITY OF

PHILADELPHIA – Local Government Agencies – *Non-Mayoral-Appointed or Nominated Agencies –* PICA."

The PICA Act authorizes PICA to pledge the PICA Tax to secure its bonds and prohibits the Commonwealth and the City from repealing the PICA Tax or reducing its rate while PICA remains in existence. PICA Bonds are payable from PICA revenues, including the PICA Tax, pledged to secure PICA's bonds, the Bond Payment Account (as described below) and any debt service reserve fund established for such bonds and have no claim on any revenues of the Commonwealth or the City.

The PICA Act establishes a "Bond Payment Account" for PICA as a trust fund for the benefit of PICA bondholders and authorizes the creation of a debt service reserve fund for bonds issued by PICA. The State Treasurer is required to pay the proceeds of the PICA Tax held in the PICA Tax Fund directly to the Bond Payment Account. The proceeds of the PICA Tax in excess of amounts required for: (i) debt service; (ii) replenishment of any debt service reserve fund for bonds issued by PICA; and (iii) certain PICA operating expenses, are required to be deposited in a trust fund established exclusively to benefit the City and designated the "City Account." Amounts in the City Account are required to be remitted to the City not less often than monthly, unless PICA certifies the City's non-compliance with the then-current five-year financial plan.

The total amount of PICA Tax remitted by the State Treasurer to PICA (which is net of the costs of the State Treasurer in collecting the PICA Tax), PICA annual debt service and investment expenses, and net PICA tax revenue remitted to the City for Fiscal Years 2019-2022 and the budgeted amounts and current estimates for Fiscal Year 2023 are set forth below.

Table 43
Summary of PICA Tax Remitted by the State Treasurer to PICA
and Net Taxes Remitted by PICA to the City
(Amounts in Millions of USD)[(1)]

Fiscal Year	PICA Tax[(2)]	PICA Annual Debt Service and Expenses[(2)]	Net taxes remitted to the City[(3)]
2019 (Actual)	$528.7	$35.2	$493.6
2020 (Actual)	$534.4	$38.4	$495.9
2021 (Actual)	$524.2	$15.2	$509.0
2022 (Actual)	$585.6	$30.5	$555.1
2023 (Adopted Budget)	$583.9	$23.0	$560.9
2023 (Current Estimate)	$622.6	$23.0	$599.6

(1) Figures may not sum due to rounding.
(2) Source: The City's Quarterly City Manager's Reports or the budget for the applicable Fiscal Year.
(3) Source: For Fiscal Years 2019-2022, the City's ACFRs for such Fiscal Years. For Fiscal Year 2023, the Fiscal Year 2023 Adopted Budget and Proposed Fiscal Year 2024 Budget.

OTHER FINANCING RELATED MATTERS

Swap Information

The City is a party to various swaps related to its outstanding General Fund-Supported Debt as detailed in the table below.

Table 44
Summary of Swap Information
for General Fund-Supported Debt (as of March 31, 2023)

City Entity	City GO	City Lease PAID	City Lease PAID
Related Bond Series	2009B[(1)]	2007B-2 (Stadium)[(3)]	2007B-2 (Stadium)[(4)]
Initial Notional Amount	$313,505,000	$217,275,000	$72,400,000
Current Notional Amount	$100,000,000	$39,138,863	$13,041,137
Termination Date	8/1/2031	10/1/2030	10/1/2030
Product	Fixed Payer Swap	Fixed Payer Swap	Fixed Payer Swap
Rate Paid by Dealer	SIFMA	SIFMA	SIFMA
Rate Paid by City Entity	3.829%	3.9713%	3.9713%
Dealer	Royal Bank of Canada	JPMorgan Chase Bank, N.A.	Merrill Lynch Capital Services, Inc.
Fair Value[(2)]	($6,470,679)	($2,501,893)	($833,691)
Additional Termination Events	For Dealer: Rating change below BBB- or Baa3 For City: Rating change below BBB- or Baa3 upon insurer event (includes insurer being rated below A- or A3)	For Dealer: Rating change below BBB- or Baa3 For PAID: Rating change below BBB- or Baa3 upon insurer event (includes insurer being rated below A- or A3)	For Dealer: Rating change below BBB- or Baa3 For PAID: Rating change below BBB- or Baa3 upon insurer event (includes insurer being rated below A- or A3)

(1) On July 28, 2009, the City terminated a portion of the swap in the amount of $213,505,000 in conjunction with the refunding of its Series 2007B bonds with the Series 2009A fixed rate bonds and the Series 2009B variable rate bonds. The City made a termination payment of $15,450,000.

(2) Fair values are as of March 31, 2023, and are shown from the City's perspective and include accrued interest.

(3) On July 15, 2014, PAID terminated a portion of the swap in the amount of $41,555,000 in conjunction with the refunding of a portion of its Series 2007B bonds with the Series 2014B fixed rate bonds. PAID made a termination payment of $4,171,000 to JPMorgan. On September 11, 2019, PAID terminated a portion of the swap in the amount of $33,455,654 in conjunction with the refunding of a portion of its Series 2007B bonds with the Series 2019 fixed rate bonds. PAID made a termination payment of $6,051,000 to JPMorgan.

(4) On July 15, 2014, PAID terminated a portion of the swap in the amount of $13,840,000 in conjunction with the refunding of a portion of its Series 2007B bonds with the Series 2014B fixed rate bonds. PAID made a termination payment of $1,391,800 to Merrill Lynch. On September 11, 2019, PAID terminated a portion of the swap in the amount of $11,149,346 in conjunction with the refunding of a portion of its Series 2007B bonds with the Series 2019 fixed rate bonds. PAID made a termination payment of $1,998,000 to Merrill Lynch.

While the City is party to several interest rate swap agreements, for which there is General Fund exposure and on which the swaps currently have a negative mark against the City, the City has no obligation to post collateral on these swaps while the City's underlying ratings are investment grade.

For more information related to certain swaps entered into in connection with revenue bonds issued for PGW, the Water Department, and the Department of Aviation, see the Fiscal Year 2022 ACFR. In addition, PICA has entered into swaps, which are detailed in the Fiscal Year 2022 ACFR.

Swap Policy

The City has adopted a swap policy for the use of swaps, caps, floors, collars and other derivative financial products (collectively, "swaps") in conjunction with the City's debt management. The swap program managed by the City includes swaps related to the City's general obligation bonds, tax-supported service contract debt issued by related authorities, debt of the Water Department, Department of Aviation, and debt of PGW. Swaps related to debt of PICA, the School District, and the PPA are managed by those governmental entities, respectively.

The Director of Finance has overall responsibility for entering into swaps. Day-to-day management of swaps is the responsibility of the City Treasurer, and the Executive Director of the Sinking Fund Commission is responsible for making swap payments. The Office of the City Treasurer and the Law Department coordinate their activities to ensure that all swaps that are entered into are in compliance with applicable federal, state, and local laws.

The swap policy addresses the circumstances when swaps can be used, the risks that need to be evaluated prior to entering into swaps and on an ongoing basis after swaps have been executed, the guidelines to be employed when swaps are used, and how swap counterparties will be chosen. The swap policy is used in conjunction with the City's Debt Management Policy, reviewed annually, and updated as needed.

Under the swap policy, permitted uses of swaps include: (i) managing the City's exposure to floating interest rates through interest rate swaps, caps, floors and collars; (ii) locking in fixed rates in current markets for use at a later date through the use of forward starting swaps and rate locks; (iii) reducing the cost of fixed or floating rate debt through swaps and related products to create "synthetic" fixed or floating rate debt; and (iv) managing the City's credit exposure to financial institutions and other entities through the use of offsetting swaps.

Since swaps can create exposure to the creditworthiness of financial institutions that serve as the City's counterparties on swap transactions, the City has established standards for swap counterparties. As a general rule, the City enters into transactions with counterparties whose obligations are rated in the A rated category or better from two nationally recognized rating agencies. If counterparty's credit rating is below the double-A rating category, the swap policy requires that the City's exposure be collateralized. If a counterparty's credit is downgraded below the A category, even with collateralization, the swap policy requires a provision in the swap permitting the City to exercise a right to terminate the transaction prior to its scheduled termination date.

LIBOR Phase-Out

The City has one outstanding debt instrument (a PGW swap) that uses London Interbank Offered Rate ("LIBOR") based rates as the reference rate for determining the interest rate and/or other payment obligations thereunder. After June 30, 2023, the 1-month, 3-month, and 6-month US dollar LIBOR settings will permanently cease.

In connection with the PGW swap, the City submitted an adherence letter to the International Swaps and Derivatives Association, Inc., ("ISDA") indicating the City's adherence to the ISDA Fallbacks Protocol (the "ISDA Protocol"). The City's swap counterparty has also agreed to adhere to the ISDA Protocol, which together with the City's adherence, incorporates the ISDA Protocol interest rate fallback language in the PGW swap agreement. Such fallback provisions lay out a process that uses the secured overnight funding rate ("SOFR"), plus the defined spread, to determine a replacement rate for LIBOR, after its permanent discontinuance or earlier cessation.

Letter of Credit Agreements

The City has entered into various letter of credit agreements related to its General Fund-Supported Debt as detailed in the table below. Under the terms of such letter of credit agreements, following a purchase of the applicable bonds, the City may be required to amortize such bonds more quickly than as originally scheduled at issuance.

Table 45
Summary of Letter of Credit Agreements for General Fund-Supported Debt as of March 31, 2023

Variable Rate Bond Series	Amount Outstanding	Bond Maturity Date	Provider	Expiration Date	Rating Thresholds [1]
General Obligation Multi-Modal Refunding Bonds, Series 2009B	$100,000,000	August 1, 2031	Barclays Bank PLC	May 23, 2025	The long-term rating assigned by any one of the rating agencies to any unenhanced long-term parity debt of the City is (i) withdrawn or suspended for credit-related reasons or (ii) reduced below investment grade.
PAID Multi-Modal Lease Revenue Refunding Bonds, Series 2007B-2	$52,180,000	October 1, 2030	TD Bank	May 29, 2024	The long-term ratings assigned by at least two of the rating agencies to any unenhanced general obligation bonds of the City is (i) withdrawn or suspended for credit-related reasons, or (ii) reduced below investment grade.

[1] The occurrence of a Rating Threshold event would result in an event of default under the reimbursement agreement with the related bank.

[REMAINDER OF PAGE INTENTIONALLY LEFT BLANK.]

Recent and Upcoming Financings

Recent Financings. The following is a list of financings that the City has entered into in Fiscal Year 2023.

- In August 2022, the City issued $294,810,000 in Water and Wastewater Revenue Bonds.

Upcoming Financings. In addition to the financing contemplated by this Official Statement, the following is a list of financings that the City expects to enter into in calendar year 2023.

- In 2023, PEA expects to issue approximately $90 million in City Service Agreement Revenue Bonds for the benefit of the City in connection with a street lighting project.

- In 2023, PAID expects to issue approximately $85 million in City Service Agreement Revenue Bonds for the benefit of the City as the second phase of financing for the Rebuild Program.

- In 2023, the City expects to issue approximately $460 million in Water and Wastewater Revenue Bonds.

- In 2023, the City expects to issue approximately $420 million in General Obligation Bonds.

[REMAINDER OF PAGE INTENTIONALLY LEFT BLANK.]

CITY CAPITAL PROGRAM

As part of the annual budget process, the Mayor submits for approval a six-year capital program to City Council, together with the proposed operating budget. For more information on the City's budget process, see "DISCUSSION OF FINANCIAL OPERATIONS – Budget Procedure."

Certain Historical Capital Expenditures

Table 46 shows the City's historical expenditures for Fiscal Years 2018-2022 for certain capital purposes, including expenditures for projects related to transit, streets and sanitation, municipal buildings, recreation, parks, museums, and stadia, and economic and community development. The source of funds used for such expenditures are primarily general obligation bond proceeds, but also include federal, state, private, and other government funds and operating revenue. Figures in the table below are generated after the Fiscal Year closes and may not sum due to rounding.

Table 46
Historical Expenditures for Certain Capital Purposes
Fiscal Years 2018-2022

Purpose Category	2018	2019	2020	2021	2022
Transit	$ 7,284,978	$ 7,511,909	$ 2,118,190	$ 275,524	$ 7,391,397
Streets & Sanitation	27,626,173	51,724,238	55,819,152	74,069,852	49,505,218
Municipal Buildings	75,096,668	76,886,156	113,997,857	88,706,617	89,560,752
Recreation, Parks, Museums & Stadia	61,839,958	42,098,687	23,488,384	28,727,639	26,443,401
Economic & Community Development	18,288,380	17,060,541	19,160,053	10,219,384	12,952,262
Total	**$190,136,157**	**$195,281,531**	**$214,583,636**	**$201,999,016**	**$185,853,030**

Table 47 shows the City's historical expenditures for Fiscal Years 2018-2022 for certain capital purposes from general obligation bond proceeds only and the percentage of the total costs covered by such proceeds in such Fiscal Years. Figures in the table below are generated after the Fiscal Year closes and may not sum due to rounding.

Table 47
Historical Expenditures for Certain Capital Purposes
(General Obligation Bond Proceeds Only)
Fiscal Years 2018-2022

Purpose Category	2018	2019	2020	2021	2022
Transit	$ 7,227,880	$ 7,509,010	$ 2,115,963	$ 274,336	$ 7,391,397
Streets & Sanitation	19,601,019	27,508,365	30,392,324	27,389,047	20,984,230
Municipal Buildings	70,850,458	70,306,949	86,218,008	60,609,517	62,468,532
Recreation, Parks, Museums & Stadia	54,534,870	35,427,491	10,870,133	23,396,808	21,981,840
Economic & Community Development	18,288,380	17,060,541	19,160,053	9,934,028	11,301,908
Total	**$170,502,607**	**$157,812,356**	**$148,756,480**	**$121,603,736**	**$124,127,907**
Percentage of Total Costs	**90%**	**81%**	**69%**	**60%**	**67%**

Fiscal Year 2023-2028 Adopted Capital Program

The Fiscal Year 2023-2028 Adopted Capital Program contemplates a total budget of $11.06 billion (compared to $9.47 billion as budgeted in the Fiscal Year 2022-2027 Adopted Capital Program). In the Fiscal Year 2023-2028 Adopted Capital Program, approximately $3.96 billion is expected to be provided from federal, Commonwealth, and other sources and approximately $7.10 billion through City funding. For Fiscal Year 2023, the City has budgeted $3.86 billion for capital projects (compared to $3.26 billion in Fiscal Year 2022). The following table shows the amounts budgeted each year from various sources of funds for capital projects in the Fiscal Year 2023-2028 Adopted Capital Program.

Table 48
Fiscal Year 2023-2028 Adopted Capital Program
(Amounts in Thousands of USD)

Funding Source	2023	2024	2025	2026	2027	2028	2023-2028
City Funds--Tax Supported							
Carried-Forward Loans	539,978	-	-	-	-	-	539,978
Operating Revenue	258,716	11,250	11,250	11,250	11,250	750	304,466
New Loans	202,835	179,296	178,760	177,656	177,973	178,096	1,094,616
Prefinanced Loans	3,491	-	-	-	-	-	3,491
PICA Prefinanced Loans	17,178	-	-	-	-	-	17,178
Tax Supported Subtotal	**$1,022,198**	**$190,546**	**$190,010**	**$188,906**	**$189,223**	**$178,846**	**$1,959,729**
City Funds--Self Sustaining							
Self-Sustaining Carried Forward Loans	586,755	-	-	-	-	-	586,755
Self-Sustaining Operating Revenue	158,303	47,981	49,946	56,585	56,714	56,733	426,262
Self-Sustaining New Loans	680,374	707,654	702,524	864,923	619,312	551,799	4,126,586
Self-Sustaining Subtotal	**$1,425,432**	**$755,635**	**$752,470**	**$921,508**	**$676,026**	**$608,532**	**$5,139,603**
Other City Funds							
Revolving Funds	30,000	17,500	17,500	17,500	17,500	-	100,000
Other Than City Funds							
Carried-Forward Other Government	33,206	-	-	-	-	-	33,206
Other Government Off Budget	974	1,498	1,628	1,540	1,438	1,354	8,432
Other Governments/Agencies	3,100	100	100	100	100	100	3,600
Carried-Forward State	277,641	-	-	-	-	-	277,641
State Off Budget	175,165	190,914	199,118	199,590	204,943	207,612	1,177,342
State	49,345	51,104	47,147	47,103	61,147	54,626	310,472
Carried-Forward Private	110,667	-	-	-	-	-	110,667
Private	13,470	7,080	5,949	5,784	4,131	4,057	40,471
Carried-Forward Federal	485,908	-	-	-	-	-	485,908
Federal Off-Budget	117,240	106,454	134,466	125,843	101,042	107,734	692,779
Federal	116,055	138,670	102,725	101,906	129,148	127,945	716,449
Other Than City Funds Subtotal	**$1,382,771**	**$495,820**	**$491,133**	**$481,866**	**$501,949**	**$503,428**	**$3,856,967**
TOTAL	**$3,860,401**	**$1,459,501**	**$1,451,113**	**$1,609,780**	**$1,384,698**	**$1,290,806**	**$11,056,299**

LITIGATION

Generally, judgments and settlements on claims against the City are payable from the General Fund, except for claims against the Water Department, the Department of Aviation, and PGW, which are paid out of their respective funds or revenues and only secondarily out of the General Fund.

The Act of October 5, 1980, P.L. 693, No. 142, known as the "Political Subdivision Tort Claims Act," (the "Tort Claims Act") established a $500,000 aggregate limitation on damages for injury to a person or property 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 on damages was upheld by the Pennsylvania Supreme Court in *Zauflik v. Pennsbury School District*, 104 A.3d 1096 (Pa. 2014). The statutory limitation on damages is the subject of a renewed constitutional challenge in a case now pending in one of Pennsylvania's intermediate appellate courts. Under Pennsylvania Rule of Civil Procedure 238, delay damages are not subject to the $500,000 limitation. The limit on damages is inapplicable to any suit against the City that does not arise under state tort law, such as claims made against the City under federal civil rights laws.

General Fund

The following table presents the City's aggregate losses from settlements and judgments paid out of the General Fund for Fiscal Years 2019-2022 and the budgeted amount for Fiscal Year 2023.

Table 49
Aggregate Losses – General and Special Litigation Claims (General Fund)
Fiscal Years 2019-2022 (Actual) and 2023 (Budget)
(Amounts in Millions of USD)

	Actual 2019	Actual 2020	Actual 2021	Actual 2022	Budget 2023
Aggregate Losses	$45.3	$47.7	$47.7	$48.0	$63.8

Sources: The City, Budget Office, Indemnity Account, Status Reports.

The current estimate of settlements and judgments from the General Fund for Fiscal Year 2023 is $69.2 million. Such estimate is based on internal calculations using (i) the "Possible Costs" listed in its Quarterly Litigation Reports, (ii) the 3-year average cost for closed cases, and (iii) current year-to-date spending reports. Current year spending includes payments made for settled cases pursuant to payment plans over multiple years. Such payments are generally made at the start of a Fiscal Year, which can result in the current estimate being skewed higher during the early part of such Fiscal Year.

In budgeting for settlements and judgments in the annual operating budget and projecting settlements and judgments for each five-year plan, the City bases its estimates on past experience and on an analysis of estimated potential liabilities and the timing of outcomes, to the extent a proceeding is sufficiently advanced to permit a projection of the timing of a result. General and special litigation claims are budgeted separately from back-pay awards and similar settlements relating to labor disputes. Usually, some of the costs arising from labor litigation are reported as part of current payroll expenses.

In addition to routine litigation incidental to performance of the City's governmental functions and litigation arising in the ordinary course relating to contract and tort claims and alleged violations of law, certain special litigation matters are currently being litigated and/or appealed and adverse final outcomes of such litigation could have a substantial or long-term adverse effect on the General Fund. These proceedings involve: (i) environmental-related actions and proceedings in which it has been or may be alleged that the City is liable for damages, including but not limited to property damage and bodily injury, or that the City should pay fines or penalties or the costs of response or remediation, because of the alleged generation, transport, or disposal of toxic or otherwise hazardous substances by the City, or the alleged disposal of such substances on or to City-owned property; (ii) contract disputes and other commercial litigation; (iii) union arbitrations and other employment-related litigation; (iv) potential and certified class action suits; and (v) civil rights litigation. The ultimate outcome and fiscal impact, if any, on the General Fund of the claims and proceedings described in this paragraph are not currently predictable. See Note IV.8 to the Fiscal Year 2022 ACFR, "Contingencies – Primary Government – Claims and Litigation."

In addition, see "REVENUES OF THE CITY – Real Property Taxes" for a discussion of litigation relating to the reassessment of commercial property in tax year 2018.

Water Fund

Various claims have been asserted against the Water Department and in some cases lawsuits have been instituted. Many of these Water Department claims have been reduced to judgment or otherwise settled in a manner requiring payment by the Water Department. The following table presents the Water Department's aggregate losses from settlements and judgments paid out of the Water Fund for Fiscal Years 2019-2022 and the budgeted amount for Fiscal Year 2023. The current estimate for Fiscal Year 2023 is $6.8 million. The Water Fund is the first source of payment for any of the claims against the Water Department.

Table 50
Aggregate Losses – General and Special Litigation Claims (Water Fund)
Fiscal Years 2019-2022 (Actual) and 2023 (Budget)
(Amounts in Millions of USD)

	Actual 2019	Actual 2020	Actual 2021	Actual 2022	Budget 2023
Aggregate Losses	$3.3	$3.9	$2.5	$5.8	$6.0

Sources: The City, Budget Office, Indemnity Account, Status Reports.

[REMAINDER OF PAGE INTENTIONALLY LEFT BLANK.]

Aviation Fund

Various claims have been asserted against the Department of Aviation and in some cases lawsuits have been instituted. Many of these Department of Aviation claims have been reduced to judgment or otherwise settled in a manner requiring payment by the Department of Aviation. The following table presents the Department of Aviation's aggregate losses from settlements and judgments paid out of the Aviation Fund for Fiscal Years 2019-2022 and the budgeted amounts for Fiscal Year 2023. The current estimate for Fiscal Year 2023 is $1.8 million. The Aviation Fund is the first source of payment for any of the claims against the Department of Aviation.

Table 51
Aggregate Losses – General and Special Litigation Claims (Aviation Fund)
Fiscal Years 2019-2022 (Actual) and 2023 (Budget)
(Amounts in Millions of USD)

	Actual 2019	Actual 2020	Actual 2021	Actual 2022	Budget 2023
Aggregate Losses	$1.7	$1.3	$1.2	$1.0	$2.5

Sources: The City, Budget Office, Indemnity Account, Status Reports.

PGW

Various claims have been asserted against PGW and in some cases lawsuits have been instituted. Many of these PGW claims have been reduced to judgment or otherwise settled in a manner requiring payment by PGW. The following table presents PGW's settlements and judgments paid out of PGW revenues, with accompanying reserve information, in PGW Fiscal Years 2018 through 2022. PGW revenues are the first source of payment for any of the claims against PGW. PGW currently estimates approximately $3.8 million and $2.5 million in settlements and judgments for PGW Fiscal Years 2023 and 2024, respectively.

Table 52
Claims and Settlement Activity (PGW)
PGW Fiscal Years 2018-2024
(Amounts in Thousands of USD)

Fiscal Year (ending August 31)	Beginning of Year Reserve	Current Year Claims and Adjustments	Claims Settled	End of Year Reserve	Current Liability Amount (due within one year)
2018	$14,377	$2,910	($3,223)	$14,064	$6,100
2019	$14,064	($1,582)	($2,922)	$9,560	$3,925
2020	$9,560	$1,973	($2,091)	$9,442	$5,435
2021	$9,442	$2,384	($1,845)	$9,981	$4,584
2022	$9,981	$808	($2,536)	$8,253	$3,917
2023(1)	$8,253	$5,317	($3,767)	$9,803	$2,241
2024(2)	$9,803	$571	($2,518)	$7,856	$3,105

Sources: For fiscal years ended August 31, 2018, through August 31, 2022, PGW's audited financial statements.

(1) Estimated Period – September 1, 2022, through August 31, 2023.
(2) Budget Period – September 1, 2023, through August 31, 2024.

APPENDIX B

CITY SOCIOECONOMIC INFORMATION

TABLE OF CONTENTS

COVID-19

This APPENDIX B includes historical demographic and socioeconomic information regarding the City of Philadelphia (the "City" or "Philadelphia"), some of which describes periods of time prior to the outbreak of the COVID-19 pandemic in early 2020. The reader is cautioned that this APPENDIX B does not fully reflect the impact of COVID-19 on the City's demographic and socioeconomic conditions; nor does it address the impact of any related government, business, or policy initiatives. Historical data points included under this caption should be viewed in the proper context. Pre-pandemic trends should not be given undue weight, and it is unclear whether similar patterns will emerge in a post-pandemic environment.

The City has taken various emergency measures and other actions to respond to the spread of COVID-19 in the City. While the City continues to closely monitor and assess the effects of the COVID-19 pandemic and its impact on the City's financial position and operations, COVID-19 continues to have an impact on the City's demographic and socioeconomic conditions. While economic recovery in the City has continued, there remain significant uncertainties and risks to the City's key economic sectors and industries. It is likely that the impact of COVID-19 on the City, its economy and financial position, and its demographic and socioeconomic conditions will continue to change as circumstances and events evolve and may not be wholly apparent for some time.

For more information on the City's response to COVID-19 and the related financial impact on the City, see the forepart of this Official Statement and "INTRODUCTION – COVID-19 Response" and APPENDIX A – "OVERVIEW – Fiscal Health of the City – COVID-19."

INTRODUCTION

The City is the sixth largest city in the nation, second largest on the East Coast, and located at the center of the United States' seventh largest metropolitan statistical area. The Philadelphia MSA (further described below) includes a substantial retail sales market, as well as a diverse network of business suppliers and complementary industries. Some of the City's top priorities include growing quality jobs, increasing educational attainment and employment skills among Philadelphians, equitable neighborhood revitalization, promoting Philadelphia as a desirable location for business, and fostering inclusive growth.

According to the U.S. Census data, the City increased its population by 4.7% to 1.597 million residents in the ten years from 2012 to 2021. The City's population in the prior decade increased modestly (0.7%) to 1.53 million residents, ending six decades of population decline. While longer-term population growth trends have been positive, single year population estimates have shown modest decreases in City population figures from 2020 to 2022, with a loss of approximately 33,000 residents. The City is monitoring these short-term data points.

Given the City's strategic geographical location, relative affordability, diversified economy, cultural and recreational amenities, and its growing strength in key industries, Philadelphia is well-positioned to attract new businesses and investment over the coming years. For more information on the fiscal strategies of the City and related challenges, see APPENDIX A – "OVERVIEW – Fiscal Health of the City."

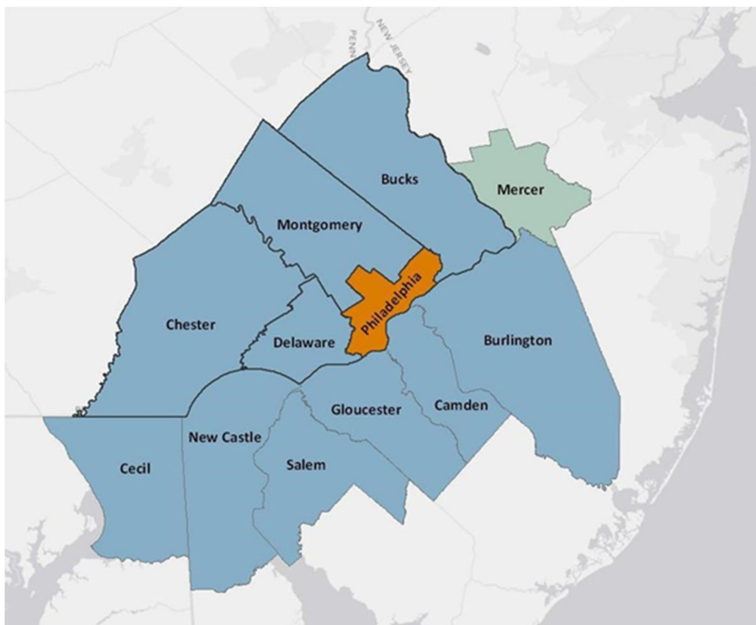
Geography

The City has an area of approximately 134 square miles and is located along the southeastern border of the Commonwealth of Pennsylvania (the "Commonwealth"), at the confluence of the Delaware and Schuylkill Rivers. The City, highlighted in orange in Figure 1, lies at the geographical and economic center of the MSA and PMSA (described below). Philadelphia is both the largest city and the only city of the first class in the Commonwealth, and is coterminous with the County of Philadelphia.

Philadelphia Metropolitan Statistical Area (the "MSA"), highlighted in blue in Figure 1, is the eleven-county area named the Philadelphia-Camden-Wilmington metropolitan statistical area, representing an area of over 5,100 square miles with approximately 6.2 million residents.[1]

Philadelphia Primary Metropolitan Statistical Area (the "PMSA"), highlighted with bold black outlines, in Figure 1, is a five-county area within the MSA that lies in the Commonwealth and is sometimes called the Philadelphia Metropolitan Division. The counties of Bucks, Chester, Delaware, and Montgomery are referred to as the Suburban PMSA herein.

Figure 1
Map of Philadelphia Region including the MSA, PMSA, and Mercer County, NJ



Source: 2009 TIGER County Shapefiles

Several key areas across the City have been instrumental to the economic and commercial development of Philadelphia over the past 25 years. In particular, concentrated development has occurred in key commercial districts such as Philadelphia's Historic District, Center City, University City, North Broad Street, Avenue of the Arts, Benjamin Franklin Parkway, and the Navy Yard. Center City is Philadelphia's central business and office region, as well as the strongest employment center within the City, with access to retail, dining, arts and culture, entertainment, and mass transportation services. Opened in 1929, the Benjamin Franklin Parkway (also called the "Parkway" or the "Museum Mile") runs from City Hall to the Philadelphia Museum of Art and serves as a central public space for art, museums, and other tourist attractions. West of Center City is University City – a hub for the health care, life sciences, and higher education sectors. East of Center City is Philadelphia's Historic District in Old City, which remains a major tourist destination year-round. The North Broad Street corridor is the City's main thoroughfare, spanning four miles from City Hall to Germantown Avenue. In South Philadelphia, the

[1] Due to its close proximity and impact on the region's economy, Mercer County, New Jersey, highlighted in green in Figure 1, is included in the MSA by many regional agencies, although it is not officially part of the MSA.

Navy Yard is a 1,200-acre former military facility that has been redeveloped into a mixed-use campus with over 150 companies in office, retail, research and development (R&D), life sciences, and industrial/manufacturing sectors. Many industry observers, including the Urban Land Institute, have recognized the Navy Yard as a leading model for repurposing military and industrial assets for a diversified modern economy.

Strategic Location

Philadelphia is at the center of the third largest MSA on the East Coast, and is served by a robust transportation infrastructure, including: the Philadelphia International Airport, Amtrak's Northeast Corridor rail service, major interstate highway access, regional train service provided by Southeastern Pennsylvania Transportation Authority ("SEPTA") and New Jersey's PATCO (as defined herein), and the Port of Philadelphia. Due to the transportation infrastructure centered in the City, Philadelphia is accessible to regional and international markets, and is within a day's drive of 50% of the nation's population. Philadelphia's central location along the East Coast, an hour from New York City and less than two hours from Washington, D.C. by high-speed rail, also allows for convenient access to these significant economic centers.

Population and Demographics

As the sixth largest city in the nation, Philadelphia has seen population growth over the last 15 years. While the City's population reached its nadir in 2006 with 1.45 million residents, the City has increased its population by 4.7% to 1.597 million residents in the ten years from 2012 to 2021. The City's population in the prior decade increased modestly (0.7%) to 1.53 million residents, ending six decades of population decline. Longer-term population growth trends have been positive. Recent, single year population estimates have shown modest decreases in City population figures from 2020 to 2022, with a loss of approximately 33,000 residents. Such short-term data points are being monitored and are often further refined and revised as more information becomes available.

Compared to the rest of the region and the state, Philadelphia's population is both younger and more diverse. In 2021, 18.9% of Philadelphia's population was comprised of "millennials," or those within the 25- to 39-year-old age bracket. This demographic group tends to be better educated than the City's and the nation's adult population as a whole. In 2021, 48% of 25- to 34-year-olds in Philadelphia held a bachelor's degree or higher, while only 37.4% of 25- to 34-year-olds in the United States held a bachelor's degree or higher. The City's many universities, diverse employment opportunities, and relative affordability are likely reasons for Philadelphia's large millennial population.

Philadelphia is also a highly diverse city in terms of race and ethnicity. In 2021, 39.65% of the population identified as Black or African American, 33.77% identified as white, 7.6% identified as Asian, and 7.2% identified as some other race. Additionally, 15.4% of the population identified as Hispanic or Latino/a.

Table 1

Population: City, MSA, Pennsylvania & Nation

	2000	2010	2020	2021	Percent Change 2000 - 2010	Percent Change 2010 - 2020
Philadelphia	1,517,550	1,528,427	1,603,797	1,596,865	0.7%	4.93%
Philadelphia-Camden-Wilmington MSA	5,687,147	5,972,049	6,092,403	6,215,222	5.0%	2.0%

Pennsylvania	12,281,054	12,712,343	12,964,056	12,970,650	3.5%	2.0%
United States	281,421,906	309,348,193	331,893,745	329,725,481	9.9%	7.3%

Source: U.S. Census Bureau, Population Estimates, Census 2021, Census 2020, Census 2010, Census 2000.

Table 2

Population: Millennials, Non-White, and Foreign-Born

	2012	2020	2021	1 Year Change	Change 2012-2021
Millennials (age 25-34)	16.3%	20.5%	18.9%	-1.6%	2.6%
Foreign-Born	11.8%	14.3%	14.3%	0.0%	2.5%
Minority (non-white)	25.8%	60.7%	61.5%	0.8%	35.7%

Source: 2012 and 2020 American Community Survey, 5-Year Estimates.

Family and Household Income

Table 3 shows median family income, which includes related people living together, and Table 4 shows median household income, which includes unrelated individuals living together, for Philadelphia, the MSA, the Commonwealth and the United States. Over the period 2012-2021, median family income for Philadelphia increased by 39.2% (see Table 3), while median household income increased by 43.7% over the period 2011-2020 as a result of an influx of higher income households (see Table 3).

[REMAINDER OF PAGE INTENTIONALLY LEFT BLANK.]

Table 3

Median Family Income* for Selected Geographical Areas, 2012-2021
(Dollar Amounts in Thousands)

Year	Philadelphia	Philadelphia-Camden-Wilmington MSA	Pennsylvania	United States	Philadelphia as a percentage of the US
2012	$44.30	$77.00	$65.10	$62.50	70.9%
2013	$44.60	$78.20	$66.50	$64.00	69.7%
2014	$47.00	$80.60	$67.90	$65.90	71.3%
2015	$49.30	$83.00	$70.20	$68.30	72.2%
2016	$50.30	$84.80	$72.30	$71.10	70.7%
2017	$50.40	$86.20	$72.70	$70.90	71.1%
2018	$55.10	$90.43	$77.49	$76.40	72.1%
2019	$54.78	$94.79	$81.08	$80.94	67.7%
2020	$58.09	$95.37	$81.00	$80.07	72.5%
2021	$61.65	$100.85	$86.14	$85.28	72.3%
Change 2012-2021	**39.2%**	**31.0%**	**32.3%**	**36.4%**	

* Includes related people living together.
Source: 2021 American Community Survey 5-Year Estimates.

Table 4

Median Household Income* for Selected Geographical Areas, 2012-2021
(Dollar Amounts in Thousands)

Year	Philadelphia	Philadelphia-Camden-Wilmington MSA	Pennsylvania	United States	Philadelphia as a percentage of the US
2012	$35.40	$60.10	$51.20	$51.40	68.9%
2013	$36.80	$60.50	$52.00	$52.30	70.4%
2014	$39.00	$62.20	$53.20	$53.70	72.6%
2015	$41.20	$65.10	$55.70	$55.80	73.8%
2016	$41.40	$66.00	$56.90	$57.60	71.9%
2017	$41.00	$66.30	$57.00	$57.70	71.1%
2018	$46.12	$70.75	$60.91	$61.94	74.5%
2019	$47.47	$74.53	$63.46	$65.71	72.2%
2020	$49.13	$74.83	$63.63	$64.99	75.6%
2021	$52.65	$79.07	$67.58	$69.02	76.3%
Change 2012-2021	**48.7%**	**31.6%**	**32.0%**	**34.3%**	

* Includes unrelated people living together.
Source: 2021 American Community Survey 5-Year Estimates.

Cost of Living and Affordability

Philadelphia has a lower cost of living compared to other major urban areas in the Northeast, as shown in Table 5 below. For example, approximately $5,845 per month in Philadelphia maintains the same standard of living as $9,100 per month in New York City. Additionally, the City's Wage, Earnings, and Net Profits Tax rates have decreased in recent Fiscal Years. See "REVENUES OF THE CITY – Wages, Earnings, and Net Profits Taxes" in APPENDIX A for this Official Statement.

Table 5

Cost of Living Index, 2023
(Other cities compared to Philadelphia)

Urban Area	Cost of Living Index
Detroit	87.21
Pittsburgh	90.60
Baltimore	96.92
Atlanta	96.92
Philadelphia	**100.00**
Dallas	100.92
Denver	106.32
Chicago	106.47
Austin	107.70
Los Angeles	117.87
Washington, D.C.	118.18
Boston	123.73
Seattle	124.81
San Francisco	148.07
New York- Manhattan	154.08
Average of Listed Locations	**111.99**

Source: Numbeo.com 2023

[REMAINDER OF PAGE INTENTIONALLY LEFT BLANK.]

ECONOMIC BASE AND EMPLOYMENT

The Philadelphia Economy

The City's economy is composed of diverse industries, with virtually all classes of industrial and commercial businesses represented. The City is a major regional business and personal services center with strengths in insurance, law, finance, health, education, utilities, and the arts. Philadelphia's anchor institutions – including the City's renowned universities, hospitals, and Fortune 500 companies – play an integral role in boosting the City's quality of life and investing in the local economy. The City also provides a destination for entertainment, arts, dining and sports for residents of the suburban counties, as well as for those residents of the counties comprising the MSA plus Mercer County, New Jersey.

As shown in Table 5, the cost of living in the City is relatively moderate and affordable compared to other major metropolitan areas along the East Coast. The City, as the commercial center of an MSA of approximately 6.2 million people, offers its business community access to a large, diverse, and industrious labor pool. As one of the country's education centers, these businesses also enjoy access to a large pool of recent graduates from the institutions of higher education in the MSA.

Key Industries

Table 6 provides location quotients for Philadelphia's most concentrated industry sectors. Location quotients quantify how concentrated a particular industry is in a region as compared to a base reference area, usually the nation. A location quotient greater than 1.00 indicates an industry with a greater share of the local area employment than is the case in the reference area.

As shown in Table 6, compared to the nation, Philadelphia County has higher concentrations in six sectors: 1. Educational Services; 2. Health Care and Social Assistance; 3. Professional and Technical Services; 4. Other Services, Except Public Administration; 5. Arts, Entertainment, and Recreation; and 6. Management of Companies and Enterprises.[2] Of these six sectors, the City has a higher concentration of employment than the Commonwealth in five sectors: Educational Services; Health Care and Social Assistance; Professional and Technical Services; Other Services, Except Public Administration; and Arts, Entertainment and Recreation.

[REMAINDER OF PAGE INTENTIONALLY LEFT BLANK.]

[2] The Bureau of Labor Statistics ("BLS") defines the "Other Services" (except Public Administration) sector as establishments engaged in providing services not specifically provided for elsewhere in the BLS classification system, such as equipment and machinery repairing, promoting or administering religious activities, grant making, advocacy, providing dry cleaning and laundry services, personal care services, death care services, pet care services, photofinishing services, temporary parking services, and dating services.

Table 6

Ratio of Philadelphia County and Pennsylvania Industry Concentrations Compared to the United States

Industry	Philadelphia County to the US	Pennsylvania to the US
Educational Services	4.20	1.54
Health Care and Social Assistance	1.83	1.29
Professional and Technical Services	1.24	0.95
Other Services, Except Public Administration	1.14	1.13
Arts, Entertainment, and Recreation	1.07	1.04
Management of Companies and Enterprises	1.08	1.50
Finance and Insurance	1.00	1.09
Transportation and Warehousing	0.90	1.19

Source: Bureau of Labor Statistics - September 2022 Employment Location Quotient, Quarterly Census of Employment and Wages

The concentration of Educational Services not only provides stable support to the local economy, but also generates a steady and educated workforce, fueling the City's professional services and healthcare industries. Data from the Bureau of Labor Statistics show that in 2021, the Education and Health Services; Professional and Business Services; and Trade, Transportation and Utilities sectors collectively represented 61.3% of total employment in the City for the year. From 2012 to 2021, Philadelphia gained 32,100 private sector jobs.

Educational Institutions

The Philadelphia region has one of the largest concentrations of undergraduate and graduate students on the East Coast, with approximately 100 degree-granting institutions. Included among these institutions are the University of Pennsylvania, Temple University, Drexel University, St. Joseph's University, LaSalle University, and the Community College of Philadelphia. Within a short drive from the city center are schools that include Princeton University, Villanova University, Bryn Mawr College, Haverford College, Swarthmore College, Lincoln University, and the Camden Campus of Rutgers University.

University of Pennsylvania ("Penn"). Founded in 1740, Penn is the first university in the United States. and a prominent Ivy League institution located in West Philadelphia. Combined with its health system, Penn is the largest private sector employer in Philadelphia. Penn is also consistently one of the largest annual recipients of funding from the National Institutes of Health (NIH).

Penn has undergone a significant expansion in the last decade. In 2016, Penn opened Pennovation Works, a 55,000 square foot business incubator and laboratory that houses researchers, innovators, and entrepreneurs for the commercialization of research discoveries. In 2022, Penn selected Longfellow Real Estate Partners, the nation's largest private developer of life sciences buildings, to lead construction worth $365 million for three new buildings covering 484,000 square feet. The new life sciences facility will be segmented into 387,000 square feet of research and development space and 68,000 square feet of biomanufacturing space, with rooftop terraces offering views of Philadelphia's skyline. The main complex will have two adjoining six-story buildings with flexible lab and office space for tenants. The facilities are the latest piece of the university's master plan for Pennovation Works, which saw the completion of the Inventor Office Building in 2018 and Pennovation Lab in 2021.

Currently, Penn has $1.3 billion in construction underway and $440 million more in the pipeline. The projects under construction include $772 million of new development, $388 million of reinvestment and renovations, and $133 million in projects underway by third-party developers. Projects include a $36 million expansion for the Graduate School of Education, a new $173 million Vagelos Laboratory for Energy Science and Technology, $69 million for a new Ott Center for Track and Field, $363 million to add seven floors to the Perelman School of Medicine.

Drexel University ("Drexel"). Founded in 1891, Drexel is one of Philadelphia's largest employers, and a major engine for economic development in the region. Drexel is known for its technical innovation and civic engagement. Drexel is unique in that it provides its students with a co-op work experience every six months throughout the four-year college experience. Over the last decade, Drexel has undergone significant expansion and has major plans for future development. Most recently in 2022, Drexel opened a new 460,000-square-foot, 12-story building that will bring together the College of Nursing and Health Professions, College of Medicine, and Graduate School of Biomedical Sciences and Professional Studies in University City, enhancing collaboration, research, and practice opportunities.

Temple University ("Temple"). Founded in 1884, Temple has undergone a significant transformation over the past three decades from a university with a mostly commuter-based enrollment to one in which on and near-campus housing is now in high demand. As the largest university and fourth largest employer in Philadelphia, Temple features 17 schools and colleges, nine campuses, and hundreds of degree programs. Temple continues to implement key elements of "Visualize Temple," the university's master plan by renovating its current buildings, adding new amenities, and new constructions. In 2019, Temple opened the new Charles Library, a four-story, 225,000-square-foot facility on main campus. In 2022, Temple began construction on its Innovation Hub, which will provide office, work, and collaboration spaces for start-up businesses. In 2023, Temple broke ground on a 160,000-square-foot expansion and 150,000-square-foot renovation of Paley Hall. Formerly known as Paley Library, the building will become the new home of Temple's College of Public Health (CPH) upon completion. The project is budgeted at almost $130 million.

Thomas Jefferson University ("Jefferson"). In 2017, Thomas Jefferson University and Philadelphia University merged to create the fourth largest university in the City. With this merger, Jefferson creates a national comprehensive university designed to deliver high-impact education and value for students in medicine, science, architecture, design, fashion, textiles, health, business, engineering, and other disciplines. In addition to ten colleges and three schools from both universities, the formation of the Philadelphia University Honors Institute and the Philadelphia University Design Institute are key components of the combined university's educational ecosystem. Jefferson has campuses in Center City, Philadelphia, East Falls, Montgomery County, Bucks County, and Atlantic County, New Jersey.

Community College of Philadelphia ("CCP" or the "College"). Founded in 1964, CCP serves over 19,000 students in Associate's degree and certificate programs. The College operates four campuses: its main Campus in Center City Philadelphia and three regional campuses in West Philadelphia, Northeast Philadelphia, and Northwest Philadelphia. The College offers a total of more than 100 Associate degrees, academic and proficiency certificates, and workforce programs. The College has several transfer agreements and partnerships with other higher education institutions, which assist students who seek a seamless transition to a bachelor's degree program.

In August 2022, the College opened a new $40 million Advanced Technology Center in West Philadelphia to offer short-term certificate and associate degree programs in the Automotive, Advanced Manufacturing, Health Care, and Transportation Technology fields. It will also serve as a hub supporting the region's small businesses and as a resource connecting the community to technology-rich spaces. The College is one of 30 community colleges in the nation to undertake a new Career Pathways model under which it has expanded its dual enrollment programs, including establishing the first Middle College in the Commonwealth, with the School District of Philadelphia. Upon completion of high school, enrolled students will receive both a high school degree and an Associate's degree. In 2021, the College launched the Octavius Catto Scholarship (the "Catto Scholarship"), which is a new anti-poverty initiative funded by the City of Philadelphia designed to make education available to students by providing funding and support for tuition and fees, costs associated with books, food, transportation, benefits, childcare, and housing. The Catto Scholarship is available to Philadelphia residents who also meet income eligibility.

Saint Joseph's University ("St. Joe's"). Saint Joseph's University (also called St. Joe's) was established in 1821. It is a private Jesuit university in Philadelphia and Lower Merion, Pennsylvania. In 2022, it merged with the University of the Sciences ("USciences") another well-established Philadelphia college with an emphasis on science oriented higher education. USciences was originally founded as the Philadelphia College of Pharmacy in 1821. The combined school is now the fifth largest university in Philadelphia and will serve over 9,000 students between two campuses. With the acquisition of additional academic programs, St. Joe's now offers hundreds of programs to undergraduate, graduate, and adult learners. The merger allows St. Joe's to add former USciences programs in areas such as pharmacy, neuroscience, and occupational therapy, in addition to established business and education offerings.

Hospitals and Medical Centers

The City is a center for health, education, research, and science facilities with the nation's largest concentration of healthcare resources within a 100-mile radius. Philadelphia is home to several world-class medical systems and the first FDA-approved cell and gene therapies. There are presently more than 30 hospitals, five medical schools, two dental schools, two pharmacy schools, as well as schools of optometry, podiatry, and veterinary medicine located in the City. The City is one of the largest health care and health care education centers in the world, and several of the nation's largest pharmaceutical companies are located in the Philadelphia area. Major research facilities are also located in the City, including those located at its universities and medical schools: Children's Hospital of Philadelphia ("CHOP"), the Hospital of the University of Pennsylvania, The Wistar Institute, the Fox Chase Cancer Center, and the University City Science Center. Philadelphia is home to two of the nation's 71 National Cancer Institute ("NCI")-designated Comprehensive Cancer Centers: the Abramson Cancer Center at the University of Pennsylvania and Fox Chase Cancer Center, which is part of the Temple University Health System. Additionally, Philadelphia is also home to two NCI-designated Cancer Centers: Kimmel Cancer Center and The Wistar Institute Cancer Center.

Penn Medicine University of Pennsylvania Health System ("Penn Medicine"). Penn Medicine includes Pennsylvania Hospital, the nation's first hospital and the nation's first medical school, the University of Pennsylvania School of Medicine. In addition, the Hospital of the University of Pennsylvania was established in 1874 as the nation's first teaching hospital. Penn Medicine's hospitals are consistently ranked among the top ten hospitals in the country with the combined University of Pennsylvania and Penn Presbyterian Medical Center among the top-ranked in the region by *U.S. News and World Report*. In 2021, Penn Medicine completed construction on a new 1.5 million square foot Patient Pavilion, one of the largest hospital projects underway in the nation and the largest capital project in Penn's history. Combined, the University of Pennsylvania and its health system is the largest private sector employer in Philadelphia.

Children's Hospital of Philadelphia Expansion ("CHOP"). CHOP is the oldest children's hospital in the nation and one of the largest in the world. Beyond its pediatric medical care, it is known for its research and innovative medical breakthroughs. Over the past two decades, CHOP has invested billions in its expansion in Philadelphia. In late 2022, CHOP opened a new Center for Advanced Behavioral Healthcare in West Philadelphia, with 47,000 square feet dedicated to patient care, including consultation rooms, group therapy rooms, and calming areas.

Temple UHealth System ("TUS"). Temple Health comprises the health, education and research activities carried out by the affiliates of Temple University Health System and the Lewis Katz School of Medicine at Temple University. TUS is one of the region's most respected academic medical centers. The 732-bed Philadelphia hospital is also the chief clinical training site for the Lewis Katz School of Medicine at Temple University. TUS is regularly ranked among the "Best Regional Hospitals" in various specialties by *U.S. News & World Report* regional rankings. A $30 million project to turn the former Cancer Treatment Center of America's Philadelphia campus into a women's hospital is expected to be completed in the spring of 2023 and open the hospital for inpatient care during the summer.

Thomas Jefferson University and Jefferson Health ("TJUH"). TJUH is consistently at the top of the list of hospitals in Pennsylvania and the Philadelphia metro area in *U.S. News & World Report*'s annual listing of the best hospitals and specialties. Jefferson Health has recently participated in several significant mergers, integrating Magee Hospital, Kennedy Health System (located in New Jersey), the Aria Health system, and Abington Hospital into its system. In 2017, Thomas Jefferson University acquired Philadelphia University and is now the ninth largest educational institution in Philadelphia. In 2021, Einstein Healthcare Network merged with Thomas Jefferson University, creating an integrated 18-hospital health system. Einstein Healthcare Network's facilities and outpatient centers have been in existence for over 150 years.

Life Sciences

The City is capitalizing on the region's assets to become a leader in research and development generated by life sciences and educational institutions. The Greater Philadelphia region is recognized worldwide as a leader in cell therapy, gene therapy, and gene editing. More than 45 cell and gene therapy development firms have been established in the Philadelphia region and investment is at an all-time high. Approximately 80% of all pharmaceutical and biotech companies in the U.S. have offices in Greater Philadelphia. The City has over 2,000 medical technology companies and countless research labs. In 2022, Philadelphia received over $1.2 billion in NIH funding.

Several sites now foster life science incubator facilities, including The Cambridge Innovation Center (CIC), 401 N. Broad, The Curtis Center, Schuylkill Yards, The Wistar Institute, University of Pennsylvania's Pennovation Works, and Drexel University. Developers at Wexford and Brandywine have several million square feet of laboratory space in various stages of development in Philadelphia. Other developers, such as Gattuso Development Partners, are actively developing research facilities including 500,000 square feet of laboratory space at 3201 Cuthbert Street.

Over the last few years, there has been a significant geographic shift in laboratory development. Prior to 2020, lab space was almost exclusively relegated to University City and the Navy Yard. Presently, there are recently completed and planned developments in the Gray's Ferry, Allegheny West, Kensington, and South Philadelphia neighborhoods. Significant developments are also planned in the traditional Navy Yard and University City hubs, including 40 acres of the Lower Schuylkill Biotech Campus. These developments accommodate all stages of life science company growth. With several million square feet of lab space in development and an approximate vacancy rate of 14% (compared to 1.4% in 2019), there is tremendous room for continued growth.

Technology and Innovation

With over 5,100 tech businesses, Philadelphia's Tech and Innovation industry is growing and evolving in the post pandemic world. From 2020-2021, the City's share of the nations' startups rose 1.7% according to the Brooking Institute. The City is poised to continue to expand its share of both startups and maturing tech firms as companies search for more affordable locales. Philadelphia's tech ecosystem will continue to benefit from the diffusion of firms from known traditional tech hubs. In addition to growing attraction efforts, Philadelphia's "eds and meds" along with media communications companies like Comcast/ NBC Universal have created sizable opportunities for investment in technology, robotics, and automation startups.

The traditional technology industry was once centered in the Old City section of Philadelphia, however, as the industry continues to evolve, co-working and lab spaces that house emerging tech startups have gone through a geographic shift. Bio Tech and robotics companies such as Ghost Robotics are more likely to be found in University City, on North Broad Street, or Spring Garden sections of the City.

The City's Most Diverse Tech Hub paired with The Enterprise Center's Innovate Capital, Benjamin Franklin Technology Partners, Comcast Lift Labs, Philly Startup Leaders, Coded by Kid's 1Philadelphia, and Venture Café, encourages growth and investment across the tech ecosystem. The Most Diverse Tech Hub manages a fund of $750,000 to support tech pipelines. Innovate Capital is growing an equity fund valued at $19 million to encourage BIPOC participation in the industry.

Hospitality and Leisure

Prior to the pandemic, the hospitality and leisure sector historically demonstrated consistent growth, setting a record-high for room revenue generated for lodging in 2019 until contracting in 2020. The City is regularly listed as a top domestic and international destination in tourism publications and was one of only three U.S. destinations to make Condé Nast Traveler's 2021 Gold List. Tourism Economics projects that it will take until 2023-2024 for Philadelphia's tourism and hospitality sector to fully rebound. With the commemoration of the nation's 250th birthday in 2026, as well as being one of 11 cities chosen to host the 2026 FIFA World Cup, Philadelphia could exceed prior levels of visitation as a major destination for meetings, trade shows, and leisure travel.

Philadelphia has seen an influx in new hotel development in recent years, with numerous new developments recently completed and underway. During 2019 and 2020, Philadelphia added eight major hotels, including the Four Seasons, Pod Philly, LIVE Hotel & Casino, Element Hotel, Hyatt Centric, W Hotel, Guild House, and Delta Hotel. In 2021, the Element by Westin, W Hotel, and Guild House Hotel also opened, adding 777 rooms and bringing the total downtown room inventory to 13,375. Additional projects are under construction, including Mainstay Suites/Ascend Hotel Collection and Comfort Inn. Proposed downtown hotels include AC Hotel by Marriott and Blue Ivy Hotel. Three downtown hotels – Rittenhouse Hotel, Four Seasons Philadelphia at the Comcast Center, and Kimpton Hotel Monaco – are rated by U.S. News and World Report as among the best in the nation.

In Center City alone, hotels reached 56.5% occupancy in 2022, a 15.7% increase over 2021. Room revenue reached $618 million, up 71.2% from $361 million in 2021. In 2022, overseas visitors accounted for 55% of all international visitations. Philadelphia's global tourism had a strong recovery with more than 440,000 visitors choosing to travel to the city from overseas. The top overseas markets for Philadelphia were United Kingdom, India, Germany, France, and Ireland. Visitors spent $332.4 million, which contributed to $548.5 economic impact supporting 4,664 direct jobs.

Over the next five years, Philadelphia (and the greater metropolitan area) will host several of the world's biggest sporting events, including six NCAA Championships, WrestleMania 40, the PGA Championship, and Major League Baseball All-Star Game. In 2022, Philadelphia was named one of 11 cities chosen to host the 2026 FIFA World Cup, an event expected to bring thousands of soccer fans and hundreds of millions of dollars in spending to the region. Philadelphia has also been a consistent host of medical conferences and the Army-Navy Game, which will return in 2027.

Creative Economy

The Creative Economy is one of the most dynamic areas of economic development. The sector stimulates innovation and promotes Philadelphia cultural diversity. The creative sector includes the people and the products that make up the for-profit and nonprofit arts-related creative industries, such as visual and performing arts, graphic design, music, fashion, public relations, and architecture.

Pre-pandemic, the sector employed 55,225 full-time jobs annually. The Arts, Culture, and Creative Economy's impact is profound, generating a total of $4.1 billion in total economic impact, 55,000 full-time equivalent jobs, $1.3 billion in household income, and $224.3 million in state and local taxes. Annual visitors who attend craft events in the City spend approximately $10.2 million. According to Forbes, the fashion and garment industry is a growing market with a global valuation of over $2 trillion dollars annually. The Philadelphia Fashion Week attracts over 10,000 industry leaders and consumers to the City.

Looking forward, Philadelphia is well-positioned as a national leader in the craft and maker sector. The City has a wide array of craft organizations, maker spaces, cultural non-profits, and art schools. It is home to some of the nation's leading gallerists, artists, and collectors of craft. Although the COVID-19 pandemic has had a significant impact on this sector, the City is focused on the retention and support of this service sector, businesses, nonprofits, and entrepreneurs.

Manufacturing

The manufacturing industry has been a major contributor to Philadelphia's economy, particularly after the COVID-19 pandemic. Philadelphia's strategic location, skilled workforce, and diverse manufacturing base in various fields such as chemicals, pharmaceuticals, food and beverage, machinery, eCommerce, transportation equipment, 3D printing, and artisanal manufacturing have made it a hub for manufacturing and production. The industry has been a significant driver of job creation, innovation, and economic growth, providing employment to thousands of workers in the City and contributing significantly to the City's tax base. Additionally, Philadelphia's industrial research and development centers have been at the forefront of innovation and technological advancements in various fields, such as biotechnology, energy, and materials science. Overall, manufacturing remains a crucial industry for the growth and prosperity of Philadelphia's economy.

Principal Private Sector Employers in the City

Table 7 lists the 20 largest private employers that are based in Philadelphia. Penn and Thomas Jefferson University and Jefferson Health top this list.

Table 7
Largest Private Employers Based in Philadelphia
Ranked by Number of Local Employees, 2021

Employer	Local Employees
University of Pennsylvania and Health System	46,554
Thomas Jefferson University and Jefferson Health	42,700
Children's Hospital of Philadelphia	24,945
Comcast Corp	15,362
Temple University Health System	17,752
Independence Health Group	7,800
Trinity Health Mid-Atlantic	6,492
Drexel University	6,372
Wells Fargo Bank	5,668
Accenture	2,266
Deloitte	1,875
Ernst & Young LLP	1,566
KPMG	1,346
Willis Towers Watson	1,300
Saint Joseph's University	1,177
Rivers Casino	1,123
Burns' Family Neighborhood Markets	1,044
AON	1,000
Janney Montgomery Scott	872
La Salle University	809
Total	**188,023**

Source: Philadelphia Business Journal, 2021 Book of Lists (Revised in November 2022)

Office Market

The City currently has approximately 47.36 million square feet of office space in the Central Business District ("CBD"), with an additional 308,000 square feet under construction according to Jones Lang LaSalle's ("JLL") statistics for the fourth quarter of 2022.

Like other office markets, lingering uncertainty around COVID-19 continues to affect Philadelphia's office environment. The average direct asking rental rates in the City's CBD dropped to $33.71 per square foot in the fourth quarter of 2022, with a vacancy rate of 18.5%. Prior to the COVID-19 pandemic, the City's CBD enjoyed rising rents with low overall total vacancy. Its suburban counterparts have seen higher overall total vacancy and lower rents due to the pandemic, at 20.2% and $29.04 per square foot.

Table 8 shows comparative overall fourth quarter 2022 office vacancy rates for selected office markets.

Table 8
Total Office Vacancy Rates of Selected Office Markets
Fourth Quarter 2022

Market	Vacancy Rate
Houston	25.7%
San Francisco	25.1%
Dallas	24.6%
Phoenix	23.1%
Los Angeles	22.5%
Chicago	22.5%
Atlanta	21.4%
Washington, DC	20.7%
United States CBD, All Markets	19.6%
Detroit	19.2%
Charlotte	18.9%
San Antonio	18.8%
Philadelphia	**18.5%**
Boston	18.1%
Austin	18.1%
Baltimore	18.0%
Seattle	16.7%
Cleveland	16.0%
New York	15.9%
San Diego	12.1%

Source: JLL, National CBD Data, Fourth Quarter 2022

Major Projects

Over the last two decades, the City's economic development agencies and others have spurred significant economic revitalization throughout the City. In particular, a number of geographic areas have experienced concentrated developments: Center City, University City, Philadelphia's Historic District, Avenue of the Arts, North Broad Street, the Navy Yard, and the Benjamin Franklin Parkway. Many of these developments, such as a significant increase to Philadelphia's hotel room inventory in Center City and expansion of the Pennsylvania Convention Center, have been key to the growth of Philadelphia's leisure and hospitality sector. Several key areas within the City have been instrumental in the economic and commercial development of Philadelphia over the past 25 years. However, as noted herein, COVID-19 has caused a downturn in economic development and the tourism and hospitality industries in the City.

While the City's economic development agencies expect continued development in key commercial districts, the length and severity of a COVID-19-related downturn is uncertain and is being closely monitored.

Taking advantage of the City's major waterways, the Schuylkill and the Delaware Rivers, the City is redeveloping its waterfronts to accommodate a variety of developments, including mixed-use projects, housing, parks, recreational trails, and hotels. These projects improve quality of life for residents and enhance the visitor experience. In addition, they serve as the impetus for environmental remediation and private development of former industrial properties within the City.

[REMAINDER OF PAGE INTENTIONALLY LEFT BLANK.]

Table 9

Recently Completed Projects or Projects Under Construction in the Key Commercial Districts

Project Name, by Neighborhood	Project Type	Cost in Millions	Est. Completion Date
CENTER CITY			
LVL Broad and Spring Garden (@510 North Broad Street)	Mixed/Residential	$180	*Completed* in 2022
Jefferson Health Specialty Care Pavilion (1100 Chestnut Street)	Medical	$762	2024
Morgan Lewis Office Tower (23rd & Market)	Office	$200	2023
Aramark Headquarters (2400 Market)	Office	$230	*Completed in 2019*
W Hotel/Element	Hotel	$359	*Completed in 2021*
The Fashion District (Market Street)	Commercial	$350	*Completed in 2020*
The Laurel (1911 Walnut)	Residential	$400	*Completed in 2022*
Hanover North Broad	Mixed Use	$50	*Completed in 2020*
Arthaus (Broad and Spruce)	Residential	$253	*Completed in 2022*
Police Headquarters in Inquirer Building	Public	$250	*Completed in 2021*
1608 Sansom Street	Residential	$200	2023
2301 Arch Street (Phases I and II)	Retail/Residential	$160	*Completed in* 2021
204 S. 12th Street	Residential	$180	2023
123 S. 12th Street	Residential	$225	2023
Toll Brothers Apartments (Broad & Noble St)	Residential	$150	2023
The Witherspoon Building (1319 Walnut St)	Residential	$60	*Completed in 2021*
545 North Broad Street (Mily on Green Apartments)	Retail/Residential	$45	*Completed in 2023*
1001 South Broad Street	Retail/Residential	$500	2023
NAVY YARD			
Wuxi (4751 League Island Blvd)	Office/Lab	$78	*Completed in 2020*
Iovance (300 Rouse Blvd)	Office/Lab	$125	*Completed in 2021*
OLD CITY			
I-95 Overcap Park (Penn's Landing)	Public	$225	2026
702 Samson St	Retail/Residential	$100	2024
OTHER NEIGHBORHOODS			
13th and Fairmount (Broadridge)	Retail/Residential	$210	*Completed in 2021*
501 Spring Garden	Retail/Residential	$160	2023
650 Fairmount Avenue	Retail/Residential	$100	2025
200 Spring Garden	Retail/Residential	$76	2024
300 N. Christopher Columbus Ave	Retail/Residential	$200	2023
Festival Pier (501 N. Christopher Columbus)	Retail/Residential	$250	2024
418 Spring Garden Street	Retail/Residential	$200	2024
Hamilton Building	Mixed	$160	*Completed in 2021*
Faith and Liberty Museum and Discovery Center	Commercial	$60	*Completed in 2021*
UNIVERSITY CITY			
3151 Market St (Schuylkill Yards)	Office/Medical	$3,500	2024
CHOP Schuylkill Ave Expansion (Phase 2)	Medical	$600	2024
4601 Market	Office/Medical	$250	*Completed in* 2021
Penn Health Tower	Medical	$1,600	*Completed in 2021*
CHOP Buerger Center Expansion	Medical	$492	*Completed in 2022*
TOTAL		**$12,940**	

Source: Philadelphia Department of Planning and Development.

Housing

Philadelphia's housing market has undergone a significant revitalization over the last two decades. The period between the 2000 and 2010 censuses was the first wherein Philadelphia experienced a net population increase since 1940 to 1950, due both to rapid growth in the number of higher income households in these core neighborhoods and to a significant influx in the foreign-born population in more peripheral neighborhoods of the City.

The City's population growth has driven significant new construction and investment in many of its neighborhoods resulting in increases in the value of the City's housing stock. Most housing indicators for Philadelphia indicate an upward outlook, in terms of prices and construction, for the near future. Nevertheless, the City continues to face significant challenges caused by the persistent problems of poverty, crime, underperforming schools, and lack of employment opportunities in some sectors.

The total housing stock, measured by the number of units, increased by 8.9% from 2011-2021, for a total of 733,015 in 2021.[3] This increase of 62,750 units is the result of a net increase of 84,829 multifamily units, 32,022 single-family homes, and 1,669 "other" units (such as mobile homes and boats). The homeownership rate in the City in 2021 was 52.8%, which represents a decline from 54.0% in 2011.[3] Accordingly, properties in the City have continued to command higher rents, with the median monthly rent in May 2022 equal to $1,748, representing a 19.7% increase over the prior five-year period.[4]

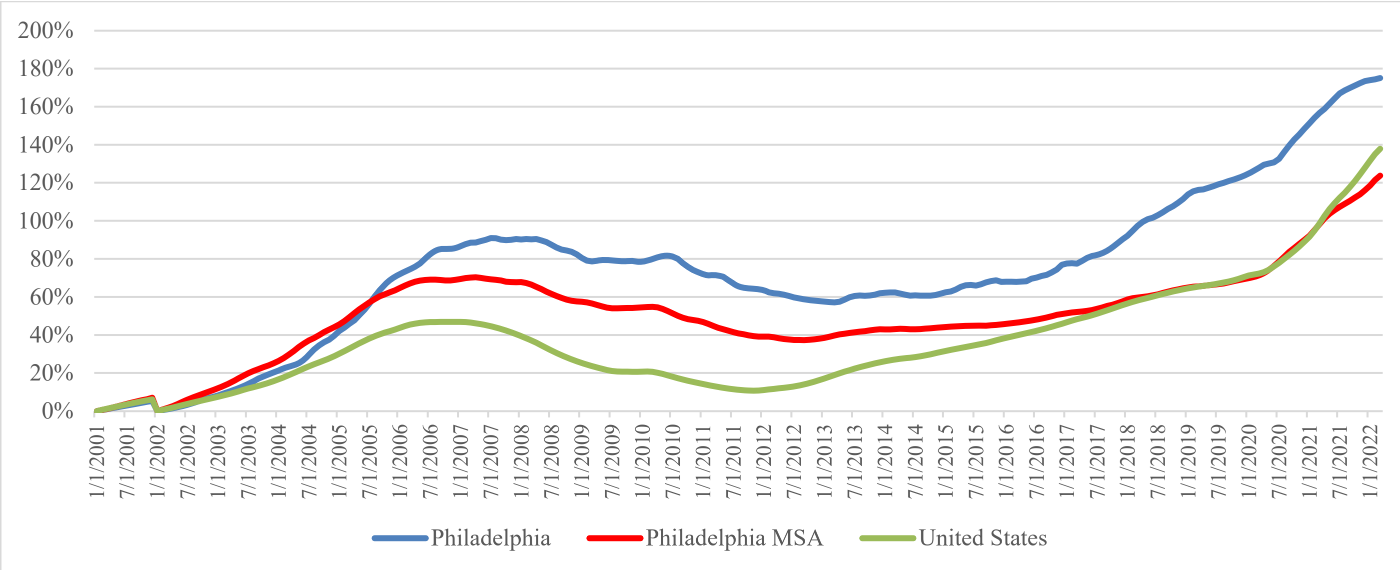
Home Prices

As shown in the chart below, after eight years of moderate house price deflation following the peak of the 2007 recession, Philadelphia's housing market began posting rapid increases in prices, citywide, starting in 2013. In late 2017, home values in Philadelphia recovered to their pre-recession peak and have continued to climb to 43% above that peak as of March 2022. The following chart uses the Home Value Index to chart changes in home values in Philadelphia, the Philadelphia region, and the U.S. as a whole over the 20-year period from January 2001 through March 2022.[5]

[REMAINDER OF PAGE INTENTIONALLY LEFT BLANK.]

[3] US Census Bureau, American Communities Survey, 1-Year Survey
[4] Zillow Research, ZORI Time Series
[5] Zillow Research, ZHVI Time Series

Percent Change in Median Nominal Home Value (Zillow Home Value Index), 2001-2021



Source: Zillow Research, ZHVI Time Series

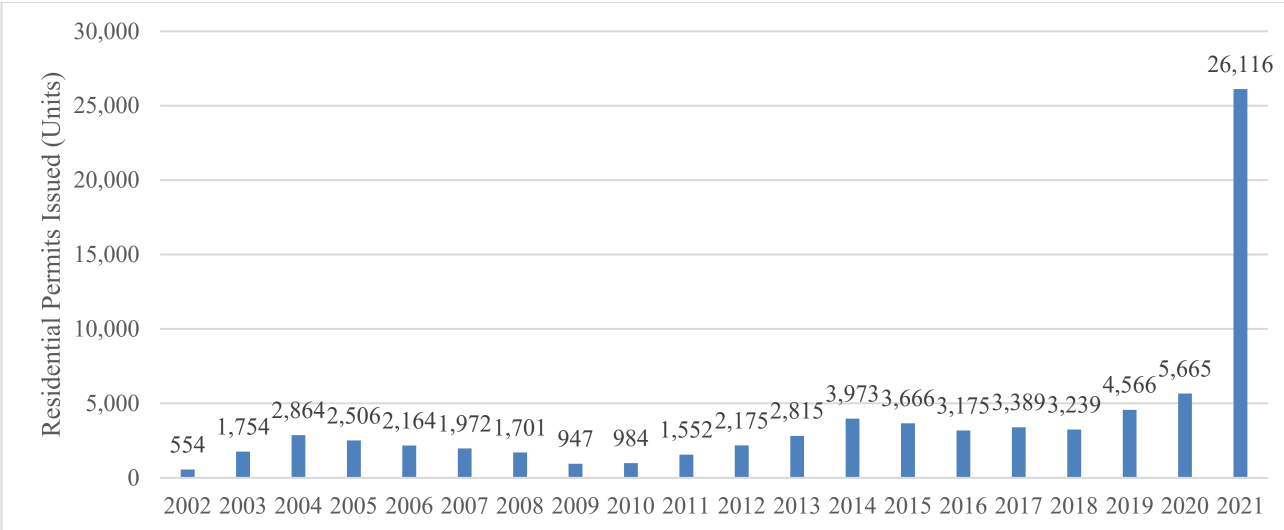
Over this entire period, Philadelphia's median home prices have been lower than that of the region or the country as a whole. However, because the rate of growth in the City's home values matched or outpaced these comparison regions and the housing market in Philadelphia retained a much greater share of its pre-recession gains, it has significantly closed that gap. Whereas the median home in Philadelphia was 56% that of the US in 2002, it was 71% of the national average by 2021.

Home Construction

Home building activity in Philadelphia has also made significant progress since hitting its recessionary low in 2009. The following chart shows the number of newly constructed units being added to Philadelphia's housing stock, as represented by the number of building permits issued for such units, from 2002 through 2021.

[REMAINDER OF PAGE INTENTIONALLY LEFT BLANK.]

Building Permits Issued in Philadelphia, New Construction Only (Number of Units), 2002-2021



Source: US Census, Building Permits Survey

The number of building permits for new residential units issued significantly increased in 2021, with a 361% increase over the previous calendar year. The large increase coincided with the end of the City's 10-year tax abatement, which had been set to expire at the end of 2020, to be replaced by a modified version. The original abatement was extended by a year because of the pandemic. The City's new tax-abatement program went into effect in January 2022. For more information on the new tax-abatement program, see APPENDIX A – "REVENUES OF THE CITY – Real Property Taxes."

Historically, construction of new housing units in Philadelphia was low by both absolute and relative measures, averaging only 507 units per year in the decade from 1990 through 1999. However, since 2003, permits for new construction have not been for less than 947 units in any single year, including during the nadir of the 2007 recession. Notably, these data do not include additions or substantial alteration to existing buildings, which together account for nearly a third of all new housing units in Philadelphia.

Despite rising income levels and the relative affordability of home prices in Philadelphia, the City seeks to address housing inequities that can be exacerbated by a strong real estate market. To further increase the supply of affordable housing, the City launched the Neighborhood Preservation Initiative ("NPI") in 2021. NPI supports the production and preservation of affordable housing units, home repair and tangled title programs, eviction diversion services, and other innovative programs relating to neighborhood investments. In October 2021, the Philadelphia Redevelopment Authority ("PRA") issued $98,560,000 in City Service Agreement Revenue Bonds to finance certain costs of the NPI program and the 2023A Bonds and the 2023B Bonds are also being issued in connection therewith. Data on all NPI funded programs, including funds expended by program and households served, is available on the City's website through the NPI dashboard, which is updated quarterly. NPI funds leverage federal and state Low Income Housing Tax Credit projects and local, long term funding through the Housing Trust Fund.

Additionally, the City used its ARPA funding to operate rental assistance programs during the COVID-19 pandemic, which along with multiple rounds of funding from both the Commonwealth and federal direct allocation, the City released over $299 million in over 46,000 payments to landlords and tenants to secure their housing needs. Data on this program is also available on the City's website through the PHLRentAssist dashboard, which shows rental and utility assistance for residents affected by COVID-19 and funds dispersed and the households served.

[REMAINDER OF PAGE INTENTIONALLY LEFT BLANK.]

TALENT AND HUMAN CAPITAL

Workforce Development

Higher Education

In 2021, Philadelphia was home to over 132,000 students attending institutions of higher education. According to Campus Philly, most local graduates (54%) choose to stay in the Greater Philadelphia area to launch their careers, compared to the Greater Boston area's lower (42%) alumni retention rate. In 2021, 32.5% of Philadelphia's population age 25+ had an Associate Degree or higher. Because the Philadelphia region has one of the largest concentrations of students and degree-granting institutions, the City consistently produces an abundant workforce of highly qualified workers, such for tech and life science companies.

In 2021, Philadelphia exceeded many selected peer cities in its share of students who are enrolled in an undergraduate, graduate or professional education program. Selected peer cities (as shown in Table 10) reflect characteristics consistent with Philadelphia, such as geography, socio-economic statistics, industrial legacies, or port facilities.

Table 10

2021 Total Number of Students, as a Percent of Total Population of Selected Cities, Ranked by Total Number of Students Enrolled in Higher Education

	Total Number of Students Enrolled in School (all years)	Total Number of Students Enrolled in Higher Education	Percent of All Students Enrolled in Higher Education	Percent of Total Population Enrolled in Higher Education
United States	**81,076,829**	**21,954,493**	27.1%	**6.9%**
Los Angeles, CA	965,545	332,148	34.4%	8.8%
Chicago, IL	647,429	206,840	31.9%	7.8%
Houston, TX	588,127	155,582	26.5%	7.1%
San Diego, CA	352,737	141,682	40.2%	10.6%
Philadelphia, PA	**397,640**	**129,308**	**32.5%**	**8.4%**
San Antonio, TX	380,669	102,077	26.8%	7.4%
Boston, MA	189,430	104,721	55.3%	16.0%
Phoenix, AZ	405,277	95,052	23.5%	6.2%
Washington, D.C.	164,084	68,445	41.7%	10.4%
Baltimore, MD	145,082	51,798	35.7%	9.1%
Milwaukee, WI	162,870	44,363	27.2%	8.0%
Memphis, TN	154,201	37,607	24.4%	6.2%
Detroit, MI	156,963	34,176	21.8%	5.5%
Cleveland, OH	89,828	25,293	28.2%	7.0%

Source: 2021 American Community Survey, 5-Year Estimates.

Workforce Professionals Alliance ("WPA")

The WPA is a partnership of 25 (and counting) workforce development organizations committed to increasing access to career readiness programs for Philadelphians. The WPA works to connect, advocate, and drive the impact of workforce development services in Philadelphia. The WPA works collaboratively amongst its members and City government to lead strategy and vision for how partners can work together to bridge programs, industries and respond to the demands of employers and residents. WPA member organizations are used as a first point of contact to connect employers that are looking for talent in the region to hire directly from the workforce ecosystem.

Fair Chance Hiring Initiative ("FCHI")

FCHI supports local businesses by referring Philadelphia job seekers returning from incarceration as well as those that are on probation or parole for open positions and providing financial incentives to businesses in the form of wage reimbursements and employment retention grants. About 300,000 Philadelphians have had contact with the criminal justice system. Integrating these individuals into the workforce is a priority. This program was introduced as an alternative to the Philadelphia Re-Entry Program (PREP) Tax Credit. Since the program's inception in 2017, more than $350,000 has been disbursed to small businesses and justice impacted individuals.

Taking Care of Business Clean Corridor Program ("PHL TCB")

PHL TCB is a $7 million program that funds community-based nonprofits to sweep sidewalks and remove litter across neighborhood commercial corridors. PHL TCB invests in people and small businesses by creating employment opportunities for residents and keeping Philadelphia's neighborhood commercial corridors clean. TCB cleaning is carried out by small crews of uniformed Cleaning Ambassadors. In 2023, TCB includes 38 organizations with contracts to employ an estimated 208 workers. The 38 organizations clean 85 commercial corridors.

Participating organizations are encouraged to hire neighborhood residents, including formerly incarcerated people. Cleaning Ambassadors earn a minimum of $15 per hour and receive paid workforce training opportunities to equip them to perform their jobs and help them advance in their careers. All TCB Cleaning Ambassadors complete OHSA 10 training to learn basic workplace safety and obtain a widely recognized credential. TCB workers also participate in digital literacy, workplace readiness, environmental skills and Mental Health First Aid training. Previous work experience and a high school diploma are not required.

Career Connected Learning ("CCL")

Career Connected Learning is the system of connections that is currently being built between youth-serving partners such as the School District of Philadelphia, City of Philadelphia, Philadelphia Works, and Philadelphia Youth Network, among many others. The premise is to embed career awareness and exposure into our schools, curriculum and programming offered to all students. CCL is the larger umbrella system that includes programs such as WorkReady summer jobs, career and technical education, internships, and work-based learning. CCL is focused on early exposure to various career pathways for students and does this in partnership with the Greater Philadelphia's Chamber of Commerce and local employers to ensure there is a connection from exposure/awareness to immersive experiences like work-based learning, internships, pre-apprenticeships, and full-time employment. The programs under the CCL currently aim to engage roughly 10,000 students a year, and this system aims to expand programmatic opportunities to be available to any student in the School District.

Employment

Table 11 shows non-farm payroll employment in the City over the last decade by industry sectors. In the past 10 years, growth has occurred in Mining, Logging, and Construction; Professional and Business Services; Education and Health Services; Financial Activities; and Information. These sectors provide stability to the City's overall economy. The Leisure and Hospitality sector historically demonstrated strong growth until contracting in 2020. Such contraction can be attributed to the COVID-19 pandemic and thus can be expected to rebound. As of March 2023, employer demand remains strong, with city employers creating more new job postings than ever before. Regional employers in the Professional Services, Education and Health Services and Transportation sectors have added more than 28,000 jobs since the pandemic began in 2020.

Table 11
Philadelphia Non-Farm Payroll Employment(1)
(Amounts in Thousands)

	2013	2014	2015	2016	2017	2018	2019	2020	2021	2022	% Change 2013-2022
Leisure and hospitality	64.8	66.9	68.5	70.8	73.1	74.3	76.7	48.6	55.0	68.6	5.9%
Mining, logging, and construction	10.4	11.0	11.5	12.0	12.1	12.6	12.5	11.8	11.7	12.2	17.3%
Professional and business services	86.7	88.6	91.2	95.2	97.4	99.6	103.9	100.2	102.2	111.6	28.7%
Education and health services	209.7	213.2	217.3	223.8	230.2	238.2	242.8	236.5	234.1	249.2	18.8%
Other services	26.9	26.8	27.1	27.8	27.8	28.3	28.5	25.4	25.4	27.4	1.9%
Trade, transportation, and utilities	89.4	90.9	92.1	92.5	92.3	92.8	93.5	91.3	88.4	95.3	6.6%
Financial activities	41.1	41.7	42.3	42.4	41.6	42.5	43.1	42.5	42.5	43.1	4.9%
Information	11.5	11.5	11.8	11.6	11.6	12.1	12.2	11.7	12.3	13.9	20.9%
Manufacturing	21.8	21.5	21.0	20.5	20.2	19.9	19.4	17.9	18.2	18.9	-13.3%
Private Sector Total	*562.3*	*572.1*	*582.8*	*596.6*	*606.3*	*620.3*	*632.6*	*585.9*	*589.8*	*743.8*	32.3%
Government	103.5	102.2	101.6	101.3	102.2	103.7	105.0	107.1	103.4	103.6	0.1%
Total	***665.8***	***674.3***	***684.4***	***697.9***	***708.5***	***724.0***	***737.6***	***693.0***	***693.2***	***847.4***	***32.4%***

Source: Bureau of Labor Statistics, 2022 annual average totals may not sum due to rounding.
[1]Includes person employed within the City, without regard to residency.

Table 12
Philadelphia Change in Share of Employment Sectors
(Ranked by Percent Change of Share)

Sector	Share of Total Employment 2013	Share of Total Employment 2022	Change 2013-2022
Leisure and hospitality	9.7%	9.2%	-0.5%
Mining, logging, and construction	1.6	1.6	0.1
Professional and business services	13.0	15.0	2.0
Education and health services	31.5	33.5	2.0
Other services	4.0	3.7	-0.4
Trade, transportation, and utilities	13.4	12.8	-0.6
Financial activities	6.2	5.8	-0.4
Information	1.7	1.9	0.1
Manufacturing	3.3	2.5	-0.7
Government	15.5	13.9	-1.6
Total	100.0%	100.0%	0.0%

Source: Bureau of Labor Statistics, 2022 annual average; totals may not sum due to rounding.

[1] Includes persons employed within the City, without regard to residency.

Unemployment

Philadelphia has recently narrowed the gap between its unemployment levels and the national unemployment levels. As shown in Table 13, employment gains in 2013 through 2022 resulted in a decline in Philadelphia's unemployment rate from an annual average high of 10% in 2013 to 5.9% in 2022. However, the economic impact of the continuing COVID-19 pandemic reversed those gains in 2020. In 2022, the unemployment rate decreased significantly to 5.9% on average.

Table 13 below shows unemployment information for Philadelphia, the MSA, the Commonwealth, and the United States.

Table 13
Unemployment Rate in Selected Geographical Areas
(Annual Average 2013-2022)

Geographical Area	2013	2014	2015	2016	2017	2018	2019	2020	2021	2022	Change in rate from 2013-2022
United States	7.4	6.2	5.3	4.9	4.4	3.9	3.7	8.1	5.4	3.6	-3.8
Pennsylvania	7.4	5.9	5.3	5.4	5	4.5	4.5	9.1	6.6	4.4	-3.0
Philadelphia-Camden-Wilmington MSA	7.8	6.3	5.5	5.0	4.7	4.3	4.1	9.2	6.3	4.1	-3.7
Philadelphia	10.0	8.2	7.2	6.7	6.4	5.7	5.6	12.3	8.9	5.9	-4.1

Source: Local Area Unemployment Statistics, Bureau of Labor Statistics, 2022.

ECONOMIC DEVELOPMENT STRATEGIES AND IMPLEMENTATION

City of Philadelphia Economic Development Mission and Goals

The City's economic development strategy is to (i) grow quality jobs by fostering an improved business environment; (ii) increase the City's population and visitation; (iii) boost Philadelphia's competitiveness through strategic and sectoral investments; and (iv) enable inclusive growth and neighborhood revitalization. The City partners with numerous quasi-city and private agencies to accomplish these objectives.

Economic Competitiveness

The City utilizes several place-based economic development strategies to spur development in Philadelphia. These strategies include: (i) a 10-year real estate tax abatement on all new construction, as well as on improvements to existing properties (legislative changes to this program are described in APPENDIX A – "REVENUES OF THE CITY – Real Property Taxes – Assessment and Collection"); (ii) Commonwealth-designated Keystone Opportunity Zones in which eligible businesses may be exempt from all Commonwealth and local business taxes until a specified date; (iii) Commonwealth-designated Keystone Innovation Zones in which energy, defense, technology, and life-sciences companies may be eligible for saleable tax credits worth up to $100,000 annually for the first eight years of operations; (iv) tax increment financing; and (v) neighborhood revitalization.

The City and its partners work to attract and retain businesses through business resources, strategic investments, and marketing. Philadelphia offers a suite of additional incentives to businesses, including but not limited to the Quality Jobs Grant, Job Creation Tax Credit, Fair Chance Hiring Initiative, Boost Your Business! Fund, and Philadelphia Business Lending Network Incentive Grant.

The City also continues annual reductions to wage and business taxes. For more information on tax revenues in the City, see APPENDIX A – "REVENUES OF THE CITY."

International Business & Global Strategy

The City actively works to raise its profile in the international business community. In pre-COVID years, the City hosted delegations of business leaders and officials on trade missions to the United States, reaching a high of 156 delegations in 2019, and participated in business missions to Germany, France, Portugal, China, South Korea, Canada, Denmark, Sweden, Chile, and Israel. These efforts have resulted in new business attraction leads, enhanced cooperation, support to international air route development, and opening of foreign government offices (Quebec Office, South Korean Consulate, Canada Trade Commissioner, Chilean trade and investment office).

Despite the pandemic and closing of the U.S. borders to most foreign markets until late 2021, the City has kept engaging with foreign businesses and partners to strengthen exchanges, resulting in delegations and visits for new business attraction projects in 2022 (147 foreign businesses engaged with in Fiscal Year 2022). In particular, primarily out of European markets, several life sciences projects came to fruition in 2021 and 2022, as well as tech companies opening operations in 2022 once borders reopened. As most Asian countries lifted travel restrictions at the end of 2022, the City is expecting a rebound in delegations and business visits from those markets in 2023 and beyond. In addition, major foreign-owned or global companies with existing footprints in the City, notably Chubb and Spark Therapeutics, have decided to expand their operations and investments in Philadelphia. By such local expansions, these companies leverage Philadelphia's assets of talent availability, academics, hospitals, costs, and connectivity, along with City and State support.

A similar rebound of foreign visitors has been observed in the City. European tourists have been returning to the City since 2022, which has helped rebuild international flight routes between PHL International Airport and Europe. There are signals that a rebound from Asian tourism markets can be expected in 2023. The City, Visit Philadelphia, PHLCVB, PHL and other partners closely collaborate on messaging and marketing efforts to support those trends.

The City also started to support trade opportunities considering the global supply chain shifts, centered around export initiatives, to connect Philadelphia businesses, particularly minority-owned businesses, with market intelligence, and export-readiness programs and service providers. And in 2023, Philadelphia was designated as "Certified Welcoming" by the nonprofit organization Welcoming America, a formal designation given to cities that have policies and programs in place that reflect their values and commitment to immigrant inclusion. Beyond the recognition of the City's efforts to support immigrants coming to Philadelphia, the designation helps solidify the policies around immigrant inclusion with positive economic impacts on the City (population growth, business creation, etc.) and the messaging that Philadelphia is a globally welcoming city.

Industry Partnerships

Industry partnerships bring together multiple employers in the same industry, along with workforce development and community partners. These public-private partnerships convene to align workforce planning with the needs of employers in order to create industry-specific solutions. The Philadelphia region has several industry partnerships in the following industries: Advanced Manufacturing; Logistics, Transportation, and Distribution; Hospitality and Entertainment; Technology; Healthcare; Energy; and Life Sciences/Cell and Gene Therapy.

Neighborhood Revitalization

The City drives inclusive growth and neighborhood revitalization through strategic investments and place-based economic development strategies. These strategies include (i) providing direct support and investing in businesses and entrepreneurs; (ii) investing in the capacity of community organizations and business associations; and (iii) investing in physical environment and infrastructure of neighborhood commercial districts.

The Planning Commission identifies approximately 300 commercial corridors in the City. While the City's Department of Commerce supports all businesses throughout the City, there are approximately 80 corridors that are targeted for support and investment. These 80 areas are neighborhood based, pedestrian and transit oriented, and have a high density of commercial spaces (average 100 businesses in a 3-4 block area). Examples of vibrant commercial corridors include 2nd Street in Old City, 52nd Street in West Philadelphia, Main Street in Manayunk, North 5th Street in Olney, and Woodland Avenue in Southwest Philadelphia.

The City's Commerce Department employs a three-prong corridor strategy. First, it provides direct support to the businesses through our Business Services Managers, through grant programs like the InStore Forgivable Loan and Storefront Improvement Program, and through referrals to partner agencies funded to provide technical assistance, training, and lending, such as SCORE, The Enterprise Center, and PIDC. Commerce also funds two firms as Business Coaches to be matched with individual minority businesses with an assessment and one-on-one help to position such businesses for a grant or loan. Commerce also supports the Philadelphia Business Lending Network (PBLN), which simplifies the process for businesses applying for loans. This service provides access to nonprofit and for-profit lenders with one form.

Second, the City drives commercial corridor revitalization through support of local management organizations such as business improvement districts (BIDs), community development corporations (CDCs), and business associations. More information about BIDs and CDCs can be found in the following section. The City currently provides funding to 48 organizations through corridor management, a CDC Tax Credit Program, and/or CDC Economic Development Support Grants. These community-based staff help neighborhood businesses take advantage of programs and resources, as well as attract new businesses to vacant properties and storefronts. For the targeted corridors that do not have a caretaker, the Commerce Department provides Business Services Managers that perform that role and works to build local capacity so the City has a partner to support businesses. The City also provides funding to neighborhood nonprofits for acquisition and construction of commercial and mixed-use properties to remove blight and activate commercial corridors by organizations dedicated to long-term community benefit.

Third, the City invests in the public environment. It supports Business Improvement Districts (BIDs) and manages the $7 million PHL Taking Care of Business (PHL TCB) Clean Corridors Program, which provides sidewalk cleaning on 85 corridors around the City. The City provides funding and design support to reimburse businesses for improvements to their storefronts, including lighting, signage, windows, and for installation of security camera systems. Lastly, the City manages streetscape improvement projects and funds other capital investments like bus shelters, Bigbelly waste control, and police cameras.

COVID-19 Economic Recovery

Since March 2020, more than $140 million in government, philanthropic, and private funding has been directed to our small businesses and nonprofits – including four grant programs provided by the City, PIDC, and the Commonwealth. At the close of 2022, Philadelphia employment had almost recovered to pre-pandemic levels, with a total employment of 690,464 in December 2022 compared to 697,083 in February 2020. However, the City has lost over 17,000 people from the labor force, from 740,870 in February 2020 to approximately 723,230 in December 2022. As of December 2022, the unemployment rate in Philadelphia was 4.5%, one of the lowest in recent years, and much lower than the 7.7% rate it started at in January 2022.

City and Quasi-City Economic Development Agencies

City of Philadelphia - Department of Commerce ("Commerce")

The mission of the Department of Commerce is to help all businesses thrive by growing quality jobs, building capacity in under-resourced communities, and making it easier to start and run a successful business in Philadelphia. Commerce focuses on the following strategic priorities and investments:

- Provide guidance and a simplified process to establish, grow, and operate a business;
- Drive equitable neighborhood revitalization that contributes to vibrant commercial corridors;
- Attract and retain businesses through business resources and strategic investments;
- Connect talent to growth industries and to jobs that pay family-sustaining wages;
- Strive to build wealth in communities of color through more equitable access to capital and contracting opportunities; and

- Leverage economic research to drive policy and strategy.

City of Philadelphia - Department of Planning and Development ("DPD")

The Department of Planning and Development (DPD) aligns the City's agencies whose missions relate to regulating the built environment and allocating resources to support the development of housing and investment into communities. DPD works in collaboration with communities to promote, plan, preserve, and develop successful neighborhoods. DPD includes the Divisions of Executive Administration; Housing and Community Development (DHCD); Planning and Zoning (DPZ); and Development Services (DS). DPD works closely with the Philadelphia Housing Development Corporation (PHDC), the City's full-service community development organization. The Division of Development Services (DS) guides ambitious development projects from concept to completion. The Division of Planning and Zoning (DPZ) promotes development of healthy, equitable, and resilient communities through its boards and commissions: Philadelphia City Planning Commission (PCPC), Philadelphia Historical Commission (PHC), Philadelphia Art Commission (AC), and Zoning Board of Adjustment (ZBA). The Division of Housing and Community Development (DHCD) leads the City's efforts to address the ongoing national housing crisis in Philadelphia and advances neighborhood quality of life improvements.

Division of Housing and Community Development ("DHCD")

DHCD, formerly known as the Office of Housing and Community Development and now part of DPD, manages planning, policy, and investment in low-income housing through several assistance programs. Most significantly, the DHCD creates and manages implementation of the Consolidated Plan, a federally-mandated plan and budget that must be updated yearly in order to receive federal Community Development Block Grant funding.

Philadelphia Housing Authority ("PHA")

PHA is funded primarily by the federal government and is the largest landlord in Pennsylvania. PHA develops, acquires, leases and operates affordable housing for City residents with limited incomes. PHA works in partnership with the City and Commonwealth governments, as well as private investors. Over 93% of PHA's annual budget is funded directly or indirectly by the U.S. Department of Housing and Urban Development, and most of the balance of PHA's budget is derived from resident rent payments. Neither PHA's funds nor its assets are available to pay City expenses, debts, or other obligations, and the City has no power to tax PHA or its property. Neither the City's funds nor its assets are subject to claims for the expenses, debts, or other obligations of PHA.

Philadelphia Land Bank ("PLB")

Established in 2013, the PLB is an institutional partner in land use. The aim of the PLB is to consolidate many of the land acquisition and disposition processes of the City under one umbrella, making it easier for private individuals and organizations to acquire properties that otherwise contribute to neighborhood disinvestment and turn them into assets for the community in which they are located. The PLB can: (i) consolidate properties owned by multiple public agencies into single ownership to speed property transfers to new, private owners; (ii) acquire tax-delinquent properties through purchase or by bidding the City's lien interests at a tax foreclosure; (iii) with consent of the City, clear the title to those properties so new owners are not burdened by old liens; and (iv) assist in the assemblage and disposition of land for community, non-profit, and for-profit uses.

Another PLB responsibility is to develop a strategic plan for vacant land in Philadelphia. In the PLB's 2019 update to its strategic plan, certain key achievements were highlighted, including, among other things, (i) an increase in acquisitions (up from 21 in Fiscal Year 2017 to 276 in Fiscal Year 2018 and 463 through the second quarter of Fiscal Year 2019); (ii) an increase in dispositions (up from 18 properties conveyed in Fiscal Year 2017 to 78 conveyed in Fiscal Year 2018 and 132 properties conveyed through the second quarter of Fiscal Year 2019); and (iii) formalizing the process for executing license agreements.

Philadelphia Industrial Development Corporation ("PIDC")

Established in 1958, PIDC is a non-profit organization that offers flexible financing tools, a targeted portfolio of industrial and commercial real estate, and expertise to help clients invest, develop, and grow in Philadelphia. PIDC also structures and invests in public-private partnerships for key City policy areas and development priorities. Over the past 64 years, PIDC and its affiliates have settled over 13,000 transactions, including more than $19 billion in financing that has leveraged over $45 billion in total investment and assisted in creating and retaining hundreds of thousands of jobs in Philadelphia. Its direct loan and managed third-party portfolio at year-end 2022 was more than $427 million, representing 521 loans.

PIDC is in the process of selecting a development partner to shape the next phase of growth and development on Philadelphia's Schuylkill River with a landmark development opportunity for up to 1 million square feet of state-of-the-art cell and gene therapy manufacturing. The development opportunity, marketed as the Lower Schuylkill Biotech Campus, is offering exclusive development rights across approximately 40 riverfront acres between two riverfront sites. The Lower Schuylkill Biotech Campus will be an integral component of the Lower Schuylkill Innovation District, which was an outcome of a City-led master planning process to transform a deteriorating 3,700-acre industrial corridor into modern business campuses for innovation. The district consists of a total of 75 acres of sites suitable for biotech companies at every stage of development. The district also provides streamlined connections to I-95, I-76 and the Philadelphia International Airport. Once completed, the Lower Schuylkill Biotech Campus development is poised to create up to 4,000 jobs, including positions across the economic ladder accessible to area residents and offering family-sustaining wages.

In 2022, PIDC and its developer partners released an updated Navy Yard master plan, detailing a comprehensive vision for the Navy Yard that incorporates development that has occurred to date, integrates and refines future development plans, and charts an innovative course for public realm, transportation, infrastructure, and sustainability in the Navy Yard's next stage of growth. The plan calls for a total of over 4.3 million square feet of new construction and adaptive reuse supporting commercial and life sciences development, complemented with retail, hospitality, additional welcoming open spaces, expanded transit options, and – for the first time since the military base closure – residential units. Under such plan, the fully built out Navy Yard would support more than 12,000 new full-time jobs and over $6 billion in new investment. PIDC continues to work on this long-term plan for the Navy Yard, which has a comprehensive approach to equity in all aspects of the plan.

Philadelphia Redevelopment Authority ("PRA")

In 1945, the Commonwealth enacted the Urban Renewal Law and created the PRA as the City's urban renewal agency. Today, the PRA continues its role as a key financer, project manager, leader, and expert of developing and maintaining land in the City. The PRA is one of five municipal land holding agencies. Its Real Estate Division facilitates the redevelopment of PRA assets and it provides project management and analysis for real estate sales, acquisitions, redeveloper agreements, developer submissions, and required approvals. Its Housing Department leads the underwriting and loan closing process for all affordable housing projects within the City and works primarily with non-profit and for-profit developers as a lender.

Philadelphia Works, Inc. ("PhilaWorks")

PhilaWorks is the City of Philadelphia's designated workforce development board and a 501(c)(3) non-profit organization. PhilaWorks invests in solutions and services that support the growth of Philadelphia's economy by connecting employers to workforce talent and career seekers to employment and training opportunities. Additionally, PhilaWorks influences the public policies that support economic growth throughout the region and optimizes funding and resources to invest in solutions that build a skilled and thriving workforce.

PhilaWorks manages the City's public workforce system, PA CareerLink® Philadelphia, and a network of youth workforce providers. The system offers skills gap training/upskilling, long-term career planning, and tech talent solutions for career seekers and talent pipeline development, subsidized wage programs, and tax incentives for employers. Annually, PhilaWorks engages approximately 60,000 local career seekers through in-person and online services, another 200,000 via direct outreach, and 2,000+ businesses. PhilaWorks receives approximately $70 million in state and federal investments to administer these services. This money is divided between WIOA (Workforce Innovation and Opportunity Act) and TANF (Temporary Assistance for Needy Families) funds. Additionally, PhilaWorks receives approximately $5 million of discretionary grants that are federally supported by the U.S. Department of Labor, with about 40% being state, local and/or non-governmental funds.

In 2022, PhilaWorks secured $22.7 million from the Economic Development Administration's (EDA) Good Jobs Challenge to accelerate equitable recovery and targeted growth in Healthcare & Life Sciences, Energy, and Infrastructure over the next 24-36 months.

Rebuilding Community Infrastructure Program ("Rebuild")

The Rebuild program, using funds from the Philadelphia Beverage Tax (see "REVENUES OF THE CITY – Other Taxes"), will invest hundreds of millions of dollars in Philadelphia's parks, recreation centers, and libraries over a seven-year period. Rebuild prioritizes sites in high-need neighborhoods, as well as sites that are in extremely poor condition. This program is intended to catalyze economic development in some of Philadelphia's most impoverished communities and neighborhoods. Rebuild is not only committed to making transformative capital improvements in neighborhood public and shared spaces, but will also strive to build capacity and opportunities for minority and women-owned businesses and job opportunities for local residents. The Rebuild initiative will complete 72 playground and rec center projects. 2023 is shaping up to be the busiest year in Rebuild's history, with construction set to start on nearly two dozen sites and ribbon cuttings scheduled for 14 locations.

Private and Nonprofit Economic Development Agencies

Local Chambers of Commerce ("Chambers")

The City of Philadelphia partners with multiple chambers representing the county and region. In 2021, a collective of local diverse chambers of commerce announced the Diverse Chambers Coalition of Philadelphia as a formal partnership to collaboratively facilitate entrepreneurship and growth, advocate on shared issues, and increase each member's organizational efficiency. The Diverse Chambers Coalition comprises the African American Chamber of Commerce of Pennsylvania, New Jersey, and Delaware; the Asian American Chamber of Commerce of Greater Philadelphia; the Greater Philadelphia Hispanic Chamber of Commerce; and the Independence Business Alliance (Greater Philadelphia's LGBTQ+

chamber of commerce. A similar partnership, called the Inclusive Growth Coalition, comprises these organizations as well as the Greater Philadelphia Chamber of Commerce. The Greater Philadelphia Chamber of Commerce leads the region's business advocacy and business and talent attraction efforts, which include Select Greater Philadelphia.

Additional chambers in Philadelphia include the Greater Northeast Philadelphia Chamber of Commerce, British American Chamber of Commerce, French American Chamber of Commerce, German American Chamber of Commerce, Irish American Chamber of Commerce, Philadelphia Israel Chamber of Commerce, and the Center City Business Association.

Business Improvement Districts ("BIDs")

Since the founding of the Center City District (CCD) in 1990, BIDs have been important partners in the economic development of Philadelphia. BIDs are local organizations that are organized by property owners and businesses to cooperatively fund services within their local area. BIDs are formed when these stakeholders create a plan and secure approval through City Council which enables BIDs to collect a mandatory annual BID assessment from property owners in the area receiving the BID services. Philadelphia has 15 BIDs, including the North Broad Business Improvement District which was created and approved in November 2022. BIDs typically provide cleaning, beautification and implement marketing and special events. BIDs are important advocates for the businesses located in their areas. BID staff are important partners to the City in making sure that neighborhood businesses are aware of local programs and other business development resources.

The Philadelphia BID Alliance is a citywide collaboration between the 15 BIDs as well as the University City District focused on long-term economic development and public service.

Community Development Corporations ("CDCs")

Philadelphia has more than 40 non-profit CDCs, that invest resources in managing a neighborhood commercial corridor. CDCs work to keep commercial areas safe, free of litter, and attractive. They strive to bring visitors and shoppers to support local economies and create opportunities for local entrepreneurs and small businesses that seek a brick-and-mortar space from which to operate. CDC staff, including the position of "commercial corridor manager" or "business district manager," are often the most visible faces working to build trust with business owners, respond to their concerns, and help them grow and succeed in business.

Philadelphia offers various grant and partnership programs to support the work of these important community partners, including the CDC Tax Credit and Economic Development Support grants, the Targeted Commercial Corridor Management Program, and partnership with the Philadelphia Association of CDCs and Local Initiatives Support Corporation (LISC) Philadelphia for capacity-building and staff training programs. The City also has a CDC Tax Credit program that allows businesses to support local CDCs in exchange for a one-to-one tax credit. Through this program and its accompanying CDC Economic Development Support Grant, the City provides operating support to 47 community based nonprofit organizations that perform economic development activities.

Within these programs, economic development activities are defined as business support services such as assistance in navigating City business processes, accessing grants and financing, connecting to technical assistance providers, and supporting business associations, as well as undertaking planning and commercial development projects that improve access to high-quality, culturally relevant goods and services in all neighborhoods of the City.

Visit Philadelphia

Established in 1996, Visit Philadelphia markets Philadelphia domestically, as well as in Canada and Mexico, to promote leisure travel. The organization utilizes robust campaigns, media relations, advertising, websites, and social media to promote tourism. According to the Visit Philly 2021 Annual Report, of the 2 million rooms consumed, demand was greatest among leisure visitors, who were projected to lead the travel industry's recovery. Center City hotels saw actuals above projections in all key metrics: occupancy, average daily rate, RevPAR, supply and demand, and revenue, putting them on track to make an even greater recovery in 2023. Tourism Economics projects that both Center City and Philadelphia County broadly are expected to surpass pre-pandemic hotel revenue in 2023.

Philadelphia Convention & Visitors Bureau ("PHLCVB")

Established in 1941, the Philadelphia Convention and Visitors Bureau (PHLCVB) is a private, nonprofit corporation that serves as the official tourism promotion agency for the City to overseas markets, as well as the primary sales and marketing agency for the Pennsylvania Convention Center. PHLCVB also books domestic group tours. PHLCVB markets Philadelphia broadly to attract overnight visitors through innovative content such as advertising, marketing, public relations, and digital campaigns. In 2022, PHLCVB had 19 citywide events on the books – gatherings that generate 2,000 or more hotel room stays on its peak night.

The Philadelphia Convention Center (the "Convention Center") was completed in 1993, providing a total of 624,000 square feet of saleable space across its four exhibit halls, ballroom and banquet spaces. During the COVID-19 pandemic, the Convention Center served as a mass vaccination site. In 2022, the Pennsylvania Convention Center held 109 events with 552,000 attendees.

Pennsylvania Community Development Financial Institution Network ("PA CDFI Network")

Founded in 1997, the PA CDFI Network is a statewide collective of mission-driven community development financial institutions (CDFI) that provide affordable loans and technical advisory services to companies unable to access financing through traditional channels. Most financing services are directed to small businesses serving lower-income neighborhoods. The network seeks to build the capacity and expand the reach of its CDFI members, individually and collectively, to serve all people and places across Pennsylvania. In order to do this, the Network educates Pennsylvania residents, businesses and legislators about the purpose and function of CDFIs in promoting equitable community development. In 2022, local CDFIs also secured a $100 million commitment through an emerging bank-led Greater Philadelphia Financial Services Leadership Coalition to further support Philadelphia's Black and Latino(a)-owned businesses. These collaborations present a promising model to create systematic supports for the City's small businesses and showcase the potential for future collaborations across the entrepreneurship ecosystem.

CDFIs are certified by the Community Development Financial Institutions Fund at the U.S. Department of the Treasury, which provides funds to CDFIs through a variety of programs..

Entrepreneurship Ecosystem

Philadelphia has a legacy of community and small business development supported by many nonprofit organizations and government-supported endeavors. The City was the original headquarters of the Opportunity Finance Network and is home to unique public-private partnerships like PIDC and Ben Franklin Technology Partners. In 2021, United Way of Greater Philadelphia and Southern New Jersey, in partnership with the City and PIDC, issued an Equitable Entrepreneurship Ecosystem Assessment and

Strategy that is guiding future investments. The strategy reflects the multitude of nonprofits actively supporting entrepreneurs in Philadelphia. These organizations continue to convene and collaborate in quarterly meetings. The Business Resource Convening brings together business service nonprofit organizations to network and tackle barriers to equitable entrepreneurship. The Philadelphia Business Lending Network also convenes private banks and nonprofit lenders that collaborate around improved access to capital.

CULTURE, TOURISM, AND AMENITIES

Museum and Attractions

Crucial to tourism is the Philadelphia's robust arts and culture sector. One in three tourists who come to Center City cites museums and cultural events as the primary reason for their visit. Top attractions include Independence National Park, the Philadelphia Museum of Art, the Philadelphia Zoo, Reading Terminal Market, the Franklin Institute, Eastern State Penitentiary, and Franklin Square, among others.

Philadelphia is considered the "mural capital of the world" and provides the largest collection of public art in the U.S. The Benjamin Franklin Parkway (also called the "Parkway" or the "Museum Mile") alone comprises renowned art and cultural sites, such as Love Park, the Philadelphia Museum of Art, the Rodin Museum, the Franklin Institute, The Barnes Foundation, the Free Library of Philadelphia, the Academy of Natural Sciences, and numerous pieces of public art. In 2021, over $230 million in renovations were completed at the Philadelphia Museum of Art, opening 90,000 square feet of new public space. The Franklin Institute's space exhibit is currently under construction to expand to about 7,000 square feet, which is almost three times its current size. The $8 million project is set to open in late 2023. In addition, a new $70 million museum, Calder Gardens, is being constructed and will open in 2024. The African American Museum in Philadelphia – the first institution built by a major U.S. city to preserve, interpret and exhibit the heritage and culture of African Americans – will also eventually move to the Parkway.

Organizations like the Philadelphia Museum of Art, the Kimmel Center, Pennsylvania Academy of the Fine Arts, Fringe Arts, and more than 490 smaller cultural organizations throughout the City help improve the quality of life for residents and visitors. Philadelphia's downtown arts and cultural organizations, the second largest concentration in the country, were challenged by the pandemic, but adapted with virtual programming and outdoor performances, and are now rapidly recovering. Philadelphia was recently named one of 11 cities around the world that are home to "Must-See Public Art," per Travel + Leisure's 2022 list, which cites iconic sculptures such as LOVE and Rocky, as well as the work done by Mural Arts Philadelphia and the Association for Public Art.

Sports

Another key element of Philadelphia's hospitality industry is professional sports. Philadelphia is the only city to have a professional hockey, basketball, baseball, and football team playing in a single district, the Sports Complex Special Services District, created by the City in 2000. Over the next five years, Philadelphia will host several of the world's biggest sporting events, including six NCAA Championships and WrestleMania 40 in 2024, as well as the PGA Championship (to be held within the greater metropolitan area), Major League Baseball All-Star Game, FIFA World Cup in 2026, the Penn Relays, and Big 5 Basketball (University of Pennsylvania, La Salle University, Saint Joseph's University, Temple University, Villanova University, and Drexel University (to be added in 203-2024)). The Army-Navy Game will return in 2027.

Within the greater metropolitan area, the Philadelphia Union of Major League Soccer play their home games (at Subaru Park in Chester, Pennsylvania, next to the Commodore Barry Bridge on the waterfront along the Delaware River).

The South Philadelphia Sports Complex houses three professional sports facilities: The Wells Fargo Center opened in 1996 and is home to the Philadelphia Flyers (National Hockey League) and Philadelphia 76ers (National Basketball Association); Lincoln Financial Field opened in 2003 and is home to the Philadelphia Eagles (National Football League); and Citizens Bank Park opened in 2004 and is home to the Philadelphia Phillies (Major League Baseball). The Phillies and the Eagles are contractually obligated to play in Philadelphia until 2033 and 2034, respectively. Within the South Philadelphia Sports Complex is Xfinity Live!, a sports entertainment and dining complex. For information on casino development in the City and in the area near Xfinity Live!, see "ECONOMIC DEVELOPMENT STRATEGIES AND IMPLEMENTATION – Casinos" herein.

In 2021, Philadelphia opened The Block, the nation's first esports campus spanning 40,000 square feet. Located in Center City, The Block is also home to Localhost, a dedicated esports arena, which is accessible to the public for hourly gameplay and hosts local and national, amateur and professional esports events.

Music, Theater, and Dance

Considered to be one of the top theater cities in the U.S. with the oldest theater in America built in 1809, Philadelphia continues to entertain audiences centuries later with theatre, musicals, shows, orchestras and operas. Theaters and performing arts institutions include the Philadelphia Orchestra, Opera Philadelphia, Kimmel Center for Performing Arts, Walnut Street Theater, Philadelphia Ballet, Penn Live Arts, Philadelphia Theater Company, Curtis Institute of Music, Academy of Music, and more.

As aforementioned, music is key to Philadelphia's creative economy. Prominent concert venues include the Met, the Fillmore, Theater of the Living Arts (TLA), Wells Fargo Center, Union Transfer, Franklin Music Hall, World Café Live, the Pennsylvania Convention Center, in addition to numerous local music bars, clubs, and coffee houses, and smaller live music venues. Philadelphia also hosts multiple annual music festivals such as Jay Z's Made in America, the Roots Picnic, the Philadelphia Folk Festival, and HiJinx. Millennials cite the Philadelphia music scene as one of their primary reasons for permanently moving into the City and making it their home.

Philadelphia Ballet broke ground in September 2022 to expand its home on North Broad Street, the Philadelphia Ballet Center for Dance. The five-story center will feature, among other things, new rehearsal studios, administrative offices, a black box performance space, innovation and rehearsal space, new spaces for community programs and events. The transformative renovation and expansion will add 43,000 square feet to the company's existing building.

Historic District

Key to the City's leisure and hospitality growth is the maintenance and investment in the City's extraordinary historic assets. Philadelphia has 67 National Historical Landmarks in what's called the nation's "most historic square mile." As the birthplace of the country, Philadelphia remains a major tourist destination year-round, particularly the City's Historic District in Old City, which includes various museums and cultural centers, as well as such national treasures as the Liberty Bell, Independence Hall, Carpenters' Hall, the Betsy Ross House and Elfreth's Alley, the oldest residential street in the U.S. The City continues to invest in the maintenance and expansion of the Historic District's tourist experience.

Old City is home to some of the country's oldest historical assets. Independence National Historical Park is an international destination, attracting 4.8 million visitors annually. Important culturally and economically, Old City is also home to world-class museums, theaters and art galleries. The neighborhood offers excellent hotels, a wide range of dining and nightlife establishments, independent retailers, public parks, and a diverse mix of technology, media, professional, and service organizations. Some 5,200 residents live in historic townhouses, industrial loft apartments, and new condominium properties. Old City is located within a Keystone Innovation Zone, meaning that technology, energy, and life sciences businesses may be eligible for up to $100,000 in tax credits.

Old City District ("OCD") is a business improvement district that promotes the area and fosters economic development locally. OCD helps companies find suitable real estate and actively promotes the sector to attract businesses. Over the last few years, technology and creative businesses have established an increasingly important presence in the area.

Retail Market

For two decades, Philadelphia has steadily diversified downtown land use creating a broad retail customer base that includes workers, tourists, regional customers and a downtown population that is the third largest in the U.S. Staple downtown shopping destinations include Rittenhouse Square, Shops at Liberty Place, University Square, and Fashion District in Market East. During the winter holidays, Center City also opens Christmas Village and the Made in Philadelphia Holiday Market.

Center City's vibrant sidewalks offer customers the ability to discover a mix of local and regional retailers and restaurants. Downtown foot traffic recovery also outpaced other large cities including New York, Boston, and San Francisco. Downtown retail has proven resilient, with vacancy declining and brokers reporting an uptick in tenant interest and leasing activity. More than 175 new retailers, restaurants and service-oriented businesses have opened in Center City since 2020, with at least 47 more coming soon. Center City is on course to achieve its pre-pandemic 89% occupancy rate as reopenings and new arrivals have increased occupancy to 80.5% in 2022, with retail brokers reporting continued tenant inquiries, tours and active lease negotiations.

Market East, an important commercial area between City Hall and the City's Historic District is experiencing significant development. In late 2019, Fashion District Philadelphia (formerly the Gallery mall) opened to the public. A $420 million redevelopment project, the Fashion District is a unique retail development offering fashion, dining, entertainment, and arts and culture. The revitalization of this section of the City, also considered a major transport hub, is expected to be transformative. As of 2023, the Philadelphia 76ers propose to build a brand-new basketball arena in the Fashion District after the lease of the current South Philadelphia location expires in 2031. The new arena, to be called 76 Place at Market East, would also host concerts. It is being developed by 76 Devcorp and Mosaic Development Partners, a Philadelphia-based real estate development company and certified MBE (Minority Business Enterprise). The team launched a website (76place.com) explaining the proposal. According to the project team, the construction would create $1.9 billion of economic output and 9,000 jobs. After opening, the arena would bring $400 million of economic output annually and 1,000 jobs.

Philadelphia's more than 300 commercial corridors are vibrant retail hubs in neighborhoods like Old City, the Gayborhood, Midtown Village, Fishtown, Northern Liberties, Germantown, Manayunk, as well as throughout Philadelphia. The City's retail market generates more than $1 billion in annual retail demand, and such figure is expected to increase as more retail space is currently under construction.

Restaurants and Nightlife

Complementing the rise of retail, the City has experienced a revival of restaurant establishments downtown and in neighborhoods, indicating an improved quality of life and cultural vibrancy in those areas. Center City alone has 422 full-service restaurants and almost a thousand food establishments concentrated downtown. Philadelphia has a nationally recognized dining scene known for international cuisine, over 300 bring-your-own-bottle (BYOB) restaurants, and famous food destinations like Chinatown, the Italian Market, the Southeast Asian Market at FDR Park, and Reading Terminal Market. The latter recently completed a $1 million "festival street" leveraging 15,000 square feet of public space to add outdoor dining, pop-up retail kiosks and capacity to hold events. The market is currently open for indoor dining and shopping. The City is also home to several James Beard Award-winning restaurants, including Zahav, Vedge, Fork.

One of the silver linings of the COVID-19 pandemic was the growth of "streeteries" that added new vitality to Center City and neighborhood commercial districts, keeping many restaurants active during the most challenging months. During the COVID-19 pandemic, the City launched emergency outdoor dining allowances and implemented an open streets initiative in Center City. Parts of certain streets were closed off to traffic and parking to allow restaurants to expand outdoor seating options. In 2022, the City established a permanent outdoor dining program where eligible businesses can apply for a Streetery or Sidewalk Café license.

Philadelphia also has a vibrant bar and nightlife scene, known for world class bars and clubs. In 2022, recognizing the need to build Philadelphia's after dark economy, the City hired a full time Director of the Nighttime Economy. This role is tasked with building Philadelphia into a 24-hour city. The Director of Nighttime Economy is conducting a citywide listening tour, which will inform programs and engagements with the business community moving forward.

Casinos

Rivers Casino

Philadelphia's first casino, Rivers (formerly SugarHouse), originally opened in September 2010 and underwent a $15 million rebrand in 2019. One of Philadelphia's largest employers, Rivers Casino sits on the Delaware River waterfront offering an array of slot machines, table games and dining options. Its operations also include a multi-purpose event space with waterfront views, restaurants, live entertainment, and a parking garage.

Cordish Live! Casino

Live! Casino & Hotel Philadelphia, which opened in January 2021, is a $700 million world-class hotel, gaming, dining and entertainment destination featuring 2,000+ slot machines and 150+ live action table games, an upscale 200+ room hotel, a new 2,700-space parking garage, locally and nationally-recognized restaurants and live entertainment venues. The project is located in the heart of the Stadium District in South Philadelphia, immediately proximate to Xfinity Live!, The Cordish Companies' premier dining and entertainment district. The project creates the first comprehensive gaming, resort, entertainment, and sports destination in the United States, making it a true regional destination.

Waterfront Developments

Taking advantage of the City's geographic assets, the Schuylkill River and the Delaware River, the City is redeveloping its waterfront to accommodate a variety of developments, including mixed-use projects and housing, parks and recreational trails, and hotels. These projects improve quality of life for residents and improve the visitor experience, but also are an impetus for environmental remediation and private development of former industrial property within the City.

Delaware River Waterfront Corporation ("DRWC")

The Delaware River has historically been a center of activity, industry, and commerce, bounded at its north and south ends by active port facilities. The City adopted a Master Plan for the central Delaware River in 2011. DRWC, in partnership with the City, is a nonprofit corporation that works to transform the central Delaware River waterfront into a vibrant destination for recreational, cultural, and commercial activities. Over the last 10 years, DRWC has successfully opened four adaptive reuse park projects built on former pier structures, including the expansive Delaware River Trail in 2022 and the newly renovated Cherry Street Pier in 2018. DRWC has several development projects underway, such as Graffiti Pier, the South Wetlands Park, and the Park at Penn's Landing, which will include the creation of a cap over I-95 and connect Old City Philadelphia with the Delaware River. The proposed 11-acre, multimillion-dollar park project is in the planning stages. Construction of the park is anticipated to begin in 2023 and be completed in 2029. DRWC, the City, and the Commonwealth have also partnered to redevelop Penn's Landing, a major public space along the Delaware River waterfront. The resulting civic space will leverage investment from private sources for the redevelopment of the adjoining parcels. The City's contribution to this project is $90 million ($70 million toward the park/topside amenities and $20 million toward the Schuylkill River Trail). The project is expected to generate approximately $1.6 billion of new revenues benefiting the City, School District, and Commonwealth. Potential future development includes two parcels that could bring 1,500 new housing units, 500 hotel rooms, and over 100,000 square feet of retail, dining, and entertainment to the waterfront.

Schuylkill River Development Corporation ("SRDC")

Redevelopment along the Schuylkill River is managed by a partnership among SRDC, the Department of Parks & Recreation, and the Department of Commerce. SRDC works with federal, Commonwealth, City, and private agencies to coordinate, plan and implement economic, recreational, environmental and cultural improvements, and tourism initiatives on the Schuylkill River. From 1992 to 2017, $70 million was invested by SRDC, the City, and partners along the tidal Schuylkill to create 3.65 miles of riverfront trails within 30 acres of premiere park space in the heart of the City, and has added amenities to the Schuylkill River Park such as floating docks, fishing piers, a composting toilet, and architectural bridge lighting. SRDC continues to work towards meeting its goal of creating and maintaining trails and green space along the tidal Schuylkill River in Philadelphia, such as the Christian to Crescent Connection. This trail section will connect neighborhoods on both sides of the Schuylkill River to a vast existing network of parks and trails, including the Schuylkill River trail, Fairmount Park, and the regional network of recreational trails and related facilities known as the Circuit. It will also provide those neighborhoods with a direct pedestrian and bicycle route to Center City's jobs and services. In addition, it will help complete Philadelphia's segment of the East Coast Greenway.

SRDC also worked with the City to extend Schuylkill Banks to 61st Street. The project included the construction of approximately 1,800 feet of trail, shoreline stabilization, constructing stormwater infiltration basins, planting approximately 125 trees, restoring approximately 1.6 acres of degraded industrial land, as well as constructing an overlook, and a fishing plaza. This project is the first phase of a larger trail extension project. Bartram's to 61st Street was completed in 2021. Bartam's Mile Fishing Pier was also rehabilitated in 2022. Work is underway on the Schuylkill Crossing at Grays Ferry and the Christian to Crescent Connector trail segment. Plans continue for the 61st Street to Passyunk trail segment, bringing us closer to installing a trail and greenway with vital riverfront access along the entire tidal Schuylkill. Since 2005, Philadelphia has benefitted from more than $1 billion in development along the Schuylkill River, with more planned by private developers, universities, and healthcare institutions.

TRANSPORTATION

Public Transportation

COVID. The COVID-19 pandemic has had an unprecedented impact on the City's transit system. On an average day before COVID-19, people in the Philadelphia region made over a million trips on public transit to access jobs, shopping, medical appointments, school, and many other destinations. With the pandemic, transit ridership is now at historically low levels both in Philadelphia and across the world.

Transit ridership in Philadelphia is recovering, but that recovery has been slowed by the Omicron surge. Services are recovered to 55% of their pre-COVID-19 ridership levels. While the economic challenges resulting from COVID-19 have severely reduced available funds for all types of public spending, including investments in transit, the federal infrastructure bill is expected to increase spending on transit and transportation.

Bipartisian Infrastructure Law. The Bipartisian Infrastructure Law provides unprecedented funding levels for infrastructure upgrades to not only the City, but also SEPTA, PennDOT, AMTRAK, and the Port of Philadelphia. The City estimates over $700 million in federal funding over 5 years in addition to approximately $180 million in State funds for infrastructure projects. The City has already been awarded over $200 million in formula and discretionary funding as of April of 2023.

General. The residents of the City and surrounding counties are served by a commuter transportation system operated by SEPTA. This system includes two subway lines, a network of buses and trolleys, and a commuter rail network joining Center City and other areas of the City to PHL (as defined herein) and to the surrounding counties. For more information on SEPTA, see "– Southeastern Pennsylvania Transportation Authority" and APPENDIX A – "EXPENDITURES OF THE CITY – City Payments to SEPTA."

A high-speed train line runs from southern New Jersey to Center City and is operated by the Port Authority Transit Corporation ("PATCO"), a subsidiary of the Delaware River Port Authority. On the average pre-COVID-19 weekday, PATCO brings approximately 30,000 riders to Philadelphia.

New Jersey Transit operates 19 different bus routes and the Atlantic City Train Line, all of which serve to connect Philadelphia and New Jersey. On the average weekday, the New Jersey Transit bus routes bring approximately 4,000 riders to Philadelphia and the Atlantic City Line brings approximately 1,400 riders to Philadelphia, pre-COVID-19.

AMTRAK, SEPTA, Norfolk Southern, CSX Transportation, Conrail and the Canadian Pacific provide inter-city commuter and freight rail services connecting the City to other major cities and markets in the United States. According to Amtrak, Philadelphia's 30th Street Station is the third busiest station in the United States. Amtrak provides direct service along the Northeast corridor to destinations such as New York, Trenton, Wilmington, Baltimore, and DC, and well as service along the Keystone line to Harrisburg and Lancaster, plus several long-distance routes to other national locations.

Center City, the City's downtown core, is one of the most accessible downtown areas in the nation with respect to highway transportation by virtue of Interstate 95 ("I-95"); Interstate 676 (the "Vine Street Expressway"), running east-to-west through the CBD between Interstate 76 (the "Schuylkill

Expressway") and I-95; and Interstate 476 (the "Blue Route") in suburban Delaware and Montgomery Counties, which connects the Pennsylvania Turnpike and I-95 and connects to the Schuylkill Expressway, which runs to Center City. In addition, more than 100 truck lines serve the Philadelphia area.

The City is served within city limits by numerous private buses and shuttles. These buses and shuttles are operated by apartment complexes, universities, and private companies. These buses and shuttles connect Philadelphians to transit hubs, employment, and residences. A rail line reaches PHL in less than 20 minutes from the City's central business district and connects directly with the commuter rail network and the Pennsylvania Convention Center.

Philadelphia launched the Indego bike share program, sponsored by Independence Blue Cross, in April 2015. The system launched with 600 bicycles and 70 stations in central Philadelphia and the surrounding neighborhoods. Since that time, it has more than doubled in size to a network of 200 stations spanning from East Falls to the Navy Yard, and from the Delaware River to 53rd street. Indego was launched with racial and economic equity as a core value. The program has led the nation in a number of key metrics on social equity – first system with an integrated low-income pass option, first to develop connections with communities through its Indego Community Ambassador program, and as a core member of the Better Bike Share Partnership, a national initiative aimed at understanding and eliminating barriers to use of bike share by underserved populations.

Ridership continues to grow, as September 2022 marked the highest month of overall use of the program, with more than 110,000 trips made by 12,000 riders. Additionally, in 2023 Indego is seeing a 30% YOY increase in ridership over 2022. This growth is part of the concession contract for the operations of Indego. Bicycle Transit Systems, a Philadelphia-based company began a 10-year agreement in January 2021 and will fund significant expansion over the coming years. When complete, the system will include more 350 stations and 3,500 bicycles with a fleet of approximately 50% electric assist bicycles. In 2023, the Indego system has expanded to over 200 stations and 2,000 bikes.

Southeastern Pennsylvania Transportation Authority

SEPTA operates facilities across the PMSA, encompassing approximately 2,200 square miles and serving approximately 4.1 million inhabitants. SEPTA operates service 24 hours a day, seven days a week, 365 days a year. A significant segment of the region relies on SEPTA for public transportation and annual SEPTA ridership totaled more than 292.9 million in Fiscal Year 2019, which dropped to 146.9 million in Fiscal Year 2022.

SEPTA's operations are accounted for in three separate divisions: City Transit; Regional Rail; and Suburban Transit. The City Transit Division serves the City with a network of 89 subway-elevated, light rail, trackless trolley and bus routes, providing approximately 852,000 pre-COVID-19 unlinked passengers trips per weekday. The Regional Rail Division serves the City and the local counties with a network of 13 commuter rail lines providing approximately 120,000 pre-COVID-19 passenger trips per weekday.

SEPTA continues to rehabilitate and replace critical infrastructure and systems, such as substations, bridges, and stations. Its long-term capital program includes (i) safety and security enhancements, (ii) modernization of communication, signal equipment, and fare collection systems, (iii) replacement of rail vehicles that have exceeded their useful life, (iv) enhancing accessibility, (v) expanding capacity to address ridership growth, (vi) expanding its fleet of hybrid buses, and (vii) performing vehicle overhauls to optimize vehicle performance. SEPTA's capital budget for Fiscal Year 2023 is the largest in its history at over $1 billion dollars. The coordinated SEPTA Forward initiative is guiding the capital spending to ensure strategic alignment, along with bus and regional rail planning initiatives to increase ridership. SEPTA has been aggressive at pursuing federal and State funding for state-of-good-repair and strategic investments.

Airport System

The Airport System serves residents and visitors from a broad geographic area that includes 11 counties within four states: Pennsylvania, New Jersey, Delaware, and Maryland. The Airport System consists of the Philadelphia International Airport ("PHL" or the "Airport") and Northeast Philadelphia Airport ("PNE").

Philadelphia International Airport

PHL is classified by the Federal Aviation Administration as a large air traffic hub (enplaning 1.0% or more of the total passengers enplaned in the United States). According to data reported by Airports Council International – North America, PHL was ranked the twenty-first busiest airport in the United States, serving 19.6 million passengers in calendar year 2021. The Airport serves as a primary hub in American Airlines' route system. PHL is located approximately seven miles from Center City on approximately 2,598 acres.

PHL has four runways, consisting of two parallel runways, a crosswind runway, and a commuter runway, as well as interconnecting taxiways. PHL also has six active cargo facilities, various support buildings, training areas, an air traffic control tower, a fixed-base operator, corporate hangars, a fueling supply facility, and two American Airlines aircraft maintenance hangars.

PHL's terminal facilities consist of seven terminal units, totaling approximately 3.2 million square feet, which include ticketing areas, passenger and baggage screening areas, passenger hold rooms, baggage claim areas, a variety of food, retail and service establishments, and other support areas. PHL has a 14-story hotel, seven rental car facilities, a cell-phone lot, employee parking lots, five public parking garages, and a first-class office complex.

PHL's Airport-Airline Use and Lease Agreement (the "Airline Agreement") with its signatory airlines expired on July 1, 2022. In anticipation of its expiration, the Airport, in consultation with the Airlines, established a Rate Regulation that became effective July 1, 2022. The Airport and Airlines continue to operate as they have previously under established procedures for annual review and adjustment of airline rentals, fees, and charges so that the Airport System yields Amounts Available for Debt Service at least sufficient to comply with the Rate Covenant established in its General Airport Revenue Bond Ordinance. The Airport is in the process of negotiating a new Use and Lease Agreement that it presently anticipates could take effect on July 1, 2023.

Capital Development. The Airport System's long-term capital program includes (i) terminal and landside improvements, (ii) airfield improvements, (iii) security and information technology improvements, and (iv) land acquisition and ground transportation improvements, among other things.

[REMAINDER OF PAGE INTENTIONALLY LEFT BLANK.]

PHL Passenger and Other Traffic Activity. The total number of passengers served by the Airport in calendar year 2022 was 25.2 million, which is an increase of approximately 28% from calendar year 2021 passengers of 19.6 million, and a decrease of 24% from calendar year 2019, which was the last full year of pre-COVID activity. Domestic passenger traffic increased to 77% of 2019 levels in 2022, a 20% increase from 2021. International passenger traffic continued its steady return as 2022 activity nearly tripled the activity for 2021, bringing international passengers to 73% of 2019 levels.

	Calendar Year		
Activity	2022	2021	% Change
Landed Weight - Revenue (000 lbs.)	17,887,189	15,155,805	18.0%
Operations (Takeoffs & Landings)	284,141	268,884	5.7%
Enplaned Passengers	12,638,082	9,849,307	28.3%
Cargo (Mail + Freight) (Tons)	625,261	643,138	(2.8%)

Northeast Philadelphia Airport

PNE is located approximately ten miles northeast of Center City on approximately 1,118 acres. PNE serves as a reliever airport for PHL and provides for general aviation, air taxi, corporate, and occasional military use. PNE currently has no scheduled commercial service. There are a variety of hangars (corporate and general aviation) at PNE. The Airport System's long-term capital program includes PNE improvement projects.

Port of Philadelphia

The Port of Philadelphia (the "Port") is located on the Delaware River within the City limits. The Port's facilities are serviced by two Class I railroads (CSX and Norfolk Southern) and provide service to major eastern Canadian points, as well as Midwestern, southern and southeastern U.S. destinations. In 2022, the Port announced new, direct, all-water container service with Asia. Terminal facilities, encompassing four million square feet of warehousing, are located in close proximity to Interstate 95 and Interstate 76. Over 1,600 local general freight trucking companies operate in the MSA.

The Philadelphia Regional Port Authority, or PhilaPort, operates the Port. PhilaPort achieved a double-digit growth in containers (15%), breakbulk (19%), and overall port tonnage (10%) in 2021 and is one of the fastest growing container ports on the East Coast.

In 2021, other growth categories for PhilaPort were (i) steel tonnage (up 196% year to date), (ii) wood pulp (up 11% year to date), (iii) lumber (up 11% year to date), (iv) cocoa beans (up 106% year to date), and (v) vessels (up 7% year to date).

In recent years, PhilaPort, along with the U.S. Army Corps of Engineers, completed the Delaware River Main Channel Deepening Project, a long-term project to deepen the main channel of the Delaware River from 40 to 45 feet. Such project was aimed at improving the Port's competitiveness by increasing container and auto capacity at the Port and increasing the Port's ability to handle wood pulp, a food grade commodity.

KEY CITY-RELATED SERVICES AND BUSINESSES

Municipal services provided by the City include: (i) police and fire protection; (ii) health care; (iii) certain welfare programs; (iv) construction and maintenance of local streets, highways, and bridges; (v) trash collection, disposal, and recycling; (vi) provision for recreational programs and facilities; (vii) maintenance and operation of the Water and Wastewater Systems; (viii) acquisition and maintenance of City real and personal property, including vehicles; (ix) maintenance of building codes and regulation of licenses and permits; (x) maintenance of records; (xi) collection of taxes and revenues; (xii) purchase of supplies and equipment; (xiii) construction and maintenance of the Airport System (see "TRANSPORTATION – Airport System"); and (xiv) maintenance of a prison system. Certain of these services are described in more detail below.

Water and Wastewater

The water and wastewater systems of the City are owned by the City and operated by the City's Water Department (the "Water Department"). The water and wastewater systems are referred to herein individually as the "Water System" and "Wastewater System", respectively.

The Water System service area includes the City and has one wholesale water service contract. Based on the 2021 U.S. Census Bureau estimate, the Water System served 1,576,251 individuals. As of June 30, 2022, the Water System served approximately 504,000 active customer accounts using approximately 3,100 miles of mains and approximately 25,000 fire hydrants.

The City obtains approximately 56.8% of its water from the Delaware River and the balance from the Schuylkill River. The City is authorized by the Pennsylvania Department of Environmental Protection (the "PaDEP") to withdraw up to 423 million gallons per day ("MGD") from the Delaware River and up to 258 MGD from the Schuylkill River.

Water treatment is provided by the Samuel S. Baxter Water Treatment Plant on the Delaware River and by the Belmont and Queen Lane Water Treatment Plants on the Schuylkill River. The combined rated treatment capacity of these plants under the Water Department's Partnership for Safe Water procedures is 546 MGD. The combined maximum source water withdrawal capacity from the two rivers that supply these plants is 680 MGD. The excess source water capacity enables higher than normal withdrawal from either river should conditions limit withdrawals from one.

The Wastewater System's service area includes the City and ten wholesale wastewater service contracts. Based on the 2021 U.S. Census Bureau estimate, the Wastewater System served 1,576,251 individuals that live in the City and ten wholesale contracts.

As of June 30, 2022, the Wastewater System served approximately 542,000 accounts, including approximately 46,000 stormwater-only accounts and ten wholesale contracts with neighboring municipalities, authorities and one corporation.

The Wastewater System consists of three water pollution control plants, the Northeast, Southwest and Southeast water pollution control plants (the "WPCPs"), 25 wastewater pumping stations, approximately 3,700 miles of sewers, and a privately managed centralized biosolids handling facility. It includes approximately 1,850 miles of combined sewers, 770 miles of sanitary sewers, 750 miles of stormwater sewers, 16 miles of force mains (sanitary and storm), and 330 miles of appurtenant piping. The three WPCPs processed a combined average of 449 MGD of wastewater in Fiscal Year 2022, have a 522 MGD combined average daily design capacity and a peak capacity of 1,059 MGD.

Gas Works

The City owns the assets that comprise the Philadelphia Gas Works ("PGW" or the "Gas Works"). PGW is the largest municipally-owned gas utility in the nation, is responsible for the acquisition and storage of natural gas and is the sole distributer of natural gas within the limits of the City. Such limits also define the service area of PGW which, being the corporate limits of the City, is a mostly dense urban area of 143 square miles located in southeast Pennsylvania along the Delaware River and within the smallest county of the Commonwealth.

PGW is principally a gas distribution utility, with a distribution system of approximately 3,041 miles of gas mains and 476,605 service lines. In addition, PGW operates facilities for the liquefaction, storage, and vaporization of natural gas to supplement gas supply taken directly from interstate pipeline and storage companies. The principal PGW natural gas supply facilities include nine City gate stations, owned in large part by the interstate natural gas pipeline companies serving PGW, and two liquefied natural gas plants owned by the City and operated by PGW.

The City Charter provides for a Gas Commission (the "Gas Commission") to be constituted and appointed in accordance with the provisions of contracts between the City and the operator of PGW as may from time to time be in effect, or, in the absence of a contract, as may be provided by ordinance. The Gas Commission consists of the City Controller, two members appointed by City Council and two members appointed by the Mayor.

PGW's operations are managed by the Philadelphia Facilities Management Corporation ("PFMC"), a Pennsylvania non-profit corporation specifically organized to manage and operate PGW for the benefit of the City. PFMC's responsibilities are set forth in a Management Agreement between the City and PFMC dated December 29, 1972, as subsequently amended ("Management Agreement"), which delegates responsibility for PGW's operation to an executive management team provided by PFMC. Under the Management Agreement, those responsibilities that are not specifically granted to PFMC are the responsibilities of the Gas Commission, except to the extent preempted by the Pennsylvania Public Utility Commission (the "PUC") pursuant to the Pennsylvania Natural Gas Choice and Competition Act (the "Gas Choice Act"). The Gas Choice Act made PGW subject to regulation by the PUC effective July 1, 2000, and provides that choice among natural gas suppliers will be provided to PGW's customers.

For more information on PGW, see APPENDIX A – "THE GOVERNMENT OF THE CITY OF PHILADELPHIA – Government Services, "PGW PENSION PLAN," "PGW OTHER POST-EMPLOYMENT BENEFITS," "EXPENDITURES OF THE CITY – PGW Annual Payments," and "LITIGATION – PGW."

Libraries

The Free Library of Philadelphia, the City's public library system, comprises 54 branches (with a variety of digital, computer-based services at certain locations) and an extensive online resource system.

Streets and Sanitation

The Philadelphia Streets Department (the "Streets Department") and the divisions within it are responsible for the City's large network of streets and roadways. The City's pavement condition is considered to be in "Fair" pavement condition. In order for the City to maintain its pavement in a state of good repair, local streets should be repaved once every 20 years and arterials should be repaved once every 10 years. This requires approximately 131 miles of paving every year. The pavement program has accumulated a backlog of approximately 1,100 miles since 1996. During Fiscal Years 2015-2020, the

Streets Department invested in critical equipment replacements and began to implement a strategy to address recurring state of good repair needs. The Streets Department is also emphasizing an objective, data-oriented approach towards strategically addressing roadway conditions throughout the City. New geographical information system (GIS) and global position system (GPS) technology and systems are being used, along with objective assessment tools, to rate and monitor the quality and condition of streets and roadways to prioritize paving plans.

The Streets Department is also responsible for the ongoing collection and disposal of residential trash and recyclables, the overall cleanliness of city streets, the construction and maintenance of city streets roadways, bridges and street lighting system and management and engineering of the City's local traffic network. The streets system in Philadelphia totals 2,575 miles – 2,180 miles of City streets, 35 miles of Fairmount Park roads, and 360 miles of state highways. The Sanitation Division annually collects and disposes of over 620,000 tons of rubbish and 80,000 tons of recycling (although the impact of the COVID-19 pandemic has recently significantly increased rubbish tonnage amounts beyond this level), and works to combat illegal dumping.

Sustainability and Green Initiatives

Mayor Kenney continues the City's commitment to make Philadelphia the greenest and most sustainable city in America. To aid in achieving this goal, the Philadelphia Energy Authority has been tasked with improving energy sustainability and affordability in the City and with educating consumers on their energy choices. Certain energy savings financing has also been undertaken by the Philadelphia Municipal Authority and the Philadelphia Authority for Industrial Development. The City is investing in and evaluating additional options and investing in both green and traditional infrastructure to better manage storm water reclamation and reduce pollution of the City's public waters. There has been extensive investment in creating more and better public green spaces, such as Love Park in Center City, as well as green spaces along both the Delaware and Schuylkill Rivers. Finally, the City has been taking steps to further reduce automobile traffic, congestion and pollution by making Philadelphia's streets increasingly friendly to bicyclists. The City introduced its new bicycle sharing system, Indego, in 2015, as further described in "TRANSPORTATION."

In furtherance of sustainability and environmental issues that affect the health and wellbeing of Philadelphians, in 2022, Mayor Kenney signed an executive order launching Philadelphia's first Environmental Justice Advisory Commission (PEJAC), a historic step in the City's commitment to supporting the leadership of frontline communities in addressing environmental harms. Alongside the launch, the City announced the establishment of a community resilience and environmental justice grant fund to affirm the City's commitment to pursuing environmental justice for all Philadelphians. The City has begun looking beyond risks posed to municipal government and is in the process of updating its citywide adaptation plan. To facilitate this process, it has launched an Interagency Working Group for Environmental Justice and Climate Resilience to ensure climate resilience is incorporated throughout City operations and planning. This group will carry out neighborhood-level climate risk vulnerability assessments to inform planning around environmental risks. Another inter-agency working group has engaged state and federal partners to address flood risk along the Lower Schuylkill, in concert with the Eastwick community and other stakeholders. This group will collaborate to define short-, medium- and long-term solutions to flooding that center community input. Other planning activities are underway that will identify strategic actions and funding sources to advance resilience citywide. The City is developing a strategy to pursue benefits from the Biden Administration's Justice40 commitment and Inflation Reduction Act grants, with the potential to secure significant federal funding for resilience and sustainability efforts. Through its strategic planning for the urban forest, Philadelphia Parks and Recreation is exploring how to increase tree canopy in neighborhoods vulnerable to the effects of extreme heat since trees cool the air and reduce heat islands. The Philadelphia Office of Emergency Management is actively integrating climate change and climate adaptation strategies in the update of the Hazard Mitigation Plan, which will assist with both local and statewide planning aimed at increasing community resilience.

For more information on climate change in the City, see APPENDIX A – "THE GOVERNMENT OF THE CITY OF PHILADELPHIA – Climate Change."

[REMAINDER OF PAGE INTENTIONALLY LEFT BLANK.]

APPENDIX C

ANNUAL COMPREHENSIVE FINANCIAL REPORT OF THE CITY OF PHILADELPHIA FOR THE YEAR ENDED JUNE 30, 2022

[THIS PAGE INTENTIONALLY LEFT BLANK]

City of Philadelphia

PENNSYLVANIA

Founded 1682

Annual Comprehensive Financial Report

Fiscal Year Ended June 30, 2022

SEAL OF THE CITY OF PHILADELPHIA

City of Philadelphia
PENNSYLVANIA

Annual Comprehensive Financial Report Fiscal Year Ended June 30, 2022

Jim Kenney
Mayor

Prepared by:

Office of the Director of Finance

Rob Dubow
Director of Finance

Josefine Arevalo
Chief Accounting Officer

Accounting Office

Kevin Barr
Jamika Baucom
Nana Boateng
Randy Boucher
Sharon Donaldson
Isaac Fowowe
Gary Hanna
Victoria Heads
Christopher Kennedy
Christal Lewis
Gladwin Mathew
Eugene McCauley
Rowaida Mohammed
Mary Powell-Civera
Shenika Ruff
Dino Sam
Rich Sensenbrenner
Amit Shah
Yashesh Shah
Girgis Shehata
Shantae Thorpe
Binex Varghese
Edward Wiler

SEAL OF THE CITY OF PHILADELPHIA

Table of Contents

Introductory Section

Financial Section

Financial Section (Continued)

Other Supplementary Information

Statistical Section

City of Philadelphia
OFFICE OF THE DIRECTOR OF FINANCE
1401 John F. Kennedy Blvd.
Suite 1330, Municipal Services Bldg.
Philadelphia, Pennsylvania 19102-1693

ROB DUBOW
Director of Finance

February 25, 2023

To the Honorable Mayor, Members of the City Council, and People of the city of Philadelphia:

I am pleased to present the City of Philadelphia's Annual Comprehensive Financial Report (ACFR) for the fiscal year ended June 30, 2022. This report must be published by February 25th of every year to fulfill the continuing disclosure requirements related to the City's outstanding bonds and as outlined in SEC Rule 15c2-12.

The City's management assumes full responsibility for the completeness and reliability of the information contained in this report, based upon a comprehensive framework of internal controls that it has established for this purpose. Because the cost of internal control should not exceed anticipated benefits, the objective is to provide reasonable, rather than absolute, assurance that the financial statements are free of any material misstatements.

The City Controller has issued an unmodified ("clean") opinion on the City's financial statements for the year ended June 30, 2022. The City Controller is an independently elected public official[1] and is required by City Home Rule Charter (City Charter) section 6-401 to appoint a certified public accountant as the deputy in charge of auditing and complete an annual audit of all City accounts. This independent auditor's report is located at the front of the financial section of this report.

Management's discussion and analysis (MD&A) immediately follows the independent auditor's report and provides a narrative introduction, overview, and analysis of the basic financial statements. The MD&A complements this letter of transmittal and should be read in conjunction with it.

PROFILE OF THE GOVERNMENT

The City of Philadelphia was founded in 1682, incorporated in 1789, and merged with the County of Philadelphia in 1854. The city occupies an area of 135 square miles of land along the Delaware River, serves a population of nearly 1.6 million and is the hub of a five-county metropolitan area including Bucks, Chester, Delaware and Montgomery Counties in Southeast Pennsylvania.

The City is governed largely under the City Charter, which was adopted by the Electors of the City of Philadelphia on April 17, 1951 and became effective on the first Monday of January 1952. 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.

Under the City Charter, there are two principal governmental entities in the City: (i) the City, which performs municipal and county functions; and (ii) the School District, which has boundaries coterminous with the City and responsibility for all public primary and secondary education. Under Article XII of the City Charter, the School District of Philadelphia operates as a separate and independent home rule school district. The Board of Education, which governs the District, has nine members, each of whom is appointed by the Mayor with the approval of City Council.

The Charter provides for a strong mayoral form of government with the Mayor and the seventeen members of the City Council, ten from districts and seven from the city at-large, elected every four years. Minority representation is assured by the requirement that no more than five candidates may be elected for Council-at-large by any one party or political body.

---

[1] As of the publication date, following the resignation of the elected City Controller, the Controller position is held by an Interim Controller who was appointed by the Mayor but who operates as an independent official.

The Mayor is prohibited from serving more than two consecutive terms. The District Attorney and the City Controller are elected at the mid-point of the terms of the Mayor and City Council. The court system in the City, consisting of Common Pleas and Municipal Courts, is part of the Commonwealth judicial system. Although the judges are paid by the Commonwealth, most other court costs are paid by the City, with partial reimbursement from the Commonwealth.

The City of Philadelphia provides a full range of services, including police and fire protection, emergency medical services, sanitation services, streets maintenance, recreational activities and cultural events, and traditional county functions such as health and human services and prisons. The City operates water and wastewater systems that service the residents of Philadelphia; and two airports: Philadelphia International Airport, which handles passengers and cargo; and Northeast Philadelphia Airport, which handles private aircraft and some cargo.

This report includes the financial statements of the primary government, as well as its component units, which are legally separate organizations in which the primary government is financially accountable. In addition, when a component unit functions as an integral part of the primary government, its financial data is blended with the primary government, and treated just as though it were funds of the primary government. Otherwise, the component unit is presented discretely from the primary government. Blended component units included in this report are the Philadelphia Municipal Authority and Pennsylvania Intergovernmental Cooperation Authority; discretely presented component units included in this report are the Philadelphia Gas Works, Philadelphia Redevelopment Authority, Philadelphia Parking Authority, School District of Philadelphia, Community College of Philadelphia, Community Behavioral Health, Inc., Philadelphia Housing Authority, and the Philadelphia Authority for Industrial Development. The relationship between the City and its component units is explained further in the *Notes to the Financial Statements*.

The City maintains budgetary controls to ensure compliance with legal provisions embodied in the annual appropriated budget proposed by the Mayor and approved by City Council for the fiscal year beginning July 1st. Activities of the General Fund, City Related Special Revenue Funds and the City Capital Improvement Funds are budgeted annually. The level of budgetary control (that is, the level at which expenditures cannot legally exceed the appropriated amount) is established by major class within an individual department and fund for the operating funds and by project within department and fund for the Capital Improvement Funds. The City also maintains an encumbrance accounting system for control purposes. Encumbered amounts that have not been expended at year-end are carried forward into the succeeding year but appropriations that have not been expended or encumbered at year-end are lapsed.

FACTORS AFFECTING ECONOMIC CONDITION

The information presented in this report is best understood in the context of the environment in which the City of Philadelphia operates. A more comprehensive analysis of these factors is available in the City's Five-Year Plan, which is presented by the Mayor each year pursuant to the Pennsylvania Intergovernmental Cooperation Authority Act and can be obtained online at www.phila.gov/finance.

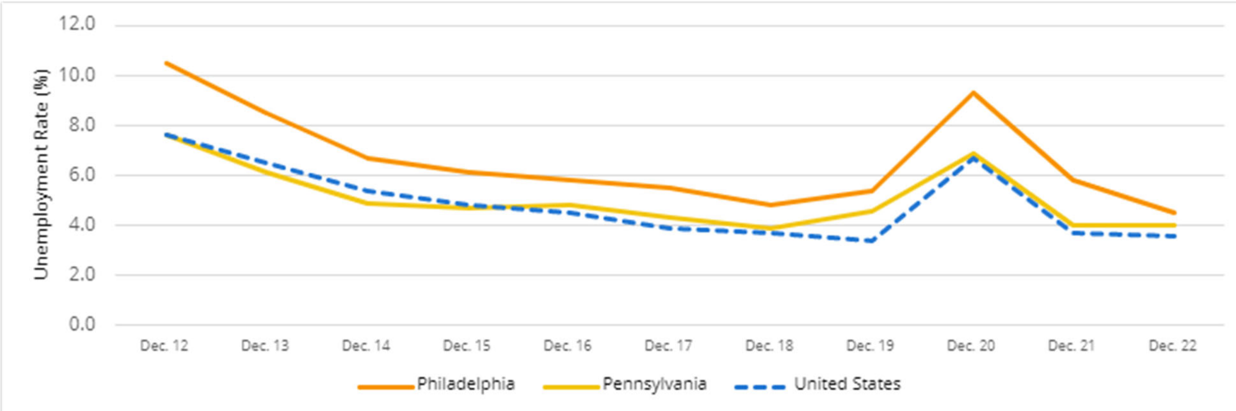
Local Economy

The city benefits from its strategic geographical location, relative affordability, cultural and recreational amenities, and its growing strength in key industries. As a hub for education and medicine, the city is home to several institutions of higher education, medical and research facilities, and hospitals. The city also has a strong business and personal services economy with strengths in insurance, law, finance, and leisure and hospitality. Tourism is driven by the city's attractive historic district and array of cultural assets, including museums, theaters and entertainment venues, a vast park system, and a dynamic restaurant scene.

Philadelphia's economy was performing well in the decade before the pandemic – matching and in some years outperforming the nation in job generation. But COVID-19 halted that progress, and the city's recovery has lagged behind that of the national economy. The U.S. Bureau of Labor Statistics' monthly employment data for November 2022 showed a modest increase of 2,000 jobs in the city. Education, health care, and social services sectors continued showing gains by adding another 2,200 jobs. The sector now has more than recovered its pandemic-era job losses, having added 14,000 jobs since April 2022. Meanwhile, the leisure and hospitality sector posted another monthly decline, and has dropped over 4,000 jobs since May 2022.

As of December 2022, Philadelphia's unemployment rate has dropped below 5%, and is expected to drop further. The following chart shows the trend in Philadelphia's unemployment rate as compared to Pennsylvania's and the U.S. overall from 2012 to 2022. While Philadelphia's unemployment rate has returned to pre-pandemic levels, it continues to be high relative to other locations in the U.S. As of December 2022, the non-seasonally adjusted rate shows Philadelphia with an unemployment rate of 4.5%, Pennsylvania with an unemployment rate of 4%, and the U.S. with an unemployment rate of

3.6%. Higher unemployment means that more individuals are without wages, impacting their household stability and their purchasing power in the local economy.



The estimated 2021 median household income in Philadelphia was $52,899, which is a $7,600 increase since 2016, outpacing state (8%) and national (6%) growth rates. Despite the improvement, poverty and resident hardship within Philadelphia is deeply persistent. The City's median household income remains lower than the estimated 2021 national median income of $69,717 and the statewide figure of $69,957. Philadelphia has the lowest median household income of the top 10 largest U.S. cities. The median home values increased by 22.7% from $150,000 in 2009 to $184,100 in 2021, and with median rent rising 38.6% from $829 in 2009 to $1,149 in 2021. Philadelphia continues to have high levels of homeownership, with homeowners occupying 52.4% of the housing stock.

Calendar Year	Population[1]	Personal Income (in thousands)[2]	Per Capita Personal Income[3]	Unemployment Rate
2021	1,576,251	95,944,257	60,869	9.2%
2020	1,578,487	93,038,320	58,941	12.4%
2019	1,584,064	90,711,866	57,265	5.5%
2018	1,584,138	88,311,658	55,747	5.5%
2017	1,580,683	88,081,991	55,718	6.2%

[1] US Census Bureau
[2] US Department of Commerce, Bureau of Economic Analysis
[3] US Department of Labor, Bureau of Labor Statistics

The City has been rated in the 'A' category by all three rating agencies since 2013. In July 2022, Fitch Ratings upgraded the City's rating from 'A-' to 'A'.

City of Philadelphia's General Obligation Bond Ratings

Fiscal Year End	Moody's	Standard & Poor's	Fitch
2022	A2	A	A-
2021	A2	A	A-
2020	A2	A	A-
2019	A2	A	A-
2018	A2	A	A-

The consistent efforts of Philadelphia's economic development agencies and others have spurred significant economic changes throughout the city. Development in the Navy Yard has, over time, transitioned a former naval property and active military base to a growing hub for business. Over the last two decades, the efforts of Philadelphia's economic development agencies and others have spurred significant economic revitalization throughout the city. The adopted FY23 General Fund expenditures total $5.84 billion, a $503.9 million increase (9.4%) from the FY22 audited actuals. As with prior years, the largest costs to the City's budget are to pay for City employees who design, manage, and implement programs and services for residents, businesses, and visitors. The single largest expenditure in the General Fund budget is compensation for employees. The pay-related cost for General Fund employees is budgeted to be $2.06 billion in FY23, an 8.8% increase over FY22's level, reflecting salary increases and new positions. Additional investments are discussed in greater detail in the major initiatives section below.

The FY23 Capital Budget provides approximately $203 million in new, City-supported general obligation borrowing (identified as CN funds) and $540 million of prior year, tax-supported City loans. This City commitment will help leverage $3.1 billion from federal, state, private, City self-sustaining enterprise, operating, and revolving fund sources for a total FY23 budget of $3.86 billion. Over six years, the FY23-28 Capital Program includes a commitment of nearly $1.1 billion in new CN borrowing as part of a proposed $11.06 billion in total capital investment.

Three years into the COVID-19 pandemic, the City's General Fund revenues, primarily originating from local and regional taxpayers continue to exhibit a mix of growth and decline. For the General Fund, the City is estimated to receive a total of $5.7 billion in FY23, a decrease of 0.7% over FY22 unaudited actuals. The largest portion of General Fund revenue comes from local taxes, with an estimated $4 billion, or 70% of the total, coming from tax receipts in FY23. Total revenues are budgeted to grow $212 million from the FY22 estimate.

LONG-TERM FINANCIAL PLANNING

Unrestricted fund balance (the total of the committed, assigned, and unassigned components of fund balance) in the General Fund at year-end was 13.5% of total General Fund revenues. This amount was above the City's goal of 6-8% and below the Government Finance Officers Association (GFOA) recommendation of two months of general fund revenues, or approximately 16.7%. The fund balance is higher than the adopted FY23-27 Five Year Financial and Strategic Plan due to two main factors. The first is underspending, as the City, like many other employers, has struggled to attract and retain staff amid a complicated landscape in the labor market in the wake of the pandemic; funds had been budgeted for salaries for positions that have stayed vacant. The second significant factor was higher-than-anticipated tax collections, notably from two taxes: the volatile Business Income and Receipts Tax (BIRT) and the Wage Tax.

The table below illustrates the City's General Fund year-end balance for the past five years, along with the projected FY23 year-end balance as noted in the City's Quarterly City Managers Report (for the period ending December 31, 2022).

General Fund

Year End Fund Balance (Legal Basis)

Fiscal Year End	Fund Balance (in thousands)	Projection/Actual
2023	660,473	Projection
2022	779,144	Actual
2021	298,542	Actual
2020	290,672	Actual
2019	438,680	Actual

Source: Quarterly City Managers Report dated December 31, 2022

Relevant Financial Policies

PICA Act and Requirements: The Pennsylvania Intergovernmental Cooperation Authority (PICA) was created in 1991 by the Pennsylvania Intergovernmental Cooperation Authority Act for Cities of the First Class (the PICA Act) to provide financial assistance for the City of Philadelphia. Under this Act and for as long as PICA remains in place, the City is required to submit to PICA: (i) a five-year financial plan on an annual basis; and (ii) quarterly financial reports. The five-year financial plan includes projected revenues and expenditures of the principal operating funds of the City, beginning with the current fiscal year. Each five-year plan, which must be approved by PICA, is required to, among other things, eliminate any projected deficits, balance the fiscal year budget and provide procedures to avoid fiscal emergencies. The quarterly reports must be submitted to PICA so that PICA may determine whether the City is following the then-current five-year plan. The PICA Act was renewed in 2022 and PICA will remain in place until the later of when its bonds are retired or 2047.

Fund Balance Target: Recognizing the importance of maintaining adequate fund balances, the City developed a target fund balance of approximately 6% to 8% of the budget. The GFOA recommends that general-purpose governments maintain unrestricted budgetary fund balance in the general fund of no less than two months of regular general fund operating revenues or regular general fund operating expenditures. At a projected $660.5 million for FY23, the City's fund balance is 11.2% of revenues, well short of the two months of regular government spending (16.7%) as recommended by the GFOA.

Wage and Business Tax Changes: The City's largest portion of tax revenue comes from the City's Wage and Earnings Tax. This tax is collected from all employees who work within the city limits but live elsewhere, as well as all residents regardless of work location. The Business Income and Receipts Tax (BIRT) is the third-largest source of General Fund revenue and is based on both gross receipts (sales) and net income (profits). The adopted FY23-27 Five Year Financial and Strategic Plan includes wage and business tax relief. The wage tax relief reduces the rate over the next two years to 3.79% (from the current 3.8398%), and the non-resident rate will be reduced to 3.44% (from the current 3.4481%), and the business tax relief reduces the net profit portion of the Business Income Receipts Tax (BIRT) from 6.2% to 5.99%.

Reassessments: The Real Property Tax is levied on the taxable assessed value of all property in the city and is the second-largest source of City tax revenue. Philadelphia is unlike other cities and counties which rely more heavily on the property tax portion of their budget. Philadelphia's property tax is split between the City and the School District of Philadelphia. In Fiscal Year 2013, the City completed the Actual Value Initiative (AVI), which involved a comprehensive reassessment of all properties in the City – approximately 579,000 parcels – to correct outdated and partial assessments. The intent of AVI was to ensure that properties are examined annually to ensure that values reflect the market.

For Tax Year 2022, OPA did not conduct a comprehensive reassessment, which meant that most properties in the city saw their Tax Year 2021 market value carried forward to Tax Year 2022. Delays related to COVID-19 forced OPA to postpone the full reassessment planned for Tax Year 2022 to Tax Year 2023. Subsequently, for Tax Year 2023, OPA conducted a comprehensive reassessment, which resulted an average residential increase of 31%. Following the Tax Year 2023 reassessment, roughly 11,500 appeals and over 19,000 first-level reviews were filed with the Board of Revision of Taxes and OPA, respectively.

Improving the Health of the Pension Fund: The City will not attain fiscal stability until it has solidified the financial condition of the Pension Fund. To address this challenge, the Kenney Administration, working with municipal employees, the Pension Board, and City Council, launched a three-pronged approach to improve the health of the Pension Fund to 80% funded by Fiscal Year 2029 and 100% funded by Fiscal Year 2032.

The first part of the Mayor's pension reform program is a commitment to increasing the City's annual contribution to the Pension Fund. In 2014, with strong local legislative support, the State Legislature required that the City dedicate a portion of local sales tax revenue to the Fund. Although the additional sales tax revenues could be counted toward satisfying the minimum municipal obligation (MMO), the amount required under state law, the City meets its MMO independent of these revenues, so that Sales Tax dollars directed to the Fund will be over and above the MMO. Over the adopted FY23-FY27 Five Year Plan, the Sales Tax revenues due to the Pension Fund are projected to be worth about $456.9 million.

Second, as mentioned above, the City achieved pension reform with all City employees. Through a combination of collective bargaining, interest arbitration, and legislation, all City employees are contributing to pension reform. Police and firefighters are making additional contributions to the Pension Fund at varying increased rates based on date of hire. District Council 33 and 47 employees as well as employees not represented by a union, are also making additional contributions based on a progressive tier structure where those with higher annual salaries pay a higher percentage rate. Newly hired members of these groups are mandatory members of a stacked hybrid plan where the defined benefit portion is capped at $65,000. Like the Sales Tax, the additional contributions are contributed above the City's required contribution to help improve the funding status of the plan more quickly. These additional assets, combined with the reduction in liabilities from the stacked hybrid plan, help improve the health of the Pension Fund over time.

Third, the Pensions Board has changed its investment strategy to reduce costs. The Board is making greater use of indexing, which lowered management fees by almost $15 million a year, and has almost entirely divested from hedge funds, as the returns did not justify the fees. Reductions in earnings assumptions allow pension funds to moderate the risk of the investments, which can also reduce the likelihood of losses. In addition, the Pension Board has gradually lowered the assumed rate of return to 7.40% from 8.75% since 2008. Partially as a result of this change in assumed rate of return, the MMO has increased in recent years. Moreover, the City follows the Revenue Recognition Policy (RRP) to finance the unfunded actuarial liability. Under the RRP, the City provides contributions to the Pension Fund that are in excess of the MMO.

Managing Health Benefit Costs: Health benefit program costs are one of the largest items in the City's budget. In order to address the challenges these costs present, the City has made cost-saving changes in the City-administered health benefit programs for exempt and non-represented employees and sought changes to its labor contracts in the area of health benefits. These changes include moving to self-insurance, increasing copays, and implementing wellness and disease management programs.

Major Initiatives

Violence Prevention and Public Safety: The Administration continues to work tirelessly in response to the national public health emergency that gun violence presents. On this front, the City has acted swiftly, investing in anti-violence initiatives that both address the immediate crisis and tackle the systemic, root causes of violence. In FY23, more than $208 million is dedicated to anti-violence investments, a 34% increase over FY22. Proven programs are being expanded, like the Community Crisis Invention Program and Gun Violence Interruption.

Pre-Kindergarten, Community Schools, and Improvements to Recreation Centers and Libraries: In June 2016, City Council passed, and the Mayor signed the Philadelphia Beverage Tax (PBT) into law. The PBT taxes the distribution of sweetened drinks at 1.5 cents per ounce and became effective January 1, 2017. The PBT provides funding for pre-kindergarten (Pre-K), community schools, and improvements to recreation centers and libraries. The Mayor's commitment to high quality pre-K, and growing community schools — made possible because of the Philadelphia Beverage Tax, will be expanded in FY23 to $47.6 million for PHLpreK and $12.4 million for community schools. The City is adding 300 new PHLpreK slots, for a total of 4,300; and adding funding for 20 Community Schools, an increase of 3 compared to FY22, bringing quality learning and resources to a growing number of Philadelphians. Through the Rebuild Initiative, the Capital Program includes $34 million to improve parks, recreation centers, playgrounds, and libraries for the next generation of Philadelphians.

COVID-19 Recovery and Grants: Since 2020, the City received several large grants to support its response to, and recovery from the COVID-19 pandemic. These funding sources include Coronavirus Aid, Relief, and Economic Security (CARES) Act grants, Federal Emergency Management Agency (FEMA) Public Assistance, and American Rescue Plan Act (ARPA) relief funds. Relief from federal and state funding enables the City to continue to provide core services and pandemic responses, avoid layoffs, build back up reserves along with the fund balance to help with future disruptions, and to make strategic investments as described above to help lift Philadelphians out of poverty.

Education: Lastly, education continues to be a key area of focus and investment for this Administration. In addition to the investments in pre-K and community schools enabled by the PBT, the Administration is making significant investments in K-12 education and the Community College of Philadelphia (CCP). These investments include $1.4 billion over the life of the FY23-27 Five Year Plan for the School District of Philadelphia, in addition to local tax revenues that support the District. Following a $255.9 million contribution in FY22, FY23 includes $269.9 million in funding for the District. The City is also investing $254.0 million in CCP over the FY23-27 Five Year Plan. This includes funding for the Octavius Catto Scholarship, through which eligible Scholars receive tuition-free enrollment through a "last-dollar" tuition model that closes the gap between other financial aid and students' remaining tuition balance; enhanced staff supports; and funding for basic needs, such as books, transportation, and food.

AWARDS AND ACKNOWLEDGEMENTS

The Government Finance Officers Association of the United States and Canada (GFOA) awarded a Certificate of Achievement for Excellence in Financial Reporting to the City of Philadelphia for its Annual Comprehensive Financial Report (ACFR) for the fiscal year ended June 30, 2021. This was the forty-second consecutive year that the government has achieved this prestigious award. In order to be awarded a Certificate of Achievement, the government has to publish an easily readable and efficiently organized ACFR that satisfied both generally accepted accounting principles and applicable program requirements.

A Certificate of Achievement for Excellence in Financial Reporting is valid for a period of one year only. However, we believe that our current ACFR continues to meet the Certificate of Achievement for Excellence in Financial Reporting Program's requirements and we are submitting our current ACFR to the GFOA to determine its eligibility for another certificate.

The City also received the GFOA's Distinguished Budget Presentation Award for its annual budget document for the fiscal year beginning July 1, 2021. To qualify for the Distinguished Budget Presentation Award, the government's budget document has to be judged proficient as a policy document, a financial plan, an operations guide, and a communications device.

The preparation of this report would not have been possible without the skill, effort, and dedication 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 its valuable contributions.

Sincerely,

Rob Dubow

Director of Finance

Government Finance Officers Association

Certificate of Achievement for Excellence in Financial Reporting

Presented to

City of Philadelphia
Pennsylvania

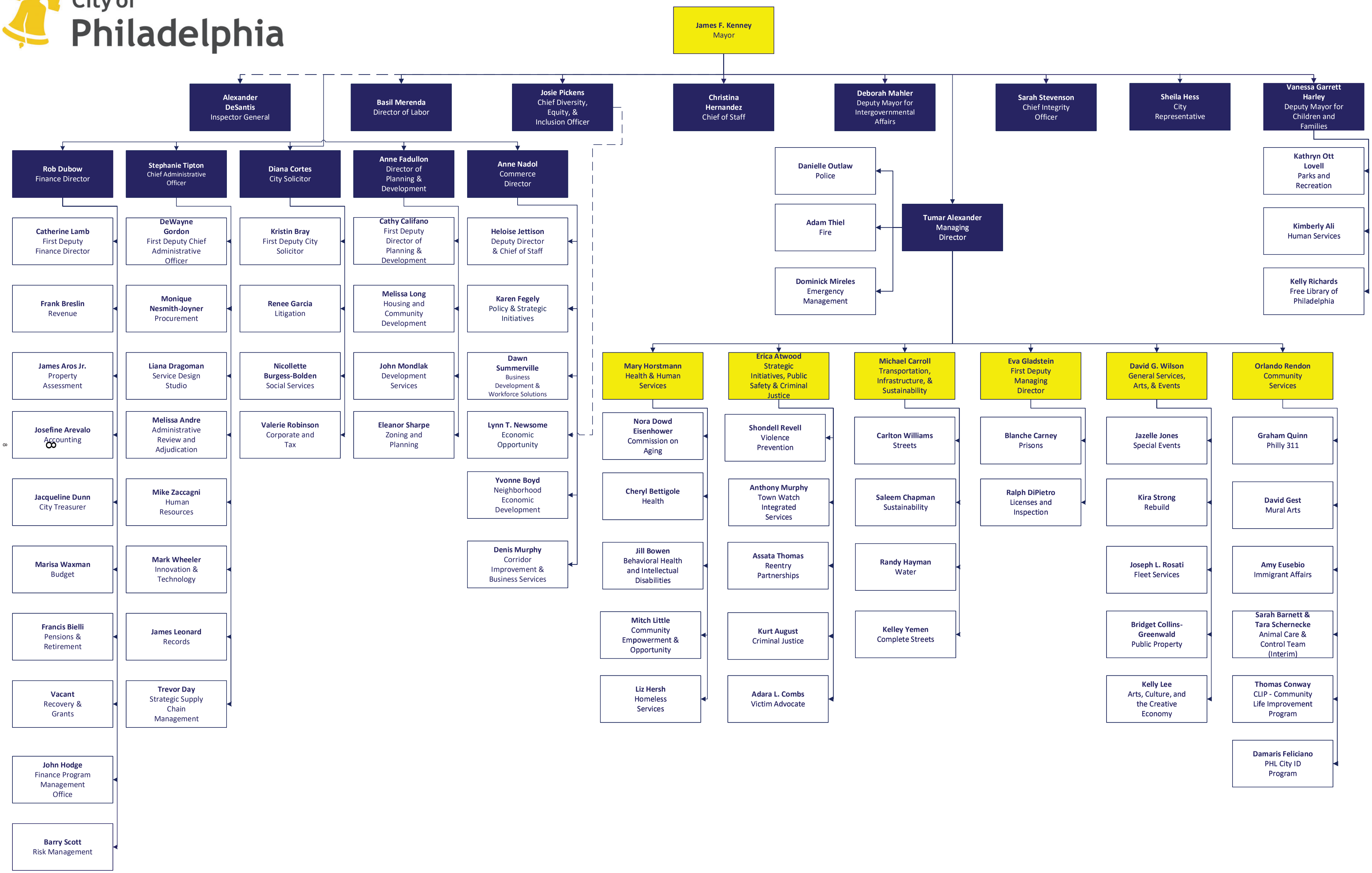
For its Annual Comprehensive
Financial Report
For the Fiscal Year Ended

June 30, 2021

Christopher P. Morrill

Executive Director/CEO

City of Philadelphia



Last updated: 2/16/2023

Elected Officials

Mayor	**James F. Kenney**

City Council

President, 5th District	Darrell L. Clarke
1st District	Mark Squilla
2nd District	Kenyatta Johnson
3rd District	Jamie Gauthier
4th District	Curtis Jones, Jr.
6th District	Michael Driscoll
7th District	Quetcy Lozada
8th District	Cindy Bass
9th District	Anthony Phillips
10th District	Brian J. O'Neill
At-Large	Kendra Brooks
At-Large	Sharon Vaughn
At-Large	Jim Harrity
At-Large	Katherine Gilmore Richardson
At-Large	David Oh
At-Large	Isaiah Thomas

District Attorney	**Lawrence S. Krasner**
Acting City Controller	**Charles Edacheril**

City Commissioners

Chairwoman	Lisa M. Deeley
Commissioner	Seth Bluestein
Commissioner	Omar Sabir

Register of Wills	**Tracey L. Gordon**
Sheriff	**Rochelle Bilal**

First Judicial District of Pennsylvania

President Judge, Court of Common Pleas	Idee Fox
President Judge, Municipal Court	Patrick F. Dugan

Appointed Cabinet Members

Managing Director	Tumar Alexander
Finance Director	Rob Dubow
Chief Administrative Officer	Stephanie Tipton
City Solicitor	Diana Cortes
Director of Planning & Development	Anne Fadullon
Chief of Staff	Christina Hernandez
Deputy Mayor for Intergovernmental Affairs	Deborah Mahler
Deputy Mayor for Children & Families	Vanessa Garrett-Harley
Deputy Mayor for Labor Relations	Basil Merenda
Chief Integrity Officer	Sarah Stevenson
Chief Diversity, Equity & Inclusion Officer	Josie Pickens
City Representative	Sheila Hess
Commerce Director	Anne Nadol
Inspector General	Alexander F. DeSantis
Phila Airport CEO	Atif Saeed

SEAL OF THE CITY OF PHILADELPHIA

CITY OF PHILADELPHIA

OFFICE OF THE CONTROLLER
1230 Municipal Services Building
1401 John F. Kennedy Boulevard
Philadelphia, PA 19102-1679
(215) 686-6680 FAX (215) 686-3832

CHARLES EDACHERIL
Acting City Controller

INDEPENDENT AUDITOR'S REPORT

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

Opinions

We have audited the accompanying financial statements of the governmental activities, the business-type activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of the City of Philadelphia, Pennsylvania, as of and for the year ended June 30, 2022, and the related notes to the financial statements, which collectively comprise the City of Philadelphia, Pennsylvania's basic financial statements as listed in the table of contents.

In our opinion, based on our audit and the reports of the other auditors, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of the City of Philadelphia, Pennsylvania, as of June 30, 2022, and the respective changes in financial position and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

With the exception of the School District of Philadelphia, we did not audit the financial statements of the blended component units, the discretely presented component units, and the fiduciary component units listed in Note I.1, as well as the Parks and Recreation Departmental and Permanent Funds, which represent the indicated percent of total assets, net position/fund balances, and revenues as presented in the table below. Those statements were audited by other auditors whose reports have been furnished to us, and our opinions, insofar as they relate to the amounts included for those component units and funds, are based solely on the reports of the other auditors.

	Percent Audited by Other Auditors		
	Total Assets	Total Net Position/Fund Balances	Total Revenues
Governmental Activities	5%	1%	7%
Business-Type Activities	0%	0%	0%
Aggregate Discretely Presented Component Units	57%	39%	41%
Major Funds	0%	0%	0%
Aggregate Remaining Fund Information	90%	91%	71%

Basis for Opinions

We conducted our audit in accordance with auditing standards generally accepted in the United States of America (GAAS). Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the City of Philadelphia, Pennsylvania, and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Emphasis of Matter - Change in Accounting Principle

As discussed in Notes I.15. and III.14.A. to the financial statements, in the year ended June 30, 2022, the City of Philadelphia, Pennsylvania adopted Governmental Accounting Standards Board (GASB) Statement No. 87, *Leases*, which represents a change in accounting principle. As of July 1, 2021, the City of Philadelphia, Pennsylvania recorded a prior period restatement to reflect the cumulative effect of the accounting change. Our opinion is not modified with respect to this matter.

Responsibilities of Management for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with accounting principles generally accepted in the United States of America, and for the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the City of Philadelphia, Pennsylvania's ability to continue as a going concern for twelve months beyond the financial statement date, including any currently known information that may raise substantial doubt shortly thereafter.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinions. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with GAAS will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with GAAS, we

- Exercise professional judgment and maintain professional skepticism throughout the audit.

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the City of Philadelphia, Pennsylvania's internal control. Accordingly, no such opinion is expressed.

- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.

- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the City of Philadelphia, Pennsylvania’s ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control-related matters that we identified during the audit.

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis on pages 17 through 32, and the required supplementary information other than management's discussion and analysis as listed in the table of contents be presented to supplement the basic financial statements. Such information is the responsibility of management and, although not a part of the basic financial statements, is required by the GASB who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We and other auditors have applied certain limited procedures to the required supplementary information in accordance with GAAS, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Other Supplementary Information

Our audit for the year ended June 30, 2022, was conducted for the purpose of forming opinions on the financial statements that collectively comprise the City of Philadelphia, Pennsylvania's basic financial statements. The accompanying Other Supplementary Information for the year ended June 30, 2022, as listed in the table of contents, is presented for purposes of additional analysis and is not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. The Other Supplementary Information has been subjected to the auditing procedures applied in the audit of the basic financial statements for the year ended June 30, 2022, and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with GAAS by us and other auditors. In our opinion, based on our audit, the procedures performed as described above, and the reports of other auditors, the Other Supplementary Information as listed in the table of contents is fairly stated, in all material respects, in relation to the basic financial statements as a whole for the year ended June 30, 2022.

We also previously audited, in accordance with GAAS, the basic financial statements of the City of Philadelphia, Pennsylvania, as of and for the year ended June 30, 2021 (not presented herein), and have issued our report thereon dated February 25, 2022, which contained unmodified opinions on the respective financial statements of the governmental activities, the business-type activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information. The 2021 amounts included in the individual fund schedules of Budgetary Actual and Estimated Revenues and Obligations for the year ended June 30, 2021, are presented for purposes of additional analysis and are not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and related directly to the underlying accounting and other records used to prepare the 2021 financial statements. The 2021 amounts included in the individual fund schedules of Budgetary Actual and Estimated Revenues and Obligations were subjected to the audit procedures applied in the audit of the 2021 basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare those financial statements or to those financial statements themselves, and other additional procedures in accordance with GAAS. In our opinion, the 2021 amounts included in the individual fund schedules of Budgetary Actual and Estimated Revenues and Obligations are fairly stated in all material respects in relation to the basic financial statements as a whole for the year ended June 30, 2021.

Other Information

Management is responsible for the other information included in the Annual Comprehensive Financial Report. The other information comprises the Introductory Section and Statistical Section as listed in the table of contents, but does not include the basic financial statements and our auditor's report thereon. Our opinions on the basic financial statements do not cover the other information, and we do not express an opinion or any form of assurance thereon.

In connection with our audit of the basic financial statements, our responsibility is to read the other information and consider whether a material inconsistency exists between the other information and the basic financial statements, or the other information otherwise appears to be materially misstated. If, based on the work performed, we conclude that an uncorrected material misstatement of the other information exists, we are required to describe it in our report.

CHARLES EDACHERIL, CPA
Acting City Controller
Philadelphia, Pennsylvania
February 25, 2023


SEAL OF THE CITY OF PHILADELPHIA
PHILADELPHIA MANETO

City of Philadelphia

PENNSYLVANIA

Management's Discussion & Analysis

Our discussion and analysis of the financial performance of the City of Philadelphia (the City), Pennsylvania, provides an overview of the City's financial activities for the fiscal year ended June 30, 2022. The information presented here should be read in conjunction with additional information contained in our letter of transmittal, which can be found beginning on page 1, and the City's financial statements immediately following this discussion and analysis.

Financial Highlights

At fiscal year ended June 30, 2022, the liabilities and deferred inflows of the City of Philadelphia exceeded its assets and deferred outflows by $3,683.5 million. Its unrestricted net position showed a deficit of $7,754.9 million. The major underlying causes of this deficit are the net pension liability $5,386.4 million, the net OPEB liability $2,156.6 million, and the outstanding pension obligation bonds $961.3 million. This deficiency will have to be funded from resources generated in future years.

The City's total June 30, 2022 year-end net position increased by $1,350.0 million from the prior year June 30, 2021 net position. The governmental activities of the City had an increase of $1,203.5 million, while the business type activities had an increase of $146.5 million. The governmental activities increase in net position was largely driven by an increase in the tax revenue by $761.0 million. Also, there was an increase of $422.3 million in operating grants to the City which was largely driven from the American Rescue Plan Act (ARPA) and other COVID related grants.

For the fiscal year ended June 30, 2022, the City's governmental funds reported a combined ending fund balance of $1,804.6 million, an increase of $903.8 million from last year. The *unassigned fund balance* of the governmental funds ended the fiscal year with a deficit of $19.2 million, a decrease in the deficit of $357.5 million from last year.

At the end of the fiscal year ended June 30, 2022, unrestricted fund balance (the total of the *committed, assigned* and *unassigned* components of the fund balance) for the General Fund was $1,069.7 million, of which, $410.7 million was *unassigned* which represents the residual amounts that have not been assigned to other funds. The *unassigned fund balance* increased from the prior year by $410.7 million.

On the legally enacted budgetary basis, the City's General Fund ended the fiscal year with a surplus fund balance of $779.1 million, as compared to a $298.5 million surplus last year. The increase of $480.6 million was mainly due to increases in tax revenue totaling $715.0 million. Additionally, $250 million in ARPA funds were drawn down in fiscal year 2022. These revenue increases were partially offset by an across the board rebound in expenditures, including a $362.7 million increase in pension obligations relative to fiscal 2021.

The City has implemented GASB Statement No. 87, Leases, in fiscal year 2022. This statement establishes new guidance for lease accounting for lessee and lessor and eliminates the classification of leases into operating or capital leases. This Statement establishes a single model for lease accounting based on the principle that leases are financings of the right-to-use an underlying asset. Lessee will recognize a lease liability and an intangible right-to-use an underlying asset. Lessor will recognize a lease receivable and a deferred inflow of resources. Prior year amounts have not been adjusted to reflect the adoption of GASB 87 Leases.

Overview of the Financial Statements

This discussion and analysis are intended to serve as an introduction and overview of the City of Philadelphia's basic financial statements. The City's basic financial statements are comprised of:

- Government-wide financial statements which provide both long-term and short-term information about the City's overall financial condition.
- Fund financial statements which provide a more detailed look at major individual portions, or funds, of the City.
- Notes to the financial statements which explain some of the information contained in the financial statements and provide more detailed data.

- Other supplementary information which further explains and supports the information in the financial statements.

Government-wide financial statements. The government-wide financial statements report information about the City as a whole using accounting methods similar to those used by a private-sector business. The two statements presented are:

The ***statement of net position*** which includes all of the City's assets, liabilities, and deferred inflows/outflows of resources, with the difference reported as net position. Over time, increases or decreases in net position are an indicator of the City's financial position.

The ***statement of activities*** presents revenues and expenses and their effect on the change in the City's net position during the current fiscal year. These changes in net position are recorded as soon as the underlying event giving rise to the change occurs, regardless of when cash is received or paid.

The government-wide financial statements of the City are reflected in three distinct categories:

1. ***Governmental activities*** are primarily supported by taxes and state and federal grants. The governmental activities include general government; economic and neighborhood development; public health, welfare and safety; cultural and recreational activities; streets, highways and sanitation; and the financing activities of the City's two blended component units - the Pennsylvania Intergovernmental Cooperation Authority (PICA) and Philadelphia Municipal Authority (PMA).

2. ***Business-type activities*** are supported by user fees and charges which are intended to recover all or a significant portion of their costs. The City's water and wastewater systems, airport and industrial land bank are all included as business type activities.

   These two types of activities comprise the primary government of Philadelphia.

3. ***Component units*** are legally separate entities for which the City of Philadelphia is financially accountable or has oversight responsibility. Financial information for these component units is reported separately from the financial information presented for the primary government. The City's government-wide financial statements contain eight distinct component units, the School District of Philadelphia, Community College of Philadelphia, Community Behavioral Health, Philadelphia Gas Works, Philadelphia Parking Authority, Philadelphia Housing Authority, Philadelphia Authority for Industrial Development, and the Philadelphia Redevelopment Authority.

Fund financial statements. The fund financial statements provide detailed information about the City's most significant funds, not the City as a whole. Funds are groupings of activities that enable the City to maintain control over resources that have been segregated for particular purposes or objectives. All of the funds of the City of Philadelphia can be divided into three categories: governmental funds, proprietary funds and fiduciary funds.

1. ***Governmental funds.*** The governmental funds are used to account for the financial activity of the City's basic services, similar to those described for the governmental activities in the government-wide financial statements. However, unlike the government-wide statements which provide a long-term focus of the City, the fund financial statements focus on a short-term view of the inflows and outflows of expendable resources, as well as on the balances of expendable resources available at the end of the fiscal year. The financial information presented for the governmental funds are useful in evaluating the City's short-term financing requirements.

   To help the readers of the financial statements better understand the relationships and differences between the long-term view of the government-wide financial statements from the short-term view of the fund financial statements, reconciliations are presented between the fund financial statements and the government-wide statements.

   The City maintains twenty-two individual governmental funds. Financial information is presented separately for the General Fund, Grants Revenue Fund and Health Choices Behavioral Health Fund, which are considered major funds. Data for the remaining nineteen funds are combined into a single aggregated presentation. Individual fund data for each of these non-major governmental funds is presented in the form of combining statements in the supplementary information section of this financial report.

2. ***Proprietary funds.*** The proprietary funds are used to account for the financial activity of the City's operations for which customers are charged a user fee; they provide both a long and short-term view of financial information. The City maintains three enterprise funds which are a type of proprietary funds - the airport, water and wastewater operations, and industrial land bank. These enterprise funds are the same as the business-

type activities in the government-wide financial statements, but they provide more detail and additional information, such as cash flows.

3. ***Fiduciary funds.*** The City of Philadelphia is the trustee, or fiduciary, for its employees' pension plans. It is also responsible for the Gas Works' employees' retirement reserve assets. Both of these fiduciary activities are reported in separate statements of fiduciary net position and changes in fiduciary net position. They are not reflected in the government-wide financial statements because the assets are not available to support the City's operations.

The following chart summarizes the various components of the City's government-wide and fund financial statements, including the portion of the City government they cover, and the type of information they contain.

Summary of the City of Philadelphia's Government-wide and Fund Financial Statements

		Fund Statements		
	Government-wide Statements	Governmental Funds	Proprietary Funds	Fiduciary Funds
Scope	Entire city government (except fiduciary funds) and city's component units	Activities of the city that are not proprietary or fiduciary in nature, such as fire, police, refuse collection	Activities the city operates similar to private businesses. Airports, water/waste water system & the land bank.	Activities for which the city is trustee for someone else's assets, such as the employees' pension plan
Required Financial Statements	Statement of Net Position Statement of Activities	Balance Sheet Statement of Revenues, Expenditures and Changes in Fund Balances	Statement of Net Position Statement of Revenues, Expenses and Changes in Net Position Statement of Cash Flows	Statement of Fiduciary Net Position Statement of Changes in Fiduciary Net Position
Accounting basis/ measurement focus	Accrual accounting Economic resources	Modified accrual accounting Current financial resources	Accrual accounting Economic resources	Accrual accounting Economic resources
Type of asset, liability and deferred inflow/outflow of resources	All assets, liabilities, deferred inflow/outflow of resources, financial and capital, short and long term	Only assets expected to be used up and liabilities and deferred inflows of resources that come due during the current year or soon thereafter; no capital assets are included	All assets, liabilities, deferred inflow/outflow of resources, financial and capital, short and long term	All assets and liabilities, both short and long term; there are currently no capital assets, although there could be in the future
Type of inflow and outflow information	All revenues and expenses during the year, regardless of when cash is received or paid	Only revenues for which cash is received during the year or soon after the end of the year; only expenditures when goods or services are received and payment is due during the year or soon thereafter.	All revenues and expenses during the year, regardless of when cash is received or paid	All revenues and expenses during the year, regardless of when cash is received or paid

Notes to the financial statements. The notes provide additional information that is essential to a full understanding of the data presented in the government-wide and fund financial statements. The notes can be found immediately following the basic financial statements.

Other information. In addition to the basic financial statements and accompanying notes, this report also presents additional information in three separate sections: *required supplementary information, supplementary information and statistical information.*

- ***Required supplementary information.*** Certain information regarding pension plan funding progress for the City and its component units, as well as budgeted and actual revenues, expenditures and encumbrances for the City's major governmental funds is presented in this section. This required supplementary information can be found immediately following the notes to the financial statements.

- ***Supplementary information.*** Combining statements for non-major governmental and fiduciary funds, as well as additional budgetary schedules for the City's governmental and proprietary funds are presented in this section. This supplementary information can be found immediately following the required supplementary information.

- ***Statistical information.*** Long term trend tables of financial, economic, demographic, and operating data are presented in the statistical section. This information is located immediately after the supplementary information.

Government-wide Financial Analysis

Net position. As noted earlier, net positions are useful indicators of a government's financial position. At the close of the fiscal year ended June 30, 2022, the City of Philadelphia's liabilities and deferred inflows exceeded its assets and deferred outflows by $3,683.5 million.

Capital assets (land, buildings, roads, bridges, and equipment), less any outstanding debt issued to acquire these assets, comprise a large portion of the City of Philadelphia's net position, at $2,139.2 million. Although these capital assets assist the City in providing services to its residents, they are generally not available to fund the operations of future periods.

A portion of the City's net position, $1,932.2 million, is subject to external restrictions as to how it may be used. The remaining component of net position is unrestricted. Unrestricted net position ended the fiscal year with a deficit of $7,754.9 million. The governmental activities reported negative *unrestricted net position* of $7,592.3 million. The business type activities reported an unrestricted net position deficit of $162.6 million. Any deficits will have to be funded from future revenues.

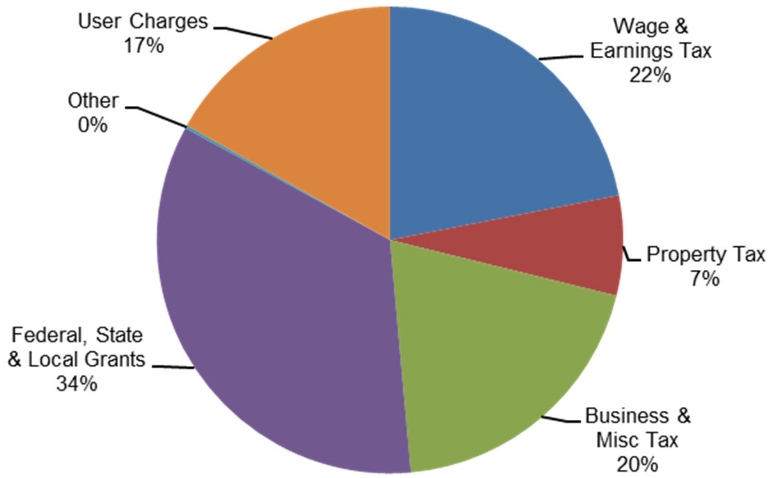
Following is a comparative summary of the City's assets, liabilities, and net position:

City of Philadelphia's Net Position

(millions of USD)

	Governmental Activities		%	Business-type Activities		%	Total Primary Government		%
	2022	2021	Change	2022	2021	Change	2022	2021	Change
Current and other assets	5,797.2	4,145.2	39.85%	2,643.4	2,175.3	21.52%	8,440.6	6,320.5	33.54%
Capital assets	3,098.6	2,692.6	15.08%	5,293.4	5,109.2	3.61%	8,392.0	7,801.8	7.56%
Total assets	**8,895.8**	**6,837.8**	30.10%	**7,936.8**	**7,284.5**	8.95%	**16,832.7**	**14,122.3**	19.19%
Deferred Outflows	802.7	452.3	77.47%	133.1	98.5	35.13%	935.7	550.8	69.88%
Long-term liabilities	5,418.5	4,912.9	10.29%	4,531.0	4,053.1	11.79%	9,949.5	8,966.0	10.97%
Other liabilities	9,847.7	8,641.8	13.95%	1,228.2	1,196.1	2.68%	11,075.9	9,837.9	12.58%
Total liabilities	**15,266.2**	**13,554.7**	12.63%	**5,759.2**	**5,249.2**	9.72%	**21,025.4**	**18,803.9**	11.81%
Deferred Inflows	286.5	793.2	-63.88%	140.0	109.6	27.74%	426.5	902.8	-52.76%
Net Position:									
Net Investment in capital assets	622.6	655.4	-5.00%	1,516.6	1,509.0	0.50%	2,139.2	2,164.4	-1.16%
Restricted	1,115.4	842.6	32.38%	816.8	749.3	9.01%	1,932.2	1,591.9	21.38%
Unrestricted	(7,592.3)	(8,555.8)	11.26%	(162.6)	(234.0)	30.51%	(7,754.9)	(8,789.8)	11.77%
Total Net Position	**(5,854.3)**	**(7,057.8)**	17.05%	**2,170.8**	**2,024.3**	7.24%	**(3,683.5)**	**(5,033.5)**	26.82%

Changes in net position. The City's total revenues for the fiscal year ended June 30, 2022, at $10,214.4 million, exceed the City's total costs of $8,889.0 million. Approximately 49% of all revenue came from wage and earnings taxes, property taxes, and business and miscellaneous taxes. Federal, State and Local grants account for another 34%, and the remaining 17% of the revenue comes from user charges, fines, fees, and various other sources. The City's expenses cover a wide range of services, vast majority of which are related to the health, welfare, and safety of the general public (See Exhibit II for further breakdown).



- Total revenues increased by $1,450.6 million, and total expenses increased by $480.7 million over last year. This resulted in the Change in Net Position, before prior period adjustments, of $1,325.4 million more than in the previous year.

- The City's Operating Grants and Contributions revenue increased by $420.1 million. These were primarily due to drawdown of $250 million from allocated ARPA funding, $118.1 million in new Emergency Rental Assistance funding, and an increase of $37.9 million in grant funding related to Epidemiology. The City's Charges for Goods and Services increased by $259.6 million. The Governmental Activities – Charges for Goods and Services increased by $161.6 million. Additionally, the Business Type Activities - Charges for Goods and Services increased by $98.0 million, with an increase of $49.9 million in charges for services in the Water & Sewer Enterprise fund, and an increase of $56.0 million in rental, concession, customer and facility fees in the Aviation Enterprise fund.

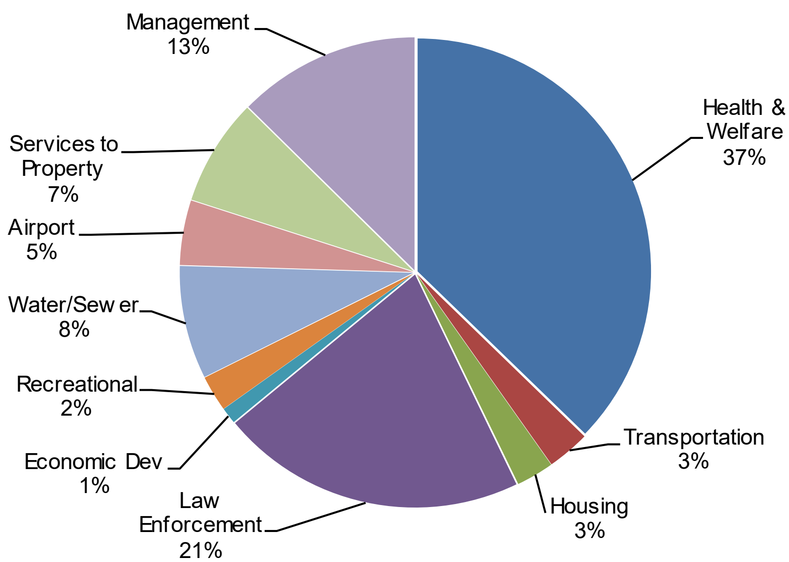
- The City's Law Enforcement expenses increased by $130.4 million. This was mainly due to a $19.3 million increase in Police payroll and an overall increase in fringe benefit expenses of $112.0 million. This is largely the result of a resumption of Pension Obligations Bonds payments that were partially deferred in fiscal 2021.

- The Conservation of Health expenses increased by $131.8 million due to an increase in purchase of services related to health programs. The Health Choices Behavioral Health fund had an increase of $56.5 million in purchased services. The Grants Fund had an increase of $41.2 million due to an increase expenditure charged to a grant for Epidemiology Lab Capacity Enhancements. Additionally, fringe benefits for employees charged to the Health programs increased by $20.4 million because of overall increases in fringe charges, driven mostly by the resumption of payments related to the Pension Obligation Bonds. The City's General Management and Support expenses decreased by $167.2 million, mainly due to decrease in likely self-insured litigation claims of $43.0 million. Because similar claims last year caused an increase of $107.3 million in General Management and Support expenses, the net result was to decrease expenses $150.3 million relative to fiscal 2021.

Net positions increased or decreased in the following activities, as noted below (millions of USD):

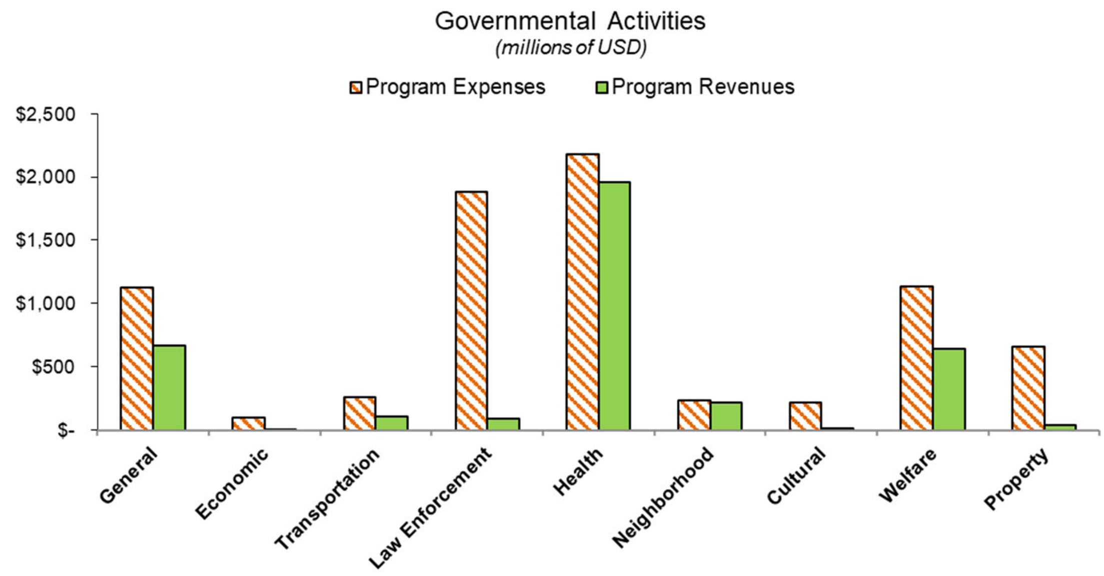
Increases (Decreases) in Revenues	
Charges for Services	$259.6
Operating Grants & Contributions	420.1
Capital Grants & Contributions	17.7
Wage & Earnings Taxes	242.2
Property Taxes	(16.9)
Other Taxes	535.8
Unrestricted Grants	(4.9)
Unrestricted Interest and Misc.	(3.1)
Total Revenues	$1,450.6

Increases (Decreases) in Expenses	
Economic Development	$30.7
Transportation	5.7
Judicial & Law Enforcement	130.4
Conservation of Health	131.8
Housing & Neighborhoods	108.9
Cultural & Recreational	3.5
General Welfare	58.5
Services to Taxpayer Property	96.3
General Management	(167.2)
Interest on Long Term Debt	5.2
Water and Waste Water	61.7
Airport	21.1
Industrial Land Bank	(5.9)
Special Item - Impairment Loss	0.0
Total Expenses	$480.7



Governmental Activities

The governmental activities of the City resulted in a $1,178.9 million increase in net position before prior period adjustments. The following chart reflects program expenses and program revenue. The difference (net cost) must be funded by Taxes, Grants & Contributions and Other revenues.



The following table summarizes the City's most significant governmental programs. Program costs, program revenues and net cost are shown in the table. The net cost shows the cost allocation by each of these functions.

(millions of USD)	Program Costs			Program Revenues			Net Cost		
	2022	**2021**	**% Change**	**2022**	**2021**	**% Change**	**2022**	**2021**	**% Change**
General Welfare	$ 1,130.8	$ 1,072.3	5.5%	$ 643.2	$ 635.0	1.3%	$ 487.6	$ 437.3	11.5%
Judiciary & Law Enforcement	1,881.8	1,751.5	7.4%	91.4	83.7	9.2%	1,790.4	1,667.8	7.4%
Public Health	2,181.4	2,049.7	6.4%	1,956.5	1,782.1	9.8%	224.9	267.6	-16.0%
General Governmental	1,122.3	1,284.3	-12.6%	671.6	418.7	60.4%	450.7	865.6	-47.9%
Services to Property	658.1	561.8	17.1%	35.1	26.3	33.5%	623.0	535.5	16.3%
Housing, Economic & Cultural	817.1	668.2	22.3%	339.4	221.9	53.0%	477.7	446.3	7.0%
	$ 7,791.5	**$ 7,387.8**	5.5%	**$ 3,737.2**	**$ 3,167.7**	18.0%	**$ 4,054.3**	**$ 4,220.1**	-3.9%

The cost of all governmental activities this year was $7,791.5 million; the amount that taxpayers paid for these programs through tax payments was $4,946.2 million. The federal and state governments and other charitable organizations subsidized certain programs with grants and contributions in the amount of $3,171.2 million while those who benefited from the programs paid $565.9 million through fees and charges. Unrestricted grants and contributions and other general types of revenues accounted for the balance of revenues in the amount of $287.1 million. The difference of $1,178.9 million represents an increase in net position, as shown in the City of Philadelphia - Net Position table below.

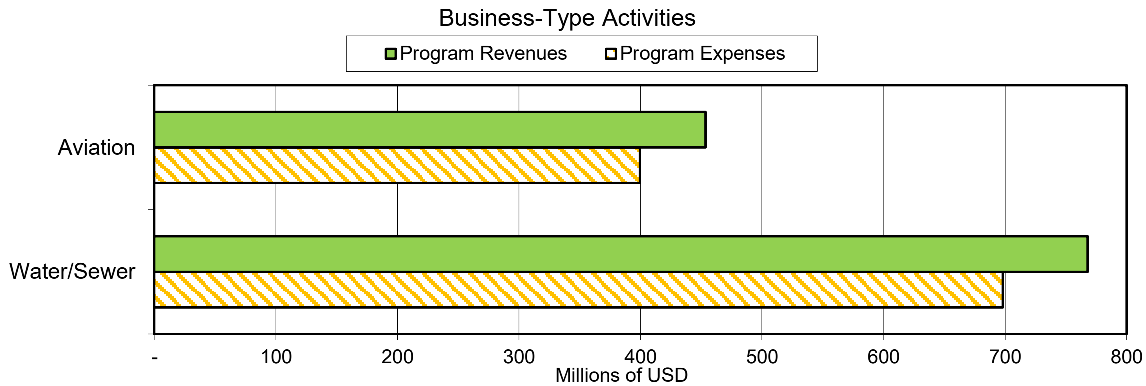
The following table shows a more detailed breakdown of program costs and related revenues for both the governmental and business-type activities of the City:

City of Philadelphia-Net Position

(millions of USD)	Governmental Activities 2022	Governmental Activities 2021	Business-type Activities 2022	Business-type Activities 2021	Total 2022	Total 2021	% Change
Revenues:							
Program revenues:							
Charges for services	$ 565.9	$ 404.3	$ 1,148.3	$ 1,050.3	$ 1,714.2	$ 1,454.6	17.8%
Operating grants and contributions	3,136.1	2,713.8	0.5	2.7	3,136.6	2,716.5	15.5%
Capital grants and contributions	35.1	49.7	72.9	40.6	108.0	90.3	19.6%
General revenues:							
Wage and earnings taxes	2,233.4	1,991.2	-	-	2,233.4	1,991.2	12.2%
Property taxes	703.3	720.2	-	-	703.3	720.2	-2.3%
Other taxes	2,009.5	1,473.7	-	-	2,009.5	1,473.7	36.4%
Unrestricted grants and contributions	202.7	197.8	54.6	64.4	257.3	262.2	-1.9%
Unrestricted Interest and Misc.	36.0	52.1	16.0	3.0	52.0	55.1	-5.6%
Total revenues	**8,922.0**	**7,602.8**	**1,292.4**	**1,161.0**	**10,214.4**	**8,763.8**	16.6%
Expenses:							
Economic development	100.8	70.1	-	-	100.8	70.1	43.8%
Transportation	262.4	256.7	-	-	262.4	256.7	2.2%
Judiciary & law enforcement	1,881.8	1,751.4	-	-	1,881.8	1,751.4	7.4%
Conservation of health	2,181.4	2,049.6	-	-	2,181.4	2,049.6	6.4%
Housing & neighborhood development	232.9	124.0	-	-	232.9	124.0	87.8%
Cultural & recreational	221.0	217.5	-	-	221.0	217.5	1.6%
Improvement of the general welfare	1,130.8	1,072.3	-	-	1,130.8	1,072.3	5.5%
Services to taxpayer property	658.1	561.8	-	-	658.1	561.8	17.1%
General management	995.2	1,162.4	-	-	995.2	1,162.4	-14.4%
Interest on long term debt	127.1	121.9	-	-	127.1	121.9	4.3%
Water & waste water	-	-	698.1	636.4	698.1	636.4	9.7%
Airport	-	-	399.4	378.3	399.4	378.3	5.6%
Industrial land bank	-	-	-	5.9	-	5.9	N/A
Total expenses	**7,791.5**	**7,387.7**	**1,097.5**	**1,020.6**	**8,889.0**	**8,408.3**	5.7%
Increase (dec.) in net position before transfers & special items	1,130.5	214.9	194.9	140.4	1,325.4	355.3	273.0%
Transfers & Special Items	48.4	37.2	(48.4)	(37.2)	-	-	0.0%
Increase (dec) in Net Position	**1,178.9**	**252.1**	**146.5**	**103.2**	**1,325.4**	**355.3**	273.0%
Net Position - Beginning	(7,057.8)	(7,310.0)	2,024.3	1,927.0	(5,033.5)	(5,383.0)	-6.5%
Adjustment (1)	24.7	-	-	(5.9)	24.7	(5.9)	-518.6%
Net Position - End	**$ (5,854.2)**	**$ (7,057.9)**	**$ 2,170.8**	**$ 2,024.3**	**$ (3,683.4)**	**$ (5,033.6)**	-26.8%

Business-type Activities

Business-type activities resulted in a $146.5 million increase in net position before prior period adjustments. This increase was comprised of an increase in net position for Water/Sewer of $15.9 million, an increase to Aviation of $101.8 million, and an increase for Industrial and Commercial Development operations of $28.8 million. The increase was due primarily to an increase of rentals, concessions, and customer and facility charges of $56.0 million as compared to prior year due.



Financial Analysis of the Government's Funds

Governmental funds. The purpose of the City's governmental funds is to provide financial information on the *short-term inflow, outflow, and balance* of resources. This information is useful in assessing the City's ability to meet its near-term financing requirements. *Unassigned fund balance* serves as a useful measure of the City's net resources available for spending at the end of the fiscal year.

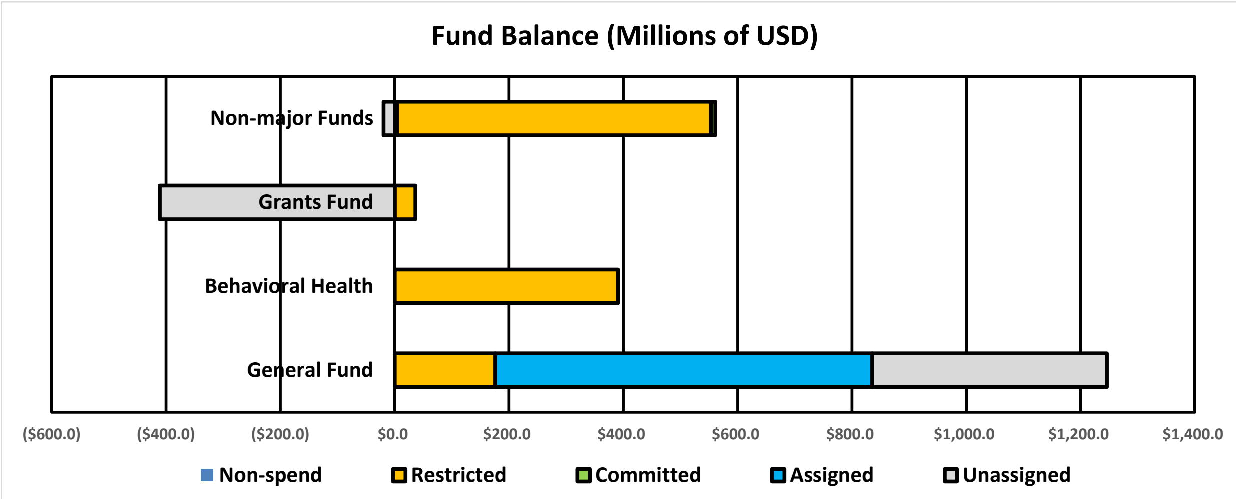
At the end of the fiscal year the City's governmental funds reported a *combined fund balance* of $1,804.6 million, an increase of $903.8 million over last year. Of the total fund balance, $3.9 million represents *non-spendable fund balance*.

In addition, $1,153.5 million represents *restricted fund balance* due to externally imposed constraints by outside parties, or law, for the following purposes:

Neighborhood Revitalization	$	0.3
Economic Development		9.0
Public Safety Emergency Phone System		36.1
Streets & Highways		72.5
Housing and Neighborhood Development		80.4
Health Services		22.0
Behavioral Health		390.9
Libraries & Museums		2.0
Intergovernmental Financing		20.1
Stadium Financing		8.3
Cultural & Commercial Corridor Project		0.8
Pension Obligation Bonds		3.6
Debt Service Reserve		11.4
Capital Projects		309.0
Rebuild		44.6
Home Repair Program		127.7
Trust Purposes		14.8
Total Restricted Fund Balance	$	1,153.5

The fund balance is further broken down as *committed fund balance* for Prisons of $5.4 million, and Parks and Recreation of $2.0 million. The difference between the non-spendable, restricted, committed, assigned and combined fund balance is a deficit of $19.2 million which constitutes *unassigned fund balance.* This deficit must be funded by future budgets.

The general fund, the primary operating fund of the City, reported an *assigned fund balance* of $659.0 million and *unassigned fund balance* of $410.7 million at the end of the fiscal year.



Overall, the total fund balance of the General Fund increased by $689.0 million during the FY 2022, compared to an increase of $11.6 million in FY 2021. Some of the key factors contributing to this change are:

Revenues:

- Total current year revenues equal $4,891.9 million. This marks a $803.9 million (19.7%) increase from the prior fiscal year, which had $4,088.0 million in revenue.
- This increase was due primarily to a $679.2 million increase in Tax Revenue and $64.2 million increase in Revenue from Other Governments. The increase in Tax Revenue was driven by large increases in receipts for Wage Taxes of $203.1 million, Business Income and Receipt Tax (BIRT) of $208.3 million, and Real Property Transfer Taxes of $232.2 million. Revenue from Other Governments increased as a result of an increase in parking fines collected through the Philadelphia Parking Authority of $19.1 million, an increase in payment for Intensive Probation-Adult of $8.0 million, and an increase of $8.3 million related to the City's share of local gaming revenue.

Expenditures and Other Financing Sources (Uses):

Total current year Expenditures and Other Financing Sources (Uses) total $4,202.9 million, a $126.5 million (3.1%) increase from the prior fiscal year $4,076.4 million.

This increase was primarily due to $146.3 million (8.0%) increase in expenditures related to Judiciary and Law Enforcement, partly due to increases in Law Enforcement payroll expenses of $19.3 million and $112.0 million increase in fringes. Additionally, there was an $87.1 million (16.7%) increase in expenditures related to General Welfare (Social Services, Education, and Inspections and Demolitions); a $41.7 million (15.0%) increase in expenditures related to Health and Emergency Medical Services; and $108.7 million (14.6%) increase in expenditures related to General Management and Support. These expenditure increases were partially offset by the Transfers In of $269.6 million which primarily driven by ARPA draw down of $250.0 million.

The Health Choices Behavioral Health Fund ended the fiscal year with a total fund balance of $390.8 million; the entire amount is reserved for a contractually required equity reserve and reinvestment initiatives. The total fund balance increased during the fiscal year by $53.8 million, mainly as a result of the City's increase in Revenue from Other Governments due to additional support from the State.

The Grants Revenue Fund has a total fund balance deficit of $374.2 million which is comprised of a positive restricted fund balance of $36.1 million for emergency telephone system programs, a positive restricted fund balance of $0.3 million for Neighborhood Revitalization Programs and a deficit unassigned fund balance of $410.6 million. Because most programs accounted for in the Grants Revenue Fund are reimbursement-based, it is not unusual for the Grants Revenue Fund to end the fiscal year with a deficit unassigned fund balance. The overall fund balance of the Grants Revenue fund experienced a decrease of $42.7 million during the current fiscal year. Both Revenue from Other Governments and Transfers Out increased primarily due to a $250.0 million ARPA drawdown.

Proprietary funds. The City's proprietary funds provide the same type of financial information found in the government-wide financial statements, but in slightly more detail. The *total net position* of the proprietary funds increased by $146.5 million during the current fiscal year. This increase is attributable to the water/wastewater system, which had an increase of $15.9 million; airport operations, which had an increase of $101.8 million; industrial and commercial land bank operations which also had an increase of $28.8 million.

The proprietary funds reported an *unrestricted net position* deficit of $162.6 million. The table below indicates the unrestricted net position for the water and wastewater operations, the airport, and the industrial and commercial land bank operations for the current and previous fiscal years.

(millions of USD)	Unrestricted Net Position (deficit)		
	2022	2021	Change
Water and Waste Water	($284.5)	($296.1)	$11.6
Aviation	$8.0	($23.0)	$31.0
Land Bank	$114.0	$85.1	$28.9
Total	($162.5)	($234.0)	$71.5

General Fund Budgetary Highlights

The following table shows the General Fund's year end fund balance for the five most recent years:

General Fund at June 30	Fund Balance Available for Appropriation	Increase (Decrease)
		(Millions of USD)
2022	$ 779.1	$ 480.6
2021	298.5	7.8
2020	290.7	(148.0)
2019	438.7	69.9
2018	368.8	179.6

The General Fund's budgetary fund balance surplus of $779.1 million differs from the General Fund's fund financial statement unassigned fund balance of $410.7 million by $368.4 million, which represents the following:

- The unearned portion of the Business Income and Receipts Tax (BIRT prepays) of $204.5 million and the Philadelphia Beverage Tax – Unobligated amount of $165.1 million are received prior to being earned but have no effect on budgeted cash receipts.
- Lease Related Activities of $1.2 million is not reported in budgetary fund balance.

The charts below illustrate:

A. The reconciliation of Total Fund Balance - Budget Basis versus GAAP (Modified Accrual)
B. The components of Fund Balance for GAAP (Modified Accrual) basis
C. The reconciliation of Unassigned Fund Balance – Budget Basis versus GAAP (Modified Accrual)

(Millions of USD)

A. Budget to GAAP Basis Reconcilation	6/30/2022	6/30/2021	6/30/2020	6/30/2019	6/30/2018
Budget Basis Fund Balance	$ 779.1	$ 298.5	$ 290.7	$ 438.7	$ 368.8
1. Less: BIRT six (6) months pre-pays	(204.5)	(167.3)	(166.4)	(192.0)	(173.8)
2. Add: Encumbrances	493.9	311.5	255.9	201.4	127.0
3. Add: Reserves & Budget Stabilization Fund	176.4	114.4	165.3	167.7	78.9
4. Add: Lease Related Activities	1.2				
Modified Accrual Basis Fund Balance	$ 1,246.1	$ 557.1	$ 545.5	$ 615.8	$ 400.9

B. Modified Accrual Basis Fund Balance	6/30/2022	6/30/2021	6/30/2020	6/30/2019	6/30/2018
Restricted & Committed	$ 176.4	$ 114.4	$ 165.3	$ 167.7	$ 78.9
Assigned					
Encumbrances	493.9	311.5	255.9	201.4	127.0
Phila. Beverage Tax - Unobligated	165.1	154.1	138.4	120.9	-
Reclassification of Unassigned	-	(22.9)	(14.1)	-	-
Assigned	659.0	442.7	380.2	322.3	127.0
Unassigned	410.7	-	-	125.8	195.0
Modified Accrual Basis Fund Balance	$ 1,246.1	$ 557.1	$ 545.5	$ 615.8	$ 400.9

C. Budget to GAAP Basis Reconcilation	6/30/2022	6/30/2021	6/30/2020	6/30/2019	6/30/2018
Budget Basis Fund Balance	$ 779.1	$ 298.5	$ 290.7	$ 438.7	$ 368.8
1. Less: BIRT six (6) months pre-pays	(204.5)	(167.3)	(166.4)	(192.0)	(173.8)
2. Less: Reclass to Assigned Fund Balance	-	22.9	14.1	-	-
3. Less: Phila Beverage Tax - Unobligated	(165.1)	(154.1)	(138.4)	(120.9)	-
4. Add: Lease Related Activities	1.2				
Unassigned Fund Balance	$ 410.7	$ (0.0)	$ 0.0	$ 125.8	$ 195.0

Differences between the original budget and the final amended budget resulted primarily from a slight increase in revenue estimates and increases to appropriations. Total appropriations increased by $361.0 million; from an original budget of $5,268.9 million to a final amended budget of $5,629.9 million. The largest increases were required to support the following activities:

- $247.9 million for the fringes
- $57.4 million for Police operations
- $23.3 million for Streets operations
- $15.8 million for Fire operations
- $15.9 million for Prisons

Capital Asset and Debt Administration

Capital assets. The City of Philadelphia's investment in capital assets for its governmental and business-type activities amounts to $8.4 billion, net of accumulated depreciation, at the end of the current fiscal year. These capital assets include items such as roads, runways, bridges, water and sewer mains, streets and street lighting, land, buildings, improvements, sports stadiums, vehicles, commuter trains, machinery, computers, and general office equipment. The table below shows a breakdown of the City's Capital Improvements over the past five fiscal years.

(millions of USD)

	FY 2022	FY 2021	FY 2020	FY 2019	FY 2018
Airport Terminal & Airfield Improvements	$ 161.3	$ 138.0	$ 109.7	$ 107.9	$ 209.2
Water & Wastewater Improvements	237.2	268.0	271.1	314.9	231.2
Streets, Highways & Bridges Improvements	46.9	71.7	55.8	51.7	27.6
Transit System Improvements	11.4	2.9	5.6	7.3	7.3
Parks, Playgrounds, Museums & Recreational Facilities	26.4	27.9	25.2	42.6	63.6
Libraries Improvements	0.5	0.3	2.1	1.1	8.8
Police & Fire Facilities	17.0	23.3	17.7	16.7	10.9
City Hall & Municipal Buildings Improvements	9.2	10.8	8.4	7.2	12.8
Computers, Servers, Software & IT Infrastructure	21.8	18.7	43.0	18.4	16.7
Economic Development	13.0	10.4	19.2	17.4	18.3
Other and Non-Enterprise Vehicles	43.3	36.7	39.8	38.2	28.9
	$ 588.0	$ 608.7	$ 597.6	$ 623.4	$ 635.3

The following table shows the capital assets by category.

City of Philadelphia's Capital Assets-Net of Depreciation

(millions of USD)

	Governmental activities			Business-type activities			Total		
	2022	2021	Inc/(Dec)	2022	2021	Inc/(Dec)	2022	2021	Inc/(Dec)
Land	$ 979.3	$ 945.0	$ 34.3	$ 242.8	$ 236.6	$ 6.2	$ 1,222.1	$ 1,181.6	$ 40.5
Lease Asset - Land	-	-	-	11.3	-	11.3	11.3	-	11.3
Fine Arts	1.0	1.0	-	-	-	-	1.0	1.0	-
Buildings	631.0	834.0	(203.0)	1,739.2	1,788.0	(48.8)	2,370.2	2,622.0	(251.8)
Lease Asset - Buildings	561.0	-	561.0	17.2	-	17.2	578.2	-	578.2
Improvements other than buildings	101.0	105.0	(4.0)	313.2	198.0	115.2	414.2	303.0	111.2
Machinery & equipment	206.2	201.0	5.2	35.1	47.0	(11.9)	241.3	248.0	(6.7)
Lease Asset - Equipment	2.0	-	2.0	0.4	-	0.4	2.4	-	2.4
Infrastructure	513.1	523.0	(9.9)	1,922.9	1,829.0	93.9	2,436.0	2,352.0	84.0
Construction in progress	21.0	3.0	18.0	1,002.9	1,000.0	2.9	1,023.9	1,003.0	20.9
Transit	32.0	36.0	(4.0)	-	-	-	32.0	36.0	(4.0)
Intangible Assets	51.0	45.0	6.0	10.0	10.0	-	61.0	55.0	6.0
Total	**$ 3,098.6**	**$ 2,693.0**	**$ 405.6**	**$ 5,295.0**	**$ 5,108.6**	**$ 186.4**	**$ 8,393.6**	**$ 7,801.6**	**$ 592.0**

More detailed information about the City's capital assets can be found in notes I.6 & III.5 to the financial statements.

Long-term debt.
At year end, the City had $9.9 billion in long-term debt outstanding. Of this amount, $6.6 billion represents bonds outstanding (comprised of $2.2 billion of debt backed by the full faith and credit of the City, and $4.4 billion of debt secured solely by specific revenue sources) while $3.3 billion represents other long-term obligations.

The following schedule shows a summary of all long-term debt outstanding.

City of Philadelphia's Long Term Debt Outstanding

(millions of USD)

	Governmental activities		Business-type activities		Total	
	2022	2021	2022	2021	2022	2021
Bonds Outstanding:						
General obligation bonds	2,166.4	1,950.5	-	-	2,166.4	1,950.5
Revenue bonds	-	-	4,423.1	4,096.4	4,423.1	4,096.4
Total Bonds Outstanding	**2,166.4**	**1,950.5**	**4,423.1**	**4,096.4**	**6,589.5**	**6,046.9**
Other Long Term Obligations:						
Service agreements	1,661.7	1,677.2	-	-	1,661.7	1,677.2
Employee related obligations	866.0	865.7	74.1	73.9	940.1	939.6
Indemnities	143.8	186.0	4.8	5.2	148.6	191.2
Leases	580.6	233.4	29.0	-	609.6	233.4
Total Other Long Term Obligations	**3,252.1**	**2,962.3**	**107.9**	**79.1**	**3,360.0**	**3,041.4**
Total Long Term Debt Outstanding	**5,418.5**	**4,912.8**	**4,531.0**	**4,175.5**	**9,949.5**	**9,088.3**

Significant events related to borrowing during the current fiscal year include the following:

- The City has statutory authorizations to negotiate temporary loans for periods not to extend beyond the fiscal year. The City borrows temporary loan funds to smooth out unevenness in the City's cash flow created by the receipt of two major sources of tax revenue – the Property Tax and the Business Income and Receipts Tax – in the second half of the year. The City did not borrow Tax Revenue Anticipation Notes in Fiscal Year 2022. In accordance with statute there are no temporary loans outstanding at year end.

- In August 2021, the City issued $294.7 million of General Obligation Bonds Series 2021A. The total proceeds were $367.7 million (including a premium of $73.0 million). The proceeds of the sale were used to (i) pay all or a portion of the costs of certain projects in the City's capital budgets and (ii) pay the costs relating to the issuance of the Series 2021A Bonds.
- In October 2021, the City issued $231.9 million of Water and Wastewater Revenue Bonds Series 2021C. The total proceeds were $276.6 million (which includes a premium of $44.7 million). The proceeds of the sale were used to finance capital improvements to the City's Water and Wastewater Systems and to pay the costs of issuing the 2021C Bonds.
- In July 2021, the City issued $302.0 million of Airport Revenue and Refunding Bonds Series 2021 Bonds to refund the outstanding Series 2011A, and 2011B Bonds in the amount of $149.8 million and to pay the costs of issuing the Series 2021 Bonds.

The City's bonds, as rated by Moody's, Standard & Poor's and Fitch are as follows:

Bond Type	Moody's Investor Service	Standard & Poor's Corporation	Fitch Ratings, Inc.
General Obligation Bonds	A2	A	A-
Water Revenue Bonds	A1	A+	A+
Aviation Revenue Bonds	A2	A-	A

The City is subject to a statutory limitation established by the Commonwealth of Pennsylvania as to the amount of tax supported general obligation debt it may issue. The limitation is equal to 13.50% of the average assessed valuations of properties over the past ten years. As of June 30, 2022, the legal debt limit was $14,163.0 million. The City has $2,316.5 million of outstanding tax supported debt leaving a legal debt margin of $11,846.5 million.

More detailed information about the City's debt activity can be found in note III.7 to the financial statements.

Economic Factors and Next Year's Budgets and Rates

The following factors are key factors to consider when reviewing the City of Philadelphia's budget for the 2022 fiscal year:

- *Fund Balance:* In FY22, the General Fund ended with a fund balance of $779.1 million, a $480.6 million increase from FY21. The $779.1 million is higher than the amount included in the approved FY23-FY27 Five Year Plan primarily for two reasons. The first is underspending, as the City, like many other employers, has struggled to attract and retain staff amid a complicated landscape in the labor market in the wake of the pandemic; funds had been budgeted for salaries for positions that have stayed vacant. The second significant factor was higher than anticipated tax collections, notably from two taxes—the volatile Business Income and Receipts Tax (BIRT) and the Wage Tax.
- *Budgeted Revenue Projections for FY23:* Compared to FY22 unaudited actuals, FY23 Wage and Earnings Tax revenue is projected to increase by 3.3%, Sales Tax revenue is projected to increase by 1.0%, Real Property revenue is projected to increase by 16.2%, and Real Estate Transfer Tax revenue is projected to decline by 21.1%, while the Business Income and Receipts Tax revenue is projected to decrease by 2.7%. Under the federal American Rescue Plan Act, the City was awarded $1.4 Billion of Coronavirus Local Fiscal Recovery Funds. The City will use the entirety of these funds to replace a portion of lost revenues through calendar year 2024 to support critical core services and policy priorities.
- *Tax Relief*: The FY23-27 Five Year Plan included property tax relief by increasing the Homestead Exemption from $45,000 to $80,000, wage tax reductions that will reduce the residential rate over the next two years to 3.79% (from the current 3.8398%), and the non-resident rate will be reduced to 3.44% (from the current 3.4481%), and business tax relief by reducing the net profits portion of the Business Income Receipts Tax (BIRT) from 6.2% to 5.99%.
- *Investments in Education*: As of July 1, 2018, the School District of Philadelphia is governed by a Board of Education, with all of its members appointed by the Mayor. In the FY23 Adopted Budget, the City's direct

contribution to the School District from the General Fund is $270 million, which is $14 million higher than the unaudited actual amount for Fiscal Year 2022 ($256 million).

- *Pre-Kindergarten, Community Schools and Rebuild*: In 2016, the Philadelphia Beverage Tax (PBT) was enacted to fund free, quality pre-Kindergarten (pre-K) education for children; expand community schools in high-needs neighborhoods; and launch Rebuild, a capital improvement program for the City's parks, recreation centers, and libraries. In FY22, the City collected approximately $75.4 million in revenues from the PBT. The FY23-27 Five Year Plan, as revised in October 2022, estimates FY23 collections of $68.1 million.

- *Contract Negotiations.* More than 84% of City employees are represented by one of the City's municipal unions.

The City works with its union partners to reach agreements that are fair to employees while also maintaining the City's fiscal health. Contracts with District Council 33, District Council 47, the Fraternal Order of Police Lodge 5, and the International Association of Firefighters, cover the term of July 1, 2021 through June 30, 2024. Uniformed employees bargain under Pennsylvania Act 111 of 1968, which provides for final and binding interest arbitration to resolve collective bargaining impasses. Uniformed employees are not permitted to strike under state law. Non-uniformed employees bargain under Act 195 of 1970, which allows for the right to strike over collective bargaining impasses. Certain employees, including employees of the Sheriff's Office and the Register of Wills, Correctional Officers (represented by DC33), and employees of the First Judicial District (represented by DC47), are not permitted to strike but may proceed to interest arbitration under Act 195.

The table below presents employee wage increases from FY20 to FY24 for each bargaining unit. The shaded cells indicate the most recent contract terms.

Fiscal Year	FOP Lodge 5	Sheriff's Office & Register of Wills (FOP Lodge 5)	IAFF LOCAL22	AFSCME DC33 (1)	Correctional Officers (DC33 LOCAL 159)	AFSCME DC47 (Local 2187)	AFSCME DC47 (Local 2186)	Local 810 Court Employees (DC47)
FY20	2.5%	2.25% - Sheriff 2% (ROW)	2.50%	2.0%	2.25%	2.0%	2.0%	2.0%
FY21(2)	2.5% + $750 Bonus	2.25% + $400 Bonus (Sheriff) 2% (ROW)	2.5%	2% + $750/$475 Bonus	2% + $750/$475 Bonus	2% + $750/$475 Bonus	2% + $750/$475 Bonus	2.0%
FY22	2.75% + $1,500 Bonus	2.75% + $1,300 Bonus (Sheriff) 2.5% + $1,200 Bonus (ROW)	2.75% + $1,500 Bonus	2.5% + $1,200 Bonus	2.75% + $1,300/$2,000 Bonus(3)	2.5% + $1,200 Bonus	2.5% + $1,200 Bonus	2.5% + $1,200 Bonus
FY23	3.5%	3.25%	3.5%	3.25%	3.25%	3.25%	3.25%	3.25%
FY24	3.5%	3.3%	3.5%	3.25%	3.25%	3.25%	3.25%	3.25%

1. District Concil 33 includes school crossing guard.
2. One-year extension agreements w ere reached in Spring 2020 w ith all the City's unions and included w age increases effective May 2020.
3. Tw o $1,300 retention bonuses to all employees hired as April 20, 2022 and remain employeed w hen bonus is paid, first payment 30 days after ratification and second on June 30, 2023. A $2,000 hiring bonus for employees hired as Correctional Officer Trainees and Juvenile Detention Councelor Trainee.

- *Pension Fund Challenges:* In FY23, pension costs are projected to represent 14.4% of General Fund expenditures. The significant share of costs attributed to pensions, combined with the Pension Fund's current funding status – it is now 54.9% funded – make it clear that the City will not attain fiscal stability until it has solidified the financial condition of the Pension Fund.

In FY23, General Fund pension payments are projected to total $843.0 million compared to $775.0 million in FY22. The increase in pension cost is largely due to pension obligation bond restructuring that reduced FY21 costs but requires higher costs in future years, as well as a change in the pension allocation formula among funds that resulted in a higher General Fund contribution.

- *Employee Healthcare Costs*: The City will continue to work with its union partners to help address the rising costs of health insurance and promote wellness. The municipal unions each provide benefits for members through union administered Health and Welfare Funds, and the City has minority representation on those boards. Non-union employees are provided benefits through the City Administered Plan (CAP). In FY10, the City moved from a fully-insured model to a self-insurance arrangement. The City also increased employee copays and instituted a disease management and wellness program with financial incentives for completing wellness activities. In FY2015, the City added a tobacco user surcharge and employees pay an additional copay for each prescription if using a pharmacy that sells tobacco products.

Requests for information

The Annual Comprehensive Financial Report is designed to provide a general overview of the City of Philadelphia's finances for all interested parties. The City also publishes the *Supplemental Report of Revenues & Obligations* that provides a detailed look at budgetary activity at the legal level of compliance, the *Annual Report of Bonded Indebtedness* that details outstanding long-term debt and the *Schedule of Financial Assistance* that reports on grant activity. All four reports are available on the City's website, *www.phila.gov/finance*. Questions concerning any of the information provided in this report or requests for additional financial information should be addressed to:

Office of the Director of Finance
Suite 1340 MSB
1401 John F. Kennedy Boulevard
Philadelphia, PA 19102


SEAL OF THE CITY OF PHILADELPHIA
PHILADELPHIA MANETO

City of Philadelphia
PENNSYLVANIA

Basic Financial Statements

City of Philadelphia **Exhibit I**
Statement of Net Position
June 30, 2022

Amounts in thousands of USD

	Primary Government			
	Governmental Activities	Business Type Activities	Total	Component Units
Assets				
Cash on Deposit and on Hand	73,148	30	73,178	540,078
Equity in Pooled Cash and Investments	-	-	-	672,138
Equity in Treasurer's Account	3,854,940	560,850	4,415,790	
Investments	30,180	-	30,180	79,476
Due from Component Units	50,779	-	50,779	-
Due from Primary Government	-	-	-	160,278
Internal Balances	8,091	(8,091)	-	-
Amounts Held by Fiscal Agent	176,421	-	176,421	252,430
Notes Receivable - Net	-	-	-	76,671
Accounts Receivable - Net	447,826	188,835	636,661	440,461
Lease Receivable	35,143		35,143	
Interest and Dividends Receivable	9,819	-	9,819	31,805
Due from Other Governments - Net	1,004,955	29,066	1,034,021	567,701
Inventories	46,090	102,192	148,282	227,961
Other Assets	59,771	1,229	61,000	140,865
Restricted Assets:				
Cash and Cash Equivalents	-	1,317,783	1,317,783	421,640
Other Assets	-	449,905	449,905	462,227
Capital Assets:				
Land and Other Non-Depreciated Assets	1,001,377	1,257,073	2,258,450	3,708,487
Other Capital Assets (Net of Depreciation)	2,097,294	4,037,954	6,135,248	1,826,193
Total Capital Assets, Net	3,098,671	5,295,027	8,393,698	5,534,680
Total Assets	8,895,834	7,936,826	16,832,660	9,608,411
Deferred Outflows of Resources	802,653	133,085	935,738	953,105
Liabilities				
Notes Payable	56,344	128,343	184,687	33,842
Vouchers Payable	126,777	33,064	159,841	109,813
Accounts Payable	437,617	86,441	524,058	174,582
Salaries and Payroll Deductions Payable	152,125	10,149	162,274	379,962
Accrued Expenses	46,517	61,569	108,086	168,996
Due to Fiduciary	96,937	-	96,937	-
Due to Primary Government	-	-	-	31,942
Due to Component Units	159,004	6,483	165,487	-
Funds Held in Escrow	58,118	1,637	59,755	9,886
Due to Other Governments	5,458	-	5,458	45,571
Unearned Revenue	1,698,646	84,029	1,782,675	257,646
Overpayment of Taxes	272,047	-	272,047	77,767
Other Current Liabilities	-	6,915	6,915	270,652
Derivative Instrument Liability	13,481	-	13,481	-
Long-term Liabilities:				
Due within one year				
Bonds Payable & Other Long-term Liabilities	391,358	136,583	527,941	470,123
Due in more than one year				
Bonds Payable & Other Long-term Liabilities	5,027,113	4,385,564	9,412,677	8,422,896
Net OPEB Liability	1,918,498	238,151	2,156,649	366,141
Net Pension Liability	4,806,189	580,230	5,386,419	366,837
Total Liabilities	15,266,229	5,759,158	21,025,387	11,186,656
Deferred Inflows of Resources	286,539	139,980	426,519	810,549
Net Position				
Net Investment in Capital Assets	622,600	1,516,573	2,139,173	1,128,675
Restricted For:				
Capital Projects	308,912	313,548	622,460	10,859
Debt Service	12,508	363,553	376,061	376,520
Pension Oblig Bond Refunding Reserve	3,222	-	3,222	-
Behavioral Health	390,849	-	390,849	-
Neighborhood Revitalization	299	-	299	-
Cultural & Commercial Corridor Project	819	-	819	-
Rebuild Project	44,575	-	44,575	-
Home Repair Program	127,683	-	127,683	-
Grant Programs	104,164	-	104,164	85,619
Rate Stabilization	-	139,669	139,669	-
Libraries & Parks:				
Expendable	4,391	-	4,391	-
Non-Expendable	3,927	-	3,927	-
Educational Programs	-	-	-	21,044
Other	114,119	-	114,119	35,725
Unrestricted(Deficit)	(7,592,349)	(162,570)	(7,754,919)	(3,094,131)
Total Net Position	(5,854,281)	2,170,773	(3,683,508)	(1,435,689)

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

Amounts in thousands of USD

		Program Revenues			Net (Expense) Revenue and Changes in Net Position			
					Primary Government			
Functions	Expenses	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Governmental Activities	Business Type Activities	Total	Component Units
Primary Government:								
Governmental Activities:								
Economic Development	100,811	131	199	32	(100,449)		(100,449)	
Transportation:								
Streets & Highways	166,328	11,581	57,949	32,730	(64,068)		(64,068)	
Mass Transit	96,076	3,040	474	-	(92,562)		(92,562)	
Judiciary and Law Enforcement:								
Police	1,219,818	8,184	9,282	-	(1,202,352)		(1,202,352)	
Prisons	313,373	79	-	-	(313,294)		(313,294)	
Courts	348,574	30,652	43,211	-	(274,711)		(274,711)	
Conservation of Health:								
Emergency Medical Services	95,527	25,638	2,847	-	(67,042)		(67,042)	
Health Services	2,085,914	77,282	1,850,721	-	(157,911)		(157,911)	
Housing and Neighborhood Development	232,914	24,389	192,405	-	(16,120)		(16,120)	
Cultural and Recreational:								
Recreation	129,775	3,110	4,721	-	(121,944)		(121,944)	
Parks	6,955	-	43	1,532	(5,380)		(5,380)	
Libraries and Museums	84,237	669	6,378	-	(77,190)		(77,190)	
Improvements to General Welfare:								
Social Services	774,498	5,648	551,021	-	(217,829)		(217,829)	
Education	297,884	-	-	-	(297,884)		(297,884)	
Inspections and Demolitions	58,447	86,525	-	-	28,078		28,078	
Service to Property:								
Sanitation	186,576	23,586	1,071	-	(161,919)		(161,919)	
Fire	471,534	5,507	4,890	-	(461,137)		(461,137)	
General Management and Support	995,151	259,844	410,874	851	(323,582)		(323,582)	
Interest on Long Term Debt	127,130	-	-	-	(127,130)		(127,130)	
Total Governmental Activities	7,791,522	565,865	3,136,086	35,145	(4,054,426)		(4,054,426)	
Business Type Activities:								
Water and Sewer	698,072	765,903	464	1,373	-	69,668	69,668	
Aviation	399,382	381,987	-	71,505	-	54,110	54,110	
Industrial and Commercial Development	-	456	-	-	-	456	456	
Total Business Type Activities	1,097,454	1,148,346	464	72,878	-	124,234	124,234	
Total Primary Government	8,888,976	1,714,211	3,136,550	108,023	(4,054,426)	124,234	(3,930,192)	
Component Units:								
Gas Operations	629,928	772,285	31,629	-				173,986
Housing	494,753	61,630	484,363	11,613				62,853
Parking	263,629	275,863	-	-				12,234
Education	4,467,455	39,605	1,965,020	17,003				(2,445,827)
Health	1,178,782	-	1,179,148	-				366
Economic Development	150,893	815	72,991	-				(77,087)
Total Component Units	7,185,440	1,150,198	3,733,151	28,616				(2,273,475)
General Revenues:								
Taxes:								
Property Taxes					703,286	-	703,286	847,272
Wage & Earnings Taxes					2,233,390	-	2,233,390	-
Business Taxes					746,171	-	746,171	-
Other Taxes					1,263,294	-	1,263,294	487,516
Grants & Contributions Not Restricted to Specific Programs					202,729	54,629	257,358	1,561,786
Unrestricted Interest & Investment Earnings					35,968	(15,288)	20,680	(6,896)
Miscellaneous					-	31,319	31,319	(25,870)
Special Items - Gain on Sale of Capital Asset					-	-	-	1,530
Transfers					48,378	(48,378)	-	79,268
Total General Revenues, Special Items and Transfers					5,233,216	22,282	5,255,498	2,944,606
Change in Net Position					1,178,790	146,516	1,325,306	671,131
Net Position - July 1, 2021					(7,057,770)	2,024,257	(5,033,513)	(2,104,151)
Adjustment					24,699		24,699	(2,669)
Net Position Adjusted - July 1, 2021					(7,033,071)	2,024,257	(5,008,814)	(2,106,820)
Net Position - June 30, 2022					(5,854,281)	2,170,773	(3,683,508)	(1,435,689)

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

City of Philadelphia
Balance Sheet
Governmental Funds
June 30, 2022

Exhibit III

Amounts in thousands of USD

	General Fund	HealthChoices Behavioral Health Fund	Grants Revenue Fund	Other Governmental Funds	Total Governmental Funds
Assets					
Cash on Deposit and on Hand	25,781	-	16,322	31,045	73,148
Equity in Treasurer's Account	1,778,876	211,066	1,269,507	595,491	3,854,940
Investments				30,180	30,180
Due from Other Funds	17,247	-	-	9,197	26,444
Due from Component Units	50,779	-	-	-	50,779
Amounts Held by Fiscal Agent	176,421	-	-	-	176,421
Taxes Receivable	608,661	-	-	35,475	644,136
Accounts Receivable	403,212	-	1,141	4,224	408,577
Lease Receivable	35,143	-	-	-	35,143
Due from Other Governmental Units	1,493	328,572	572,053	102,837	1,004,955
Allowance for Doubtful Accounts	(586,610)	-	-	(19,383)	(605,993)
Interest and Dividends Receivable	7,274	400	-	23	7,697
Other Assets				644	644
Total Assets	2,518,277	540,038	1,859,023	789,733	5,707,071
Liabilities					
Vouchers Payable	63,481	1,044	44,140	18,112	126,777
Accounts Payable	179,366	6,936	169,530	81,787	437,619
Salaries and Payroll Deductions Payable	141,856	2	9,482	593	151,933
Payroll Taxes Payable	-	-	-	192	192
Due to Other Funds	96,934	-	-	17,247	114,181
Due to Component Units	14,955	141,207	690	2,152	159,004
Funds Held in Escrow	24,269	-	16,197	17,652	58,118
Due to Other Governmental Units	5,458	-	-	-	5,458
Unearned Revenue	210,359	-	1,477,692	10,595	1,698,646
Overpayment of Taxes	272,047	-	-	-	272,047
Total Liabilities	1,008,725	149,189	1,717,731	148,330	3,023,975
Deferred Inflows of Resources	263,445		515,471	99,532	878,448
Fund Balances					
Nonspendable	-	-	-	3,927	3,927
Restricted	176,422	390,849	36,444	549,835	1,153,550
Committed	-	-	-	7,432	7,432
Assigned	658,983	-	-	-	658,983
Unassigned	410,702	-	(410,623)	(19,323)	(19,244)
Total Fund Balances	1,246,107	390,849	(374,179)	541,871	1,804,648
Total Liabilities, Deferred Inflows of Resources, and Fund Balances	2,518,277	540,038	1,859,023	789,733	

Amounts reported for governmental activities in the statement of net position are different because:

a. Capital Assets used in governmental activities are not reported in the funds	3,098,671
b. Unavailable Revenue are reported as Deferred Inflows of Resources in the funds	844,471
c. Long Term Liabilities, including bonds payable are not reported in the funds	(5,418,471)
d. Derivatives and Deferred Outflows of Resources are not reported in the funds	789,172
e. Other	4,477
f. Net Pension & OPEB Liabilities are not reported in the funds	(6,724,687)
g. Deferred Inflows (with the excpetion of Unavailable Revenue) are not reported in the funds	(252,562)
Net Position of Governmental Activities	(5,854,281)

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

City of Philadelphia **Exhibit IV**

Statement of Revenues, Expenditures and Changes in Fund Balances

Governmental Funds

For the Fiscal Year Ended June 30, 2022

Amounts in thousands of USD

	General Fund	HealthChoices Behavioral Health Fund	Grants Revenue Fund	Other Governmental Funds	Total Governmental Funds
Revenues					
Tax Revenue	4,102,236	-	-	834,190	4,936,426
Locally Generated Non-Tax Revenue	407,261	(639)	56,954	18,036	481,612
Revenue from Other Governments	365,734	1,281,180	1,521,377	152,500	3,320,791
Other Revenues	16,652	-		10,488	27,140
Total Revenues	4,891,883	1,280,541	1,578,331	1,015,214	8,765,969
penditures					
Current Operating					
Economic Development	34,717	-	330	55,751	90,798
Transportation					
Streets & Highways	92,754	-	5,163	33,853	131,770
ass Transit	91,214	-	474	-	91,688
udiciary and Law Enforcement					
Police	1,310,837	-	5,988	-	1,316,825
Prisons	323,327	-	-	972	324,299
Courts	345,197	-	29,537	-	374,734
Conservation of Health					
Emergency edical Services	99,723	-	2,847	-	102,570
Health Services	220,392	1,226,779	468,549	186,353	2,102,073
Housing and Neighborhood Development	10,499	-	121,621	100,789	232,909
Cultural and Recreational					
Recreation	118,921	-	4,941	-	123,862
Par s	-	-	43	1,354	1,397
Libraries and useums	80,105	-	5,787	261	86,153
Improvements to General elfare					
Social Services	251,104	-	528,790	-	779,894
Education	297,884	-	-	-	297,884
Inspections and Demolitions	61,331	-	-	-	61,331
Service to Property					
Sanitation	190,980	-	1,071	2,733	194,784
Fire	503,288	-	5,109	-	508,397
General anagement and Support	854,320	-	150,905	72,279	1,077,504
Capital Outlay				206,830	206,830
Debt Service					
Principal	17,836	-	556	146,462	164,854
Interest	11,581	-	91	94,904	106,576
Bond Issuance Cost	1,195	-	-	2,918	4,113
Total Expenditures	4,917,205	1,226,779	1,331,802	905,459	8,381,245
Excess (Deficiency) of Revenues Over (Under) Expenditures	(25,322)	53,762	246,529	109,755	384,724
ther Financing ources ses					
Issuance of Debt	98,560	-	-	294,715	393,275
Issuance of Refunding Debt	-	-	-	132,085	132,085
Bond Issuance Premium	2,635	-	-	73,042	75,677
Payment to Refunded Bonds Escrow Agent	-	-	-	(130,924)	(130,924)
Leases (as lesse)	317		3	35	355
Transfers In	840,157	-	-	320,074	1,160,231
Transfers Out	(227,349)	-	(289,188)	(595,082)	(1,111,619)
			-		
Total Other Financing Sources (Uses)	714,320	-	(289,185)	93,945	519,080
Net Change in Fund Balance	688,998	53,762	(42,656)	203,700	903,804
Fund Balance - uly 1, 2021	557,109	337,087	(331,523)	338,171	900,844
Fund Balance Ad usted - uly 1, 2021	557,109	337,087	(331,523)	338,171	900,844
Fund Balance - une 30, 2022	1,246,107	390,849	(374,179)	541,871	1,804,648

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

Amounts in thousands of USD

Net Change in Fund Balances - Total Governmental Funds..	903,804
Amounts reported for governmental activities in the statement of activities are different because:	
a. Governmental funds report capital outlays as expenditures. However, in the statement of activities the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense. This is the amount by which capital outlay (833,773) exceeded depreciation (218,503), and lease liability (580,525) in the current period................................	34,745
b. Revenues in the statement of activities that do not provide current financial resources are not reported as revenues in the funds...	160,590
c. Proceeds from debt obligations provide current financial resources to governmental funds, but issuing debt increases long-term liabilities in the statement of net position. Repayment of principal is an expenditure in the governmental funds, but the repayment reduces long-term liabilities in the statement of net position. This is the amount by which the proceeds (601,038) exceeded repayments (382,038) …..	(219,000)
d. The increase in the Net Pension Liability and Net OPEB Liability reported in the statement of activities does not require the use of current financial resources and therefore is not reported as and expenditure in governmental funds..	254,990
e. Some expenses reported in the statement of activities do not require the use of current financial resources and therefore are not reported as expenditures in governmental funds......	43,661
f. Proceeds from the disposition of capital assets is revenue in the governmental funds but decreases capital assets in the statement of net position…..	-
Change in Net Position of governmental activities...	1,178,790

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

Exhibit VI

Amounts in thousands of USD

	Business Type Activities - Enterprise Funds			
			Other Non-Major	
Assets	Water and Sewer	Aviation	Industrial & Commercial Development	Total
Current Assets:				
Cash on Deposit and on Hand	30	-	-	30
Equity in Treasurer's Account	171,415	379,170	10,265	560,850
Due from Other Governments	-	791	28,275	29,066
Accounts Receivable	183,332	25,990	-	209,322
Allowance for Doubtful Accounts	(20,476)	(11)	-	(20,487)
Inventories	22,198	4,564	75,430	102,192
Other Assets	1,229	-	-	1,229
Total Current Assets	357,728	410,504	113,970	882,202
Non-Current Assets:				
Restricted Assets:				
Equity in Treasurer's Account	687,434	630,349	-	1,317,783
Sinking Funds and Reserves	194,543	141,579	-	336,122
Grants for Capital Purposes	-	9,743	-	9,743
Receivables	1,231	102,809	-	104,040
Total Restricted Assets	883,208	884,480	-	1,767,688
Capital Assets:				
Land	5,969	248,222	-	254,191
Infrastructure	2,941,381	1,366,762	-	4,308,143
Construction in Progress	653,757	349,125	-	1,002,882
Buildings and Equipment	2,162,013	2,933,296	-	5,095,309
Less: Accumulated Depreciation	(2,753,768)	(2,611,730)	-	(5,365,498)
Total Capital Assets, Net	3,009,352	2,285,675	-	5,295,027
Total Non-Current Assets	3,892,560	3,170,155	-	7,062,715
Total Assets	4,250,288	3,580,659	113,970	7,944,917
Deferred Outflows of Resources	106,058	27,027	-	133,085
Liabilities				
Current Liabilities:				
Vouchers Payable	11,158	21,906	-	33,064
Accounts Payable	22,211	-	-	22,211
Salaries and Payroll Deductions Payable	5,928	4,221	-	10,149
Construction Contracts Payable	41,778	22,452	-	64,230
Due to Other Funds	8,091	-	-	8,091
Due to Component Units	1,205	5,278	-	6,483
Accrued Expenses	27,697	33,872	-	61,569
Funds Held in Escrow	1,637	-	-	1,637
Unearned Revenue	15,025	69,004	-	84,029
Commercial Paper Notes	3,000	125,343	-	128,343
Bonds Payable-Current	84,343	52,240	-	136,583
Other Current Liabilities	4,074	2,841	-	6,915
Total Current Liabilities	226,147	337,157	-	563,304
Derivative Instrument Liability	-	-	-	-
Net OPEB Liability	162,826	75,325	-	238,151
Net Pension Liability	387,418	192,812	-	580,230
Non-Current Liabilities:				
Bonds Payable, net of Unamortized Premiums/Discounts	2,599,780	1,571,221	-	4,171,001
Other Non-Current Liabilities	65,945	148,618	-	214,563
Total Non-Current Liabilities	2,665,725	1,719,839	-	4,385,564
Total Liabilities	3,442,116	2,325,133	-	5,767,249
Deferred Inflows of Resources	23,225	116,755	-	139,980
Net Position				
Net Investment in Capital Assets	621,404	895,169	-	1,516,573
Restricted For:				
Capital Projects	219,605	93,943	-	313,548
Debt Service	194,835	168,718	-	363,553
Rate Stabilization	139,669	-	-	139,669
Unrestricted	(284,508)	7,968	113,970	(162,570)
Total Net Position	891,005	1,165,798	113,970	2,170,773

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

Amounts in thousands of USD

	Business-Type Activities - Enterprise Funds			
	ater and Sewer	Aviation	Other Non- a or Industrial & Commercial Development	Totals
Operating Revenues				
Charges for Goods and Services	752,982	88,348	-	841,330
Rentals and Concessions	-	226,348	-	226,348
Operating Grants	464	-	-	464
iscellaneous Operating Revenues	12,921	6,507	456	19,884
Total Operating Revenues	766,367	321,203	456	1,088,026
Operating Expenses				
Personal Services	161,893	76,876	-	238,769
Purchase of Services	137,116	105,600	-	242,716
aterials and Supplies	44,178	5,772	-	49,950
Employee Benefits	109,227	38,727	-	147,954
Indemnities and Taxes	6,036	4,890	-	10,926
Depreciation	146,603	114,217	-	260,820
Total Operating Expenses	605,053	346,082	-	951,135
Operating Income (Loss)	161,314	(24,879)	456	136,891
Non-Operating Revenues (Expenses)				
Federal, State and Local Grants	-	54,629	-	54,629
Passenger and Customer Facility Charges	-	60,784	-	60,784
Investment Earnings	(6,555)	(8,753)	20	(15,288)
Debt Service - Interest	(93,019)	(53,300)	-	(146,319)
Other Revenue (Expenses)	1,132	1,799	28,388	31,319
Total Non-Operating Revenues (Expenses)	(98,442)	55,159	28,408	(14,875)
Income (Loss) Before Contributions & Transfers	62,872	30,280	28,864	122,016
Transfers In (Out)	(48,378)	-	-	(48,378)
Capital Contributions	1,373	71,505	-	72,878
Change in Net Position	15,867	101,785	28,864	146,516
Net Position - uly 1, 2021	875,138	1,064,013	85,106	2,024,257
Ad ustment	-	-	-	-
Net Position Ad usted - uly 1, 2021	875,138	1,064,013	85,106	2,024,257
Net Position - une 30, 2022	891,005	1,165,798	113,970	2,170,773

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

Amounts in thousands of USD

	Business Type Activities - Enterprise Funds			
	Water and Sewer	Aviation	Other Non-Major Industrial & Commercial Development	Totals
CASH FLOWS FROM OPERATING ACTIVITIES				
Receipts from Customers	753,439	342,760	-	1,096,199
Payments to Suppliers	(172,731)	(97,258)	-	(269,989)
Payments to Employees	(293,119)	(124,082)	-	(417,201)
Internal Activity-Payments to Other Funds	-	(6,407)	-	(6,407)
Claims Paid	(6,036)	-	-	(6,036)
Other Receipts (Payments)	-	1,251	-	1,251
Net Cash Provided (Used)	281,553	116,264	-	397,817
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES				
Operating Grants Received	464	54,081	-	54,545
Operating Subsidies and Transfers from/(to) Other Funds	(47,803)	-	-	(47,803)
Net Cash Provided (Used)	(47,339)	54,081	-	6,742
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES				
Proceeds from Debt Issuance	289,699	858,251	-	1,147,950
Capital Grants & Contributions Received	-	31,442	-	31,442
Acquisition and Construction of Capital Assets	(226,221)	(170,296)	-	(396,517)
Interest Paid on Debt Instruments	(87,951)	(69,076)	-	(157,027)
Principal Paid on Debt Instruments	(89,042)	(646,043)	-	(735,085)
Passenger Facility Charges	-	64,292	-	64,292
Other Receipts (Payments)	279	2,439	-	2,718
Net Cash Provided (Used)	(113,236)	71,009	-	(42,227)
CASH FLOWS FROM INVESTING ACTIVITIES				
Proceeds from Sale and Maturities of Investments	-	(10,466)	-	(10,466)
Interest,Dividends and Losses on Investments	(4,966)	(8,986)	20	(13,932)
Net Cash Provided (Used)	(4,966)	(19,452)	20	(24,398)
Net Increase (Decrease) in Cash and Cash Equivalents	116,012	221,902	20	337,934
Cash and Cash Equivalents, July 1 (including $613.9 mil for Water & Sewer and $563.9 mil for Aviation reported in restricted accounts)	742,867	787,617	10,245	1,540,729
Cash and Cash Equivalents, June 30 (including $687.4 mil for Water & Sewer and $630.3 mil for Aviation reported in restricted accounts)	858,879	1,009,519	10,265	1,878,663
Reconciliation of Operating Income (Loss) to Net Cash Provided (Used) by Operating Activities:				
Operating Income (Loss)	161,315	(24,879)	456	136,892
Adjustments to Reconcile Operating Income to Net Cash Provided (Used) by Operating Activities:				
Depreciation Expense	146,603	114,217	-	260,820
Bad Debts, Net of Recoveries				-
Changes in Assets and Liabilities:				
Receivables, Net	(14,426)	(12,260)	(2,649)	(29,335)
Unearned Revenue	1,498	35,069	-	36,567
Inventories	(2,112)	391	2,193	472
Accounts and Other Payables	11,866	3,726	-	15,592
Accrued Expenses	(23,191)	-	-	(23,191)
Net Cash Provided by Operating Activities	281,553	116,264	-	397,817
Schedule of non-cash capital activities:				
Contributions of capital assets	-	-	-	-

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

42

City of Philadelphia

Exhibit IX

Statement of Fiduciary Net Position
Fiduciary Funds
June 30, 2022

Amounts in thousands of USD

	Pension Trust Funds (Fiduciary Component Units)	Custodial Funds
Assets		
Cash on Deposit and on Hand	29,834	139,874
Equity in Treasurer's Account	7,353,251	1,261
Investments	-	2,471
Securities Lending Collective Investment Pool	542,211	-
Allowance for Unreali ed Loss	-	-
Accounts Receivable	5,262	-
Due from Bro ers for Securities Sold	232,671	-
Interest and Dividends Receivable	37,619	-
Due from Other Governmental Units	6,080	-
Due from Other Funds	95,129	699
Total Assets	8,302,057	144,305
Liabilities		
Vouchers Payable	27	43
Accounts Payable	179	-
Salaries and ages Payable	217	-
Funds Held in Escrow	-	5,732
Due on Return of Securities Loaned	542,211	-
Due to Bro ers for Securities Purchased	248,735	-
Accrued Expenses	4,763	-
Other Liabilities	343	-
Total Liabilities	796,475	5,775
et osition		
Net Position Restricted for Pensions	7,505,582	-
Restricted for Individuals, Organi ations & Other Governments	-	138,530
Total Net Position	7,505,582	138,530

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

City of Philadelphia
Exhibit X

Statement of Changes in Fiduciary Net Position
Fiduciary Funds
For the Fiscal Year Ended June 30, 2022

Amounts in thousands of USD

	Pension Trust Funds (Fiduciary Component Units)	Custodial Funds
Additions:		
Contributions		
Employers' Contributions	889,830	-
Employees' Contributions	112,301	-
Total Contributions	1,002,131	-
Investment Income		
Interest and Dividends	189,266	-
Net Decline in Fair Value of Investments	(740,113)	-
(Less) Investments Expenses	(10,944)	-
Securities Lending Revenue	1,101	-
Securities Lending Unreali ed Gain	-	-
(Less) Securities Lending Expenses	(280)	-
Net Investment Loss	(560,970)	-
Other Income		
Collection of Human Services fees, contributions, and holdings	-	2,430
Collection of udicial charges, fees, and holdings	-	45,722
Collection of prisoner holdings	-	7,048
Collection of recording fees for other governments	-	8,167
Collection of Sheriff and Police forfeitures, sei ures, and holdings	-	50,992
Collection of unclaimed monies	-	1,108
iscellaneous Operating Revenues	218	-
Total Other Income	218	115,467
Total Additions	441,379	115,467
Deductions		
Personal Services	4,153	-
Purchase of Services	1,689	-
aterials and Supplies	61	-
Employee Benefits	2,943	-
Pension Benefits	1,011,794	-
Refunds of embers' Contributions	13,394	-
Administrative Expenses Paid	200	-
Other Operating Expenses	88	-
Distribution of Human Service fees, contributions and holdings	-	2,430
Distribution of udicial charges, fees, and holdings	-	43,159
Distribution of prisoner holdings	-	7,048
Distribution of recording fees for other governments	-	8,167
Distribution of Sheriff and Police forfeitures, sei ures, and holdings	-	43,927
Distribution of unclaimed monies	-	1,108
Total Deductions	1,034,322	105,839
Change in Net Position	(592,943)	9,628
Net Position - uly 1, 2021	8,098,525	128,902
Net Position - une 30, 2022	7,505,582	138,530

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

Amounts in thousands of USD

	Philadelphia Gas Works*	Philadelphia Housing Authority*	Philadelphia Redevelopment Authority	Philadelphia Parking Authority*	School District of Philadelphia	Community College of Philadelphia	Community Behavioral Health*	Philadelphia Authority for Industrial Development*	Total
Assets									
Cash on Deposit and on Hand	115,637	219,421	61,632	39,593	-	23,870	33,678	46,247	540,078
Equity in Pooled Cash and Investments	-	-	-	-	672,138	-	-	-	672,138
Investments	-	-	-	22,661	-	56,815	-	-	79,476
Due from Primary Government	-	-	7,865	-	-	12,727	139,686	-	160,278
Amounts Held by Fiscal Agent	-	-	-	-	252,430	-	-	-	252,430
Notes Receivable	-	71,082	5,589	-	-	-	-	-	76,671
Taxes Receivable	-	-	-	-	161,547	-	-	-	161,547
Accounts Receivable-Net	107,001	21,905	28	81,356	24,197	39,725	1,080	4,313	279,605
Allowance for Doubtful Accounts	-	-	-	-	-	(691)	-	-	(691)
Interest and Dividends Receivable	-	15	31,621	19	150	-	-	-	31,805
Due from Other Governments	-	217,829	-	-	318,880	26,433	-	4,559	567,701
Inventories	92,876	1,544	132,515	-	1,026	-	-	-	227,961
Other Assets	81,557	9,728	37,749	386	5,417	1,506	3,572	950	140,865
Restricted Assets:									
Cash and Cash Equivalents	-	93,722	19,919	48,081	185,503	-	-	74,415	421,640
Other Assets	221,528	5,468	16,410	-	203,249	8,696	-	6,876	462,227
Capital Assets:									
Land and Other Non-Depreciated Assets	2,953,567	152,322	170	26,118	504,498	60,809	-	11,003	3,708,487
Other Capital Assets (Net of Depreciation)	(1,300,143)	1,055,456	82	52,601	1,769,493	128,672	5,897	114,135	1,826,193
Total Capital Assets	1,653,424	1,207,778	252	78,719	2,273,991	189,481	5,897	125,138	5,534,680
Total Assets	2,272,023	1,848,492	313,580	270,815	4,098,528	358,562	183,913	262,498	9,608,411
Deferred Outflows of Resources	154,086	4,564	-	39,036	729,767	25,147	505	-	953,105
Liabilities									
Notes Payable	-	-	7,897	-	-	25,945	-	-	33,842
Vouchers Payable	96,764	-	-	-	-	13,049	-	-	109,813
Accounts Payable	-	12,109	17,552	19,986	95,449	-	15,176	14,310	174,582
Salaries and Wages Payable	6,735	4,743	-	-	359,498	8,986	-	-	379,962
Accrued Expenses	46,285	13,248	14,601	33	-	2,076	92,753	-	168,996
Funds Held in Escrow	-	2,765	6,066	-	-	536	-	519	9,886
Due to Other Governments	-	307	-	16,656	28,404	204	-	-	45,571
Due to Primary Government	-	-	-	9,784	-	-	-	22,158	31,942
Unearned Revenue	9,604	2,752	65,978	-	52,452	3,320	3,683	119,857	257,646
Overpayment of Taxes	-	-	-	-	77,767	-	-	-	77,767
Other Current Liabilities	-	11,952	-	-	196,454	-	62,246	-	270,652
Non-Current Liabilities:	-	-	-	-	-	-	-	-	
Due within one year	53,770	55,271	3,794	3,337	344,551	8,334	-	1,066	470,123
Due in more than one year	1,067,408	164,915	46,212	37,028	7,023,407	62,128	-	21,798	8,422,896
Net OPEB Liability	149,231	1,447	-	17,719	-	192,064	5,680	-	366,141
Net Pension Liability	261,082	41,045	-	64,710	-	-	-	-	366,837
Total Liabilities	1,690,879	310,554	162,100	169,253	8,177,982	316,642	179,538	179,708	11,186,656
Deferred Inflows of Resources	111,191	22,226	3,418	38,843	585,098	48,604	1,169	-	810,549
Net Position									
Net Investment in Capital Assets	674,529	744,655	82	50,224	(559,466)	110,433	5,897	102,321	1,128,675
Restricted For:									
Capital Projects	-	-	-	-	-	10,859	-	-	10,859
Debt Service	106,188	-	14,280	4,021	252,031	-	-	-	376,520
Educational Programs	-	-	-	-	6,561	14,483	-	-	21,044
Grant Programs	-	3,425	-	-	-	-	-	82,194	85,619
Other	2,667	19,465	-	-	13,593	-	-	-	35,725
Unrestricted	(159,345)	752,731	133,700	47,510	(3,647,504)	(117,312)	(2,186)	(101,725)	(3,094,131)
Total Net Position	624,039	1,520,276	148,062	101,755	(3,934,785)	18,463	3,711	82,790	(1,435,689)

* The Philadelphia Gas Works is presented as of the close of their fiscal year, August 31, 2022. Community Behavioral Health and the Philadelphia Authority for Industrial Development are presented as of the close of their fiscal year, December 31, 2021. The Philadelphia Parking Authority and Philadelphia Housing Authority are presented as of the close of their fiscal year, March 31, 2022.

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

City of Philadelphia
Statement of Activities
Component Units
For the Fiscal Year Ended June 30, 2022

Exhibit XII

Amounts in thousands of USD

Functions	Expenses	Program Revenues: Charges for Services	Program Revenues: Operating Grants and Contributions	Program Revenues: Capital Grants and Contributions	Net (Expense) Revenue and Changes in Net Position: Philadelphia Gas Works*	Philadelphia Housing Authority*	Philadelphia Redevelopment Authority	Philadelphia Parking Authority*	School District of Philadelphia	Community College of Philadelphia	Community Behavioral Health*	Philadelphia Authority for Industrial Development*	Total
Gas Operations													
Gas Works	629,928	772,285	31,629	-	173,986								173,986
Housing													
Housing Authority	431,043	59,893	447,718	11,613		88,181							88,181
Redevelopment Authority	63,710	1,737	36,645	-			(25,328)						(25,328)
	494,753	61,630	484,363	11,613									
Parking													
Parking Authority	263,629	275,863	-	-				12,234					12,234
Education													
School District	4,272,581	14,733	1,850,322	17,003					(2,390,523)				(2,390,523)
Community College	194,874	24,872	114,698	-						(55,304)			(55,304)
Total	4,467,455	39,605	1,965,020	17,003									
Health													
Community Behavioral Health	1,178,782	-	1,179,148	-							366		366
Economic Development													
Authority for Ind. Development	150,893	815	72,991	-								(77,087)	(77,087)
Total	150,893	815	72,991	-									
Total Component Units	7,185,440	1,150,198	3,733,151	28,616									(2,273,475)
General Revenues:													
Property Taxes					-	-	-	-	847,272	-	-	-	847,272
Other Taxes					-	-	-	-	487,516	-	-	-	487,516
Grants & Contributions Not Restricted to Specific Programs					-	47,335	-	-	1,433,391	81,060	-	-	1,561,786
Unrestricted Interest & Investment Earnings					-	(2,585)	1,818	(125)	(395)	(6,128)	90	429	(6,896)
Miscellaneous					-	2,852	69	(34,482)	1,223	4,468	-	-	(25,870)
Special Item-Gain (Loss) on Sale of Capital Assets					-	-	-	-	-	-	0	1,530	1,530
Transfers					-	-	-	-	-	-	-	79,268	79,268
Total General Revenue ,Special items and Transfers					-	47,602	1,887	(34,607)	2,769,007	79,400	90	81,227	2,944,606
Change in Net Position					173,986	135,783	(23,441)	(22,373)	378,484	24,096	456	4,140	671,131
Net Position - July 1, 2021					450,099	1,384,493	171,896	124,128	(4,311,039)	(5,633)	3,255	78,650	(2,104,151)
Adjustment					(46)	-	(393)	-	(2,230)	-	-	-	(2,669)
Net Position Adjusted - July 1, 2021					450,053	1,384,493	171,503	124,128	(4,313,269)	(5,633)	3,255	78,650	(2,106,820)
Net Position - June 30, 2022					624,039	1,520,276	148,062	101,755	(3,934,785)	18,463	3,711	82,790	(1,435,689)

* The Philadelphia Gas Works is presented as of the close of their fiscal year, August 31, 2022. Community Behavioral Health and the Philadelphia Authority for Industrial Development are presented as of the close of their fiscal year, December 31, 2021. The Philadelphia Parking Authority and the Philadelphia Housing Authority are presented as of the close of their fiscal year, March 31, 2022.

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

SEAL OF THE CITY OF PHILADELPHIA

PHILADELPHIA MANETO

Notes to the Financial Statements
FYE 06/30/2022

Table of Contents

I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

1. REPORTING ENTITY

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

As required by 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. The criteria to determine an entity as a component unit is established by Governmental Accounting Standards Board Statement (GASBS) No. 14 which has been amended by GASB Statements No. 39, No. 61, No. 80, No. 84, No. 85, No. 90, and No. 97. Certain other organizations also met 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 Related Organization is an entity which the City appoints board members but for which the city has no significant financial responsibility.

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.

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. PGW meets the criteria for inclusion as a discretely presented component unit in accordance with GASB.

Philadelphia Housing Authority (PHA) – 2013 Ridge Ave., Philadelphia, PA 19121
PHA was established to provide low-cost housing and other social services to the residents of the City. PHA is governed by a nine-member board with all members appointed by the City. In addition, the Mayor of Philadelphia has the ability to remove a majority of PHA’s board without cause during any calendar year. Since the City appoints a voting majority of PHA’s board and can impose its will, due to the Mayor’s ability to remove a majority of the board at will, PHA meets the criteria for inclusion as a discretely presented component unit in accordance with GASB.

Philadelphia Redevelopment Authority (PRA) – 1234 Market St., Philadelphia, PA 19107
PRA 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. PRA's reported amounts include the financial activity of the Head House Retail Associates, L.P., which is PRA's discretely presented component unit whose fiscal year ended December 31, 2021. PRA meets the criteria for inclusion as a discretely presented component unit in accordance with GASB.

Philadelphia Parking Authority (PPA) – 701 Market St., Philadelphia, PA 19106
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. PPA meets the criteria for inclusion as a discretely presented component unit in accordance with GASB.

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. As of July 1, 2018, the SDP is governed by a nine-member board appointed by the Mayor and approved by City Council. Since the Mayor appoints the governing board and there exists a financial benefit/burden relationship between the SDP and the City, the SDP meets the criteria for inclusion as a discretely presented component unit in accordance with GASB.

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 and receives substantial subsidies from the City. CCP's reported amounts include the financial activity of the Community College of Philadelphia Foundation, which is a discretely presented component unit of CCP. Since the City appoints the governing board and there exists a financial benefit/burden relationship between the CCP and the City, the CCP meets the criteria for inclusion as a discretely presented component unit in accordance with GASB.

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 decrease in funding would present a financial burden to the City. CBH meets the criteria for inclusion as a discretely presented component unit in accordance with GASB.

Philadelphia Authority for Industrial Development (PAID) – 1500 Market St., 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 the debt service that PAID issues on the City's behalf. PAID meets the criteria for inclusion as a discretely presented component unit in accordance with GASB.

C. FIDUCIARY COMPONENT UNITS

The City reports two component units in the fiduciary statements:

- The Municipal Pension Fund accumulates resources to provide pension benefit payments to qualified employees of the City and certain 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.

2. GOVERNMENT-WIDE AND FUND FINANCIAL STATEMENTS

The City's *government wide* financial statements (i.e. the Statement of Net Position and the Statement of Activities) report information on all of the non-fiduciary activities of the primary government and its component units. *Governmental activities* which are normally supported by taxes and intergovernmental revenues are reported separately from *business type activities*, which rely to a significant extent on fees and charges for support. Likewise, the *primary government* is reported separately from certain legally separate *component units* for which the primary government is financially accountable. Interfund activity and balances have been eliminated from the statements to avoid duplication.

The Statement of Activities demonstrates the degree to which the direct expenses of a given program are offset by program revenues. Direct expenses are those that are clearly identifiable with a specific program. Program revenues include: (1) charges to customers or applicants who purchase, use or directly benefit from services or privileges provided by a given program and (2) grants and contributions that are restricted to meeting operational or capital requirements of a program. Taxes and other items not properly included among program revenues are reported instead as general revenues.

Separate *fund* financial statements are provided for governmental funds, proprietary funds, and fiduciary funds, even though the latter are excluded from the *government wide* financial statements. Major individual governmental funds and major individual enterprise funds are reported as separate columns in the *fund* financial statements.

3. BASIS OF ACCOUNTING, MEASUREMENT FOCUS AND FINANCIAL STATEMENTS

A. PRIMARY GOVERNMENT

The government wide financial statements are reported using the economic resources measurement focus and the accrual basis of accounting, as are the proprietary fund and fiduciary fund financial statements. Revenues are recorded when earned and expenses are recorded when a liability is incurred regardless of the timing of related cash flows. Real estate taxes are recognized as revenues in the year for which they are levied. Derived tax revenues such as wage, business income and receipts, and net profits and earnings taxes are recognized when the underlying exchange transaction has taken place. Grant and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider have been met.

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 including lease liabilities, as well as expenditures related to compensated absences and claims and judgments, are recorded only when payment is due. However, those expenditures may be accrued if they are to be liquidated with available resources. General capital asset acquisition, including entering into contracts giving the City the right to use leased assets, are reported as expenditures in governmental funds. Issuance of long-term debt and financing through leases are reported as other financing sources.

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 income and receipts tax, 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.

Generally, the effect of interfund activity has been eliminated from the government wide financial statements. Exceptions to this general rule are charges between the City's water and sewer function and various other programs of the City. Elimination of these charges would distort the direct costs and program revenues reported for the various programs concerned.

When both restricted and unrestricted resources are available for use, it is the City's policy to use restricted resources first, then unrestricted resources as they are needed.

Amounts reported as program revenue include: (1) charges to customers or applicants for goods received, services rendered or privileges provided, (2) operating grants and contributions, and (3) capital grants and contributions. Internally dedicated resources are reported as general revenues rather than as program specific revenues. Accordingly, general revenues include all taxes.

The City reports the following major governmental funds:

- The General Fund is the City's primary operating fund. It accounts for all financial resources of the general government, except those required to be accounted for in other funds.
- The Health Choices Behavioral Health Fund accounts for resources received from the Commonwealth of Pennsylvania. These resources are restricted to providing managed behavioral health care to Philadelphia residents.
- The Grants Revenue Fund accounts for the resources received from various federal, state, and private grantor agencies. The resources are restricted to accomplishing the various objectives of the grantor agencies.

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 remains 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 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.

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.

B. COMPONENT UNITS

The component units of the City prepare their financial statements in a manner similar to that of proprietary funds, with the exception of the following:

The **SDP** prepares their financial statements in a manner similar to the City and utilizes the full range of governmental and proprietary fund types.

The financial statements of the **CCP** have been prepared in accordance with GASBS No. 35 - Basic Financial Statements - and Management's Discussion and Analysis - For Public Colleges and Universities.

4. DEPOSITS AND INVESTMENTS

The City utilizes a pooled Cash and Investments Account to provide efficient management of the cash of most City funds. In addition, separate cash accounts are maintained by various funds due to either legal requirements or operational needs. For 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 U.S. 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, common stocks, private markets, hedge funds, and real estate.

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

5. INVENTORIES

A. PRIMARY GOVERNMENT

Supplies of governmental funds are recorded as expenditures when purchased rather than capitalized as inventory. Accordingly, inventories for governmental funds are shown on the Statement of Net Position 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.
- The **SDP** Food Services Fund inventories include food donated by the Federal Government which was valued at government cost or estimated value. All other food or supply inventories were valued at last unit cost and will be expensed when used.
- **PRA** inventory represents real estate held for resale and is recorded based on the estimated appraisal of values and cost basis for land inventories acquired.

6. CAPITAL ASSETS

A. PRIMARY GOVERNMENT

Capital Assets, which include property, plant, equipment, and infrastructure assets (e.g., bridges, curbs and gutters, streets and sidewalks and lighting systems), are reported in the applicable governmental or business-type activities columns in the government wide financial statements. Capital assets are defined by the City as assets with an initial individual cost of more than $5,000 and an estimated useful life more than three years (except for the Aviation Fund which uses $10,000 for personal property and $100,000 for fixed assets). Capital assets are recorded at cost. Costs recorded do not include interest incurred as a result of financing asset acquisition or construction. Assets acquired by gift or bequest are recorded at their acquisition price at the date of gift. Upon sale or retirement, the cost of the assets and the related accumulated depreciation, if any, are removed from the accounts. Maintenance and repair costs are charged to operations.

The City transfers Construction In Process to one or more of the major asset classes: (1) when project expenditures are equal to or have exceeded 90% of the estimated cost on new facilities (except for the Aviation and Water Funds which use “substantially complete” as their determining basis for transferring construction in process to one or more of the major asset classes), (2) when the expenditures are for existing facilities or (3) when they relate to specific identifiable items completed during the year which were part of a larger project.

Cost of construction for proprietary fund capital assets includes all direct contract costs plus overhead costs. Overhead costs include direct and indirect engineering costs and interest incurred during the construction period for projects financed with bond proceeds. After adoption of GASB No.89, interest cost incurred before the end of a construction period is recognized as an expense in the period in which the cost is incurred. As a result, interest cost incurred before the end of a construction period will not be included in the historical cost of a capital asset.

Depreciation on the capital assets for all City funds is provided on the straight-line method over their estimated useful lives: buildings - 20 to 50 years; equipment and storage facilities - 3 to 25 years; and transmission and distribution lines - 50 years. Leased assets are amortized over the shorter of the lease term or the useful life of the underlying asset.

Collections of art and historical treasures meet the definition of a capital asset and normally should be reported in the financial statements. However, the requirement for capitalization is waived for collections that meet certain criteria. The City has collections of art, historical treasures and statuary that are not capitalized as they meet all of the waiver requirements which are: (1) the collections are held solely for public exhibition, (2) the collections are protected, preserved and cared for and (3) should any items be sold, the proceeds are used only to acquire other items for the collections. Among the City’s collections are historical artifacts at the Ryers Museum & Library, Loudoun Mansion, Fort Mifflin, Atwater Kent Museum, and the Betsy Ross House. The City also has sculptures, paintings, murals, and other works of art on display on public property and buildings throughout the City.

B. COMPONENT UNITS

Depreciation on the capital assets for component units is provided on the straight-line method over their estimated useful lives: buildings - 10 to 50 years; equipment and storage facilities - 3 to 50 years.

7. BONDS AND RELATED PREMIUMS, DISCOUNTS & ISSUANCE COSTS

In the *government-wide* financial statements and in the proprietary fund statements, bond premiums and discounts are deferred and amortized over the life of the bonds using the effective interest method. Bonds payables are reported net of the applicable bond premium or discount. In FY13 GASB Statement No. 65 was implemented resulting in bond issuance costs being recognized as an expense and reported in the period incurred.

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.

8. INSURANCE

The City, except for the Airport and certain other properties, is self-insured for most fire and casualty losses to its structures and equipment and provides statutory workers' compensation and unemployment benefits to its employees. The City is self-insured for medical benefits provided to employees in the Fraternal Order of Police, the city-administered health plan, the International Association of Fire Fighters and District Council 47.

9. RECEIVABLES AND PAYABLES

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. Any residual balances outstanding between the governmental activities and business-type activities are reported in the governmental-wide financial statements as "internal balances".

Accounts receivable included in current assets consists of billed and unbilled rentals and fees, which have been earned but not collected as of June 30, 2022 and 2021. Credit balance receivables have been included in unearned revenue in the statement of net position. The allowance for doubtful accounts is management's estimate of the amount of accounts receivable which will be deemed to be uncollectible and is based upon specific identification. Unpaid accounts are referred to the City's Law Department if deemed uncollectible. Accounts are written off when recommended by the Law Department.

All trade and property receivables in the governmental-wide financial statements are shown net of allowance for uncollectible. The real estate tax receivable allowance is equal to 37.37% 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. The City of Philadelphia and the School District of Philadelphia both impose a tax on all real estate in the City. Current real estate rates are $1.3998 on each $100 assessment; $0.6317 for the City and $0.7681 for the School District of Philadelphia. Delinquent charges are assessed at 1.5% per month on all unpaid balances as of April 1. Real estate tax delinquents are subject to lien as of the following January 1. The City has established real estate improvement programs that abate, for limited periods, tax increases that result from higher assessments for improved properties. Certain incremental tax assessments are earmarked to repay loans from the City to developers who improve properties under Tax Increment Financing agreements.

10. DEFERRED OUTFLOWS/INFLOWS OF RESOURCES AND NET POSITION

In accordance with Government Accounting Standards Board Statement No. 63, *Financial Reporting of Deferred Outflows of Resources, Deferred Inflows of Resources, and Net Position*, the City reports deferred outflows of resources in the Statement of Financial Position in a separate section following Assets. Similarly, the City reports deferred inflows of resources in the Statement of Net Position in a separate section following Liabilities.

Deferred Outflows of resources represents consumption of net asset that applies to a future period(s) and will not be recognized as an expenditure/expense until that time. Deferred Inflows of resources represents an acquisition of net asset that applies to future periods and will not be recognized as revenue until that time.

On the full accrual basis of accounting, the components of the deferred outflows of resources and deferred inflows of resources are as follows:

- Derivative instruments are reported for the changes in fair value.

- Deferred Refunding results from the difference in the refunding of debt and its reacquisition price.
- Deferred pension transactions are recognized as an expense or revenue in a future period.
- Deferred outflows of resources and deferred inflows of resources are related to the City's OPEB.
- Deferred inflows of resources are related to the City's leasing activities as a lessor.

Six component units, including (**PGW),** (**PRA**), (**PPA**), (**SDP**), (**CCP**), and **(PHA)** have items that qualify in some of the categories, which are deferred derivatives, deferred refunding, lease related, pension related, and OPEB related categories. These items have been reported as deferred outflows or deferred inflows on both the City's and the component unit's Statement of Net Position.

(Amounts in Thousands of USD)

Deferred Outflows of Resources	Governmental Activities	Business Type Activities	Component Units
Derivative Instrument	13,481	-	-
Deferred Charge on Refunding	91,887	48,146	52,684
Deferred Outflows - Pension	460,456	55,739	754,317
Deferred Outflows - OPEB	236,829	29,200	146,104
Total	802,653	133,085	953,105

(Amounts in Thousands of USD)

Deferred Inflows of Resources	Governmental Activities	Business Type Activities	Component Units
Derivative Instrument	-	201	2,478
Deferred Gain on Refunding	1,906	13,938	12,550
Deferred Inflows - Leases	33,978	96,903	3,418
Deferred Inflows - Pension	149,958	16,876	636,604
Deferred Inflows - OPEB	100,697	12,062	155,499
Total	286,539	139,980	810,549

On the modified accrual statements, there were no deferred outflows, and the City has four items that are reported in the Governmental Balance Sheet as deferred inflows: Lease related, Unavailable Tax revenue, Unavailable Agency revenue, and Unavailable Governmental revenue.

(Amounts in Thousands of USD)

Deferred Inflows of Resources	General Fund	Grants Revenue Fund	Other Governmental Funds
Deferred Inflows - Leases	33,978	-	-
Unavailable Tax Revenue	128,746	-	2,239
Unavailable Agency Revenue	63,673	-	-
Unavailable Government Revenue	37,048	515,471	97,293
Total	263,445	515,471	99,532

11. COMPENSATED ABSENCES

It is the City's policy to allow employees to accumulate earned but unused vacation and sick leave benefits. Vacation is accrued when earned in the government-wide financial statements and in the proprietary and fiduciary-fund financial statements. Sick leave is accrued in the government-wide financial statements and in the proprietary and fiduciary-fund financial statements based on an estimate of future payouts.

12. CLAIMS AND JUDGMENTS

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

13. UNEARNED REVENUE

GASB Statement No.65 prohibits the usage of the term "deferred" on any line items other than deferred inflows or outflows. Therefore, the term "Deferred Revenue" has been replaced by "Unearned Revenue". Unearned Revenue as reported in all the City's fund financial statements represents revenue received in advance with the exception of the General Fund. The General Fund reports two types of unearned revenue, Revenue Received in Advance ($5.9 million) and Business Income and Receipts Tax (BIRT) ($204.5 million).

14. LEASES

The City is a lessee for various leases of land, buildings, and equipment. The City recognizes a lease liability and an intangible right-to-use lease asset in the government-wide financial statements.

At the commencement of a lease, the City initially measures the lease liability at the present value of payments expected to be made during the lease term. Subsequently, the lease liability is reduced by the principal portion of lease payments made. The lease asset is initially measured as the initial amount of the lease liability, adjusted for lease payments made at or before the lease commencement date, plus certain initial direct costs. Subsequently, the lease asset is amortized on a straight-line basis over its useful life.

The City determines (1) the discount rate it uses to discount the expected lease payments to present value, (2) lease term, and (3) lease payments.

- The City uses the interest rate charged by the lessor as the discount rate. When the interest rate charged by the lessor is not provided, the City generally uses its estimated incremental borrowing rate as the discount rate for leases.
- The lease term includes the noncancellable period of the lease. Lease payments included in the measurement of the lease liability are composed of fixed payments and purchase option price that the City is reasonably certain to exercise.

The City monitors changes in circumstances that would require a remeasurement of its lease and will remeasure the lease asset and liability if certain changes occur that are expected to significantly affect the amount of the lease liability.

Lease assets are reported with other capital assets and lease liabilities are reported with long- term debt on the statement of net position.

Lessor: The City is a lessor for various leases of land and buildings. The City recognizes a lease receivables and deferred inflows of resources in the government-wide and fund financial statements.

At the commencement of a lease, the City initially measures the lease receivable at the present value of payments expected to be received during the lease term. Subsequently, the lease receivable is reduced by the principal portion of lease payments received. The deferred inflow of resources is initially measured as the initial amount of the lease receivable, adjusted for lease payments received at or before the lease commencement date. Subsequently, the deferred inflow of resources is recognized as revenue over the life of the lease term.

The City determines (1) the discount rate it uses to discount the expected lease receipts to present value, (2) lease term, and (3) lease receipts.

- The City uses its estimated incremental borrowing rate as the discount rate for leases.
- The lease term includes the noncancellable period of the lease. Lease receipts included in the measurement of the lease receivable is composed of fixed payments from the lessee.

The City monitors changes in circumstances that would require a remeasurement of its leases and will remeasure the lease receivables and deferred inflows of resources if certain changes occur that are expected to significantly affect the amount of the lease receivable.

15. NEW ACCOUNTING STANDARDS - ADOPTED

In June 2017, **GASB issued Statement No. 87, Leases**. This statement establishes a single model for lease accounting based on the foundational principle that leases are financings of the right to use an underlying asset. Under this Statement, a lessee is required to recognize a lease liability and an intangible right-to-use lease asset, and a lessor is required to recognize a lease receivable and a deferred inflow of resources. For more information on the effects of this statement see notes I.14, III.8 and III.14.

In June 2018, **GASB issued Statement No. 89, Accounting for Interest Cost Incurred Before the End of a Construction Period.** The objectives of this Statement are to enhance the relevance and comparability of information about capital assets and the cost of borrowing for a reporting period and to simplify accounting for interest cost incurred before the end of a construction period. The adoption of this statement did not have a material impact on the financial statements.

In January 2020, **GASB issued Statement No. 92, Omnibus 2020**. The objectives of this statement are to enhance comparability in accounting and financial reporting and to improve the consistency of authoritative literature by addressing practice issues that have been identified during the implementation and application of various GASB statements. The adoption of this statement had no effect on previously reported amounts.

In March 2020, **GASB issued Statement No. 93, Replacement of Interbank Offered Rates**. This Statement establishes accounting and financial reporting requirements related to the replacement of Interbank Offered Rates in hedging derivative instruments and leases. It also identifies appropriate benchmark interest rates for hedging derivative instruments. The adoption of this statement had no effect on previously reported amounts.

In June 2020, **GASB issued Statement No. 97, Certain Component Unit Criteria, and Accounting and Financial Reporting for Internal Revenue Code Section 457 Deferred Compensation Plans - an amendment of GASB Statements No. 14 and No. 84, and a supersession of GASB Statement No. 32**. An objective of this Statement is to enhance the relevance, consistency, and comparability of the accounting and financial reporting for Internal Revenue Code (IRC) Section 457 deferred compensation plans (Section 457 plans) that meet the definition of a pension plan and for benefits provided through those plans. As a result of adopting this statement, additional disclosures related to the defined contribution pension plan were added to the footnote III.9.

In April 2022, **GASB issued Statement No. 99, Omnibus 2022.** The objectives of this Statement are to enhance comparability in accounting and financial reporting and to improve the consistency of authoritative literature by addressing (1) practice issues that have been identified during implementation and application of certain GASB Statements and (2) accounting and financial reporting for financial guarantees. This statement has been partially adopted as only paragraphs 26-32 were effective for the current year. All the applicable changes have been made to the financial statements.

New Accounting Standards – To Be Adopted:

In May 2019, **GASB issued Statement No. 91, Conduit Debt Obligations.** The primary objectives of this Statement are to provide a single method of reporting conduit debt obligations by issuers and eliminate diversity in practice associated with (1) commitments extended by issuers, (2) arrangements associated with conduit debt obligations, and (3) related note disclosures.

In March 2020, **GASB issued Statement No. 94, Public-Private and Public-Public Partnerships and Availability Payment Arrangements.** The primary objective of this Statement is to address and improve financial reporting issues related to public-private and public-public partnership arrangements (PPPs).

In May 2020, **GASB issued Statement No. 96, Subscription-Based Information Technology Arrangements.** This Statement provides guidance on the accounting and financial reporting for subscription-based information technology arrangements (SBITAs) for government end users (governments).

In April 2022, **GASB issued Statement No. 99, Omnibus 2022.** The objectives of this Statement are to enhance comparability in accounting and financial reporting and to improve the consistency of authoritative literature by addressing (1) practice issues that have been identified during implementation and application of certain GASB Statements and (2) accounting and financial reporting for financial guarantees.

In June 2022, **GASB issued Statement No. 100, Accounting Changes and Error Corrections-an amendment of GASB Statement No. 62.** The primary objective of this Statement is to enhance accounting and financial reporting requirements for accounting changes and error corrections to provide more understandable, reliable, relevant, consistent, and comparable information for making decisions or assessing accountability.

In June 2022, **GASB issued Statement No. 101, Compensated Absences.** The objective of this Statement is to better meet the information needs of financial statement users by updating the recognition and measurement guidance for compensated absences. That objective is achieved by aligning the recognition and measurement guidance under a unified model and by amending certain previously required disclosures.

The new standards must be adopted as follows:

GASB Statement No. 91 – Effective July 1, 2022 for financial statements for fiscal year ending June 30, 2023.

GASB Statement No. 94 – Effective July 1, 2022 for financial statements for fiscal year ending June 30, 2023.

GASB Statement No. 96 – Effective July 1, 2022 for financial statements for fiscal year ending June 30, 2023.

GASB Statement No. 99 - Effective July 1, 2022 for financial statements for fiscal year ending June 30, 2023 with the exception of (1) paragraphs 26-32 that were effective in the current fiscal year and (2) paragraphs 4-10 that are effective July 1, 2023 for financial statements for fiscal year ending June 30, 2024.

GASB Statement No. 100 - Effective July 1, 2023 for financial statements for fiscal year ending June 30, 2024.

GASB Statement No. 101 - Effective July 1, 2024 for financial statements for fiscal year ending June 30, 2025.

The effect of these statements has not yet been determined.

II. LEGAL COMPLIANCE

1. BUDGETARY INFORMATION

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

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

The City Capital Improvement Fund budget is adopted annually by the City Council. The Capital Improvement budget is appropriated by project for each department. All transfers between projects 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 are submitted in support of testimony with regard to the appropriation adjustments and do not need City Council approval. Revenue estimates are presented as originally passed and as amended.

III. DETAILED NOTES ON ALL FUNDS AND ACCOUNTS

1. DEPOSITS AND INVESTMENTS

A. City

City Deposits
State statutes require banks to collateralize City deposits at amounts equal to or in excess of the City's balance. Such collateral is to be held by the Federal Reserve Bank or the trust department of a commercial bank other than the pledging bank. At year-end, the bank balance for City deposits was $435.5 million.

City Investments
The City has established a comprehensive investment policy that covers all funds other than the Municipal Pension Fund, Philadelphia Gas Works Retirement Reserve (PGW Pension Fund), and the Fairmount Park and Free Library Trust Funds. Those funds have separate investment policies designed to meet the long-term goals of the fund.

As of June 30, 2022, the total investments of the City, as well as both Pension Trust Funds and the Fairmount Park and Free Library Trust Funds, consisted of:

(Amount in Thousands)

Classification	City (1)	City Trust Funds	PGW Pension Fund	Municipal Pension Fund	Grand Total
Short-Term Investment Pools	658,845	1,012	28,020	456,040	1,143,917
Commercial Paper	1,034,237	-	-	-	1,034,237
U.S. Government Securities	3,708,697	119	54,794	2,339	3,765,949
U.S. Government Agency Securities	360,761	205	29,697	24,621	415,284
Municipal/Other Debt	9,972	442	343	16,066	26,823
Foreign Debt	-	-	7,916	987	8,903
Corporate Bonds	389,385	213	62,261	325,142	777,001
Government Bonds	-	-	-	390,647	390,647
Asset Backed Securities	-	-	-	20,963	20,963
Mortgage Backed Securities	-	-	-	119,708	119,708
Other Bonds and Investments	-	2,395	779	2,533	5,707
Corporate Equities	-	3,851	381,248	3,808,972	4,194,071
Limited Partnerships	-	-	-	26,834	26,834
Hedge Funds	-	-	-	29,652	29,652
Real Estate	-	-	-	588,933	588,933
Private Equity	-	-	-	985,364	985,364
Grand Total	$ 6,161,897	$ 8,237	$ 565,058	$ 6,798,801	$ 13,533,993

(1) The City's investments do not include blended component units (PMA & PICA).

The City's investments include all operating, capital, debt service and debt service reserve accounts of the City's General Fund, Water Department and Aviation Division. All City investments must be in compliance with applicable provisions of the City Code and City bond resolutions, as well as the City's Investment Policy. The City's Investment Policy is meant to supplement the applicable provisions of the City Code and City bond resolutions and is reviewed and adopted by the City's Investment Committee. The City's Investment Committee consists of the Director of Finance, the City Treasurer, a representative from the Water Department, Aviation Division, and the Philadelphia Gas Works.

City Investments - Credit Risk
The City's policy to limit credit risks is to limit the types of allowable investment, as well as the maximum percent of the portfolio for each type of investment.

The City's investment in US Government securities (60.19%) or US Government Agency obligations (5.85%) are allowable investments up to 100% of the portfolio.

The City's investment in commercial paper (16.78%) is limited to 25% of the portfolio and must be rated A1+ by S&P or P1 by Moody's Investor's Services, Inc. (Moody's) and the senior long-term debt of the issuer must not be rated lower than A by S&P or A2 by Moody's. All commercial paper investments meet the criteria.

The City's investment in corporate bonds (6.32%) is limited to 25% of the portfolio and had a S&P rating of AAA to AA or Moody's rating of Aa2 or better. All corporate investments meet the criteria.

Short Term Investment Pools are rated AAA by S&P and Aaa by Moody's Investor Services. The Short-Term Investment Pools' amortized cost-based net asset value per share/unit is the same as the value of the pool shares. Cash accounts are swept nightly and idle cash invested in money market funds (short term investment pools).

The City limits its foreign currency risk by investing in certificates of deposit and banker's acceptances issued or endorsed by non-domestic banks that are denominated in US dollars, providing that the banking institution has assets of not less than $100 million and has a Thompson's Bank Watch Service "Peer Group Rating" not lower than II. At the end of the fiscal year, the City did not have any investments of that nature.

To minimize custodial credit risk, the City's policy is to select custodian banks that are members of the Federal Reserve System to hold its investments. Delivery of the applicable investment documents to the City's custodian is required for all investments.

City Investments - Interest Rate Risk
The City's investment portfolio is managed to accomplish preservation of principal, maintenance of liquidity and maximize the return on the investments. To limit its exposure to fair value losses from rising interest rates, the City's investment policy limits fixed income investments to maturities of no longer than 2 years, except in Sinking Fund Reserve Portfolios.

(Amounts in thousands of USD)

Classifications	Less than 6 months	7 to 12 months	13 to 18 months	19 to 24 months	Total
Commercial Paper	$ 989,262	$ 44,975	$ -	$ -	$ 1,034,237
U.S. Government Security	1,927,420	1,156,170	302,501	322,605	3,708,697
U.S. Government Agency Securiti	194,380	97,289	52,091	17,002	360,761
Municipal Debt	8,734	256	982	-	9,972
Corporate Bonds	115,950	168,011	47,612	57,811	389,385
Grand Total	$ 3,235,746	$ 1,466,701	$ 403,186	$ 397,418	$ 5,503,052

City Investments – Fair Value Measurement
The City measures and records its investments using fair value measurement guidelines established by generally accepted accounting principles. These guidelines recognize a three-tiered fair value hierarchy, as follows:

- Level 1: Observable inputs that reflect quoted prices (unadjusted) for identical assets or liabilities in active markets.
- Level 2: Inputs other than quoted prices included in Level 1 that are observable for the asset or liability.
- Level 3: Unobservable inputs for assets or liabilities.

The City has the following recurring fair value measurements as of June 30, 2022:

- Commercial paper securities of $1,034.2 million are valued using quoted prices for identical securities in markets that are not active and via matrix pricing models (Level 2).
- U.S. Treasury securities of $3,708.7 million are valued using quoted prices from active markets (Level 1).
- U.S Agency securities of $360.8 million are valued using quoted prices for identical securities traded in active markets when sufficient activity exists (Level 2).
- Municipal Debt/Other securities of $10.0 million are valued using quoted prices for identical securities in markets that are not active and via matrix pricing models (Level 2).
- Corporate bond securities of $389.4 million are valued using quoted prices for similar securities in active markets and via matrix pricing models (Level 2).

The City's money market and short-term investment pools of $658.8 million are valued at the published amortized cost-based net asset value per share/unit for each fund. There are no limitations or restrictions on withdrawals.

The Fairmount Park Trust Fund has the following recurring fair value measurements as of June 30, 2022:

- Equity Stock securities of $1.7 million are valued using quoted prices from active markets (Level 1).

- ETF and Mutual funds of $3.5 million are valued using quoted prices from active markets (Level 1).
- U.S Treasury securities of $0.1 million, U.S. Agency securities of $0.2 million, Corporate bond securities of $0.2 million are valued using quoted prices for identical securities traded in active markets when sufficient activity exists (Level 2).

For FY2022, the Free Library Trust Fund's mutual funds of $2.4 million are valued at the published net asset value per share/unit for each fund. There are no limitations or restrictions on withdrawals.

Municipal Pension Fund
See Footnote IV. 1. PENSION PLANS A. (1) e. Cash Deposits, Investments and Securities Lending

Philadelphia Gas Works Retirement Reserve (PGWRR)
See Footnote IV. 1. PENSION PLANS A. (2) c. Summary of Significant Accounting Policies

B. Blended Component Units

1) PICA

Deposits:
The Authority's funds may be deposited in any bank that is insured by the Federal Deposit Insurance Corporation. To the extent that such deposits exceed federal insurance, the depositories must deposit (with their trust department or other custodians) obligations of the United States, the Commonwealth, or any other political subdivision of the Commonwealth to eliminate the risk of uninsured funds. Under Act 72 of 1971 Session of the Pennsylvania General Assembly (Act 72), as amended, the depositories may meet this requirement by pooling appropriate securities to cover all public funds on deposit with their institution.

At June 30, 2022, PICA's deposits consist of the following:

Cash	$ 187,210
Certificates of Deposit	3,675,000
Total	$ 3,862,210

PICA's deposits include bank certificates of deposit that have a remaining maturity, at the time of purchase, of one year or less. US Treasury and Agency obligations with a remaining maturity of one year or less are classified as short-term investments.

Custodial Credit Risk – Custodial credit risk is the risk that in the event of a bank failure, the Authority's deposits may not be returned to it. The Authority has no policy, other than as noted above, that further limits its custodial credit risk. As of June 30, 2022, the Authority's book balance was $3,862,210 and the bank balance was $3,863,015. Of the bank balance, $3,863,015 was covered by federal depository insurance.

Interest Rate Risk – PICA does not have a formal investment policy, other than as noted above, that further limits investment maturities as a means of managing its exposure to fair value losses arising from increasing interest rates.

Fair Value of Investments - Investments and derivatives are recorded at fair value as of June 30, 2022. GASB Statement No. 72 – Fair Value Measurement and Application, defines fair value as the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. This statement establishes a hierarchy of valuation inputs based on the extent to which the inputs are observable in the marketplace. Inputs are used in applying the various valuation techniques and take into account the assumptions that market participants use to make valuation decisions. Inputs may include price information, credit data, interest and yield curve data, and other factors specific to the financial instrument. Observable inputs reflect market data obtained from independent sources. In contrast, unobservable inputs reflect the entity's assumptions about how market participants would value the financial instrument. Valuation techniques should maximize the use of observable inputs to the extent available. A financial instrument's level within the fair value hierarchy is based on the lowest level of any input that is significant to the fair value measurement. The following describes the hierarchy of inputs used to measure fair value and the primary valuation methodologies used for financial instruments measured at fair value on a recurring basis:

- Level 1 Investments whose values are based on quoted prices (unadjusted) for identical assets (or liabilities) in active markets that a government can access at the measurement date.

- Level 2 Investments with inputs – other than quoted prices included within Level 1 – that are observable for an asset (or liability), either directly or indirectly.
- Level 3 Investments classified as Level 3 have unobservable inputs for an asset (or liability) and may require a degree of professional judgment.

The following table summarizes PICA's investments within the fair value hierarchy at June 30, 2022:

	Fair Value Measurements Using			
Investment Type	Level 1	Level 2	Level 3	Totals
Money Market Funds	$ 5,670,374	$ -	$ -	$ 5,670,374
US Treasury & Agency Obligations	5,543,485	16,332,094	-	21,875,579
Municipal Bonds/short-term notes	-	-	-	-
Commercial Paper	-	-	-	-
Total	$ 11,213,859	$ 16,332,094	$ -	$ 27,545,953

2) PMA

INVESTMENTS AND DEPOSITS

The Philadelphia Municipal Authority does not have a formally adopted investment policy; however, the terms of their bond indentures limit the investments in which the trustee can deposit funds. These limited investments include US government obligations, repurchase agreements for government obligations, certificates of deposits and other time deposit arrangements with financial institutions.

The investments of the Equipment Acquisition Fund were made in accordance with City investment policies and include money market funds, government securities, corporate bonds, and debt obligations.

A summary of the investments at June 30, 2022 is as follows:

	Fair Value	Cost	Maturity Date
Money Market Funds*	$ 80,703	$ 80,703	N/A
Total	$ 80,703	$ 80,703	

** Restricted for debt service or capital expenditures. N/A – Not applicable.*

PMA, through its trustees, invested the unexpended cash from the 2017 Juvenile Justice Center Bond Issue, the 2014 Philadelphia Municipal Authority Bond Issues, and the 2012 Energy Conservation and Direct Subsidy Bond Issues in money market funds during the year. The 2014 Philadelphia Municipal Authority Bond Issues investments were expended in the year ended June 30, 2022.

PMA does not have a formally adopted investment policy related to credit risk, but it generally follows the practices of the City. Investments in money market funds were not rated.

Custodial Credit Risk
Custodial credit risk is the risk that in the event of a bank or counterparty failure, PMA's deposits or investments may not be returned to it. PMA does not have a formal policy for custodial credit risk. However, it generally follows the practices of the City.

PMA's depository cash accounts consisted of $12,494,645 on deposit with two local banks as of June 30, 2022. Amounts are insured up to $250,000 per bank by the Federal Deposit Insurance Corporation (FDIC). Deposits in excess of the FDIC limit are collateralized with securities held by the pledging financial institution's trust department or agent in PMA's name. As of June 30, 2022, PMA did not have uninsured or uncollateralized deposits on hand.

Interest Rate Risk
Interest rate risk is the risk that an investment's value will change due to a change in the absolute level of interest rates, in the spread between two rates, in the shape of the yield curve or in any other interest rate relationship. Such changes usually affect securities inversely and can be reduced by diversifying or hedging. PMA does not have a formal policy for interest rate risk. However, it generally follows the practices of the City.

Fair Value Measurement

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. Fair value is a market-based measurement, not an entity-specific measurement. For some assets and liabilities, observable market transactions or market information might be available; for others, it might not be available. However, the objective of a fair value measurement in both cases is the same that is, to determine the price at which an orderly transaction to sell the asset or to transfer the liability would take place between market participants at the measurement date under current market conditions. Fair value is an exit price at the measurement date from the perspective of a market participant that controls the asset or is obligated for the liability.

The fair value hierarchy categorizes the inputs to valuation techniques used to measure fair value into three levels. Level 1 inputs are quoted prices (unadjusted) for identical assets or liabilities in active markets that a government can access at the measurement date. Level 2 inputs are inputs other than quoted prices included within Level 1 that are observable for an asset or liability, either directly or indirectly. Level 3 inputs are unobservable inputs for an asset or liability. The fair value hierarchy gives the highest priority to Level 1 inputs and the lowest priority.
to Level 3 inputs.

PMA's investments qualify as Level 1 investments.

2. SECURITIES LENDING

A. GOVERNMENTAL FUNDS:

The City Treasurer is prohibited from lending or selling city-owned securities with an agreement to buy them back after a stated period of time (City of Philadelphia - Investment Policy Section VI. Investment Restrictions)

B. PENSION TRUST FUNDS

1. City Plan (Municipal Pension Fund):
   - The Board of Directors of the Municipal Pension Fund has authorized management of the Fund to participate in securities lending transactions.
   - See Footnote IV. 1. PENSION PLANS A. (1) e. Cash Deposits, Investments and Securities Lending.
2. Philadelphia Gas Works (PGW) Plan
   - The Board of Directors of the Sinking Fund Commission on behalf of Philadelphia Gas Works Retirement Reserve Fund ("PGWRR") has authorized the management of the Fund to participate in securities lending transactions.
   - See Footnote IV. 1. PENSION PLANS A. (2) C. Cash Deposits, Investments and Securities Lending.

3. AMOUNTS HELD BY FISCAL AGENT

Two of the City's component units (**PAID** and **PRA**) 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

The General Fund consists of cash and investment balances related to the net proceeds of PAID's City Service Agreement Refunding Revenue Series Bond 2012, PAID's City Service Agreement – Affordable Housing Preservation 2017 Series Bonds, PAID's City Service Agreement – Museum of Art Series 2018A Revenue Bonds, PAID's City Service Agreement – One Parkway Series 2018B Revenue Refunding Bonds, PAID's City Service Agreement – Rebuild Project – Revenue Bonds Series 2018, and PRA's City Service Agreement Revenue Bonds Series 2018.

Grants Revenue Fund - There are no amounts reported for fiscal year 2022 for the Grants Revenue Fund.

B. PROPRIETARY FUNDS

There are no amounts reported for fiscal year 2022 - Proprietary Funds.

4. INTERFUND RECEIVABLES AND PAYABLES

A. PRIMARY GOVERNMENT

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

(Amounts in Thousands)

	Interfund Receivables Due to:				
	General	Non major Special Revenue	Pension Fund	Other Funds	Total
Interfund Payables Due From:					
General	$ -	$ 1,106	$ 95,129	$ 699	$ 96,934
Grants Revenue Fund	-	-			-
Water & Sewer Fund	-	8,091			8,091
Non major Special Revenue Funds	17,247	-			17,247
Total	$ 17,247	$ 9,197	$ 95,129	$ 699	$ 122,272

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

(Amounts in Thousands)

	Receivables Due to:								
	General	CBH	PRA	PAID	PGW	SDP	CCP	Timing Difference	Total
Payables Due From:									
General Fund	$ -	$ -	$ 31	$ 2,541	$ 501	$ 991	$ 10,891	$ -	$ 14,955
Behavioral Health	-	141,207	-	-	-	-	-	-	141,207
Grants Revenue	-	213	457	-	-	20	-	-	690
Community Dev.	-	-	249	-	-	-	-	-	249
Capital Improvement	-	-	92	257	-	-	-	-	349
Aviation Fund	-	-	-	5,047	231	-	-	-	5,278
Housing Trust	-	-	1,554	-	-	-	-	-	1,554
Water Fund	-	-	-	948	257	-	-	-	1,205
PPA	14,110	-	-	-	-	-	-	(4,326)	9,784
PAID	36,669	-	-	-	-	-	-	(14,511)	22,158
Timing Difference	-	(1,734)	5,482	(8,793)	(989)	(1,011)	1,836	-	(5,209)
Total	$ 50,779	$ 139,686	$ 7,865	$ -	$ -	$ -	$ 12,727	$ (18,837)	$ 192,220

5. CAPITAL ASSET ACTIVITY

A. PRIMARY GOVERNMENT

Capital Asset activity of the primary government for the year ended June 30, 2022 was as follows:

(Amounts In Millions of USD)

Governmental Activities:	Beginning Balance	Increases	Decreases	Ending Balance
Capital assets not being depreciated:				
Land	945.0	34.3	-	979.3
Fine Arts	1.0	-	-	1.0
Property Available for Sale	-	-	-	-
Construction In Progress	3.0	21.0	(3.0)	21.0
Total capital assets not being depreciated	949.0	55.3	(3.0)	1,001.3
Capital assets being depreciated:				
Buildings	2,397.0	61.0	(1.0)	2,457.0
Lease Asset - Buildings*	612.0	-	-	612.0
Other Improvements	405.0	6.0	-	411.0
Equipment	647.0	55.0	(24.0)	678.0
Lease Asset - Equipment*	3.0	-	-	3.0
Infrastructure	1,917.0	38.0	-	1,955.0
Intangibles	74.0	15.0	-	89.0
Transit	292.0	-	-	292.0
Total capital assets being depreciated	6,347.0	175.0	(25.0)	6,497.0
Less accumulated depreciation for:				
Buildings	(1,771.0)	(57.0)	2.0	(1,826.0)
Lease Asset - Buildings	-	(51.0)	-	(51.0)
Other Improvements	(300.0)	(10.0)	-	(310.0)
Equipment	(446.0)	(42.8)	17.0	(471.8)
Lease Asset - Equipment	-	(1.0)	-	(1.0)
Infrastructure	(1,394.0)	(47.9)	-	(1,441.9)
Intangibles	(29.0)	(9.0)	-	(38.0)
Transit	(256.0)	(4.0)	-	(260.0)
Total accumulated depreciation	(4,196.0)	(222.7)	19.0	(4,399.7)
Total capital assets being depreciated, net	2,151.0	(47.7)	(6.0)	2,097.3
Governmental activities capital assets, net	3,100.0	7.6	(9.0)	3,098.6

*With the implementation of GASB 87 in the current fiscal year, it was required to restate the prior fiscal year ending balances for the lease capital assets.

Capital Asset activity of the primary government, business-type activities for the year ended June 30, 2022 was as follows:

(Amounts In Millions of USD)

Business-Type Activities - Enterprise Funds	Beginning Balance	Increases	Decreases	Transfers	Ending Balance
Capital assets not being depreciated:					
Land	236.6	6.2	-	-	242.8
Right to use Lease Assets -Land*	11.3	-	-	-	11.3
Construction In Progress	999.7	327.1	(323.9)	-	1,002.9
Total capital assets not being depreciated	1,247.6	333.3	(323.9)	-	1,257.0
Capital assets being depreciated:					
Buildings	4,006.4	76.3	(22.9)	-	4,059.8
Right to use Lease Assets - Building	19.0	-	-	-	19.0
Other Improvements	465.3	52.9	-	312.7	830.9
Equipment	179.9	5.6	(5.1)	4.7	185.1
Right to use Lease Assets - Equipment*	0.2	0.3	-	-	0.5
Intangible Assets	26.6	1.9	-	-	28.5
Infrastructure	4,091.9	189.9	(2.1)	-	4,279.7
Total capital assets being depreciated	8,789.3	326.9	(30.1)	317.4	9,403.5
Less accumulated depreciation for:					
Buildings	(2,218.0)	(118.8)	16.2	-	(2,320.6)
Right to use Lease Assets - Building	-	(1.8)	-	-	(1.8)
Other Improvements	(267.3)	(24.5)	-	(225.9)	(517.7)
Equipment	(133.2)	(15.8)	3.5	(4.5)	(150.0)
Right to use Lease Assets - Equipment	-	(0.1)	-	-	(0.1)
Intangible Assets	(16.8)	(1.7)	-	-	(18.5)
Infrastructure	(2,262.0)	(96.5)	1.7	-	(2,356.8)
Total accumulated depreciation	(4,897.3)	(259.2)	21.4 -	(230.4)	(5,365.5)
Total capital assets being depreciated, net	3,892.0	67.7	(8.7) -	87.0	4,038.0
Business-type activities capital assets, net	5,139.6	401.0	(332.6) -	87.0	5,295.0

*With the implementation of GASB 87 in the current fiscal year, it was required to restate the prior fiscal year ending balances for the lease capital assets.

Depreciation expense was charged to the programs of the primary government as follows:

	(Amounts in Millions of USD)
Governmental Activities:	
Economic Development	1.8
Transportation:	
Streets & Highways	56.5
Mass Transit	4.4
Judiciary and Law Enforcement:	
Police	14.5
Prisons	5.7
Courts	0.6
Conservation of Health:	
Health Services	4.1
Cultural and Recreational:	
Recreation	14.0
Parks	12.2
Libraries and Museums	6.0
Improvements to General Welfare:	
Social Services	2.0
Inspections and Demolitions	0.1
Service to Property:	
Fire	13.0
General Management & Support	87.8
Total Governmental Activities	222.7

Depreciation expense was charged to the primary government, business-type activities as follows:

	(Amounts in Millions of USD)
Business-Type Activities:	
Water and Sewer	146.6
Aviation	114.2
Total Business Type Activities	260.8

B. DISCRETELY PRESENTED COMPONENT UNITS

The following schedule reflects the combined activity in capital assets for the discretely presented component units for the year ended June 30, 2022:

(Amounts In Millions of USD)

Governmental Activities:	Beginning Balance	Increases	Deletions	Transfers	Ending Balance
Capital assets not being depreciated:					
Land	130.6	-	-	-	130.6
Construction In Progress	266.7	270.8	(0.7)	(194.2)	342.6
Development In Progress (1)	21.4	9.9	-	-	31.3
Total capital assets not being depreciated	418.7	280.7	(0.7)	(194.2)	504.5
Capital assets being depreciated:					
Buildings	1,752.0	-	-	93.4	1,845.4
Right to Use-Buildings	0.9	3.5	-	-	4.4
Other Improvements	1,659.5	1.3	(1.8)	100.8	1,759.8
Intangible Assets (2)	92.5	0.7	(0.1)	-	93.1
Personal Property	113.1	14.1	(9.4)	-	117.8
Right to Use-Personal Property	16.5	-	-	-	16.5
Total capital assets - Depreciated	3,634.5	19.6	(11.3)	194.2	3,837.0
Less accumulated depreciation for:					
Buildings	(802.1)	(29.7)	-	-	(831.8)
Right to Use-Buildings	(0.4)	(1.3)	-	-	(1.7)
Other Improvements	(1,021.8)	(55.5)	-	-	(1,077.3)
Intangible Assets	(75.5)	(1.0)	0.1	-	(76.4)
Personal Property & Equipment	(74.2)	(8.5)	8.6	-	(74.1)
Right to Use-Personal Property	(7.3)	(1.7)	-	-	(9.0)
Total accumulated depreciation	(1,981.3)	(97.7)	8.7	-	(2,070.3)
Total capital assets being depreciated, net	1,653.2	(78.1)	(2.6)	194.2	1,766.7
Net	2,071.9	202.6	(3.3)	-	2,271.2

(1) The beginning balance for development in progress was adjusted by $21.4 million to reflect assets that were not placed in service as of June 30, 2021.

(2) The beginning balance for intangible assets was adjusted $(23.7) million. This adjustment is made up of $21.4 million of assets transferred back to development in progress because the assets were not placed in service as of June 30, 2021 and $2.3 million of costs previously capitalized that were subsequently found to not be capitalizable; therefore, a prior period adjustment was recorded to reduce the beginning net deficit balance.

(Amounts In Millions of USD)

Business-type Activities:	Beginning Balance	Adjustment	Increases	Decreases	Ending Balance
Capital assets not being depreciated:					
Land	100.4	-	1.8	-	102.2
Fine Arts	0.9	-	-	-	0.9
Construction In Progress	215.1	-	220.8	(141.5)	294.4
Total capital assets not being depreciated	316.4	-	222.6	(141.5)	397.5
Capital assets being depreciated:					
Buildings	2,754.8	-	67.1	(12.1)	2,809.8
Other Improvements	393.3	-	0.3	(312.6)	81.0
Equipment	640.0	-	30.9	(9.1)	661.8
Infrastructure	2,250.7	-	121.8	(3.6)	2,368.9
Lease Assets*	-	2.5	0.5	(1.5)	1.5
Total capital assets being depreciated	6,038.8	2.5	220.6	(338.9)	5,923.0
Less accumulated depreciation for:					
Buildings	(1,551.3)	-	(71.2)	10.1	(1,612.4)
Other Improvements	(249.1)	-	(10.2)	224.8	(34.5)
Equipment	(310.5)	-	6.9	4.0	(299.6)
Infrastructure	(1,044.7)	-	(63.0)	(1.6)	(1,109.3)
Lease Assets*	-	(1.7)	(1.0)	1.5	(1.2)
Total accumulated depreciation	(3,155.6)	(1.7)	(138.5)	238.8	(3,057.0)
Total capital assets being depreciated, net	2,883.2	0.8	82.1	(100.1)	2,866.0
Capital assets, net	3,199.6	0.8	304.7	(241.6)	3,263.5

* Leased assets adjustments are related to the implementation of GASB Statement No. 87 by PGW.

6. NOTES PAYABLE

The Aviation Fund established a commercial paper (CP) program, which closed on August 22, 2019, in the amount of $350 million to provide funding for capital projects currently approved by airlines. CP is a short-term financing tool with a maximum maturity of 270 days. The Philadelphia International Airport's CP Program will enable projects to be financed on an as-needed basis; lower the Airport's cost of borrowing, as amounts drawn can be closely matched to capital cash flow requirements; and limit negative arbitrage during the construction period for projects. CP Notes will be "rolled over" until long-term bonds are issued to refund the outstanding commercial paper. There were $125.3 million notes outstanding at June 30, 2022.

As of June 30, 2022, the Aviation fund had outstanding letters of credit of $125.3 million and unused letters of credit equal to $224.7 million related to the CP program.

The Water Fund established a commercial paper (CP) program, which closed on July 28, 2021, in the amount of $250 million to provide funding for capital projects. CP is a short-term financing tool with a maximum maturity of 270 days. The Philadelphia Water Department's CP Program will primarily be used to provide up-front cash to take advantage of below market rate federal and state loan programs that work on a reimbursement basis. The CP Program will also enable projects to be financed on an as-needed basis; lower the Department's cost of borrowing, as amounts drawn can be closely matched to capital cash flow requirements; and limit negative arbitrage during the construction period for projects. CP Notes will be "rolled over" until loan reimbursements are received from the federal and state programs to pay off the outstanding commercial paper, or long-term bonds are issued to refund the outstanding commercial paper. There were $3.0 million notes outstanding at June 30, 2022.

	Beginning Balance	Additions	Reductions	Ending Balance
Water Department Commercial Paper Notes	$ -	$ 23,000,000	$ 20,000,000	$ 3,000,000
Airport Commercial Paper Notes	$ 80,343,000	$ 487,273,000	$ 442,273,000	$ 125,343,000

Pursuant to a contract between the City and the United States Department of Housing and Urban Development (HUD), the City borrows funds through the HUD Section 108 loan program for the purpose of establishing loan pools to finance qualifying businesses and specific development projects. These funds are placed in custodial accounts established by the Philadelphia Industrial Development Corporation (PIDC), as designee of the City, and are being administered on behalf of the City by PIDC. While the City is the primary borrower, PIDC, acting as the City's designee, makes the repayments on the City's HUD Section 108 Notes Payable. Loan repayments and investment proceeds from un-loaned funds are used to repay the Notes Payable. If there is a deficiency in these resources, the City authorizes PIDC to use Community Development Block Grant (CDBG) program income funds on hand at PIDC to repay the Notes Payable. From fiscal year 2006 through 2022, $12.8 million of CDBG program income funds had been used to repay the debt. Collateral for repayment of the HUD Section 108 loans includes future CDBG entitlements due to the City from HUD.

As of June 30, 2022, HUD had disbursed $150.0 million in loans to PIDC and the amount of outstanding HUD Section 108 Notes Payable was $56.3 million. In connection with this Notes Payable, a corresponding receivable due from PIDC has been recorded under Other Assets on the Governmental Activities Statement of Net Position. The total amount of loans made from HUD to PIDC and amount of HUD loans that are left to be repaid differ from the amounts disclosed in the PIDC 12/31/21 audit report, as PIDC' s audit reports are done on a calendar year basis and the HUD Contingent Liability Report is done on a fiscal year basis.

Scheduled repayments of the HUD Section 108 Notes Payable for the next five years and thereafter as of June 30, 2022 are as follows:

HUD Section 108 Notes Payable, 5 Years and Thereafter

Fiscal Year Ending June 30,	
2023	5,249,000
2024	5,487,000
2025	3,711,000
2026	3,857,000
2027	4,153,000
Thereafter	33,887,000
Total	$ 56,344,000

PGW, Pursuant to the provisions of the City of Philadelphia Note Ordinances, PGW may issue short-term notes to either support working capital requirements or pay the costs of certain capital projects and other project costs. PGW may issue short-term notes in a principal amount, which, together with interest, may not exceed $150.0 million outstanding to support working capital requirements. PGW may also issue additional short-term notes in an aggregate principal amount, which may not exceed $120.0 million outstanding at any time to pay the costs of certain capital projects and other project costs. All notes are supported by a Note Purchase and Credit Agreement and a security interest in PGW's revenues. Prior to that, all notes were supported by two irrevocable letters of credit and a security interest in PGW's revenues. The Note Purchase and Credit Agreement supporting PGW's combined commercial paper programs set the maximum level of outstanding notes plus interest at $120.0 million in FY 2022 and FY 2021. The commitment amount is $120.0 million under the current credit agreement. The expiration date of the credit agreements is June 16, 2026. There were no Gas Works Revenue Capital Project Commercial Paper Notes (Capital Project Notes) or Gas Works Revenue Notes outstanding at August 31, 2022 and 2021.

PPA, On January 29, 2015, The Authority borrowed $6,000,000 for the Philadelphia Airport Parking Garage Project in anticipation of a future bond financing. The structure of the loan is a tax-exempt bond anticipation note to be paid over a two-year period at a fixed interest rate of 3.07% and matured September 1, 2021, as a result of an extension. During the year ended March 31, 2022, the note payable was fully refunded with the issuance of the series 2021B Revenue Bonds.

On January 29, 2015, The Authority borrowed $15,000,000 for the Philadelphia Airport Parking Garage in anticipation of a future bond financing. The structure of the loan is a tax-exempt bond anticipation note to be paid over a two-year period at a fixed interest rate of 3.07% and matures September 1, 2021, as a result of an extension. During the year ended March 31, 2022, the note payable was fully refunded with the issuance of the series 2021B Revenue Bonds.

The aggregate annual principal and sinking fund payments of debt at March 31, 2022, are as follows:

Fiscal Year Ending March 31,	Revenue Bonds Principal Amount	Revenue Bonds Interest Amount	Total
2023	$ 3,336,943	$ 1,121,202	$ 4,458,145
2024	3,381,943	1,007,538	4,389,481
2025	3,431,943	888,137	4,320,080
2026	3,486,943	766,595	4,253,538
2027	3,546,943	642,166	4,189,109
2028-2030	16,216,433	1,202,582	17,419,015
	$ 33,401,148	$ 5,628,220	$ 39,029,368

7. DEBT PAYABLE

A. PRIMARY GOVERNMENT LONG-TERM DEBT PAYABLE

(1) Governmental Debt Payable

The City is subject to a statutory limitation established by the Commonwealth of Pennsylvania for bonded indebtedness (General Obligation Bonds) payable principally from property taxes. As of June 30, 2022, the statutory limit for the City is $14.1 billion, the General Obligation Debt, net of deductions authorized by law, is $2.3 billion; leaving a legal debt borrowing capacity of $11.8 billion. Termination Compensation costs and Worker's Compensation claims are paid by whichever governmental fund incurs them. Indemnity claims are typically paid by the General Fund. The following schedule reflects the changes in long-term liabilities for the fiscal year:

Long Term Debt Governmental Changes - Primary Government *(Amounts In Millions of USD)*

	Beginning Balance	Additions	Reductions	Ending Balance	Due Within One Year
Governmental Activity					
Bonds Payable - General Obligation Bonds					
Term Bonds	28.6	-	-	28.6	-
Refunding Bonds	953.5	132.1	(171.9)	913.7	72.4
Serial Bonds	653.7	294.7	(49.5)	898.9	36.1
Add: Bond Premium	133.0	73.0	(30.7)	175.3	-
Less: Unamortized Discount	0.0	-	0.0	0.0	-
Total Bonds Payable - General Obligation Bonds	1,768.8	499.8	(252.1)	2,016.5	108.5
Bonds Payable - Blended Component Units					
Term Bonds - PMA	143.0	-	(5.4)	137.6	5.6
Term Bonds - PICA	34.0	-	(23.2)	10.8	10.8
Add: Bond Premium	4.7	-	(3.2)	1.5	-
Total Bonds Payable - Blended Component Units	181.7	-	(31.8)	149.9	16.4
Total Bonds Payable	1,950.5	499.8	(283.9)	2,166.4	124.9
Obligations Under Lease & Service Agreements					
Pension Service Agreement	631.3	10.4	(75.0)	566.7	30.0
Neighborhood Transformation	173.0	98.6	(12.8)	258.8	16.9
One Parkway	19.5	-	(2.9)	16.6	3.0
Sports Stadium	62.8	-	(5.2)	57.6	5.4
PAID Series 2021	137.0	-	-	137.0	-
Stadium Series 2019A	137.3	-	(10.9)	126.4	11.5
Library	3.0	-	(0.7)	2.3	0.7
Cultural Corridor Bonds	71.3	-	(4.9)	66.4	5.2
City Service Agreement	257.6	-	-	257.6	64.7
Affordable Housing Preservation Project	47.4	-	(2.0)	45.4	2.1
Philadelphia Museum of Art	9.3	-	(0.4)	8.9	0.4
PAID Rebuild Project Series 2018	73.6	-	(3.1)	70.5	3.3
Add: Bond Premium	54.1	2.7	(9.3)	47.5	-
Total Obligations Under Lease & Service Agreements	1,677.2	111.7	(127.2)	1,661.7	143.2
Other Long-term Liabilities					
Legal Claims	160.1	5.1	(48.0)	117.2	-
Worker's Compensation Claims	267.3	83.0	(79.7)	270.6	-
Medical Claims	25.9	94.0	(93.3)	26.6	-
Termination Compensation Payable - Vacation Leave	289.7	22.1	(29.0)	282.8	29.4
Termination Compensation Payable - Sick Leave	308.7	34.8	(30.9)	312.6	31.3
Leases*	611.8	0.3	(31.5)	580.6	34.9
Total Other Long-term Liabilities	1,663.5	239.3	(312.4)	1,590.4	95.6
Total Bonds Payable, Obligations Under Lease & Svc Agreements, and OLTL	5,291.2	850.8	(723.5)	5,418.5	363.7
Net Pension and OPEB Liability					
Net Pension Liability	4,215.6	874.4	(283.8)	4,806.2	-
OPEB Liability	1,857.7	74.8	(14.0)	1,918.5	-
Total Net Pension and OPEB Liability	6,073.3	949.2	(297.8)	6,724.7	-
Governmental Activity Long-term Liabilities	11,364.5	1,800.0	(1,021.3)	12,143.2	363.7

*With the implementation of GASB 87 in the current fiscal year, it was required to restate the prior fiscal year ending balance for the lease liability. The restatement was for $378.4 million.

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)

	Interest Rates					Principal	Due Dates			
Governmental Funds:										
City	0.380	%	to	5.000	%	1,841.2	Fiscal	2023	to	2042
PMA	3.250	%	to	5.087	%	137.6	Fiscal	2023	to	2044
PICA	5.000	%	to	5.000	%	10.8	Fiscal	2023	to	2023
						1,989.6				

- The City has General Obligation Bonds authorized and un-issued at year-end of $524.4 million for Governmental Funds. The debt service through maturity for the Governmental GO Debt is as follows:

(Amounts in Millions of USD)

	City Fund		Blended Component Units			
Fiscal	General Fund		PMA		PICA	
Year	Principal	Interest	Principal	Interest	Principal	Interest
2023	108.5	80.3	5.6	6.4	10.8	0.5
2024	113.4	75.2	5.9	6.1	-	-
2025	118.6	69.7	6.2	5.8	-	-
2026	116.6	64.3	6.5	5.5	-	-
2027	121.8	58.7	6.9	5.2	-	-
2028-2032	613.2	214.1	29.4	22.0	-	-
2033-2037	430.1	96.0	40.2	14.1	-	-
2038-2042	219.0	20.9	29.2	4.8	-	-
2043-2047	-	-	7.7	0.5	-	-
Totals	1,841.2	679.2	137.6	70.4	10.8	0.5

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	
	Principal	Interest	Principal	Interest	Principal	Interest	Principal	Interest
2023	28.5	31.3	17.0	10.4	3.0	0.8	16.9	8.2
2024	31.3	33.7	17.1	9.7	3.2	0.7	17.7	7.4
2025	29.1	35.6	17.7	9.1	3.3	0.5	18.5	6.5
2026	31.8	34.3	18.4	8.4	3.5	0.4	19.4	5.7
2027	107.1	28.8	20.1	7.6	3.6	0.2	111.5	13.5
2028-2032	338.9	29.3	91.7	24.5	-	-	-	-
2033-2037	-	-	39.4	9.9	-	-	-	-
2038-2042	-	-	37.4	2.8	-	-	-	-
Totals	566.7	193.0	258.8	82.4	16.6	2.6	184.0	41.3

(Amounts in Millions of USD)

Fiscal	Central Library		Cultural Corridors		City Svc Agreement	
Year	Principal	Interest	Principal	Interest	Principal	Interest
2023	0.7	0.1	5.2	3.2	64.7	13.4
2024	0.8	-	5.5	2.9	76.3	10.8
2025	0.8	-	5.8	2.6	79.2	8.3
2026	-	-	6.1	2.3	80.6	5.5
2027	-	-	6.4	2.0	14.8	2.6
2028-2032	-	-	37.4	4.8	15.1	10.3
2033-2037	-	-	-	-	63.9	5.0
Totals	2.3	0.1	66.4	17.8	394.6	55.9

(Amounts in Millions of USD)

Fiscal	Affordable Housing		Museum of Art		Rebuild Project	
Year	Principal	Interest	Principal	Interest	Principal	Interest
2023	2.1	2.2	0.4	0.4	3.3	3.5
2024	2.2	2.1	0.4	0.4	3.4	3.4
2025	2.3	2.0	0.4	0.4	3.6	3.2
2026	2.4	1.9	0.4	0.4	3.8	3.0
2027	2.6	1.8	0.5	0.4	4.0	2.8
2028-2032	11.6	7.2	2.7	1.4	18.0	11.6
2033-2037	18.0	3.4	3.4	0.7	28.0	6.0
2038-2042	4.2	0.1	0.7	-	6.5	0.3
Totals	45.4	20.7	8.9	4.1	70.6	33.8

(2) Business Type Debt Payable

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

Long Term Debt Business Changes - Business Type *(Amounts In Millions of USD)*

Business-Type Activity	Beginning Balance	Additions	Reductions	Ending Balance	Due Within One Year
Bonds Payable					
General Obligation Bonds	-	-	-	-	-
Revenue Bonds	3,611.1	546.4	(290.2)	3,867.3	136.6
Notes from Direct Placement & Direct Borrowing	118.1	-	(2.6)	115.5	2.6
Add: Bond Premium	367.2	113.6	(40.5)	440.3	-
Total Bonds Payable	4,096.4	660.0	(333.3)	4,423.1	139.2
Other Long Term Liabilities					
Indemnity Claims	5.3	6.4	(6.9)	4.8	-
Worker's Compensation Claims	29.7	7.7	(7.3)	30.1	-
Termination Compensation Payable - Vacation Leave	26.5	2.7	(2.7)	26.5	2.7
Termination Compensation Payable - Sick Leave	17.6	1.7	(1.8)	17.5	1.8
Leases	30.6	0.2	(1.8)	29.0	-
Total Other Long Term Liabilities	109.7	18.7	(20.5)	107.9	4.5
Total Bonds Payable & Other Long Term Liabilities	4,206.1	678.7	(353.8)	4,531.0	143.7
Net Pension and OPEB Liability					
Net Pension Liability	506.0	109.7	(35.5)	580.2	-
Net OPEB Liability	230.5	9.4	(1.7)	238.2	-
Total Net Pension and OPEB Liability	736.5	119.1	(37.2)	818.4	-
Business-Type Activity Long-term Liabilities	4,942.6	797.8	(391.0)	5,349.4	143.7

*With the implementation of GASB 87 in the current fiscal year, it was required to restate the prior fiscal year ending balance for the lease liability. The restatement was for $30.6 million.

The City has Business Type Debt - General Obligation Bonds authorized and un-issued at fiscal year-end of $352.6 million. This includes $211.6 million for the Enterprise Funds and $92 million for **PGW;** and $49.0 million related to the City's Primary Government – G.O. Bonds.

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

(Amounts in Millions of USD)

	Interest Rates					Principal	Due Dates			
Water Fund	0.247	%	to	5.000	%	2,435.1	Fiscal	2023	to	2055
Aviation Fund	1.513	%	to	5.000	%	1,547.7	Fiscal	2023	to	2052
Total Revenue Debt Payable						3,982.8				

- In August 2021, the City issued $294.7 million of General Obligation Bonds Series 2021A. The total proceeds were $367.7 million (including a premium of $73.0 million). The proceeds of the sale were used to (i) pay all or a portion of the costs of certain projects in the City's capital budgets and (ii) pay the costs relating to the issuance of the Series 2021A Bonds. The interest rates of the newly issued Bonds ranged from 4.000% to 5.000%.
- In August 2021, the City issued $132.1 million of General Obligation Refunding Bonds Series 2021B. The Bonds were issued without any premium. The proceeds of the sale were used to refund the Series 2014A Bonds. The interest rates of the Bonds that were refunded ranged from 5.000% to 5.250%. The interest rates of the newly issued Bonds ranged from 0.382% to 2.518%. The transaction resulted in a total savings to the City of $24.4 million over the next 18 years. The difference between the present value of the debt service payments on the old debt versus the new debt (economic gain) was $21.8 million.
- In October 2021, the City issued $231.9 million of Water and Wastewater Revenue Bonds Series 2021C. The total proceeds were $276.6 million (which includes a premium of $44.7 million). The proceeds of the sale were used to finance capital improvements to the City's Water and Wastewater Systems and to pay the costs of issuing the 2021C Bonds. The interest rates of the newly issued Bonds ranged from 2.750% to 5.000%.
- In July 2021, the City issued $302.0 million of Airport Revenue and Refunding Bonds Series 2021 Bonds to refund the outstanding Series 2011A, and 2011B Bonds in the amount of $149.8 million and to pay the costs of issuing the Series 2021 Bonds. The issuance of the 2021 Bonds also deposited $200 million to the Airport Capital Fund to finance certain capital projects. The total proceeds of the 2021 Bonds were $371.0 million (which includes a premium of $69.0 million). The interest rates of the bonds that were refunded ranged from 3.750% to 5.000%. The interest rates of the newly issued bonds range from 4.000% to 5.000%. The transaction resulted in a total savings to the City of $29.3 million over the next 10 years, the economic gain was $26.7 million.
- In November 2021, the City of Philadelphia - Water Department received approval from the Pennsylvania State Infrastructure Financing Authority ("PENNVEST") for the Lawncrest Southwest - Stormwater Project (Series 2021D); bringing the total financing from PENNVEST to $301.5 million. During fiscal year 2022, PENNVEST draw-downs totaled $1.3 million. The funding is through low interest loans of 1.000% to 1.193% during the construction period and for the first five years of amortization (interest only payment is due during the construction period up to three years) and 1.727% to 2.107% for the remaining years. Individual loan information is as follows:

Date	Series	Maximum Loan Amount	Amount Received Through 6/30/22	Current Balance Outstanding 6/30/22	Purpose
Oct 2009	2009B	42,886,030	31,216,779	14,535,463	Water Plant Improvements
Oct 2009	2009C	57,268,193	49,157,776	25,005,737	Water Main Replacements
Mar 2010	2009D	84,759,263	75,744,096	38,651,545	Sew er Projects
Jul 2010	2010B	30,000,000	30,000,000	18,214,113	Green Infrastructure Project
Apr 2021	2021A	80,821,155	11,173,671	11,173,671	Torresdale Pump Station
Nov 2021	2021D	5,794,470	1,305,609	1,305,609	Law ncrest S.W. - Stormw ater
	Totals	301,529,111	198,597,931	108,886,138	

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

(Amounts in Millions of USD)

Fiscal Year	Water Fund		Aviation Fund		Notes from Direct Placement	
	Principal	Interest	Principal	Interest	Principal	Interest
2023	84.3	103.2	52.2	66.5	2.6	1.7
2024	73.0	99.4	54.6	64.1	2.7	1.7
2025	79.1	96.2	82.7	61.1	110.2	1.7
2026	83.4	92.8	77.6	57.2	-	-
2027	83.2	89.3	82.6	53.2	-	-
2028-2032	357.7	404.2	309.9	211.3	-	-
2033-2037	353.2	329.1	244.5	149.4	-	-
2038-2042	435.4	247.0	215.2	95.8	-	-
2043-2047	430.2	153.2	207.9	50.3	-	-
2048-2052	341.5	69.8	105.0	8.7	-	-
2053-2057	114.1	6.9	-	-	-	-
Totals	2,435.1	1,691.1	1,432.2	817.6	115.5	5.1

(3) Defeased Debt
As of the current fiscal year-end, the City defeased certain bonds by placing the proceeds of new bonds in irrevocable trusts to provide for all future debt service payments on the old bonds. Accordingly, the trust account assets and the liability for the defeased bonds are not included in the City's financial statements. At year end, bonds outstanding pertaining to the following funds are considered defeased:

	(Amounts In Millions of USD)
Governmental Funds:	
General Obligation Bonds	116.7
Enterprise Funds:	
Water Fund Revenue Bonds	380.8
	497.5

(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 did not borrow Tax Revenue Anticipation Notes in Fiscal Year 2022. 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, 2022, the City had an arbitrage liability of $1,727.80, of which $246.22 was attributable to Water and $1,481.58 was attributable to PGW.

(6) Derivative Instruments

Beginning in FY 2010, the City of Philadelphia adopted the provisions of Governmental Accounting Standards Board (GASB) Statement No. 53, *Accounting and Financial Reporting for Derivative Instruments*. The fair value balances and notional amounts of derivative instruments outstanding as of June 30, 2022, classified by type, and the changes in fair value of such derivatives are as follows:

(Amounts in thousands)

	Changes in Fair Value		Fair Value at June 30, 2022		
Governmental Activities	Classification	Amount	Classification	Amount	Notional
Cash Flow Hedges:					
Pay fixed interest rate swaps	Deferred Outflow	(13,046)	Debt	(9,438)	100,000
	Deferred Outflow	(4,627)	Debt	(3,032)	43,170
	Deferred Outflow	(1,542)	Debt	(1,011)	14,385
Business Type Activities:					
Cash Flow Hedges:					
Pay fixed interest rate swaps	Deferred Outflow	(3,173)	Debt	201	46,100

The following table displays the objective and terms of the City's hedging derivative instruments outstanding at June 30, 2022, along with the credit rating of the associated counterparty.

City Entity:	City GO	Airport
Related Bond Series	2009B (1)	2005C Refunding
Initial Notional Amount	$313,505,000	$189,500,000
Current Notional Amount	$100,000,000	$46,100,000
Termination Date	8/1/2031	6/15/2025
Product	Fixed Payer Swap	Fixed Payer Swap (2)
Rate Paid by Dealer	SIFMA	SIFMA
Rate Paid by City Entity	3.829%	Multiple Fixed Rates
Dealer	Royal Bank of Canada	JP Morgan Chase Bank, N.A.
Dealer Rating (M/S)	Aa2/AA-	Aa2/A+
Fair Value (3)	($9,438,282)	$200,802

1. *On 7/28/2009, the City terminated a portion of the swap in the amount of $213,505,000 in conjunction with the refunding of its Series 2007B bond with the Series 2009A fixed rate bonds. The City made a termination payment of $15,450,000 to RBC*
2. *The City received an upfront payment of $6,536,800 for the related swaption. JPM exercised its option to enter into the swap on 6/15/2005. The swap includes a knock-out option whereby JPM has the right to terminate the swap if the 180-day SIFMA average exceeds 7.00%.*
3. *Fair values are shown from the City's perspective and include accrued interest.*

a. City of Philadelphia 2009B General Obligation Bond Swap

Objective: In December 2007, the City entered into a swap to synthetically refund all or a portion of several series of outstanding bonds. The swap structure was used as a means to increase the City's savings when compared with fixed-rate bonds at the time of issuance. The intention of the swap was to create a synthetic fixed-rate structure. On July 28, 2009, the City terminated approximately $213.5 million of the swap, fixed out the bonds related to that portion and kept the remaining portion of the swap, as well as the related bonds as variable rate bonds backed with a letter of credit. The City paid a swap termination payment of $15.5 million to RBC.

Terms: The swap was originally executed with Royal Bank of Canada (RBC), commenced on December 20, 2007, and will terminate on August 1, 2031. Under the swap, the City pays a fixed rate of 3.829% and receives the SIFMA Municipal Swap Index. The payments are based on an amortizing notional schedule (with an original notional amount of $ 313.5 million). The swap confirmation was amended and restated effective August 13, 2009 to reflect the principal amount of the 2009B bonds, with all other terms remaining the same. As of June 30, 2022, the swap had a notional amount of $100 million and the associated variable rate bonds had a $100 million principal amount. The bonds mature on August 1, 2031.

Fair Value: As of June 30, 2022, the swap had a negative fair value of $9.438 million. The fair value reflects the effect of non-performance risk, which includes credit risk. The fair value of the swap was measured using the income approach and is categorized within Level 2 of the fair value hierarchy.

Risk: As of June 30, 2022, the City was not exposed to credit risk because the swap has a negative fair value. Should interest rates change and the fair value of the swap become positive, the City would be exposed to credit risk in the amount of the swap's fair value. The City is exposed to traditional basis risk should the relationship between SIFMA and the bonds change; if SIFMA resets at a rate below the variable rate bond coupon payments, the synthetic interest rate on the bonds will increase.

The swap includes an additional termination event based on credit ratings. The swap may be terminated by the City if the rating of RBC falls below Baa3 or BBB- or by RBC if the rating of the City falls below Baa3 or BBB-. There are 30-day cure periods to these termination events. However, because the City's swap payments are insured by Assured Guaranty Municipal Corp. (formerly FSA), no termination event based on the City's ratings can occur as long as Assured is rated at least A3 and A-.

As of June 30, 2022, the rates were:

Term	Rates	
Interest Rate Swap		
Fixed payment to RBC under swap	Fixed	3.82900%
Variable rate payment from RBC under swap	SIFMA	-0.81500%
Net interest rate swap payments		3.01400%
Variable rate bond coupon payments	Weekly reset	0.88000%
Synthetic interest rate on bonds		3.89400%

Swap payments and associated debt: As of June 30, 2022, debt service requirements of the variable-rate debt and net swap payments for their term, assuming the above current interest rates remain the same, were as follows:

Fiscal Year Ending June 30	Variable Rate Bonds Principal	Variable Rate Bonds Interest	Interest Rate Swaps Net	Total Interest
2023	-	880,000	3,014,000	3,894,000
2024	-	880,000	3,014,000	3,894,000
2025	-	880,000	3,014,000	3,894,000
2026	-	880,000	3,014,000	3,894,000
2027	-	880,000	3,014,000	3,894,000
2028-2032	100,000,000	2,438,656	8,352,397	10,791,053
2033-2032	-	-	-	-
Total:	100,000,000	6,838,656	23,422,397	30,261,053

b. Philadelphia Airport Swap

Objective: In April 2002, the City entered into a swaption that provided the City's Aviation Department (the Philadelphia Airport) with an up-front payment of $6.5 million. As a synthetic refunding of its 1995 Bonds, this payment approximated the present-value savings as of April, 2002, of refunding on June 15, 2005, based upon interest rates in effect at the time. The swaption gave JP Morgan Chase Bank the option to enter into an interest rate swap with the Airport whereby JP Morgan would receive fixed amounts and pay variable amounts.

Terms: JP Morgan exercised its option to enter into a swap on June 15, 2005, and the swap commenced on that date. Under the swap, the Airport pays multiple fixed swap rates (starting at 6.466% and decreasing over the life of the swap to 1.654%). The payments are based on an amortizing notional schedule (with an initial notional amount of $189.5 million) and when added to an assumption for remarketing, liquidity costs and cost of issuance were expected to approximate the debt service of the refunded bonds at the time the swaption was entered into.

The swap's variable payments are based on the SIFMA Municipal Swap Index. If the rolling 180-day average of the SIFMA Municipal Swap Index exceeds 7.00%, JP Morgan Chase has the option to terminate the swap.

As of June 30, 2022, the swap had a notional amount of $46.1 million and the associated variable-rate bonds had a $46.1 million principal amount. The bonds' variable-rate coupons are based on SIFMA-based index. The bonds mature on June 15, 2025. The swap will terminate on June 15, 2025 if not previously terminated by JP Morgan Chase.

Fair Value: As of June 30, 2022, the swap had a fair value of $0.201 million. The fair value reflects the effect of non-performance risk, which includes credit risk. The fair value of the swap was measured using the income approach and is categorized within Level 2 of the fair value hierarchy.

Risk: As of June 30, 2022, the Airport was exposed to credit risk in the amount of the swap's fair value. Because the bonds and swap both reset at a rate linked to SIFMA, the Airport is not subject to basis risk. The swap includes an additional termination event based on downgrades in credit ratings. The swap may be terminated by the Airport if JP Morgan's ratings fall below A- or A3, or by JP Morgan Chase if the Airport's ratings fall below BBB or Baa2. As of June 30, 2022, the rates were:

Terms	Rates	
Interest Rate Swap		
Fixed payment to JP Morgan under swap	Fixed	2.66200%
Variable rate payment from JP Morgan under swap	SIFMA	-0.72880%
Net interest rate swap payments		1.93320%
Variable rate bond coupon payments	Weekly resets	0.98000%
Synthetic interest rate on bonds		2.91320%

Swap payments and associated debt: As of June 30, 2022, debt service requirements of the variable-rate debt and net swap payments for their term, assuming the above current interest rates remain the same, were as follows.

Fiscal Year Ending	Variable Rate Bonds		Interest Rate	
June 30	Principal	Interest	Swaps Net	Total Interest
2023	14,900,000	4,518	1,053,596	1,058,114
2024	15,400,000	3,058	608,636	611,694
2025	15,800,000	1,548	260,138	261,686
Total:	46,100,000	9,124	1,922,370	1,931,495

City Entity:	City Lease PAID	City Lease PAID
Related Bond Series	2007B-2 (Stadium)(1)	2007B-2 (Stadium)(2)
Initial Notional Amount	$217,275,000	$72,400,000
Current Notional Amount	$43,170,499	$14,384,501
Termination Date	10/1/2030	10/1/2030
Product	Fixed Payer Swap	Fixed Payer Swap
Rate Paid by Dealer	SIFMA	SIFMA
Rate Paid by City Entity	3.9713%	3.9713%
Dealer	JPMorgan Chase Bank, N.A.	Merrill Lynch Capital Services, Inc.
Dealer Rating	Aa2/A+	A2/A-
Fair Value (3)	($3,032,155)	($1,010,784)

1. *July 15, 2014, PAID terminated a portion of the swap in the amount of $41,555,000 in conjunction with the refunding of its Series 2007B bonds with the Series 2014B fixed rate bonds. PAID made a termination payment of $4,171,000 to JPMorgan. On September 11, 2019, PAID terminated a portion of the swap in the amount of $33,455,654 in conjunction with the refunding of a portion of its Series 2007B bonds with the Series 2019 bonds. PAID made a termination payment of $6,051,000 to JPMorgan.*
2. *On July 15, 2014, PAID terminated a portion of the swap in the amount of $13,840,000 in conjunction with the refunding of its Series 2007B bonds with the Series 2014B fixed rate bonds. PAID made a termination payment of $1,391,800 to Merrill Lynch. On September 11, 2019, PAID terminated a portion of the swap in the amount of $11,149,346 in conjunction with the refunding of a portion of its Series 2007B bonds with the Series 2019 bonds. PAID made a termination payment of $1,998,000 to Merrill Lynch.*
3. *Fair values are shown from the City's perspective and include accrued interest.*

c. Philadelphia Authority for Industrial Development (PAID) 2007B

Objective: In October 2007, **PAID** entered into two swaps to synthetically refund **PAID**’s outstanding Series 2001B bonds. The swap structure was used as a means to increase **PAID’s** savings when compared with fixed-rate bonds at the time of issuance. The intention of the swaps was to create a synthetic fixed-rate structure.

Terms: The total original notional amount of the two swaps was $289.7 million which matched the principal amount of the 2007B bonds issued. One swap, with a notional amount of $217.3 million, was executed with JP Morgan Chase Bank. The other swap, with a notional amount of $72.4 million was executed with Merrill Lynch Capital Services, Inc. Both swaps commenced on October 25, 2007 and will terminate on October 1, 2030. Under the swaps, PAID pays a fixed rate of 3.9713% and receives the SIFMA Municipal Swap Index. The payments are based on an amortizing notional schedule.

In May 2014, PAID fully refunded the 2007B-1 bonds with the 2014A bonds, a directly purchased note. The 2014As pay interest on a LIBOR-linked index. Concurrently, the two swaps were amended such that the floating rate index on the portions. allocable to the 2007B-1 bonds were converted from SIFMA to the same LIBOR-based index as the 2014A bonds. One of the LIBOR-based swaps, with a notional amount of $87.96 million, was documented under a separate trade confirmation with JP Morgan Chase Bank. The other LIBOR-based swap, with a notional amount of $29.31 million, was documented under a separate trade confirmation with Merrill Lynch Capital Services, Inc. Under the LIBOR-based swaps, PAID pays a fixed rate of 3.62% and 3.632% (to JPMorgan and Merrill Lynch, respectively), and receives 70% of 1-month LIBOR. The payments are based on an amortizing notional schedule.

In July 2014, PAID refunded the 2007B-4 bonds, and terminated the allocable portions of the SIFMA-based swaps. PAID terminated $41.56 million of notional of the JP Morgan SIFMA-based swap and $13.84 million of notional of the Merrill Lynch SIFMA-based swap, representing the 2015-2018 maturities of each, and paid a total termination payment of $5.56 million. Costs to finance this termination payment were more than offset by refunding savings generated on the bonds, so the City will receive positive cashflow savings from the transaction in every fiscal year that the bonds are outstanding.

In September 2019, the 2014A swaps were fully terminated in connection with the refunding of the associated bonds. PAID made termination payments of $14.493 million to JPM and $4.774 million to MLCS. The 2007B swaps were partially terminated with JPM in the amount of $33,455,654 in conjunction with the refunding of a portion of its Series 2007B bonds with the 2019 bonds. PAID made a termination payment of $6,051,000 to JPM. PAID terminated a portion of the swap with MLCS in the amount of $11,149,346 in conjunction with the refunding of a portion of its Series 2007B bonds with the 2019 bonds. PAID made a termination payment of $1,998,000 to MLCS. As of June 30, 2022, the swaps together had a notional amount of $57.555 million which matched the principal amount of the associated variable rate bond deals. Payments under these swaps are lease rental obligations of the City.

Fair Value: As of June 30, 2022, the SIFMA-based swap with JP Morgan Chase Bank had a negative fair value of $3.032 million, the SIFMA-based swap with Merrill Lynch Capital Services, Inc. had a negative fair value of $1.011 million, The fair values reflect the effect of non-performance risk, which includes credit risk. The fair values of the swaps were measured using the income approach and are categorized within Level 2 of the fair value hierarchy.

Risks: As of June 30, 2022, PAID was not exposed to credit risk because the swaps had a negative fair value. Should interest rates change and the fair value of the swaps become positive, PAID would be exposed to credit risk in the amount of the swaps' fair value. The City is subject to traditional basis risk on the SIFMA-based swaps should the relationship between SIFMA and the bonds change; if SIFMA resets at a rate below the variable rate bond coupon payments, the synthetic interest rate on the bonds will increase.

The swaps include an additional termination event based on credit ratings. The swaps may be terminated by PAID if the rating of the respective counterparty on the swaps falls below Baa3 or BBB- or by the respective counterparties if the underlying rating on the associated bonds falls below Baa3 or BBB-. There are 30-day cure periods to these termination events. The City's swap payments are insured by Assured Guaranty Municipal Corp (formerly FGIC).

As of June 30, 2022, the rates for the JPMorgan SIFMA-based swap were:

Term	Rates	
Interest Rate Swap		
Fixed payment to JP Morgan under swap	Fixed	3.97130%
Variable rate payment from JP Morgan under swap	SIFMA	-0.81500%
Net interest rate swap payments		3.15630%
Variable rate bond coupon payments	Weekly resets	0.89000%
Synthetic interest rate on bonds		4.04630%

As of June 30, 2022, the rates for the Merrill Lynch SIFMA-based swap were:

Term	Rates	
Interest Rate Swap		
Fixed payment to MLCS under swap	Fixed	3.97130%
Variable rate payment from MLCS under swap	SIFMA	-0.81500%
Net interest rate swap payments		3.15630%
Variable rate bond coupon payments	Weekly resets	0.89000%
Synthetic interest rate on bonds		4.04630%

Swap payments and associated debt: As of June 30, 2022, debt service requirements of the variable-rate debt and net swap payments for their term, assuming the above current interest rates remain the same, were as follows:

Fiscal Year Ending June 30		Variable Rate Bonds Principal	Variable Rate Bonds Interest	Interest Rate Swaps Net	Total Interest
2023	$	4,031,636	384,217	1,362,590	1,746,807
2024		4,204,522	348,336	1,235,340	1,583,676
2025		4,384,136	310,916	1,102,633	1,413,549
2026		4,575,773	271,897	964,256	1,236,153
2027		4,770,773	231,172	819,831	1,051,003
2028-2032		21,203,659	481,629	1,708,050	2,189,679
Total:		43,170,499	2,028,167	7,192,700	9,220,867

Fiscal Year Ending June 30	Variable Rate Bonds Principal	Variable Rate Bonds Interest	Interest Rate Swaps Net	Total Interest
2023	1,343,364	128,022	454,018	582,040
2024	1,400,478	116,066	411,617	527,683
2025	1,460,864	103,602	367,414	471,016
2026	1,524,227	90,600	321,305	411,905
2027	1,589,227	77,035	273,196	350,231
2028-2032	7,066,341	160,506	569,220	729,726
Total:	14,384,501	675,831	2,396,770	3,072,601

(7) Pension Service Agreement

In Fiscal 1999, the Philadelphia Authority for Industrial Development **(PAID)** 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 fiscal year 2022 Pension Funding Bonds liability of $566.7 million is reflected in the City's financial statements as another Long-Term Obligation.

(8) Neighborhood Transformation Initiative Service Agreement

In Fiscal 2012, PRA issued $91.3 million City of Philadelphia Neighborhood Transformation Initiative (NTI) Revenue Refunding Series 2012 Bonds. These bonds were issued to refund the City of Philadelphia Revenue Bonds, Series 2002A, originally issued in the aggregate principal amount of $124 million. The bonds are subject to optional redemption prior to maturity. Interest on the series bonds range from 2% to 5% and is payable on April 15 and October 15 each year until maturity in 2026. In April 2015, PRA issued the Series 2015A, $73.2 million and the Series 2015B, $38.3 million - Revenue Refunding Bonds. The 2015A and 2015B Bonds were issued for the purpose of Refunding the 2005B and 2005C bonds and to pay for the cost of issuance of the 2015A & 2015B Bonds. In October 2018, PRA issued $40.0 million of City Service Agreement Revenue Bonds Series 2018. The total proceeds were $40.0 million (and the Bonds were issued with no premium). The proceeds of the sale were used to finance the Authority's Home Repair Program and to pay the costs of issuing the 2018 Bonds. The interest rates of the newly issued Bonds range from 3.171% to 4.552%. In October 2021, PRA issued $98.6 million of City Service Agreement Revenue Bonds Series 2021. The total proceeds were $101.2 million (including a premium of $2.6 million). The proceeds of the sale were used to finance the Authority's Neighborhood Preservation Initiative Program and to pay the costs of issuing the 2021 Bonds. The interest rate of the newly issued Bonds ranges from 0.468% to 5.000%. The fiscal year 2022 NTI Service Agreement liability of $258.8 million is reflected in the City's financial statements as another Long-Term Obligation.

(9) 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. 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 2022, the Sports Stadium Financing Agreement liability of $57.6 million is reflected in the City's financial statements as Other Long-Term Liabilities.

(10) Philadelphia Free Library

In August of 2005, **PAID** issued $10.8 million of Lease Revenue Bonds for the Philadelphia Free Library Project. These bonds were issued to provide financing for a portion of the construction costs related to the expansion and renovation of the Central library of the Free Library of Philadelphia. The bonds are non-recourse obligations of **PAID**, payable solely from rental payments made by the City to **PAID**, which will be sufficient to pay the principal and interest due. The cumulative principal repayment on the Lease Revenue Bonds as of December 31, 2016 and 2015 was $4,125,000. Effective February 3, 2016, the Cultural and Commercial Corridors Bonds were refinanced by the Revenue Refunding Bonds – Philadelphia Central Library Project, Series 2016B. In fiscal 2022, the liability of $2.3 million is reflected in the City's financial statements as Other Long-Term Liabilities.

(11) 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 were 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. The Series A Bonds began principal repayment in 2010. The Series B Bonds were paid off during 2009. As of December 31 2016, and 2015, the cumulative principal balance repaid for the Series A Bonds was $22,230,000. Effective February 3, 2016, the Cultural and Commercial Corridors Bonds were refinanced by the Revenue Refunding Bonds – Cultural and Commercial Corridors Program, Series 2016A. In fiscal 2022, the liability of $66.4 million is reflected in the City's financial statements as Other Long-Term Liabilities.

(12) City Service Agreement

In December 2012, **PAID** issued City Service Agreement Refunding Revenue Bonds, Series 2012 in the amount of $299.8 million. The bonds were issued as term Bonds with interest rates of 3.664% ($42.2 million) and 3.964% ($257.6 million). The term bonds have a maturity date of April 15, 2026. The bonds were issued to refund outstanding Pension Funding Bonds Series 1999B, fund interest on the Bonds through April 15, 2020, make a deposit to the City Retirement System and pay the cost of issuance of the Bonds. The bond is payable as set forth in the Service Agreement solely from revenues of the City. The debt service payments begin in 2021. The reacquisition price exceeded the net carrying value of the old debt by $23.1 million. This amount is being netted against the new debt and amortized over the remaining life of the refunding debt. The portion of the Series 1999B Bonds that were refunded are considered defeased and the liability for those bonds has been removed from the Statement of Net Position. In fiscal year 2022, the liability of $257.6 million is reflected in the City's financial statements as Other Long-Term Liabilities.

(13) City Service Agreement – Affordable Housing Series 2017

In August 2017, **PAID** issued $52.9 million of City Service Agreement Revenue Bonds Series 2017. The total proceeds of the 2017 Bonds were $60.8 million (which includes a premium of $7.9 million). The 2017 Bonds were issued to finance certain costs of the City's affordable housing preservation programs and to pay the costs of issuing the 2017 Bonds. The interest rates for the 2017 Bonds range from 3.0% to 5.0%. In fiscal year 2022, the $45.4 million liability for the Affordable Housing Preservation Series 2017 Bonds is reflected in the City's financial statement as another Long-Term Obligation.

(14) City Service Agreement – Philadelphia Museum of Art - 2018A & One Benjamin Franklin Parkway 2018B

In April 2018, **PAID** issued $37.9 million of City Service Agreement Revenue Bonds Series 2018A and Series 2018B. The total proceeds of the 2018A Bonds were $11.6 million (which includes a premium of $1.3 million). The Philadelphia Museum of Art - Series 2018A Bonds were issued to finance certain costs of the Energy Project of the Philadelphia Museum of Art. The interest rates for the 2018A Bonds is 5.0%. The total proceeds of the One Benjamin Franklin Parkway – Series 2018B Bonds were $30.5 million (which includes a premium of $2.9 million). The 2018B Bonds were issued to refund all $29.6 million of the Series 2007C Bonds and to pay the costs of issuing the 2018B Bonds. The interest rates for the 2018B Bonds is 5.0%. The interest rates of the refunded bonds range from 4.1% to 5.3%. The transaction resulted in a total savings to the City of $2.3 million over the next 9 years. The difference between the present value of the debt service payments on the old debt versus the new debt (economic gain) was $2.1 million. In fiscal year 2022, the liability of $8.9 million for the Philadelphia Museum of Art - Series 2018A Bonds and the $16.6 million liability for the One Benjamin Franklin Parkway – Series 2018B Bonds, is reflected in the City's financial statement as another Long-Term Obligation.

(15) City Service Agreement – City's Parks and Recreation and the Free Library System of Philadelphia
In November 2018, **PAID** issued $79.5 million in City Service Agreement Revenue Bonds, Series 2018. The total proceeds were $87.7 million (which includes a premium of $8.2 million). The 2018 bonds were issued at an interest rate of 5%. The 2018 bonds were issued for the purpose of providing funds to (A) finance certain costs of improvements to, and construction, demolition, renovation, and equipping of, certain City parks, libraries, playgrounds, recreation centers and other related facilities (Rebuild Project), and (B) pay the costs of issuing the 2018 bonds. In fiscal year 2022, the liability of $70.5 million for the City's Parks and Recreation and the Free Library System of Philadelphia – City Service Agreement Revenue Bonds, Series 2018, is reflected in the City's financial statement as another Long-Term Obligation.

(16) PAID, on September 2019, the City issued PAID Series 2019 Lease Revenue Refunding Bonds of $147.6 million to (i) refund all of the outstanding 2007B-3 Bonds and the 2014A Bonds, (ii) pay certain cost of terminating the swap agreements related to the Refunded Bonds, and (iii) pay the cost of issuing the 2019 Bonds. The total proceeds were $176.9 million (which included a premium of $29.3 million). The interest rates of the Bonds that were refunded ranged from 3.623% to 3.971%. The interest rates of the newly issued Bonds are 5.000%. The transaction resulted in a total savings to the City of ($2.2) million over the next 12 years. The difference between the present value of the debt service payments on the old debt versus the new debt (economic gain) was ($2.8) million. In fiscal year 2022, the liability of $126.4 million for the 2019 Lease Revenue Refunding Bonds is reflected in the City's financial statements as another Long-Term Obligation.

(17) PAID, on March 2021, the City issued PAID - City Service Agreement Revenue Refunding Bonds, Series 2021 of $137.0 million. The 2021 Bonds are being issued to (i) refund to maturity $16.4 million (issuance value) of the Authority's Pension Funding Bonds (City of Philadelphia Retirement System), Series 1999B due on April 15, 2021 (the "1999B Refunded Bonds"), including accreted amounts thereon (i.e., totaling to a maturity value of $70.0 million), refund $19.0 million of the April 15, 2022 maturity of the 2012 Bonds on April 7, 2021 by optional redemption and the remaining $23.2 million balance of the April 15, 2022 maturity of the 2012 Bonds due on April 15, 2021 by mandatory redemption, together with accrued interest thereon (the "2012 Refunded Bonds," and together with the 1999B Refunded Bonds, the "Refunded Bonds"), and refund the interest due on the remaining 2012 Bonds on their interest payment dates from April 15, 2021 through and including April 15, 2022, (ii) fund interest on the 2021 Bonds until April 15, 2023, and (iii) pay the costs of issuing the 2021 Bonds. The City is undertaking such refunding to achieve budgetary savings in its Fiscal Years ending June 30, 2021 and 2022. No proceeds of the 2021 Bonds will be used to make a deposit to the City Retirement System. In fiscal year 2022, the liability of $137.0 million for the PAID - City Service Agreement Revenue Refunding Bonds, Series 2021 is reflected in the City's financial statements as another Long-Term Obligation.

(18) Net Pension Liability
Net Pension Liabilities at June 30, 2014 were $404.7 million and $49.7 million for the Governmental and Business Type Activities, respectively. As a result of a change in accounting principle (implementation of GASB 68) the beginning FY 2015 Net Position was adjusted by $4.7 billion and $579.7 million for Governmental and Business Type Activities respectively. During FY 2022, the Governmental Activities' Net Pension Liabilities (NPL) increased by $591.8 million, resulting in a Net Pension Liability of $4.8 Billion. During FY 2022, the Business Type Activities' NPL increased by $74.3 million, resulting in a Net Pension Liability of $580.2 million.

B. COMPONENT UNIT LONG-TERM DEBT PAYABLE

(1) Governmental Debt Payable

The **SDP** has debt that is classified as General Obligation debt payable. The General Obligation Bonds outstanding at year-end total $3,288.1 million in principal, with interest rates from 1.250% to 6.765% and have due dates from 2023 to 2047. The following schedule reflects the changes in long-term liabilities for the **SDP**:

(Dollars in Millions)

	Balance July 1, 2021	Additions	Reductions	Balance June 30, 2022	Due Within One Year
Governmental Activities:					
General Obligation Bonds/Lease Rental					
General Obligation Bonds	2,212.6	316.8	(131.3)	2,398.1	171.4
SPSBA-Lease Rental	915.9	-	(25.9)	890.0	27.1
Bond Premium					
General Obligation Bonds	144.4	60.0	(30.9)	173.5	22.8
SPSBA-Lease Rental	55.4	-	(8.3)	47.1	6.8
Unamortized Bond Discounts	(0.7)	-	0.1	(0.6)	-
Total Bonded Debt	3,327.6	376.8	(196.3)	3,508.1	228.1
Compensated Absences	203.8	13.0	(14.1)	202.7	14.0
Lease Purchase Obligations	9.8	0.8	-	10.6	2.2
Due to Other Governments					
-Deferred Reimbursement	45.3	-	-	45.3	45.3
Other Liabilities (2)	109.5	34.0	(30.5)	113.0	30.0
Incurred but Not Received (IBNR) Payable (3)	22.4	2.5	-	24.9	24.9
OPEB Life Insurance Liability	19.8	0.7	(0.4)	20.1	-
PSERS OPEB Liability	163.9	30.4	(9.1)	185.2	-
PSERS Pension Liability	3,734.1	-	(528.2)	3,205.9	-
Governmental Activity-Long-Term Liabilities	$ 7,636.2	$ 458.2	$ (778.6)	$ 7,315.8	$ 344.5
Business-Type Activities:					
Compensated Absences	2.2	-	(0.2)	2.0	0.1
Lease Purchase Obligations	0.2	0.3	(0.5)	-	-
PSERS OPEB Liability	2.6	0.4	-	3.0	-
PSERS Pension Liability	56.5	-	(9.3)	47.2	-
Business-Type Activity-Long-Term Liabilities	$ 61.5	$ 0.7	$ (10.0)	$ 52.2	$ 0.1

1. Long-term obligations include compensated absences, unemployment, workers' compensation and claims and judgments liabilities are accrued to the governmental funds to which the individual fund is charged. These liabilities are then liquidated by the General Fund. In addition, OPEB and Arbitrage liabilities are fully liquidated by the General Fund.
2. Other liabilities reported on the financial statements under long-term obligations include workers compensation, unemployment liabilities, claims & judgments, and IBNR liabilities.
3. IBNR is included with the Self Insurance Health Care Internal Service Fund.

The **SDP** Debt service to maturity on general obligation bonds at June 30, 2022 is summarized as follows: (Excludes debt issued through the State Public School Building Authority)

Governmental Activities
(Dollars in Thousands)

Year Ending June 30	Interest Rates	Principal	Interest	**Total**
2023	1.250 - 5.995	$ 171,430	$ 115,340	$ 286,770
2024	3.000 - 6.059	117,085	109,234	226,319
2025	3.000 - 6.209	114,015	103,464	217,479
2026	3.000 - 6.615	120,260	97,603	217,863
2027	3.000 - 6.615	114,330	92,101	206,431
2028-2032	3.000 - 6.765	634,100	359,811	993,911
2033-2037	3.000 - 6.765	426,505	216,740	643,245
2038-2042	3.000 - 6.765	339,685	120,189	459,874
2043-2047	3.000 - 6.765	360,760	21,027	381,787
Total		$ 2,398,170	$ 1,235,509	$ 3,633,679

(2) Business Type Debt Payable

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

(Amounts In Thousands of USD)

Entity	Interest Rates	Principal	Due Dates
PGW	2.00% to 5.00%	997,020	Fiscal 2023 to 2050
PPA	2.58% to 5.25%	33,401	Fiscal 2023 to 2029
CCP	2.00% to 5.00%	69,480	Fiscal 2023 to 2040
PHA	3.00% to 5.00%	29,695	Fiscal 2022 to 2047
	Total Revenue Debt Payable	1,129,596	

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

(Amounts in Millions of USD)

	Philadelphia Gas Works †		Philadelphia Parking Authority		Community College of Philadelphia		Philadelphia Housing Authority ‡	
Fiscal Year	**Principal**	**Interest**	**Principal**	**Interest**	**Principal**	**Interest**	**Principal** *	**Interest**
2023	53.77	42.42	3.34	1.12	7.98	3.08	2.98	1.34
2024	60.26	40.14	3.38	1.01	6.24	2.68	0.61	1.20
2025	56.48	37.77	3.43	0.89	6.55	2.37	0.64	1.17
2026	58.98	35.70	3.49	0.77	6.00	2.04	0.67	1.14
2027	59.85	33.54	3.55	0.64	6.31	1.74	0.70	1.10
2028-2032	214.90	137.31	16.22	1.20	16.62	5.20	4.01	5.00
2033-2037	194.64	92.07	-	-	13.50	2.55	4.83	4.18
2038-2042	137.23	55.81	-	-	6.29	0.37	5.92	3.10
2043-2047	124.84	27.74	-	-	-	-	7.59	1.43
2048-2052	36.10	3.67	-	-	-	-	1.76	0.04
Totals	997.05	506.17	33.41	5.63	69.49	20.03	29.71	19.70

† - Gas Works amounts are presented as of its fiscal year ended August 31, 2022

‡ - PHA amounts are presented as of March 31, 2022

* Includes only PHA debt service amounts, it does not include any amounts related to PHA discretely presented component units.

(3) Defeased Debt

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

(Amounts In Millions)

School District of Philadelphia	0.9
Total	$ 0.9

As in prior years, **SDP** defeased certain general obligation bonds by placing the proceeds of the refunding bonds in an irrevocable trust to provide for all future debt service payments on the refunded debt. As of June 30, 2022, $0.9 million of bonds outstanding are defeased and the liability has been removed from long-term liabilities related to Sale of District property.

(4) Derivative Instruments

a. PGW Interest Rate Swap Agreement

Objective – In January 2006, the City entered into a fixed rate pay or floating rate receiver interest rate swap to create a synthetic fixed rate for the Sixth Series Bonds. The interest rate swap was used to hedge interest rate risk.

Terms – The swap had an original termination date of August 1, 2031, which was subsequently amended to August 1, 2028. The swaps require the City to pay a fixed rate of 3.6745% and receive a variable rate equal to 70.0% of one-month LIBOR until maturity.

In August 2016, the underlying variable rate bonds maturing in FY2017 through FY2023 were refunded with fixed rate bonds and the related portions of the swaps, totaling $102.7 million in notional amount, were terminated. PGW made a termination payment of 13.9 million to fund this partial termination of the swaps which is included in unamortized loss on bond refunding on the Company's balance sheet.

As of August 31, 2022, the swaps had a notional amount of $122.8 million and the associated variable rate debt had a $122.8 million principal amount, broken down by series as follows:

- The Series B swap had a notional amount of $27.4 million and the associated variable rate bonds had a $27.4 million principal amount.
- The Series C swap had a notional amount of $27.2 million and the associated variable rate bonds had a $27.2 million principal amount.
- The Series D swap had a notional amount of $40.8 million and the associated variable rate bonds had a $40.8 million principal amount.
- The Series E swap had a notional amount of $27.4 million and the associated variable rate bonds had a $27.4 million principal amount.

The final maturity date for all swaps is on August 1, 2028.

Fair value – As of August 31, 2022, the swaps had a combined negative fair value of approximately $6.0 million. The fair values of the interest rate swaps were estimated using the zero-coupon method and are classified as Level 2 within the fair value hierarchy. That method calculates the future net settlement payments required by the swap, assuming current forward rates are implied by the current yield curve for hypothetical zero-coupon bonds due on the date of each future net settlement on the swaps.

Risks – As of August 31, 2022, the City is not exposed to credit risk because the swaps had a negative fair value. Should interest rates change and the fair value of the swaps become positive, the City would be exposed to credit risk in the amount of the swaps' fair value. The swaps include a termination event additional to those in the standard ISDA master agreement based on credit ratings. The swaps may be terminated by the City if the rating of the counterparty falls below A3 or A- (Moody's/S&P), unless the counterparty has: (i) assigned or transferred the swap to a party acceptable to the City; (ii) provided a credit support provider acceptable to the City whose obligations are pursuant to a credit support document acceptable to the City; or (iii) executed a credit support annex, in form and substance acceptable to the City, providing for the collateralization by the counterparty of its obligations under the swaps.

The swaps may be terminated by the counterparty if the rating on the City of Philadelphia Gas Works Revenue Bonds falls below Baa2 or BBB (Moody's/S&P). However, because the City's swap payments are insured by Assured Guaranty Municipal Corporation, as long as Assured Guaranty Municipal Corporation is rated at or above A2 or A (Moody's/S&P), the termination event based on the City's ratings is stayed. At the present time, the rating for Assured Guaranty Municipal Corporation is at A2/AA (Moody's/S&P).

The City is exposed to (i) basis risk, as reflected by the relationship between the rate payable on the bonds and 70.0% of one month LIBOR received on the swap, and (ii) tax risk, a form of basis risk, where the City is exposed to a potential additional interest cost in the event that changes in the federal tax system or in marginal tax rates cause the rate paid on the outstanding bonds to be greater than the 70.0% of one month LIBOR received on the swap.

The impact of the interest rate swaps on the financial statements for the year ended August 31, 2022 and 2021 is as follows (thousands of U.S. dollars):

	Interest Rate Swap Liability	Deferred ouflows of resources	Deferred inflows of resources
Balance at August 31, 2021	19,058	9,116	-
Change in fair value through August 31, 2022	(13,014)	(9,116)	(3,898)
Amortization of terminated hedge	-	-	1,420
Balance at August 31, 2022	6,044	-	(2,478)

	Interest Rate Swap Liability	Deferred ouflows of resources	Deferred inflows of resources
Balance at August 31, 2020	25,250	13,888	-
Change in fair value through August 31, 2021	(6,192)	(6,192)	-
Amortization of terminated hedge	-	1,420	-
Balance at August 31, 2021	19,058	9,116	-

Because the original hedging relationship was terminated when the Sixth Series Bonds were refunded by the Eighth Series Bonds in 2009, there is a difference between the interest rate swap liability and the related deferred outflows of resources. The difference is being amortized on a straight-line basis into expense over the life of the hedge. The interest rate swap liability is included in other non-current liabilities on the balance sheet. There are no collateral posting requirements associated with the swap agreements.

8. LEASES

A. CITY AS LESSEE

A lease is defined as a contractual agreement that conveys control of the right to use another entity's nonfinancial asset, for a minimum contractual period of greater than one year, in an exchange or exchange-like transaction. The City leases and subleases a significant amount of nonfinancial assets such as land, buildings, equipment and infrastructure. The related obligations are presented in the amounts equal to the present value of lease payments, payable during the remaining lease term. As the lessee, a lease liability and associated lease asset is recognized on the government-wide Statement of Net Position.

The City has a variety of variable payment clauses, within its lease arrangements, which include payments dependent on indexes and rates (such as the Consumer Price Index and a market interest rates), including variable payments based on future performance and usage of the underlying asset. Components of variable payments that are fixed in substance, are included in the measurement of the lease liability presented in the table below. The City did not incur expenses related to its leasing activities related to residual value guarantees, lease termination penalties or losses due to impairment. As a lessee, there are currently no agreements that include sale-leaseback and lease-leaseback transactions.

The City also enters into lease arrangements with third parties in which the City is a sublessee.

As of June 30, 2022, the City had minimum principal and interest payment requirements for its leasing activities, with a remaining term more than one year, for its Governmental and Business-Type Activities as follows (in thousands):

Governmental Activities

Fiscal Year Ending June 30	Principal	Interest	Total
2023	$ 18,187	$ 8,791	$ 26,978
2024	18,024	8,405	26,429
2025	18,122	8,021	26,143
2026	17,692	7,640	25,332
2027	27,960	7,208	35,168
2028-2032	161,640	25,917	187,557
2033-2037	140,504	9,150	149,654
2038-2042	12,927	1,215	14,142
2043-2047	4,959	275	5,234
2048-2052	403	3	406
Total	$ 420,418	$ 76,625	$ 497,043

Business-Type Activities

Fiscal Year Ending June 30	Principal	Interest	Total
2023	$ 1,877	$ 598	$ 2,475
2024	1,899	558	2,457
2025	1,838	518	2,356
2026	1,719	480	2,199
2027	1,749	443	2,192
2028-2032	10,070	1,607	11,677
2033-2037	1,351	954	2,305
2038-2042	1,124	840	1,964
2043-2047	1,251	714	1,965
2048-2052	1,391	573	1,964
2053-2057	1,547	417	1,964
2058-2062	1,721	244	1,965
2063-2066	1,398	57	1,455
Total	$ 28,935	$ 8,003	$ 36,938

B. CITY AS LESSOR

Additionally, as the lessor, the City leases, and subleases City-owned properties such as buildings, land, terminal concessions, and advertising space. The related receivables are presented in the Statement of Net Position for the amounts equal to the present value of lease payments expected to be received during the lease term. Revenue recognized under these lease contracts including interest during the year ended June 30, 2022 was $38.3 and $3.3 million, for the Governmental and Business-Type Activities, respectively. These amounts include variable payments not previously included in the measurement of the lease receivable.

The City's variable payments clause within its lease arrangements as the lessor, is similar to the arrangements made as lessee. The City did not incur revenue related to residual value guarantees or lease termination penalties. It also does not currently have agreements that include sale-leaseback and lease-leaseback transactions.

The following are schedules by year of minimum payments to be received under lease contracts that are included in the measurement of the lease receivable as of June 30, 2022 (in thousands):

Governmental Activities

Fiscal Year Ending June 30	Principal	Interest	Total
2023	$ 1,867	$ 730	$ 2,597
2024	2,007	690	2,697
2025	2,192	645	2,837
2026	2,326	597	2,923
2027	2,356	547	2,903
2028-2032	15,018	1,868	16,886
2033-2035	9,377	263	9,640
Total	$ 35,143	$ 5,340	$ 40,483

Business-Type Activities

Fiscal Year Ending June 30	Principal	Interest	Total
2023	$ 17,267	$ 2,584	$ 19,851
2024	15,773	2,107	17,880
2025	10,898	1,683	12,581
2026	6,876	1,441	8,317
2027	6,718	1,241	7,959
2028-2032	15,681	4,279	19,960
2033-2037	8,140	2,728	10,868
2038-2042	8,134	1,538	9,672
2043-2047	5,628	418	6,046
2048-2052	509	29	538
2053-2054	53	1	54
Total	$ 95,677	$ 18,049	$ 113,726

As of June 30, 2022 the City reported lease receivable of $35.1 million and $95.7 million for its Governmental and Business-type Activities, respectively. The City also reported a deferred inflow of resources in the amount of $34.0 million and $96.9 million for its Governmental and Business-type Activities, respectively, at June 30, 2022.

C. REGULATED LEASES

The Aviation Division does not recognize a lease receivable or a deferred inflow of resources for regulated leases. Regulated leases are certain leases that are subject to external laws, regulations, or legal rulings, e.g. the U.S. Department of Transportation and the Federal Aviation Administration, between airports and air carriers and other aeronautical users. Regulated leases include the following:

Airline Use Agreements:

On July 1, 2015, the Aviation Division entered into an Airport-Airline Use and Lease Agreements (Agreements) with 15 airlines operating at PHL. These Agreements while regulated by the FAA are not within the disclosures, since they expired on June 30, 2022 and are considered short term as defined in GASB 87.

Fixed Base Operators:

The Aviation Division has entered into two contracts with Fixed Base Operators (FBO) for the lease of certain airport system property. These two FBOs are commercial enterprises that provide aeronautical services such as fueling, aircraft parking and storage to general aviation operators, and are therefore considered to be regulated leases. These agreements are scheduled to expire in March 2023 and April 2028. Revenues for FBOs was $4.3 million in Fiscal Year 2022.

Hangers Ground Rentals:

The Aviation Division has entered into several agreements for aircraft maintenance facilities, cargo facilities and ramps, buildings, and land, which are regulated and whose term extends beyond June 30, 2022. Revenue recognized for these leases was $2.5 million in Fiscal Year 2022.

Other Regulated Leases:

The Aviation Division has entered into an agreement with an airline fueling consortium at PHL. As defined by GASB 87, fuel consortium agreements are considered regulated. Revenue recognized for this agreement was $1.8 million in Fiscal Year 2022.

Expected future minimum lease payments from Regulated Leases at June 30, 2022 are as follows (in thousands):

Business-Type Activities	
Fiscal Year Ending June 30	**Future Minimum Expected Receipts**
2023	$ 5,612
2024	5,498
2025	5,518
2026	5,449
2027	5,443
2028-2032	17,314
2033-2037	11,415
2038-2042	13,531
2043-2047	13,519
2048-2052	1,963
2053-2057	632
2058-2062	632
2063-2067	632
2068-2069	158
Total	$ 87,316

9. DEFERRED COMPENSATION PLANS

A. PRIMARY GOVERNMENT

The City offers its employees a deferred compensation plan in accordance with Internal Revenue Code section 457. As required by the Code and Pennsylvania laws in effect at June 30, 2014, the assets of the plan are held in trust for the exclusive benefit of the participants and their beneficiaries. In accordance with GASB Statement No.32, *Accounting and Financial Reporting for Internal Revenue Code Section 457 Deferred Compensation Plans*, as amended by GASB Statement No. 84 and GASB Statement No. 97, the City does not include the assets or activity of the plan in its financial statements.

The City of Philadelphia deferred compensation plan (457 plan) is considered a defined contribution pension plan for reporting purposes. Only employees participating in Pension Plan 10 and Plan 16 are eligible for the City match; provided that any Plan 16 employees whose annual salary is greater than the Stacked Hybrid Cap of $65,000. The City will provide a match of 50% of employees’ contribution up to maximum of 1.5% of the employee’s annual salary. These contributions from both the employee and employer are deposited in a trust account held and administered by a third-party. The accounts are held in the name of each employee and the employee has control over how the investments are managed (which investments to choose, and when to withdraw investments). The

City provides no guarantees on investment returns and has no liability to the plan beyond providing the match previously described. The employee contributions are immediately vested (no restrictions on withdraw). The employer contributions are vested after five years of credited service. If the employee separates from service prior to completion of five (5) years of Credited Service, the employee's City match will be forfeited. Any forfeitures of employer contributions are used to offset future employer contributions or plan costs. In FY22, the City contributed $0.5 million to the plan, net of any forfeitures.

B. COMPONENT UNITS

PGW offers its employees a deferred compensation plan created in accordance with Internal Revenue Service Code Section 457. The Plan is available to all **PGW** employees with at least 30 days of service, permits them to defer a portion of their salary until future years. PGW provides an annual 10.0% matching contribution of applicable wages, up to a maximum of $500, that immediately vests to the employee. PGW contributed 0.4 million each in FY2022 and in FY2021. PGW's contributions are accounted for as part of administrative and general expenses on the statements of revenues and expenses and changes in net positions.

The School District of Philadelphia (**SDP**) offers its employees a 403 (b) Plan and a 457 (b) Deferred Compensation Plan. Termination pay is the accrued and unpaid amounts of vacation, personal and sick leave for a resigning or retiring employee. For employees resigning or retiring during or after the calendar year in which they attain age 55, the SDP makes an automatic and mandatory employer contribution of termination pay to the Plans up to the annual contribution limits for such Plans. Under the 403(b) Plan, termination pay contributions are treated as employer contributions to a retirement plan, and the contributions are not included in employee wages nor subject to FICA. While contributions under the 457(b) Plan are considered wages for FICA purposes. Under both plans, contributions are not subject, Pennsylvania Personal Income Tax or Philadelphia Wage Tax. For that reason, the School District does not withhold those taxes.

10. FUND BALANCE POLICIES

Fund Balance of governmental funds is reported in various categories based on the nature of any limitations requiring the use of resources for specific purposes. GASB 54 provides more clearly defined fund balance categories to make the nature and extent of the constraints placed on a government's fund balance more transparent. The following classifications describe the relative strength of the spending constraints placed on the purpose for which resources can be used:

- Non-Spendable Fund Balance — Includes amounts that cannot be spent because they are either (a) not in spendable form, or (b) legally or contractually required to be maintained intact. The Permanent Funds ($3.9 million) were non-spendable.

- Restricted Fund Balance — Includes amounts for which constraints have been placed on the use of resources which are either (a) externally imposed by creditors, grantors, contributors or laws or regulations of other governments, or (b) imposed by law through constitutional provisions or enabling legislation. The General Fund had a restricted fund balance of $176.4 million at June 30, 2022. The fund balances in the following Special Revenue Funds were restricted: Health-Choices Behavioral Health $390.8 million; Grants Revenue $36.4 million; County Liquid Fuels Tax $17.7 million; Special Gasoline Tax $54.8 million; Hotel Room Rental Tax $9.0 million; Car Rental Tax $8.3 million; Housing Trust $80.4 million; Acute Care Hospital Assessment $22.0 million; Arbitration Appeals $0.07 million; Departmental $13.4 million; Municipal Authority Administrative $0.3 million; PICA Administrative $20.1 million. The Debt Service Fund had a Restricted Fund Balance of $11.4 million and the entire fund balance of the Capital Improvement $308.9 million funds was restricted. The Permanent Fund had a restricted fund balance of $3.3 million at June 30, 2022.

- Committed Fund Balance – Includes amounts that can only be used for specific purposes pursuant to constraints imposed by an ordinance passed by Philadelphia's City Council. These amounts cannot be used for any other purpose unless the City Council removes or changes the ordinance that was employed when the funds were initially committed. The fund balances in the following Special Revenue Funds were committed: Riverview Residents $.03 million, Philadelphia Prisons $5.4 million, and Departmental $1.9 million. The Permanent Fund had a committed fund balance of $0.1 million at June 30, 2022.

- Assigned Fund Balance — Includes amounts that are constrained by a government's intent to be used for a specific purpose but are neither restricted nor committed. The intent may be expressed by the Budget Director, other authorized department heads or their designees, to which the Finance Director has granted the authority to assign amounts to be used for specific purposes. There is no prescriptive action to be taken by the authorized officials in removing or modifying the constraints imposed on the use of the assigned amounts. The General Fund reported an assigned fund balance of $659.0 million at June 30, 2022, which represents $493.9 million of encumbrance balances and $165.1 million of the unobligated Philadelphia Beverage Tax revenue at the end of the reporting period.

- Unassigned Fund Balance – This classification is the residual fund balance for the General Fund. It also represents fund balance that has not been classified as assigned, committed, or restricted or non-spendable. The General Fund had a $410.7 million unassigned fund balance at June 30, 2022. Within the Special Revenue Funds, the Grants Revenue Fund had a negative unassigned fund balance of ($410.6 million) and the Community Development Fund had a negative unassigned fund balance of ($19.3 million) at June 30, 2022.

City Council and the Mayor established a Budget Stabilization Reserve through amendment to the City's Charter. Appropriations to the Budget Stabilization Reserve shall, each year, be made in the following amounts, provided that total appropriations to the Budget Stabilization Reserve shall not exceed five percent (5%) of General Fund Appropriations: (1) Such amounts as remain unencumbered in the Budget Stabilization Reserve from the prior fiscal year, including any investment earnings certified by the Director of Finance; plus (2) When projected General Fund Balance for the end of the fiscal year to which the operating budget relates, without taking into account any deposits to the Budget Stabilization Reserve required by subsection (2), equals or exceeds three percent of General Fund appropriations for the upcoming fiscal year, an amount equal to three-quarters of one percent (.75%) of Unrestricted Local General Fund Revenues for the upcoming fiscal year; plus (3) Such additional amounts as the Council shall authorize by ordinance, no later than at the time of passage of the annual operating budget ordinance and upon recommendation of the Mayor. The Director of Finance shall allow withdrawals from the Budget Stabilization Reserve only upon (1) approval by ordinance of a transfer of appropriations from the Budget Stabilization Reserve, pursuant to Section 2-300(6) of the City Charter, and only for the purposes set forth in such transfer ordinance; and (2) either: (a) A certification by the Director of Finance that General Fund Revenues actually received by the City during the prior fiscal year were at least one percent (1%) less than the General Fund Revenues set forth in the Mayor's estimate of receipts pursuant to Section 2-300(3) of the City Charter; or (b) A certification by the Director of Finance that such withdrawal is necessary to avoid either a material disruption in City services or to fund emergency programs necessary to protect the health, safety or welfare of City residents; and that it would be fiscally imprudent to seek emergency appropriations pursuant to Section 2-301(a) of the City Charter. Such certification must be approved either by (1) a resolution adopted by two-thirds of all of the members of the Council, or (2) an agency of the Commonwealth with responsibility for ensuring the fiscal stability of the City. At June 30, 2022 the Budget Stabilization Reserve fund had a $0 balance.

To the extent that funds are available for expenditure in both the restricted and the other fund balance categories, except for the non-spendable category, funds shall be expended first from restricted amounts and then from the other fund balance categories amounts excluding non-spendable. To the extent that funds are available for expenditure in these other categories, except for the non-spendable fund balance, the order of use shall be; committed balances, assigned amounts, and lastly, unassigned amounts. The table below presents a more detailed breakdown of the City's fund balances at June 30, 2022:

Amounts in Thousands

	General Fund	HealthChoices Behavioral Health Fund	Grants Revenue Fund	Other Governmental Funds	Total Governmental Funds
Nonspendable:					
Inventory	-	-	-	-	-
Permanent Fund (Principal)	-	-	-	3,927	3,927
Subtotal Nonspendable	**-**	**-**	**-**	**3,927**	**3,927**
Restricted for:					
Neighborhood Revitalization	-	-	299	-	299
Economic Development	-	-	-	9,043	9,043
Public Safety Emergency Phone System	-	-	36,145	-	36,145
Streets & Highw ays	-	-	-	72,530	72,530
Housing and Neighborhood Dev	-	-	-	80,395	80,395
Health Services	-	-	-	22,048	22,048
Behavioral Health	-	390,849	-	-	390,849
Libraries & Museums	-	-	-	2,012	2,012
Intergovernmental Financing	-	-	-	20,097	20,097
Stadium Financing	-	-	-	8,258	8,258
Cultural & Commercial Corridor Project	942	-	-	-	942
Pension Obligation Bonds	3,222	-	-	342	3,564
Debt Service Reserve	-	-	-	11,401	11,401
Capital Projects	-	-	-	308,920	308,920
Rebuild	44,575	-	-	-	44,575
Home Repair Program	127,683	-	-	-	127,683
Trust Purposes	-	-	-	14,789	14,789
Subtotal Restricted	**176,422**	**390,849**	**36,444**	**549,835**	**1,153,550**
Committed, Reported in:					
Social Services	-	-	-	30	30
Prisons	-	-	-	5,375	5,375
Parks & Recreation	-	-	-	2,027	2,027
Subtotal Committed	**-**	**-**	**-**	**7,432**	**7,432**
Assigned to:					
General Management & Support	365,013	-	-	-	365,013
Social Services	41,454	-	-	-	41,454
Economic Development	1,953	-	-	-	1,953
Libraries & Museums	1,807	-	-	-	1,807
Prisons	30,480	-	-	-	30,480
Health Services	22,922	-	-	-	22,922
Other	30,226	-	-	-	30,226
Phila. Beverage Tax - Unobligated	165,128	-	-	-	165,128
Subtotal Assigned	**658,983**	**-**	**-**	**-**	**658,983**
Unassigned Fund Balances:	410,702	-	(410,623)	(19,323)	(19,244)
Subtotal Unassigned	**410,702**	**-**	**(410,623)**	**(19,323)**	**(19,244)**
Total Fund Balances	**1,246,107**	**390,849**	**(374,179)**	**541,871**	**1,804,648**

11. INTERFUND TRANSACTIONS

During the course of normal operations, the City has numerous transactions between funds. These transactions are recorded as 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 collection of a portion of the wage tax paid by City residents and the transfer of funds that are not needed for debt service and administrative costs to the general fund. Additionally, the general fund and the PICA administrative fund make transfers to the debt service funds for principal and interest payments.

Transfers between fund types during the year were:

(Amounts in Thousands of USD)

	Transfers To:				
	Governmental	Non Major Governmental			
Transfers From:	General	Special Revenue	Debt Service	Capital Improvement	Total
General Fund	$ -	$ 24,991	$ 196,562	$ 5,796	$ 227,349
Grants Revenue Fund	284,504	1,288	3,397	-	289,189
Non major Special Rev. Fds	555,077	-	23,382	4,500	582,959
Permanent Funds	-	123	-	-	123
Capital Improvements	-	12,000	-	-	12,000
Water Fund	576	47,802	-	-	48,378
Total	$ 840,157	$ 86,204	$ 223,341	$ 10,296	$ 1,159,998

12. TAX ABATEMENTS

Pursuant to Governmental Accounting Standards Board (GASB) Statement No. 77, *Tax Abatement Disclosures,* the City is required to disclose certain information about tax abatements as defined in the Statement. For the purposes of GASB Statement No. 77, a tax abatement is a reduction in tax revenues that results from an agreement between one or more governments and an individual, or entity, in which (a) one or more governments promise to forgo tax revenues to which they are otherwise entitled and (b) the individual or entity promises to take a specific action after the agreement has been entered into that contributes to the economic development or otherwise benefits the City or the citizens of the City. The City has entered into such agreements. The quantitative threshold set by the City for disclosing its tax abatement programs is currently $500,000 or more. A description of each of the City's tax abatement programs where the City has promised to forgo taxes are as follows:

TAX CREDIT AGREEMENTS ENTERED INTO BY THE CITY OF PHILADELPHIA

Community Development Corporation (CDC) Tax Credit:
The Program rewards local businesses that contribute to economic development efforts as sponsors in distressed parts of the city. A sponsor will receive a tax credit of $100,000 per year against its Business Income and Receipts Tax liability for each year the sponsor contributes $100,000 in cash to a qualifying organization.

The Philadelphia Code under Chapter § 19-2604 (6) defines the implementation of the Community Development Corporation (CDC) Tax Credit. Section 501 of the Business Income and Receipts Tax regulations provides a full description of the CDC Tax Credit, including definitions of qualifying CDCs.

The CDC tax credit is available to a maximum of 42 businesses in any given tax year. Applications are reviewed and accepted on a first-come, first-served basis. The sponsor must contribute $100,000 in cash to a qualifying organization under the terms and conditions of the Business Income and Receipts Tax regulations and the contribution agreement. Contributions exceeding $100,000 will not be entitled to any additional tax credit and no tax credit will be available if contributions are less than $100,000. Sponsors must make the full contribution by December 31st of each year. A sponsor must take the credit on the tax year for which the contribution is made. Any tax credit not used in the period the contribution was made may not be carried forward or carried backward. Tax credits are non-transferable and may be used only by the sponsor.

A business as a sponsor that pledges and contributes $100,000 annually to a currently non-participating qualifying organization for 10 consecutive years; obtains a tax credit of $100,000 or actual BIRT tax liability per year, whichever is lower.

Under the CDC tax credit program there are currently no provisions for recapturing the past abated tax monies.

Gross dollar amount, on an accrual basis, by which the City's tax revenues were reduced as a result of the CDC Tax Credit program for fiscal year 2022 totaled, **$2,229,034.**

Job Creation Tax Credit:
The Job Creation Tax Credit rewards businesses that increase the number of jobs available in the City of Philadelphia.

The Philadelphia Code under Chapter § 19-2604 (7) defines the implementation of the Job Creation Tax Credit. A full description of the Job Creation Tax Credit can be found under Section 502 of the BIRT regulations.

A business can attain this credit if it creates 25 new jobs or increases its number of employees by at least 20% within five years of the designated start date. Program participants must commit to maintaining business operations in the City of Philadelphia for five years.

The credit amount for jobs created is 2% of annual wages paid for each new job or $5,000 per new job created, whichever is higher, subject to the maximum amount specified in the commitment agreement.

There are no provisions for recapture of this tax credit.

Program participants must commit to maintaining business operations in the City of Philadelphia for five years.

Gross dollar amount, on accrual basis, by which the City's tax revenues were reduced as a result of the Job Creation Tax Credit program for fiscal year 2022 totaled, **$1,009,463.**

For the above Tax Credit Agreements entered into by the City of Philadelphia;

- There were no forgone revenues received, or receivable from other governments.
- There were no other commitments, other than to reduce taxes.
- No tax abatement agreement has been disclosed individually.
- No required information has been omitted.

REAL ESTATE TAX ABATEMENT AGREEMENTS ENTERED INTO BY THE CITY OF PHILADELPHIA

- Development Abatement for New or Improved Residential Properties (State Act 175)
- Rehab Construction for Residential Properties (Ordinance 961)
- Rehab & New Construction for Commercial & Industrial Properties (Ordinance 1130)
- New Construction for Residential Properties (Ordinance 1456-A)

Specific taxes being abated are Real Estate taxes.

The purpose of these programs is to encourage new construction or rehabilitation of properties, to help revitalize communities, retain residents, attract home- and business-owners to the City of Philadelphia, and reduce development costs for commercial and residential projects.

To be eligible to receive these tax abatements; owners / developers rehabbing or building residential properties, and/or owners/developers rehabbing or building property to be sold or leased for commercial, industrial or business purposes that make improvements, under City issued permits, that affect the assessed value of the property.

For the State Act 175, Real Estate Taxes are abated for the first 30 months or until property is leased or sold, whichever occurs first.

For the Ordinance 961, Ordinance 1130, & Ordinance 1456-A; Real Estate Taxes are abated for 10 years, beginning January 1st, after the improvement is certified by the owner.

The amount of tax abatement is determined, such as dollar amount or percentage of taxes owed, based on the change in value due to the improvements.

There are no provisions to recapture abated taxes.

Gross dollar amounts, on an accrual basis, by which the City's tax revenues were reduced as a result of the Real Estate tax abatement programs for fiscal year 2022 were:

- **State ACT 175, $1,140,665.**
- **Ord. 961, $10,043,975.**
- **Ord. 1130, $46,403,049.**
- **Ord. 1456-A, $32,528,961.**

For the above Real Estate Tax Agreements entered into by the City of Philadelphia;

- There were no forgone revenues received, or receivable from other governments.
- There were no other commitments, other than to reduce taxes.
- No tax abatement agreement has been disclosed individually.
- No required information has been omitted.

TAX ABATEMENT AGREEMENTS ENTERED INTO BY OTHER GOVERNMENTS

Keystone Opportunity Zone (KOZ)

For properties in the areas designated by the Pennsylvania Department of Community and Economic Development. A KOZ property is a legislatively designated parcel where little to no development has taken place. Philadelphia offers tax abatements to businesses that invest in these areas.
The specific taxes being abated are Business Income and Receipt Tax, Net Profit Tax, & Real Estate Tax.

The Philadelphia Code, Chapter § 19-3200 defines the implementation of the Keystone Opportunity Zone, Economic Development District, and Strategic Development Area Tax Credit.

To qualify for Keystone Opportunity Zone Tax Credits, a business must:

- Own or lease property in one of the designated zones; and actively conduct a trade, business, or profession in that same designated zone.
- The qualified business must receive initial certification from the Pennsylvania Department of Community and Economic Development (DCED).

Waived or reduced taxes will apply when filing the tax forms/returns listed below:

- Tax credits are applied to recipients
- State Corporate Net Income Tax
- Capital Stock & Foreign Franchise Tax
- Personal Income Tax (Partners or Sole Proprietors)
- Sales & Use Tax
- Mutual Thrift Institutions Tax
- Insurance Premiums Tax and/or to their respective
- City Business Income & Receipt Tax
- Net Profit Tax
- Real Estate Tax filings

Abatement / credit amounts are based on the recipients' tax return filings and real estate tax valuations.

If any qualified business located within the zone has received an exemption, abatement or credit under this Chapter and subsequently relocates outside of the zone before agreement period ends; that business will refund to the City or School District, the exemptions, abatements or credits attributed in accordance to the Philadelphia Codes.

Commitments made by recipients include;

- Must be up to date on all City and State taxes and in compliance with City and State laws and regulations.
- Must file KOZ application annually.
- If presently a PA business and relocated to a KOZ, they must,
  - increase employment by 20% in the first year
  - or invest the equivalent of 10% of the previous year’s gross revenues in capital improvements to the KOZ Property.
  - or enter into a lease agreement for property within a KOZ for a term at least equivalent to the duration of the KOZ property and with an aggregate payment under the lease at least equivalent to 5% of the gross revenues of that business in the immediately preceding calendar or fiscal year.

Gross dollar amounts, on accrual basis, by which the City's tax revenues were reduced as a result of the KOZ Real Estate tax abatement programs for fiscal year 2022 were:

Keystone Opportunity Zone (KOZ) Real Estate Tax Credits	$ 7,106,593
Business Income and Receipt Tax (KOZ Credit)	53,675,752
	$ 60,782,345

For the above Tax Abatement Agreements entered into by Other Governments;

- There were no forgone revenues received, or receivable from other governments.
- There were no other commitments, other than to reduce taxes.
- No tax abatement agreement has been disclosed individually.
- No required information has been omitted.

The following summarizes the fiscal year 2022 tax abatement agreements, and their respective dollar totals, entered into by the City of Philadelphia and Other Governments.

Tax Credit Agreements entered into by the City of Philadelphia

Community Development Corporation Tax Credit	$ 2,229,034
Job Creation Tax Credit	1,009,463
	$ 3,238,497

Real Estate Tax Abatement Agreements entered into by the City of Philadelphia

DEVELOPMENT STATE ACT 205/175	$ 1,140,665
ORD 961 UNCAPPED	10,043,975
ORD 1130 AS AMENDED 10 YRS	46,403,049
ORD 1456-A/983 AS AMENDED - 10 YEARS RESIDENTIAL	32,528,961
	$ 90,116,650

Tax Abatement Agreements entered into by Other Governments

Keystone Opportunity Zone (KOZ) Real Estate Tax Credits	$ 7,106,593
Business Income & Receipt Tax (KOZ Credit)	53,675,752
	$ 60,782,345
As of June 30, 2022, the grand total of forgone revenues as a result of all the tax abatement programs was:	$ 154,137,492

Tax Increment Financing (TIF)

The Commonwealth of Pennsylvania has approved the Tax Increment Financing Act that authorizes the taxing bodies of the City of Philadelphia (the City and School District) to create geographic areas ("TIF Districts"), where certain increases in tax revenue may be used to finance improvements in the TIF Districts. The TIF loan is usually funded by a private lender, i.e. bank, and is paid by the incremental taxes from Real Estate, Use and Occupancy, City Sales and Business Privilege.

Philadelphia Industrial Development Corporation (PIDC), acting on behalf of Philadelphia Authority for Industrial Development (PAID), can propose any area of the City to City Council and the School District for approval as a TIF District under the terms of the Act. Any new improvements can be funded by the TIF loan.

TIF's are a financing tool that enable the City to establish a district in a blighted area, within which increases in taxes resulting from development of the district can be applied to project costs in the district or to project-related debt service.

The total gross dollar amount, on an accrual basis, by which the City's fiscal year 2022 tax revenues were redirected as result of the TIF program was **$628,722**.

13. RECONCILIATION OF GOVERNMENT-WIDE AND FUND FINANCIAL STATEMENTS

The governmental fund balance sheet (Exhibit III) includes reconciliation to the Net Position of Governmental Activities. One element of that reconciliation states that "Long Term Liabilities, including bonds payable, are not reported in the funds". The details of this difference are as follows:

	(Amounts in Millions)
Bonds Payable	$ 2,166.4
Service Agreements	$ 1,661.7
Indemnity Claims	$ 143.8
Employee Related Obligations	$ 866.0
Leases	$ 580.6
Total Adjustment:	$ 5,418.5

14. PRIOR PERIOD ADJUSTMENTS AND CUMULATIVE EFFECT OF CHANGE IN ACCOUNTING PRINCIPLE

A. PRIMARY GOVERNMENT

The City recorded the cumulative effect of applying the provisions of GASB Statement No. 87 as a restatement of beginning net position as of July 1, 2021 (the beginning of the current financial statement period). The City previously reported a lease agreement with the Philadelphia Authority for Industrial Development, a component unit of the City, for use of certain properties at 400 North Broad Street as a capital lease. At June 30, 2021, the net book value of the assets acquired under this lease agreement was $208.7 million, and the value of the lease liability was $233.4. Net position as of July 1, 2021 was increased by $24.7 million in the Governmental Activities. The effect on beginning balances for fiscal year 2022 is as follows:

(In thousands)

Description	July 1, 2021 as Previously Reported	Restatement	July 1, 2021 as Restated
Other Capital Assets (Net of Depreciation)	$ 1,744,416	(208,754)	$ 1,535,662
Bonds Payable & Other Long-term Liabilities			
Due within one year:	(329,963)	5,745	(324,218)
Due in more than one year:	(4,582,907)	227,708	(4,355,199)
Total	(3,168,454)	24,699	(3,143,755)
Net Investment in Capital Assets	655,433	24,699	680,132
Net Position	$ (7,057,770)	24,699	$ (7,033,071)

B. COMPONENT UNIT

1. The **School District of Philadelphia (SDP)**:

Governmental Activities: Net position and intangible assets decreased by $2.2 million due to purchases related to software costs not being capitalizable. The District determined that certain costs that were capitalized in Fiscal Year 2021 did not meet the intangible asset capitalization criteria as determined under GASB 51. Therefore, the District reduced its intangible asset value and reduced its net position by $2,229,672. This adjustment had no impact on the Governmental Fund Statements.

General Fund and Capital Projects Fund: The District determined that $2.7 million of capital project costs that were expended in Fiscal Year 2021 from the Capital Projects fund were not eligible to be paid from the Capital

Projects fund. Therefore, in Fiscal Year 2022, the District increased the Capital Projects fund balance and decreased the General fund balance by $2,662,802. This adjustment had no impact on the total governmental fund balance. This adjustment also had no impact on the District's Statement of Net Position.

2. Philadelphia Housing Authority (PHA)

During the fiscal year ended March 31, 2022, two solely owned PHA entities purchased the 99.99% investor limited partner interest and special limited partner interest in two L.P. entities, Lucien E. Blackwell Homes Phase III, L.P. and Mill Creek Phase I, L.P. With the acquisition of the 99.99% investor limited partnership interests, Lucien E. Blackwell Homes Phase III, L.P. and Mill Creek Phase I, L.P. are now considered blended component units of PHA. The following tables are summaries of these acquisitions:

Acquisition Details

Entity Acquired	Acquired Date	PHA Owned Acquiring Entity	Former Investor Limited Partner	Former Special Limited Partner
Lucien E. Blackwell Homes Phase	2/1/2022	LBHLP III LLC	PNC Multifamily Capital Institutional Fund XXXI Limited Partnership	Columbia Housing SLP Corporation
Mill Creek Phase I, L.P.	2/1/2022	MCLP Phase I LLC	PNC Multifamily Capital Institutional Fund XXVI Limited Partnership	Columbia Housing SLP Corporation

Acquisition Costs

Entity Acquired	Sales Price	Related Settlement Costs	Total Consideration
Lucien E. Blackwell Homes Phase III, L.P.	$ 8,895	$ 12,339	$ 21,234
Mill Creek Phase I, L.P.	11,809	18,885	30,694
	$ 20,704	$ 31,224	$ 51,928

The consideration paid by LBHLP III LLC and MCLP Phase I LLC for the partnership interests is recognized as a capital investment. It was determined as of March 31, 2022, that a loss of $20,704 should be recognized.

	Loss on Investment
LBHLP III LLC	$ 8,895
MCLP Phase I LLC	11,809
Total Loss on Investment	$ 20,704

3. Philadelphia Redevelopment Authority (PRA)

Effective June 30, 2022, PRA implemented GASB Statement No. 87 Leases. The requirements of this Statement improve financial reporting by increasing the usefulness of the PRA's financial statements by requiring recognition of a lease receivable and deferred inflows of resources for the PRA's Garage Redevelopment Site and improvements lease. GASB Statement No. 87 establishes a single model for lease accounting based on the foundational principle that leases are financings of the right to use an underlying asset. These changes were incorporated in the PRA's financial statements and had an effect on beginning net position. The implementation of GASB Statement No. 87 the following effect on net position reported as of June 30, 2020:

Net Position June 30, 2020	$ 181,274,002
Adjustments:	
Lease Receivable	3,159,040
Deferred inflows of resources - lease revenue, net of accumulated amortization	(3,649,700)
Restated Net Position June 30, 2020	$ 180,783,342

As PRA's FY20 net position is not reported in the City's ACFR, the FY21 net position has been adjusted by ($393,000) to match PRA's financial statements.

4. Philadelphia Gas Works (PGW)

FY 2021 ending net position was adjusted by ($46,000) as a result of the implementation of GASB 87.

15. NET POSITION RESTRICTED BY ENABLING LEGISLATION

The government-wide statement of net position reports $1,932.2 million of restricted net position, of which $194.5 million is restricted by enabling legislation as follows:

(Amounts in Thousands of USD)

	Restricted Net Position	Restricted by Enabling Legislation
Capital Projects	622,460	-
Debt Service	376,061	-
Pension Oblig Bond Refunding Reserve	3,222	-
Behavioral Health	390,849	-
Neighborhood Revitalization	299	-
Cultural & Commercial Corridor Project	819	-
Rebuild Project	44,575	-
Home Repair Program	127,683	-
Grant Programs	104,164	80,395
Rate Stabilization	139,669	-
Libraries & Parks:		
Expendable	4,391	-
Non-Expendable	3,927	-
Other	114,119	114,119
Total	1,932,238	194,515

16. FUND DEFICITS

- The Grants Revenue fund, which is a Special Revenue Fund, has a Fund Balance Deficit at year-end of $374.2 million. The deficit was primarily caused by the recording of reimbursed costs and corresponding revenues for services provided by the Department of Human Services to the grants fund, and the delay of billing and receiving reimbursements from the state.

- The Community Development Fund, which is a Special Revenue fund, has a Fund Balance Deficit at year-end of $19.3 million.

IV. OTHER INFORMATION

1. PENSION PLANS

The City maintains two single employer defined benefit plans for its employees and several of its component units. The two plans maintained by the City are the City Plan and the Philadelphia Gas Works (PGW) Plan. In addition to the City, the three other quasi-governmental agencies that participate in the City Plan are the Philadelphia Parking Authority (PPA), the Philadelphia Municipal Authority (PMA), and the Philadelphia Housing Development Corporation (PHDC).

Effective with Fiscal Year 2015, the City implemented GASB Statement No. 68, *Accounting and Financial Reporting for Pensions – an amendment of GASB Statement No. 27*. This statement revises existing standards for measuring and reporting pension liabilities for pension plans. GASB Statement No. 68 defines a single employer as the primary government and its component units. All three quasi-governmental agencies that participate in the City Plan were determined to be component units of the City. Therefore, the City Plan meets the definition of a single employer plan.

The note disclosures and Required Supplementary Information required by GASB Statement No. 67, *Financial Reporting for Pension Plans – an amendment of GASB No. 25*, are presented in the separately issued audited financial statements of the City Plan and PGW Plan. Copies of these financial statements may be obtained by contacting the Director of Finance of the City of Philadelphia.

A. PRIMARY GOVERNMENT

(1) City Plan

a. PENSION FUND DESCRIPTION

Plan Administration

The Philadelphia Board of Pensions (the Pension Board) administers the City of Philadelphia Municipal Pension Fund (the Fund), a single employer defined benefit pension plan with a small but increasing defined contribution component, which provides pensions for all officers and employees of the City of Philadelphia (the City), as well as those of three quasi-governmental agencies (per applicable enabling legislation and contractual agreements). The Board was established by section 2- 308 of the 1952 Philadelphia Home Rule Charter. Its actions in administering the Retirement System are governed by Title 22 of the Philadelphia Code.

The Board consists of nine voting members - four elected by the active members within the civil service, and the City's Controller, Solicitor, Managing Director, Personnel Director, and Director of Finance, who serves as the Chair.

Plan Membership

At July 1, 2021, the date of the most recent actuarial valuation, pension plan membership consisted of the following:

Actives	27,020
Terminated Vested	900
Disabled	3,796
Retirees	22,202
Beneficiaries	8,445
DROP	1,878
Total City Members	64,241
Annual Salaries	$ 1,886,511,515
Average Salary per Active Member	$ 69,819
Annual Retirement Allowances	$ 804,906,478
Average Retirement Allowance	$ 23,369

Contributions

Per Title 22 of the Philadelphia Code, members contribute to the Fund at various rates based on bargaining unit, uniform/non-uniform/elected/exempt status, and entry date into the Fund. Beginning July 1, 2021, members contributed at one of the following rates:

Employee Contribution Rates
For the Period of July 1, 2021 to June 30, 2022

	Municipal (1)	Elected (2)	Police	Fire
Plan 67	7.00%	N/A	6.00%	6.00%
Plan 87	3.55%	11.56%	6.84%	6.84%
Plan 87 - 50% of Aggregate Normal Cost (3)	4.25%	N/A	N/A	N/A
Plan 87 - Accelerated Vesting (4)	4.46%	12.59%	N/A	N/A
Plan 87 Prime (5)	4.55%	12.56%	7.84%	7.84%
Plan 10	2.42%	N/A	7.34%	7.34%
Plan 10 - Accelerated Vesting	2.86%	N/A	N/A	N/A
Plan 16 (6)	4.14%	N/A	N/A	N/A
Plan 16 - Accelerated Vesting (7)	4.45%	N/A	N/A	N/A

1- For the Municipal Plan 67 members who participate in the Social Security System, employee contributions are 4.75% of compensation up to the social security wage base and 7% above it.
2- The employee contribution rate is based upon the normal cost of $575,721 under plan 87 Elected, normal cost or $329,131 under Plan 87 Municpal and annual payroll of $3,271,935.
3- This represents 50% of aggregate Normal Cost for all members in Plan Y and applies to Deputy Sheriffs hired between 1/1/2012 and 6/20/2018.
4- Member rates for Municipal Plan 87 (Y5) members eligible to vest in five years and Elected Officials (L8) eligible to be vested in eight years instead of 10.
5- Plan 87 Prime refers to new hires who have the option to elect Plan 10 but have elected to stay in Plan 87. New hires after 7/1/2017 in Police and Fire Plan 87 Prime pay 8.50% and are not reflected above.
6- All Municipal groups (except elected officials) hired after January 1, 2019 participate in Plan 16.
7- Member rate for Municipal Plan 16 members eligible to vest in 7 years instead of 10 years.

Employer contributions are made by the City throughout each fiscal year (which ends June 30) and by three (3) quasi-governmental agencies on a quarterly basis. These contributions, determined by an annual actuarial valuation report (AVR), when combined with plan member contributions, are expected to finance the costs of benefits earned by plan members during the year, with an additional amount to finance any unfunded accrued liability.

Within the AVR, three contribution amounts are determined based upon three different sets of rules for determining the way the unfunded actuarial liability is funded.

The first method is defined in accordance with Act 205 and defines the Minimum Municipal Obligation (MMO), which is the City's minimum required contribution under Pennsylvania state law.

The second method is in accordance with the City's Funding Policy, which predates the Act 205 rules and calls for contributions that are greater than the MMO until the initial unfunded liability determined in 1984 is fully funded.

The third method currently followed by the City, the Revenue Recognition Policy (RRP), calls for additional revenue to be contributed each year in addition to the MMO. There are three sources of additional revenue that will be received by the Fund: 1) a portion of the sales tax according to the State Legislation, 2) additional tiered member contributions based on salary level for all municipal employees, and 3) additional member contributions from the current and future uniform members in Plan 87.

Under all funding methods there are two components: the normal cost and the amortized unfunded actuarial liability. The actuarial unfunded liability is the amount of the unfunded actuarial liability that is paid each year based upon the given or defined amortization periods. The amortization periods are the same under the MMO and RRP, but different under City's Funding Policy.

City's Funding Policy:
The initial July 1, 1985 unfunded actuarial liability (UAL) was amortized over 34 years ending June 30, 2019, with payments increasing at 3.3% per year, the assumed payroll growth. All future amortization periods will follow the MMO funding policy below. Other changes in the actuarial liability are amortized in level-dollar payments as follows:

- Actuarial gains and losses – 20 years beginning July 1, 2009. Prior gains and losses were amortized over 15 years.
- Assumptions changes – 15 years beginning July 1, 2010. Prior to July 1, 2010, assumption changes were amortized over 20 years.

- Plan changes for active members – 10 years.
- Plan changes for inactive members – 1 year.
- Plan changes mandated by the State – 20 years.

In fiscal year 2022, the City and other employers' contributions of $859.8 million was more than the actuarially determined employer contribution (ADEC) of $826.4 million. In the event that the City contributes less than the funding policy, an experience loss will be created which will be amortized in accordance with funding policy over a closed 20-year period.

The Schedule of Employer Contributions (based on the City's Funding Policy) is included as Required Supplemental Information and provides a 10-year presentation of the employer contributions.

Minimum Municipal Obligation (MMO):
For the purposes of the MMO under Act 205 reflecting the fresh start amortization schedule, the July 1, 2009 UAL was "fresh started" to be amortized over 30 years ending June 30, 2039. This is a level dollar amortization of the UAL.

In fiscal year 2022, the City and other employers' contributions of $859.8 million exceeded the Minimum Municipal Obligation of $678.2 million

The Schedule of Employer Contributions (based on the MMO Funding Policy) is included as Required Supplemental Information and provides a 10-year presentation of the employer contributions.

Revenue Recognition Policy (RRP)
Revenue Recognition Policy is similar to the MMO except that the assets used to determine the unfunded liability do not include the portion of sales tax revenue, tiered member contributions from the municipal employees, and additional uniform members' contributions. These sources of income are contributed over and above the City's contribution of the MMO and will be in addition to the MMO. Therefore, under this funding method the additional revenue amounts are separately tracked and accumulated in a notional account which is then subtracted from the assets before calculating the contribution amounts due under the MMO methodology. The Fund accumulates these amounts in a notional account and deducts them from the Actuarial Asset Value before the MMO is determined. These amounts are accumulated at the Actuarial Asset Value return rates to preserve the new funding methodology objective.

In fiscal year 2022, the City and other employers' contributions of $859.8 million exceeded the contribution under Revenue Recognition Policy of $727.4 million.

The Schedule of Employer Contributions (based on the RRP Funding Policy) is included as Required Supplementary Information and provides a 10-year presentation of the employer contributions.

b. BENEFITS

The Fund provides retirement, disability, and death benefits according to the provisions of Title 22 of the Philadelphia Code. These provisions prescribe retirement benefit calculations, vesting thresholds, and minimum retirement ages that vary based on bargaining unit, uniform/non-uniform status, and entry date into the System.

Non-uniform employees may retire at either age 55 with up to 80% of average final compensation (AFC) or age 60 with up to either 100% or 25% of AFC, depending on entry date into the Fund. Uniform employees may retire at either age 45 with up to 100% of AFC or age 50 with up to either 100% or 35% of AFC, depending on entry date into the Fund. Survivorship selections may result in an actuarial reduction to the calculated benefit.

Members may qualify for service-connected disability benefits regardless of length of service. Service-connected disability benefits are equal to 70% of a member's final rate of pay and are payable immediately without an actuarial reduction. These applications require approval by the Board. Eligibility to apply for non-service-connected disability benefits varies by bargaining unit and uniform/non-uniform status. Non-service-connected disability benefits are determined in the same manner as retirement benefits and are payable immediately.

Service-connected death benefits are payable to:

1. surviving spouse/life partner at 60% of final rate of pay plus up to 2 children under age 18 at 10% each of final rate of pay (maximum payout: 80%);

2. if no surviving spouse/life partner, up to 3 children under age 18 at 25% each of final rate of pay (maximum payout 75%); or
3. if no surviving spouse/life partner or children under age 18, up to 2 surviving parents at 15% each of final rate of pay (maximum payout 30%).

Non-service-connected deaths are payable as a lump sum payment, unless the deceased was either vested or had reached minimum retirement age for their plan, in which case the beneficiary(ies) may instead select a lifetime monthly benefit, payable immediately with an actuarial reduction.

A Pension Adjustment Fund (PAF) is funded with 50% of the excess earnings that are between 1% and 6% above the actuarial assumed earnings rate. Each year within 60 days of the end of the fiscal year, by majority vote of its members, the Board of Directors of the Fund (the Board) shall consider whether sufficient funds have accumulated in the PAF to support an enhanced benefit distribution (which may include, but is not limited to, a lump sum bonus payment, monthly pension payment increases, ad-hoc cost of living adjustments, continuous cost-of-living adjustments, or some other form of increase in benefits as determined by the Board) to retirees, their beneficiaries and their survivors. As of July 1, 2021, the date of the most recent actuarial valuation, there was $76,471,047 in the PAF and the Board voted to make PAF distributions of $37,395,128 during the fiscal year ended June 30, 2022.

The Fund includes a Deferred Retirement Option Plan (DROP Plan). The DROP Plan allows a participant to declare that they will retire within 4 years. During the four-year period, the City will make no further contributions for the participant. The participant would continue to work and to receive their salary; however, any increases would not be counted towards their pension benefit. During the four-year period the individual participates in the DROP Plan, their pension benefits will be paid into an escrow account in the participant's name. After the four-year period, the participant would begin to receive their pension benefits and the amount that has been accumulated in the escrow account in a lump sum payment. The balance in the DROP Plan as of June 30, 2022, is $141.5 million.

c. INVESTMENTS

The Pension Board's Investment Policy Statement provides, in part:

The overall investment objectives and goals should be achieved by use of a diversified portfolio, with safety of principal a primary emphasis. The portfolio policy should employ flexibility by prudent diversification into various asset classes based upon the relative expected risk-reward relationship of the asset classes and the expected correlation of their returns.

The Fund seeks an annual total rate of return of not less than 7.40% over a full market cycle. It is anticipated that this return standard should enable the Fund to meet its current actuarially assumed earnings projection of 7.40% over a market cycle. The investment return assumption was reduced by the Board from 7.50% to 7.40% from the prior fiscal year. The Fund's investment program will pursue its aforestated total rate of return by a combination of income and appreciation, relying upon neither exclusively in evaluating a prospective investment for the Fund.

All investments are made only upon recommendation of the Fund's Investment Committee and approval by a majority of the Pension Board. In order to document and communicate the objectives, restrictions, and guidelines for the Fund's investment staff and investments, a continuously updated Investment Policy Statement is maintained. The Investment Policy Statement is updated (and re-affirmed) each year at the January Board meeting. The following was the Board's approved asset allocation policy as of April 22, 2021:

(see pension plan's investment policy: http://www.phila.gov/pensions/PDF/ips.pdf)

Asset Class	Target Allocation
Broad Fixed Income	13.0 %
High Yield	1.0 %
Global Aggregate	1.0 %
Emerging Market Debt	2.0 %
U.S. Large Cap Core Equity	20.0 %
U.S. Mid Cap Core Equity	4.0 %
U.S. Small Cap Core Equity	4.0 %
Global Low Volatility Equity	10.0 %
International Developed Large Cap Equity	10.0 %
International Small Cap Equity	3.0 %
Emerging Market Equity	3.0 %
Core Real Estate	10.0 %
Public REITs	1.0 %
Opportunistic Real Estate	1.0 %
Global Infrastructure	5.0 %
Private Equity	12.0 %
Total	100.0 %

Money-Weighted Rate of Return
For the year ended June 30, 2022, the annual money-weighted rate of return on pension plan investments, net of pension plan investment expense, was -5.44%. The money-weighted rate of return expresses investment performance, net of investment expense, adjusted for changing amounts actually invested.

d. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Basis of Presentation
Financial statements of the Fund are prepared using the accrual basis of accounting. Member contributions are recognized in the period in which the contributions are due. Employer contributions are recognized when due and the employer has made a formal commitment to provide the contributions. Benefits and refunds of contributions are recognized when due and payable in accordance with the terms of the Fund.

Method Used to Value Investments
The Fund's investments are reported at fair value. Fair value is the amount that the Fund can reasonably expect to receive for an investment in a current sale between a willing buyer and a willing seller, that is, other than in a forced or liquidation sale. Fixed income securities and common and preferred stocks are generally valued based on published market prices and quotations from national security exchanges or securities pricing services. Securities which are not traded on a national security exchange are valued by the respective fund manager or other third parties based on similar sales.

For private market investments which include private equity, private debt, venture capital, hedge funds and equity real estate investments where no readily ascertainable market value exists, management, in consultation with the general partner and investment advisors, has determined the fair values for the individual investments based upon the partnership's most recent available financial information. Some of the investment values provided in the report are estimates due to a lag in reporting for private market investments. Futures contracts, foreign exchange contracts, and options are marked-to-market daily with changes in market value recognized as part of net appreciation/depreciation in the fair value of investments. Initial margin requirements for such financial instruments are provided by investment securities pledged as collateral or by cash.

Investment expenses consist of investment manager fees and investment consultant fees related to the traditional investments only, and not those fees related to the alternative investments. Fair market values reported for the alternative investments are net of investment expenses. Unsettled investment sales are reported as Accrued Interest and Other Receivables, and unsettled investment purchases are included in Accrued Expenses and Other Liabilities.

Dividend income is recorded on the ex-dividend date. Interest income is recorded as earned on an accrual basis.

Income Taxes
The Fund qualifies under Section 401(a) of the Internal Revenue Code (IRC) and is exempt from income taxation as allowed by Section 501(a) of the IRC.

Related Parties
The City's Department of Finance provides cash receipt and cash disbursement services to the Fund. The City's Solicitor's office provides legal services to the Fund. Other administrative services are also provided by the City.

Use of Estimates in Preparing Financial Statements
The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts of assets, liabilities, and changes therein, and disclosure of contingent assets and liabilities. Actual results could differ from those estimates.

Risks and Uncertainties
The Fund invests in various investment securities. Investment securities are exposed to various risks such as interest rate, market, and credit risks. Due to the level of risk associated with certain investment securities, it is at least reasonably possible that changes in the values of investment securities will occur in the near term and that such changes could materially affect the amounts reported in the Statement of Fiduciary Net Position.

Contributions are calculated based on certain assumptions pertaining to interest rates, inflation rates, and employee demographics, all of which are subject to change. Due to uncertainties inherent in the estimation and assumption process, it is at least reasonably possible that changes in these statements and assumptions in the near-term would-be material to the financial statements.

Administrative Expenses
Administrative expenses of the Fund are paid for by the Fund.

e. CASH DEPOSITS, INVESTMENTS AND SECURITIES LENDING

Legal Provisions
The Fund is authorized to invest in "prudent investments," including obligations of the U.S. Treasury, agencies, and instrumentalities of the United States, investment grade corporate bonds, common stock, real estate, private market, etc. City ordinances contain provisions which preclude the Fund from investing in organizations that conduct business in certain countries and impose limitations on the amounts invested in certain types of securities.

Custodial Credit Risk
Custodial credit risk for Deposits is the risk that in the event of a bank failure, the Fund’s deposits may not be returned to them. The Fund’s cash deposits are held in two banks as of June 30, 2022. Amounts are insured up to $250,000 per bank by the Federal Deposit Insurance Corporation (FDIC). Deposits in excess of the FDIC limit are collateralized with securities held by the pledging financial institution’s trust department or agent in the Fund’s name. The Fund classifies Money Market funds held by custodian institution, Northern Trust, as cash equivalents. The Fund also classifies Treasury Bills and Commercial Papers as cash equivalent if the date of maturity is three months or less from the acquisition date.

Custodial credit risk for Investments is the risk that in the event of counter-party failure, the Fund may not be able to recover the value of its investment or collateral securities that are in the possession of an outside party. Investment securities are exposed to custodial credit risk if the securities held by the counterparty or counterparty’s trust department are uninsured and are not registered in the name of the Fund. The Fund requires that all investments be clearly marked as to ownership, and to the extent possible, be registered in the name of the Fund. Certain investments may be held by the managers in the Fund’s name.

Interest Rate Risk
Interest rate risk is the largest risk faced by an investor in the fixed income market. The price of a fixed income security generally moves in the opposite direction of the change in interest rates. Securities with long maturities are highly sensitive to interest rate changes.

Duration is a measure of the approximate sensitivity of a bond’s value to interest rate changes. The higher the duration, the greater the changes in fair value when interest rates change. The Fund measures interest rate risk using segmented time distribution, which shows the total fair value of investments maturing during a given period.

The table below details the exposure to interest rate changes based upon maturity dates of the fixed income securities at June 30, 2022:

2022 (in Thousands)	Total Fair Value	Less Than 1 Year	1-5 Years	6-10 Years	More than 10 Years
Asset Backed Securities	$ 20,963	$ -	$ 7,285	$ 2,430	$ 11,248
Commercial Mortgage Backed Securities	23,860	-	129	2,930	20,801
Corporate Bonds	325,142	6,102	98,330	163,942	56,768
Fixed Income ETF	2,533	2,533	-	-	-
Government Agencies	24,621	395	5,639	10,905	7,682
Government Bonds	390,647	8,214	185,539	115,858	81,036
Government Mortgage Backed Securities	93,480	4,625	732	2,865	85,258
Gov't-issued Commercial Mortgage Backed	1,179	-	801	273	105
Municipal Bonds	16,066	644	5,139	2,924	7,359
Non-Gov't Baked C.M.O.s	1,189	-	38	-	1,151
Sukuk	987	-	278	709	-
Total Interest Rate Risk of Debt Securities	$ 900,667	$ 22,513	$ 303,910	$ 302,836	$ 271,408

Concentration of Credit Risk
Concentration of credit risk is the risk of substantial loss if investments are concentrated in one issuer. As of June 30, 2022, the Fund has no single issuer that exceeds 5% of total investments. Investments issued or explicitly guaranteed by the U.S. government and investments in mutual funds, external investment pools, and other pooled investments are excluded.

Credit Risk
Credit Risk is the risk that an issuer or other counterparty to an investment will not fulfill its obligation. The fund is subject to credit risk on $589.3 million of directly owned fixed income securities. The Fund's directly owned rated debt investments as of June 30, 2022, were rated by Standard & Poor's, a nationally recognized statistical rating agency and are presented below using Standard and Poor's rating scale:

2022 (in Thousands)	Total Fair Value	Credit Rating AAA	AA	A	BBB	BB	B	CCC	CC	D	NR
Asset Backed Securities	$ 20,453	$ 6,692	$ 4,986	$ 69	$ 1,501	$ -	$ -	$ -	$ -	$ -	$ 7,205
Commercial Mortgage Backed Securities	23,860	8,469	997	-	828	-	3	-	-	-	13,563
Corporate Bonds	325,142	3,185	9,696	44,379	98,061	80,240	54,649	7,431	91	26	27,384
Fixed Income ETF	2,533	-	-	-	-	-	-	-	-	-	2,533
Government Agencies	19,421	1,388	10,702	-	1,810	742	-	-	-	-	4,779
Government Bonds	96,337	-	553	486	20,934	15,052	2,501	1,674	-	163	54,974
Government Mortgage Backed Securities	82,241	-	81,339	-	-	-	-	-	-	-	902
Gov't-issued Commercial Mortgage Backed	1,074	-	1,074	-	-	-	-	-	-	-	-
Municipal Bonds	16,066	-	9,757	2,646	841	678	-	-	-	-	2,144
Non-Gov't Baked C.M.O.s	1,189	470	-	13	-	-	12	-	-	-	694
Sukuk	987	-	-	-	592	-	-	-	-	-	395
Total Credit Risk of Debt Securities	$ 589,303	$ 20,204	$ 119,104	$ 47,593	$ 124,567	$ 96,712	$ 57,165	$ 9,105	$ 91	$ 189	$ 114,573
U.S. Gov't Guaranteed*	311,364										
	$ 900,667										

* U.S. government agency securities explicitly guaranteed by the U.S. government are categorized here.

Foreign Currency Risk

The Fund's exposure to foreign currency risk derives from its position in foreign currency-denominated cash and investments in fixed income, equities, and derivatives. The foreign currency investment in equity securities is 41.83% of the total investment in equities. The Fund's exposure to foreign currency risk on June 30, 2022 was as follows (expressed in thousands):

Currency	Cash	Fixed Income	Equities	Derivatives	Total
Euro	$ 1,882	$ 9,540	$ 384,860	$ (801)	$ 395,481
Japanese yen	2,043	-	259,372	(552)	260,863
British pound sterling	861	8,093	182,330	(432)	190,852
Canadian dollar	544	2,134	176,425	(1,417)	177,686
Hong Kong dollar	882	-	121,168	-	122,050
Australian dollar	495	6,238	97,734	(222)	104,245
Swiss franc	1,417	-	98,481	-	99,898
South Korean won	-	8,883	29,843	-	38,726
Swedish krona	239	-	36,898	-	37,137
Danish krone	170	-	29,116	-	29,286
Mexican peso	2	16,264	5,724	-	21,990
Brazilian real	10	8,818	11,169	-	19,997
South African rand	18	7,514	8,091	-	15,623
Singapore dollar	198	-	13,040	-	13,238
Norwegian krone	237	-	10,719	-	10,956
Malaysian ringgit	15	4,325	4,860	-	9,200
Indonesian rupiah	39	1,953	6,429	-	8,421
New Israeli shekel	149	-	7,445	-	7,594
Thai baht	12	1,102	6,165	-	7,279
Colombian peso	2	4,840	104	-	4,946
New Zealand dollar	204	-	3,513	-	3,717
Philippine peso	1	-	3,375	-	3,376
New Taiwan dollar	2,578	-	695	-	3,273
All Others	96	2,480	5,073	-	7,649
	$ 12,094	$ 82,184	$ 1,502,629	$ (3,424)	$ 1,593,483

Derivatives
The Fund may invest in derivatives as permitted by guidelines established by the Pension Board. Pursuant to such authority, the Fund may invest in foreign currency forward contracts, options, futures (S&P Fund) and swaps. No derivatives were purchased with borrowed funds.

Derivatives are generally used to provide market exposure in the equity portfolio and to hedge against foreign currency risk and changes in interest rates, improve yield and adjust the duration of the Fund's fixed income portfolio. These securities are subject to changes in value due to changes in interest rates or currency valuations. Credit risk for derivatives results from the same considerations as other counterparty risk assumed by the Fund, which is the risk that the counterparty might be unable to meet its obligations.

Derivative instruments such as swaps, options, futures, and forwards are often complex financial arrangements used by governments to manage specific risks or to make investments. By entering into these arrangements, governments receive and make payments based on market prices without actually entering into the related financial or commodity transactions. Derivative instruments associated with changing financial and commodity prices result in changing cash flows and fair values that can be used as effective risk management or investment tools. Derivative instruments also can expose governments to significant risks and liabilities.

The Fund enters into a variety of financial contracts, which include options, futures, forwards and swap agreements to gain exposure to certain sectors of the equity and fixed income markets; collateralized mortgage obligations (CMOs); other forward contracts, and U.S. treasury strips. The contracts are used primarily to enhance performance and reduce the volatility of the portfolio. The Fund is exposed to credit risk in the event of non-performance by counterparties to financial instruments. The Fund generally enters into transactions only with high quality institutions. Legal risk is mitigated through selection of executing brokers and review of all documentation. The Fund is exposed to market risk, the risk that future changes in market conditions may make an instrument less valuable. Exposure to market risk is managed in accordance with risk limits set by senior management, through buying or selling instruments or entering into offsetting positions. The notional or contractual amounts of derivatives indicate the extent of the Fund's involvement in the various types and uses of derivative financial instruments and do not measure the Fund's exposure to credit or market risks and do not necessarily represent amounts exchanged by the parties. The amounts exchanged are determined by reference to the notional amounts and the other terms of the derivatives.

Derivative Instruments
The following table summarizes aggregate notional or contractual amounts for the Fund's derivative financial instruments on June 30, 2022 in addition to the fair value and change in the fair value of derivatives.

List of Derivatives Aggregated by Investment Type

Classification	Change in Fair Value		Fair Value at June 30, 2022		Notional
Investment Derivatives					
Forwards Currency Contracts	Net Appreciation (Depreciation) in Investments	$ (3,978,185)	Investments	$ (4,216,511)	$ 216,418,984
Futures	Net Appreciation (Depreciation) in Investments	370,770	Investments	-	17,162,415
Grand Totals		$ (3,607,415)		$ (4,216,511)	$ 233,581,399

A Derivatives Policy Statement identifies and allows common derivative investments and strategies, which are consistent with the Investment Policy Statement of the City of Philadelphia Municipal Pension Fund. The guidelines identify transaction-level and portfolio-level risk control procedures and documentation requirements. Managers are required to measure and monitor exposure to counterparty credit risk. All counterparties must have credit ratings available from nationally recognized rating institutions such as Moody's, Fitch, and S&P. The details of other risks and financial instruments in which the Fund involves are described below.

Credit risk:
The Fund is exposed to credit risk on hedging derivative instruments that are in asset positions. To minimize its exposure to loss related to credit risk, it is the Fund's policy to require counterparty collateral posting provisions in its non-exchange-traded hedging derivative instruments. These terms require full collateralization of the fair value of hedging derivative instruments in asset positions (net of the effect of applicable netting

arrangements) should the counterparty's credit rating fall below AA as issued by Fitch Ratings and Standard & Poor's or Aa as issued by Moody's Investors Service. Collateral posted is to be in the form of U.S. Treasury securities held by a third-party custodian. The city has never failed to access collateral when required.

It is the Fund's policy to enter into netting arrangements whenever it has entered into more than one derivative instrument transaction with a counterparty. Under the terms of these arrangements, should one party become insolvent or otherwise default on its obligations, close-out netting provisions permit the non-defaulting party to accelerate and terminate all outstanding transactions and net the transactions' fair values so that a single sum will be owed by, or owed to, the non-defaulting party.

Swap agreements:
These derivative instruments provide for periodic payments at predetermined future dates between parties based on the change in value of underlying securities, indexes, or interest rates. Under fixed interest rate type swap arrangements, the Fund receives the fixed interest rate on certain equity or debt securities or indexes in exchange for a fixed charge. There were no total receive fixed interest Swaps during 2022. On its pay-variable, received-fixed interest rate swap, as LIBOR increases, the Fund's net payment on the swap increases. Alternatively, on its pay-fixed, receive-variable interest rate swap, as LIBOR or the SIFMA swap index decreases, the Fund's net payment on the swap increases.

Futures contracts:
These derivative instruments are types of contracts in which the buyer agrees to purchase, and the seller agrees to make delivery of a specific financial instrument at a predetermined date and price. Gains and losses on futures contracts are settled daily based on a notional (underlying) principal value and do not involve an actual transfer of the specific instrument. Futures contracts are standardized and are traded on exchanges. The exchange assumes the risk that the counterparty will not pay and generally requires margin payments to minimize such risk. In addition, the Fund enters into short sales, sales of securities it does not presently own, to neutralize the market risk of certain equity positions. Initial margin requirements on futures contracts and collateral for short sales are provided by investment securities pledged as collateral and by cash held by various brokers. Although the Fund has the right to access individual pledged securities, it must maintain the amount pledged by substituting other securities for those accessed. The realized loss from Futures contracts was ($149,287.31) and is included in the net change in fair value of investments in the statement of changes in fiduciary net position.

Forward contracts:
The Fund is exposed to basis risk on its forward contracts because of a possible mismatch between the price of the asset being hedged and the price at which the forward contract is expected to settle. The realized loss from forward contracts was ($3,600,824.91) and is included in the net change in fair value of investments in the statement of changes in fiduciary net position.

Termination risk:
The Fund or its counterparties may terminate a derivative instrument if the other party fails to perform under the terms of the contract. In addition, the Fund is exposed to termination risk on its receive-fixed interest rate swap. The Fund is exposed to termination risk on its rate cap because the counterparty has the option to terminate the contract if the SIFMA swap index exceeds 12%. If at the time of termination, a hedging derivative instrument is in a liability position, the City would be liable to the counterparty for a payment equal to the liability, subject to netting arrangements.

Rollover risk:
The Fund is exposed to rollover risk on hedging derivative instruments that are hedges of debt that mature or may be terminated prior to the maturity of the hedged debt. When these hedging derivative instruments terminate, or in the case of a termination option, if the counterparty exercises its option, the Fund will be re-exposed to the risks being hedged by the hedging derivative instrument.

Fair Value Measurement
The accounting pronouncement on fair value measurements establishes a framework for measuring fair value. That framework provides a fair value hierarchy that prioritizes the inputs to valuation techniques used to measure fair value. The hierarchy gives highest priority to unadjusted quoted prices in active markets for identical assets or liabilities (Level 1 measurements) and the lowest priority to unobservable inputs (Level 3 measurements). The Municipal Pension Fund has the following recurring fair value measurement as of June 30, 2022 (expressed in thousands):

		Fair Value Measurements Using		
	June 30, 2022	Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)
Investments by Fair Value Level				
Asset Backed Securities	$ 20,963	$ -	$ 20,963	$ -
Commercial Mortgage Backed	23,860	-	23,147	713
Corporate Bonds	325,142	-	325,130	12
Fixed Income ETF	2,533	2,533	-	-
Government Agencies	24,621	-	24,621	-
Government Bonds	390,647	-	390,647	-
Government Mortgage Backed Securities	93,480	-	93,480	-
Gov't-issued Commercial Mortgage Backed	1,179	-	1,179	-
Municipal Bonds	16,066	-	16,066	-
Non-Government Backed C.M.O.s	1,189	-	771	418
Sukuk	987	-	987	-
Equity	3,808,972	3,806,565	-	2,407
Total Investments by Fair Value Level	4,709,639	3,809,098	896,991	3,550
Investments Measured at the Net Asset Value (NAV)				
Fixed Income Hedge Funds	$ 26,834			
Credit Distressed Hedge Fund	9			
Equity Long/Short Hedge funds	29,643			
Real Estate	588,933			
Private Equity	985,364			
Total Investments Measured at the NAV	1,630,783			
Total Investments Measured at Fair Value	$ 6,340,422			
Investment Derivative Instruments				
Forward Currency Contracts (Assets)	1,267	-	1,267	
Forward Currency Contracts (Liabilities)	(5,484)	-	(5,484)	
Total Investment Derivative instruments	$ (4,217)	$ -	$ (4,217)	

Level 1 – Inputs to the valuation methodology are unadjusted quoted prices for identical assets or liabilities in active markets that the Plan has the ability to access. Such inputs include quoted prices in active markets for identical assets or liabilities.

Level 2 - Observable inputs other than Level 1 prices, such as quoted prices for similar assets or liabilities; or other inputs that are observable or can be corroborated by observable market data substantially for the full term of the assets or liabilities.

Level 3 - Unobservable inputs that are supported by little or no market activity and that are financial instruments whose values are determined using pricing models, discounted cash flow methodologies, or similar techniques, as well as instruments for which the determination of fair value requires significant judgment or estimation.

The valuation method for investments measured at the net asset value (NAV) per share (or its equivalent) is presented on the following table (expressed in thousands).

Investment Measured at the Net Asset Value (NAV)		Unfunded Commitments	Redemption Frequency (If Currently Eligible)	Redemption Notice Period
Fixed Income Hedge Funds	$ 26,834	$ -	Quarterly	90-120 days
Credit Distressed Hedge Fund	9	-	Quarterly	90 days
Equity Long/Short Hedge funds	29,643	-	Quarterly	90 days' notice
Real Estate	588,933	22,537	N/A	N/A
Private Equity	985,364	322,191	N/A	N/A
Total Investments Measured at the NAV	$ 1,630,783			

1. Credit distressed hedge funds: This Fund seeks to identify and exploit event driven opportunities both on the long and short side in the stressed and distressed corporate debt markets. Investments are generally driven by fundamental, value-oriented analysis, and specific credit events. This Fund maintains the flexibility to invest globally and across capital structures of stressed and distressed companies. Investments generally target secondary U.S. credit opportunities across all tranches of a company's debt capital structure. The Fund may also invest opportunistically in certain equities, long and short. The fair values of the investments in this type have been determined using the NAV per share (or its equivalent) of the investments. Investments can be redeemed with a 90 days' notice. This Fund has been terminated but due to its structure and illiquid nature, investments haven't been fully liquidated yet.

2. Equity long/short hedge funds: This Fund will typically hold 0-50 long positions and 10-15 short positions in U.S. common stocks. Management can shift investments from value to growth strategies, from small to large capitalization stocks, and from a net long position to a net short position. The Fund mitigates market risk by utilizing short positions. In periods of extreme volatility, the Fund may hold a significant portion of its assets in cash. The fair values of the investments in this type have been determined using the NAV per share of the investments. Investments can be redeemed with a 90 days' notice.

3. Real estate funds: This type includes funds that invest in U.S. and Non-U.S. commercial and residential real estate. The fair values of the investments in this type have been determined using the NAV per share (or its equivalent) of the Plan's ownership interest in partners' capital. These investments can never be redeemed with the funds. Distributions from each fund will be received as the underlying investments of the funds are liquidated. However, the individual investments that will be sold have not yet been determined. Because it is not probable that any individual investment will be sold, the fair value of each individual investment has been determined using the NAV per share (or its equivalent) of the Plan's ownership interest in partners' capital. Once it has been determined which investments will be sold and whether those investments will be sold individually or in a group, the investments will be sold in an auction process. The investee fund's management is required to approve of the buyer before the sale of the investments can be completed. It is expected that the underlying assets of the funds will be liquidated over the next seven to 10 years.

4. Private equity funds: The primary goal of these Funds is to generate returns for investors that exceed private equity industry benchmarks and are commensurate with asset class risk through the construction of a portfolio of opportunistic, highly performing private equity investments. Investments in these funds may include early-stage venture capital, later-stage growth financings, leveraged buyouts of medium and large-sized companies, mezzanine investments, PIPES and investments in companies that are being taken private. These investments can never be redeemed with the funds. Instead, the nature of the investments in this type is that distributions are received through the liquidation of the underlying assets of the fund. If these investments were held, it is expected that the underlying assets of the fund would be liquidated over five to 10 years. The fair values of the investments in this type have been determined using recent observable transaction information for similar investments and nonbinding bids received from potential buyers of the investments. Once a buyer has been identified, the investee fund's management is required to approve of the buyer before the sale of the investments can be completed.

5. Fixed income hedge funds: The primary goal of these Funds is to create alpha by sourcing proprietary opportunities, avoiding capital loss, buying securities below their intrinsic value, and selling securities above their intrinsic value. Firms look for opportunities that are currently mispriced, based on fundamentals or potentially an event that may improve the price of the holding. Investments are generally driven by fundamental, value-oriented analysis, and specific credit events. The fair values of the investments in this type have been determined using the NAV per share (or its equivalent) of the investments. Investments can be redeemed with a 90-120 days' notice. These Funds have been terminated but because of their structure and illiquid nature, the investments haven't been fully liquidated yet.

Securities Lending Program
The Fund, pursuant to a Securities Lending Authorization Agreement, has authorized Northern Trust to act as the Fund's agent in lending the Fund's securities to approved borrowers. Northern Trust, as agent, enters into Securities Loan Agreements with borrowers.

Securities are loaned versus collateral that may include cash; U.S. government and select OECD government debt securities; and domestic and international equities from major indices as defined specifically in the non-cash collateral guidelines within the Securities Lending Authorization Agreement. U.S. securities are loaned versus collateral valued at 102% of the market value of the securities plus any accrued interest. Non-U.S. securities are loaned versus collateral valued at 105% of the market value of the securities plus any accrued interest. Non-Cash collateral cannot be pledged or sold unless the borrower defaults.

All securities loans can be terminated on demand by either the lender or the borrower, although the average term of City of Philadelphia Board of Pensions and Retirement loans was approximately 80 days as of June 30, 2022. Cash open collateral is invested in a short-term investment pool, the NT Coll SL Core S/T Inv Fund, which had an interest sensitivity of 24 days as of this statement date.

There were no violations of legal or contractual provisions, no borrower or lending agent default losses known to the securities lending agent.

There are no dividends or coupon payments owing on the securities lent. Securities lending earnings are credited to participating clients on approximately the fifteenth day of the following month.

Indemnification deals with the situation in which a client's securities are not returned due to the insolvency of a borrower and Northern Trust has failed to live up to its contractual responsibilities relating to the lending of those securities. Northern Trust's responsibilities include performing appropriate borrower and collateral investment credit analyses, demanding adequate types and levels of collateral, and complying with applicable Department of Labor and Federal Financial Institutions Examination Council regulations concerning securities lending.

As of June 30, 2022, the fair value of securities on loan was $483.9 million. Associated collateral totaling $500.4 million was comprised of cash which was invested in a separately managed account based upon the investment guidelines established by the Pension Fund. As of June 30, 2022, the invested cash collateral was $500.4 million and is valued at amortized cost.

f. INVESTMENT ADVISORS

The Fund utilizes investment advisors to manage long-term debt, real estate, private market, and equity portfolios. To be eligible for consideration, investments must meet criteria set forth in governing laws and regulations.

g. NET PENSION LIABILITY

The components of the net pension liability as of June 30, 2022 were as follows:

Total Pension Liability	$ 12,374,126,417
Plan Fiduciary Net Position	6,939,833,896
Collective Net Pension Liability	$ 5,434,292,521

Plan Fiduciary Net Position as a Percentage of the Total Pension Liability: 56.1%

Actuarial assumptions:

The total pension liability was determined by an actuarial valuation as of June 30, 2021 and was rolled forward to June 30, 2022. The June 30, 2021 actuarial valuation used the following actuarial assumptions, applied to all periods including the measurement period:

Actuarial Cost Method:	Entry Age Normal
Investment Rate of Return:	7.40% compounded annually, net of expenses
Salary Increases:	Age based table

The investment return assumption was changed from 7.50% from the prior year valuation to 7.40% for the current year valuation.

To recognize the expense of the benefits payable under the Pension Adjustment Fund, the actuarial liabilities have been increased by 0.54%. This estimate is based on the statistical average expected value of the benefits.

Mortality Rates: For Municipal and Elected Officials, 127% and 119% for males and females, respectively, of the RP-2014 Healthy Annuitant Table projected from base year of 2006 to 2021 using mortality improvement scale MP-2017. For Uniform, 115% of the RP-2014 Blue Collar Healthy Annuitant Table projected from base year of 2006 to 2021 using mortality improvement scale MP-2017.

The measurement date for the net pension liability (NPL) is June 30, 2022. Measurements are based on the fair value of assets as of June 30, 2022 and the total pension liability (TPL) as of the valuation date, July 1, 2021, updated to June 30, 2022. The roll-forward procedure included the addition of service cost and interest cost offset by actual benefit payments and an adjustment to reflect changes in assumptions.

There were no changes in benefits during the year. After the issuance of the June 30, 2021 GASB report, the Board adopted a reduction in the expected long-term return on assets from 7.50% to 7.45% effective July 1, 2021. Furthermore, effective July 1, 2022, the Board approved reducing the expected long-term return on assets from 7.45% to 7.40% and proposed demographic assumption changes resulting from the Experience Study completed in April 2022 which included updates to mortality rates, retirement rates, termination rates, disability rates, salary scale, and percent married for non-active members. The combined effect of these assumption changes increased the TPL by approximately $220 million.

During the measurement year, the collective NPL increased by approximately $641 million. The service cost and interest cost increased the collective NPL by approximately $1.07 billion while contributions offset by investment losses and administrative expenses decreased the collective NPL by approximately $482 million. Additionally, there was an actuarial experience gain during the year of approximately $201 million.

Long-term expected rate of return:
The long-term expected rate of return on pension plan investments was determined using the software simulations developed by the Fund's investment consultant, Marquette Associates, in which best-estimate ranges of expected future real rates of return (expected returns, net of pension plan investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation.

Best estimates of geometric real rates of return for each major asset class included in the pension plan's target asset allocation as of June 30, 2022, are summarized in the following table:

Asset Class	Long-Term Expected Rate of Return
Broad Fixed Income	4.1 %
High Yield	9.0 %
Global Aggregate	3.0 %
Emerging Market Debt	8.5 %
U.S. Large Cap Core Equity	6.7 %
U.S. Mid Cap Core Equity	7.0 %
U.S. Small Cap Core Equity	7.8 %
Global Low Volatility Equity	6.7 %
International Developed Large Cap Equity	7.4 %
International Small Cap Equity	7.8 %
Emerging Market Equity	7.4 %
Hedge Funds	5.2 %
Core Real Estate	6.6 %
Public REITs	5.8 %
Opportunistic Real Estate	11.0 %
Global Infrastructure	6.8 %
Private Equity	11.2 %

The above table reflects the expected real rate of return for each major asset class. The expected inflation rate is projected at 2.75% for the same period.

Discount Rate: The discount rate used to measure the total pension liability was 7.40%. The projection of cash flows used to determine the discount rate assumed that plan member contributions will be made at the current contribution rate and the participating governmental entity contributions will be made at rates equal to the difference between actuarially determined contribution rates and the member rate. Based on those assumptions, the pension plan's fiduciary net position was projected to be available to make all projected future benefit payments of current plan members. Therefore, the long term expected rate of return on pension plan investments was applied to all periods on projected benefit payment to determine the total pension liability.

Sensitivity of the net pension liability: The following presents the net pension liability of the Fund, calculated using the discount rate of 7.40%, as well as what the Fund's net pension liability would be if it were calculated using a discount rate that is 1% lower or 1% higher than the current rate:

	Decrease 6.40%	Rate 7.40%	Increase 8.40%
Total Pension Liability	$ 13,637,931,891	$ 12,374,126,417	$ 11,296,402,627
Plan Fiduciary Net Position	6,939,833,896	6,939,833,896	6,939,833,896
Collective Net Pension Liability	$ 6,698,097,995	$ 5,434,292,521	$ 4,356,568,731
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	50.9%	56.1%	61.4%

h. GUARANTEE OF BENEFITS

Benefits under the Fund are guaranteed by statute. In the event that employee contributions do not equal required benefits, the City's General Fund must provide any shortfall.

i. PARTICIPATION IN THE PENSION FUND

The trustees for the Fund are also members of the Fund and as such, are subject to the provisions of the Fund as described in the notes to these financial statements.

j. REPORTING INFORMATION FOR PARTICIPATING EMPLOYERS

Changes in Collective Net Pension Liability: The following table shows the changes in total pension liability (TPL), the plan fiduciary net position (i.e., fair value of the System assets) (FNP), and the net pension liability (NPL) during the measurement period ending on June 30, 2022.

Change in Collective Net Pension Liability

	Increase (Decrease)		
	Total Pension Liability (a)	Plan Fiduciary Net Position (b)	Net Pension Liability (a) - (b)
Balances at 6/30/2021	$ 12,218,303,114	$ 7,424,982,787	$ 4,793,320,327
Changes for the year:			
Service cost	186,293,827		186,293,827
Interest	879,400,291		879,400,291
Changes of benefits	-		-
Differences between expected and actual experience	(200,733,436)		(200,733,436)
Changes of assumptions	220,153,521		220,153,521
Contributions - employer		859,786,617	(859,786,617)
Contributions - member		110,446,674	(110,446,674)
Net investment income		(479,762,783)	479,762,783
Benefit payments	(929,290,900)	(929,290,900)	-
Administrative expense		(8,933,371)	8,933,371
PAF Distributions		(37,395,128)	37,395,128
Net Changes	155,823,303	(485,148,891)	640,972,194
Balances at 6/30/2022	$ 12,374,126,417	$ 6,939,833,896	$ 5,434,292,521

Employer's Proportionate Shares: GASB 68 requires that the proportionate share for each employer be determined based upon the "employer's projected long-term contribution effort to the pension as compared to the total long-term contribution effort to all employers". In addition to the City, three governmental agencies currently participate in the system, PHDC, PPA, and PMA. The method of allocation is based on the ratio of quasi-agency contributions in proportion to total contributions by plan.

Pension Amounts by Employer: The following schedule presents the pension amounts for each participating employer: Philadelphia Parking Authority (PPA), Philadelphia Municipal Authority (PMA), Philadelphia Housing Development Corporation (PHDC), and the City of Philadelphia (City).

Schedule of Pension Amounts by Employer

	For the year ended	PPA	PMA	PHDC	City	Total
Collective pension expenses		$ 3,950,372	$ 207,914	$ 727,700	$ 514,899,745	$ 519,785,731
Change in proportion		(17,313,398)	(38,430)	(662,246)	18,014,074	-
Contribution difference		5,668,807	112,778	638,449	(6,420,033)	-
Employer pension expense		(7,694,219)	282,262	703,903	526,493,786	519,785,731
Net pension liability	6/30/21	64,709,824	2,875,992	8,627,977	4,717,106,534	4,793,320,327
Net pension liability	6/30/22	41,300,623	2,173,717	7,608,010	5,383,210,171	5,434,292,521
Change in net pension liablility		(23,409,201)	(702,275)	(1,019,967)	666,103,637	640,972,194
Deferred outflows	6/30/21	13,500,230	953,570	1,422,257	103,657,135	119,533,192
Deferred outflows	6/30/22	16,462,415	931,252	2,203,465	514,826,917	534,424,049
Change in deferred outflows		2,962,185	(22,318)	781,208	411,169,782	414,890,857
Deferred inflows	6/30/21	(38,103,598)	(441,599)	(1,558,863)	(738,242,319)	(778,346,379)
Deferred inflows	6/30/22	(44,177,010)	(878,620)	(1,965,472)	(165,243,054)	(212,264,156)
Change in deferred inflows		(6,073,412)	(437,021)	(406,609)	572,999,265	566,082,223
Employer contributions		12,603,756	525,198	2,098,468	844,559,195	859,786,617
Employer pension expense		(7,694,219)	282,262	703,903	526,493,786	519,785,731

Reconciliation of Net Pension Liability
The following table reconciles the Collective Net Pension Liability to the amount reported in the Primary Government Net Pension Liability in Exhibit I.

Reconciliation of Collective Net Pension Liability to the Primary Government Net Pension Liability

(Amounts in thousands of USD)

Municipal Pension Fund	Proportionate Share of NPL	Discretely Presented Component Units	City and Blended Component Units
City	5,383,212	-	5,383,212
PPA	41,301	41,301	-
PMA	2,174	-	2,174
PHDC (1)	7,608	7,608	-
Collective Net Pension Liability	5,434,295	48,909	5,385,386
State Pension Fund			
PICA			1,034
City's Primary Government Net Pension Liability (Exhibit I)			5,386,419

(1) PHDC does not appear in the Component Unit Financial Statements (Exhibit XI Statement of Net Position and Exhibit XII Statement of Activities) due to immateriality.

Deferred Outflows by Employer
The following table summarizes the deferred outflows allocated to each employer for experience, assumptions changes, investment returns and contribution differences.

Schedule of Employer's Deferred Outflows

	PPA	PMA	PHDC	CITY	Total
Proportionate Shares	0.76%	0.04%	0.14%	99.06%	100%
Experience	$ 45,695	$ 2,405	$ 8,418	$ 5,956,043	$ 6,012,561
Assumption changes	1,596,447	84,024	294,082	208,084,249	210,058,802
Investment return	1,961,475	103,236	361,324	255,662,791	258,088,826
Proportion change	-	468,466	-	45,123,834	45,592,300
Contribution difference	12,858,798	273,121	1,539,641	-	14,671,560
	$ 16,462,415	$ 931,252	$ 2,203,465	$ 514,826,917	$ 534,424,049

Deferred Inflows by Employer
The following table summarizes the deferred inflows allocated to each employer for experience, assumptions changes, investment returns and contribution differences.

Schedule of Employer's Deferred Inflows

	PPA	PMA	PHDC	CITY	Total
Proportionate Shares	0.76%	0.04%	0.14%	99.06%	100%
Experience	$ 1,155,202	$ 60,800	$ 212,800	$ 150,571,494	$ 152,000,296
Assumption changes	-	-	-	-	-
Investment return	-	-	-	-	-
Proportion change	43,021,808	817,820	1,752,672	-	45,592,300
Contribution difference	-	-	-	14,671,560	14,671,560
	$ 44,177,010	$ 878,620	$ 1,965,472	$ 165,243,054	$ 212,264,156

Recognition of Deferred Outflows and Inflows by Employer
The following table shows the net amount of deferred outflows and inflows to be recognized by each participating employer in each of the next five years and the total thereafter.

Schedule of Employer's Recognition of Deferred Outflows and Inflows

For Year ending	PPA	PMA	PHDC	CITY	Total
2023	$ (11,002,664)	$ 108,135	$ 94,453	$ 95,264,192	$ 84,464,116
2024	(10,869,990)	(43,485)	45,037	61,651,366	50,782,928
2025	(7,411,686)	(94,636)	(190,662)	(11,935,563)	(19,632,547)
2026	1,569,745	82,618	289,164	204,603,869	206,545,396
2027	-	-	-	-	-
Thereafter	-	-	-	-	-
Total	$ (27,714,595)	$ 52,632	$ 237,992	$ 349,583,864	$ 322,159,893

(2) Philadelphia Gas Works (PGW) Plan

a. PLAN DESCRIPTION

The City of Philadelphia (the "City") maintains two pension systems providing benefits for its employees and several of its component units: The City's pension system includes the Municipal Pension (the "Fund") and the Gas Works Plan (the "Plan"). Each pension system is a separate Public Employee Retirement System ("PERS") with a separate oversight body and is financially independent of the other. In each case, the City is required by the Philadelphia Home Rule Charter to maintain an actuarially sound pension and retirement system.

There are no component units of the Plan. In determining its oversight responsibility, the Plan considers financial interdependency, selection of governing authority, designation of management, ability to significantly influence operations, and accountability of fiscal matters.

The Plan consists of Philadelphia Gas Works ("PGW" or the "Company"), a component unit of the City and is included in the City's Annual Comprehensive Financial Report as a fiduciary fund.

The Plan is a single employer defined benefit PERS. The Plan provides pension benefits for all eligible employees of Philadelphia Gas Works, and other eligible class employees of Philadelphia Facilities Management Corporation (PFMC) and Philadelphia Gas Commission (PGC).

The Plan is administered by the Sinking Fund Commission of the City of Philadelphia (the "Commission"). The Commission is responsible for the administration of the Plan. Certain administrative aspects of the Plan are delegated to PGW. The Commission acts in a fiduciary matter with regards to the assets of the Plan. The Commission was established by the City Charter and consists of the Director of Finance, the City Controller and an experienced banker or investment banker appointed by the Mayor. Alternates for these members are allowed by written authorization of the Mayor.

As of the latest available actuarial valuation (June 30, 2022), the Plan's membership consisted of:

Active participants	1,062
Retired participants	2,215
Vested terminated participants	312
Total plan participants	3,589
Total payroll	$ 97,434,997
Average pay	91,747

The Plan is currently open to all employees of PGW.

b. BENEFITS PROVIDED

Normal Retirement Benefits: The Plan provides retirement benefits as well as death and disability benefits. Retirement benefits are vested after 5 years of credited service. Employees who retire at or after age 65 are entitled to receive an annual retirement benefit, payable monthly, in an amount equal to the greater of:

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

- 2 percent of total earnings received during the period of credited service plus 22.5 percent of the first $1,200 of such amount, applicable only to participants who were employees on or prior to March 24, 1967.

Final Average Earnings are the employees' average pay, over the highest five years of the last ten years of credited service. Employees with 15 years of credited service may retire at or after age 55 and receive a reduced retirement benefit. In addition, employees with 30 years of credited service are eligible to select early retirement with no reduction in benefits.

Contributions

In December 2011, the City of Philadelphia City Council approved Bill No. 110830 "An Ordinance" effecting PGW workers hired on or after May 21, 2011. The ordinance states, in part, that employees commencing employment on or after May 21, 2011 shall become a participant in the Plan only upon completion of an irrevocable written election to participate in the Plan. Such election must be made within thirty days after their employment commencement date, or if later, thirty days after the effective date of the ordinance. All such employees who elect to participate in the Plan are deemed contributing participants.

Contributing participants (Non-covered employees) in the Plan are required to make annual contributions totaling 6% of their compensation. Such contributions are made by means of periodic payroll deductions determined by the Company. Contributing participants are 100% vested in their employee contributions. All participants in the Plan, including contributing participants, have no vested interest in their accrued benefit from the Plan sponsor until they have 5 years of credited service, at which time they become 100% vested in their accrued benefit. Contributions from contributing participants for the Plan year ended June 30, 2022 totaled $1,853,932.

In addition, newly hired employees, who opt out of the Plan will enter into the newly formed Philadelphia Gas Works Employees' Defined Contribution Plan, a tax qualified defined contribution plan pursuant to Section 401(a) of the Internal Revenue Code of 1986 as amended. The defined-contribution plan provides for an employer contribution equal to 5.5% of applicable wages. Assets of this plan are not a part of the City of Philadelphia Gas Works Retirement Reserve Fund and are not reported in these financial statements.

Funding Policy
The Plan's funding policy provides for periodic employer contributions at actuarially determined rates that expressed as percentages of annual covered payroll, are sufficient to accumulate assets to pay benefits when due. Level percentages of payroll employer contributions rates are determined using the Projected Unit Credit actuarial funding method. The most recent annual actuarial valuation is as of June 30, 2022 and the contribution rate as a percentage of payroll was 31.32%.

Benefit and contribution provisions are established by City ordinance and may be amended only as allowed by City ordinance. Benefits under the Plan are guaranteed by statute. In the event employer contributions are not sufficient to pay required benefits, the City's General fund must provide any shortfall.

Investments
The Commission maintains a Statement of Investment Guidelines ("Policy") consistent with the needs of the Plan. The latest Policy was approved by the Commission at its meeting on November 25, 2019. The Policy serves as the chief communication tool of the Commission with vendors and investment managers. The Policy defines the need for the Policy, the investment goals of the Plan, the asset allocation, the investment guidelines, including prohibited investments, as well as the objectives for each manager and benchmarks for each type of investment. Additionally, it defines the necessary communication and responsibilities of each party, including the Commission, the investment managers, the custodian, and any consultants. The Policy can only be revised or changed by a vote by the Commission.

For a more complete description of the Policy, see the online version at:
http://www.phila.gov/Treasurer/Documents/PGWPP.pdf.

The Pension Plan utilizes both equity and fixed-income investments consistent with the Policy as described above. As of June 30, 2022, the Plan had investments of approximately $535 million, comprised of $382 million in equities and $153 million in fixed-income investments. The ratio of equities to fixed income is 71% to 29%, which is in line with the Policy guidelines of 45-75% equities and 25-45% fixed income.

For the year ended June 30, 2022, the annual money-weighted rate of return on pension plan investments, net of investment expense was -12.77%.

The Commission employs third-party vendors to manage the assets of the Plan as well as perform other needed services. As of June 30, 2022, the Commission employed the following investment managers and vendors:

Manager	Mandate	Balance (Millions)
Equity Managers		
RhumbLine Asset Management	Domestic Large Cap Index	$ 113.6
RhumbLine International	International Markets	26.4
PineBridge Investments	Domestic Large Cap Index	73.9
Northern Trust Company	Domestic Large Cap Index	34.6
Acadian Asset Management	International Markets	42.2
Earnest Partners, LLC	International Markets	37.9
Copeland Capital Management	Domestic and International	28.1
Rhumbline Small CAP	Domestic Small Cap Index	25.3
		382.0
Bond Managers		
Weaver Barksdale	Core	44.5
Met Life Inc	Investment Grade	16.8
Met Life Inc	Core	41.3
Garcia Hamilton	Intermediate	38.3
Sky Harbor Capital Management	High Yield	12.3
		153.2
Total		$ 535.2

At its quarterly meetings, the Commission, with the assistance of PFM Asset Management LLC, monitors the performance of the investment managers over various periods of time and will change a manager when the Commission deems it necessary. Each of the managers and other vendors (except for those marked ‘fund’) are contracted for a period of one year, with one-year extensions at the discretion of the Commission.

c. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Basis of Accounting
Plan financial statements are prepared using the accrual basis of accounting. Employer contributions are recognized as revenues when due, pursuant to formal commitments, as well as statutory or contractual requirements. The pension benefits are paid monthly and recorded as paid. As a result, there are no pension benefits payable on June 30, 2022.

Method Used to Value Investments
The Plan reports investments at their fair value in the statement of fiduciary net position. Unrealized gains and losses are included in the statement of changes in fiduciary net position. Securities traded on national or international exchanges are recorded at the last reported sales price at current exchange rates.

Investment income is recognized as earned. Gains and losses on sales and exchanges are recognized on the transaction date. Net realized gains on sales amounted to $17,008,433 for the year ended June 30, 2022. Net unrealized gain for the year ended June 30, 2022 totaled ($110,183,257).

Purchases and sales of securities are recorded on a trade-date basis. Interest income is recorded on the accrual basis. Dividends are recorded on the ex-dividend date.

Due From and To Brokers
Due from brokers represents the value of investments sold by brokers prior to year-end, for which the settlement date of the sale occurred after year end. Similarly, due to brokers represents the value of investments purchased by brokers prior to year-end, for which the settlement date of the purchase occurred after year end.

Fair Value of Financial Instruments
The carrying values of financial instruments including interest and dividends receivable, due from brokers, accounts payable, and amounts due to PGW and brokers approximate their fair market value due to the relatively short maturity of these instruments.

Investment Advisors
The Fund utilizes numerous investment advisors to manage debt and equity portfolios. The Sinking Fund Commission must approve all investment advisors.

Income Taxes
The Plan is not subject to Federal, state, or local income taxes.

Trend Information
Historical trend information related to the Plan is presented in the Supplemental Information section. The information is presented to enable the reader to assess the progress made by the Plan in accumulating sufficient assets to pay pension benefits as they become due.

Related Parties
The Sinking Fund Commission is the trustee of the Plan. The City of Philadelphia Department of Finance provides bookkeeping services for the Plan. Philadelphia Gas Works makes monthly benefit payments to retirees on behalf of the Plan and incurs administrative expenses on behalf of the Plan. Benefit payments made by PGW and administrative costs incurred by PGW on behalf of the Plan amounted to $58,502,195 and $199,905, respectively for the year ended June 30, 2022.

Use of Estimates
The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities on June 30, 2022, and the reported amounts of revenues and expenses during the year then ended. Actual results could differ from those estimates. Significant estimates include the valuation of investments without quoted prices in an active market for identical assets and the actuarial estimates for Plan future benefit obligations.

Risks and Uncertainties
The Plan invests in various investment securities. Investment securities are exposed to various risks such as interest rate, market, and credit risks. Due to the level of risk associated with certain investment securities, it is at least reasonably possible that changes in the values of investment securities will occur in the near term and those changes could materially affect the amounts reported in the statement of fiduciary net position.

Plan contributions are made, and the actuarial present value of accumulated plan benefits are reported based on certain assumptions pertaining to interest rates, inflation rates and employee demographics, all of which are subject to change. Due to uncertainties inherent in the estimations and assumptions process, it is at least reasonably possible that changes in these estimates and assumptions in the near-term would-be material to the financial statements.

Cash Deposits, Investments, and Securities Lending
The Plan is authorized to maintain a diversified portfolio in the following types of investments: U.S. Treasury and agency obligations, corporate debt and equity securities, and foreign debt and equity securities. City ordinances and sinking fund policies contain provisions which preclude the Plan from investing in organizations that conduct business in certain countries and industries and impose limitations on the amounts invested in certain types of securities.

Interest Rate Risk
Interest rate risk is the largest risk faced by an investor in the fixed income market. The price of a fixed income security generally moves in the opposite direction of the change in interest rates. Securities with long maturities are highly sensitive to interest rate changes. The Plan's fixed income investments are as follows:

	Total Fair Value	Below 1 Year	1 to 5 years	5 to 10 years	10 years and over
U.S. Govt. Treasuries	$ 53,000,254	$ -	$ 29,411,120	$ 16,251,035	$ 7,338,099
U.S. Govt. Agencies	29,696,362	-	1,205,563	1,120,296	27,370,503
Municipal Bonds	343,381	72,256	-	-	271,125
Corporate Bonds	62,260,427	1,597,173	22,034,914	22,092,235	16,536,105
Foreign Bonds	7,916,237	44,941	2,863,048	3,045,094	1,963,154
	$ 153,216,661	$ 1,714,370	$ 55,514,645	$ 42,508,660	$ 53,478,986

Custodial Credit Risk
In the event of counter-party failure, the Plan may not be able to recover the value of its investment or collateral securities that are in the possession of an outside party. Investment securities are exposed to custodial credit risk if the securities held by the counterparty or counterparty's trust department are uninsured and are not registered in the name of the Plan. The Plan requires that all investments be clearly marked as to ownership, and to the extent possible, be registered in the name of the Plan. Certain investments may be held by the managers in the Plan's name.

Credit Risk
Credit risk is the risk that an issuer or other counterparty to an investment will not fulfill its obligation. The Fund's rated debt investments as of June 30, 2022 were rated by Standard and Poor's ("S&P"), a nationally recognized statistical rating agency, and are presented below using S&P's rating scale:

S&P Credit Rating	U.S. Government Treasuries	U.S. Government Agency Securities	Municipal Obligations	Corporate Bonds	Foreign Bonds	Total Fair Value
AAA	$ -	$ -	$ -	$ 2,586,166	$ 113,904	$ 2,700,070
AA+	53,000,254	29,696,362	$ -	1,321,859	-	84,018,475
AA	-	-	-	1,052,335	-	1,052,335
AA-	-	-	-	1,441,084	73,135	1,514,219
A+	-	-	-	2,609,532	-	2,609,532
A	-	-	271,124	2,028,536	654,873	2,954,533
A-	-	-	-	8,401,143	1,445,208	9,846,351
BBB+	-	-	72,257	11,013,742	1,236,383	12,322,382
BBB	-	-	-	7,693,648	1,687,157	9,380,805
BBB-	-	-	-	5,659,627	905,483	6,565,110
BB+	-	-	-	2,518,424	448,559	2,966,983
B+	-	-	-	1,998,305	154,475	2,152,780
BB	-	-	-	1,867,695	207,904	2,075,599
BB-	-	-	-	1,364,818	363,262	1,728,080
B	-	-	-	1,666,490	54,262	1,720,752
B-	-	-	-	1,700,222	84,525	1,784,747
CCC+	-	-	-	407,214	184,247	591,461
CCC	-	-	-	841,350	160,860	1,002,210
CCC-	-	-	-	96,300	-	96,300
NR/NA	-	-	-	5,991,937	142,000	6,133,937
	$ 53,000,254	$ 29,696,362	$ 343,381	$ 62,260,427	$ 7,916,237	$ 153,216,661

Concentration of Credit Risk
Concentration of credit risk is the risk of substantial loss if investments are concentrated in one issuer. As of June 30, 2022, no single investment not guaranteed by the U.S. government exceeds 5% of the Plan's net fiduciary financial position.

Securities Lending Program
The Fund, pursuant to a Securities Lending Authorization Agreement, has authorized US Bank to act as the Fund's agent in lending the Fund's securities to approved borrowers. US Bank, as agent, enters into Securities Loan Agreements with borrowers.

During the fiscal year, US Bank lent, on behalf of the Fund, certain securities of the Fund held by US Bank as custodian and received cash collateral. US Bank does not have the ability to pledge or sell collateral securities delivered absent a borrower default. Borrowers were required to deliver collateral for each loan equal to at least 101% of the market value of the loaned securities.

Pursuant to the Securities Lending Authorization Agreement, US Bank had an obligation to indemnify the Fund in the event of default by a borrower. There were no failures by any borrowers to return loaned securities or pay distributions thereon during the fiscal year that resulted in a declaration or notice of default of the borrower.

During the fiscal year, the Fund and the borrowers maintained the right to terminate securities lending transactions upon notice. The cash collateral received on each loan was invested in a separately managed account based upon the investment guidelines established by the Fund. As of June 30, 2022, the weighted average maturity was 5 days, and the final maturity was 397 days. Because the securities lending transactions were terminable at will, their duration did not generally match the duration of the investments made with the cash collateral received from the borrower.

On June 30, 2022, the Fund had no credit risk exposure to borrowers because all borrowers were required to deliver collateral for each loan.

As of June 30, 2022, the fair value of securities on loan was $40.4 million. Associated collateral totaling $41.8 million was comprised of cash which was invested in a separately managed account based upon the investment guidelines established by the Pension Fund. As of June 30, 2022, the invested cash collateral was $41.8 million and is valued at amortized cost.

d. DISCLOSURE ABOUT FAIR VALUE OF FINANCIAL INSTRUMENTS

The accounting pronouncement on fair value measurements establishes a framework for measuring fair value. That framework provides a fair value hierarchy that prioritizes the inputs to valuation techniques used to measure fair value. The hierarchy gives highest priority to unadjusted quoted prices in active markets for identical assets or liabilities (Level 1 measurements) and the lowest priority to unobservable inputs (Level 3 measurements). The three levels of the fair value hierarchy are described below:

Level 1 – Inputs to the valuation methodology are unadjusted quoted prices for identical assets or liabilities in active markets that the Plan has the ability to access. Such inputs include quoted prices in active markets for identical assets or liabilities.

Level 2 - Observable inputs other than Level 1 prices, such as quoted prices for similar assets or liabilities; or other inputs that are observable or can be corroborated by observable market data for substantially the full term of the assets or liabilities.

Level 3 - Unobservable inputs that are supported by little or no market activity and that are financial instruments whose values are determined using pricing models, discounted cash flow methodologies, or similar techniques, as well as instruments for which the determination of fair value requires significant judgment or estimation.

The asset or liability's fair value measurement level within the fair value hierarchy is based on the lowest level of any input that is significant to the fair value measurement. Valuation techniques used need to maximize the use of observable inputs and minimize the use of unobservable inputs.

Fair value is the amount that the Fund can reasonably expect to receive for an investment in a current sale between a willing buyer and a willing seller, that is, other than in a forced or liquidation sale. Fixed income securities and common and preferred stocks are generally valued based on published market prices and quotations from national security exchanges or securities pricing services. Securities which are not traded on a national security exchange are valued by the respective fund manager or other third parties based on similar sales.

For private market investments where no readily ascertainable market value exists, management, in consultation with the general partner and investment advisors, has determined the fair values for the individual investments based upon the partnership's most recent available financial information. Some of the investment values provided in the report are estimates due to a lag in reporting for private market investments.

The following table sets forth by level, within the fair value hierarchy, the Plan's assets at fair value as of June 30, 2022:

	Level 1	Level 2	Level 3	Total
Corporate bonds	$ -	$ 62,260,427	$ -	$ 62,260,427
Common and preferred stock	381,245,771	117	2,480	381,248,368
U.S. government securities	53,000,254	29,696,362	-	82,696,616
Foreign bonds		7,916,237	-	7,916,237
Municipal obligations		343,381	-	343,381
Mutual funds	779,041	-	-	779,041
	$ 435,025,066	$ 100,216,524	$ 2,480	$ 535,244,070

e. ADVANCE FROM THE PHILADELPHIA GAS WORKS

Payments to beneficiaries are made by PGW through its payroll system. The amount due to PGW on June 30, 2022 of $199,905 represents the cumulative excess of payments made to the retirees and administrative expenses incurred by PGW, over the sum of the Company's required contribution, and reimbursements received from the Plan. Such amount will be settled in the subsequent Plan year.

f. NET PENSION LIABILITY

The components of the net pension liability of the City of Philadelphia Gas Works Retirement Reserve Fund on June 30, 2022, were as follows (dollar amounts in thousands):

Total pension liability	$ 826,830
Plan fiduciary net position	565,748
Net pension liability	$ 261,082
Plan fiduciary net position as a percentage of of the total pension liability	68.42%

Actuarial Assumptions
The total pension liability was determined by an actuarial valuation as of June 30, 2022 using the following actuarial assumptions:

Salary increases:	Salaries are assumed to increase by an amount based on years of service.
General inflation:	2%
Investment rate of return:	7.00%, net of pension plan investment expense, including inflation

Mortality rates were based on the Pri-2012 mortality table projected generationally from the central year using Scale MP-2021.

Change in Assumptions
The total pension liability reflects an increase of approximately $15.1 million because of changes in actuarial assumptions for the Plan year ended June 30, 2022. The increase is primarily driven from the lower-than-expected investment returns and demographic changes. The mortality table was changed from the RP-2014 mortality table generationally projected with Scale MP-2018 to the Pri-2012 Mortality Table projected generationally from the central year using Scale MP-2021 to better reflect actual and future mortality experience.

Long-Term Expected Rate of Return
The long-term expected rate of return on pension plan investments was determined using a building-block method in which best-estimate ranges of expected future real rates of return (expected returns, net of pension plan investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. Best estimates of geometric real rates of return for each major asset class included in the pension plan's target asset allocation as of June 30, 2022 are summarized in the following table:

Asset Class	Long-Term Expected Real Rate of Return
Domestic Equity	7.6 %
International Equity	7.3 %
Fixed Income	3.9 %

Discount Rate
The discount rate used to measure the total pension liability was 7.00% for June 30, 2022. The projection of cash flows used to determine the discount rate assumed the contributions from Plan members will be made at the current contribution rate and that contributions from PGW will be made based on the current, actuarially determined funding policy. Based on those assumptions, the pension plan's fiduciary net position was projected to be available to make all projected future benefit payments of current plan members. Therefore, the long term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the Total Pension Liability.

Sensitivity of the Net Pension Liability to Changes in the Discount Rate
The following table illustrates the impact of interest rate sensitivity on the Net Pension Liability. The net pension liability as of June 30, 2022 is calculated using the discount rate of 7.00%, as well as the Plan's net pension liability if it were calculated using a discount rate that is 1 % lower (6.00%) or 1% higher (8.00%) than the current rate (dollar amounts in thousands):

	1% Decrease 6.00%	Current Rate 7.00%	1% Increase 8.00%
Total Pension Liability	$ 915,152	$ 826,830	$ 752,108
Plan Fiduciary Net Position	565,748	565,748	565,748
Net Pension Liability	$ 349,404	$ 261,082	$ 186,360

Subsequent Events
The Plan has evaluated subsequent events occurring after the statement of fiduciary net position through the date of December 21, 2022, which is the date the financial statements were available to be issued.

Based on this evaluation, the Plan has determined that no subsequent event has occurred which requires disclosure in the financial statements.

B. <u>DISCRETELY PRESENTED COMPONENT UNITS</u>

(1) Philadelphia Gas Works

a. Plan Description

See Footnote IV. A. (2) Philadelphia Gas Works (PGW) Plan – a. Plan Description

b. Benefits Provided

See Footnote IV. A. (2) Philadelphia Gas Works (PGW) Plan – b. Benefits Provided

c. Employees Covered by Benefit Terms

See Footnote IV. A. (2) Philadelphia Gas Works (PGW) Plan – a. Plan Description

d. Contributions

See Footnote IV. A. (2) Philadelphia Gas Works (PGW) Plan – b. Benefits Provided - Funding Policy and Employee Contributions

e. Net Pension Liability

PGW's net pension liability as of August 31, 2022 and 2021 was measured as of June 30, 2022 and 2021, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of June 30, 2022 and June 30, 2021, respectively.

The total pension liability was determined using the entry age normal actuarial method and the following actuarial assumptions:

	2022	2021
Inflation	2.00 %	2.00 %
Investment rate of return	7.00	7.00
Salary increases:		
Years of service		
—	8.86	8.86
1	8.59	8.59
2	8.31	8.31
3	8.04	8.04
4	7.77	7.77
5	7.49	7.49
6	7.22	7.22
7	6.94	6.94
8	6.67	6.67
9	6.39	6.39
10	6.12	6.12
11	5.84	5.84
12	5.57	5.57
13	5.29	5.29
14	5.02	5.02
15	4.74	4.74
16	4.54	4.54
17	4.33	4.33
18	4.12	4.12
19	3.91	3.91
20 or more	3.71	3.71

Mortality rates
Mortality rates for FY 2022 were based on the Pri-2012 mortality tables projected generationally from the central year using Scale MP-2021. The mortality rates for FY 2022 reflect the Pri-2012 employees and healthy annuitants, disabled retirees, and contingent survivor mortality tables as appropriate projected generationally from the central year using Scale MP-2021 as published by the Society of Actuaries. Mortality rates for FY 2021 were based on the Pri-2012 mortality tables projected generationally from the central year using Scale MP-2020. Plan specific mortality data is not applied due to the size of the plan in producing credible mortality data.

Long-term rate of Return
See Footnote IV. A. (2) Philadelphia Gas Works (PGW) Plan – f. Net Pension Liability - Long-Term Expected Rate of Return

Discount rate
See Footnote IV. A. (2) Philadelphia Gas Works (PGW) Plan – f. Net Pension Liability – Discount Rate

Sensitivity of the net pension liability to changes in the discount rate
See Footnote IV. A. (2) Philadelphia Gas Works (PGW) Plan – f. Net Pension Liability – **S**ensitivity of the Net Pension Liability to Changes in the Discount Rate

Changes in Net Pension Liability: The following tables show the changes in total pension liability (TPL), the plan fiduciary net position (FNP), and the net pension liability (NPL) as of August 31, 2022 and 2021 (thousands of U.S. dollars):

		Increase (decrease)		
		Total pension liability (a)	Plan fiduciary net position (b)	Net pension liability (a)-(b)
Balances at September 1, 2021	$	811,758	673,542	138,216
Changes for the year:				
Service cost		7,152	—	7,152
Interest		55,276	—	55,276
Differences between expected and actual experience		9,665	—	9,665
Contributions – employer		—	30,043	(30,043)
Contributions – employee		—	1,854	(1,854)
Net investment income		—	(80,989)	80,989
Benefit payments, including refunds of employee contributions		(58,502)	(58,502)	—
Administrative expenses		—	(200)	200
Change in assumptions		1,481	—	1,481
Net changes		15,072	(107,794)	122,866
Balances at August 31, 2022	$	826,830	565,748	261,082

		Increase (decrease)		
		Total pension liability (a)	Plan fiduciary net position (b)	Net pension liability (a)-(b)
Balances at September 1, 2020	$	780,793	543,231	237,562
Changes for the year:				
Service cost		7,178	—	7,178
Interest		55,454	—	55,454
Differences between expected and actual experience		2,057	—	2,057
Contributions – employer		—	29,728	(29,728)
Contributions – employee		—	1,607	(1,607)
Net investment income		—	155,840	(155,840)
Benefit payments, including refunds of employee contributions		(56,647)	(56,647)	—
Administrative expenses		—	(217)	217
Change in assumptions		22,923	—	22,923
Net changes		30,965	130,311	(99,346)
Balances at August 31, 2021	$	811,758	673,542	138,216

Pension Plan's fiduciary net position

Detailed information about the Pension Plan's fiduciary net position is available in the separately issued Pension Plan financial report. Requests for additional information should be addressed to Chief Investment Officer, Philadelphia Board of Pensions and Retirements, 1500 J.F.K. Blvd, 17th floor, Philadelphia, PA 19102.

f. Pension Expense and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions

For the years ended August 31, 2022 and 2021, PGW recognized pension expense of $20.7 million and ($3.1) million, respectively. At August 31, 2022 and 2021, PGW reported deferred outflows of resources and deferred inflows of resources related to the pensions from the following sources (thousands of U.S. dollars):

	August 31, 2022		August 31, 2021	
	Deferred outflows of resources	Deferred inflows of resources	Deferred outflows of resources	Deferred inflows of resources
Differences between expected and actual experience	$ 7,887	645	1,493	4,111
Changes of assumptions	11,429	5,292	16,643	12,230
Net difference between projected and actual earnings on pension plan investments	42,477	—	—	78,173
Contributions made after measurement date	6,396	—	6,439	—
Total	$ 68,189	5,937	24,575	94,514

The $6.4 million reported as deferred outflows of resources related to employer contributions made after the measurement date as of June 30, 2022 will be recognized as a reduction of the net pension liability in PGW's FY 2023. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows (thousands of U.S. dollars):

Fiscal year:	
2023	$ 11,991
2024	14,630
2025	3,796
2026	25,439

g. Fair Value Measurements

See Footnote IV. A. (2) Philadelphia Gas Works (PGW) Plan – d. Disclosures About Fair Value of Financial Instruments.

(2) School District of Philadelphia

a. Plan Description

Public School Employees' Retirement System (PSERS) is a governmental cost-sharing multiple-employer defined benefit plan that provides retirement benefits to public school employees of the Commonwealth of Pennsylvania. The members eligible to participate in the System include all full-time public-school employees, part-time hourly public-school employees who render at least 500 hours of service in the school year, and part-time per diem public school employees who render at least 80 days of service in the school year in any of the reporting entities in Pennsylvania. PSERS issues a publicly available financial report that can be obtained at www.psers.pa.gov.

b. Benefits provided:

The System provides retirement and disability and death benefits. Members are eligible for monthly retirement benefits upon reaching (a) age 62 with at least 1 year of credited service; (b) age 60 with 30 or more years of credited service; or (c) 35 or more years of service regardless of age. Act 120 of 2010 (Act 120) preserves the benefits of existing members and introduced benefit reductions for individuals who become new members on or after July 1, 2011. Act 120 created two new membership classes- (1) Membership Class T-E (Class T-E) and (2) Membership Class T-F (Class T-F). To qualify for normal retirement, Class T-E and Class T-F members must work until age 65 with a minimum of 3 years of service or attain a total combination of age and service that is equal to or greater than 92 with a minimum of 35 years of service. Benefits are generally equal to 2% or 2.5%, depending upon membership class, of the member's final average salary (as defined in the Pennsylvania Public School Code (Code) of multiplied by the number of years of credited service. For members whose membership started prior to July 1, 2011, after completion of five years of service, a member's right to defined benefits is vested and early retirement benefits may be elected. For Class T-E and T-F members, the right to benefits is vested after ten years of service.

Participants are eligible for disability retirement benefits after completion of five years of credited service. Such benefits are generally equal to 2% or 2.5%, depending upon membership class, of the member's final average salary (as defined in the Code) multiplied by the number of years of credited service, but not less than one-third of such salary nor greater than the benefit the member would have had at normal retirement age. Members over normal retirement age may apply for disability benefits.

Death benefits are payable upon the death of an active member who has reached age 62 with at least one year of credited service (age 65 with at least three years of credited service for Class T-E and T-F members) or who has at least five years of credited services (ten years for Class T-E and T-F members). Such benefits are actuarially equivalent to the benefit that would have been effective if the member had retired on the day before death.

c. Contributions

Members Contributions:

Member Contribution Rates				
Membership Class	Continuous Employment Since	Defined Benefit (DB) Contribution Rate	DC Contribution Rate	Total Contribution Rate
T-C	Prior to July 22, 1983	5.25%	N/A	5.25% 6.25%
T-C	On or after July 22, 1983	6.25%	N/A	6.25%
T-D	Prior to July 22, 1983	6.50%	N/A	6.50%
T-D	On or after July 22, 1983	7.50%	N/A	7.50%
T-E	On or after July 01, 2011	7.50% base rate with shared risk provision	N/A	7.50%
T-F	On or after July 01, 2011	10.30% base rate with shared risk provision	N/A	10.30%
T-G	On or after July 01, 2019	5.50% base rate with shared risk provision	2.75%	8.25%
T-H	On or after July 01, 2019	4.50% base rate with shared risk provision	3.00%	7.50%
DC	On or after July 01, 2019	N/A	7.50%	7.50%

Employer's Contributions:
The School District of Philadelphia' contractually required contribution rate for fiscal year ended June 30, 2022 was 34.14% of covered payroll, actuarially determined as an amount that, when combined with employee contributions, is expected to finance the costs of benefits earned by employees during the year, with an additional amount to finance any unfunded accrued liability. The District made a combined total of $396.9 million to PSERS and VOYA (the sponsor of the Defined Contribution vendor) for the year ended June 30, 2022.

Commonwealth Contributions:
The Commonwealth reimburses the School District 50 percent of the retirement cost for employees hired prior to July 1, 1994 and a percentage equal to the greater of 50 percent or the School District's market value/personal income aid ratio for employees hired after June 30, 1994. The School District's market/personal income aid ratio for Fiscal Year 2021-2022 was 70.88%.

d. Pension Liabilities, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions

(a) At June 30, 2022, the District reported a liability of $3,253.1 million for its proportionate share of the net pension liability of which $3,205.9 million was under the Governmental Activity section of the Government-wide Statements while the remaining amount was included under the Business-type Activity (Food Services and Print Shop) section of the Government-wide Statements. The net pension liability was measured as of June 30, 2021, and the total pension liability used to calculate the net pension liability was determined by rolling forward the Public School Employees' Retirement System (System's) total pension liability as of June 30, 2020 to June 30, 2021. The District's proportion of the net pension liability was calculated using the employer's one-year covered payroll as it relates to the System's total one-year reported covered payroll. At June 30, 2022, the District's proportion was 7.9234 percent, which was an increase of .2251 percent from its proportion measured as of June 30, 2021.

(b) For the year ended June 30, 2022, the District recognized net pension expense of $69,913.0 thousand of which $68,705.3 thousand was under the Governmental Activity section of the Government-wide Statements while the remaining amount of $1,207.7 thousand was under the Business-type Activity section of the Government-wide Statements.

(c) At June 30, 2022, the District reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

(Dollars in Thousands)

	Deferred Outflows of Resources	Deferred Inflows of Resources
Difference between expected and actual experience	$ 2,396.0	$ (42,739.0)
Change in assumption	157,785.0	-
Net difference between projected and actual investment earnings	-	(517,821.0)
Change in proportions	96,557.0	(8,372.0)
Difference between employer contributions and proportionate share of total contributions	1,259.0	(83.1)
Contributions subsequent to the measurement date	396,913.9	-
	$ 654,910.9	$ (569,015.1)

Deferred outflows of resources for contributions made subsequent to the measurement date was $396,913.9 thousand will be recognized as a reduction of net pension liability/collective net pension liability in the next fiscal period.

The remaining deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

(Dollars in Thousands)

Year ended June 30	Deferred Outflows of Resources	Deferred inflows of Resources	Net Deferred Outflows and Inflows of Resources
2023	$ 463,729.0	$ (146,954.9)	$ 316,774.1
2024	23,909.0	(51,791.7)	(27,882.7)
2025	29,692.6	(65,390.2)	(35,697.6)
2026	137,580.3	(304,878.3)	(167,298.0)
Total	$ 654,910.9	$ (569,015.1)	$ 85,895.8

Of the $85,895.8 thousand reported as net deferred outflows, $85,722.1 thousand was under the Governmental-Activities column of the Government-wide statements while the remaining amount was under the Business-type Activities column (Food Service and Print Shop) at $119.4 thousand and $54.3 thousand, respectively.

Changes in Actuarial assumptions

The total pension liability as of June 30, 2021 was determined by rolling forward the System's total pension liability as of June 30, 2020 actuarial valuation to June 30, 2021 using the following actuarial assumptions, applied to all periods included in the measurement:

- Actuarial cost method – Entry Age Normal – level % of pay
- Investment return - 7.00% includes inflation at 2.50%.
- Salary growth - Effective average of 4.50% comprised of inflation of 2.50% and 2.00% for real wage growth and for merit or seniority increases.
- Mortality rates were based on a blend of 50% PubT-2010 and 50% PubG-2010 Retiree Tables for Males and Females, adjusted to reflect PSERS' experience and projected using a modified version of the MP-2020 Improvement Scale.

Investments: The long-term expected rate of return on pension plan investments was determined using a building-block method in which best-estimate ranges of expected future real rates of return (expected returns, net of pension plan investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation.

The pension plan's policy in regard to the allocation of invested plan assets is established and may be amended by the Board. Plan assets are managed with a long-term objective of achieving and maintaining a fully funded status for the benefits provided through the pension.

Asset Class	Target Allocation	Long-term Expected Real Rate of Return
Global public equity	27.0%	5.2%
Private equity	12.0%	7.3%
Fixed income	35.0%	1.8%
Commodities	10.0%	2.0%
Absolute return	8.0%	3.1%
Infrastructure/ MLPs	8.0%	5.1%
Real estate	10.0%	4.8%
Cash	3.0%	0.1%
Financing (LIBOR)	-13.0%	0.1%
	100.0%	

The above was the Board's adopted asset allocation policy and best estimates of geometric real rates of return for each major asset class as of June 30, 2021.

For the year ended June 30, 2021, the annual money-weighted rate of return on pension plan investments, net of pension plan investment expense was 24.58%. The money-weighted rate of return expresses investment performance, net of investment expense, adjusted for the changing amounts actually invested.

Discount rate: The discount rate used to measure the total pension liability was 7.00%. The projection of cash flows used to determine the discount rate assumed that contributions from plan members will be made at the current contribution rate and that contributions from employers will be made at contractually required rates, actuarially determined. Based on those assumptions, the pension plan's fiduciary net position was projected to be available to make all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

e. ***Sensitivity of the*** **District's** ***proportionate share of the net pension to changes in the discount rate***:

The following presents the net liability, calculated using the discount rate of 7.00%, as well as what the net pension liability would be if it were calculated using a discount rate that is 1-percentage point lower (6.00%) or 1-percenage point higher (8.00%) than the current rate:

(Dollars in Thousands)

	1% Decrease 6.00%	Discount Rate 7.00%	1% Increase 8.00%
District's proportionate share of net pension liability	$ 4,269,798	$ 3,253,089	$ 2,395,445

f. ***Pension*** **plan** ***fiduciary net position:***

Detailed information about PSERS' fiduciary net position is available in PSERS Annual Comprehensive Financial Report which can be found on the System's website at www.psers.pa.gov.

2. ACCUMULATED UNPAID SICK LEAVE

City and certain component unit employees are credited with varying amounts of sick leave according to type of employee and/or length of service. City employees may accumulate unused sick leave to predetermined balances. **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 60% of unused sick time, not to exceed predetermined amounts. Employees, who separate for any reason other than indicated above, forfeit their entire sick leave.

3. OTHER POST EMPLOYMENT BENEFITS (OPEB)

A. PRIMARY GOVERNMENT

Plan description
The City of Philadelphia self-administers a single employer, defined benefit plan that provides OPEB for all eligible retirees. No assets are accumulated in a trust that meets the criteria in paragraph 4 of Statement 75.

Benefits provided
The City of Philadelphia subsidizes health care for five years from the time of coverage election 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's funding policy is to pay the net expected benefits for the current retirees. To provide health care coverage, the City pays a negotiated monthly premium for retirees covered by union contracts and is self-insured for non-union employees. The City's contributions are estimated to be about $118.3 million for fiscal year ending June 30, 2022.

Employees covered by benefit terms:
As of July 1, 2020, the date of the latest actuarial valuation, the following employees were covered by the benefit terms:

Medical Coverage:	
Inactive employees or beneficiaries currently receiving medical coverage	3,054
DROPS w ith medical coverage	1,640
Inactive employees entitled to, but not yet receiving medical coverage	423
Active employees	28,889
Total	34,006
Life Insurance Coverage	
Inactive employees or beneficiaries currently receiving life insurance coverag	27,416
Active employees	28,889
Total	56,305

Total OPEB Liability
The City's total OPEB liability reported as of June 30, 2022 of $2,156,100,000, was measured as of June 30, 2021 and was determined by an actuarial valuation as of June 30, 2020.

Actuarial assumptions and other inputs.
The total OPEB liability in the June 30, 2020 actuarial valuation was determined using the following actuarial assumptions and other inputs, applied to all periods included in the measurement, unless otherwise specified.

Measurement Date
- June 30, 2021, for reporting date June 30, 2022
- June 30, 2020, for reporting date June 30, 2021

Discount rate
- 2.16% per annum for the valuation measured as of June 30, 2021
- 2.21% per annum for the valuation measured as of June 30, 2020

Salary Increase Rate

Age	Municipal and Elected Officials	Uniformed
<20	20.00%	20.00%
20	18.00%	11.00%
25	10.00%	7.00%
30	7.00%	5.00%
35	5.75%	4.25%
40	5.00%	4.00%
45	4.60%	3.50%
50	4.35%	3.30%
55	4.10%	3.00%
60	3.85%	3.00%
65 +	3.50%	2.75%

Per Person Cost Trends
The trend rates represent the annual rate of increase in employer claim payments, employer premiums (including those paid to union-sponsored plans), and retiree contributions.

To Year	Medical		Rx		Medical /Rx Combined	
Beginning July 1	Pre Medicare	Medicare Eligible	Pre Medicare	Medicare Eligible	Pre Medicare	Medicare Eligible
2021	8.50%	6.00%	9.00%	8.00%	8.60%	7.20%
2022	8.00%	5.75%	8.75%	7.75%	8.15%	6.95%
2023	7.50%	5.50%	8.50%	7.50%	7.70%	6.70%
2024	7.00%	5.25%	8.25%	7.25%	7.25%	6.45%
2025	6.61%	5.15%	7.65%	6.82%	6.82%	6.15%
2026	6.22%	5.06%	7.06%	6.39%	6.39%	5.86%
2027	5.83%	4.96%	6.46%	5.96%	5.96%	5.56%
2028	5.45%	4.86%	5.86%	5.53%	5.53%	5.26%
2029	5.06%	4.77%	5.27%	5.10%	5.10%	4.97%
2030	4.67%	4.67%	4.67%	4.67%	4.67%	4.67%
2031	4.10%	4.10%	4.10%	4.10%	4.10%	4.10%
2032	3.91%	3.91%	3.91%	3.91%	3.91%	3.91%
2033	3.81%	3.81%	3.81%	3.81%	3.81%	3.81%
2034	3.76%	3.76%	3.76%	3.76%	3.76%	3.76%
2035	3.72%	3.72%	3.72%	3.72%	3.72%	3.72%
2036	3.69%	3.69%	3.69%	3.69%	3.69%	3.69%
2037	3.67%	3.67%	3.67%	3.67%	3.67%	3.67%
2038	3.66%	3.66%	3.66%	3.66%	3.66%	3.66%
2039	3.64%	3.64%	3.64%	3.64%	3.64%	3.64%
2040	3.53%	3.53%	3.53%	3.53%	3.53%	3.53%
2041	3.53%	3.53%	3.53%	3.53%	3.53%	3.53%
2042 +	3.53%	3.53%	3.53%	3.53%	3.53%	3.53%

Dental and vision costs are assumed to increase at 3% per year.

Retirees Share of Benefit related costs

Percent of Retirees Electing Coverage

Participation rate for medical coverage

- 85% of future retirees from non-represented groups are assumed to elect post-retirement medical coverage.
- 100% of future retirees from represented groups (DC 33, DC 47, Fire, and Police) are assumed to elect post-retirement medical coverage.

- 100% of DROP participants are assumed to continue in DROP for the remainder of their DROP period (maximum four years) and then retire with a medical benefit.

Participation rate for life insurance

- 95% of current and future retired firefighters who participated in the pension plan are assumed to be covered by City-provided life insurance.
- 87% of all other current and future retired pension plan participants are assumed to be covered by City-provided life insurance.

Mortality Rates

Rates of Pre-retirement Mortality and Disability

- Municipal and elected members: 110% and 115%, for males and females, respectively, follows RP-2014 Employee Table projected from base year of 2006 to 2021 using mortality improvement scale MP-2017.
- Uniformed members: 85% of the RP-2014 Blue Collar Employee Table projected from base year of 2006 to 2021 using mortality improvement scale MP-2017.

Rate of Post-retirement and Post-Disability Mortality

- Municipal and elected members: 127% and 119% for males and females, respectively, of the RP-2014 Healthy Annuitant Table projected from base year 2006-2021 using mortality improvement scale MP-2017.
- Uniformed members: 115% of the RP-2014 Blue Collar Healthy Annuitant Table projected from base year of 2006 to 2021 using mortality improvement scale MP-2017.

Rate of Post-Disability Mortality

- Municipal and elected members: 95% of the RP-2014 Disabled Retiree Table projected from base year 2006-2021 using mortality improvement scale MP-2017.
- Uniformed members: 80% of the RP-2014 Disabled Retiree Table projected from base year 2006-2021 using mortality improvement scale MP-2017.

Change in the Total OPEB Liability

The table below shows the changes in the Total OPEB Liability (TOL), the plan fiduciary net position (i.e., the fair value of Plan assets) (FNP), and the Net OPEB Liability (NOL) during the measurement period ending on June 30, 2021.

	Increase (Decrease)		
	Total OPEB Liability (a)	Plan Fiduciary Net Position (b)	Net OPEB Liability (a) - (b)
Balances at 6/30/2020	**$ 2,087,200,000**	**$ -**	**$ 2,087,200,000**
Changes for the year:			
Service cost	110,900,000		110,900,000
Interest	47,500,000		47,500,000
Changes of benefits	-		-
Differences between expected/actual	-		-
Changes of assumptions	8,300,000		8,300,000
Contributions - employer		97,800,000	(97,800,000)
Contributions - non employer		-	-
Contributions - member		-	-
Net investment income		-	-
Benefit payments	(97,800,000)	(97,800,000)	-
Administrative expense			-
Net changes	68,900,000	-	68,900,000
Balances at 6/30/2021	**$ 2,156,100,000**	**$ -**	**$ 2,156,100,000**

During the measurement year, the NOL increased by approximately $68.9 million. The service cost and interest cost increased the NOL by approximately $158.4 million while contributions decreased the NOL by approximately $97.8 million. The employer contribution of $97.8 million is based on a blend of actual contributions provided by the City of Philadelphia and estimated contributions based on the prior report. Because a portion of the contribution is estimated, this was reviewed by the City for reasonability.

The change in the 20-year bond buyer index rate decreased the discount rate assumption from 2.21% to 2.16% and resulted in a loss in the liability of $8.3 million.

There were no benefit changes during the measurement period.

Sensitivity of the total OPEB liability to changes in the discount rate
The following represents the total OPEB liability (TOL) of the City, as well as what the City's total liability would be if it were calculated using a discount rate that is 1% lower (1.16%) or 1% higher (3.16%) than the current discount rate.

Changes in the discount rate affect the measurement of the TOL. Lower discount rates produce a higher TOL, and higher discount rates produce a lower TOL. The table below shows the sensitivity of the NOL to the discount rate.

	1/% Decrease 1.16%	Discount Rate 2.16%	1/% Increase 3.16%
Total OPEB Liability	$ 2,329,000,000	$ 2,156,100,000	$ 1,997,400,000
Plan Fiduciary Net Position	-	-	-
Net OPEB Liability	$ 2,329,000,000	$ 2,156,100,000	$ 1,997,400,000
Plan Fiduciary Net Position as a Percentage of the Total OPEB liability	0.0%	0.0%	0.0%

A 1% decrease in the discount rate increases the TOL and NOL by approximately 8%. A 1% increase in the discount rate decreases the TOL and NOL by approximately 7%.

Sensitivity of the total OPEB liability to changes in the healthcare cost trend rates
The following represents the total OPEB liability of the City, as well as what the City's total liability would be if it were calculated using healthcare cost trend rates that are 1% lower or 1% higher than the current discount rate:

Changes in healthcare trends affect the measurement of the TOL. Lower healthcare trends produce a lower TOL, and higher healthcare trends produce a higher TOL. The table below shows the sensitivity of the NOL to the healthcare trends.

	1/% Decrease	Healthcare Trend	1/% Increase
Total OPEB Liability	$ 1,935,500,000	$ 2,156,100,000	$ 2,417,100,000
Plan Fiduciary Net Position	-	-	-
Net OPEB Liability	$ 1,935,500,000	$ 2,156,100,000	$ 2,417,100,000
Plan Fiduciary Net Position as a Percentage of the Total OPEB liability	0.0%	0.0%	0.0%

A 1% decrease in the healthcare trends decreases the TOL and NOL by approximately 10%. A 1% increase in the healthcare trend rate increases the TOL and NOL by approximately 12%.

OPEB Expense and Deferred Outflows of Resources and Deferred Inflows of Resources Related to OPEB
For the year ended June 30, 2022, the City recognized OPEB expense of $150,500,000. The table below shows the development of OPEB expense.

Calculation of OPEB Expense		
Fiscal Year Ending		**June 30, 2022**
Measurement Year Ending		**June 30, 2021**
Change in Net OPEB Liability	$	68,900,000
Change in Deferred Outflows		15,300,000
Change in Deferred Inflows		(31,500,000)
Non Employer Contributions		-
Employer Contributions		97,800,000
OPEB Expense	**$**	**150,500,000**
OPEB Expense as % of Payroll		**7.98%**
Operating Expenses		
Service cost	$	110,900,000
Employee contributions		-
Administrative expenses		-
Total	$	110,900,000
Financing Expenses		
Interest cost	$	47,500,000
Expected return on assets		-
Total	$	47,500,000
Changes		
Benefit changes	$	-
Recognition of assumption changes		(16,200,000)
Recognition of liability gains and losses		8,300,000
Recognition of investment gains and losses		-
Total	$	(7,900,000)
OPEB Expense	**$**	**150,500,000**

At June 30, 2022, the City reported deferred outflows of resources and deferred inflow of resources related to OPEB from the following sources:

Schedule of Deferred Inflows and Outflows of Resources as of
June 30, 2022 Projected Fiscal Year End
June 30, 2021 Measurement Date

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	$ 45,700,000	$ -
Changes in assumptions	101,900,000	112,300,000
Net differences between projected and actual earnings on OPEB plan investments	-	-
Contributions subsequent to measurement date	(118,300,000)	-
Total	**$ 29,300,000**	**$112,300,000**

Amounts reported as deferred outflows and inflows of resources will be recognized in OPEB expense as follows:

Year Ended in June 30:	
2023	(7,900,000)
2024	(7,800,000)
2025	7,200,000
2026	7,200,000
2027	7,100,000
Thereafter	$ 29,500,000

The subsequent contributions after the measurement date are reflected as a deferred outflow, but this is not subject to a deferred recognition period in the OPEB expense. Instead, this will be fully recognized in the OPEB expense for the Fiscal Year ending June 30, 2022.

The Plan is not currently being pre-funded, so, there is no actuarially determined contribution shown below. The actuarially determined contribution is a target or recommended contribution to the OPEB plan for the reporting period, determined in conformity with Actuarial Standards of Practice based on the most recent measurement available when the contributions for the reporting period was adopted. If the Plan decides to pre-fund the liabilities, we will provide an appropriate actuarially determined contribution.

B. COMPONENT UNITS

1) School District of Philadelphia (SDP) OPEB

The **SDP** recognized and recorded (1) the actuarially determined total OPEB liability for unfunded plans and (2) the net OPEB liability or, for multi-employer cost sharing plans, the entity's share of the net OPEB liability in the entity's financial statements. Currently, the District has two OPEB benefits (1) Life Insurance Benefits and (2) PSERS OPEB. The following schedule presents the aggregate of OPEB liabilities, deferred outflows and inflows of resources, and the current year OPEB expense for the District during Fiscal Year 2022:

	Governmental Activities	Business-type Activities	Total
OPEB Liabilities	$ (205,402,511)	$ (2,962,762)	$ (208,365,273)
Deferred Outflows of Resources	45,118,041	696,304	45,814,345
Deferred Inflows of Resources	(3,649,733)	(51,098)	(3,700,831)
Current Year Expenses	6,082,731	87,882	6,170,613

Life Insurance Benefits:

Plan Description:
The **SDP** provides up to $2,000 of life insurance coverage for retired and disabled employees. A retired employee is eligible for this benefit if covered for 10 years as an active employee and retired at age 60 with 30 years of service or age 62 with 10 years of service or 35 years of service regardless of age. Effective November 1, 2013, active employees who become disabled (total and permanent) prior to satisfying the retirement eligibility conditions for postretirement life insurance benefits are no longer eligible for postretirement benefits provided by the District. Employees who were granted disability retirement from PSERS and were approved by the insurance company providing the coverage prior to November 1, 2013, continue to be eligible for postretirement life insurance benefits. An unaudited copy of the single-employer life insurance benefit plan can be obtained by writing to the School District of Philadelphia, 440 North Broad Street, Philadelphia, PA 19130; Attention: Employee Benefits Management.

Funding Policy:
The **SDP** is not required by law or contractual agreement to provide funding for the life insurance benefits other than the pay-as-you-go amount necessary to provide current benefits to retirees and eligible disabled employees. Since the District is not prefunding these benefits, no actuarially determined contribution is determined.

There have been no significant changes in the number covered or the type of coverage since that date.

The numbers of eligible participants enrolled to receive such benefits as of June 30, 2020, the effective date of the biennial OPEB valuation, follows.

	Number of Employees
Active	16,790
Retirees	10,332
Total	27,122

Total OPEB Life Insurance liability:

At June 30, 2022, the District reported a liability of $20.2 million for the total OPEB Life Insurance liability, all of which was under the Governmental Activity section of the Government-wide Statements. For the June 30, 2022, reporting date (which is the plan's and/or employer's fiscal year ending date), the "Valuation Date is June 30, 2020." This is the date as of which the actuarial valuation is performed. The Measurement Date is June 30, 2021. This is the date as of which the total OPEB Life Insurance liability was determined.

Our actuary determined the total OPEB Life Insurance liability for the fiscal year ending June 30, 2020 by an actuarial valuation as of the valuation date, calculated based on the discount rate and actuarial assumptions below and then was projected forward to the measurement date, if applicable. Covered payroll equals the annualized base pay for active members as of the valuation date.

Actuarial Methods and Assumptions:

Discount Rate: 2.21% per annum as of June 30, 2020, and 2.16% as of June 30, 2021 (Bond Buyer General Obligation 20 year-Tax Exempt Municipal Bond Index, selected by the District).

Salary Increases: 3.00 % per year (based on input from District)

Mortality: A 50/50 blend of the headcount-weighted Pub-2010 Mortality Tables for teachers (PubT.H-2010) and general employees (PubG.H-2010), projected on a generational basis with Scale MP-2020, with employee rates before retirement and healthy retiree rates after retirement. As a generational table, It reflects mortality improvements both before and after the measurement date. This blend of standard tables published by the Society of Actuaries (SOA) was selected based on the population covered.

Termination: Withdrawal rates vary by age and years of service. Illustrative rates are shown below:

If less than 5 Years of Service		If 5 or more Years of Service	
Years of Service	Rate	Age	Rate
<1	24.49%	25	24.75%
1-2	25.23%	30	18.01%
2-3	16.54%	35	10.98%
3-4	14.07%	40	7.91%
4-5	10.88%	45	6.71%
		50	4.03%
		55	3.81%
		60	6.40%

Retirement: Retirement rates are the rates utilized in the June 30, 2020, Actuarial Valuation for the Pennsylvania Public School Employees' Retirement System and vary by age, service, and gender. Members are eligible for early retirement at age 55 (age 57 for Class T-G members) with 25 years of service. Class T-C and T-D members are eligible for superannuation retirement at the earlier of (1) age 62 with 3 years of service, (2) age 60 with 30 years of service, or (3) any age with 35 years of service. Class T-E and T-F members are eligible for superannuation retirement at the earlier of (1) age 65 with 3 years of service or (2) any combination of age and service that totals 92 with at least 35 years of service. Class T-G members are eligible for superannuation retirement at the earlier of (1) age 67 with 3 years of service or (2) any combination of age and service that totals 97 with at least 35 years of service. Class T-H members are eligible for superannuation retirement at the earlier of age 67 with 3 years of service. For purposes of this valuation, Class DC members were assumed to have the same retirement eligibility as Class T-H members. Sample rates are shown below.

Sample Early Retirement Rates		
Age	Male	Female
55	18.57%	18.59%
60	14.42%	17.05%

Sample Superannuation Retirement Rates		
Age	Male	Female
55	26.59%	10.02%
60	30.87%	35.77%
65	21.39%	22.23%
74	100.00%	100.00%

Disability: None assumed.

Life Insurance Benefits Claimed: All life insurance benefits are assumed to be claimed upon the retiree's death.

Life Insurance Coverage while Employed: Only active employees who have life insurance coverage as of the valuation date are included in this valuation. This valuation assumes they will continue to have life insurance coverage until retirement or disability and be eligible for the postretirement life insurance coverage upon retirement or disability. Any current active employee without life insurance coverage is assumed not to elect to have life insurance coverage prior to retirement or disability.

Benefits Not Valued: The accelerated death benefit was not valued as the estimated liability impact was de minimis as only disabled retirees prior to age 65 can elect this benefit.

Special Data Adjustments: PSERS membership class was determined based on the provided date of hire with the District. Service was determined as the elapsed time from the provided date of hire with the District until the date of determination.

Actuarial Cost Method:

The Entry Age Normal cost method was used for determining service costs and the actuarial accrued liability. Costs are determined as a level percent of pay.

Changes since Prior Valuation:

The discount rate has been changed from 2.21% as of June 30, 2020, to 2.16% as of June 30, 2021.

Total OPEB Life Insurance Liability

Most Recent Measurement Date	Total OPEB Liability	Covered Payroll	Total OPEB Liability as a % of Covered Payroll
6/30/2021	$ 20,164,273	$ 932,330,112	2.16%

OPEB Life Insurance Benefits Liabilities, OPEB Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to OPEB.

Changes in the Total OPEB Life Insurance Liability:

	Increase/(Decrease) Total OPEB Life Insurance Liability
Beginning of Year Balance	$ 19,854,225
Changes for the year (2021-2022):	
Service Cost	149,217
Interest on total OPEB Life insurance Liability	437,565
Effect of Assumption changes or inputs	133,707
Benefit Payments	(410,441)
End of Year Balance	$ 20,164,273

Sensitivity of the District's Total OPEB Life Insurance Liability to changes in the discount rate:

The following presents the total liability, calculated using the discount rate of 2.16%, as well as what the total OPEB liability would be if it were calculated using a discount rate that is 1-percentage point lower (1.16%) or 1-percentage point higher (3.16%) than the current rate:

	2020-21 Measurement Period *(Dollars in Thousands)*		
	1% Decrease 1.16%	Discount Rate 2.16%	1% Increase 3.16%
District's Total OPEB Life Insurance Liability	$ 23,196.2	$ 20,164.3	$ 17,760.2

At June 30, 2022, the District reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

(Dollars in Thousands)

	Deferred Outflows of Resources	Deferred Inflows of Resources
Contributions subsequent to the measurement date	$ 541.2	$ -
Differences between expected and actual experience	-	(202.9)
Effect of assumptions changes or inputs	2,181.4	(64.3)
	$ 2,722.6	$ (267.2)

$541.2 thousand reported as deferred outflows of resources related to OPEB resulting from District contributions subsequent to the measurement date will be recognized as a reduction of net OPEB liability in the next fiscal period. Other amounts of $1,914.2 thousand reported as deferred outflows of resources and deferred inflows of resources related to OPEB Life Insurance will be recognized in OPEB expense per the schedule below.

OPEB Expense and Deferred Inflows of Resources Related to OPEB Life Insurance:

- For the year ended June 30, 2022, the District recognized net OPEB expense of $1,091.0 thousand which was all under the Governmental Activity section of the Government-wide Statements.

- The other $1,914.2 thousand reported as net deferred outflows was under the Governmental Activities column of the Government-wide statements. Amounts currently reported as deferred outflows and inflows of resources related to other postemployment benefits will be recognized in OPEB expense as follows:

(Dollars in Thousands)

Year Ended June 30	Deferred Outflows of Resources	Deferred Inflows of Resources	Net Deferred Outflows of Resources
2022	$ 778.9	$ (95.4)	$ 683.5
2023	765.2	(93.7)	671.5
2024	609.3	(74.6)	534.7
2025	28.0	(3.5)	24.5
2026	-	-	-
Thereafter	-	-	-
Total	$ 2,181.4	$ (267.2)	$ 1,914.2

PSERS Other Postemployment Benefits
Other OPEB Liabilities, OPEB Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to OPEB.

- At June 30, 2022, the District reported a liability of $188.2 million for its proportionate share of the net OPEB liability of which $185.2 million was under the Governmental Activity section of the Government-wide Statements while the remaining amount was included under the Business-type Activity (Food Services and Print Shop) section of the Government-wide Statements. The net OPEB liability was measured as of June 30, 2021 and the total OPEB liability used to calculate the net OPEB liability was determined by rolling forward the Public-School Employees' Retirement System (System's) total pension liability as of June 30, 2020 to June 30, 2021. The District's proportion of the net pension liability was calculated using the employer's one-year covered payroll as it relates to the total one-year reported covered payroll. At June 30, 2022, the District's proportion was 7.9407 percent, which was an increase of 0.2359 percent from its proportion measured as of June 30, 2021.

- For the year ended June 30, 2022, the District recognized net OPEB expense of $5,079.4 thousand of which $4,991.7 thousand was under the Governmental Activity section of the Government-wide Statements while the remaining amount of $87.7 thousand was under the Business-type Activity section of the Government-wide Statements.

- At June 30, 2022, the District reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

(Dollars in Thousands)

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	$ 1,751.0	$ -
Change in assumption	20,044.0	(2,510.0)
Net difference between projected and actual investment earnings	371.0	-
Change in proportions	11,574.0	(857.0)
Difference between employer contributions and proportionate share of total contributions	7.6	(66.7)
Contributions subsequent to the measurement date	9,344.2	-
	$ 43,091.8	$ (3,433.7)

$9,344.2 thousand reported as deferred outflows of resources related to OPEB resulting from District contributions subsequent to the measurement date will be recognized as a reduction of net OPEB liability in the next fiscal period. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to OPEB will be recognized in OPEB expense as follows:

(Dollars in Thousands)

Year Ended June 30	Deferred Outflows of Resources	Deferred Inflows of Resources	Net Deferred Outflows of Resources
2023	$ 16,263.2	$ (702.7)	$ 15,560.5
2024	6,876.8	(698.6)	6,178.2
2025	7,157.9	(726.8)	6,431.1
2026	4,854.0	(496.9)	4,357.1
2027	4,385.4	(445.7)	3,939.7
Thereafter	3,554.5	(363.0)	3,191.5
Total	$ 43,091.8	$ (3,433.7)	$ 39,658.1

Of the $39,658.1 thousand reported as net deferred outflows, $38,012.9 thousand was under the Governmental-Activities column of the Government-wide statements and $645.2 thousand was under the Business-type Activities column.

Actuarial assumptions: The total OPEB liability as of June 30, 2021 was determined by rolling forward the System's total OPEB liability as of June 30, 2020 actuarial valuation to June 30, 2021 using the following actuarial assumptions, applied to all periods included in the measurement:

- Actuarial cost method – Entry Age Normal – level % of pay.
- Investment return from 2.18% - S&P 20 Year Municipal Bond Rate.
- Salary growth - Effective average of 4.50%, which is comprised of inflation of 2.50% and 2.00% for real wage growth, and for merit or seniority increases.
- Premium Assistance reimbursement is capped at $1,200 per year.
- Assumed Healthcare cost trends were applied to retirees with less than $1,200 in premium assistance per year.
- Mortality rates were based on a blend of 50% PubT-2010 and 50% PubG-2010 Retiree Tables for Males and Females, adjusted to reflect PSERS' experience and projected using a modified version of the MP-2020 Improvement Scale.
- Participation rate:
  - Eligible retirees will elect to participate Pre age 65 at 50%
  - Eligible retirees will elect to participate Post age 65 at 70%

The following assumptions were used to determine the contribution rate:

- The results of the actuarial valuation as of June 30, 2019 determined the employer contribution rate for fiscal year 2021.
- Cost Method: Amount necessary to assure solvency of Premium Assistance through the third fiscal year after the valuation date.

- Asset valuation method: Fair Value.
- Participation rate: 63% of eligible retirees are assumed to elect premium assistance.
- Mortality Tables for Males and Females, adjusted to reflect PSERS' experience and projected using a modified version of the MP-2015 Mortality Improvement Scale.

Investments: Investments consist primarily of short-term assets designed to protect the principal of the plan assets. The expected rate of return on OPEB plan investments was determined using the OPEB asset allocation policy and best estimates of geometric real rates of return for each asset class.

The OPEB plan's policy in regard to the allocation of invested plan assets is established and may be amended by the Board. Under the program, as defined in the retirement code employer contribution rates for Premium Assistance are established to provide reserves in the Healthcare Insurance Account that are sufficient for the payment of Premium Assistance benefits for each succeeding year.

OPEB - Asset Class	Target Allocation	Long-term Expected Real Rate of Return
Cash	79.80%	0.1%
US Core-Fixed Income	17.50%	0.7%
Non-US Developed fixed	2.70%	-0.3%
	100.00%	

The above was the Board's adopted asset allocation policy and best estimates of geometric real rates of return for each major asset class as of June 30, 2021.

Discount rate: The discount rate used to measure the total OPEB liability was 2.18%. Under the plan's funding policy, contributions are structured for short term funding of Premium Assistance. The funding policy sets contribution rates necessary to assure solvency of Premium Assistance through the third fiscal year after the actuarial valuation date. The Premium Assistance account is funded to establish reserves that are sufficient for the payment of Premium Assistance benefits for each succeeding year. Due to the short-term funding policy, the OPEB plan's fiduciary net position was not projected to be sufficient to meet projected future benefit payments; therefore, the plan is considered a "pay-as-you-go" plan. A discount rate of 2.66%, which represents the S&P 20 year Municipal Bond Rate at June 30, 2021, was applied to all projected benefit payments to measure the total OPEB liability.

Sensitivity of the System Net OPEB Liability to change in healthcare cost trend rates:

Healthcare cost trends were applied to retirees receiving less than $1,200 in annual Premium Assistance. As of June 30, 2021, retirees Premium Assistance benefits are not subject to future healthcare cost increases. The annual Premium Assistance reimbursement for qualifying retirees is capped at a maximum of $1,200. As of June 2021, 93,392 retirees were receiving the maximum amount allowed of $1,200 per year. As of June 30, 2021, 611 members were receiving less than the maximum amount allowed of $1,200 per year. The actual number of retirees receiving less than the $1,200 per year cap is a small percentage of the total population and has a minimal impact on Healthcare Cost Trends as depicted below.

The following presents the System net OPEB liability for June 30, 2021 as it relates to the District's proportionate share, calculated using current Healthcare cost trends as well as what the System net OPEB liability would be if its health cost trends were 1-percentage point lower or 1-percentage point higher than the current rate:

		(Dollars in Thousands)	
	1% Decrease	Current Trend Rate	1% Increase
System net OPEB liability	188,179	188,201	188,218

Sensitivity of the District's proportionate share of net OPEB liability to changes in the discount rate:

The following presents the net liability, calculated using the discount rate of 2.18%, as well as what the net OPEB liability would be if it were calculated using a discount rate that is 1-percentage point lower (1.18%) or 1-percentage point higher (3.18%) than the current rate:

(Dollars in Thousands)

	1% Decrease 1.18%	Current Discount Rate 2.18%	1% Increase 3.18%
District's proportionate share of the net OPEB liability	215,984	188,201	165,317

OPEB plan fiduciary net position:

Detailed information about PSERS' fiduciary net position is available in PSERS Comprehensive Annual Financial Report which can be found on the System's website at www.psers.pa.gov.

2) Philadelphia Gas Works (PGW) OPEB

Plan Description:
PGW sponsors a single-employer defined-benefit healthcare plan and provided postemployment healthcare and life insurance benefits to retirees and their beneficiaries and dependents in FY 2022 and FY 2021, respectively, in accordance with their retiree medical program.

The OPEB Plan comprises (1) the PGW OPEB Trust (the Trust), which is used to receive, hold, and disburse assets accumulated to pay for some of the postemployment benefits other than pensions provided by PGW to its eligible retired employees and other eligible beneficiaries and (2) OPEB expenses paid for directly by PGW out of its general resources rather than through the Trust. The Trust was established for the exclusive benefit of PGW's retired employees and other eligible beneficiaries designated under the plan. Management believes that the OPEB Plan is in compliance with all applicable laws.

Benefits Provided
Medical Benefits: For pre-65 retirees, a choice of medical plans is offered through Independence Blue Cross including Personal Choice, Blue Cross Blue Shield with Major Medical, or Keystone HMO's. Employees who retire after December 1, 2001 are provided the Keystone 5 Plan at PGW's expense and they can buy up to a more expensive plan. Employees who retire on or after September 1, 2007 are provided the Keystone 10 Plan at PGW's expense, and they can buy up to a more expensive plan. Union employees who retire after August 31, 2011 are provided the Keystone 15 Plan at PGW's expense and can buy up to a more expensive plan. Management employees who retire after August 31, 2011 continue to receive the Keystone 10 as the base plan and can buy up to a more expensive plan.

Reinsurance provides specific stop-loss coverage of $0.3 million on pre-65 Medical and Prescription Drug claims.

Eligible pre-65 retirees who relocate outside of the Keystone coverage area may elect to participate in the PGW Retiree Health Reimbursement Arrangement (HRA). Under the HRA, the Keystone base plan premium-equivalent will be credited to a participant's HRA account and will be available to reimburse the participant for eligible medical insurance premiums. Medicare eligible retirees are provided a fully insured Medicare Supplement Plan through Independence Blue Cross.

Opt-out benefits of $1,500 per year for single coverage and $3,000 per year for married coverage are available to eligible retirees. This benefit is not available to a married couple who both retired from PGW and who are eligible for Medicare benefits. Retirees can maintain prescription drug and dental coverage even if they opt out of medical coverage.

Prescription Drug Benefits: Employees who retired on or after April 15, 1976 and prior to December 1, 2001, are offered a Prescription Drug Plan that has been established specifically for retirees and is separate from the plan that is offered to active employees. The retiree Prescription plan consists of a $2 copay for generic drugs, a $2 copay for brand name drugs when no generic drugs are available, and a $15 copay for brand name drugs when generic drugs are available. There are no deductibles and no lifetime maximums. Employees who retired prior to April 15, 1976 or on or after December 1, 2001 but before September 1, 2007 have a $5 copay for generics and a $10 copay for brand drugs. Employees who retire on or after September 1, 2007 have a $5 copay for generics and a $15 copay for brand drugs.

Effective, January 1, 2012, PGW moved Medicare eligible retirees into an Employee Group Waiver Plan arrangement. Covered drugs and copays remain the same. Prescription drug benefits are self-funded for all retirees.

Dental Benefits: For employees who retired after April 15, 1978, a basic dental plan is offered at no cost to the retiree. For employees who retired after June 1, 1984, an enhanced dental plan is offered. For eligible retirees who enroll in the enhanced dental plan, the retiree must pay the difference between the basic and enhanced plans. The dental plans were fully insured through August 31, 2016. Effective September 1, 2016, the dental benefits are self-funded.

Death Benefits: Nonunion employees are offered voluntary life insurance equal to two times their salary at retirement. At age 65, the life insurance benefit decreases by 5.0% per year for 15 years until the benefit equals 25.0% of the original life insurance benefit at age 65. PGW pays the cost of the first $75,000 of coverage. Retirees in this category pay $0.35 per $1,000 per month for coverage in excess of $75,000.

Union employees are offered voluntary life insurance equal to one times their salary at retirement. At retirement, the life insurance benefit decreases by 10.0% per year for 5 years until the benefit equals 50.0% of the original life insurance benefit at retirement. Retirees in this category pay $0.35 per $1,000 of coverage per month, PGW pays the balance.

Upon the death of an active employee prior to satisfying the requirements for Preretirement Spouse's Death Benefits, surviving spouses and dependents are entitled to receive 2 years of health coverage paid by PGW. Upon the death of an active employee on or after satisfying the requirements for Preretirement Spouse's Death Benefits, surviving spouses and dependents are entitled to receive health coverage for life (or for 5 years if hired on or after May 21, 2011 if Union or hired on or after December 21, 2011 if Nonunion) paid by PGW.

Contributions
The OPEB Plan pays the full cost of medical, basic dental, and prescription coverage for employees who retired prior to December 1, 2001. Employees who retire after December 1, 2001 are provided the Keystone 5/Keystone 10/Keystone 15 plan at PGW's expense and can buy up to a more expensive plan. Retirees also contribute toward enhanced dental plan and life insurance coverage as described above. PGW pays 100.0% of the cost for the prescription drug plan after drug copays.

Participants Covered
At December 31, 2021, the date of the latest actuarial valuation, the OPEB Plan's combined membership consisted of the following:

	Number
Retirees	1,440
Beneficiaries	379
Active employees – Union	1,076
Active employees – Management	517
Total number of participants	3,412

Contributions to the OPEB Plan are the amounts received (additions) from PGW as sponsor of the Plan. These contributions include both amounts paid by PGW out of general resources to fund benefits on a pay-as-you-go basis, and contributions related to rate surcharges approved by the PUC in May 2010 and continued in July 2015. For the OPEB Plan year ended December 31, 2021, PGW contributed $25.2 million on a pay-as-you-go basis, $16.0 million resulting from rate surcharges, and $2.5 million of its resources. For the OPEB Plan year ended December 31, 2020, PGW contributed $27.6 million on a pay-as-you-go basis, $16.0 million resulting from rate surcharges, and $2.5 million of its resources.

Net OPEB Liability
PGW's net OPEB liability as of August 31, 2022 and 2021 was measured as of December 31, 2021 and 2020, and the total OPEB liability used to calculate the net OPEB liability was determined by an actuarial valuation as of December 31, 2021 and 2020, respectively. The valuation and measurement date were December 31, 2021. The September 1, 2020 actuarial valuation was rolled forward to the December 31, 2020 measurement date.

Actuarial valuations involve estimates of the value of reported amounts and assumptions about the probability of events far into the future and are subject to continual revision as actual amounts are compared to past expectations and new estimates are made about the future. The actuarial methods and assumptions used include techniques that are designed to reduce the effects of short-term volatility in actuarial accrued liabilities and the actuarial value of assets, consistent with the long-term perspective of the calculations.

The total OPEB liability was determined using the entry age, level percent of pay actuarial method and the following actuarial assumptions used to value the postemployment medical liabilities can be categorized into the following three groups:

- *Benefit assumptions*: the initial per capita cost rates for medical coverage, and the face amount of employer-paid life insurance.
- *Demographic assumptions*: including the probabilities of retiring, dying, terminating (without a benefit), becoming disabled, recovery from disability, election (participation rates) and coverage levels. The demographic assumptions were updated based upon the 2020 experience study data from 2014 through 2019.
- *Economic assumptions*: the discount rate and health care cost trend rates.

Benefit Assumptions:

Per capita claims: Using actuarial standards, specifically Actuarial Standard of Practice No.6, the annual age specific per capita claims cost rate was projected at the following assumed trend rates for future years (whole U.S. dollars):

Age	Medical	Medical Prescription drug	Dental
50	$ 7,008	2,664	158
55	8,940	3,396	158
60	11,220	4,260	158
64	13,524	5,136	158
65	2,460	4,380	158
70	2,376	4,212	158
75	2,532	4,500	158

Life insurance: The claims cost for life insurance is based on the actuarial present value of projected life insurance claims.

Morbidity: The below healthcare cost for prescription drug coverage and pre-65 medical coverage reflects the following changes due to increased or decreased usage as a result of aging:

Ages	Blended Medical/Rx
50–54	5.08 %
55–59	4.86
60–64	4.65
65–69	(1.11)
70–74	1.18
75–79	1.67
80–84	1.87
85+	—

Demographic assumptions:

Mortality rates: Mortality rates for FY2022 is assumed to follow:

- Pre-retirement Mortality – Pri-2012 Total Employee Amount Weighted Table, projected with SOA Scale MP-2020.
- Post-retirement Mortality – Pri-2012 Total Retiree Amount Weighted Table, Projected with SOA Scale MP-2020.
- Disabled Retirement Mortality – Pri-2012 Total Disabled Retiree Amount Weighted Table, Projected with SOA Scale MP-2020.

Mortality rates for FY 2021 is assumed to follow sex-distinct, Pri-2012 Employee, Healthy Annuitant, and Disabled Retiree Mortality Tables projected with scale of MP-2020.

Salary Scale: Salary Scale is based on years of service as follows:

Years of service	Annual increase	Years of service	Annual increase
0	8.86 %	11	5.84 %
1	8.59	12	5.57
2	8.31	13	5.29
3	8.04	14	5.02
4	7.77	15	4.74
5	7.49	16	4.54
6	7.22	17	4.33
7	6.94	18	4.12
8	6.67	19	3.91
9	6.39	20 or more	3.71
10	6.12		

Retirement rates: Retirement rates applicable once an employee is eligible for retirement benefits vary by age and service with rates as follows:

Age	Service < 30	Service > 30	Age	Service < 30	Service > 30
50	— %	15.00 %	61	10.00 %	15.00 %
51	—	15.00	62	10.00	40.00
52	—	15.00	63	10.00	25.00
53	—	15.00	64	10.00	25.00
54	—	15.00	65	20.00	25.00
55	5.00	15.00	66	20.00	40.00
56	5.00	15.00	67	20.00	40.00
57	10.00	15.00	68	20.00	40.00
58	10.00	15.00	69	20.00	40.00
59	10.00	15.00	70+	100.00	100.00
60	10.00	15.00			

Withdrawal rates: Turnover rates applicable before an employee is eligible for retirement benefits vary by age and service with illustrative rates as follows:

Age	Service < 1 year	1 year of service	2 years of service	3 years of service	4 years of service	Service > 4 years
18 – 37	25.00 %	15.00 %	12.00 %	10.00 %	7.00 %	3.00 %
38	23.00	15.00	12.00	9.00	6.60	2.80
39	21.00	15.00	12.00	8.00	6.20	2.60
40	19.00	15.00	12.00	7.00	5.80	2.40
41	17.00	15.00	12.00	6.00	5.40	2.20
42	15.00	15.00	12.00	5.00	5.00	2.00
43	14.00	14.00	10.60	4.60	4.60	3.00
44	13.00	13.00	9.20	4.20	4.20	3.00
45	12.00	12.00	7.80	3.80	3.80	3.00
46	11.00	11.00	6.40	3.40	3.40	3.00
47	10.00	10.00	5.00	3.00	3.00	3.00
48	10.00	10.00	5.00	2.80	2.80	3.00
49	10.00	10.00	5.00	2.60	2.60	3.00
50	10.00	10.00	5.00	2.40	2.40	3.00
51	10.00	10.00	5.00	2.20	2.20	3.00
52+	10.00	10.00	5.00	2.00	2.00	3.00

Participation Rate: Participation assumes 100% of future retirees who meet the eligibility requirements will participate in the postemployment welfare upon retirement.

Disability rates: Disability rates vary by age with illustrative rates as follows:

Age	Males	Females	Age	Males	Females
18 – 27	0.03 %	0.03 %	47	0.23 %	0.33 %
28	0.03	0.04	48	0.28	0.37
29	0.03	0.04	49	0.31	0.40
30	0.03	0.04	50	0.37	0.45
31	0.03	0.06	51	0.43	0.49
32	0.03	0.06	52	0.51	0.55
33	0.03	0.07	53	0.59	0.60
34	0.03	0.07	54	0.68	0.66
35	0.04	0.08	55	0.77	0.71
36	0.04	0.09	56	0.86	0.77
37	0.06	0.10	57	0.96	0.83
38	0.07	0.11	58	1.06	0.89
39	0.08	0.13	59	1.17	0.95
40	0.09	0.14	60	1.28	1.00
41	0.10	0.17	61	1.40	1.07
42	0.11	0.19	62	1.54	1.13
43	0.13	0.21	63	1.68	1.17
44	0.16	0.25	64	1.83	1.22
45	0.18	0.27	65+	—	—
46	0.20	0.30			

Economic assumptions:

Long-term rate of return: The long-term expected rate of return on OPEB Plan investments was determined using a building block method in which expected future real rates of return (expected returns, net of OPEB Plan investment expense and inflation) are developed for each major asset class. The calculated investment rate of return was set equal to the expected 10-year compound (geometric) real return plus inflation. The table below provides the long-term expected real rates of return by asset class (based on published capital market assumptions). The target allocation for each major asset class as of December 31, 2021 is summarized in the following table:

Asset class	Minimum	Maximum	Target	Expected annual return
Domestic equity large cap	27.5 %	37.5 %	34.8 %	9.5 %
Domestic equity small cap	10.0	15.0	14.7	8.3
Emerging market equity	5.0	10.0	6.5	6.9
International equity	15.0	20.0	16.0	6.5
Fixed income	20.0	40.0	28.0	2.7
Commodities/real assets	—	10.0	—	—
Cash equivalents	—	5.0	—	—
			100.0 %	

Inflation Rate: 2.0%

Healthcare cost trend:

Year	Medical (Pre-65)	Medical (Post-65)	Prescription drugs	Dental
2022 – 2023	5.50 %	4.50 %	6.00 %	4.00 %
2024 – 2029	5.20	4.50	6.20	4.00
2030 – 2049	5.20	4.50	6.00	4.00
2050 – 2059	5.20	4.50	5.50	4.00
2060 – 2069	5.20	4.50	5.00	4.00
2070+	4.50	4.50	4.50	4.00

Discount rate: The discount rate used for determining the Total OPEB Liability is the long-term expected rate of return on plan investments of 7.0% as of December 31, 2021 and 7.30% as of December 31, 2020, which represents the long-term expected rate of return on Plan investments at the applicable measurement date.

Changes in Net OPEB Liability

(Thousands of U.S. dollars)

	Increase (decrease)		
	Total OPEB liability (a)	Plan fiduciary net position (b)	Net OPEB liability (a)-(b)
Balances at September 1, 2021	$ 507,667	306,079	201,588
Changes for the year:			
Service cost	5,762	—	5,762
Interest	36,577	—	36,577
Differences between expected and actual experience	(25,286)	—	(25,286)
Assumption changes	15,652	—	15,652
Benefit payments	(25,197)	—	(25,197)
Contributions-employer	—	43,697	(43,697)
Project investment return on year	—	23,012	(23,012)
Plan asset gain/(loss)	—	18,405	(18,405)
Benefit payments	—	(25,197)	25,197
Administrative expenses and bank fees	—	(52)	52
Net changes	7,508	59,865	(52,357)
Balances at August 31, 2022	$ 515,175	365,944	149,231

	Increase (decrease)		
	Total OPEB liability (a)	Plan fiduciary net position (b)	Net OPEB liability (a)-(b)
Balances at September 1, 2020	$ 493,570	245,361	248,209
Changes for the year:			
Service cost	4,999	—	4,999
Interest	35,387	—	35,387
Differences between expected and actual experience	(30,648)	—	(30,648)
Assumption changes	31,995	—	31,995
Benefit payments	(27,636)	—	(27,636)
Contributions-employer	—	46,136	(46,136)
Project investment return on year	—	18,585	(18,585)
Plan asset gain/(loss)	—	23,673	(23,673)
Benefit payments	—	(27,636)	27,636
Administrative expenses and bank fees	—	(40)	40
Net changes	14,097	60,718	(46,621)
Balances at August 31, 2021	$ 507,667	306,079	201,588

Sensitivity of the Net OPEB Liability to Changes in the Discount Rate: The following presents the Net OPEB liability, in thousands of U.S. Dollars, of PGW at December 31, 2021, as well as what the Net OPEB liability would be if it were calculated using a discount rate that is 1% lower or 1% higher than the current discount rate:

	1% Decrease 6.00 %	Current discount rate 7.00 %	1% Increase 8.00 %
Net OPEB liability	$ 220,489	149,231	91,183

Sensitivity of the Net OPEB Liability to Changes in the Healthcare Cost Trend Rates: The following presents the Net OPEB liability of PGW at December 31, 2021, as well as what the Net OPEB liability would be if it were calculated using healthcare cost trend rates are 1% lower or 1% higher than the current healthcare cost trend rates:

		1% Decrease	Current healthcare cost trend rates	1% Increase
		(Thousands of U.S. dollars)		
Net OPEB liability	$	91,216	149,231	221,130

OPEB Plan's fiduciary net position: Detailed information about the OPEB plan's fiduciary net position is available in the separately issued OPEB Plan financial report. Requests for additional information should be addressed to the Administrator – PGW OPEB Trust, 800 W. Montgomery Avenue, Philadelphia, PA 19122.

OPEB Expense and Deferred Outflow of Resources and Deferred Inflows of Resources Related to Other Postemployment Benefits

For the years ended August 31, 2022 and 2021, PGW recognized OPEB expense of ($1.2) million and ($0.9) million, respectively. At August 31, 2022 and 2021, PGW reported deferred outflows of resources and deferred inflow of resources related to other postemployment benefits from the following sources (thousands of U.S. dollars):

		August 31, 2022		August 31, 2021	
		Deferred outflows of resources	Deferred inflows of resources	Deferred outflows of resources	Deferred inflows of resources
Differences between expected and actual experience	$	—	58,253	—	61,502
Changes of assumptions		33,260	9,829	40,956	14,744
Difference between projected and actual earnings on OPEB plan investments		—	34,525	—	26,639
Contributions made after measurement date		29,316	—	30,765	—
Total	$	62,576	102,607	71,721	102,885

The $29.3 million and $30.8 reported as deferred outflows of resources related to employer contributions made after the measurement date as of December 31, 2021 and 2020, respectively, will be recognized as a reduction of the net OPEB liability in the subsequent fiscal periods. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to OPEBs will be recognized in OPEB expense as follows (thousands of U.S. dollars):

Fiscal year:		
2023	$	(29,661)
2024		(24,006)
2025		(10,073)
2026		(5,609)
2027		—
Thereafter		—

Fair Value Measurements

The following table sets forth by level, within the fair value hierarchy, the plan's assets at fair value as of December 31, 2021, (thousands of U.S. Dollars):

		Level 1	Level 2	Level 3	Total
Domestic equity mutual funds	$	180,800	—	—	180,800
International equity mutual funds		81,417	—	—	81,417
Corporate bonds		—	519	—	519
U.S. treasuries		9,297	1,880	—	11,177
U.S. government agency		—	1,030	—	1,030
Bond mutual funds		71,412	—	—	71,412
Municipal bonds – mutual funds		17,310	—	—	17,310
	$	360,236	3,429	—	363,665

Mutual funds consist of open-end mutual funds that are registered with the SEC and are valued daily using quoted prices in active markets as provided by the pricing vendor for these securities (Level 1 inputs).

Fixed Income consists of corporate bonds, U.S. Government and agency securities, and mortgage/asset backed securities. The fair values of these investments are determined using third-party pricing services using quoted prices in active markets (Level 1 inputs) or prices derived from observable market inputs such as benchmark curves, broker/dealer quotes, and other industry and economic factors (Level 2 inputs).

Investment Policy

The Trust's investment policy in regard to the allocation of invested assets is defined in its Statement of Investment Guidelines (the Guidelines) developed in conjunction with the Trust's Board and its financial advisors. The long-term goals of the Guidelines are to manage the assets in a manner in the best of interest of participants, produce investment return that meets the actuarially assumed rate, and to produce consistent performance to protect against excessive volatility. There has not been any significant change in the Trust's investment policy during the reporting period.

The asset allocation strategy was as follows (as adjusted in February 2019):

	Target	Actual
Domestic equity large cap	32.5 %	34.7 %
Domestic equity small cap	12.5	14.7
Emerging market international equity	7.5	6.3
Developed market international equity	17.5	15.9
Fixed income	30.0	27.7
Cash and cash equivalents	—	0.6

Rate of Return
For the years ended December 31, 2021 and 2020, the annual money-weighted rate of return on investments, net of investment expense, was 13.15% and 16.65%, respectively. The money-weighted rate of return expresses investment performance, net of investment expense, adjusted for the changing amounts actually invested.

Credit Risk
Credit risk is the risk that an issuer or other counterparty to an investment will not fulfill its obligations. The credit risk of a debt instrument is measured by nationally recognized statistical rating agencies such as Moody's.

Custodial Credit Risk
The assets of the Plan are held by the Trust. Custodial credit risk is the risk that in the event of a bank failure, the Trust's deposits may not be returned to the Trust. The Trust held no cash and cash equivalents at December 31, 2021 and 2020, covered by federal deposit insurance. Custodial credit risk for investments is the risk that, in the event of a failure to a counterparty to a transaction, the value of the investment or collateral securities that are in possession of an outside party may not be recovered. Investments are exposed to custodial credit risk if the securities are uninsured, are not held in the name of the Trust, or are held by either the counterparty or the counterparty's trust department or agent but not in the Trust's name. The Trust's investments are not exposed to custodial credit risk as they are held by the Trust's custodian in the name of the Trust.

Interest Rate Risk
Interest rate risk is the risk that changes in interest rates will adversely affect the fair value of fixed income investments. The Trust's investment policy does not specifically address limitations on the maturities of investments.

Investment Concentration Risk
Investment concentration risk is the risk that the investment portfolio is disproportionately exposed to market changes in specific sectors or securities. As of December 31, 2021, the Trust held the following investments in excess of 5.0% of the fair value of the Trust's net position: DFA US Small Cap Fund, American Funds Europac Growth R6 Fund, Vanguard Total Stock Market Index Fund, and Baird Core Bond Fund. As of December 31, 2020, the Trust held the following investments in assets in excess of 5.0% of the fair value of the Trust's net position: DFA US Small Cap Fund, American Funds Europac Growth R6 Fund, Vanguard Total Stock Market Index Fund, Vanguard Total Bond Market Fund, and Baird Core Bond Fund.

4. PENNSYLVANIA INTERGOVERNMENTAL COOPERATION AUTHORITY

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

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

PICA bonds are payable from the proceeds of a **PICA** tax on the wages and income earned by City residents. The City has reduced the amount of wage and earnings tax that it levies on City residents by an amount equal to the **PICA** tax so that the total tax remains the same. **PICA** returns to the City any portion of the tax not required to meet their debt service and operating expenses. In Fiscal 2022 this transfer amounted to $555.1 million.

5. RELATED PARTY TRANSACTIONS

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

A. SOUTHEASTERN PENNSYLVANIA TRANSPORTATION AUTHORITY (SEPTA)

During the year the City provided an operating subsidy of $91.21 million to SEPTA.

B. OTHER ORGANIZATIONS

The City provides varying levels of subsidy and other support payments which totaled $130.15 million during the year to the following organizations:

- Philadelphia Health Management Corporation
- Philadelphia Industrial Development Corporation
- Fund for Philadelphia Incorporated

6. RISK MANAGEMENT

A. PRIMARY GOVERNMENT

The City is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disasters. The City (except for Aviation Fund operations, the Municipal Authority and PICA) is self-insured for fire damage, casualty losses, public liability, Workers' 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 is self-insured for medical benefits provided to employees in the Fraternal Order of Police, its city-administered health plan, the International Association of Fire Fighters and District Council 47.

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

At June 30, 2022 the amount of these liabilities was $449.3 million for the Primary Government. This liability is the City's best estimate based on available information. Changes in the reported liability since June 30, 2020 resulted from the following:

(Amounts in Millions of USD)

	Beginning Liability	Current Year Claims & Changes In Estimates	Claim Payments	Ending Liability
Fiscal 2020	343.9	271.9	(224.0)	391.8
Fiscal 2021	391.8	321.2	(222.6)	490.4
Fiscal 2022	490.4	194.1	(235.2)	449.3

The City's Unemployment Compensation and Workers' Compensation coverage are provided through its General Fund. Unemployment Compensation and Workers' Compensation coverage are funded by a pro rata charge to the various funds. Payments for the year were $2.1 million for Unemployment Compensation claims and $87.0 million for Workers' Compensation claims.

The City's estimated outstanding workers' compensation liabilities are $300.7 million discounted at 3.5%. On an undiscounted basis, these liabilities total $390.5 million. These liabilities include provisions for indemnity, medical and allocated loss adjustment expense (ALAE). Excluding the ALAE, the respective liabilities for indemnity and medical payments relating to workers' compensation total $269.9 million (discounted) and $352.9 million (undiscounted).

During the last five (5) 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.

B. COMPONENT UNITS

The School District is exposed to various risks related to torts, theft of, damage to, and destruction of assets, errors and omissions, injuries to employees, and natural disasters. As previously noted, the School District is self-insured for casualty losses, public liability, Workers' Compensation, Unemployment Compensation, Weekly Indemnity (salary continuation during employee illness), and employee medical benefits.

The School District maintains property (real and personal, valuable papers and records, fine arts, vehicles on premises and property under construction) insurance to cover losses with a deductible of $500,000. The perils of Windstorm, Flood & Earthquake are subject to a $1.0 million deductible and a limit of $250.0 million per occurrence with certain sub-limits as specified in the policy terms. Also, certain insurance coverages including Accident, Foreign Package Excess Workers' Compensation, Student Professional Liability and Employee Performance bonds are obtained.

The School District reported the long-term portion of its risk management obligations totaling $137.9 million in the district-wide Statement of Net Position. Self-Insured Medical Benefits and Workers' Compensation coverage is funded by a pro-rata charge to the various funds while both the School District and covered employees share the cost of Weekly Indemnity and Unemployment Compensation coverage.

Claims expenditures and liabilities are reported when it is probable that a loss has occurred and when the amount of the loss can be reasonably estimated. 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.

Additionally, **PGW** and **PPA** are self-insured for various risks. At June 30, 2022, the amount of these liabilities totaled $154.2 million, which includes, $137.9 million for **SDP**, $8.3 million for **PGW**, and $8 million for **PPA**.

Changes in the balances of claims and liabilities during the past two (2) years are as follows:

(Amounts in Millions)

Fiscal Year	Beginning Liability	Current Year Claims and Changes In Estimates	Claim Payments	Ending Liability
2022	$ 146.8	$ 237.8	$ (230.4)	$ 154.2
2021	$ 136.5	$ 234.9	$ (224.6)	$ 146.8

7. COMMITMENTS

A. PRIMARY GOVERNMENT

Encumbrance accounting is utilized to assure effective budgetary control and accountability and to facilitate effective cash planning and control. At year end, the amounts of open encumbrances for both, the current and prior fiscal years, were as follows:

(Amounts in Thousands of USD)

Fund	Amounts
General Fund	625,967
Grants Revenue Fund	403,445
Community Behavioral Health Fund	124,878
Water Enterprise Fund	840,230
Aviation Enterprise Fund	218,802
Non-Major Governmental Funds	449,775
Total	2,663,097

B. COMPONENT UNITS

SDP

Capital Projects Fund Construction and Equipment Purchase Commitments:

The School District's outstanding contractual commitments at June 30, 2022 are summarized as follows

New Buildings and Additions	$ 51,665,124
Environmental Management	67,750
Alterations and Improvements	42,560,768
Major/Building Renovations	37,561,091
Technology and Operations Projects	12,061,250
Total	$ 143,915,983

Operating Fund Services and Supplies Commitments:

Outstanding contractual commitments in the School District's operating funds at June 30, 2022 are as follows:

	General Fund	Intermediate Unit Fund
Services and Supplies	$17,362,880	$1,254,301

Categorical Fund Commitments:

Categorical Funds encumbrances totaled $37.2 million at June 30, 2022.

PGW

Commitments for major construction and maintenance contracts were approximately $76.8 million and $84.0 million, as of August 31, 2022 and 2021, respectively.

PGW has entered into long term and seasonal contracts with suppliers providing PGW with natural gas. PGW has the ability to fix the price of the purchase of natural gas with these contracts.

PGW, in the normal course of conducting business, has entered into long term contracts for the supply of natural gas, firm transportation, and long-term firm gas storage service. PGW's cumulative obligations for demand charges for all these services are approximately $6.5 million per month in perpetuity.

PGW's FY 2023 Capital Budget was approved by City Council in the amount of $187.4 million. Within this approval, funding was provided to continue the implementation of an 18-mile CIMR Program. The cost for this program in FY 2023 is expected to be $28.4 million. The total six-year cost of the CIMR Program is forecasted to be $186.3 million. In addition to the 18-mile CIMR Program, the FY 2023 Capital Budget includes funding for an accelerated CIMR Program which PGW will include in its DSIC surcharge. This incremental program in FY 2023 is expected to cost $38.0 million. The total six-year cost of this incremental program is forecasted to be $228.0 million. The FY 2023 Capital Budget also includes $1.4 million for the purchase of smart point devices for the Automatic Meter Infrastructure (AMI) units, which will replace the Automatic Meter Reading (AMR) devices. The total six-year cost of this program to replace AMR units is approximately $2.4 million.

8. CONTINGENCIES

A. PRIMARY GOVERNMENT

1) Claims and Litigation

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

Various claims have been asserted against the City and in some cases lawsuits have been instituted. Many of these claims are reduced to judgment or otherwise settled in a manner requiring payment by the City. The aggregate estimate of loss deemed to be probable is approximately $422.7 million. Of this amount, $34.9 million is charged to the current operations of the Enterprise Funds. The remaining $387.8 million pertaining to the General Fund is reflected in the Government Wide Statements.

In addition to the above, there are certain lawsuits against the City, for which a loss is reasonably possible. These lawsuits relate to General Fund and Enterprise Fund operations. The aggregate estimate of the amount of loss from these lawsuits in which some amount of loss is reasonably possible is approximately $128.9 million from the General Fund, $3.1 million from the Water Fund, and $2.9 million from the Aviation Fund. This represents the best estimate of the entire current inventory of such litigation and pre-suits as of February 13, 2023.

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

Liberty Resources v. City

Two organizations and four disabled persons filed a class action complaint in Federal Court in late August 2019 alleging various violations of the Americans with Disabilities Act and other federal laws. The allegations include failures by the City to meet provisions of the laws related to the conditions of crosswalks and sidewalks in the City of Philadelphia. The plaintiffs are represented by a national legal advocacy organization, Disability Rights Advocates, and experienced local counsel.

On July 7, 2020, the Court granted the City's partial motion to dismiss as well as the plaintiffs' motion for class certification on the remaining claims. The Court's decision on the dismissal motion significantly narrowed the claims against the City and its potential liability, but several significant claims remain. The City filed its Answer to the Plaintiffs' Complaint on August 18, 2020, and the case has proceeded through fact and expert discovery. Motions for summary judgment were filed on July 22 and were argued on September 15, 2021. The Court largely granted the City's partial motion for summary judgment and denied Plaintiffs' partial motion for summary judgment. The Court's decision at summary judgment further limited Plaintiffs' claims by applying a two-year statute of limitations and requiring particularized proof of violations at specific curb ramps as opposed to City policy. Trial has been stayed as the parties attempt to reach potential settlement. On July 29, 2022, the parties notified the Court that they had reached a settlement in principle. If the case is not resolved through settlement discussions and proceeds to trial, the City could potentially face a verdict substantially in excess of $8 million.

IBID Associates LP v. City of Philadelphia

In March 2022, the owner of a property in West Philadelphia currently being used for affordable housing sued the City and the district councilmember in federal court regarding recent zoning legislation sponsored by the councilmember that restricted the zoning of the property and several others to incentivize the inclusion of affordable housing in any new residential development. The owner brought several federal constitutional claims, including Takings, Equal Protection, and Substantive Due Process. The Court denied the owner's motions for preliminary injunctive relief on the takings claim, which is currently on appeal, and granted the City's Motion to Dismiss on all but the equal protection claim. The Court also dismissed the claims against the councilmember. The case is currently in discovery and the parties have engaged in extensive settlement discussions. The exact amount of damages sought by Plaintiff is undefined but Plaintiff has contended that its property's value was reduced from roughly $80 million to $15 million by the legislation. Damages are difficult to calculate at this stage of the case, but if Plaintiff is successful in its equal protection claim, damages could exceed $8 million.

School District of Philadelphia v. City of Philadelphia, et al., No. 23-238 (E.D. Pa.)

The School District of Philadelphia filed suit against the City in federal court, alleging that Bill No. 210685-AA (approved June 1, 2022) and Philadelphia Code section 4-A-703, which the Bill amended, are illegal and should be declared void. The challenged ordinance requires public school buildings to receive a "special certificate of inspection" each year, certifying their compliance with various safety provisions, including fire, safety, electrical, lead paint, water quality, asbestos, and other property-related hazards, as identified by the Managing Director at least six months prior to the compliance date. The inspections must be completed by City-certified inspectors or City agencies.

The District alleges that the ordinance is unlawful to the extent that it conflicts with federal law governing asbestos inspection and remediation in school buildings, amounts to unlawful regulation of public schools by the City, is unlawfully vague, and violates the non- delegation doctrine, related to permissible delegation of lawmaking authority by the General Assembly. The District seeks declaratory and injunctive relief—it does not seek monetary relief save for costs of litigation and attorneys' fees, if successful.

Henderson Condemnation

In early September 2016, a Petition for the Appointment of a Board of View pursuant to the Pennsylvania Eminent Domain Code 26 Pa. C. Section 502(c) was filed in Delaware County, Pennsylvania, against the City by numerous Henderson related entities and trusts (the "Hendersons"). The Petition alleged that the City effected a de facto taking of the Hendersons properties (the "Property"), which Property is proximate to the Philadelphia International Airport and located in Tinicum Township, Delaware County. The City desired to acquire the Property for Airport purposes and had numerous discussions with representatives for the Hendersons over time.

The City filed Preliminary Objections to the Petition and there was a hearing on the Petition and the Preliminary Objections scheduled for January 2018. Prior to the hearing, the City filed its own Declaration of Taking in September 2017 and made an offer of just compensation. The City and the Hendersons then settled the foregoing matters. The City obtained possession of the Property and paid the Hendersons estimated just compensation of $54.5 million. The Hendersons' de facto taking case was dismissed with prejudice.

The Board of View, which was appointed by the Court of Common Pleas in Delaware County (the "Trial Court"), issued its Report, which was filed on October 19, 2020, awarding damages to the Hendersons in the amount of $139,120,000 as "just compensation" for the taking of the Property. The amount of $54,500,000 referenced above is to be deducted from this amount. On November 12, 2020, the City filed an appeal to the damage award to the Trial Court raising objections, as a matter of law, to the Report. The Trial Court then asked the parties to brief the issue respecting the preliminary determination of whether the Report issued by the Board was legally erroneous. On November 9, 2021, after multiple rounds of briefing, the Trial Court issued an order overruling the City's objections. The City filed a timely notice of appeal to the Commonwealth Court, and the Hendersons filed a Motion to Quash the appeal as interlocutory. The Commonwealth Court has ordered that the Motion to Quash be listed with merits of the appeal. The Trial Court has stayed the action pending disposition of the City’s appeal in the Commonwealth Court. If the appeal is denied, there will be a trial de novo in the Trial Court. The Commonwealth Court granted the City's request for oral argument during appeal; a date for the argument has not been scheduled at this time. A payout related to this matter, if any, will be coming out of the Aviation Fund and deemed a possible loss. The City is represented by outside counsel, who was unable to provide an estimated possible loss amount since there would be a de novo damages trial before any such loss amount is determined.

Fraternal Order of Police, Lodge 5 (Deplorable Conditions) v. City of Philadelphia

The FOP filed a grievance alleging that the City violated their union labor contract's human dignity clause based on the condition of all police facilities and sought extensive remedies. Following a lengthy arbitration, an interim award was issued on April 26, 2013. Pursuant to the terms of that award, the arbitrator found that the City had violated the contract but ordered only that the parties meet on a monthly basis to identify and prioritize issues, work out budgets, and work through the issues identified by the union.

In July of 2018, the FOP requested hearings before the arbitrator regarding the conditions of the police facilities, but no dates were set, and there has not been any activity on this matter since July of 2018. Although the union has not specified its concerns, the City's attorneys believe that the union wishes the arbitrator to force the City to significantly renovate or replace existing facilities. The City's attorneys are unable in their professional judgment to evaluate the likely cost of an unfavorable outcome but estimate that if renovations such as the union has previously sought were necessary, it could cost the city more than $8 million. City attorneys believe the probability of such an award being issued to be highly unlikely and would contest any such award vigorously through available appellate options. There has been no communication on this matter for over four years (last communication was in July of 2018).

James Dennis v. City of Philadelphia

Mr. Dennis has filed suit in federal court alleging that he was wrongfully incarcerated for 25 years due to the withholding and fabrication of evidence by the Philadelphia Police Department. Mr. Dennis received a new trial after his conviction, but in 2016 pled no contest to murder rather than going to trial again. This case has been stayed pending an appeal. Mr. Dennis is represented by an experienced civil rights attorney, and if liability is established, the City could potentially face an $8 million verdict.

Garcia v. City of Philadelphia, No. 21-2884

Plaintiff alleges that he was wrongfully convicted and imprisoned for six years because detectives fabricated evidence against him. Mr. Garcia was a key witness in the criminal prosecution of a former Philadelphia police detective, who was recently found guilty by a local jury. Damages are difficult to calculate at this stage of the case, but could exceed $8 million given the length of time Plaintiff was incarcerated and the circumstances surrounding his arrest and prosecution.

Simmons v. City of Philadelphia, No. 19-1648

Plaintiff alleges that he was wrongfully convicted and imprisoned for almost ten years because Philadelphia police detectives fabricated evidence against him. Plaintiff has made a $15 million demand, and the case was in suspense while a detective awaits a criminal trial. The detective was convicted, and the case is now reopening. Damages are difficult to calculate at this stage of the case, but could exceed $8 million given the length of time Plaintiff was incarcerated and the circumstances surrounding his arrest and prosecution.

Frazier v. City of Philadelphia, No. 19-1692

Plaintiff alleges that he was wrongfully convicted and imprisoned for seven years due to former police detective misconduct. The case is in suspense because criminal charges are pending against a detective. The detective was recently convicted, and the case is now reopening. Damages are difficult to calculate at this stage of the case but could exceed $8 million given the length of time Plaintiff was incarcerated and the circumstances surrounding his arrest and prosecution.

McCoy v. City of Philadelphia (21-1458)

Sherman McCoy was convicted of murder and spent 6 years in prison before his conviction was vacated and nolle prossed. He has filed suit in Federal Court, alleging that he was wrongfully convicted. This case is in its early stages, but, given the length of time Mr. McCoy spent in custody and the circumstances leading to the vacatur of his conviction, damages – while difficult to calculate at this early stage – could exceed $8 million.

Bennett v. City of Philadelphia, No. 19-2988

Mr. Bennett was convicted of murder and spent 12.5 years in prison before his conviction was vacated and, upon be re-tried by the Philadelphia District Attorney's Office, he was acquitted. Represented by outside counsel, he has filed suit in federal court, naming individual detectives and the City of Philadelphia as defendants. The case is in discovery. Given the length of time Mr. Bennett spent in custody, damages, while difficult to calculate at this stage, could exceed $8 million.

Oniyah v. City of Philadelphia, No. 22-1556

Mr. Oniyah was convicted of murder and spent nearly ten years in prison before his conviction was vacated and nolle prossed. He alleges that a Philadelphia police officer coerced his confession to that murder, and his allegations form the basis of criminal charges issued against the detective in late February 2022. The case will likely be stayed pending the criminal proceedings. Given the length of time Mr. Oniyah spent in custody, damages, while difficult to calculate at this early stage, could exceed $8 million.

Theophalis Wilson v. City of Philadelphia, 21-2057

Theophalis Wilson was convicted of murder and spent 28 years in prison before his conviction was vacated. He filed suit in Federal Court in early May 2021. Given the length of time Mr. Wilson spent in custody, damages, while difficult to calculate at this early stage, could exceed $8 million.

Ogrod v. City of Philadelphia, 21-2499

Walter Ogrod was convicted of murder and spent 23 years in prison before his conviction was vacated. A complaint was filed at the end of May 2021. Given the length of time Mr. Ogrod spent in custody, damages, while difficult to calculate at this early stage, could exceed $8 million.

Hicks v. City of Philadelphia (22-977)

Termaine Hicks was convicted of rape and spent 18 years in prison before his conviction was vacated. A complaint was filed in mid-March 2022. Though the case is in its early stages, given the length of time Mr. Hicks spent in custody, damages, while difficult to calculate at this early stage, could exceed $8 million.

Swainson v. City of Philadelphia (22-2163)

Andrew Swainson was convicted of murder and spent 32 years in prison before his conviction was vacated. A complaint was filed recently, in June 2022. Given the length of time Mr. Swainson spent in custody, damages, while difficult to calculate at this early stage, could exceed $8 million.

Martinez v. City of Philadelphia 22-3437

Antonio Martinez/Pedro Alicia was convicted of murder and spent 31 years in prison before his conviction was vacated. Plaintiff has filed suit in federal court and is represented by experienced civil rights attorneys. Given the length of time Mr. Martinez spent in custody, damages, while difficult to calculate at this early stage, could exceed $8 million.

Crosland v. City of Philadelphia 22-2416

Curtis Crosland was convicted of murder and spent 32 years in prison before his conviction was vacated. Plaintiff has filed suit in federal court, and is represented by experienced civil rights attorneys. Given the length of time Mr. Crosland spent in custody, damages, while difficult to calculate at this early stage, could exceed $8 million.

Stokes v. City of Philadelphia, 22-338

Willie Stokes was convicted of murder and spent decades in jail. His conviction was vacated and nolle prossed. He filed suit in federal court in January 2022. Given the length of time he was incarcerated, damages, while difficult to calculate at this early stage, could exceed $8 million.

Zilka Wage Tax Refund Exposure

In a 2015 decision by the Supreme Court of the United States (Comptroller of the Treasury of Maryland v. Wynne, 575 U.S. 542 (2015)), a state's failure to provide certain credits against its personal income tax was held to have violated the dormant Commerce Clause of the United States Constitution. Such personal income tax was applied to income earned outside of the state of residency, and residents were not given a credit for income taxes paid to the state where such income was earned, resulting, in the circumstances presented, in taxing income earned interstate at a rate higher than income earned intrastate. The City provides a credit to resident taxpayers against their respective Wage, Earnings, and Net Profits Tax liabilities for similar taxes paid to another locality, but does not provide a credit for similar taxes paid to another state. Taxpayers have challenged the City's refusal to grant a credit for taxes paid to other states and have appealed to the Pennsylvania Supreme Court on such matters. The City's position was upheld by the Tax Review Board, the Court of Common Pleas, and the Commonwealth Court. The matter has been briefed and oral argument is scheduled for March 7, 2023. The City estimates the cost of current appeals to be approximately $10 million.

2) Guaranteed Debt

During Fiscal Year 2014, the City implemented GASB Statement No. 70, *Accounting and Financial Reporting for Nonexchange Financial Guarantees*. The objective of this statement is to improve the recognition, measurement, and disclosure guidance for state and local governments that have extended or received financial guarantees that are nonexchange transactions. The implementation of GASB Statement No. 70 had no significant effect on the City's financial statements. The City has guaranteed certain debt payments of one component unit (PPA). Under a contract with PPA authorized by City Council Ordinance, the City agreed to annually pay such amounts as necessary to restore any deficiency in the debt service reserve fund for PPA's Parking System Revenue Bonds Series 1999A. During fiscal year 2019, the 1999A indenture (i.e., the parking lot at 8th & Chestnut Streets) did operate at a deficit. The City was not required to cover the debt service this fiscal year due to contingent payments from a third party. As of March 31, 2021, the City of Philadelphia has provided approximately $13.4 million in funds in its role as guarantor of these bonds. The 1999A Indenture provides for the Authority to repay the City for any funds paid by the City as a result of its guarantee. In the event of a sale of the parking lot, any funds received in excess of the bond principal and accrued interest will be used to repay the City. The current portion is $940,000 as of March 31, 2022. The 1999A bonds, which mature in fiscal year 2029, had an outstanding principal balance of $7.61 million at March 31, 2022.

3) Single Audit

The City receives significant financial assistance from numerous federal, state, and local governmental agencies in the form of grants and entitlements. The disbursement of funds received under these programs generally requires compliance with terms and conditions as specified in the grant agreements and is subject to audit. Any disallowed claims resulting from such audits and relating to the City or its component units could become a liability of the General Fund or other applicable funds. In the opinion of City Officials, the only significant contingent liabilities related to matters of compliance, are the timely filing of the City's audit report, data collection form and reporting package, detailed below and the unresolved and questioned costs in the City's Schedule of Financial Assistance to be issued for the year ended June 30, 2022, which accounted for $996.5 million for all open programs as of November 30, 2022. Of this amount, $822.6 million represents unresolved costs due to the inability to obtain audit reports from sub-recipients for the year ended June 30, 2021. $160.3 million represents unresolved costs due to the inability to obtain audit reports from sub-recipients for the years ended June 30, 2020 and prior, and $13.6 million represents questioned costs related to specific compliance requirements which have yet to be resolved.

In addition to the Single Audit contingencies noted above, Uniform Guidance §200.512 requires that the audit must be completed, and the data collection form and reporting package must be submitted within, the earlier of 30 calendar days after receipt of the auditor's report(s), or nine months after the end of the audit period. The City has regularly failed to meet this filing requirement. As a result of the City's continued failure to meet this filing requirement, there is a chance that future funding could be affected.

4) HUD Section 108 Loans

As detailed in Note III. 6., collateral for repayment of the City's HUD Section 108 loans includes future Community Development Block Grant entitlements due to the City from HUD.

5) Act 148 Children and Youth and Other Major Programs

In previous fiscal years the Act 148 and all of the Children and Youth Programs reimbursed by the Commonwealth of Pennsylvania, was accounted for in the General Fund. Starting in fiscal year 2012, the reimbursable portion of this program was accounted for in the Grants Revenue Fund, and the non-reimbursable portion continues to be accounted for in the General Fund. At June 30, 2021, the Grants Revenue Fund had a $168.6 million receivable for the Children and Youth Programs. In FY 2022 the Grants Revenue Fund had expenditures totaling $476.5 million and revenue totaling $543.6 million. At June 30, 2022, the Grants Revenue Fund had a $101.7 million receivable for the Children and Youth Programs. Due to the nature of the programs' billing polices, the city has 24 months after the current fiscal year-end date to submit a final reimbursement request. If receivables for program costs submitted for reimbursement are subsequently deemed ineligible, such non-reimbursable costs will be charged to the General Fund

B. COMPONENT UNITS

1) Claims and Litigation

SDP

The following information represents the opinion and disclosures of the General Counsel of the School District concerning litigation and contingencies:

Special Education and Civil Rights Claims – There are estimated seven hundred seventy-seven (777) various claims against the School District, by or on behalf of students, which aggregate to a total potential liability of $4.9 million.

Of those, four hundred thirty-six (436) are administrative due process hearings and appeals to the state appeals panel pending against the School District. These appeals are based on alleged violations by the School District to provide a free, appropriate public education to students under federal and state civil rights, special education or the Rehabilitation Act and anti-discrimination laws. In the opinion of the General Counsel of the School District, four hundred thirty-six (436) unfavorable outcomes are deemed probable in the aggregate of $4.9 million.

Other Matters - The School District is a party to various claims, legal actions, arbitrations, and complaints in the ordinary course of business, which aggregate to a total potential liability of $12.5 million. In the opinion of the General Counsel of the School District, it is unlikely that final judgments or compromised settlements will approach the total potential liability, however. Nevertheless, the School District annually budgets an amount that management believes is adequate, based on past experience, to provide for these claims when they become fixed and determinable in amount. More particularly, compromised settlements or unfavorable outcomes are deemed reasonably possible in the amount of $2.3 million in connection with disputed contracts and labor and employment matters. Likewise, compromised settlements or unfavorable verdicts are deemed probable or reasonably possible in the aggregate amounts of $2.3 million and $6.9 million, respectively, arising from personal injury and property damage claims and lawsuits.

Constitutional Challenge- Duffield House Assocs., et al. v. City of Phila., et al., 445 EAL 2021. This consolidated proceeding by commercial property owners and tenants in the City alleged that the City's 2018 property tax reassessment violated the Pennsylvania Constitution's Uniformity Clause. In 2018, plaintiffs requested a preliminary injunction to compel usage of the 2017 assessment levels for all tax bills. Because that request implicated the School District's Business Use and Occupancy Tax, the School District intervened as a defendant. On July 18, 2019, the Court of Common Pleas ruled against the City and, in effect, adverse to the School District's interests. After an unsuccessful appeal to Commonwealth Court, the City and the District sought leave to appeal to the Supreme Court in October 2021, which was ultimately denied on June 8, 2022. The City will provide tax credits to plaintiffs for the 2022 tax bill due in April 2023, and the cost to the District of the tax credit will be carried as a liability from fiscal year 2022 and offset in fiscal year 2023. The likelihood of an unfavorable outcome is certain. The City will withhold $28.7 million in revenue from the School District during the 2023 fiscal year as an overpayment.

Administrative Appeals in Pennsylvania Department of Education – Federal Funds Deduction Administrative Actions. In these administrative actions, eight brick and mortar and cyber charter schools claim that the Pennsylvania Department of Education ("PDE") impermissibly permits the School District (and all school districts) to deduct amounts constituting expenditures of federal funds from total expenditures when calculating per-pupil rates and that those deductions are not expressly permitted under the Charter School Law. These administrative matters had originated in actions brought by the charter schools against the School District and PDE in Pennsylvania Commonwealth Court. The Commonwealth Court in Antonia Pantoja Charter School, et al. v. Pa. Dept. of Educ., et al., 289 M.D. 2017, related to the 2015- 16 school year, ordered the matter to proceed at PDE, and the charter schools moved their federal funds claims for the 2016-17 (Antonia Pantoja Charter School, et al. v. Pa. Dept. of Educ., et al., 167 M.D. 2019) and 2017-18 (Antonia Pantoja Charter School, et al. v. Pa. Dept. of Educ., et al,, 431 M.D. 2019) school years to PDE. For these claims, there are twelve docketed matters before PDE related to the 2015-2016 school year, thirteen docketed matters related to the 2016-2017 school year, and twelve docketed matters related to the 2017-2018 school year. The amounts at issue are: (i) in excess of $10.7 million for the 2015-16 school year; (ii) in excess of $8.5 million for the 2016-17 school year; and (iii) in excess of $6.4 million for the 2017-18 school year. These matters are assigned to a hearing officer. Hearings were held on November 9, 10, 12, and 17, 2020; January 15 and 19, 2021; and February 1, 2021. The parties submitted post-hearing briefs to the hearing officer. The matters have been referred to the Pennsylvania Secretary of Education for a decision. Although it is impossible to determine with any degree of certainty, the likelihood of an unfavorable outcome on the federal funds deduction issue in the amounts detailed above is reasonably possible.

PGW

PGW's material legal proceedings are as described below. PGW believes that it has valid defenses to these legal proceedings and intends to defend them vigorously. PGW records reserves for estimated losses from contingencies when information available indicates that a loss is probable and the amount of the loss, or range of loss, can be reasonably estimated. Management has assessed the following matters based on current information and made a judgment concerning their potential outcomes, considering the nature of the claim, the amount and nature of damages sought, and the probability of success. PGW is unable to predict the outcome of these legal proceedings or reasonably estimate the scope or amount of any associated costs and potential liabilities.

Philadelphia Gas Works, Petitioner v. Pennsylvania Public Utility Commission and SBG Management Services, et. al., Respondents, Pennsylvania Commonwealth Court Docket Nos. 1291 CD 2018, 1405 CD 2018 and 1404 CD 2018. These are an appeal by PGW dated October 19, 2018 from the Orders of the PUC issued (a) December 8, 2016, and the related Opinions and Orders denying reconsideration that were issued on May 18, 2018 and on August 23, 2018; (b) September 20, 2018; and (c) October 4, 2018.

Eight complaints were filed by landlords and by SBG Management Services, Inc. (collectively, SBG), the property management company that manages the day-to-day operations of certain residential properties owned by the landlords. The complaints which challenged amounts owned by SBG to PGW that, inter alia, were subject to late payment charges by PGW were divided into three groups by the Commission. The Commission’s Regulations and PGW’s Commission approved tariff authorizes PGW to charge interest (in the form of a late payment charge) at the rate of 1.5% per month on the overdue balance of a utility bill. In addition, if a customer does not pay for natural gas services provided by PGW, a municipal lien (which is created by operation of the Pennsylvania Municipal Claim and Tax Lien Law, 53 P.S. §§ 7101, et. seq. (MCTLL)) may be docketed with the appropriate local court. The Commission held that it lacks jurisdiction over unpaid amounts for natural gas service provided by PGW when a municipal lien is docketed under the MCTLL. Based upon that conclusion, the Commission determined that once a lien is docketed, PGW may not apply rules set forth in its Commission approved tariff to the arrearage amount giving rise to the lien and may not show that arrearage amount on its monthly bills to nonpaying customers. The PUC assessed civil penalties in the total amount of approximately $0.1 million against PGW, ordered PGW to refund sums totaling approximately $1.0 million to the complainants, correct its practices in the assessment of late payment charges on unpaid balances, and modify the payment application sequence associated with partial payments. This would require PGW to make changes to PGW’s billing system.

In response to the PUC’s determination, PGW filed timely appeals with the Pennsylvania Commonwealth Court from the PUC's decision in each group of complaints. Oral argument took place on November 12, 2019.

On December 9, 2019, the Pennsylvania Commonwealth Court reversed the orders of the PUC related to amounts owed by SBG Management Services, Inc. to PGW that, inter alia, were subject to late payment charges by PGW.

The Commonwealth Court found that (i) the PUC committed an error of law in holding that it lacked jurisdiction over gas charges subject to docketed liens, (ii) the PUC committed an error of law in holding that PGW could not continue to impose late fees of 1.5% per month on delinquent accounts once the City dockets a lien, and (iii) the PUC erred in imposing penalties, ordering refunds of previously imposed late fees, and directing billing changes relating to charges subject to docketed liens.

On January 8, 2020, SBG petitioned the Pennsylvania Supreme Court (“PA Supreme Court”) to reverse the decision of the Commonwealth Court. On June 23, 2020, the PA Supreme Court granted SBG’s petition for appeal. On December 1, 2020, the parties presented oral arguments before the PA Supreme Court. On April 29, 2021, the PA Supreme Court reversed the order of the Commonwealth Court, and held that liens filed of record under Section 7106(b) of the Municipal Claims and Tax Lien Law (53 P.S. § 7106(b)) have the effect of judgments, and accordingly accrue interest at the “lawful rate” of post-judgment interest of 6% per annum. (See 42 Pa.C.S. §8101; 41 P.S. § 202)

On May 13, 2021, PGW filed an “Application for Reargument” with the PA Supreme Court. In its Application, PGW requested that the PA Supreme Court grant reargument on a number of grounds, including due to PGW’s assertion that the determination of the interest rate on liens was not properly the subject of the appeal before the PA Supreme Court.

On June 15, 2021, Philadelphia Gas Works’ Application for Reargument was granted in part by the PA Supreme Court. The case was remanded to the Commonwealth Court for consideration of any outstanding issues. (PGW’s Application for Relief (including the request for reargument) was denied in all other respects.) On August 3, 2021, the Commonwealth Court issued an order establishing a Supplemental Briefing Schedule for the matter on remand, and also fixed the questions on remand. The parties’ briefs were filed in September/October of 2021. Oral argument took place on February 7, 2022 before the Commonwealth Court, and on March 16, 2022 the Commonwealth Court held that PGW II applies retroactively only to the parties of PGW II as well as other proceeding pending at the time PGW PGW II was decided on April 28, 2021. The Commonwealth Court remanded the proceeding to the Commission for a determination of the correct amounts.

Upon remand to the Commission, PGW filed a motion to dismiss the issue related to the amounts due on docketed liens. PGW argued that the amount due on docketed liens (which are judgments according to PGW II) are outside of the Commission's jurisdiction. In response, SBG argued that it is proper for the Commission to determine how much SBG was overcharged. The motion was argued before the Administrative Law Judge (the "ALJ") on November 8, 2022. An evidentiary hearing was scheduled for January 19, 2023.

SBG Management Services, Inc. Et Al. v. City of Philadelphia c/o Philadelphia Gas Works. In a separate, but related matter to the SBG matter described above, various and several new SBG entities filed a Praecipe for Writ of Summons against "the City of Philadelphia c/o PGW" in the Philadelphia Court of Common Pleas on April 29, 2021 and docketed a complaint on August 24, 2021. The complaint sets forth a cause of action for "recoupment" (Count I), a claim for unjust enrichment (Count II), a cause of action for fraud (Count III), and a claim for violation of the UTPCPL (Count IV). Under SBG's view of the decision of the Pennsylvania Supreme Court (PGW v. PUC, 249 A.3d 963 (Pa. 2021)) in the above-described litigation, SBG is entitled to damages based on the amounts paid by them to satisfy the judgments (docketed municipal liens) against them for unpaid gas service. In their complaint, Plaintiffs allege they have incurred hundreds of millions of dollars in damages from PGW's billing practices since at least 2004 and are seeking a refund of late payment charges paid to PGW in excess of $10.2 million, as well as other substantial (including punitive and treble) damages, interest, costs, fees and penalties based upon allegations of unjust enrichment, fraud, and unfair trade practices arising from PGW's late payment charges. PGW filed its response to the complaint in September 2021, wherein it raised objections and defenses to all the causes of action raised in the complaint. On January 20, 2022, the Court issued an order in response to PGW's Preliminary Objections, dismissing two of SBG's claim with prejudice (fraud and unfair trade practices), and dismissing a third claim (breach of contract) without prejudice, and leave to SBG to amend its complaint. SBG has subsequently filed multiple amended complaints including a Third Amended Complaint ("TAC"). The TAC asserts claim of breach of contract (Count 1) and unjust enrichment (Count II). PGW responded by filing preliminary objections to the TAC. On August 10, 2022, the Court sustained one of PGW's preliminary objections and dismissed the nine other property owners. PGW's other preliminary objections were overruled. PGW filed an answer with new matter on August 30, 2022. SBG's reply was filed on September 23, 2022. Under the Court's Revised Case Management Order, the case will be ready for trial on or after April 3, 2023.

Pennsylvania Public Utility Commission, Bureau of Investigation and Enforcement v. Philadelphia Gas Works. Docket No. C-2019-3013933. On December 19, 2019, an explosion occurred on the 1400 Block of South Eighth Street in Philadelphia that resulted in two fatalities. The Commission's Bureau of Investigation and Enforcement ("BI&E) conducted an investigation, Part of the investigation is to gather physical evidence at the scene as described in 49 CFR 190.203
.
On July 15, 2022, BI&E filed a formal complaint against PGW alleging violations of the Public Utility Code arising from the incident. The formal complaint seeks corrective actions and civil penalties of $1,311,882. PGW responded to the complaint on August 23, 2022, denying the allegations. The proceeding is in the discovery phase. Evidentiary hearings are currently scheduled for April 2023.

9. SUBSEQUENT EVENTS

In preparing the accompanying financial statements, the City has reviewed events that occurred subsequent to June 30, 2022 through and including February 25, 2023. The following events are described below:

A. PRIMARY GOVERNMENT

1. In August 2022, the City issued $294.8 million in Water and Wastewater Revenue Bonds. Series 2022 C. The Water and Wastewater Revenue Bonds, Series 2022 C bonds were issued to provide funds to finance (i) capital improvements to the System, (ii) a deposit to the Debt Reserve Account of the Sinking Fund and (iii) the costs of issuance relating to the 2022C Bonds.

2. PICA's original enabling legislation enacted in June 1991 was to expire no later than one year after the maturity of all outstanding special tax revenue bonds issued by the Authority. In July, 2022, the Commonwealth enacted legislation extending the Act. The amended act extends the existence of the Authority until the later of January 2, 2047 or one year after all of the Authority's liabilities, including any outstanding bonds, as provided in the applicable bond indenture, have been fully paid or discharged. Upon termination of the Authority, all rights and property, including funds remaining in the debt service reserve fund, will be paid to the Commonwealth to the extent the Commonwealth has contributed such rights or property, or otherwise such rights and property will pass to or be vested in the City.

3. In November 2022, voters passed a ballot amendment to the City of Philadelphia's Home Rule Charter establishing a standalone Department of Aviation to oversee Philadelphia International Airport and Northeast Philadelphia Airport. Prior to this amendment, the airports were operated by the Division of Aviation and

oversight resided with the City's Department of Commerce. The Department of Aviation, as a standalone department, reports directly to the Mayor of Philadelphia.

B. COMPONENT UNITS

1. **SDP** Subsequent Events

   a. Tax Anticipation Revenue Notes (TRAN)
   In July 2022, as part of the annual process to obtain short term financing (in anticipation of the receipt of taxes and revenues) through the issuance of tax and revenue anticipation notes (TRAN), the Board of Education, through a resolution, authorized the issuance and sale of TRAN Notes which were issued as fixed rate notes in the aggregate principal amount of up to $500.0 million with a maturity date of June 29, 2023.

   On July 21, 2022, the Board of Education authorized the issuance and sale of the Series A of Tax and Revenue Anticipation Notes of 2022-2023 in the amount of $500.0 million. The $500.0 million of Series A notes were purchased by a bank through a negotiated sale. The purchases of Series A1 notes were issued as fixed rate notes at a rate of 0.289% which was locked in based on rates as of July 14, 2022. Note proceeds were received on the closing date of July 21, 2022. The Notes were issued for the purpose of financing the current operating expenses incurred during Fiscal Year 2022.

   b. School District of Philadelphia Complaint Filed Against The City of Philadelphia, et al
   On January 20, 2023, The School District of Philadelphia filed a complaint against The City of Philadelphia, the Philadelphia Department of Public Health, and the City Managing Director, Tumar Alexander in federal court, at The School District of Philadelphia v. City of Philadelphia, et al., United States District Court for the Eastern District of Pennsylvania No. 2:23-cv-00238. The Complaint alleges that City of Philadelphia Bill No. 210685-AA is preempted by the Asbestos Hazard Emergency Response Act (AHERA), is an unconstitutional delegation of legislative authority, is unconstitutional because it deprives the School District of liberty and property without due process of law and is an impermissible exercise of the City's powers as a home rule municipality.

   c. Pending State and Federal Lawsuits Filed Against the School District of Philadelphia
   The School District of Philadelphia is party to four personal injury, property damage, and civil rights (Non-employee) claims and lawsuits filed during August 2022, October 2022, and November 2022. Information concerning them became available after the date of the financial statements. The District anticipates the outcome of these cases to be reasonably possible with a potential liability of over $4.0 million.

2. **PHA** Subsequent Events:

   Vehicle Lease - On April 7, 2017, PHA and Enterprise Fleet Management, Inc. (Enterprise) executed a contract whereby PHA will commence leasing vehicles from Enterprise for a term of 5 years. In fiscal 2023, Enterprise will lease an additional 72 vehicles to PHA in Phase VI for an estimated budget of $2.3 million.

3. **PPA** Subsequent Event:

   In October 2022, the City of Philadelphia – Division of Aviation extended the Authority's Provider agreement that continues Authority parking operations at the Philadelphia International Airport. The extension is valid through October 31, 2023.

City of Philadelphia
PENNSYLVANIA

Required Supplementary Information

(Other than Management's Discussion and Analysis)

Required Supplementary Information **Exhibit XIV**
Budgetary Comparison Schedule
General Fund
For the Fiscal Year Ended June 30, 2022

Amounts in thousands of USD

	Budgeted Amounts			Final Budget to Actual Positive
	Original	Final	Actual	(Negative)
Revenues				
Tax Revenue	3,417,808	3,922,637	4,139,390	216,753
Locally Generated Non-Tax Revenue	364,391	373,199	396,364	23,165
Revenue from Other Governments	829,140	872,621	931,192	58,571
Revenue from Other Funds	645,906	322,250	300,567	(21,683)
Total Revenues	5,257,245	5,490,707	5,767,513	276,806
penditures and ncumbrances				
Personal Services	1,888,766	1,963,263	1,890,730	72,533
Pension Contributions	774,150	1,031,311	1,031,311	-
Other Employee Benefits	664,443	655,209	658,720	(3,511)
Sub-Total Employee Compensation	3,327,359	3,649,783	3,580,761	69,022
Purchase of Services	1,094,526	1,124,361	1,014,397	109,964
aterials and Supplies	74,137	86,770	77,847	8,923
Equipment	44,672	57,946	47,773	10,173
Contributions, Indemnities and Taxes	386,793	391,828	384,930	6,898
Debt Service	192,667	192,667	188,718	3,949
Payments to Other Funds	48,792	45,952	44,101	1,851
Advances, Subsidies, iscellaneous	100,000	80,630	-	80,630
Total Expenditures and Encumbrances	5,268,946	5,629,937	5,338,527	291,410
Operating Surplus (Deficit) for the ear	(11,701)	(139,230)	428,986	568,216
Fund Balance Available for Appropriation, uly 1, 2021	78,748	298,542	298,542	-
perations in Respect to rior Fiscal ears				
Commitments Cancelled - Net	24,000	27,532	51,616	24,084
Funding for Future Obligations	(4,500)	(4,500)	-	4,500
Ad usted Fund Balance, uly 1, 2021	98,248	321,574	350,158	28,584
Fund Balance Available for Appropriation, une 30, 2022	86,547	182,344	779,144	596,800

Refer to the notes to required supplementary information.

City of Philadelphia **Exhibit XV**

Required Supplementary Information

Budgetary Comparison Schedule

HealthChoices Behavioral Health Fund

For the Fiscal Year Ended June 30, 2022

Amounts in thousands of USD

	Budgeted Amounts			Final Budget to Actual Positive (Negative)
	Original	Final	Actual	
Revenues				
Locally Generated Non-Tax Revenue	2,000	219	(639)	(858)
Revenue from Other Governments	1,308,000	1,309,781	1,281,180	(28,601)
Total Revenues	1,310,000	1,310,000	1,280,541	(29,459)
ther ources				
Decrease in Unreimbursed Committments	-	-	(26,129)	(26,129)
Total Revenues and Other Sources	1,310,000	1,310,000	1,254,412	(55,588)
penditures and ncumbrances				
Personal Services	1,252	1,252	278	974
Purchase of Services	1,308,648	1,308,648	1,291,143	17,505
Payments to Other Funds	100	100	1	99
Total Expenditures and Encumbrances	1,310,000	1,310,000	1,291,422	18,578
Operating Surplus (Deficit) for the ear	-	-	(37,010)	(37,010)
Fund Balance Available for Appropriation, uly 1, 2021	-	172,630	172,630	-
perations in Respect to rior Fiscal ears				
Commitments Cancelled - Net	-	(172,630)	90,772	263,402
Prior Period Ad ustments	-	-	(25,377)	(25,377)
Ad usted Fund Balance, uly 1, 2021	-	-	238,025	238,025
Fund Balance Available for Appropriation, une 30, 2022	-	-	201,015	201,015

Refer to the notes to required supplementary information.

Required Supplementary Information
Budgetary Comparison Schedule
Grants Revenue Fund
For the Fiscal Year Ended June 30, 2022

Amounts in thousands of USD

	Budgeted Amounts			Final Budget to Actual Positive
	Original	Final	Actual	(Negative)
Revenues				
Locally Generated Non-Tax Revenue	93,086	83,447	56,954	(26,493)
Revenue from Other Governments	3,496,909	1,977,052	1,474,292	(502,760)
Total Revenues	3,589,995	2,060,499	1,531,246	(529,253)
ther ources				
Decrease in Unreimbursed Committments	-	-	(26,808)	(26,808)
Increase in Financed Reserves	-	-	(1,213)	(1,213)
Total Revenues and Other Sources	3,589,995	2,060,499	1,503,225	(557,274)
penditures and ncumbrances				
Personal Services	265,602	224,205	160,192	64,013
Pension Contributions	46,064	21,459	9,552	11,907
Other Employee Benefits	51,779	74,717	36,406	38,311
Sub-Total Employee Compensation	363,445	320,381	206,150	114,231
Purchase of Services	1,464,165	1,495,607	1,092,523	403,084
aterials and Supplies	74,326	60,346	17,275	43,071
Equipment	52,696	37,314	4,885	32,429
Contributions, Indemnities and Taxes	1	1	23,445	(23,444)
Payments to Other Funds	635,361	676,711	341,733	334,978
Advances, Subsidies, iscellaneous	1,000,001	613,951	-	613,951
Total Expenditures and Encumbrances	3,589,995	3,204,311	1,686,011	1,518,300
Operating Surplus (Deficit) for the ear	-	(1,143,812)	(182,786)	961,026
Fund Balance Available for Appropriation, uly 1, 2021	-	(357,044)	(357,044)	-
perations in Respect to rior Fiscal ears				
Commitments Cancelled - Net	-	-	139,755	139,755
Revenue Ad ustments - Net	-	-	(839)	(839)
Prior Period Ad ustments	-	357,044	(9,709)	(366,753)
Ad usted Fund Balance, uly 1, 2021	-	-	(227,837)	(227,837)
Fund Balance Available for Appropriation, une 30, 2022	-	(1,143,812)	(410,623)	733,189

Refer to the notes to required supplementary information.

it of hiladelphia chedule of hanges in et B Liabilit and Related Ratios *(Amounts in thousands USD)*

	F E 2021	F E 2020	F E 2019	F E 2018	F E 2017
Total B Liabilit					
Service Cost (BO)	110,900	93,900	82,400	81,800	89,300
Interest (includes interest on service cost)	47,500	69,200	71,900	67,900	56,100
Changes of benefit terms	-	-	-	-	-
Differences between expected and actual experience	-	18,100	-	56,800	-
Changes of assumptions	8,300	75,300	54,000	(147,800)	(105,600)
Benefit payments, including refunds of member contributions	(97,800)	(104,600)	(96,900)	(96,400)	(114,800)
et change in total B liabilit	,	,	,	,	,
Total B liabilit beginning	2,087,200	1,935,300	1,823,900	1,861,600	1,936,600
Total B liabilit ending	, ,	, ,	, ,	, ,	, ,
lan fiduciar net position					
Contributions - employer	97,800	104,600	96,900	96,400	114,800
Contributions - non-employer	-	-	-	-	-
Contributions - member	-	-	-	-	-
Net investment income	-	-	-	-	-
Benefit payments, including refunds of member contributions	(97,800)	(104,600)	(96,900)	(96,400)	(114,800)
Administrative expense	-	-	-	-	-
et change in plan fiduciar net position	-	-	-	-	-
lan fiduciar net position beginning	-	-	-	-	-
lan fiduciar net position ending					
et B liabilit ending	, ,	, ,	, ,	, ,	, ,
lan fiduciar net position as a percentage of the total B liabilit	0.00	0.00	0.00	0.00	0.00
overed emplo ee pa roll	1,886,500	1,921,200	1,842,600	1,805,400	1,744,700
et B liabilit as a percentage of covered emplo ee pa roll	114.29	108.64	105.03	101.02	106.70

Note There are no assets accumulated in a trust that meets the criteria of GASB codification P22.101 or P52.101 to pay related benefits for the OPEB plan. The schedules of changes in net OPEB liability and related ratios are intended to show information for 10 years. Additional years will be displayed as they become available.

it of hiladelphia unicipal ension lan chedule of hanges in et ension Liabilit *(Amounts in thousands USD)*

	F E 2022	F E 2021	F E 2020	F E 2019	F E 2018	F E 2017	F E 2016	F E 2015
Total ension Liabilit								
Service Cost (O)	186,294	187,598	190,457	183,756	164,137	157,607	148,370	143,556
Interest (includes interest on service cost)	879,400	884,099	871,381	857,349	843,172	823,959	802,450	791,299
Changes of benefit terms	-	-	-	378	4,065	-	-	-
Differences between expected and actual experience	(200,733)	(2,417)	9,483	11,098	28,937	103,879	151,919	34,910
Changes of assumptions	220,153	57,076	-	53,489	106,022	51,441	85,148	48,146
Benefit payments, including refunds of member contributions	(929,291)	(891,445)	(862,198)	(842,469)	(828,266)	(821,495)	(889,343)	(881,465)
et change in total pension liabilit	,	,	,	,	,	,	,	,
Total ension liabilit beginning	12,218,303	11,983,392	11,774,269	11,510,668	11,192,601	10,877,210	10,578,666	, ,
Total ension liabilit ending	, ,	, ,	, ,	, ,	, ,	, ,	, ,	, ,
lan fiduciar net position								
Contributions - employer	859,786	788,483	768,720	797,806	781,984	706,237	660,247	577,195
Contributions - member	110,447	111,273	111,825	99,180	83,289	73,607	67,055	58,658
Net investment income	(479,763)	1,643,490	87,151	303,736	440,327	566,625	(145,682)	13,838
Benefit payments, including refunds of member contributions	(929,291)	(891,445)	(862,198)	(842,469)	(828,266)	(821,495)	(889,343)	(881,666)
Administrative expense	(8,933)	(9,709)	(10,991)	(11,155)	(10,123)	(8,874)	(8,554)	(10,478)
PAF Distributions	(37,395)	-	-	-	-	-	-	-
et change in plan fiduciar net position	(485,149)	1,642,092	94,507	347,098	467,211	516,100	,	,
lan fiduciar net position beginning	7,424,983	5,782,891	5,688,384	5,341,286	4,874,075	4,357,975	4,674,252	, ,
lan fiduciar net position ending	, ,	, ,	, ,	, ,	, ,	, ,	, ,	, ,
et pension liabilit ending	, ,	, ,	, ,	, ,	, ,	, ,	, ,	, ,
lan fiduciar net position as a percentage of the total pension liabilit	56.08	60.77	48.26	48.31	46.40	43.55	40.07	44.19
overed pa roll	1,921,335	1,878,374	1,921,217	1,842,555	1,805,400	1,744,728	1,676,549	1,597,849
et pension liabilit as a percentage of covered pa roll	282.84	255.18	322.74	330.30	341.72	362.15	388.85	369.52

Note The schedules of changes in net OPEB liability and related ratios are intended to show information for 10 years. Additional years will be displayed as they become available.

City of Philadelphia Schedule of Collective Contributions (Based on Minimum Municipal Obligations)
Last 10 Fiscal ears
Amounts in Thousands

	F E 2022	F E 2021	F E 2020	F E 2019	F E 2018	F E 2017	F E 2016	F E 2015	F E 2014	F E 2013
Actuarially determined Contribution	678,192	673,884	675,751	668,281	661,257	629,620	594,975	556,030	523,368	727,604
Contributions in Relation to the Actuarially Determined Contribution	859,787	788,483	768,721	797,806	781,984	706,237	660,247	577,195	553,179	781,823
Contribution Deficiency (Excess)	(181,595)	(114,599)	(92,970)	(129,525)	(120,727)	(76,617)	(65,272)	(21,165)	(29,811)	(54,219)
Covered Payroll	1,921,335	1,878,374	1,921,217	1,842,555	1,805,400	1,744,728	1,676,549	1,597,849	1,495,421	1,429,723
Contributions as a Percentage of Covered Payroll	44.75	41.98	40.01	43.30	43.31	40.48	39.38	36.12	36.99	54.68

City of Philadelphia Schedule of Collective Contributions (Based on Revenue Recognition Policy)
Last 10 Fiscal ears
Amounts in Thousands

	F E 2022	F E 2021	F E 2020	F E 2019	F E 2018	F E 2017	F E 2016	F E 2015	F E 2014	F E 2013
Actuarially determined Contribution	727,430	712,978	704,589	680,808	662,139	629,620	594,975	556,030	523,368	727,604
Contributions in Relation to the Actuarially Determined Contribution	859,787	788,483	768,721	797,806	781,984	706,237	660,247	577,195	553,179	781,823
Contribution Deficiency (Excess)	(132,357)	(75,505)	(64,132)	(116,998)	(119,845)	(76,617)	(65,272)	(21,165)	(29,811)	(54,219)
Covered Payroll	1,921,335	1,878,374	1,902,161	1,842,555	1,805,400	1,744,728	1,676,549	1,597,849	1,495,421	1,429,723
Contributions as a Percentage of Covered Payroll	44.75	41.98	40.41	43.30	43.31	40.48	39.38	36.12	36.99	54.68

City of Philadelphia Schedule of Collective Contributions (Based on Funding Policy)
Last 10 Fiscal ears
Amounts in Thousands

	F E 2022	F E 2021	F E 2020	F E 2019	F E 2018	F E 2017	F E 2016	F E 2015	F E 2014	F E 2013
Actuarially determined Contribution	826,407	856,456	839,691	874,706	871,802	881,356	846,283	798,043	823,885	738,010
Contributions in Relation to the Actuarially Determined Contribution	859,787	788,483	768,721	797,806	781,984	706,237	660,247	577,195	553,179	781,823
Contribution Deficiency (Excess)	(33,380)	67,973	70,970	76,900	89,818	175,119	186,036	220,847	270,706	(43,813)
Covered Payroll	1,921,335	1,878,374	1,902,161	1,842,555	1,805,400	1,744,728	1,676,549	1,597,849	1,495,421	1,429,723
Contributions as a Percentage of Covered Payroll	44.75	41.98	40.41	43.30	43.31	40.48	39.38	36.12	36.99	54.68

otes to chedule

Valuation Date	uly 1, 2020
Timing	Actuarially determined contribution rates are calculated based on the actuarial valuation two years prior to the beginning of the plan year.

ey ethods and Assumptions Used to Determine Contribution Rates

Actuarial cost method	Entry Age
Asset valuation method	Ten-year smoothed mar et
Amorti ation method	Gain Losses are amorti ed over closed 20-year periods, assumption changes over 15years, benefit changes for actives over 10 year, and benefit changes for inactive members over 1 year, and plan changes mandated by state over 20 years. Under the City's Funding policy, the initial uly 1, 1985 unfunded actuarial liability (UAL) is amorti ed over 34 years ending une 30, 2019. Future Amorti ation periods follow the O funding policy. Under the O Funding Policy, the uly 1, 2009 unfunded actuarial liability (UAL) was fresh started , to be amorti ed over 30 years, ending une 30, 2039. This is level dollar amorti ation of the UAL. Under the RRP Funding Policy, sales tax revenue and additional member contributions are dedicated to fund the unfunded liability instead of reducing the City's obligation such that this revenue is in addition to what the O would have been without these additional assets.
Discount rate	7.50
Amorti ation growth rate	3.30
Salary increases	Age based salary scale separated by employee classification
ortality	RP-2014 ortality Tables pro ected from base year of 2006 to 2021 using mortality improvement scale P-2017

A complete description of the methods and assumptions used to determine contribution rates for the year ending une 30, 2022 can be found in the uly 1, 2020 actuarial valuation.

168

hiladelphia as or s chedule of hanges in et ension Liabilit *Amounts in thousands*

	F E 2022	F E 2021	F E 2020	F E 2019	F E 2018	F E 2017	F E 2016
Total Pension Liability							
Service Cost	7,152	7,178	6,400	6,554	6,103	5,823	5,400
Interest Cost	55,276	55,454	56,893	57,240	55,718	55,443	55,903
Changes in Benefit Terms	-	-	-	-	-	-	-
Differences between expected and actual experience	9,665	2,057	(3,034)	(12,089)	15,706	2,182	(8,841)
Changes in assumptions	1,481	22,923	(24,891)	(1,834)	(3,864)	(7,952)	26,748
Benefit Payments	(58,502)	(56,646)	(55,061)	(53,893)	(52,627)	(51,376)	(50,447)
et hange in Total ension Liabilit	,	,	,	,	,	,	,
Total ension Liabilit Beginning	,	,	,	,	,	,	,
Total ension Liabilit nding	,	,	,	,	,	,	,
Plan Fiduciary Net Position							
Contributions-Employer	30,042	29,728	29,414	28,570	29,143	27,918	21,123
Contributions - ember	1,854	1,607	1,519	1,249	1,078	852	602
Net Investment Income	(80,988)	155,840	14,286	34,260	44,310	61,002	2,872
Benefit Payments	(58,502)	(56,646)	(55,061)	(53,893)	(52,627)	(51,376)	(50,446)
Administrative Expense	(200)	(217)	(168)	(192)	(184)	(129)	(1,611)
Other	-	-	-	-	-	-	-
et hange in Fiduciar et osition	,	,	,	,	,	,	,
lan Fiduciar et osition Beginning	,	,	,	,	,	,	,
lan Fiduciar et osition nding	,	,	,	,	,	,	,
et ension Liabilit nding	,	,	,	,	,	,	,
Total Pension Liability	826,830	811,758	780,792	800,485	804,507	783,471	779,351
Plan Fiduciary Net Position	565,748	673,542	543,230	553,240	543,246	521,526	483,259
et ension Liabilit nding	,	,	,	,	,	,	,
Net Position as a percentage of Pension Liability	68.42	82.97	69.57	69.11	67.53	66.57	62.01
Covered Payroll	97,435	97,959	95,934	98,454	101,271	94,768	90,860
Net Pension Liability as a percentage of Payroll	267.96	141.10	247.63	251.13	257.98	276.41	325.88

a uation at a tua ia ia i iti s and ass ts a a u at d as o th is a a nd dat

Note The schedule of changes in net pension liability and related ratios are intended to show information for 10 years. Additional years will be displayed as they become available

hiladelphia as or s chedule of Actuariall Determined ontribution *Amounts in thousands*

	F E 2022	F E 2021	F E 2020	F E 2019	F E 2018	F E 2017	F E 2016
Actuarially Determined Contribution	30,000	30,000	26,844	28,797	28,395	29,260	26,476
Contributions in Relation to the Actuarially Determined Contribution	30,043	29,728	29,414	28,570	29,143	27,918	21,123
Contribution Deficiency (Excess)	(43)	272	(2,570)	227	(748)	1,342	5,353
Covered Payroll	97,435	97,959	95,934	98,454	101,271	94,768	90,860
Contributions as a percent of covered payroll	30.83	30.35	30.66	29.02	28.78	29.46	23.25

otes to Re uired upplementar Information:

The information presented in the required supplementary schedules was determined as part of the actuarial valuations at the dates indicated. Additional information as of the latest actuarial valuation follows

Valuation Date	une 30, 2022
Actuarial Cost ethod	Pro ected Unit Credit
Amorti ation ethod	Contributions based on greater of 20 year level dollar open amorti ation method and 30 year level dollar closed amorti ation method.
Asset Valuation ethod	Assets smoothed over a 5 year period
Salary Increases	Varies by participant years of service.
General Inflation	2.00
Investment Rate of Return	7.00
Cost of Living	N A
ortality rates	Pri-2012 mortality table pro ected generationally from the central year using Scale P-2021

Amounts in thousands of USD

I. BA I F B D TI

The budgetary comparison schedules presented differ from the GAAP basis statements in that both expenditures and encumbrances are applied against the current budget, ad ustments affecting activity budgeted in prior years are accounted for through fund balance or as reduction of expenditures and certain interfund transfers and reimbursements are budgeted as revenues and expenditures. In accordance with the Philadelphia Home Rule Charter, the City has formally established budgetary accounting control for its operating and capital improvement funds.

The ma or funds presented as Required Supplementary Information are sub ect to annual operating budgets adopted by City Council. These budgets appropriate funds by ma or class of expenditure within each department. a or classes are defined as personal services purchase of services materials and supplies & equipment contributions, indemnities & taxes debt service payments to other funds and advances & other miscellaneous payments. The appropriation amounts for each fund are supported by revenue estimates and ta e into account the elimination of accumulated deficits and the re-appropriation of accumulated surpluses to the extent necessary. All transfers between ma or classes 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 reported in the City's Supplemental Report of Revenues & Obligations , a separately published report.

During the year, classification ad ustments 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 ad usted 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 ad ustments. Revenue estimates are presented as originally passed and as amended.

II. BA I F B D TI T AA BA I R ILIATI

	General Fund	HealthChoices Behavioral Health Fund	Grants Revenue Fund
Revenues			
Budgetary Comparison Schedule	5,767,513	1,280,541	1,531,246
Transfers	(840,156)	-	-
Program Income	-	-	47,924
Ad ustments applicable to Prior ears Activity	-	-	(839)
Change in Amount Held by Fiscal Agent	515	-	-
Change in BIRT Ad ustment	(37,152)	-	-
Return of Loan	-	-	
Other	1,163	-	
Statement of Revenues, Expenditures & Changes in Fund Balance	4,891,883	1,280,541	1,578,331
penditures and ncumbrances			
Budgetary Comparison Schedule	5,338,527	1,291,422	1,686,011
Transfers	(227,350)	-	(289,189)
Transfer to Budget Stabili ation Fund	-	-	-
Bond Issuance Costs	1,195	-	-
Expenditures applicable to Prior ears Budgets	137,716	(23,740)	18,439
Program Income	-	-	47,924
Lease Activity	317	-	3
Change in Amount Held by Fiscal Agent	38,507	-	-
Current ear Encumbrances	(371,707)	(40,903)	(131,386)
Statement of Revenues, Expenditures & Changes in Fund Balance	4,917,205	1,226,779	1,331,802

City of Philadelphia
PENNSYLVANIA

Other Supplementary Information

NON-MAJOR GOVERNMENTAL FUNDS

SPECIAL REVENUE FUNDS

Special Revenue Funds are used to account for and report the proceeds of specific revenue sources that are restricted or committed to expenditure for specified purposes other than debt service or capital projects.

COUNTY LIQUID FUELS TAX - Established to account for funds made available by Public Law No. 149.

SPECIAL GASOLINE TAX - Established to account for funds made available by Public Law No. 588.

HOTEL ROOM RENTAL TAX - Established to account for the tax levied to promote tourism.

COMMUNITY DEVELOPMENT - Established to account for revenues received from the Department of Housing and Urban Development, restricted to accomplishing the objectives of the CDBG Program, within specific target areas.

CAR RENTAL TAX - Established to account for the tax levied to retire new municipal stadium debt.

HOUSING TRUST - Established to account for the funds to be used under Chapter 1600 of Title 21 of the Philadelphia Code to assist low income homeowners.

ACUTE CARE HOSPITAL ASSESSMENT - Established in FY 2009 to account for the assessment of certain net operating revenues of certain acute care hospitals.

RIVERVIEW RESIDENTS - Established to maintain a commissary and provide other benefits for the residents.

PHILADELPHIA PRISONS - Established to operate a workshop and to provide benefits for the prison inmates.

ARBITRATION APPEALS - Established to account for certain court fees and provide funds for the arbitration board.

DEPARTMENTAL - Established to account for various activities of the Free Library and Parks and Recreation.

MUNICIPAL AUTHORITY ADMINISTRATIVE - Established to account for all financial transactions of the Municipal Authority not accounted for in other funds.

PENNSYLVANIA INTERGOVERNMENTAL COOPERATION AUTHORITY ADMINISTRATIVE - Established to account for PICA revenues from taxes and deficit financing transactions.

NON-MAJOR GOVERNMENTAL FUNDS (Cont'd)

DEBT SERVICE FUNDS

Debt Service Funds are used to account for and report financial resources that are restricted, committed, or assigned to expenditure for principal and interest.

CITY - Established to account for the debt service activities of the City not reflected in proprietary funds operations.

MUNICIPAL AUTHORITY - Established to account for the debt service activities related to the equipment and facilities financed through the Philadelphia Municipal Authority.

PENNSYLVANIA INTERGOVERNMENTAL COOPERATION AUTHORITY DEBT SERVICE - Established to account for the debt service activities related to the deficit financing provided by PICA.

CAPITAL IMPROVEMENT FUNDS

Capital Improvement Funds are used to account for and report financial resources that are restricted, committed, or assigned to expenditure for capital outlays, including the acquisition or construction of capital facilities and other capital assets .

CITY - Established to account for capital additions and improvements to the City's facilities and infrastructure and financed through general obligation bond issues and grants from federal, state and local agencies.

MUNICIPAL AUTHORITY - Established to account for the acquisition of vehicles and the construction of major facilities for the city.

PERMANENT FUNDS

Permanent Funds are used to account for and report resources that are restricted to the extent that only earnings, and not principal, may be used for purposes that support the government's programs.

LIBRARIES & PARKS - Established to account for trust of the Free Library and Parks and Recreation.

City of Philadelphia
Combining Balance Sheet
Non-Major Governmental Funds
June 30, 2022

Schedule I

Amounts in thousands of USD

	Special Revenue													
	County Liquid Fuels Tax	Special Gasoline Tax	Hotel Room Rental Tax	Community Development	Car Rental Tax	Housing Trust	Acute Care Hospital Assessment	Riverview Residents	Philadelphia Prisons	Arbitration Appeals	Departmental	Municipal Authority Administrative	PICA Administrative	Total
Assets														
Cash on Deposit and on Hand											8,712	12,495	5,877	27,084
Equity in Treasurer's Account	19,420	56,545	8,745	-	7,545	84,069	24,049	30	5,889	72	8,024	-	-	214,388
Investments	-	-	-	-	-	-	-	-	-	-	1,107		14,462	15,569
Due from Other Funds	-	-	-	-	-	-	-	-	-	-	-	9,197	-	9,197
Due from Component Units	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Amounts Held by Fiscal Agent	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Notes Receivable	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Taxes Receivable	-	-	7,830	-	727	-	20,883	-	-	-	-	-	6,035	35,475
Accounts Receivable	-	-	-	2,521	-	-	-	-	-	-	67	1,636	-	4,224
Due from Other Governmental Units	-	-	-	16,546	-	-	-	-	-	-	-	-	-	16,546
Allowance for Doubtful Accounts	-	-	(561)	-	(27)	-	(18,795)	-	-	-	-	-	-	(19,383)
Interest and Dividends Receivable	-	-	-	-	16	-	-	-	-	-	-	-	2	18
Inventories	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Other Assets	-	-	-	-	-	-	-	-	-	-	64	564	16	644
Total Assets	19,420	56,545	16,014	19,067	8,261	84,069	26,137	30	5,889	72	17,974	23,892	26,392	303,762
Liabilities														
Notes Payable	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Vouchers Payable	1,058	295	-	872	-	295	265	-	67	-	71	-	-	2,923
Accounts Payable	614	1,463	6,823	6,855	-	1,825	1,474	-	-	-	347	11,550	67	31,018
Salaries and Wages Payable	5	-	-	326	-	-	262	-	-	-	-	-	-	593
Payroll Taxes Payable	-	-	-	-	-	-	-	-	-	-	-	-	192	192
Accrued Expenses	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Due to Other Funds	-	-	-	11,211	-	-	-	-	-	-	-	-	6,036	17,247
Due to Primary Government	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Due to Component Units	-	-	-	249	-	1,554	-	-	-	-	-	-	-	1,803
Funds Held in Escrow	-	-	-	8	-	-	-	-	447	-	2,238	12,000	-	14,693
Due to Other Governmental Units	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Unearned Revenue	-	-	-	-	-	-	-	-	-	-	-	-	-	-
General Obligation Bonds	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Revenue Bonds	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Unamortized Loss - Refunded Debt	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Unamortized Discount on Revenue Bonds	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Obligations Under Capital Leases	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Other Liabilities	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Total Liabilities	1,677	1,758	6,823	19,521	-	3,674	2,001	-	514	-	2,656	23,550	6,295	68,469
Deferred Inflows of Resources	-	-	148	18,869	3	-	2,088	-	-	-	-	-	-	21,108
Fund Balances														
Nonspendable	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Restricted	17,743	54,787	9,043	-	8,258	80,395	22,048	-	-	72	13,426	342	20,097	226,211
Committed	-	-	-	-	-	-	-	30	5,375	-	1,892	-	-	7,297
Assigned	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Unassigned	-	-	-	(19,323)	-	-	-	-	-	-	-	-	-	(19,323)
Total Fund Balances	17,743	54,787	9,043	(19,323)	8,258	80,395	22,048	30	5,375	72	15,318	342	20,097	214,185
Total Liabilities, Deferred Inflows of Resources, and Fund Balances	19,420	56,545	16,014	19,067	8,261	84,069	26,137	30	5,889	72	17,974	23,892	26,392	303,762

City of Philadelphia
Combining Balance Sheet
Non-Major Governmental Funds(Continued)
June 30, 2022

Amounts in thousands of USD

	Debt Service				Capital Improvement			Permanent	Total
	City	Municipal Authority	PICA	Total	City	Municipal Authority	Total	Libraries & Parks	Non-Major Governmental Funds
Assets									
Cash on Deposit and on Hand	-	-	3,656	3,656	-	-	-	305	31,045
Equity in Treasurer's Account	253	-	-	253	380,850	-	380,850	-	595,491
Investments	-	73	7,414	7,487	-	8	8	7,116	30,180
Due from Other Funds	-	-	-	-	-	-	-	-	9,197
Due from Component Units	-	-	-	-	-	-	-	-	-
Amounts Held by Fiscal Agent	-	-	-	-	-	-	-	-	-
Notes Receivable	-	-	-	-	-	-	-	-	-
Taxes Receivable	-	-	-	-	-	-	-	-	35,475
Accounts Receivable	-	-	-	-	-	-	-	-	4,224
Due from Other Governmental Units	-	-	-	-	86,291	-	86,291	-	102,837
Allowance for Doubtful Accounts	-	-	-	-		-	-	-	(19,383)
Interest and Dividends Receivable	-	-	5	5	-	-	-	-	23
Inventories	-	-	-	-	-	-	-	-	-
Other Assets	-	-	-	-	-	-	-	-	644
Total Assets	253	73	11,075	11,401	467,141	8	467,149	7,421	789,733
Liabilities									
Notes Payable	-	-	-	-	-	-	-	-	-
Vouchers Payable	-	-	-	-	15,189	-	15,189	-	18,112
Accounts Payable	-	-	-	-	50,713	-	50,713	56	81,787
Salaries and Wages Payable	-	-	-	-	-	-	-	-	593
Payroll Taxes Payable	-	-	-	-	-	-	-	-	192
Accrued Expenses	-	-	-	-	-	-	-	-	-
Due to Other Funds	-	-	-	-	-	-	-	-	17,247
Due to Primary Government	-	-	-	-	-	-	-	-	-
Due to Component Units	-	-	-	-	349	-	349	-	2,152
Funds Held in Escrow	-	-	-	-	2,959	-	2,959	-	17,652
Due to Other Governmental Units	-	-	-	-	-	-	-	-	-
Unearned Revenue	-	-	-	-	10,595	-	10,595	-	10,595
General Obligation Bonds	-	-	-	-	-	-	-	-	-
Revenue Bonds	-	-	-	-	-	-	-	-	-
Unamortized Loss - Refunded Debt	-	-	-	-	-	-	-	-	-
Unamortized Discount on Revenue B	-	-	-	-	-	-	-	-	-
Obligations Under Capital Leases	-	-	-	-	-	-	-	-	-
Other Liabilities	-	-	-	-	-	-	-	-	-
Total Liabilities	-	-	-	-	79,805	-	79,805	56	148,330
Deferred Inflows of Resources	-	-	-	-	78,424	-	78,424	-	99,532
Fund Balances									
Nonspendable	-	-	-	-	-	-	-	3,927	3,927
Restricted	253	73	11,075	11,401	308,912	8	308,920	3,303	549,835
Committed	-	-	-	-	-	-	-	135	7,432
Assigned	-	-	-	-	-	-	-	-	-
Unassigned	-	-	-	-	-	-	-	-	(19,323)
Total Fund Balances	253	73	11,075	11,401	308,912	8	308,920	7,365	541,871
Total Liabilities, Deferred Inflows of Resources, and Fund Balances	253	73	11,075	11,401	467,141	8	467,149	7,421	789,733

City of Philadelphia **Schedule II**

Combining Statement of Revenues, Expenditures and Changes in Fund Balances

Non-Major Governmental Funds

For the Fiscal Year Ended June 30, 2022

Amounts in thousands of USD

	Special Revenue													
	County Liquid Fuels Tax	Special Gasoline Tax	Hotel Room Rental Tax	Community Development	Car Rental Tax	Housing Trust	Acute Care Hospital Assessment	Riverview Residents	Philadelphia Prisons	Arbitration Appeals	Departmental	Municipal Authority Administrative	PICA Administrative	Total
Revenues														
Tax Revenue	-	-	59,028	-	6,850	-	189,587	-	-	-	-	-	578,725	834,190
Locally Generated Non-Tax Revenue	9	52	7	4	11	12,324	-	-	2,340	164	4,819	74	(226)	19,578
Revenue from Other Governments	14,842	34,973	-	66,863	-	-	-	-	-	-	-	-	-	116,678
Other Revenues	-	-	-	-	-	6,860	-	-	-	-	319	-	515	7,694
Total Revenues	14,851	35,025	59,035	66,867	6,861	19,184	189,587	-	2,340	164	5,138	74	579,014	978,140
Expenditures														
Current Operating:														
Economic Development	-	-	55,751	-	-	-	-	-	-	-	-	-	-	55,751
Transportation:														
Streets & Highways	7,289	26,564	-	-	-	-	-	-	-	-	-	-	-	33,853
Judiciary and Law Enforcement:														
Prisons	-	-	-	-	-	-	-	-	972	-	-	-	-	972
Conservation of Health:														
Health Services	-	-	-	-	-	-	186,353	-	-	-	-	-	-	186,353
Housing and Neighborhood Development	-	-	-	76,109	-	24,680	-	-	-	-	-	-	-	100,789
Cultural and Recreational:														
Parks & Recreation	-	-	-	-	-	-	-	-	-	-	1,354	-	-	1,354
Libraries and Museums	-	-	-	-	-	-	-	-	-	-	168	-	-	168
Service to Property:														
Sanitation	-	2,733	-	-	-	-	-	-	-	-	-	-	-	2,733
General Management and Support		500		114	7,000	-	-	-	708	92	2,195	60,591	1,072	72,272
Capital Outlay	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Debt Service:														
Principal	-	-	-	-	-	-	-	-	-	-	36	13,206	-	13,242
Interest	-	-	-	-	-	-	-	-	-	-	1	3,253	-	3,254
Bond Issuance Cost	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Total Expenditures	7,289	29,797	55,751	76,223	7,000	24,680	186,353	-	1,680	92	3,754	77,050	1,072	470,741
Excess (Deficiency) of Revenues Over (Under) Expenditures	7,562	5,228	3,284	(9,356)	(139)	(5,496)	3,234	-	660	72	1,384	(76,976)	577,942	507,399
Other Financing Sources (Uses)														
Issuance of Debt	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Issuance of Refunding Bonds	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Bond Issuance Premium	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Bond Issuance Discountor or payment	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Proceeds from Lease & Service Agreements	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Payment to Refunded Bonds Escrow Agent	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Leases (as lessee)	-	-	-	-	-	-	-	-	-	-	35	-	-	35
Transfers In	-	-	-	-	-	6,860	-	-	-	-	2,272	77,072	-	86,204
Transfers Out	-	-	-	-	-	-	(4,500)	-	-	-	-	-	(578,459)	(582,959)
Total Other Financing Sources (Uses)	-	-	-	-	-	6,860	(4,500)	-	-	-	2,307	77,072	(578,459)	(496,720)
Net Change in Fund Balances	7,562	5,228	3,284	(9,356)	(139)	1,364	(1,266)	-	660	72	3,691	96	(517)	10,679
Fund Balance - July 1, 2021	10,181	49,559	5,759	(9,967)	8,397	79,031	23,314	30	4,715	-	11,627	246	20,614	203,506
Adjustment	-	-	-	-	-	-	-	-	-	-	-	-		-
Fund Balance Adjusted - July 1, 2021	10,181	49,559	5,759	(9,967)	8,397	79,031	23,314	30	4,715	-	11,627	246	20,614	203,506
Fund Balance - June 30, 2022	17,743	54,787	9,043	(19,323)	8,258	80,395	22,048	30	5,375	72	15,318	342	20,097	214,185

Combining Statement of Revenues, Expenditures and Changes in Fund Balances

Non-Major Governmental Funds(Continued)

For the Fiscal Year Ended June 30, 2022

Amounts in thousands of USD

	Debt Service				Capital Improvement			Permanent	Total
	City	Municipal Authority	PICA	Total	City	Municipal Authority	Total	Libraries & Parks	Non-Major Governmental Funds
Revenues									
Tax Revenue	-	-	-	-	-	-	-	-	834,190
Locally Generated Non-Tax Revenue	68	-	(383)	(315)	116	2	118	(1,345)	18,036
Revenue from Other Governments	-	-	-	-	35,822	-	35,822	-	152,500
Other Revenues	-	-	-	-	2,794	-	2,794	-	10,488
Total Revenues	68	-	(383)	(315)	38,732	2	38,734	(1,345)	1,015,214
Expenditures									
Current Operating:									
Economic Development	-	-	-	-	-	-	-	-	55,751
Transportation:									
Streets & Highways	-	-	-	-	-	-	-	-	33,853
Judiciary and Law Enforcement:									
Prisons	-	-	-	-	-	-	-	-	972
Conservation of Health:									
Health Services	-	-	-	-	-	-	-	-	186,353
Housing and Neighborhood Development	-	-	-	-	-	-	-	-	100,789
Cultural and Recreational:									
Parks & Recreation	-	-	-	-	-	-	-	-	1,354
Libraries and Museums	-	-	-	-	-	-	-	93	261
Service to Property:									
Sanitation	-	-	-	-	-	-	-	-	2,733
General Management and Support	-	-	7	7	-	-	-	-	72,279
Capital Outlay	-	-	-	-	189,054	17,776	206,830	-	206,830
Debt Service:									
Principal	104,745	5,390	23,085	133,220	-	-	-	-	146,462
Interest	83,376	6,576	1,698	91,650	-	-	-	-	94,904
Bond Issuance Cost	1,161	-	-	1,161	1,757	-	1,757	-	2,918
Total Expenditures	189,282	11,966	24,790	226,038	190,811	17,776	208,587	93	905,459
Excess (Deficiency) of Revenues Over (Under) Expenditures	(189,214)	(11,966)	(25,173)	(226,353)	(152,079)	(17,774)	(169,853)	(1,438)	109,755
Other Financing Sources (Uses)									
Issuance of Debt	-	-	-	-	294,715	-	294,715	-	294,715
Issuance of Refunding Bonds	132,085	-	-	132,085	-	-	-	-	132,085
Bond Issuance Premium	-	-	-	-	73,042	-	73,042	-	73,042
Bond Issuance Discountor or payment	-	-	-	-	-	-	-	-	-
Proceeds from Lease & Service Agreements	-	-	-	-	-	-	-	-	-
Payment to Refunded Bonds Escrow Agent	(130,924)	-	-	(130,924)	-	-	-	-	(130,924)
Leases (as lessee)	-	-	-	-	-	-	-	-	35
Transfers In	188,200	11,991	23,383	223,574	10,296	-	10,296	-	320,074
Transfers Out	-	-	-	-	(12,000)	-	(12,000)	(123)	(595,082)
Total Other Financing Sources (Uses)	189,361	11,991	23,383	224,735	366,053	-	366,053	(123)	93,945
Net Change in Fund Balances	147	25	(1,790)	(1,618)	213,974	(17,774)	196,200	(1,561)	203,700
Fund Balance - July 1, 2021	106	48	12,865	13,019	94,938	17,782	112,720	8,926	338,171
Adjustment	-	-	-	-	-	-	-	-	-
Fund Balance Adjusted - July 1, 2021	106	48	12,865	13,019	94,938	17,782	112,720	8,926	338,171
Fund Balance - June 30, 2022	253	73	11,075	11,401	308,912	8	308,920	7,365	541,871

City of Philadelphia **Schedule III**
Combining Statement of Fiduciary Net Position
Pension Trust Funds
June 30, 2022

Amounts in thousands of USD

	Gas or s Retirement Reserve Fund	unicipal Pension Fund	Total
Assets			
Cash on Deposit and on Hand	29,834	-	29,834
Equity in Treasurer's Account	535,244	6,818,007	7,353,251
Securities Lending Collective Investment Pool	41,840	500,371	542,211
Accounts Receivable	-	5,262	5,262
Due from Bro ers for Securities Sold	733	231,938	232,671
Interest and Dividends Receivable	1,796	35,823	37,619
Due from Other Governmental Units	-	6,080	6,080
Due from Other Funds	-	95,129	95,129
Total Assets	609,447	7,692,610	8,302,057
Liabilities			
Vouchers Payable	-	27	27
Accounts Payable	179	-	179
Salaries and ages Payable	-	217	217
Due on Return of Securities Loaned	41,840	500,371	542,211
Due to Bro ers for Securities Purchased	1,545	247,190	248,735
Accrued Expenses	-	4,763	4,763
Other Liabilities	135	208	343
Total Liabilities	43,699	752,776	796,475
Net Position Restricted for Pensions	565,748	6,939,834	7,505,582

City of Philadelphia **Schedule IV**
Combining Statement of Changes in Fiduciary Net Position
Pension Trust Funds
For the Fiscal Year Ended June 30, 2022

Amounts in thousands of USD

	Gas or s Retirement Reserve Fund	unicipal Pension Fund	Total
Additions			
Contributions			
Employer's Contributions	30,043	859,787	889,830
Employees' Contributions	1,854	110,447	112,301
Total Contributions	31,897	970,234	1,002,131
Investment Income			
Interest and Dividends	14,096	175,170	189,266
Net Decline in Fair Value of Investments	(93,175)	(646,938)	(740,113)
(Less) Investments Expenses	(2,036)	(8,908)	(10,944)
Securities Lending Revenue	141	960	1,101
(Less) Securities Lending Expenses	(88)	(192)	(280)
Net Investment Loss	(81,062)	(479,908)	(560,970)
iscellaneous Operating Revenues	73	145	218
Total Additions (Reductions)	(49,092)	490,471	441,379
Deductions			
Personal Services	-	4,153	4,153
Purchase of Services	-	1,689	1,689
aterials and Supplies	-	61	61
Employee Benefits	-	2,943	2,943
Pension Benefits	58,502	953,292	1,011,794
Refunds of embers' Contributions	-	13,394	13,394
Administrative Expenses Paid	200	-	200
Other Operating Expenses	-	88	88
Total Deductions	58,702	975,620	1,034,322
Change in Net Position	(107,794)	(485,149)	(592,943)
Net Position - uly 1, 2021	673,542	7,424,983	8,098,525
Net Position - une 30, 2022	565,748	6,939,834	7,505,582

City of Philadelphia
Combining Statement of Fiduciary Net Position
Custodial Funds
June 30, 2022

Schedule V

Amounts in thousands of USD

	Police	Human Services	Prisons	Homeless Services	Records	Finance	District Attorney	Sheriff	1st Judicial District	Clerk of Quarter Session	Total
Assets											
Cash on Deposit and on Hand	12,870	122	1,778	15	1,201	273	2,020	43,584	29,044	48,967	139,874
Equity in Treasurer's Account	-	-	-	-	-	1,261	-	-	-	-	1,261
Investments	2,471	-	-	-	-	-	-	-	-	-	2,471
Due from Other Funds	-	-	-	-	-	699	-	-	-	-	699
Total Assets	15,341	122	1,778	15	1,201	2,233	2,020	43,584	29,044	48,967	144,305
Liabilities											
Vouchers Payable	-	-	-	-	-	43	-	-	-	-	43
Funds Held in Escrow	60	122	1,778	15	1,201	2,190	-	67	299	-	5,732
Total Liabilities	60	122	1,778	15	1,201	2,233	-	67	299	-	5,775
Net Position Restricted for Individuals, Organizations & Other Governments	15,281	-	-	-	-	-	2,020	43,517	28,745	48,967	138,530

City of Philadelphia
Combining Statement of Changes in Fiduciary Net Position
Custodial Funds
For the Fiscal Year Ended June 30, 2022

Schedule VI

Amounts in thousands of USD

	Police	Human Services	Prisons	Homeless Services	Records	Finance	District Attorney	Sheriff	1st Judicial District	Clerk of Quarter Session	Total
Additions:											
Collection of Human Services fees, contributions, and holdings	246	1,851	-	333	-	-	-	-	-	-	2,430
Collection of Judicial charges, fees, and holdings	-	-	-	-	-	-	-	-	16,836	28,886	45,722
Collection of prisoner holdings	-	-	7,048	-	-	-	-	-	-	-	7,048
Collection of recording fees for other governments	-	-	-	-	8,167	-	-	-	-	-	8,167
Collection of Sheriff and Police forfeitures, seizures, and holdings	3,615	-	-	-	-	-	70	47,307	-	-	50,992
Collection of unclaimed monies	-	-	-	-	-	1,108	-	-	-	-	1,108
Total Additions	3,861	1,851	7,048	333	8,167	1,108	70	47,307	16,836	28,886	115,467
Deductions:											
Distribution of Human Service fees, contributions and holdings	246	1,851	-	333	-	-	-	-	-	-	2,430
Distribution of Judicial charges, fees, and holdings	-	-	-	-	-	-	-	-	13,357	29,802	43,159
Distribution of prisoner holdings	-	-	7,048	-	-	-	-	-	-	-	7,048
Distribution of recording fees for other governments	-	-	-	-	8,167	-	-	-	-	-	8,167
Distribution of Sheriff and Police forfeitures, seizures, and holdings	1,553	-	-	-	-	-	640	41,734	-	-	43,927
Distribution of unclaimed monies	-	-	-	-	-	1,108	-	-	-	-	1,108
Total Deduction	1,799	1,851	7,048	333	8,167	1,108	640	41,734	13,357	29,802	105,839
Change in net position	2,062	-	-	-	-	-	(570)	5,573	3,479	(916)	9,628
Net Position - July 1, 2021	13,219	-	-	-	-	-	2,590	37,944	25,266	49,883	128,902
Net Position - June 30, 2022	15,281	-	-	-	-	-	2,020	43,517	28,745	48,967	138,530

City of Philadelphia
City Related Schedule of Bonded Debt Outstanding
June 30, 2022

Schedule VII

Amounts in USD

	Date of Issuance	Issued	Fiscal 2022 Outstanding	aturities	Interest Rates	F 2023 Debt Service Requirements Interest	Principal
overnmental Activities							
eneral bligation Bonds:							
Series 2009B (Refunding)	8 13 2009 [1]	100,000,000	100,000,000	8 2027 to 8 2031	variable	3,839,000	-
Series 2014A (Refunding)	2 6 2014	154,275,000	15,830,000	7 2022 to 7 2024	5.00	666,125	5,015,000
Series 2015A (Refunding)	7 8 2015	138,795,000	96,830,000	8 2022 to 8 2031	5.00	4,616,625	8,995,000
Series 2015B	9 30 2015	191,585,000	152,450,000	8 2022 to 8 2035	4.00 to 5.00	7,143,575	7,725,000
Series 2017 (Refunding)	2 2 2017	262,865,000	222,200,000	8 2022 to 8 2041	4.00 to 5.00	10,508,600	14,100,000
Series 2017A	8 2 2017	250,845,000	218,460,000	8 2022 to 8 2037	5.00	10,694,000	9,140,000
Series 2017A (Refunding)	8 2 2017	80,770,000	79,620,000	8 2022 to 8 2036	5.00	3,902,250	3,150,000
Series 2019A (Refunding)	5 14 2019	188,660,000	152,645,000	8 2022 to 8 2031	5.00	6,916,000	28,650,000
Series 2019B	8 8 2019	293,360,000	273,670,000	2 2023 to 2 2039	5.00	13,683,500	10,590,000
Series 2020A (Refunding)	1 16 2020	118,030,000	115,245,000	7 2022 to 7 2033	1.72 to 3.01	2,900,723	10,225,000
Series 2021A	8 11 2021	294,715,000	282,885,000	5 2023 to 5 2042	4.00 to 5.00	13,009,200	8,645,000
Series 2021B (Refunding)	8 11 2021	132,085,000	131,325,000	7 2022 to 7 2038	0.38 to 2.52	2,391,602	2,235,000
Total New oney Bonds		1,030,505,000	927,465,000			44,530,275	36,100,000
Total Refunding Bonds		1,175,480,000	913,695,000			35,740,925	72,370,000
Total General Obligation Bonds		2,205,985,000	1,841,160,000			80,271,200	108,470,000
Business T pe Activities							
Revenue Bonds							
ater and ewer Revenue Bonds:							
Series 2009B	10 14 2009	31,216,779	14,535,463	7 2022 to 6 2033	2.107	293,909	1,284,063
Series 2009C	10 14 2009	49,157,776	25,005,737	7 2022 to 6 2033	2.107	505,029	2,270,411
Series 2009D	3 31 2010	75,744,096	38,651,545	7 2022 to 6 2033	2.107	778,998	3,678,622
Series 2010B	6 17 2010	30,000,000	18,214,113	7 2022 to 6 2033	2.107	369,821	1,450,085
Series 2021A	4 05 2021	11,173,671	11,173,671	2 2024 to 1 2044	1.000 to 1.727	111,133	-
Series 2021D	11 17 2021	1,305,609	1,305,609	5 2024 to 4 2044	1.000 to 1.727	12,898	-
Series 2013A	8 22 2013	170,000,000	24,075,000	1 2023	4.00 to 5.125	1,201,650	24,075,000
Series 2014 (Refunding)	1 23 2014	93,170,000	43,125,000	7 2022 to 7 2027	3.00 to 5.00	1,914,050	7,840,000
Series 2015B (Refunding)	4 16 2015	141,740,000	109,015,000	7 2022 to 7 2033	4.00 to 5.00	4,872,725	12,045,000
Series 2016 (Refunding)	11 3 2016	192,680,000	169,830,000	10 2022 to 10 2035	3.00 to 5.00	7,782,813	7,965,000
Series 2017A	4 13 2017	279,865,000	239,865,000	10 2022 to 10 2052	5.00 to 5.25	12,116,125	-
Series 2017B (Refunding)	8 10 2017	174,110,000	162,085,000	11 2022 to 10 2034	5.00	7,939,500	6,590,000
Series 2018A	11 28 2018	276,935,000	246,935,000	10 2022 to 10 2053	5.00	12,221,750	5,000,000
Series 2019A (Refunding)	2 27 2019	68,335,000	67,645,000	10 2022 to 10 2040	2.83 to 4.29	2,677,814	365,000
Series 2019B	8 14 2019	250,660,000	250,660,000	11 2023 to 11 2054	5.00	12,533,000	-
Series 2020 (Refunding)	10 07 2020	127,740,000	127,740,000	10 2032 to 10 2040	5.00	6,387,000	-
Series 2020A (Refunding)	8 06 2020	201,530,000	201,530,000	11 2022 to 10 2050	5.00	10,060,250	650,000
Series 2020B (Refunding)	8 06 2020	95,025,000	91,885,000	10 2022 to 10 2035	0.693 to 2.434	1,518,267	7,280,000

City of Philadelphia
City Related Schedule of Bonded Debt Outstanding
June 30, 2022

Schedule VII

Amounts in USD

	Date of Issuance	Issued	Fiscal 2022 Outstanding	aturities	Interest Rates	F 2023 Debt Service Requirements Interest	Principal
Series 2021B (Refunding)	6 30 2021	368,720,000	359,910,000	7 2023 to 07 2045	0.247 to 2.926	10,034,175	3,850,000
Series 2021C	10 07 2021	231,930,000	231,930,000	10 2023 to 10 2051	2.75 to 5.00	9,904,500	-
Total New oney Bonds		1,407,987,931	1,102,351,138			50,048,813	37,758,182
Total Refunding Bonds		1,463,050,000	1,332,765,000			53,186,594	46,585,000
Total ater Revenue Bonds		2,871,037,931	2,435,116,138			103,235,407	84,343,182
Aviation Revenue Bonds:							
Series 2005C (Refunding)	6 2 2005 [1]	189,500,000	46,100,000	6 2023 to 6 2025	variable	1,089,205	14,900,000
Series 2015A (Refunding)	9 3 2015	97,780,000	72,665,000	6 2023 to 6 2035	4.00 to 5.00	3,547,700	4,120,000
Series 2017	4 27 2017	125,000,000	115,535,000	7 2022 to 6 2025	1.513	1,711,915	2,605,000
Series 2017A (Refunding)	12 20 2017	138,630,000	123,365,000	7 2022 to 7 2047	3.00 to 5.00	5,625,794	4,740,000
Series 2017B (Refunding)	12 20 2017	553,900,000	512,510,000	7 2022 to 7 2047	5.00	25,232,625	15,715,000
Series 2020A (Refunding)	10 08 2020	187,140,000	187,140,000	7 2024 to 7 2040	4.00 to 5.00	8,415,950	-
Series 2020B (Refunding)	10 08 2020	43,140,000	43,135,000	7 2022 to 7 2050	3.00 to 5.00	1,609,825	5,000
Series 2020C (Refunding)	10 08 2020	158,935,000	145,220,000	7 2022 to 7 2050	4.00 to 5.00	6,571,025	12,755,000
Series 2021 (Refunding)	7 07 2021	122,405,000	122,405,000	7 2022 to 7 2031	5.00	6,257,542	-
Series 2021	7 07 2021	179,635,000	179,635,000	7 2022 to 7 2051	4.00 to 5.00	8,107,583	5,000
Total New oney Bonds		304,635,000	295,170,000			9,819,499	2,610,000
Total Refunding Bonds		1,491,430,000	1,252,540,000			58,349,665	52,235,000
Total Aviation Revenue Bonds		1,796,065,000	1,547,710,000			68,169,164	54,845,000
Total Revenue Bonds		4,667,102,931	3,982,826,138			171,404,571	139,188,182
Total All Bonds		6,873,087,931	5,823,986,138			251,675,771	247,658,182

NOTES

[1] Assumes interest rate to be fixed swap rate on hedged variable rate bonds

City of Philadelphia **Schedule VIII**

Budgetary Comparison Schedule

Water Operating Fund

For the Fiscal Year Ended June 30, 2022

Amounts in thousands of USD

	Budgeted Amounts			Final Budget to Actual Positive
	Original	Final	Actual	(Negative)
Revenues				
Locally Generated Non-Tax Revenue	695,087	739,308	722,532	(16,776)
Revenue from Other Governments	670	464	464	-
Revenue from Other Funds	95,798	72,616	30,585	(42,031)
Total Revenues	791,555	812,388	753,581	(58,807)
penditures and ncumbrances				
Personal Services	165,871	174,120	158,297	15,823
Pension Contributions	61,947	67,511	67,512	(1)
Other Employee Benefits	65,031	63,161	63,161	-
Sub-Total Employee Compensation	292,849	304,792	288,970	15,822
Purchase of Services	217,237	196,913	184,643	12,270
aterials and Supplies	55,293	57,941	52,763	5,178
Equipment	8,094	12,847	7,994	4,853
Contributions, Indemnities and Taxes	6,510	6,510	6,369	141
Debt Service	201,542	201,543	176,993	24,550
Payments to Other Funds	50,030	72,654	72,654	-
Total Expenditures and Encumbrances	831,555	853,200	790,386	62,814
Operating Surplus (Deficit) for the ear	(40,000)	(40,812)	(36,805)	4,007
Fund Balance Available for Appropriation, uly 1, 2021	-	-	-	-
perations in Respect to rior Fiscal ears				
Commitments Cancelled - Net	40,000	40,000	36,805	(3,195)
Ad usted Fund Balance, uly 1, 2021	40,000	40,000	36,805	(3,195)
Fund Balance Available for Appropriation, une 30, 2022	-	(812)	-	812

City of Philadelphia
Schedule IX

Budgetary Comparison Schedule
Water Residual Fund
For the Fiscal Year Ended June 30, 2022

Amounts in thousands of USD

	Budgeted Amounts			Final Budget to Actual
	Original	Final	Actual	Positive (Negative)
Revenues				
Locally Generated Non-Tax Revenue	-	-	(213)	(213)
Revenue from Other Funds	28,905	28,905	22,569	(6,336)
Total Revenues	28,905	28,905	22,356	(6,549)
penditures and ncumbrances				
Payments to Other Funds	16,994	22,569	22,569	-
Advances, Subsidies, iscellaneous	16,000	10,425	-	10,425
Total Expenditures and Encumbrances	32,994	32,994	22,569	10,425
Operating Surplus (Deficit) for the ear	(4,089)	(4,089)	(213)	3,876
Fund Balance Available for Appropriation, uly 1, 2021	4,089	16,321	16,321	-
Fund Balance Available for Appropriation, une 30, 2022	-	12,232	16,108	3,876

City of Philadelphia **Schedule X**
Budgetary Comparison Schedule
County Liquid Fuels Tax Fund
For the Fiscal Year Ended June 30, 2022

Amounts in thousands of USD

	Budgeted Amounts			Final Budget to Actual Positive
	Original	Final	Actual	(Negative)
Revenues				
Revenue from Other Governments	3,500	12,639	14,851	2,212
Total Revenues	3,500	12,639	14,851	2,212
penditures and ncumbrances				
Personal Services	3,734	3,734	2,710	1,024
Purchase of Services	6,920	5,064	4,421	643
aterials and Supplies	200	2,056	1,305	751
Payments to Other Funds	19	19	14	5
Total Expenditures and Encumbrances	10,873	10,873	8,450	2,423
Operating Surplus (Deficit) for the ear	(7,373)	1,766	6,401	4,635
Fund Balance Available for Appropriation, uly 1, 2021	7,490	9,711	9,711	-
perations in Respect to rior Fiscal ears				
Commitments Cancelled - Net	25	25	351	326
Ad usted Fund Balance, uly 1, 2021	7,515	9,736	10,062	326
Fund Balance Available for Appropriation, une 30, 2022	142	11,502	16,463	4,961

Budgetary Comparison Schedule
Special Gasoline Tax Fund
For the Fiscal Year Ended June 30, 2022

Amounts in thousands of USD

	Budgeted Amounts			Final Budget to Actual
	Original	Final	Actual	Positive (Negative)
Revenues				
Locally Generated Non-Tax Revenue	-	43	52	9
Revenue from Other Governments	28,000	33,476	34,973	1,497
Total Revenues	28,000	33,519	35,025	1,506
penditures and ncumbrances				
Personal Services	11,294	11,294	10,511	783
Pension Contributions	500	500	500	-
Other Employee Benefits	500	500	500	-
Sub-Total Employee Compensation	12,294	12,294	11,511	783
Purchase of Services	16,689	17,389	15,020	2,369
aterials and Supplies	5,463	6,263	4,540	1,723
Equipment	6,424	4,924	1,495	3,429
Payments to Other Funds	30	30	30	-
Total Expenditures and Encumbrances	40,900	40,900	32,596	8,304
Operating Surplus (Deficit) for the ear	(12,900)	(7,381)	2,429	9,810
Fund Balance Available for Appropriation, uly 1, 2021	33,992	45,143	45,143	-
perations in Respect to rior Fiscal ears				
Commitments Cancelled - Net	500	500	1,916	1,416
Ad usted Fund Balance, uly 1, 2021	34,492	45,643	47,059	1,416
Fund Balance Available for Appropriation, une 30, 2022	21,592	38,262	49,488	11,226

Amounts in thousands of USD

	Budgeted Amounts			Final Budget to Actual Positive
	Original	Final	Actual	(Negative)
Revenues				
Taxes	50,000	50,000	59,028	9,028
Locally Generated Non-Tax Revenue	-	-	7	7
Total Revenues	50,000	50,000	59,035	9,035
penditures and ncumbrances				
Contributions, Indemnities and Taxes	50,000	50,000	50,000	-
Total Expenditures and Encumbrances	50,000	50,000	50,000	-
Operating Surplus (Deficit) for the ear	-	-	9,035	9,035
Fund Balance Available for Appropriation, uly 1, 2021	-	(29,009)	(29,009)	-
perations in Respect to rior Fiscal ears				
Commitments Cancelled - Net	-	29,009	-	(29,009)
Ad usted Fund Balance, uly 1, 2021	-	-	(29,009)	(29,009)
Fund Balance Available for Appropriation, une 30, 2022	-	-	(19,974)	(19,974)

Budgetary Comparison Schedule
Aviation Operating Fund
For the Fiscal Year Ended June 30, 2022

Amounts in thousands of USD

	Budgeted Amounts			Final Budget to Actual Positive
	Original	Final	Actual	(Negative)
Revenues				
Locally Generated Non-Tax Revenue	282,448	277,497	353,889	76,392
Revenue from Other Governments	95,346	95,346	54,081	(41,265)
Revenue from Other Funds	1,300	1,300	1,357	57
Total Revenues	379,094	374,143	409,327	35,184
penditures and ncumbrances				
Personal Services	73,464	77,953	77,142	811
Pension Contributions	29,720	29,720	24,965	4,755
Other Employee Benefits	27,135	27,264	22,342	4,922
Sub-Total Employee Compensation	130,319	134,937	124,449	10,488
Purchase of Services	99,963	98,347	97,659	688
aterials and Supplies	5,828	5,706	5,574	132
Equipment	3,075	2,579	2,579	-
Contributions, Indemnities and Taxes	8,812	6,392	4,892	1,500
Debt Service	132,004	132,004	114,814	17,190
Payments to Other Funds	11,019	13,000	6,407	6,593
Total Expenditures and Encumbrances	391,020	392,965	356,374	36,591
Operating Surplus (Deficit) for the ear	(11,926)	(18,822)	52,953	71,775
Fund Balance Available for Appropriation, uly 1, 2021	179,649	265,704	265,704	-
perations in Respect to rior Fiscal ears				
Commitments Cancelled - Net	15,000	15,000	12,137	(2,863)
Ad usted Fund Balance, uly 1, 2021	194,649	280,704	277,841	(2,863)
Fund Balance Available for Appropriation, une 30, 2022	182,723	261,882	330,794	68,912

Amounts in thousands of USD

	Budgeted Amounts			Final Budget to Actual
	Original	Final	Actual	Positive (Negative)
Revenues				
Locally Generated Non-Tax Revenue	500	500	4	(496)
Revenue from Other Governments	128,452	108,452	61,572	(46,880)
Total Revenues	128,952	108,952	61,576	(47,376)
ther ources				
Increase in Financed Reserves	-	-	(16,019)	(16,019)
Total Revenues and Other Sources	128,952	108,952	45,557	(63,395)
penditures and ncumbrances				
Personal Services	7,549	7,506	5,156	2,350
Pension Contributions	3,603	3,329	2,367	962
Other Employee Benefits	1,976	2,294	1,673	621
Sub-Total Employee Compensation	13,128	13,129	9,196	3,933
Purchase of Services	95,543	95,543	58,020	37,523
aterials and Supplies	256	200	44	156
Equipment	-	55	-	55
Payments to Other Funds	25	25	25	-
Advances, Subsidies, iscellaneous	20,000	20,000	-	20,000
Total Expenditures and Encumbrances	128,952	128,952	67,285	61,667
Operating Surplus (Deficit) for the ear	-	(20,000)	(21,728)	(1,728)
Fund Balance Available for Appropriation, uly 1, 2021	-	(9,967)	(9,967)	-
perations in Respect to rior Fiscal ears				
Commitments Cancelled - Net	-	-	12,372	12,372
Prior Period Ad ustments	-	9,967	-	(9,967)
Ad usted Fund Balance, uly 1, 2021	-	-	2,405	2,405
Fund Balance Available for Appropriation, une 30, 2022	-	(20,000)	(19,323)	677

City of Philadelphia **Schedule XV**
Budgetary Comparison Schedule
Car Rental Tax Fund
For the Fiscal Year Ended June 30, 2022

Amounts in thousands of USD

	Budgeted Amounts			Final Budget to Actual Positive (Negative)
	Original	Final	Actual	
Revenues				
Taxes	5,348	6,315	6,850	535
Locally Generated Non-Tax Revenue	25	25	11	(14)
Total Revenues	5,373	6,340	6,861	521
penditures and ncumbrances				
Purchase of Services	7,000	7,000	7,000	(0)
Total Expenditures and Encumbrances	7,000	7,000	7,000	(0)
Operating Surplus (Deficit) for the ear	(1,627)	(660)	(139)	521
Fund Balance Available for Appropriation, uly 1, 2021	8,205	8,397	8,397	-
Fund Balance Available for Appropriation, une 30, 2022	6,578	7,737	8,258	521

City of Philadelphia

Schedule XVI

Budgetary Comparison Schedule
Housing Trust Fund
For the Fiscal Year Ended June 30, 2022

Amounts in thousands of USD

	Budgeted Amounts			Final Budget to Actual
	Original	Final	Actual	Positive (Negative)
Revenues				
Locally Generated Non-Tax Revenue	17,184	16,434	19,184	2,750
Revenue from Other Funds	6,860	6,860	6,860	-
Total Revenues	24,044	23,294	26,044	2,750
penditures and ncumbrances				
Personal Services	2,250	2,250	979	1,271
Purchase of Services	75,794	75,794	33,775	42,019
aterials and Supplies	-	-	-	-
Equipment	150	150	64	86
Total Expenditures and Encumbrances	78,194	78,194	34,818	43,376
Operating Surplus (Deficit) for the ear	(54,150)	(54,900)	(8,774)	46,126
Fund Balance Available for Appropriation, uly 1, 2021	26,306	27,598	27,598	-
perations in Respect to rior Fiscal ears				
Commitments Cancelled - Net	27,844	27,844	13,626	(14,218)
Revenue Ad ustments - Net	-	-	-	-
Prior Period Ad ustments	-	-	-	-
Other Ad ustments	-	-	-	-
Ad usted Fund Balance, uly 1, 2021	54,150	55,442	41,224	(14,218)
Fund Balance Available for Appropriation, une 30, 2022	-	542	32,450	31,908

City of Philadelphia **Schedule XVII**

Budgetary Comparison Schedule

General Capital Improvement Funds

For the Fiscal Year Ended June 30, 2022

Amounts in thousands of USD

	Budgeted Amounts			Final Budget to Actual Positive (Negative)
	Original	Final	Actual	
Revenues				
Locally Generated Non-Tax Revenue	677,286	674,786	100	(674,686)
Revenue from Other Governments	967,720	967,720	35,881	(931,839)
Revenue from Other Funds	187,731	189,871	13,090	(176,781)
Total Revenues	1,832,737	1,832,377	49,071	(1,783,306)
ther ources ses				
Proceeds from Bond Sales	-	-	366,001	366,001
Total Revenues and Other Sources	1,832,737	1,832,377	415,072	(1,417,305)
penditures and ncumbrances				
Capital Outlay	1,832,737	1,832,377	279,636	1,552,741
Operating Surplus (Deficit) for the ear	-	-	135,436	135,436
Fund Balance Available for Appropriation, uly 1, 2021	-	-	(126,562)	(126,562)
perations in Respect to rior Fiscal ears				
Commitments Cancelled - Net	-	-	1,434	1,434
Ad usted Fund Balance, uly 1, 2021	-	-	(125,128)	(125,128)
Fund Balance Available for Appropriation, une 30, 2022	-	-	10,308	10,308

City of Philadelphia
Budgetary Comparison Schedule
Acute Care Hospital Assessment Fund
For the Fiscal Year Ended June 30, 2022

Schedule XVIII

Amounts in thousands of USD

	Budgeted Amounts			Final Budget to Actual Positive (Negative)
	Original	Final	Actual	
Revenues				
Tax Revenue	249,661	250,000	189,587	(60,413)
Total Revenues	249,661	250,000	189,587	(60,413)
ther ources				
Decrease in Unreimbursed Committments	-	-	(532)	(532)
Total Revenues and Other Sources	249,661	250,000	189,055	(60,945)
penditures and ncumbrances				
Personal Services	9,970	9,721	4,866	4,855
Pension Contributions	42	-	-	-
Other Employee Benefits	227	269	1	268
Sub-Total Employee Compensation	10,239	9,990	4,867	5,123
Purchase of Services	306,927	306,926	181,888	125,038
aterials and Supplies	1,165	505	5	500
Equipment	-	660	45	615
Payments to Other Funds	4,500	4,500	4,500	-
Total Expenditures and Encumbrances	322,831	322,581	191,305	131,276
Operating Surplus (Deficit) for the ear	(73,170)	(72,581)	(2,250)	70,331
Fund Balance Available for Appropriation, uly 1, 2021	71,170	23,314	23,314	-
perations in Respect to rior Fiscal ears				
Commitments Cancelled - Net	2,000	2,000	984	(1,016)
Ad usted Fund Balance, uly 1, 2021	73,170	25,314	24,298	(1,016)
Fund Balance Available for Appropriation, une 30, 2022	-	(47,267)	22,048	69,315

City of Philadelphia **Schedule XIX**

Schedule of Budgetary Actual and Estimated Revenues and Obligations

General Fund

Amounts in thousands of USD

For the Fiscal Year Ended June 30, 2022 (with comparative actual amounts for the Fiscal Year Ended June 30, 2021)

	Budgeted Amounts			Final Budget to Actual		
	Original	Final	FY 2022 Actual	Positive (Negative)	FY 2021 Actual	Increase (Decrease)
Revenue						
Taxes						
Real Property Tax:						
Current	696,346	689,941	670,754	(19,187)	693,933	(23,179)
Prior Years	26,737	28,739	29,882	1,143	29,388	494
Total Real Property Tax	723,083	718,680	700,636	(18,044)	723,321	(22,685)
Wage and Earnings Taxes:						
Current	1,484,410	1,533,313	1,648,128	114,815	1,448,007	200,121
Prior Years	2,000	5,400	5,750	350	2,738	3,012
Total Wage and Earnings Taxes	1,486,410	1,538,713	1,653,878	115,165	1,450,745	203,133
Business Taxes:						
Business Income & Receipts Taxes:						
Current	486,199	610,242	727,175	116,933	475,662	251,513
Prior Years	35,000	23,000	22,690	(310)	65,936	(43,246)
Total Business Income & Receipts Taxes	521,199	633,242	749,865	116,623	541,598	208,267
Net Profits Tax:						
Current	25,658	29,871	21,963	(7,908)	42,514	(20,551)
Prior Years	4,700	4,700	5,323	623	1,860	3,463
Total Net Profits Tax	30,358	34,571	27,286	(7,285)	44,374	(17,088)
Total Business Taxes	551,557	667,813	777,151	109,338	585,972	191,179
Other Taxes:						
Sales Tax	216,424	268,439	277,690	9,251	230,408	47,282
Amusement Tax	12,963	21,828	26,055	4,227	2,918	23,137
Beverage Tax	72,515	76,932	75,367	(1,565)	70,155	5,212
Real Property Transfer Tax	294,859	537,670	536,894	(776)	303,989	232,905
Parking Lot Tax	56,429	88,284	86,621	(1,663)	53,212	33,409
Smokeless Tobacco	1,066	783	737	(46)	522	215
Miscellaneous Taxes	2,502	3,495	4,361	866	2,615	1,746
Total Other Taxes	656,758	997,431	1,007,725	10,294	663,819	343,906
Total Taxes	3,417,808	3,922,637	4,139,390	216,753	3,423,857	715,533
Locally Generated Non-Tax Revenue						
Rentals from Leased City Properties	3,540	2,281	3,696	1,415	2,192	1,504
Licenses and Permits	72,955	78,248	85,660	7,412	77,404	8,256
Fines, Forfeits, Penalties, Confiscated Money and Property	25,003	15,785	13,377	(2,408)	16,017	(2,640)
Interest Income	5,394	5,344	(3,048)	(8,392)	11,241	(14,289)
Service Charges and Fees	176,191	171,935	190,609	18,674	168,612	21,997
Other	81,308	99,606	106,070	6,464	68,723	37,347
Total Locally Generated Non-Tax Revenue	364,391	373,199	396,364	23,165	344,189	52,175
Revenue from Other Governments						
United States Government:						
Grants and Reimbursements	52,781	79,391	22,751	(56,640)	35,278	(12,527)
Commonwealth of Pennsylvania:						
Grants and Other Payments	221,415	219,279	235,158	15,879	230,882	4,276
Other Governmental Units	554,944	573,951	673,283	99,332	570,494	102,789
Total Revenue from Other Governments	829,140	872,621	931,192	58,571	836,654	94,538
Revenue from Other Funds	645,906	322,250	300,567	(21,683)	87,789	212,778
Total Revenues	5,257,245	5,490,707	5,767,513	276,806	4,692,489	1,075,024

Schedule of Budgetary Actual and Estimated Revenues and Obligations
General Fund
Amounts in thousands of USD
For the Fiscal Year Ended June 30, 2022 (with comparative actual amounts for the Fiscal Year Ended June 30, 2021)

	Budgeted Amounts			Final Budget to Actual		
	Original	Final	FY 2022 Actual	Positive (Negative)	FY 2021 Actual	Increase (Decrease)
Obligations						
General Government						
City Council	18,678	19,497	17,070	2,427	17,010	60
Mayor's Office:						
Mayor's Office	6,714	6,906	6,333	573	6,409	(76)
Scholarships	100	205	200	5	268	(68)
Mural Arts Program	2,652	2,664	2,470	194	2,123	347
Labor Relations	3,314	3,547	2,700	847	2,378	322
Chief Administrative Office	10,945	11,079	7,162	3,917	5,822	1,340
Community Schools & Pre-K	442	453	378	75	419	(41)
Community Services	1,509	1,509	1,509	-	45	1,464
Inspector General	1,607	1,647	1,515	132	1,369	146
Sustainability	1,575	1,593	1,549	44	1,082	467
Office of Information Technology	110,122	121,713	99,558	22,155	90,758	8,800
Office of Property Assessment	16,784	17,648	14,953	2,695	15,214	(261)
Law	18,947	22,076	21,424	652	16,220	5,204
Board of Ethics	975	999	859	140	818	41
City Planning Commission	-	-	-	-	-	-
Commission on Human Relations	2,388	2,538	2,313	225	2,285	28
Arts & Culture	-	-	-	-	-	-
Board of Revision of Taxes	1,053	1,085	1,041	44	1,050	(9)
Department of Planning & Development	17,074	17,464	13,401	4,063	14,706	(1,305)
Total General Government	214,879	232,623	194,435	38,188	177,976	16,459
Operation of Service Departments						
Housing	-	-	-	-	-	-
Managing Director	177,989	176,617	132,468	44,149	114,084	18,384
Police	729,348	786,792	774,948	11,844	759,141	15,807
Streets	173,435	196,699	189,739	6,960	170,032	19,707
Fire	361,066	376,771	370,064	6,707	344,502	25,562
Public Health	163,004	166,304	153,934	12,370	156,193	(2,259)
Office-Behavioral Health	23,547	23,665	22,325	1,340	15,477	6,848
Parks and Recreation	62,565	68,916	66,049	2,867	52,623	13,426
Atwater Kent Museum	-	-	-	-	-	-
Public Property	220,147	224,228	218,817	5,411	197,866	20,951
Department of Human Services	178,274	183,646	172,562	11,084	154,211	18,351
Philadelphia Prisons	237,651	253,570	224,170	29,400	219,173	4,997
Office of Homeless Services	55,321	56,311	55,281	1,030	44,782	10,499
Office of Fleet Management	55,093	59,964	57,722	2,242	55,269	2,453
Licenses and Inspections	38,934	41,507	38,135	3,372	37,335	800
Board of L & I Review	176	182	145	37	129	16
Board of Building Standards	82	85	77	8	85	(8)
Zoning Board of Adjustment	-	-	-	-	-	-
Records	3,913	4,171	4,056	115	3,672	384
Philadelphia Historical Commission	-		-	-	-	-
Art Museum	2,040	2,040	2,040	-	2,040	-
Philadelphia Free Library	42,787	45,932	41,822	4,110	40,117	1,705
Total Operations of Service Departments	2,525,372	2,667,400	2,524,354	143,046	2,366,731	157,623
Financial Management						
Office of Director of Finance	103,055	58,592	37,693	20,899	35,129	2,564
Department of Revenue	26,943	28,227	22,677	5,550	27,834	(5,157)
Sinking Fund Commission	297,228	297,228	284,469	12,759	273,785	10,684
Procurement	6,056	6,218	5,003	1,215	5,856	(853)
City Treasurer	4,741	4,801	2,617	2,184	1,715	902
Audit of City Operations	9,853	10,383	10,005	378	9,825	180
Total Financial Management	447,876	405,449	362,464	42,985	354,144	8,320

Amounts in thousands of USD

	Budgeted Amounts			Final Budget to Actual		
	Original	Final	FY 2022 Actual	Positive (Negative)	FY 2021 Actual	Increase (Decrease)
Obligations (Continued)						
City-Wide Appropriations Under the Director of Finance						
Fringe Benefits	1,438,593	1,686,521	1,686,521	-	1,264,673	421,848
Community College of Philadelphia	48,128	48,128	48,128	-	41,629	6,499
Hero Award	54	54	54	-	-	54
Refunds	250	250	52	198	14	38
Indemnities	49,217	49,237	-	49,237	-	-
Office of Risk Management	172	212	138	74	3,449	(3,311)
Witness Fees	4,005	3,855	3,861	(6)	56	3,805
Payments to Capital	4,500	4,500	153	4,347	-	153
Payments to Housing Trust	6,860	6,860	6,860	-	20,000	(13,140)
Payments to Budget Stabilization	-	-	-	-	-	-
Contribution to School District	255,953	255,953	255,953	-	252,579	3,374
Total City-Wide Under Director of Finance	1,807,732	2,055,570	2,001,720	53,850	1,582,400	419,320
Promotion and Public Relations						
City Representative	-	-	-	-	-	-
Commerce	35,655	35,752	33,995	1,757	21,290	12,705
Total Promotion and Public Relations	35,655	35,752	33,995	1,757	21,290	12,705
Personnel						
Civic Service Commission	25,208	5,842	171	5,671	170	1
Personnel Director	6,471	6,769	6,132	637	5,718	414
Total Personnel	31,679	12,611	6,303	6,308	5,888	415
Administration of Justice						
Register of Wills	4,281	4,543	4,519	24	4,479	40
District Attorney	40,432	43,777	43,732	45	42,027	1,705
Sheriff	26,796	28,781	28,897	(116)	27,637	1,260
First Judicial District	114,832	120,026	116,997	3,029	114,138	2,859
Total Administration of Justice	186,341	197,127	194,145	2,982	188,281	5,864
City-Wide Appropriations Under the First Judicial District						
Juror Fees	1,366	606	606	-	174	432
Conduct of Elections						
City Commissioners	18,046	22,799	20,505	2,294	20,871	(366)
Total Obligations	5,268,946	5,629,937	5,338,527	291,410	4,717,755	620,772
Operating Surplus (Deficit) for the Year	(11,701)	(139,230)	428,986	568,216	(25,266)	454,252

City of Philadelphia

Schedule XX

Schedule of Budgetary Actual and Estimated Revenues and Obligations
Water Operating Fund
Amounts in thousands of USD
For the Fiscal Year Ended June 30, 2022 (with comparative actual amounts for the Fiscal Year Ended June 30, 2021)

	Budgeted Amounts			Final Budget to Actual		
	Original	Final	FY 2022 Actual	Positive (Negative)	FY 2021 Actual	Increase (Decrease)
Revenue						
Locally Generated Non-Tax Revenue						
Sales and Charges - Current	588,288	623,794	610,011	(13,783)	587,898	22,113
Sales and Charges - Prior Years	40,750	40,750	51,184	10,434	44,655	6,529
Fire Service Connections	3,558	3,558	3,661	103	3,937	(276)
Surcharges	4,647	4,647	6,043	1,396	5,024	1,019
Fines and Penalties	281	421	589	168	352	237
Miscellaneous Charges	2,478	3,186	3,367	181	2,634	733
Charges to Other Municipalities	40,050	38,500	36,339	(2,161)	39,102	(2,763)
Licenses and Permits	6,598	6,660	7,230	570	7,987	(757)
Interest Income	3,100	1,000	(832)	(1,832)	(82)	(750)
Fleet Management - Sale of Vehicles & Equipment	20	1,015	458	(557)	107	351
Contributions from Sinking Fund Reserve	-	10,000	-	(10,000)	2,079	(2,079)
Reimbursement of Expenditures	40	500	112	(388)	805	(693)
Repair Loan Program	4,317	4,317	4,370	53	4,939	(569)
Other	960	960	-	(960)	4	(4)
Total Locally Generated Non-Tax Revenue	695,087	739,308	722,532	(16,776)	699,441	23,091
Revenue from Other Governments						
State	670	464	464	-	669	(205)
Federal	-	-	-	-	-	-
Total Revenue from Other Governments	670	464	464	-	669	(205)
Revenue from Other Funds	95,798	72,616	30,585	(42,031)	57,341	(26,756)
Total Revenues	791,555	812,388	753,581	(58,807)	757,451	(3,870)
Obligations						
Office of Innovation and Technology	32,225	32,525	24,329	8,196	23,630	699
Managing Director's Office	139	139	-	139	139	(139)
Public Property	4,495	4,495	4,490	5	4,369	121
Department of Fleet Management	8,899	9,058	7,763	1,295	6,677	1,086
Water Department	429,478	452,094	430,982	21,112	398,749	32,233
Office of the Director of Finance	-	-	-	-	-	-
City-Wide Appropriation Under the Director of Finance:						
Pension Contributions	61,907	67,511	67,511	-	85,716	(18,205)
Other Employee Benefits	65,071	63,161	63,161	-	58,251	4,910
Contributions, Indemnities and Taxes	6,000	131	-	131	-	-
Advances, Subsidies, Miscellaneous	-	-	-	-	-	-
Department of Revenue	16,836	17,387	10,613	6,774	14,045	(3,432)
Sinking Fund Commission	201,542	201,542	176,993	24,549	186,312	(9,319)
Procurement Department	107	115	114	1	101	13
Law	3,933	4,117	3,924	193	3,288	636
Mayor's Office of Sustainability	133	133	133	-	94	39
Water, Sewer and Stormwater Rate Board	790	792	373	419	73	300
Total Obligations	831,555	853,200	790,386	62,814	781,444	8,942
Operating Surplus (Deficit) for the Year	(40,000)	(40,812)	(36,805)	4,007	(23,993)	(12,812)

City of Philadelphia | Schedule XXI

Schedule of Budgetary Actual and Estimated Revenues and Obligations

Aviation Operating Fund

Amounts in thousands of USD

For the Fiscal Year Ended June 30, 2022 (with comparative actual amounts for the Fiscal Year Ended June 30, 2021)

	Budgeted Amounts			Final Budget to Actual		
	Original	Final	FY 2022 Actual	Positive (Negative)	FY 2021 Actual	Increase (Decrease)
Revenue						
Locally Generated Non-Tax Revenue						
Concessions	25,364	25,364	37,478	12,114	19,207	18,271
Space Rentals	130,977	130,976	140,251	9,275	160,616	(20,365)
Landing Fees	60,999	61,000	85,676	24,676	67,837	17,839
Parking	845	845	21,851	21,006	689	21,162
Car Rentals	10,000	10,000	21,542	11,542	11,496	10,046
Payment in Aid - Terminal Building	-	-	-	-		-
Interest Earnings	5,000	-	(1,304)	(1,304)	470	(1,774)
Sale of Utilities	2,580	2,580	2,811	231	2,153	658
Passenger Facility Charge	31,200	31,200	18,350	(12,850)	49,938	(31,588)
Overseas Terminal Facility Charges	2	2	33	31	102	(69)
International Terminal Charge	8,400	8,400	22,365	13,965	8,033	14,332
Other	7,081	7,130	4,836	(2,294)	6,618	(1,782)
Total Locally Generated Non-Tax Revenue	282,448	277,497	353,889	76,392	327,159	26,730
Revenue from Other Governments						
State	-	-	-	-	-	-
Federal	95,346	95,346	54,081	(41,265)	65,093	(11,012)
Total Revenue from Other Governments	95,346	95,346	54,081	(41,265)	65,093	(11,012)
Revenue from Other Funds	1,300	1,300	1,357	57	1,478	(121)
Total Revenue	379,094	374,143	409,327	35,184	393,730	15,597
Obligations						
Office of Innovation and Technology	2,739	2,761	1,780	981	1,603	177
Managing Director	-	-	-	-	-	-
Police	14,827	18,152	18,153	(1)	15,601	2,552
Fire	8,955	9,740	9,740	-	8,934	806
Public Property	14,000	14,000	14,000	-	17,000	(3,000)
Department of Fleet Management	3,586	3,666	3,193	473	2,572	621
Director of Finance	-	-	-	-	-	-
City-Wide Appropriation Under	-					
the Director of Finance:						
Pension Contributions	29,704	29,705	24,966	4,739	36,597	(11,631)
Other Employee Benefits	27,150	27,279	22,342	4,937	22,200	142
Purchase of Services	3,246	3,646	3,631	15	3,038	593
Contributions, Indemnities and Taxes	2,512	1,500	-	1,500	-	-
Advances, Subsidies, Miscellaneous	-	-	-	-	-	-
Sinking Fund Commission	132,005	132,004	114,814	17,190	91,006	23,808
Procurement	-	-	-	-	-	-
Commerce	150,600	148,765	142,104	6,661	146,785	(4,681)
Law	1,585	1,636	1,540	96	1,480	60
Mayor's Office of Sustainability	111	111	111	-	88	23
Total Obligations	391,020	392,965	356,374	36,591	346,904	9,470
Operating Surplus (Deficit) for the Year	(11,926)	(18,822)	52,953	71,775	46,826	6,127

City of Philadelphia

Schedule XXII

Budgetary Comparison Schedule
Budget Stabilization Fund
For the Fiscal Year Ended June 30, 2022

Amounts in thousands of USD

	Budgeted Amounts			Final Budget to Actual Positive
	Original	Final	Actual	(Negative)
Revenues				
Tax Revenue				-
Locally Generated Non-Tax Revenue	-	-	-	-
Revenue from Other Governments	-	-	-	-
Revenue from Other Funds	-	-	-	-
Total Revenues	-	-	-	-
penditures and ncumbrances				
Personal Services	-	-	-	-
Pension Contributions	-	-	-	-
Other Employee Benefits	-	-	-	-
Sub-Total Employee Compensation	-	-	-	-
Purchase of Services	-	-	-	-
aterials and Supplies	-	-	-	-
Equipment	-	-	-	-
Contributions, Indemnities and Taxes	-	-	-	-
Debt Service - Principal	-	-	-	-
Debt Service - Interest	-	-	-	-
Short-Term Interest	-	-	-	-
Payments to Other Funds	1	1	-	1
Advances, Subsidies, iscellaneous	-	-	-	-
Total Expenditures and Encumbrances	1	1	-	1
Operating Surplus (Deficit) for the ear	(1)	(1)	-	1
Fund Balance Available for Appropriation, uly 1, 2021	-	-	-	-
perations in Respect to rior Fiscal ears				
Commitments Cancelled - Net	-	-	-	-
Revenue Ad ustments - Net	-	-	-	-
Prior Period Ad ustments	-	-	-	-
Other Ad ustments	-	-	-	-
Ad usted Fund Balance, uly 1, 2021	-	-	-	-
Fund Balance Available for Appropriation, une 30, 2022	(1)	(1)	-	1

Statistical Section

Financial Trends

These tables contain trend information to help the reader understand how the City's financial performance and well-being have changed over time.

Revenue Capacity

These tables contain information to help the reader assess the City's most significant local revenue source, the wage and earnings tax. Property tax information is also presented.

Debt Capacity

These tables present information to help the reader assess the affordability of the City's current levels of outstanding debt and the City's ability to issue additional debt.

Demographic & Economic Information

These tables offer demographic and economic indicators to help the reader understand the environment within which the City's financial activities take place.

Operating Information

These tables contain service and infrastructure information data to help the reader understand how the information in the City's financial report relates to the services the city provides and the activities it performs.

City of Philadelphia
Net Position by Component
For the Fiscal Years 2013 Through 2022

Table 1

Amounts in millions of USD

(full accrual basis of accounting)

	2013	2014	2015	2016	2017	2018	2019	2020	2021	2022
Governmental Activities										
Net Investment in Capital Assets	232.5	176.8	1,040.8	955.2	1,006.6	645.2	738.6	538.6	655.4	622.6
Restricted	586.8	630.3	576.5	625.1	553.8	793.2	867.9	955.0	842.7	1,115.4
Unrestricted	(2,588.9)	(2,771.8)	(7,880.6)	(7,904.4)	(7,767.3)	(8,709.9)	(8,516.9)	(8,803.6)	(8,555.8)	(7,592.3)
Total Governmental Activities Net Position	(1,769.6)	(1,964.7)	(6,263.3)	(6,324.1)	(6,206.9)	(7,271.5)	(6,910.4)	(7,310.0)	(7,057.7)	(5,854.3)
Business-Type Activities										
Net Investment in Capital Assets	982.5	1,007.4	1,088.1	1,323.7	1,330.5	1,402.0	1,437.6	1,492.8	1,509.0	1,516.6
Restricted	628.9	685.5	766.0	650.5	692.5	762.6	835.5	825.7	749.2	816.8
Unrestricted	173.4	200.7	(278.5)	(279.3)	(251.9)	(423.0)	(391.6)	(391.6)	(234.0)	(162.6)
Total Business-Type Activities Net Position	1,784.8	1,893.6	1,575.6	1,694.9	1,771.1	1,741.6	1,881.5	1,926.9	2,024.2	2,170.8
Primary Government										
Net Investment in Capital Assets	1,215.0	1,184.2	2,128.9	2,278.9	2,337.1	2,047.2	2,176.2	2,031.4	2,164.4	2,139.2
Restricted	1,215.7	1,315.8	1,342.5	1,275.6	1,246.3	1,555.8	1,703.4	1,780.7	1,591.9	1,932.2
Unrestricted	(2,415.5)	(2,571.1)	(8,159.1)	(8,183.7)	(8,019.2)	(9,132.9)	(8,908.5)	(9,195.2)	(8,789.8)	(7,754.9)
Total Primary Government Net Position	15.2	(71.1)	(4,687.7)	(4,629.2)	(4,435.8)	(5,529.9)	(5,028.9)	(5,383.1)	(5,033.5)	(3,683.5)

City of Philadelphia
Changes in Net Positions
For the Fiscal Years 2013 Through 2022

Table 2
Amounts in millions of USD

(full accrual basis of accounting)

	2013	2014	2015	2016	2017	2018	2019	2020	2021	2022
Expenses										
Governmental Activities:										
Economic Development	94.2	95.1	97.4	115.3	111.4	113.7	109.7	118.0	70.1	100.8
Transportation:										
Streets & Highways	112.9	143.9	122.4	136.8	122.8	148.1	159.1	175.7	167.2	166.3
Mass Transit	71.0	72.1	76.2	76.1	84.3	86.4	89.3	91.0	89.5	96.1
Judiciary and Law Enforcement:										
Police	1,087.9	1,262.7	1,098.7	1,232.4	1,198.8	1,282.0	1,277.3	1,350.3	1,140.7	1,219.8
Prisons	342.2	371.2	353.0	381.6	387.6	386.4	349.2	369.8	289.1	313.4
Courts	318.1	338.5	323.4	339.6	349.7	344.8	357.8	363.0	321.7	348.6
Conservation of Health:										
Emergency Medical Services	49.7	69.3	66.4	66.3	77.2	69.7	70.0	74.2	71.0	95.5
Health Services	1,464.9	1,519.1	1,420.5	1,579.1	1,613.6	1,661.9	1,650.4	1,842.0	1,978.7	2,085.9
Housing and Neighborhood Development	102.9	80.3	80.9	80.1	81.1	94.3	106.6	132.0	124.0	232.9
Cultural and Recreational										
Recreation	102.3	113.1	113.1	116.6	120.3	125.7	131.4	122.5	117.3	129.8
Parks	8.6	8.2	10.6	8.4	9.5	6.9	5.5	10.6	10.4	7.0
Libraries and Museums	76.1	84.5	84.3	88.8	90.4	96.4	109.4	111.4	89.7	84.2
Improvements to General Welfare:										
Social Services	625.3	657.5	687.8	688.7	733.8	732.0	727.4	739.7	726.8	774.5
Education	94.4	167.5	126.0	134.5	134.2	134.7	213.3	263.2	294.2	297.9
Inspections and Demolitions	38.0	43.3	41.7	65.3	45.4	54.3	56.7	57.2	51.3	58.4
Service to Property:										
Sanitation	136.7	153.1	151.1	157.0	161.1	160.0	153.7	163.5	150.2	186.6
Fire	296.8	386.6	350.8	370.7	373.4	410.6	469.2	470.1	411.6	471.5
General Management and Support	743.4	538.0	605.3	648.1	693.3	729.1	788.5	946.5	1,162.4	995.2
Interest on Long Term Debt	161.8	159.0	166.2	158.2	151.1	155.7	148.3	158.6	121.9	127.1
Total Governmental Activities Expenses	5,927.2	6,263.0	5,975.8	6,443.6	6,539.0	6,792.7	6,972.8	7,559.3	7,387.8	7,791.5
Business-Type Activities:										
Water and Sewer	513.4	543.5	550.2	569.0	601.8	631.1	685.8	711.4	636.4	698.1
Aviation	358.9	376.5	374.3	400.2	419.9	442.9	430.7	437.2	378.3	399.4
Industrial and Commercial Development	0.6	-	-	-	16.5	0.5	2.3	4.4	5.9	-
Total Business-Type Activities Expenses	872.9	920.0	924.5	969.2	1,038.2	1,074.5	1,118.8	1,153.0	1,020.6	1,097.5
Total Primary Government Expenses	6,800.1	7,183.0	6,900.3	7,412.8	7,577.2	7,880.1	8,091.6	8,712.3	8,408.4	8,889.0
Program Revenues										
Governmental Activities:										
Charges for Services:										
Economic Development	2.6	0.1	0.1	0.1	-	-	-	-	0.1	0.1
Transportation:										
Streets & Highways	5.3	5.2	7.3	5.8	7.1	6.6	10.0	9.8	9.9	11.6
Mass Transit	1.9	1.9	2.1	2.2	2.2	2.5	2.7	2.3	1.7	3.0
Judiciary and Law Enforcement:										
Police	6.3	4.5	5.2	5.1	8.2	6.8	7.2	7.2	5.6	8.2
Prisons	0.7	0.4	0.4	0.3	0.3	0.5	1.7	1.3	0.4	0.1
Courts	59.9	50.3	51.6	50.3	53.6	56.5	55.6	39.3	31.7	30.7
Conservation of Health:										
Emergency Medical Services	33.3	36.3	36.2	45.7	65.0	51.9	16.8	11.2	-	25.6
Health Services	16.7	18.9	14.4	14.1	30.3	27.6	46.4	63.5	67.6	77.3
Housing and Neighborhood Development	23.5	16.7	20.1	18.1	27.2	21.0	23.2	18.1	25.3	24.4
Cultural and Recreational:										
Recreation	3.8	2.8	3.7	4.6	3.4	5.8	4.9	3.1	1.6	3.1
Parks	3.3	2.2	1.1	1.0	3.6	1.8	1.0	0.8	3.0	-
Libraries and Museums	1.0	2.0	1.1	1.2	1.4	1.9	1.5	1.1	1.5	0.7

City of Philadelphia
Changes in Net Positions
For the Fiscal Years 2013 Through 2022

Table 2
Amounts in millions of USD

(full accrual basis of accounting)

	2013	2014	2015	2016	2017	2018	2019	2020	2021	2022
Improvements to General Welfare:										
Social Services	8.3	5.6	4.4	1.2	1.4	7.3	6.2	7.0	5.7	5.6
Education	0.1	-	-	-	-	-	-	-	-	-
Inspections and Demolitions	53.9	50.1	52.4	54.1	59.4	64.8	72.8	64.7	76.2	86.5
Service to Property:										
Sanitation	16.2	35.5	24.9	16.5	13.8	14.1	14.0	14.5	17.1	23.6
Fire	0.9	0.3	2.9	0.3	0.6	0.4	40.8	44.5	3.5	5.5
General Management and Support	134.2	177.7	150.2	158.3	159.5	160.1	151.0	147.8	153.4	259.8
Interest on Long Term Debt	-	0.2	0.2	0.2	-	-	0.2	-	-	-
Operating Grants and Contributions	1,986.4	1,967.3	2,011.2	2,090.9	2,199.5	2,262.9	2,215.2	2,337.0	2,713.8	3,136.1
Capital Grants and Contributions	48.9	35.3	60.1	61.8	22.2	27.3	20.5	44.9	49.7	35.1
Total Governmental Activities Program Revenues	2,407.2	2,413.3	2,449.6	2,531.8	2,658.7	2,719.8	2,691.7	2,818.1	3,167.8	3,737.0
Business-Type Activities:										
Charges for Services:										
Water and Sewer	608.7	638.6	675.9	670.0	714.7	726.4	745.3	732.4	715.8	765.9
Aviation	291.4	315.4	322.4	433.7	431.9	471.1	486.2	366.8	329.0	382.0
Industrial and Commercial Development	0.4	0.4	0.5	0.5	19.9	0.1	2.2	7.2	5.6	0.5
Operating Grants and Contributions	2.3	1.4	0.9	0.9	1.3	0.6	0.7	0.9	2.7	0.5
Capital Grants and Contributions	58.2	93.6	161.3	26.8	10.6	29.0	22.7	34.3	40.6	72.9
Total Business-Type Activities Program Revenues	961.0	1,049.4	1,161.0	1,131.9	1,178.4	1,227.2	1,257.1	1,141.6	1,093.7	1,221.8
Total Primary Government Revenues	3,368.2	3,462.7	3,610.6	3,663.7	3,837.1	3,947.0	3,948.8	3,959.7	4,261.5	4,958.8
Net (Expense)/Revenue										
Governmental Activities	(3,520.0)	(3,849.7)	(3,526.2)	(3,911.8)	(3,880.3)	(4,072.9)	(4,281.1)	(4,741.2)	(4,220.0)	(4,054.5)
Business-Type Activities	88.1	129.4	236.5	162.7	140.2	152.7	138.3	(11.4)	73.1	124.3
Total Primary Government Net Expense	(3,431.9)	(3,720.3)	(3,289.7)	(3,749.1)	(3,740.1)	(3,920.2)	(4,142.8)	(4,752.6)	(4,146.9)	(3,930.2)
General Revenues and Other Changes in Net Position										
Governmental Activities:										
Taxes:										
Property Taxes	553.8	530.2	551.3	550.2	578.7	649.0	691.9	695.8	720.2	703.3
Wage & Earnings Taxes	1,598.7	1,639.8	1,737.2	1,816.8	1,920.7	2,027.8	2,114.7	2,115.6	1,991.2	2,233.4
Business Taxes	452.4	469.2	453.4	505.6	440.2	456.1	556.1	590.4	589.8	746.2
Other Taxes	706.0	735.8	666.7	733.5	817.6	947.7	984.1	942.8	883.9	1,263.3
Unrestricted Grants & Contributions	187.4	229.5	185.1	185.4	184.5	191.6	190.8	197.3	197.8	202.7
Interest & Investment Earnings	17.9	21.7	24.1	28.0	27.4	49.6	64.7	69.2	52.1	36.0
Special Items	-	-	-	-	-	(38.4)	-	-	-	-
Transfers	21.4	28.3	30.2	31.6	28.5	33.3	39.9	34.7	37.2	48.4
Total Governmental Activities	3,537.6	3,654.5	3,648.0	3,851.1	3,997.6	4,316.7	4,642.2	4,645.8	4,472.2	5,233.3
Business-Type Activities:										
Interest & Investment Earnings	12.7	5.3	4.1	8.3	11.4	23.6	47.8	48.7	2.7	(15.3)
Unrestricted Grants & Contributions	42.2	2.5	1.9	1.9	2.5	3.3	3.9	58.2	64.6	85.9
Transfers	(21.4)	(28.3)	(30.3)	(31.6)	(28.5)	(33.3)	(39.9)	(34.7)	(37.2)	(48.4)
Total Business-Type Activities	33.5	(20.5)	(24.3)	(21.4)	(14.6)	(6.2)	11.8	72.2	30.1	22.2
Total Primary Government	3,571.1	3,634.0	3,623.7	3,829.7	3,983.0	4,310.5	4,654.0	4,718.0	4,502.3	5,255.5
Change in Net Position										
Governmental Activities	17.6	(195.2)	121.8	(60.7)	117.3	243.8	361.1	(95.4)	252.2	1,178.8
Business-Type Activities	121.6	108.9	212.2	141.3	125.6	146.5	150.1	60.8	103.2	146.5
Total Primary Government	139.2	(86.3)	334.0	80.6	242.9	390.3	511.2	(34.6)	355.4	1,325.3

City of Philadelphia
Fund Balances
Governmental Funds
For the Fiscal Years 2013 Through 2022

Table 3

Amounts in millions of USD

(modified accrual basis of accounting)

	2013	2014	2015	2016	2017	2018	2019	2020	2021	2022
General Fund										
Non-spendable:	-	-	-	-	-	-	-	-	-	-
Restricted for:										
Central Library Project	2.3	2.0	2.0	1.7	1.7	-	-	-	-	-
Stadium Financing	2.1	3.8	4.3	0.6	0.6	-	-	-	-	-
Cultural & Commercial Corridor Project	12.2	11.6	10.6	7.4	2.7	1.5	1.2	1.1	0.9	0.9
Long Term Loan	79.7	68.2	56.7	44.8	33.1	21.8	10.8	-	6.5	3.2
Affordable Housing Project	-	-	-	-	-	44.3	27.3	11.0	0.0	-
Art Museum Project	-	-	-	-	-	11.4	6.3	1.8	0.4	-
Rebuild Project	-	-	-	-	-	-	82.9	77.7	66.8	44.6
Home Repair Program	-	-	-	-	-	-	39.2	39.5	39.8	127.7
Committed to:										
General Fund	-	-	-	-	-	-	-	34.3	-	-
Assigned to:	98.0	103.1	81.9	78.0	128.4	127.0	322.3	-	442.7	659.0
Unassigned:	90.0	23.0	-	-	23.7	195.0	125.8	380.2	-	410.7
Total General Fund:	284.4	211.7	155.5	132.5	190.1	401.0	615.8	545.5	557.1	1,246.1
All Other Governmental Funds										
Non-spendable:										
Permanent Fund (Principal)	2.8	3.2	3.5	3.1	3.4	3.5	3.5	3.8	4.0	4.0
Restricted for:										
Behavioral Health	233.7	188.6	199.6	220.1	262.3	279.4	314.3	291.1	337.1	390.9
Neighborhood Revitalization	34.2	30.6	29.6	0.0	0.1	0.2	0.2	0.3	0.3	0.3
Public Safety Emergency Phone System	24.5	27.5	35.2	40.8	31.5	31.2	34.1	33.1	35.0	36.2
Economic Development	7.2	6.8	11.8	12.3	13.7	13.9	15.2	3.1	5.8	9.1
Intergovernmental Financing	33.9	34.0	28.3	25.5	25.2	24.9	24.3	24.1	20.9	20.1
Intergovernmentally Financed Pgms	-	-	-	-	-	-	-	-	-	-
Streets & Highways	23.9	26.2	31.9	37.1	46.0	57.1	59.2	63.2	59.7	72.5
Housing & Neighborhood Development	15.0	16.6	18.5	20.8	30.6	33.3	65.7	66.3	79.0	80.4
Health Services	15.2	10.1	11.0	11.2	13.4	17.4	20.6	22.7	23.3	22.1
Debt Service	81.5	83.1	81.5	81.6	72.4	62.9	54.7	16.0	13.0	11.4
Capital Improvements	29.2	191.6	70.2	133.1	24.8	161.0	88.1	278.5	112.7	308.9
Trust Purposes	8.9	11.8	12.3	10.2	10.2	9.4	10.0	9.7	9.5	14.8
Parks & Recreation	0.4	0.4	0.6	0.8	0.9	1.2	1.4	1.2	2.5	-
Libraries & Museums	0.1	0.1	0.0	3.0	3.3	3.1	2.5	2.5	3.0	2.0
Stadium Financing	6.8	7.3	6.7	6.4	6.0	5.8	5.0	10.5	8.4	8.3
Committed to:										
Prisons	4.4	3.5	3.2	2.9	3.4	3.5	3.4	3.3	4.7	5.4
Parks & Recreation	0.7	0.8	0.9	1.7	1.3	1.1	1.4	1.5	1.5	2.0
Assigned to:										
Behavioral Health	-	-	-	-	-	-	-	-	-	-
PICA Rebate Fund	-	-	-	-	-	-	-	-	-	-
PMA	-	-	-	-	-	-	-	-	-	-
Unassigned:										
Housing & Neighborhood Dev	(7.2)	(7.9)	(7.1)	(5.3)	(8.4)	(8.7)	(9.3)	(16.2)	(10.0)	(19.3)
Grants Revenue Fund	(217.1)	(273.3)	(213.0)	(322.5)	(294.3)	(288.5)	(317.7)	(314.2)	(366.8)	(410.6)
General Mgmt & Support	-	-	-	-	-	-	(0.3)	(0.2)	-	-
Total All Other Governmental Funds	298.1	360.7	324.7	282.7	245.9	411.6	376.2	500.4	343.7	558.5

[1] Effective April 15, 2003, the City implemented a change to the basis on which the Business Privilege Tax is collected requiring an estimated payment applicable to the next year's tax liability.
A portion of these estimated tax payments are deferred in the general fund beginning in FY2003 because the underlying events had not occured.

City of Philadelphia
Changes in Fund Balances
Governmental Funds
For the Fiscal Years 2013 Through 2022

Table 4

Amounts in millions of USD

(modified accrual basis of accounting)

	2013	2014	2015	2016	2017	2018	2019	2020	2021	2022
Revenues										
Tax Revenue	3,304.4	3,370.8	3,397.1	3,632.7	3,761.3	4,112.4	4,345.2	4,359.3	4,173.5	4,936.4
Locally Generated Non-Tax Revenue	348.6	387.1	376.6	367.3	400.5	417.1	448.0	447.5	436.5	481.6
Revenue from Other Governments	2,212.0	2,169.0	2,280.2	2,245.2	2,466.1	2,440.6	2,409.2	2,552.6	2,915.2	3,320.8
Other Revenues	27.9	20.2	16.9	19.6	18.6	20.7	16.5	24.9	19.3	27.1
Total Revenues	5,892.9	5,947.1	6,070.8	6,264.8	6,646.5	6,990.8	7,218.9	7,384.3	7,544.5	8,765.9
Expenditures										
Current Operating:										
Economic Development	85.9	83.7	82.5	101.1	100.5	104.2	102.0	113.5	58.1	90.8
Transportation:										
Streets & Highways	81.6	98.1	96.2	105.1	98.7	108.4	139.8	137.2	132.4	131.8
Mass Transit	66.5	67.5	71.7	76.1	79.9	82.0	84.9	86.6	85.2	91.7
Judiciary and Law Enforcement										
Police	1,089.4	1,164.9	1,104.6	1,162.5	1,169.7	1,237.6	1,256.9	1,306.9	1,223.1	1,316.8
Prisons	338.7	346.3	343.9	365.1	372.6	375.1	336.9	361.1	305.6	324.3
Courts	309.2	317.9	321.5	329.9	339.6	339.5	350.3	358.1	343.6	374.7
Conservation of Health:										
Emergency Medical Services	50.0	65.8	66.1	64.9	75.8	68.7	70.0	74.1	79.1	102.6
Health Services	1,464.6	1,510.3	1,419.8	1,573.1	1,608.3	1,656.5	1,646.4	1,837.3	1,983.7	2,102.1
Housing and Neighborhood Development	102.8	80.3	80.9	80.1	81.4	94.3	106.7	132.0	123.9	232.8
Cultural and Recreational										
Recreation	90.3	98.6	103.9	104.8	107.1	112.3	117.9	112.8	114.2	123.9
Parks	3.9	1.2	1.8	1.5	3.4	2.9	2.7	2.2	2.5	1.4
Libraries and Museums	72.0	74.9	79.1	81.4	84.4	91.9	100.3	104.0	90.9	86.2
Improvements to General Welfare:										
Social Services	624.3	655.3	687.8	687.1	731.7	730.6	726.7	735.9	726.5	779.9
Education	94.4	167.5	126.0	134.5	134.2	134.7	213.3	263.2	294.2	297.9
Inspections and Demolitions	45.8	40.8	41.5	64.0	44.5	53.1	56.3	56.3	54.7	61.3
Service to Property:										
Sanitation	137.2	144.8	146.9	152.4	154.3	153.5	150.3	161.9	159.6	194.8
Fire	295.9	344.2	346.4	355.0	353.5	399.4	471.8	467.7	463.2	508.4
General Management and Support	622.8	646.7	662.3	686.4	718.1	789.9	810.1	929.2	1,053.8	1,077.5
Capital Outlay	161.1	140.1	189.7	206.1	145.5	455.7	208.0	211.0	219.9	206.8
Debt Service:										
Principal	114.1	120.3	339.8	139.5	145.0	152.6	139.7	198.0	214.0	164.9
Interest	112.2	118.0	120.7	107.5	106.2	112.7	114.2	107.4	114.4	106.5
Bond Issuance Cost	4.4	5.0	7.2	3.3	3.2	3.9	3.4	18.6	1.6	4.1
Total Expenditures	5,967.1	6,292.2	6,440.3	6,581.4	6,657.6	7,259.5	7,208.6	7,775.0	7,844.2	8,381.2
Excess of Revenues Over (Under) Expenditures	(74.2)	(345.1)	(369.5)	(316.6)	(11.1)	(268.7)	10.3	(390.7)	(299.7)	384.7
Other Financing Sources (Uses)										
Issuance of Debt	299.8	293.8	30.0	191.6	-	314.1	119.5	293.4	-	393.3
Issuance of Refunding Debt	231.2	363.6	195.7	234.2	346.1	108.3	188.7	326.2	137.0	132.1
Bond Issuance Premium	0.8	31.4	21.3	53.9	40.7	60.2	33.5	93.8	-	75.6
Proceeds from Lease & Service Agreements	(252.7)	-	-	-	-	-	-	-	-	-
Capital Lease Proceeds	-	-	-	-	-	252.5	-	2.2	0.4	-
Payment to Refunded Bonds Escrow Agent	(190.5)	(382.2)	-	(259.6)	(383.5)	(123.1)	(212.5)	(305.7)	(20.0)	(130.9)
Leases (as lessee)	-	-	-	-	-	-	-	-	-	0.4
Transfers In	613.1	616.3	661.9	686.3	731.4	802.5	925.5	819.7	864.2	1,160.2
Transfers Out	(591.7)	(587.9)	(631.6)	(654.7)	(702.9)	(769.2)	(885.6)	(785.0)	(827.0)	(1,111.6)
Total Other Financing Sources (Uses)	110.0	335.0	277.3	251.7	31.8	645.3	169.1	444.6	154.6	519.1
Net Change in Fund Balances	35.8	(10.1)	(92.2)	(64.9)	20.7	376.6	179.4	53.9	(145.1)	903.8
Debt Service as a Percentage of Non-capital Expenditures	3.9%	3.9%	7.4%	3.9%	3.9%	3.9%	3.6%	4.0%	4.3%	3.3%

[1.0] Effective April 15, 2003, the City implemented a change to the basis on which the Business Income and Receipts Tax is collected requiring an estimated payment applicable to the next year's tax liability. $166.9 million of these estimated tax payments were deferred in the general fund in FY2013 because the underlying events had not occured.

City of Philadelphia
Comparative Schedule of Operations
Municipal Pension Fund
For the Fiscal Years 2013 through 2022

Table 5

Amounts in millions of USD

	2013	2014	2015	2016	2017	2018	2019	2020	2021	2022
Additions:										
Contributions:										
Employee Contributions	49.6	53.7	58.7	67.1	73.6	83.3	99.1	111.8	111.3	110.4
Employer's:										
City of Philadelphia	763.7	533.4	556.1	629.4	678.8	756.1	772.6	747.4	768.2	844.6
Quasi-Governmental Agencies	18.1	19.8	21.1	30.8	27.4	25.9	25.2	21.4	20.3	15.2
Total Employer's Contributions	781.8	553.2	577.2	660.2	706.2	782.0	797.8	768.8	788.5	859.8
Total Contributions	831.4	606.9	635.9	727.3	779.8	865.3	896.9	880.6	899.8	970.2
Interest & Dividends	122.9	102.2	98.4	101.5	108.5	127.9	132.7	130.0	127.7	175.2
Net Gain (Decline) in Fair Value of Investments	213.9	585.4	(76.8)	(239.8)	462.9	318.2	176.6	(38.1)	1,521.8	(646.9)
(Less) Investment Expenses	(12.2)	(10.2)	(9.8)	(9.1)	(8.0)	(7.5)	(7.5)	(6.7)	(7.2)	(8.9)
Net Securities Lending Revenue	3.0	4.2	2.2	1.9	1.8	1.8	2.2	2.1	1.2	1.0
Securities Lending Unrealized Loss	118.0	-	-	-	-	-	-	-	-	-
(Less) Securities Lending Expenses	(0.3)	(0.6)	(0.3)	(0.3)	(0.3)	(0.3)	(0.3)	(0.3)	(0.2)	(0.2)
Net Investment Income (Loss)	445.3	681.0	13.7	(145.8)	564.9	440.1	303.7	87.0	1,643.3	(479.8)
Miscellaneous Operating Revenue	0.5	0.5	0.1	0.1	1.8	0.2	0.1	0.1	0.2	0.1
Total Additions	1,277.2	1,288.4	649.7	581.6	1,346.5	1,305.6	1,200.7	967.7	2,543.3	490.5
Deductions:										
Pension Benefits	740.7	802.6	876.4	882.0	813.3	819.8	832.4	854.0	883.6	953.3
Refunds to Members	5.7	6.0	5.3	7.4	8.2	8.5	10.0	8.3	7.9	13.4
Administrative Costs	8.2	8.3	10.4	8.4	8.8	10.0	11.1	10.8	9.7	9.0
Other Operating Expenses	0.2	-	0.1	0.1	0.1	0.1	0.1	0.1	-	-
Total Deductions	754.8	816.9	892.1	897.9	830.4	838.4	853.6	873.2	901.2	975.7
Net Increase (Decrease)	522.4	471.5	(242.4)	(316.3)	516.1	467.2	347.1	94.5	1,642.1	(485.2)
Net Assets: Adjusted Opening	3,922.8	4,445.2	4,916.7	4,674.3	4,358.0	4,874.1	5,341.3	5,688.4	5,782.9	7,425.0
Closing	4,445.2	4,916.7	4,674.3	4,358.0	4,874.1	5,341.3	5,688.4	5,782.9	7,425.0	6,939.8
Ratios:										
Pension Benefits Paid as a Percent of Net Members Contributions	1687.24%	1682.60%	1640.28%	1477.39%	1243.58%	1095.99%	934.23%	825.12%	854.55%	982.78%
Closing Net Assets	16.66%	16.32%	18.75%	20.24%	16.69%	15.35%	14.63%	14.77%	11.90%	13.74%
Coverage of Additions over Deductions	169.21%	157.72%	72.83%	64.77%	162.15%	155.73%	140.66%	110.82%	282.21%	50.27%
Investment Earnings as % of Pension Benefits	60.12%	84.85%	1.56%	-16.53%	69.46%	53.68%	36.48%	10.19%	185.98%	-50.33%

City of Philadelphia

Table 6

Wage and Earnings Tax Taxable Income
For the Calendar Years 2012 Through 2021

Amounts in millions of USD

	City Residents			Non-City Residents				
Year	Taxable Income	% of Total	Direct Rate [1]	Taxable Income	% of Total	Direct Rate [1]	Total Taxable Income	Total Direct Rate
2012	23,461.6	57.26%	3.92800%	17,513.6	42.74%	3.49850%	40,975.2	3.74442%
2013	24,320.8	57.50%	3.92600%	17,974.3	42.50%	3.49675%	42,295.1	3.74358%
2014	25,602.1	57.70%	3.92200%	18,767.3	42.30%	3.49325%	44,369.4	3.74065%
2015	26,668.6	57.62%	3.91510%	19,611.3	42.38%	3.48715%	46,279.9	3.73375%
2016	28,609.5	58.69%	3.90530%	20,140.1	41.31%	3.47845%	48,749.6	3.72895%
2017	30,461.1	59.19%	3.89555%	21,005.2	40.81%	3.46975%	51,466.3	3.72177%
2018	32,170.7	59.88%	3.88580%	21,550.3	40.12%	3.46105%	53,721.0	3.71541%
2019	34,119.7	60.10%	3.87605%	22,649.7	39.90%	3.45240%	56,769.4	3.70702%
2020	34,431.6	63.67%	3.87120%	19,649.9	36.33%	3.47500%	54,081.5	3.72725%
2021	35,756.8	67.69%	3.83980%	17,065.2	32.31%	3.44810%	52,822.0	3.71325%

Note:

The Wage and Earnings Tax is a tax on salaries, wages and commissions and other compensation paid to an employee who is employed by or renders services to an employer. All Philadelphia residents owe this tax regardless of where they perform services. Non-residents who perform services in Philadelphia must also pay this tax.

[1] In 2013 to 2015, the rate changed on July 1st. The direct rate is an average of the two rates involved during that calendar year.

City of Philadelphia
Direct and Overlapping Tax Rates
For the Ten Fiscal Years 2013 through 2022

Table 7

Tax Classification	2013	2014	2015	2016	2017	2018	2019	2020	2021	2022
Wage and Earnings Tax:										
[a] City Residents	3.9280% [b]	3.9240%	3.9200%	3.9102%	3.9004%	3.8907%	3.8809%	3.8712%	3.8712%	3.8398%
Non-City Residents	3.4985% [b]	3.4950%	3.4915%	3.4828%	3.4741%	3.4654%	3.4567%	3.4481%	3.5019%	3.4481%
Wage and Earnings Tax is a tax on salaries, wages and commissions and other compensation paid to an employee who is employed by or renders services to an employer. All Philadelphia residents owe this tax regardless of where they perform services. Non-residents who perform services in Philadelphia must also pay this tax										
[d] **Real Property: (% on Assessed Valuation)**										
City	4.462%	0.602%	0.602%	0.632%	0.632%	0.632%	0.632%	0.632%	0.632%	0.632%
School District of Philadelphia	5.309%	0.738%	0.738%	0.768%	0.768%	0.768%	0.768%	0.768%	0.768%	0.768%
Total Real Property Tax	9.771%	1.340%	1.340%	1.400%	1.400%	1.400%	1.400%	1.400%	1.400%	1.400%
[e] Assessment Ratio	28.68%	224.40%	213.95%	167.26%	167.14%	167.14%	132.88%	125.08%	124.89%	NA
Effective Tax Rate (Real Property Rate x Assessment Ratio)	2.802%	3.007%	2.867%	2.341%	2.340%	2.340%	1.860%	1.751%	1.748%	NA
The City and the School District impose a tax on all real estate in the City. Real Estate Tax bills are sent out in December and are due and payable March 31st without penalty or interest. If you pay your bill on or before the last day of February, you receive a 1% discount.										
Real Property Transfer Tax										
City	3.0%	3.0%	3.0%	3.0%	3.1%	3.1%	3.3%	3.3%	3.3%	3.3%
Commonwealth of Pennsylvania	1.0%	1.0%	1.0%	1.0%	1.0%	1.0%	1.0%	1.0%	1.0%	1.0%
Total Real Property Transfer Tax	4.0%	4.0%	4.0%	4.0%	4.1%	4.1%	4.3%	4.3%	4.3%	4.3%
Realty Transfer Tax is levied on the sale or transfer of real estate located in Philadelphia. The tax also applies to the sale or transfer of an interest in a corporation or partnership that owns real estate. Certain long term leases are also subject to this tax.										
[c] **Business Income and Receipts Taxes**										
(% on Gross Receipts)	0.1415%	0.1415%	0.1415%	0.1415%	0.1415%	0.1415%	0.1415%	0.1415%	0.1415%	0.1415%
[f] (% on Net Income)	6.4500%	6.4300%	6.4100%	6.3900%	6.3500%	6.3000%	6.2500%	6.2000%	6.2000%	6.2000%
Every individual, partnership, association and corporation engaged in a business, profession or other activity for profit within the City of Philadelphia must file a BIRT Return.										
[c] **Net Profits Tax:**										
[a] City Residents	3.9240%	3.9200%	3.9102%	3.9004%	3.8907%	3.8809%	3.8712%	3.8712%	3.8398%	3.8398%
Non-City Residents	3.4950%	3.4915%	3.4828%	3.4741%	3.4654%	3.4567%	3.4481%	3.5019%	3.4481%	3.4481%
Net Profits Tax is levied on the net profits from the operation of a trade, business, profession, enterprise or other activity conducted by individuals, partnerships, associations or estates and trusts.										

City of Philadelphia
Direct and Overlapping Tax Rates
For the Ten Fiscal Years 2013 through 2022

Table 7

Tax Classification	2013	2014	2015	2016	2017	2018	2019	2020	2021	2022
Sales Tax										
City	2.0%	2.0%	2.0%	2.0%	2.0%	2.0%	2.0%	2.0%	2.0%	2.0%
Commonwealth of Pennsylvania	6.0%	6.0%	6.0%	6.0%	6.0%	6.0%	6.0%	6.0%	6.0%	6.0%
Total Sales Tax	8.0%	8.0%	8.0%	8.0%	8.0%	8.0%	8.0%	8.0%	8.0%	8.0%
Amusement Tax	5.0%	5.0%	5.0%	5.0%	5.0%	5.0%	5.0%	5.0%	5.0%	5.0%
Imposed on the admission fee charged for attending any amusement in the City. Included are concerts, movies, athletic contests, night clubs and convention shows for which admission is charged.										
Parking Lot Tax	20.0%	20.0%	20.0%	22.5%	22.5%	22.5%	22.5%	22.5%	25.0%	22.5%
Parking Tax is levied on the gross receipts from all financial transactions involving the parking or storing of automobiles or other motor vehicles in outdoor or indoor parking lots and garages in the City.										
Hotel Room Rental Tax	8.2%	8.5%	8.5%	8.5%	8.5%	8.5%	8.5%	8.5%	8.5%	8.5%
Rate of Tourism & Marketing Tax	1.0%	1.0%	1.0%	1.0%	1.0%	1.0%	1.0%	1.0%	1.0%	1.0%
	9.2%	9.5%	9.5%	9.5%	9.5%	9.5%	9.5%	9.5%	9.5%	9.5%
Imposed on the rental of a hotel room to accommodate paying guests. The term "hotel" includes an apartment, hotel, motel, inn, guest house, bed and breakfast or other building located within the City which is available to rent for overnight lodging or use of facility space to persons seeking temporary accommodations.										
Vehicle Rental Tax	2.0%	2.0%	2.0%	2.0%	2.0%	2.0%	2.0%	2.0%	2.0%	2.0%
Imposed on any person acquiring the custody or possession of a rental vehicle in the City under a rental contract for money or other consideration.										

[a] Pursuant to an agreement with the Pennsylvania Intergovernmental Cooperation Authority (PICA), PICA's share of the Wage, Earnings and Net Profits Tax is 1.5% of City residents portion only.

[b] Effective January 1 of the fiscal year cited, the previous fiscal year's rate was in effect from July 1 through December 31.

[c] Rates apply to the tax year (previous calendar year) and the tax is due April 15th in the fiscal year cited.

[d] Rates apply to the tax year (current calendar year) and the tax is due March 31st in the fiscal year cited.

[e] The State Tax Equalization Board (STEB) annually determines a ratio of assessed valuation to true value for each municipality in the Commonwealth of Pennsylvania. The ratio is used for the purpose of equalizing certain state school aid distribution.

[f] 60% of the Net Income portion of the Business Income and Receipts Tax is allowed to be credited against the Net Profits Tax.

Principal Wage and Earnings Tax Remitters [1]
Current Calendar Year and Nine Years Ago

Amounts in millions of USD

	2021			2012		
Remittance Range	# of Remitters (Employers)	Total Amount Remitted	Percentage of Total Remitted	# of Remitters (Employers)	Total Amount Remitted	Percentage of Total Remitted
Greater than $10 million	17	$508.1	25.90%	16	$397.8	25.93%
Between $1 million & $10 million	191	461.7	23.54%	157	369.5	24.08%
Between $100,000 & $1 million	2,095	535.6	27.31%	1,636	418.6	27.28%
Between $10,000 & $100,000	11,654	343.3	17.50%	8,786	259.6	16.92%
Less than $10,000	46,555	112.7	5.75%	39,166	88.7	5.79%
Total	60,512	$1,961.4	100.00%	49,761	$1,534.2	100.00%

[1] Wage & Earnings information for individual remitters is confidential

City of Philadelphia

Table 9

Assessed Value and Estimated Value of Taxable Property
For the Calendar Years 2013 through 2022

Amounts in millions of USD

Calendar Year of Levy [1]	Assessed Value on Certification Date [3]	Less: Tax-Exempt Property [2, 3]	Less: Homestead Exemption [7]	Total Taxable Assessed Value [2, 3]	Adjustments between Certification Date and Billing Date [3]	Total Taxable Assessed Value on Billing Date	Total Direct Tax Rate [4]	STEB Ratio [5]	Estimated Actual Taxable Value (STEB)	Sales Ratio [6]	Estimated Actual Taxable Value (Sales)
2013	18,181	5,765	-	12,416	-	12,416	4.462%	28.68%	43,291	11.88%	104,512
2014	137,404	37,462	5,429	94,513	(2,590)	91,923	0.602%	224.40%	42,118	90.48%	104,457
2015	136,341	37,223	6,411	92,707	(1,777)	90,930	0.602%	213.95%	43,331	90.60%	102,326
2016	136,295	38,386	6,372	91,537	(1,369)	90,168	0.632%	167.26%	54,727	92.96%	98,469
2017	136,682	38,552	6,389	91,741	105	91,846	0.632%	167.14%	54,889	94.20%	97,390
2018	152,995	41,738	6,268	104,989	(811)	104,178	0.632%	167.14%	62,815	95.78%	109,615
2019	164,672	42,767	6,349	115,556	(3,313)	112,243	0.632%	132.88%	86,963	106.00%	109,015
2020	168,263	44,095	8,592	115,576	(1,225)	114,351	0.632%	125.08%	92,402	98.80%	116,980
2021	170,224	44,356	9,714	116,154	(641)	115,513	0.632%	124.89%	93,005	97.09%	119,635
2022	171,347	45,325	10,058	115,964	(56)	115,908	0.632%	NA	NA	NA	NA

[1] Real property tax bills are normally sent out in December and are payable by March 31 without penalty or interest.

[2] Bill #1130, approved February 8, 1978, provides relief from real estate taxes on improvements to deteriorated industrial, commercial or other business property for a period of five years. Bill #982, approved July 9, 1990, changed the exemption period from five years to three years. Bill #225, approved October 4, 2000, extended the exemption period from three years to ten years.

Bill #1456A, approved January 28, 1983, provides for a maximum three year tax abatement for owner-occupants of newly constructed residential property. Bill #226, approved September 12, 2000, extended the exemption period from three years to ten years.

Legislative Act #5020-205 as amended, approved October 11, 1984, provides for a maximum thirty month tax abatement to developers of residential property.

Bill #274, approved July 1, 1997, provides a maximum ten year tax abatement for conversion of eligible deteriorated commercial or other business property to commercial non-owner occupied residential property.

Bill #788A, approved December 30, 1998, provides a maximum twelve year tax exemption, abatement or credit of certain taxes within the geographical area designated as the Philadelphia Keystone Opportunity Zone.

[3] Source: Office of Property Assessment. Beginning in 2014:

a) the Assessed Value Certification Date was moved up to 3/31/2013; in prior years, the Certification Date occurred on or slightly before the Billing Date (in November)

b) the City re-evaluated all real property at its current market value, based upon the Actual Value Initiative (AVI).

[4] Total Direct Tax Rate is City portion only and excludes the School District portion (see statistical table #7 for breakdown).

[5] The State Tax Equalization Board (STEB) annually determines a ratio of assessed valuation to true value for each municipality in the Commonwealth of Pennsylvania. See Table 13.

[6] This ratio is compiled by the Office of Property Assessment based on sales of property during the year.

[7] The City provides for a $80,000 Homestead Exemption (amount subject to change) to all homeowners.

City of Philadelphia
Principal Property Tax Payers
Current Year and Nine Years Ago

Table 10

Amounts in millions of USD

	2022			2013		
Taxpayer	Assessment [1]	Rank	Percentage of Total Assessments	Assessment [1]	Rank	Percentage of Total Assessments
Kim Sub Cira Square LP	370.6	1	0.32	-	-	-
Liberty Property Phila	359.0	2	0.31	-	-	-
EQC Nine Penn Center Prop.	352.1	3	0.30	54.1	3	0.14
NG 1500 Market St. LLC	349.9	4	0.30	43.8	4	0.11
Phila Liberty Pla E LP	327.0	5	0.28	54.4	2	0.14
PRU 1901 Market LLC	278.0	6	0.24	35.2	5	0.09
Commerce Square Partners	266.4	7	0.23	33.3	7	0.09
Phila Plaza Phaze II	252.7	8	0.22	33.9	6	0.09
Philadelphia Market Street	250.3	9	0.22	28.8	10	0.07
Brandywine Operating	236.4	10	0.20	33.1	8	0.09
Franklin Mills Associates	-	-	-	57.6	1	0.15
Phila Shipyard Development Corp	-	-	-	30.3	9	0.08
	3,042.4		2.62	404.5		1.05
Taxable Assessments (before Homestead) [2]	126,030.3		100.00	38,800.6		100.00
Less Homestead Exemption [2]	10,057.7			0.0		
Total Taxable Assessments	115,972.6			38,800.6		

[1] Source: Office of Property Assessment.
a) 2022 Assessment as of March 2021.
b) 2013 Assessment as of November 2012.

[2] In calendar year 2014,
a) the City re-evaluated all real property at its current market value, based upon the Actual Value Initiative (AVI).
b) The City provides for a $80,000 Homestead Exemption (amount subject to change) to all homeowners.

City of Philadelphia
Real Property Tax Levied and Collected
For the Calendar Years 2013 through 2022
General Fund

Table 11

Amounts in millions of USD

Calendar Year	Taxes Levied for the Year **1	Taxes Levied Based on Adjusted Assessment **2	Collected in the Calendar Year of Levy **3	Percentage Collected in the Calendar Year of Levy **5	Collected in Subsequent Years **4	Total Collected to Date: All Years	Percentage Collected to Date: All Years **5
2013	554.0	537.3	505.6	94.1%	28.6	534.2	99.4%
2014	553.2	514.0	482.1	93.8%	30.8	512.9	99.8%
2015	547.4	516.7	489.1	94.7%	27.9	517.0	100.1%
2016	569.9	548.4	525.2	95.8%	22.3	547.5	99.8%
2017	580.5	564.7	542.9	96.1%	22.0	564.9	100.0%
2018 **6	658.1	627.5	604.4	96.3%	5.0	609.4	97.1%
2019	709.4	681.3	660.4	96.9%	14.4	674.8	99.0%
2020	722.7	701.6	672.3	95.8%	17.8	690.1	98.4%
2021	729.7	717.7	692.2	96.4%	8.0	700.2	97.6%
2022	732.2	726.1	676.3	NA	NA	676.3	NA

**1 Taxes are levied on a calendar year basis, this column represents the initial bill. They are due on March 31st.

**2 Adjustments include assessment appeals, the senior citizen tax freeze, and the tax increment financing (TIF) return of tax paid. For 2014, adjustment include the Longtime Owner Occupants Program (LOOP), since the program was implemented after the initial bills were sent.

**3 For 2022, "collections in the calendar year of levy" does not include the full 12 months; it only includes collections through the end of June 2022.

**4 Includes payments from capitalized interest. This capitalization occurs only after the first year of the levy on any amount that remains unpaid at that time.

**5 For calendar year 2022, data is unavailable for "percentage collected in the calendar year of levy" and "percentage collected to date: all years", since collections in the calendar year does not include the full 12 months; it includes collections through the end of June 2022.

**6 As a result of Duffield House Assocs. v. City of Philadelphia legal case, commercial properties in Philadelphia saw reduced payments for 2018 that have not yet been reflected in the assessment data provided by OPA. Once the reduced assessments are reflected in Column B, the collection figures for 2018 will be in line with historical trends.

Note that all amounts in this table pertain to the General Fund only and do not include amounts levied and collected for the school district.

The collection percentages for the school district are the same as for the General Fund.

City of Philadelphia
Ratios of Outstanding Debt by Type
For the Fiscal Years 2013 through 2022

Table 12

Amounts in millions of USD (except per capita)

	Governmental Activities										
Fiscal Year	General Obligation Bonds	Capital Leases	Pension Service Agreement	City Service Agreement	Neighborhood Transformation Initiative	One Parkway Agreement	Sports Stadia Agreement	Central Library Project	Cultural & Commercial Corridor	PAID School District	Affordable Housing Project
2013	1,968.7	28.9	1,171.3	423.3	234.1	41.8	313.0	7.7	119.9	-	-
2014	2,139.7	16.9	1,121.4	299.8	225.5	39.6	300.6	7.2	116.0	27.3	-
2015	1,996.0	12.9	1,063.2	299.8	216.4	37.3	291.9	6.7	111.8	43.3	-
2016	2,073.6	8.8	997.5	299.8	205.8	34.9	277.2	6.7	108.5	29.1	-
2017	1,953.1	4.4	927.2	299.8	195.8	32.4	263.6	6.0	102.2	14.7	-
2018	2,078.4	249.3	852.3	299.8	185.3	30.4	248.9	5.3	96.3	-	60.2
2019	1,927.2	244.2	772.3	299.8	213.3	27.1	234.3	4.6	90.4	-	57.7
2020	2,091.8	239.0	687.0	299.8	199.4	24.0	241.1	3.8	84.4	-	55.1
2021	1,950.5	233.4	631.2	394.6	185.2	20.8	221.6	3.1	78.3	-	52.6
2022	2,166.4	227.7	566.8	394.6	271.4	17.5	201.6	2.3	72.0	-	49.9

	Governmental Activities			Business-Type Activities			Ratios			
Fiscal Year	Museum of Arts	PAID Rebuild Project	Total Governmental Activities	Water Revenue Bonds	Airport Revenue Bonds	Total Business-Type Activities	Total Primary Government	Percentage of Personal Income (1)	Population (1)	Per Capita
2013	-	-	4,308.7	1,830.4	1,355.4	3,185.8	7,494.5	11.68%	1,547,607	4,843
2014	-	-	4,294.0	1,935.3	1,291.7	3,227.0	7,521.0	11.49%	1,553,165	4,842
2015	-	-	4,079.3	2,110.8	1,225.3	3,336.1	7,415.4	11.15%	1,560,297	4,753
2016	-	-	4,041.9	1,967.1	1,160.9	3,128.0	7,169.9	9.20%	1,567,442	4,574
2017	-	-	3,799.2	2,152.5	1,218.5	3,371.0	7,170.2	8.86%	1,567,872	4,573
2018	11.5	-	4,117.7	1,993.2	1,625.4	3,618.6	7,736.3	8.78%	1,580,863	4,894
2019	11.0	87.2	3,969.1	2,175.8	1,651.1	3,826.9	7,796.0	8.83%	1,584,138	4,921
2020	10.6	83.5	4,019.5	2,360.3	1,573.9	3,934.2	7,953.7	8.77%	1,584,064	5,021
2021	10.1	79.8	3,861.2	2,500.9	1,595.5	4,096.4	7,957.6	8.55%	1,578,487	5,041
2022	9.7	75.9	4,055.8	2,684.1	1,739.0	4,423.1	8,478.9	8.84%	1,576,251	5,379

(1) See Table 17 for Personal Income and Population Amounts

City of Philadelphia
Ratios of General Bonded Debt Outstanding
For the Fiscal Years 2013 through 2022

Table 13

Amounts in millions of USD (except per capita)

Fiscal Year	General Obligation Bonds	Assessed Taxable Value of Property [1]	Assessed Ratio [2]	Actual Taxable Value of Property	% of Actual Taxable Value of Property	Per Capita [3]
2013	1,968.7	12,416.0	28.68%	43,291.5	4.55%	1,267.54
2014	2,139.7	94,513.0	224.40%	42,118.1	5.08%	1,371.34
2015	1,996.0	92,707.0	213.95%	43,331.2	4.61%	1,273.41
2016	2,073.6	91,536.5	167.26%	54,727.1	3.79%	1,322.56
2017	1,953.1	91,741.2	167.14%	54,888.8	3.56%	1,235.46
2018	2078.4	104,988.9	167.14%	62,814.9	3.31%	1,312.01
2019	1927.2	115,555.5	132.88%	86,962.3	2.22%	1,216.62
2020	2091.8	115,575.8	125.08%	92,401.5	2.26%	1,325.19
2021	1950.5	116,153.8	124.89%	93,004.9	2.10%	1,237.43
2022	2166.4	115,963.6	NA	NA	NA	NA

Note: Details regarding the City's outstanding debt can be found in the notes to the financial statement.

[1] Source: Office of Property Assessment

[2] The State Tax Equalization Board (STEB) annually determines a ratio of assessed valuation to true value for each municipality in the Commonwealth of Pennsylvania. The ratio is used for the purpose of equalizing certain state school aid distribution.

[3] See Table 17 for Population Amounts

City of Philadelphia
Table 14

Direct and Overlapping Governmental Activities Debt
June 30, 2022

Amounts in millions of USD

	Debt Outstanding	Estimated Percentage Applicable	Estimated Share of Direct and Overlapping Debt
Governmental Unit			
School District of Philadelphia	3,518.7	100.00%	3,518.7
[1] **City Direct Debt**			4,055.8
Total Direct and Overlapping Debt			7,574.5

Note:

Overlapping governments are those that coincide, in least in part, with the geographic boundries of the City. The outstanding debt of the School District of Philadelphia is supported by property taxes levied on properties within the City boundries. This schedule attempts to show the entire debt burden borne by City residents and businesses.

[1] Refer to Table 12

City of Philadelphia
Legal Debt Margin Information
For the Fiscal Years 2013 through 2022

Table 15

Amounts in Millions of USD

Legal Debt Margin Calculation for FY2022

Assessed Value	104,911.3
Debt Limit	14,163.0
Debt Applicable to Limit:[1]	
Tax Supported General Obligation Debt:	
Issued & Outstanding	1,841.2
Authorized but Unissued	475.3
Total	2,316.5
Less: Amount set aside for repayment of general obligation debt	-
Total Net Debt Applicable to Limit	2,316.5
Legal Debt Margin	11,846.5

	2013	2014	2015	2016	2017	2018	2019	2020	2021	2022
Debt Limit (notes 2, 3, 4, and 5)	1,670.0	3,011.1	4,288.7	5,454.0	6,629.5	8,001.0	9,534.0	11,052.1	12,607.9	14,163.0
Total Net Debt Applicable to Limit	1,617.9	1,673.4	1,751.0	1,841.4	1,952.0	2,051.3	2,130.8	2,228.8	2,284.5	2,316.5
Legal Debt Margin	52.1	1,337.7	2,537.7	3,612.6	4,677.5	5,949.7	7,403.2	8,823.3	10,323.4	11,846.5
Total Net Debt Applicable to the Limit as a Percent of Total Debt	96.88%	55.57%	40.83%	33.76%	29.44%	25.64%	22.35%	20.17%	18.12%	16.36%

[1] Refer to Purdon's Statutes 53 P.S. Section 15721

[2] The legal limit is based on the Pennsylvania Constittution article IX Section 12.

[3] Tax Year 2013 assessed values were provided by OPA via The Department of Revenue..

[4] Calendar Year 2013/Tax Year 2014 assessed values were provided by OPA. The higher amount was due to the implementation of the AVI (Actual Value Initiative) in 2013.

[5] Beginning in 2014, the Finance Department began using calendar Year assessed value to calculate the proceeding 10 year average; prior to this change, the Tax Year assessed values was used.

Calendar Year [4] of assessment	Tax Year of [3,4] assessment	R.E. Assessments
2012	2013	13,755,670,566
2013	2014	107,209,023,547
2014	2015	106,062,882,977
2015	2016	98,268,051,621
2016	2017	99,343,238,214
2017	2018	114,493,581,457
2018	2019	126,865,207,235
2019	2020	125,555,031,478
2020	2021	128,770,069,988
2021	2022	128,790,111,318
	Ten Year average	104,911,286,840
	Limit per art. 9	13.50%
	Legal Debt Limit	14,163,023,723

City of Philadelphia
Table 16

Pledged Revenue Coverage
For the Fiscal Years 2013 through 2022

Amounts in millions of USD

No.		2013	2014	2015	2016	2017	2018	2019	2020	2021	2022
	Water and Sewer Revenue Bonds										
1	Total Revenue and Beginning Fund Balance	638.4	680.4	-	-	-	-	-	-	-	-
1a	Total Revenue	-	-	676.8	678.9	720.6	750.1	741.6	746.7	730.5	753.6
2	Net Operating Expenses	399.3	410.8	422.3	433.0	480.3	506.2	522.4	543.7	545.1	547.2
2a	Commitments Cancelled (formally Beg. Fund Bal.)	-	-	(19.4)	(24.1)	(24.6)	(32.4)	(30.4)	(26.9)	(23.9)	(36.8)
3	Transfer To (From) Rate Stabilization Fund	(4.7)	22.9	21.4	(1.6)	(4.6)	(24.6)	(4.3)	(33.1)	(27.0)	15.0
4	Net Revenues	243.8	246.7	252.5	271.6	269.5	300.9	253.9	263.0	236.3	228.2
	Debt Service:										
5	Revenue Bonds Outstanding	201.0	201.7	205.3	219.3	206.1	218.4	190.9	206.2	186.2	177.0
6	Transfer to Escrow Account to Redeem Bonds	-	-	-	-	11.0	19.0	-	-	-	-
6a	Other Adjustments	-	-	-	(0.3)	(1.2)	(0.2)	-	0.2	0.1	-
7	Pennvest Loan	-	-	-	-	-	-	-	-	-	-
8	Total Debt Service	201.0	201.7	205.3	219.0	215.9	237.2	190.9	206.4	186.3	177.0
9	Net Revenue after Debt Service	42.8	45.0	47.2	52.6	53.6	63.7	63.0	56.6	50.0	51.2
10	Transfer to General Fund	0.6	-	-	-	-	-	-	-	-	-
11	Transfer to Capital Fund	19.4	20.2	20.7	21.5	22.3	34.8	24.9	26.6	27.8	29.2
12	Transfer to Residual Fund	22.8	24.8	26.5	31.1	31.3	28.9	38.1	30.0	22.2	22.0
13	Ending Fund Balance	-	-	-	-	-	-	-	-	-	-
	Debt Service Coverage:										
	Coverage A (Line 4/Line 5)	1.21	1.22	1.23	1.24	1.31	1.38	1.33	1.28	1.27	1.29
	Coverage B (Line 4/(Line 5 + Line 11))	1.11	1.11	1.12	1.13	1.18	1.19	1.18	1.13	1.10	1.11
	Airport Revenue Bonds										
1	Fund Balance	69.3	66.5	66.3	71.2	87.9	107.8	126.8	144.2	160.9	173.7
2	Project Revenues	291.8	316.9	322.8	341.2	362.0	381.7	393.4	390.2	331.8	356.0
3	Passenger Facility Charges	31.2	31.2	31.2	31.2	33.7	31.2	31.2	31.2	49.6	32.0
4	Total Fund Balance and Revenue	392.3	414.6	420.3	443.6	483.6	520.7	551.4	565.6	542.3	561.7
5	Net Operating Expenses	110.7	117.3	126.0	132.1	136.5	151.0	161.2	151.7	130.1	150.0
6	Interdepartmental Charges	101.9	103.9	108.7	106.8	116.7	116.7	121.1	123.0	109.8	103.0
7	Total Expenses	212.6	221.2	234.7	238.9	253.2	267.7	282.3	274.7	239.9	253.0
	Available for Debt Service:										
8	Revenue Bonds (Line 4-Line 5)	281.6	297.3	294.3	311.5	347.1	369.7	390.2	413.9	412.2	411.7
9	All Bonds (Line 4-Line 7)	179.7	193.4	185.6	204.7	230.4	253.0	269.1	290.9	302.4	308.7
	Debt Service:										
10	Revenue Bonds	109.8	125.4	125.2	120.6	122.6	127.8	126.0	127.9	124.3	118.0
11	General Obligation Bonds	-	-	-	-	-	-	-	-	-	-
12	Total Debt Service	109.8	125.4	125.2	120.6	122.6	127.8	126.0	127.9	124.3	118.0
	Debt Service Coverage:										
	Revenue Bonds Only - Test "A" (Line 8/Line 10)	2.56	2.37	2.35	2.58	2.83	2.89	3.10	3.24	3.32	3.49
	Total Debt Service - Test "B" (Line 9/Line 12)	1.64	1.54	1.48	1.69	1.88	1.98	2.14	2.27	2.43	2.62

Note:

The rate covenant of the Aviation issues permit inclusion of Fund Balance at the beginning of the period with project revenues for the period to determine adequacy of coverage.

Coverage "A" requires that Net Revenues equal at least 120% of the Debt Service Requirements while Coverage "B" requires that Net Revenues equal at least 100% of the Debt Service Requirements plus Required Capital Account Transfers. Test "A" requires that Project Resources be equal to Net Operating Expenses plus 150% of Revenue Bond Debt Service for the year. Test "B" requires Project Resources be equal to Operating Expenses for the year plus all debt service requirements for the year except any General Obligation Debt Service not applicable to the project.

Amounts in the above statement have been extracted from reports submitted to the respective Fiscal Agents in accordance with the reporting requirements of the General Ordinance and Supplemental Ordinance relative to rate covenants. Water and Sewer Coverage is calculated on the modified accrual basis; Aviation Fund on the accrual basis.

Prior to FY 2015, Commitments Cancelled were included as part of Total Revenue and Beginning Fund Balance. Commitments Cancelled represent the liquidation of encumbrances. An encumbrance is an expense that is anticipated to be charged to the Water Fund. Beginning in FY 2015 these amounts were reclassified as contra-expenses and reported under Net Operating Expenses.

Prior to FY 2017, Water and Sewer Revenue Bonds Debt Service Coverage B was calculated as (Line4/(Line 8 + Line 11)).

City of Philadelphia

Table 17

Demographic and Economic Statistics

For the Calendar Years 2012 through 2021

Calendar Year	Population [1]	Personal Income [2] (thousands of USD)	Per Capita Personal Income (USD)	Unemployment Rate [3]
2012	1,547,607	64,151,742	41,452	10.5%
2013	1,553,165	65,473,002	42,155	10.0%
2014	1,560,297	66,495,223	42,617	8.0%
2015	1,567,442	77,903,831	49,701	6.9%
2016	1,567,872	80,973,410	51,645	6.8%
2017	1,580,863	88,081,991	55,718	6.2%
2018	1,584,138	88,311,658	55,747	5.5%
2019	1,584,064	90,711,866	57,265	5.5%
2020	1,578,487	93,038,320	58,941	12.4%
2021	1,576,251	95,944,257	60,869	9.2%

[1] US Census Bureau

[2] US Department of Commerce, Bureau of Economic Analysis

[3] US Department of Labor, Bureau of Labor Statistics

City of Philadelphia

Table 18

Principal Employers

Current Calendar Year and Nine Years Ago

Listed Alphabetically

2021	2012
Albert Einstein Medical	Albert Einstein Medical
Children's Hospital of Philadelphia	Children's Hospital of Philadelphia
City of Philadelphia	City of Philadelphia
Comcast Corporation	Comcast Corporation
School District of Philadelphia	School District of Philadelphia
SEPTA (Southeastern Pennsylvania Transit Authority)	SEPTA (Southeastern Pennsylvania Transit Authority)
Temple University	Temple University
Thomas Jefferson University Hospitals	Thomas Jefferson University Hospitals
University Of Pennsylvania	University Of Pennsylvania
Hospital of the University of Pennsylvania	Hospital of the University of Pennsylvania

City of Philadelphia **Table 19**

Full Time Employees by Function

For the Fiscal Years 2013 through 2022

	2013	2014	2015	2016	2017	2018	2019	2020	2021	2022
Governmental Activities:										
Economic Development	31	29	33	43	39	47	69	63	40	37
Transportation:										
Streets & Highways	517	525	506	512	538	609	655	669	627	636
Mass Transit	15	15	12	12	1	1	1	2	1	3
Judiciary and Law Enforcement:										
Police	7,270	7,177	7,267	7,750	7,213	7,276	7,336	7,201	6,847	6,681
Prisons	2,245	2,257	2,286	2,280	2,257	2,208	2,084	1,882	1,556	1,319
Courts	3,260	3,234	3,255	3,276	3,367	3,317	3,364	3,428	3,301	3,109
Conservation of Health:										
Emergency Medical Services	375	494	576	534	592	416	467	533	419	414
Health Services	1,117	1,097	1,084	1,062	1,105	1,132	1,161	1,206	1,169	1,150
Housing and Neighborhood Development	75	72	74	66	67	73	71	76	75	83
Cultural and Recreational:										
Parks and Recreation	596	587	628	636	630	670	682	678	667	633
Libraries and Museums	651	637	674	666	677	659	670	688	648	619
Improvements to General Welfare:										
Social Services	1,832	1,809	1,801	1,779	1,837	1,860	1,804	1,827	1,765	1,755
Inspections and Demolitions	286	288	319	323	336	378	421	394	371	352
Service to Property:										
Sanitation	1,152	1,158	1,155	1,159	1,153	1,094	1,179	1,144	1,163	1,298
Fire	1,705	1,643	1,719	1,871	1,896	2,036	2,187	2,227	2,259	2,258
General Management and Support	2,384	2,456	2,497	2,601	2,749	2,744	3,164	2,911	2,749	2,760
Total Governmental Activities	23,511	23,478	23,886	24,570	24,457	24,520	25,315	24,929	23,657	23,107
Business Type Activities:										
Water and Sewer	2,218	2,302	2,347	2,358	2,481	2,519	2,217	2,498	2,428	2,403
Aviation	1,057	1,040	1,021	1,032	1,035	1,056	1,071	1,048	977	840
Total Business-Type Activities	3,275	3,342	3,368	3,390	3,516	3,575	3,288	3,546	3,405	3,243
Fiduciary Activities:										
Pension Trust	53	50	55	56	56	60	56	54	55	58
Total Primary Government	26,839	26,870	27,309	28,016	28,029	28,155	28,659	28,529	27,117	26,408

City of Philadelphia
Operating Indicators by Function
For the Fiscal Years 2013 through 2022

Table 20

	2013	2014	2015	2016	2017	2018	2019	2020	2021	2022
Governmental Activities:										
Transportation:										
Streets & Highways										
Street Resurfacing (miles)	51	34	40	43	56	77	95	65	42	49
Potholes Repaired	12,093	45,077	48,274	35,541	31,589	57,002	59,514	37,971	22,815	59,164
Judiciary and Law Enforcement:										
Police										
Arrests	71,109	71,650	71,661	55,693	46,268	45,531	42,444	40,702	30,697	27,496
Calls to 911	2,979,990	2,879,620	2,978,527	3,703,809	2,760,452	2,432,404	2,616,735	2,390,540	2,335,370	2,862,919
Prisons										
Average Inmate Population	8,987	8,759	8,254	7,685	6,925	6,158	4,815	4,190	4,709	4,396
Inmate Beds (city owned)	8,417	8,417	8,417	8,428	6,991	6,085	5,019	4,047	4,903	4,903
Conservation of Health:										
Emergency Medical Services										
Medic Unit Runs	280,877	239,403	243,127	263,754	267,266	271,450	274,659	266,090	271,494	251,501
First Responder Runs	57,047	60,296	49,529	48,965	47,456	48,797	49,526	47,864	49,321	48,440
Health										
Patient Visits	341,305	309,911	290,000	72,479	336,445	335,937	350,948	324,388	300,073	332,000
Cultural and Recreational:										
Parks										
Athletic Field Permits Issued	2,442	873	1,634	2,501	2,579	2,120	1,351	1,892	571	1,062
Libraries										
Items borrowed	6,579,054	6,502,087	6,511,582	5,926,481	5,419,516	5,293,138	6,482,481	5,207,069	4,002,577	5,241,011
Visitors to all libraries	6,116,762	5,563,015	5,891,382	5,839,145	5,128,715	4,973,288	4,915,649	3,841,395	176,619	1,829,104
Visitors to library website	7,301,311	8,194,626	9,907,573	7,971,946	5,029,713	6,361,655	6,699,581	6,099,144	4,071,281	4,827,886
Improvements to General Welfare:										
Social Services										
Children Receiving Services	27,391	17,761	18,982	19,697	18,955	18,798	17,002	13,369	11,533	10,465
Children in Placement	8,509	8,548	7,809	8,463	8,782	8,731	8,230	7,125	6,355	5,730
Emergency Shelter Beds (average)	2,116	2,544	2,708	2,196	2,143	2,170	3,725	3,855	2,526	2,501
Transitional Housing Units (new placements)	539	509	509	517	415	284	728	374	419	404
Service to Property:										
Sanitation										
Refuse Collected (tons per day)	2,179	2,132	2,139	2,270	2,311	2,310	2,475	2,351	2,841	2,645
Recyclables Collected (tons per day)	470	490	442	425	444	404	355	327	207	242
Fire										
Fires Handled	6,365	6,120	6,364	6,143	5,901	6,614	7,810	7,350	3,413	7,161
Fire Marshall Investigations	2,135	1,943	2,183	1,715	2,242	2,099	1,969	1,889	1,954	1,783
Business Type Activities:										
[2] **Water and Sewer**										
Millions of gallons of treated water	89,616	90,213	86,416	84,573	82,846	81,485	80,943	78,239	84,424	84,342
Percent of time Philadelphia's drinking water met or surpassed state & federal standards	100.00%	100.00%	100.00%	100.00%	100.00%	100.00%	100.00%	100.00%	100.00%	100.00%
Miles of pipeline surveyed for leakage	962	775	637	682	1,022	742	747	796	560	478
Water main breaks repaired	755	918	907	703	655	977	754	596	759	779
Average time to repair a water main break upon crew arrival at site (hours)	5.8	6.2	5.7	6.8	6.7	6.5	6.7	6.2	6.7	6.9
Percent of hydrants available	99.68%	99.68%	99.61%	99.60%	99.60%	99.57%	99.43%	99.15%	98.91%	98.95%
Number of storm drains cleaned	100,251	94,653	103,056	98,105	107,784	103,535	103,053	84,640	97,849	64,427
[1] **Aviation**										
Passengers Handled (PIA)	30,358,905	30,539,430	30,601,985	31,336,138	29,641,556	30,553,378	32,244,112	23,782,297	13,039,500	23,204,502
Air Cargo Tons (PIA)	388,383	395,661	402,194	414,891	424,009	487,086	554,606	573,499	582,468.6	575,273.7
Aircraft Movements (PIA and NPA)	506,261	493,272	487,096	456,269	434,707	427,214	455,352	385,403	287,679	380,979

[1] PIA (Philadelphia International Airport)-passenger aircraft and cargo. NPA (Northeast Philadelphia Airport)-private aircraft and cargo

[2] In prior year Annual Comprehensive Financial Report (ACFR) , Philadelphia Water Department (PWD) reported the following metrics: new connections, the number of water main breaks, average and peak daily treated water delivered, average daily water sewage treatment

City of Philadelphia | **Table 21**

Capital Assets Statistics by Function

For the Fiscal Years 2013 through 2022

	2013	2014	2015	2016	2017	2018	2019	2020	2021	2022
Governmental Activities:										
Transportation:										
Streets & Highways										
[1] Total Miles of Streets	2,575	2,575	2,575	2,575	2,575	2,550	2,550	2,550	2,550	2,552
Streetlights	105,151	105,151	105,151	105,151	104,595	106,092	106,092	124,846	126,924	141,554
Judiciary and Law Enforcement:										
Police										
Stations and Other Facilities	37	39	40	50	48	55	55	55	58	56
Prisons										
Major Correctional Facilities	6	6	6	6	6	5	4	3	3	3
Conservation of Health:										
Health Services										
Health Care Centers	9	9	9	8	8	8	8	8	8	8
Cultural and Recreational:										
Recreation										
[4] Recreation Centers	185	184	155	164	313	313	721	717	731	738
[2] Athletic Venues	1,101	1,107	1,108	1107	1030	1030	1129	1120	1118	1112
Parks										
Parks	177	177	209	209	211	211	405	409	410	414
Baseball/Softball Fields	404	403	403	404	412	404	414	411	411	410
Libraries										
Branch & Regional Libraries	54	54	54	54	54	54	54	57	57	57
Service to Property:										
Fire										
Stations and Other Facilities	68	68	69	63	69	67	73	73	73	73
Business Type Activities:										
Water and Sewer:										
Water System Piping (miles)	3,174	3,176	3,176	3,187	3,184	3,185	3,183	3,178	3,180	3,179
Fire Hydrants	25,355	25,364	25,364	25,398	25,419	25,419	25,234	25,020	25,192	25,142
Treated Water Storage Capacity (x 1000 gallons)	1,065,400	1,065,400	1,065,000	1,065,000	1,065,000	950,000	950,000	1,010,000	1,010,000	1,010,000
Sanitary Sewers (miles)	762	762	762	763	765	766	767	761	767	767
Stormwater Conduits (miles)	738	737	737	740	747	744	752	755	756	757
Sewage Treatment Capacity (x 1000 gallons)	1,065,400	1,044,000	1,044,000	1,044,000	1,044,000	1,044,000	1,059,000	1,059,000	1,059,000	1,059,000
[3] **Aviation**										
Passenger Gates (PIA)	126	126	126	126	126	126	126	126	126	126
Terminal Buildings (square footage) (PIA)	3,144,000	3,254,354	3,254,354	3,254,354	3,240,537	3,240,537	3,240,537	3,240,537	3,240,537	3,254,354
Runways (length in feet) (PIA & NPA)	43,500	43,500	43,500	43,500	43,500	43,500	43,500	43,500	43,500	43,500

[1] Street System-83% city streets, 2% park streets, 15% state highways

[2] Includes baseball fields, football/soccer fields, tennis, basketball and hockey courts, skating rinks and indoor and outdoor pools

[3] PIA (Philadelphia International Airport)-passenger aircraft and cargo. NPA (Northeast Philadelphia Airport)-private aircraft and cargo.

[4] Includes playgrounds and spraygrounds

APPENDIX D

SUMMARY OF CERTAIN PROVISIONS OF THE NPI INDENTURE AND THE NPI SERVICE AGREEMENT

[THIS PAGE INTENTIONALLY LEFT BLANK]

APPENDIX D

SUMMARY OF CERTAIN PROVISIONS OF THE NPI INDENTURE AND THE NPI SERVICE AGREEMENT

The following sets forth the definitions of certain terms used in the NPI Indenture and the NPI Service Agreement and elsewhere in this Official Statement, and a summary of certain provisions of the NPI Indenture and the NPI Service Agreement. Capitalized terms used herein but not defined herein shall have the meanings set forth in the forepart of this Official Statement.

These summaries should not be regarded as full statements of the legal documents themselves or of the portions summarized. For a complete statement of the provisions of the NPI Indenture and the NPI Service Agreement, reference should be made to those documents in their entirety, copies of which are available from the Authority, and, prior to closing, from the senior managing underwriter, and, after closing, from the NPI Trustee, at the offices of the NPI Trustee set forth under "INTRODUCTION – Trustees" in the forepart of this Official Statement.

DEFINITIONS OF CERTAIN TERMS

"**Account**" shall mean any account authorized to be established by the NPI Indenture.

"**Additional Obligations**" shall mean all bonds, notes, evidences of indebtedness, lines of credit or other credit facility or liquidity facility (other than a Credit Facility), or other obligations issued under the NPI Indenture (including all payment and reimbursement obligations in connection therewith) other than the 2021 Bonds, in each case with respect to which the City has agreed to pay the NPI Service Fee.

"**Administrative Expenses**" shall mean the reasonable fees and expenses of the Authority and the NPI Trustee and any paying agent, remarketing agent or other fiduciary or agent appointed under the NPI Indenture, including reasonable legal fees and expenses, in connection with the issuance of any Obligations, the administration of the NPI Indenture, the performance of the Authority's obligations under the NPI Service Agreement, or in connection with inquiring into, or enforcing the performance of, the City's obligations under the NPI Service Agreement or the NPI Indenture. "Administrative Expenses" do not include annual fees or any other amounts required to be paid by the City to the Authority pursuant to the Intergovernmental Cooperation Agreement between the Authority and the City relating to the NPI Program.

"**Annual Debt Service Requirement**" shall mean, with respect to each Fiscal Year, the sum of the amounts required to be paid by the Authority in such Fiscal Year for (i) the payment of principal and mandatory sinking fund redemptions of and interest on, or any other payments with respect to, the Obligations and (ii) the payment of any Credit Facility Payment Obligations.

"**Authorized Representative of the Authority**" shall include the Chair, Vice Chair, Executive Director, Director of Finance & Administration, Director of Housing Finance, Secretary and Assistant Secretary of the Authority.

"**Authorized Representative of the City**" shall include the City Treasurer, the Director of Finance or any other Person designated as such in a writing signed by the City Treasurer or the Director of Finance.

"Best" shall mean A.M. Best Rating Services, Inc. and any successor thereto.

"**Certified Resolution**" shall mean one or more resolutions of the governing body of the Authority, certified by the Secretary or Assistant Secretary of the Authority, under its seal, to have been duly adopted or enacted and to be in full force and effect as of the date of certification.

"**Cost**" or "**Costs**" shall mean all costs of the NPI Program which the City or the Authority or either of them is authorized to incur under applicable law (including the Act, the Redevelopment Cooperation Law and the NPI Ordinance) and includes Costs of Issuance; provided, that if such Obligations were issued as tax-exempt obligations for purposes of federal income taxation, an opinion of nationally-recognized bond counsel, selected by the Authority at the direction of the City, shall be delivered to the NPI Trustee to the effect that the payment of principal of and/or interest on such Obligations will not, in and of itself, adversely affect the exclusion of interest thereon from gross income for purposes of federal income taxation.

"**Costs of Issuance**" shall mean the costs of issuance of Obligations, including without limitation underwriting fees; costs of financial, legal, professional and other advice; costs related to a Credit Facility payable in connection with the issuance of such Obligations; and any other expenses as may be necessary or incident to the issuance of such Obligations.

"**Counsel**" shall mean an attorney at law or law firm (which may include counsel to the Authority or the City) not unsatisfactory to the Authority or the City.

"**Credit Facility**" shall mean any letter of credit, surety bond, insurance policy, standby bond purchase agreement, line of credit or other credit facility or liquidity facility issued or entered into for the benefit of the Holders of the Obligations of any series or any portion thereof to further secure payment of the principal of (including any mandatory sinking fund redemptions), purchase price of, if applicable, and interest on such Obligations.

"**Credit Facility Payment Obligations**" shall mean all payment and reimbursement obligations of the Authority to a Credit Issuer in connection with any Credit Facility securing all or a portion of any series of Obligations. The Authority's obligations to pay the principal of (including any mandatory sinking fund redemptions) and interest on Obligations held by a Credit Issuer (whether by purchase, subrogation, foreclosure of a pledge of such Obligations or otherwise) shall be Payment Obligations and shall not be Credit Facility Payment Obligations. The NPI Trustee may conclusively rely upon a certificate furnished by the applicable Credit Issuer as to amounts owing to the Credit Issuer as Payment Obligations.

"**Credit Issuer**" shall mean each provider of a Credit Facility.

"**Event of Default**" shall mean any of the events described under the caption "THE NPI INDENTURE – Events of Default and Remedies under the NPI Indenture – Events of Default Defined" and "THE NPI SERVICE AGREEMENT – Events of Default under the NPI Service Agreement" below.

"**Fiscal Year**" shall mean the annual accounting year of the City, which currently begins on July 1 of each year.

"**Fund**" shall mean any fund authorized to be established by the NPI Indenture.

"**Government Obligations**" shall mean direct obligations of, or obligations the timely payment of the principal of and interest on which is fully and unconditionally guaranteed by, the United States of America.

"**Holders**" or "**Holder**" (when used with respect to Obligations) shall mean the Person in whose name any Obligation is registered pursuant to the NPI Indenture. A Credit Issuer which owns Obligations by purchase or which is subrogated to the rights of Holders of the Obligations is a Holder of the Obligation for purposes of the NPI Indenture.

"**Independent**" shall mean, with respect to any Person, a Person (i) who is not a member of the Board of the Authority or an elected official of the City; (ii) who is not an officer or employee of the Authority or the City; (iii) which is not a partnership, corporation or association having a partner, director, or officer, who is a member of the Board of the Authority or an elected official of the City, or who is an officer or employee of the Authority or the City; provided, however, that the fact that such Person or entity is retained regularly by or transacts business with the Authority or the City shall not make such Person or entity an employee of the Authority or the City.

“**Independent Certified Public Accountant**” shall mean an Independent accountant or accounting firm which is appointed by the Authority for the purpose of examining and reporting on or passing on questions relating to the financial statements of the Authority or the City, has all certifications necessary for the performance of such services and has a favorable reputation for skill and experience in performing similar services in respect of entities engaged in reasonably comparable endeavors.

“**Interest Payment Date**” shall (i) with respect to the 2021 Bonds be September 1 and March 1, (ii) with respect to the 2023A Bonds and the 2023B Bonds be as described in the front portion of the Official Statement, as the “NPI Interest Payment Date,” and (iii) for any Additional Obligations be as set forth in a Supplemental Indenture providing for the issuance thereof.

“**Investment Securities**” shall mean:

(1) Government Obligations.

(2) Any bond, debenture, note, participation certificate or other similar obligation issued by any one or combination of the following agencies: Government National Mortgage Association, Federal Land Banks, Federal Home Loan Banks, Federal Intermediate Credit Banks, Banks for Cooperatives, Tennessee Valley Authority, United States Postal Service, Farmers Home Administration, the Student Loan Marketing Association and Export-Import Bank of the United States.

(3) Any bond, debenture, note, participation certificate or other similar obligation issued by the Federal National Mortgage Association to the extent such obligations are guaranteed by the Government National Mortgage Association or issued by any other Federal agency and backed by the full faith and credit of the United States of America.

(4) Deposits in interest-bearing time or demand deposits, or certificates of deposit, fully insured by the Federal Deposit Insurance Corporation, or its successors, or fully secured by any of the obligations described in paragraphs (1), (2) or (3) above to the extent not so insured.

(5) Repurchase agreements relating to, or investment agreements secured by or providing for the acquisition of and, if applicable, resale of, obligations described in paragraphs (1) or (2) above, with: (i) banks or trust companies (which may include any banking entity or depository); (ii) brokers or broker-dealers registered under the Securities Exchange Act of 1934 which are members of the Securities Investors’ Protection Corporation and which are acceptable to the City; or (iii) insurance companies rated A+ or better by Best’s having a net capital and surplus of at least $25,000,000; provided that any such repurchase agreement or investment agreement shall meet the following requirements: (A) the repurchase or investment agreement must be secured in the principal amount thereof by securities described in paragraphs (1) or (2) above having at all times a fair market value of at least 100% of such agreement and deposited with the NPI Trustee or its agents as collateral therefor, (B) the NPI Trustee shall have a perfected first security interest in such collateral securities, and (C) the collateral securities shall be owned by the pledgor free and clear of any liens or security interests other than that of the NPI Trustee.

(6) Certificates of deposit with such banks or trust companies as described in paragraph (5)(i) above fully secured as to principal and accrued interest by obligations described in paragraphs (1) through (4) deposited with or subject to the control of the Authority or the NPI Trustee.

(7) Money market deposit accounts of banks or trust companies having a net capital and surplus of at least $25,000,000 (which may include the NPI Trustee or any affiliate thereof).

The authorized investments described above in paragraphs (5), (6) and (7) shall only be made if they provide for the repayment of the principal amount invested at an amount not less than that so invested. Whenever security is required as set forth in an applicable preceding paragraph, such security shall be deposited with the NPI Trustee or other agent of the NPI Trustee satisfactory to the NPI Trustee and the City.

(8) Direct and general obligations of any state of the United States, for which the full faith and credit of such state is pledged, if at the time of their purchase such obligations are rated in any of the two highest rating categories by either S&P or Moody's or upon the discontinuance of either or both of such services, such other nationally recognized rating service or services, as the case may be, as shall be determined by an Authorized Representative of the City.

(9) Shares of open-end, diversified investment companies (i) registered under the Investment Company Act of 1940, (ii) investing exclusively in Investment Securities of the types described in subparagraph (1) or (2) of the definition of "Investment Securities" above, (iii) maintaining a constant net asset value per share in accordance with regulations of the Securities and Exchange Commission, and (iv) individually having aggregate net assets of not less than $10,000,000 on the date of purchase; provided that the purchase of shares of any particular investment company shall be limited to an aggregate amount of not more than 5% of the aggregate net assets of that investment company on the date of purchase.

(10) Commercial paper rated, at the time of purchase, in the highest category by S&P and Moody's.

(11) Investment agreements with, or which are guaranteed by, a financial institution or financial services company which has an unsecured, uninsured and unguaranteed obligation rated, at the time such agreement is entered into, in one of the three highest rating categories by Moody's or S&P, or is the lead bank of a parent bank holding company with an uninsured, unsecured and unguaranteed obligation meeting such rating requirements, or is an insurance company or insurance holding company with a claims paying ability rated in one of the three highest categories, provided (i) interest is paid at least semi-annually at a fixed rate during the entire term of the agreement, consistent with Interest Payment Dates, (ii) moneys invested thereunder may be withdrawn without any penalty, premium or charge upon not more than seven days' notice (provided such notice may be amended or cancelled at any time prior to the withdrawal date); (iii) the agreement is not subordinated to any other obligations of such financial institution or bank, (iv) the same guaranteed interest rate will be paid on any future deposits permitted to be made under such investment agreement, and (v) the NPI Trustee receives an opinion of counsel that such agreement is an enforceable obligation of such financial institution.

(12) Any other investment permitted under the then-current Investment Policy of the City.

"**Moody's**" shall mean Moody's Investors Service, Inc. and any successor thereto.

"**Obligation**" or "**Obligations**" shall mean the 2021 Bonds and any Additional Obligations, including the 2023A Bonds and the 2023B Bonds.

"**Outstanding**" shall mean, with respect to the Obligations, all Obligations authenticated and delivered under the NPI Indenture, except: (a) all Obligations theretofore cancelled or required to be cancelled under the NPI Indenture; (b) Obligations for the payment of which provision has been made in accordance with the NPI Indenture; and (c) Obligations in substitution for which other Obligations have been authenticated and delivered pursuant to the NPI Indenture.

"**Paying Agent**" or "**Co-Paying Agent**" means any national banking association, bank and trust company or trust company appointed by the Authority pursuant to the NPI Indenture.

"**Payment Date**" shall mean a date on which a payment of principal (including any mandatory sinking fund redemptions) or interest or any other amounts with respect to any Obligations or payment of any Credit Facility Payment Obligations shall be due and payable.

"**Payment Obligations**" shall mean the Authority's obligation to repay the Obligations.

"**Person**" shall mean an individual, a corporation, a partnership, an association, a joint stock company, a joint venture, a limited liability company, a trust, an unincorporated organization, a governmental unit or an agency, political subdivision or instrumentality thereof, or any other group or organization of individuals.

"**Register**" shall mean the register maintained by the Registrar for the Obligations which provides for the registration of Obligations and of their transfer.

"**Registrar**" shall mean a person or persons designated by the Authority to act as registrar and transfer agent for the Obligations. (The NPI Trustee has been designated initially as Registrar.)

"**Reserved Rights**" shall mean the rights of the Authority to receive payments, and the right to enforce each of the same, of Administrative Expenses and certain rights of the Authority under the NPI Service Agreement including: certain indemnification rights of the Authority; defenses and immunities which the Authority has under the Pennsylvania Political Subdivision Tort Claims Act or the Commonwealth Agency Act; and certain limitations on the liability of the Authority providing that no provision of the NPI Service Agreement shall give rise to a charge upon the general credit of the Authority, including without limitation in respect of general liability for repayment of the Obligations or Credit Facility Payment Obligations.

"**Responsible Officer**" shall mean, when used with respect to the NPI Trustee, any officer within the corporate trust department of the NPI Trustee, including any vice president, assistant vice president, assistant secretary, assistant treasurer, trust officer or any other officer of the NPI Trustee who customarily performs functions similar to those performed by the persons who at the time shall be such officers, respectively, or to whom any corporate trust matter is referred because of such person's knowledge of and familiarity with the particular subject and who shall have direct responsibility for the administration of the NPI Indenture.

"**Revenues**" shall mean (i) the NPI Service Fee and all other amounts payable to the Authority by the City under the NPI Service Agreement, and all rights to receive the same (except for payments with respect to the Reserved Rights), (ii) all moneys, investments and securities at any time and from time to time held in the Funds and Accounts including all interest earnings and gains on sales of Investment Securities on deposit in such Funds and Accounts established under the NPI Indenture, and (iii) any other amounts appropriated by the City and paid by the City to the Authority or the NPI Trustee and pledged by the Authority as security for the payment of Payment Obligations and Credit Facility Payment Obligations or received from any other source by the Authority or the NPI Trustee and pledged by the Authority as security for the payment of Payment Obligations and Credit Facility Payment Obligations.

"**S&P**" shall mean S&P Global Ratings, a business unit of Standard & Poor's Financial Services LLC, a division of S&P Global Inc. and any successor thereto.

"**Supplemental Indenture**" or "indenture supplemental thereto" shall mean any indenture amending or supplementing the NPI Indenture which may be entered into in accordance with the provisions of the NPI Indenture.

"2021 Bonds" shall mean collectively, the Authority's (i) $89,685,000 City Service Agreement Revenue Bonds, Series A of 2021 (Federally Taxable Social Bonds) and (ii) $8,875,000 City Service Agreement Revenue Bonds, Series B of 2021 (Tax-Exempt Social Bonds).

"**2023 Project**" shall mean the financing of additional costs of the NPI Program and the payment of Costs of Issuance of the 2023A Bonds and 2023B Bonds.

THE NPI INDENTURE

Pledge of the NPI Trust Estate

The pledge of the NPI Trust Estate is described in the forepart of this Official Statement under "SECURITY AND SOURCES OF PAYMENT FOR THE 2023 BONDS – Indentures – NPI Indenture."

Issuance of Additional Obligations

Additional Obligations may be issued upon the satisfaction of the conditions set forth in the Supplemental Indenture providing for the issuance thereof; provided that no Additional Obligation may be issued under the NPI Indenture unless the City executes and delivers to the Authority an amendment or supplement to the NPI Service Agreement acknowledging the issuance of such Additional Obligations and confirming the obligations of the City to pay the NPI Service Fee in amounts sufficient to pay the Payment Obligations with respect to such Additional Obligations. Proceeds of Additional Obligations shall be deposited as set forth in the Supplemental Indenture providing for the issuance thereof.

Project Fund

Establishment of Project Fund; Accounts within Fund. The NPI Trustee shall establish a Project Fund. For the payment of Costs of the 2023 Project (including Costs of Issuance), the NPI Trustee shall deposit into the Project Fund the specified proceeds of the 2023A Bonds and the 2023B Bonds in accordance with the written directions delivered pursuant to the NPI Indenture. Separate Accounts within the Project Fund will be established for the proceeds of the 2023A Bonds and 2023B Bonds respectively. All amounts deposited or transferred into the Project Fund shall be held for the security of all Outstanding Obligations and Credit Facility Payment Obligations in the order described under "Events of Default and Remedies under the NPI Indenture – Application of Moneys in Event of Default." Further, accounts and subaccounts within the Project Fund shall be maintained by the NPI Trustee at the written direction of an Authorized Representative of the City if the City determines that such separate account or subaccount is desirable with respect to designated portions of the 2023 Project.

The Authority shall promptly transfer, or cause to be transferred, to the NPI Trustee for deposit to the Project Fund any original unspent proceeds of Obligations once the Authority reasonably determines that such proceeds will not be able to be applied for their requisitioned purposes.

Payments from Project Fund. Payments from the respective Accounts of the Project Fund established under the NPI Indenture for proceeds of the 2023 Bonds shall be made in respect of Costs of the 2023 Project (including Costs of Issuance) upon compliance with the requirements of the NPI Indenture.

Revenues of the Authority, and the Application Thereof to Funds

Revenues to Be Paid Over to NPI Trustee. The Revenues and all moneys, securities and funds held or set aside or to be held or set aside pursuant to the NPI Indenture by the NPI Trustee or in any Fund, Account or subaccount created by the NPI Indenture and all other pledged property comprising the NPI Trust Estate are pledged and a security interest is therein granted, to secure the payment of the Payment Obligations and Credit Facility Payment Obligations; provided, however, that the pledge and security interest granted in the NPI Indenture to secure the Authority's obligation to pay Credit Facility Payment Obligations shall be subject and subordinate to the pledge and security interest therein granted to secure Payment Obligations. The pledge of the NPI Trust Estate under the NPI Indenture as security for the performance of all obligations of the Authority under the NPI Indenture shall be valid and binding from the time such pledge is made. The NPI Trust Estate shall immediately be subject to the lien of the NPI Indenture without any physical delivery thereof or further act. The Authority shall pay or cause to be paid the Revenues directly to the NPI Trustee. Upon receipt of any Revenues, or other amounts forming a part of the NPI Trust Estate under the NPI Indenture, the NPI Trustee shall deposit the same in the appropriate Fund or Funds established under the NPI Indenture. Except as otherwise provided in the NPI Indenture, the NPI Trust Estate under the NPI Indenture shall be collected, held and applied for the equal and ratable benefit and security of all Holders of the Obligations.

Revenue Fund; Application Thereof. The NPI Trustee shall establish a Revenue Fund, into which it shall deposit all Revenues received by it. Amounts on deposit in the Revenue Fund shall be deposited, on each Payment Date, first, to the Debt Service Fund, to the extent (if any) needed to increase the amount in the Debt Service Fund so that it equals the Payment Obligations due on such Payment Date, and second, into the Subordinated Payment Obligations Fund, the amount of any Credit Facility Payment Obligations due on such Payment Date.

Debt Service Fund, Application Thereof. The NPI Trustee shall establish and maintain a Debt Service Fund. Moneys on deposit in the Debt Service Fund shall be applied on each Payment Date as follows:

(a) to the payment, when due, of interest on all Outstanding Obligations (including accrued interest due upon redemption); and

(b) to the payment, when due, of the principal of Obligations then payable at maturity or mandatory sinking fund redemption (but, except as otherwise provided in the NPI Indenture, only upon surrender of such Obligations), subject to reduction by the principal amount of Obligations of the same series, maturity and interest rate purchased by the Authority at the direction of the City and surrendered to the NPI Trustee for cancellation or purchased for cancellation by the NPI Trustee as described in subparagraph (c) below.

(c) during the 12-month period preceding each principal maturity or mandatory sinking fund redemption date, the NPI Trustee shall, at the written request of the Authority at the direction of the City, accept the purchase of Obligations of the series, maturity and interest rate becoming due or subject to mandatory redemption on such date from funds in the Debt Service Fund; provided, however, that no such purchase shall be made unless the purchase price does not exceed 100% of the principal amount of the Obligations so to be purchased plus accrued interest.

Payments from the Debt Service Fund shall be made ratably (to the extent payable on the same date) by the NPI Trustee according to amounts due in respect of each Obligation without preference of one Obligation over another.

Subordinated Payment Obligations Fund; Application Thereof. The NPI Trustee shall establish a Subordinated Payment Obligations Fund into which the NPI Trustee shall deposit for each series of Obligations amounts required to be deposited therein with respect to any Credit Facility Payment Obligations. The NPI Trustee shall withdraw from the Subordinated Payment Obligations Fund on each Payment Date the amount of any Credit Facility Payment Obligations due on such date and shall cause the same to be paid to the applicable Credit Issuer. Payments from the Subordinated Payment Obligations Fund shall be made ratably (to the extent payable on the same date) by the NPI Trustee according to the amounts due in respect of each Credit Facility Payment Obligation without priority or preference of one Credit Facility Payment Obligation over another.

Procedure When Funds Are Sufficient to Pay All Obligations. If at any time the amounts held by the NPI Trustee in the Funds (other than the Project Fund) established under the NPI Indenture are sufficient to pay principal of and interest on all Obligations then Outstanding to maturity or prior redemption, together with any amounts due the NPI Trustee, the NPI Trustee shall so notify the Authority and the City and, if so directed by the City, the NPI Trustee shall apply the amounts in the Funds to the payment of the aforesaid Obligations to effect a defeasance of the Obligations in accordance with the NPI Indenture.

Moneys to Be Held for All Holders of the Obligations, With Certain Exceptions. Until applied as provided in the NPI Indenture, moneys and investments held in all Funds and Accounts established and held under the lien of the NPI Indenture shall be held in trust for the benefit of the holders of all Outstanding Obligations and each Credit Issuer, except that: (a) on and after the date on which the interest on and principal (including any mandatory sinking fund redemptions) of any particular Obligation or Obligations is due and payable from the Debt Service Fund, the unexpended balance of the amount deposited or reserved in such Fund for the making of such payments shall, to the extent necessary therefor, be held for the benefit of the Holder of the Obligations or Holders of the Obligations entitled thereto; and (b) the rights of any

Holders of the Obligations with respect to principal or interest payments extended beyond their due dates pursuant to the NPI Indenture shall be subordinate to the rights of Holders of the Obligations with respect to payments not so extended.

Security for and Investment or Deposit of Funds

Deposits and Security Therefor. All moneys received by the NPI Trustee under the NPI Indenture for deposit in any Fund or Account established thereunder shall be considered trust funds, shall not be subject to lien or attachment and shall, except as hereinafter described, be deposited in the trust department of the NPI Trustee, until or unless invested or deposited as provided in the provisions of the NPI Indenture described under "Investment or Deposit of Funds" below. All deposits in the trust department of the NPI Trustee (whether or not original deposits under the NPI Indenture) shall be secured as provided by law for such trust deposits. If at any time the trust department of the NPI Trustee is unwilling to accept such deposits or unable to secure them as provided above, the NPI Trustee may at the direction of an Authorized Representative of the City, deposit such moneys with any other depository which is authorized to receive them and which is able to secure them as described above.

Investment or Deposit of Funds. Moneys on deposit in the Funds established pursuant to the NPI Indenture shall be invested and reinvested by the NPI Trustee at the direction of an Authorized Representative of the City. All investments shall constitute Investment Securities and shall mature, or be subject to repurchase, withdrawal without penalty or redemption at the option of the holder on or before the dates on which the amounts invested are reasonably expected to be needed for the purposes of the NPI Indenture.

The principal of the Investment Securities and the earnings thereon, including interest, income and net profits received in respect thereof, shall be applied upon receipt as follows: (i) earnings on the Revenue Fund, the Settlement Fund, the Project Fund, the Subordinated Payment Obligations Fund, and the Debt Service Fund shall in each case be retained in such Fund or Account; and (ii) whenever any other transfer or payment is required to be made from any particular Fund, such transfer or payment shall be made from such combination of maturing principal, redemption or repurchase prices, liquidation proceeds and withdrawals of principal as the Authority at the direction of the City deems appropriate for such purpose, after taking into account such factors as future transfers or payments from the Fund or Account in question, the reinvestment opportunities for maturing principal, the current yield on any Investment Securities to be redeemed, withdrawn or sold, and any penalties, gains or losses to be realized upon any such redemption, withdrawal or sale.

The NPI Trustee shall not be accountable for any depreciation in the value of the Investment Securities or any losses incurred upon any authorized disposition thereof.

Valuation of Funds. The NPI Trustee shall value the assets in each of the Funds or Account established under the NPI Indenture as of June 30 of each year, or more frequently at the direction of the City or the Authority, at their amortized cost, not including accrued interest, after taking into account all transfers or payments then required to be made from each Fund or Account. As soon as practicable after each such date of valuation, the NPI Trustee shall furnish to the Authority and the City a report of the status of each Fund or Account as of such date. In computing the assets of any Fund or Account, investments, not including accrued interest thereon, shall be deemed a part thereof, subject to the provisions of the NPI Indenture.

Covenants of Authority

The covenants of the Authority under the NPI Indenture include:

Payment of Obligations. The Authority shall promptly pay the interest on and the principal and redemption price of Obligations, but only out of the NPI Trust Estate.

Corporate Existence and Maintenance of Power and NPI Service Agreement. The Authority shall (a) maintain its corporate existence, (b) maintain its power to perform its obligations under the NPI Indenture, and (c) maintain the NPI Service Agreement in full force and effect.

Compliance with NPI Service Agreement. The Authority covenants and agrees that (i) it shall comply with all applicable provisions of the NPI Service Agreement, as if contained in the NPI Indenture; (ii) it shall enforce against the City the obligations of the City under the NPI Service Agreement, including, without limitation, the obligation to pay the NPI Service Fee when due; (iii) it shall cause a true and correct copy of the NPI Service Agreement to be filed with the NPI Trustee, and a true and correct copy of any amendment to the NPI Service Agreement to be filed with the NPI Trustee; and (iv) it shall furnish to the NPI Trustee such documents, certificates and reports as it may be required under the terms of the NPI Service Agreement to deliver to the City from time to time, whether or not otherwise specifically required under the NPI Indenture.

Extension of Time for Payment. The Authority shall not directly or indirectly extend or assent to the extension of the time for payment of the principal of or interest on any Obligations and shall not directly or indirectly be a party to or approve any arrangement therefor. Notwithstanding the foregoing, the Holder of any Obligation may extend the time for payment of the principal of or interest on such Obligation; provided, however, that upon the occurrence of an Event of Default, funds available under the NPI Indenture for the payment of the principal of and interest on the Obligations shall not be applied to any payment so extended until all principal and interest payments which have not been extended have first been paid in full.

Further Assurances; Additional Revenues. The Authority shall not enter into any contract or take any action by which the rights under the NPI Indenture of the NPI Trustee or the Holders of the Obligations, or Credit Issuers may be impaired and shall, from time to time, execute and deliver such further instruments and take such further action as may be required to carry out the purposes of the NPI Indenture and each Supplemental Indenture and for the better assuring, transferring, conveying, pledging, assigning and confirming unto the NPI Trustee the NPI Trust Estate. If at any time the Authority receives any Revenues which are not assigned to the NPI Trustee, it shall promptly pay the same to the NPI Trustee for deposit in the Revenue Fund and, at the request of the NPI Trustee, shall execute and deliver an assignment of its right, title and interest in and to future income or payments of the same type to the NPI Trustee to be held as part of Revenues and file or record such assignment as may be appropriate to perfect the security interest created by the NPI Indenture.

Creation of Liens. The Authority shall not issue any bonds, notes, debentures or other evidences of indebtedness of a similar nature, other than the Obligations, and Credit Facility Payment Obligations, payable out of or secured by a pledge or assignment of the NPI Trust Estate and shall not create or cause to be created any lien or charge on the NPI Trust Estate.

Events of Default and Remedies under the NPI Indenture

Events of Default Defined. Each of the following shall be an Event of Default under the NPI Indenture:

(i) if payment of any installment of interest on the Obligations is not made when it becomes due and payable; or

(ii) if payment of the principal of any Obligation is not made when it becomes due and payable at maturity or mandatory sinking fund redemption; or

(iii) if the Authority defaults in the due and punctual performance of any other covenant in the Obligations or in the NPI Indenture and such default continues for sixty (60) days after written notice requiring the same to be remedied shall have been given to the Authority and the City by the NPI Trustee, which may give such notice in its discretion and shall give such notice at the written request of any Credit Issuer or the Holders of not less than 25% in principal amount of Obligations then Outstanding; provided, however, that if such performance requires work to be done, actions to be taken, or conditions to be remedied, which by their nature cannot reasonably be done, taken or remedied, as the case may be, within such sixty (60)-day period, no Event of Default shall be deemed to have occurred or exist if and so long as the Authority or the City shall commence such performance within such sixty (60)-day period and shall diligently and continuously prosecute the same to completion and provides the NPI Trustee with a certification to that effect; or

(iv) if the City fails to pay the NPI Service Fee at the times and in the amounts required under the NPI Service Agreement and any grace period with respect to such failure under the NPI Service Agreement shall have lapsed.

The NPI Trustee shall notify the Authority, the City, each Credit Issuer and all Holders of the Obligations in accordance with the provisions of the NPI Indenture of the occurrence of any Event of Default.

The NPI Service Agreement provides that an acceleration of the Authority's payment obligations with respect to the Obligations or with respect to any Credit Facility Payment Obligation shall not cause an acceleration of the payment of the NPI Service Fee thereunder.

Acceleration and Annulment Thereof. If any Event of Default described under paragraphs (i), (ii), or (iii) of the caption "Events of Default Defined" above has occurred and is continuing, the NPI Trustee may, and at the written direction of the Holders of a majority in principal amount of the Obligations then Outstanding the NPI Trustee shall, by notice in writing to the Authority, declare the principal of all Obligations then Outstanding to be immediately due and payable, and upon such declaration the said principal, together with interest accrued thereon, shall become due and payable immediately at the place of payment provided therein, anything in the NPI Indenture or in the Obligations to the contrary notwithstanding; provided, however, that no such declaration shall be made, if the Authority or the City cures such Event of Default prior to the date of the declaration.

If after the principal of the Obligations has been so declared to be due and payable, all arrears of principal and interest upon the Obligations are paid by the Authority, and the Authority also performs all other things in respect to which the Authority may have been in default under the NPI Indenture and pays the reasonable charges of the NPI Trustee and the Holders of the Obligations, including reasonable attorney's fees, then, and in every such case, the NPI Trustee may annul such declaration and its consequences and such annulment shall be binding upon the NPI Trustee and upon all Holders of Obligations issued under the NPI Indenture; but no such annulment shall extend to or affect any subsequent default or impair any right or remedy consequent thereon.

Legal Proceedings by NPI Trustee. If any Event of Default has occurred and is continuing, the NPI Trustee in its discretion may, and upon the written request of the Holders of a majority in principal amount of the Obligations then Outstanding and receipt of indemnity to its satisfaction shall, in its own name: (a) by mandamus, or other suit, action or proceeding at law or in equity, enforce all rights of the Holders of the Obligations including the right to require the Authority to enforce collection of all amounts due and payable under the NPI Service Agreement (other than with respect to the Reserved Rights) and to require the Authority to carry out any other agreements with, or for the benefit of, the Holders of the Obligations and to perform its duties under the Act; (b) bring suit upon the Obligations; (c) by action or suit in equity require the Authority to account as if it were the trustee of an express trust for the Holders of the Obligations; and (d) by action or suit in equity enjoin any acts or things which may be unlawful or in violation of the rights of the Holders of the Obligations and the Credit Issuers.

Discontinuance of Proceedings by NPI Trustee. If any proceeding taken by the NPI Trustee on account of any default is discontinued or is determined adversely to the NPI Trustee, then the Authority, the NPI Trustee, the Credit Issuers and the Holders of the Obligations shall be restored to their former positions and rights under the NPI Indenture as though no such proceeding had been taken.

Holders of the Obligations May Direct Proceedings. The Holders of a majority in principal amount of the Obligations then Outstanding under the NPI Indenture shall have the right to direct the method and place of conducting all remedial proceedings by the NPI Trustee under the NPI Indenture, provided such directions shall not be otherwise than in accordance with law or the provisions of the NPI Indenture, and that the NPI Trustee shall have the right to decline to follow any such direction which in the opinion of the NPI Trustee would be unjustly prejudicial to Holders of the Obligations not parties to such direction.

Limitations on Actions by Holders of the Obligations. No Holder of the Obligations shall have any right to pursue any remedy under the NPI Indenture unless (a) the NPI Trustee shall have been given written notice of an Event of Default, (b) the Holders of at least a majority in principal amount of the Obligations then Outstanding shall have requested the NPI Trustee, in writing, to exercise the powers granted as described above or to pursue such remedy in its or their name or names, (c) the NPI Trustee shall have been offered indemnity and security satisfactory to it against fees, costs, expenses and liabilities, including reasonable attorneys' fees, and (d) the NPI Trustee shall have failed to comply with such request within a reasonable time.

NPI Trustee May Enforce Rights Without Possession of Obligations. All rights under the NPI Indenture and the Obligations may be enforced by the NPI Trustee without the possession of any Obligations or the production thereof at the trial or other proceedings relative thereto, and any proceeding instituted by the NPI Trustee shall be brought in its name for the ratable benefit of the Holders of the Obligations.

Remedies Not Exclusive. Except as limited under certain provisions of the NPI Indenture, no remedy conferred in the NPI Indenture is intended to be exclusive of any other remedy or remedies, and each remedy is in addition to every other remedy given under the NPI Indenture or now or hereafter existing at law or in equity or by statute, including, without limitation, all remedies given under the Act.

Delays and Omissions Not To Impair Rights. No delay or omission in respect of exercising any right or power accruing upon any default shall impair such right or power or be a waiver of such default, and every remedy given by the NPI Indenture may be exercised from time to time and as often as may be deemed expedient.

Application of Moneys in Event of Default. Subject to the provisions of the NPI Indenture described above under the caption "Revenues of the Authority, and the Application Thereof to Funds – Moneys to be Held for All Holders of the Obligations, With Certain Exceptions" any moneys on deposit in any Fund or Account established under the NPI Indenture and any moneys received by the NPI Trustee under the provisions of the NPI Indenture described under the caption "Events of Default and Remedies under the NPI Indenture" shall be applied after the occurrence of an Event of Default under the NPI Indenture,

First: To the payment of the costs of the NPI Trustee, including counsel fees, any disbursements of the NPI Trustee with interest thereon and its reasonable compensation and the creation of a reasonable reserve for anticipated fees, costs and expenses;

Second: Subject to the provisions of the NPI Indenture permitting the Holders of Obligations to extend the time for payment of the principal of or interest on Obligations, to the payment of all interest on Outstanding Obligations then due or, if the amount available is insufficient for such purpose, to the payment of interest ratably in accordance with the amount due in respect of each Obligation;

Third: Subject to the provisions of the NPI Indenture permitting the Holders of Obligations to extend the time for payment of the principal of or interest on Obligations, to the payment of the outstanding principal amount of all Obligations or, if the amount available for the payment of principal is insufficient for such purpose, to the payment of principal ratably in accordance with the amount due in respect of each Obligation;

Fourth: To the payment to any Credit Issuer of any Credit Facility Payment Obligation then due or, if the amount available is insufficient for such purpose, to the payment of Credit Facility Payment Obligations ratably in accordance with the amount due in respect of each Credit Facility Payment Obligation; and

Fifth: To the payment of any accrued and unpaid Administrative Expenses due under the NPI Service Agreement.

The surplus, if any, shall be paid to the City or the person lawfully entitled to receive the same or as a court of competent jurisdiction may direct.

NPI Trustee's Right to Receiver; Compliance with Act. To the extent provided by Section 1717 or any other provision of the Act, the NPI Trustee shall be entitled as of right to the appointment of a receiver if an Event of Default under the NPI Indenture shall have occurred and be continuing; and the NPI Trustee, the Credit Issuers, the Holders of the Obligations, any persons entitled to payment under any Related Obligations and any receiver so appointed shall have such rights and powers and be subject to such limitations and restrictions as are contained in the Act or other applicable law.

NPI Trustee and Holders of the Obligations Entitled to All Remedies Under Act. It is the purpose of the NPI Indenture to provide such remedies to the NPI Trustee and Holders of the Obligations as may be lawfully granted under the Section 1716 or any other provision of the Act; but should any remedy granted in the NPI Indenture be held unlawful, the NPI Trustee, and the Holders of the Obligations shall nevertheless be entitled to every other remedy provided by the Act. It is further intended that, insofar as lawfully possible, the provisions of the NPI Indenture described above under the caption "Events of Default and Remedies under the NPI Indenture" shall apply to and be binding upon the trustee or receiver appointed under the Act.

Direction of Remedies by a Credit Issuer. Except as otherwise specifically provided in the provisions of the NPI Indenture described above under the caption "Events of Default and Remedies under the NPI Indenture," each Credit Issuer issuing a Credit Facility securing Obligations shall have the right to direct the NPI Trustee in the exercise of remedies under the provisions of the NPI Indenture described above under the caption "Events of Default and Remedies under the NPI Indenture" (including, without limitation, the declaration of the acceleration of the maturity of such Obligations or any annulment of such declaration) on behalf of and in lieu of the Holders of the Obligations Outstanding that are entitled to the benefit of the Credit Facility issued by it so long as the Credit Issuer shall not be in default of its payment obligations under the Credit Facility issued by it and provided that the Credit Facility issued by it remains in full force and effect.

The NPI Trustee

Acceptance of Trust. The NPI Trustee accepts and agrees to execute the trusts created by the NPI Indenture, but only upon the additional terms set forth therein, to all of which the parties to the NPI Indenture and the Holders of the Obligations agree. The NPI Trustee, in acting in any other capacity under the NPI Indenture, shall be afforded the same protections as though acting as the NPI Trustee. The NPI Trustee before the occurrence of an Event of Default and after the curing of all Events of Default which may have occurred, undertakes to perform such duties and only such duties as are specifically set forth in the NPI Indenture. In case an Event of Default has occurred (which has not been cured or waived) the NPI Trustee shall exercise such of the rights and powers vested in it by the NPI Indenture, and use the same degree of care and skill in their exercise, as a prudent Person would exercise or use under the circumstances in the conduct of such Person's own affairs.

Notice of Default; Right to Investigate. The NPI Trustee shall give written notice to all Holders of the Obligations and to each Credit Issuer by first class mail of each Event of Default known to the NPI Trustee within 90 days (30 days in the case of notices to the Credit Issuers) after a responsible officer of the NPI Trustee obtains actual knowledge of such Event of Default; provided that, except in the case of a default in payment of principal, redemption price or interest, the NPI Trustee may withhold such notice to the Holders of the Obligations (but not to any Credit Issuer) so long as it in good faith determines that such withholding is in the interest of the Holders of the Obligations. The NPI Trustee shall not be deemed to have notice of any Event of Default unless it has actual knowledge of such Event of Default or it has been notified in writing of such Event of Default by the Authority or by the holders of at least a majority in principal amount of the Obligations then Outstanding or any Credit Issuer. The NPI Trustee may, however, at any time require of the Authority full information as to the performance of any covenant under the NPI

Indenture; and if information satisfactory to it is not forthcoming, the NPI Trustee may make or cause to be made, at the expense of the Authority, an investigation into the affairs of the Authority related to the NPI Indenture.

Obligation to Act on Defaults. The NPI Trustee shall be under no obligation to take any action in respect of any default or otherwise, except a default with respect to the payment of principal or interest as the same shall become due and payable upon maturity or mandatory sinking fund redemption, unless it is requested in writing to do so by the Holders of at least a majority in principal amount of the Obligations then Outstanding and, if in its opinion such action may tend to involve expense or liability, unless it is also furnished with indemnity and security satisfactory to it.

NPI Trustee May Deal in Obligations. The NPI Trustee may in good faith buy, sell, own, hold and deal in any of the Obligations and may join in any action which any Holders of the Obligations may be entitled to take with like effect as if the NPI Trustee were not a party to the NPI Indenture. The NPI Trustee may also engage in or be interested in financial or other transactions with the Authority; provided that such transactions are not in conflict with its duties under the NPI Indenture.

Resignation of NPI Trustee. The NPI Trustee may resign and be discharged of the trusts created by the NPI Indenture by written resignation filed with the Secretary of the Authority not less than sixty (60) days before the date when such resignation is intended to take effect; provided that notice of any such resignation shall be mailed by the resigning NPI Trustee to the Holders of all Outstanding Obligations at their registered addresses, all persons entitled to payment under any Related Obligations and each Credit Issuer not less than 30 days prior to the intended effective date of the resignation, and that no resignation shall take effect until a successor NPI Trustee has been appointed and has accepted such appointment. In case at any time the NPI Trustee shall resign and no appointment of a successor NPI Trustee shall be made pursuant to the provisions of the NPI Indenture prior to the date specified in the notice of resignation as the date when such resignation shall take effect, the retiring NPI Trustee or any Holder of the Obligations may forthwith apply to a court of competent jurisdiction for the appointment of a successor NPI Trustee. Such court may thereupon (after such notice, if any, as it may deem proper and prescribe), appoint a successor NPI Trustee.

Removal of NPI Trustee. Any NPI Trustee under the NPI Indenture may be removed upon thirty (30) days' prior notice at any time by an instrument appointing a successor to the NPI Trustee so removed, executed by the Authority at the written direction of the City (if no Event of Default under the NPI Indenture has occurred and is continuing) or otherwise executed by the Holders of a majority in principal amount of the Obligations then Outstanding and filed with the NPI Trustee, the Authority and each Credit Issuer. Any such removal shall be effective on the date on which a successor NPI Trustee has been appointed and has accepted such appointment. Notice of any such removal shall be mailed promptly by the Authority to the Holders of all Outstanding Obligations at their registered addresses.

Appointment of Successor NPI Trustee. If the NPI Trustee or any successor trustee resigns or is removed or dissolved, or if its property or business is taken under the control of any state or federal court or administrative body, the Authority at the written direction of the City shall appoint a successor and shall mail or cause to be mailed notice of such appointment. If the Authority fails to make such appointment within thirty (30) days, the appointment may be made by the Holders of a majority in principal amount of the Obligations then Outstanding. Notice of any such appointment shall be mailed promptly by the successor NPI Trustee to the Holders of all Outstanding Obligations at their registered addresses.

Qualification of Successor. A successor NPI Trustee shall be a national bank with trust powers, a banking association with trust powers, or a bank and trust company or a trust company organized under the laws of the Commonwealth, in each case having a combined net capital and surplus of at least $50,000,000 (or the obligations and liabilities of which are irrevocably and unconditionally guaranteed by an affiliated company having a combined net capital and surplus of at least $50,000,000).

Amendments and Supplements to the NPI Indenture

Amendments and Supplements without the Consent of the Holders of the Obligations. The NPI Indenture may be amended or supplemented from time to time, without the consent of the Holders of the Obligations, but with the consent of the City by a Supplemental Indenture authorized by a Certified Resolution of the Authority filed with the NPI Trustee, for one or more of the following purposes: (a) to add additional covenants of the Authority or to surrender any right or power conferred in the NPI Indenture upon the Authority; (b) to cure any ambiguity or to cure any defect in the NPI Indenture in such manner as shall not be inconsistent with the provisions thereof; (c) to modify, supplement, alter or amend the provisions of the NPI Indenture in such manner as may be requested by a securities rating service in order to obtain a securities rating or ratings for any Obligations or to maintain or improve any such rating or ratings previously obtained; (d) to modify, supplement, alter or amend the provisions of the NPI Indenture in such manner as may be necessary or appropriate to conform the provisions of the NPI Indenture to the provisions of the NPI Service Agreement as it may be amended from time to time; (e) to set forth such matters (not inconsistent with the provisions of the NPI Indenture) as may be necessary or appropriate in connection with the issuance of any series of Obligations or the incurrence of any Related Obligations; or (f) to make such other changes in the NPI Indenture as the Authority deems appropriate; provided that the provision described in the foregoing clause (f) shall not permit amendments or supplements to be made which materially adversely affect the security of the NPI Indenture or the rights of Holders of the Obligations under the NPI Indenture.

Amendments with the Consent of the Holders of the Obligations. The NPI Indenture may be amended from time to time, with the consent of the City, by a Supplemental Indenture approved by the Holders of at least a majority in aggregate principal amount of the Obligations then Outstanding; provided, that (a) no amendment shall be made which adversely affects the rights of some but less than all series of Obligations without the consent of the Holders of at least a majority of the then Outstanding Obligations so affected, and (b) no amendment which alters the interest rates on or principal amounts of any Obligations, the maturities, mandatory redemption provisions or Interest Payment Dates of any Obligations or the provisions of the NPI Indenture described under the caption “Amendments and Supplements to the NPI Indenture” may be made without the consent of the Holders of all Outstanding Obligations adversely affected thereby.

A Credit Issuer of a Credit Facility securing a series of Obligations shall have the right to consent to amendments on behalf of and in lieu of the Holders of the Obligations of such Series (except with respect to the matters referred to in the proviso of the immediately preceding paragraph), so long as such Credit Issuer shall not be in default of its obligations under such Credit Facility and provided the Credit Facility remains in full force and effect.

NPI Trustee Authorized to Join in Amendments and Supplements; Reliance on Counsel. The NPI Trustee is authorized to join with the Authority in the execution and delivery of any Supplemental Indenture or amendment permitted by the NPI Indenture and in so doing shall be fully protected by an opinion of Counsel that such Supplemental Indenture or amendment is so permitted and has been duly authorized by the Authority and that all things necessary to make it a valid and binding agreement have been done.

Effect of Supplemental Indenture. Upon the execution of any Supplemental Indenture pursuant to the provisions of the NPI Indenture, the NPI Indenture shall be and be deemed to be modified and amended in accordance therewith and the respective rights, limitation of rights, obligations, duties and immunities under the NPI Indenture of the NPI Trustee, the Authority and the Holders of Obligations issued under the NPI Indenture shall thereafter be determined, exercised and enforced under the NPI Indenture subject in all respects to the applicable provisions of the Supplemental Indenture so executed.

Amendments to NPI Service Agreement. The Authority may amend or supplement the NPI Service Agreement in connection with the issuance of Additional Obligations and to make such changes therein as may be deemed appropriate by the Authority and the City; provided, however, that the approval by the Holders of at least a majority in aggregate principal amount of the Obligations then Outstanding shall be required for any amendment or supplement to the NPI Service Agreement that would materially adversely affect the security of the NPI Service Agreement or of the NPI Indenture or the rights of Holders of the

Obligations under the NPI Indenture; and provided further, that the Authority shall not amend or supplement the NPI Service Agreement in any manner which would adversely affect the validity or enforceability of the NPI Service Agreement.

A Credit Issuer of a Credit Facility securing a series of Obligations shall have the right to consent to amendments of the NPI Service Agreement on behalf of and in lieu of the Owners of the Obligations of such series, so long as such Credit Issuer shall not be in default of its obligations under such Credit Facility and provided such Credit Facility remains in full force and effect.

The NPI Trustee may require that the Authority provide an opinion of Counsel that such amendment or supplement to the NPI Service Agreement is permitted by the NPI Indenture and by the NPI Service Agreement and that all things necessary to make it a valid and binding agreement have been done, and the NPI Trustee shall be fully protected in relying on such opinion.

Defeasance

Defeasance. When all interest on and principal or redemption price (as the case may be) of, all Obligations issued under the NPI Indenture have been paid, or there shall have been deposited with the NPI Trustee an amount, evidenced by moneys or "escrowed obligations" (as defined below) the principal of and interest on which, when due, will provide sufficient moneys to fully pay the Obligations at the maturity date (including any mandatory sinking fund redemptions) or date fixed for redemption thereof, as well as all other sums payable under the NPI Indenture by the Authority, and all Credit Facility Payment Obligations have been paid or provided for, the right, title and interest of the NPI Trustee shall thereupon cease and the NPI Trustee, on demand of the Authority at the direction of the City, shall release the NPI Indenture and all Supplemental Indentures and shall execute such documents to evidence such release as may be reasonably required by the Authority and shall turn over to the City or to such person, body or authority as may be entitled to receive the same all balances remaining in any Funds under the NPI Indenture.

For the purposes of the NPI Indenture, "escrowed obligations" shall mean the following, but only to the extent they are Investment Securities at the time of delivery to the NPI Trustee: (a) Government Obligations; (b) rights to receive the principal of or the interest on Government Obligations through (i) direct ownership, as evidenced by physical possession of such Government Obligations or unmatured interest coupons thereof or by registration as to ownership thereof on the books of the issuer or its duly authorized paying agent or transfer agent, or (ii) purchase of certificates or other instruments evidencing an undivided ownership interest in payments of the principal of or interest on Government Obligations; (c) debt obligations of any state or political subdivision thereof or any agency or instrumentality of such a state or political subdivision, provided that (i) the principal of and interest on such obligations are secured by and payable from amounts received (without reinvestment) in respect of the principal of and interest on non-callable Government Obligations, and (ii) such debt obligations are rated "AAA" by S&P, if S&P has assigned a rating to the Obligations, and "Aaa" by Moody's, if Moody's has assigned a rating to the Obligations (or, upon the discontinuation of both of the foregoing rating services, by such other nationally recognized rating service or services as may be acceptable to the Authority and the NPI Trustee).

In the event the Authority deposits "escrowed obligations" with the NPI Trustee as provided in the NPI Indenture, the lien of the NPI Indenture shall not be defeased unless the NPI Trustee shall have received a report of an Independent Certified Public Accountant or Independent nationally recognized financial consultant verifying the sufficiency of such "escrowed obligations" for the purposes of the defeasance provisions of the NPI Indenture.

Deposit of Funds for Payment of Obligations. If the Authority deposits with the NPI Trustee moneys or "escrowed obligations" (as described above) the principal of and interest on which, when due, are sufficient to pay the principal or redemption price of any particular Obligation or Obligations becoming due, either at maturity (including any mandatory sinking fund redemptions) or by call for redemption or otherwise, together with all interest accruing thereon to the due date, interest on the Obligation or Obligations shall cease to accrue on the due date and all liability of the Authority with respect to such Obligation or Obligations shall likewise cease, except as described in the paragraph below; provided that if such Obligations are to be redeemed prior to maturity thereof, there shall have been taken all action necessary to call such Obligations for redemption and notice of such redemption shall have been duly given or provision satisfactory to the NPI Trustee shall have been made for the giving of such notice. Thereafter such Obligation or Obligations shall be deemed not to be Outstanding under the NPI Indenture and the Holder or Holders of such Obligation or Obligations shall be restricted exclusively to the funds so deposited for any claim of whatsoever nature with respect to such Obligation or Obligations, and the NPI Trustee shall hold such funds in trust for such Holder or Holders.

Moneys deposited with the NPI Trustee pursuant to the NPI Indenture which remain unclaimed six (6) years after the date payment thereof becomes due shall, at the direction of the Authority or the City, if the Authority is not at the time to the knowledge of the NPI Trustee in default with respect to any covenant in the NPI Indenture or the Obligations contained, be paid to the Authority for and on account of the City; and the Holders of the Obligations for which the deposit was made shall thereafter be limited to a claim against the Authority; provided, however, that before making any such payment to the Authority, the NPI Trustee shall, at the expense of the Authority, give notice to Holders of such Obligations by first class mail stating that moneys remain unclaimed and that, after a date named in said notice, which date shall be not less than thirty (30) days after the date of mailing of such notice, the balance of such moneys then unclaimed will be paid to the Authority.

Miscellaneous Provisions

Limitations on Recourse. No personal recourse shall be had for any claim based on the NPI Indenture or the Obligations or any Credit Facility against any member, officer or employee, past, present or future, of the Authority or of any successor body as such, either directly or through the Authority or any such successor body, under any constitutional provision, statute or rule of law or by the enforcement of any assessment or penalty or otherwise. The Obligations and the Credit Facility Payment Obligations are payable solely from the NPI Trust Estate held under the NPI Indenture for such purpose.

References to the Credit Issuer. References to any Credit Issuer in the NPI Indenture or in any Supplemental Indenture shall be deemed inapplicable at any time that (A)(i) no Credit Facility issued by such Credit Issuer is in effect with respect to Obligations and (ii) no amount is owing to such Credit Issuer by the Authority or (B) such Credit Issuer is in default of its payment obligations under the Credit Facility issued by it.

THE NPI SERVICE AGREEMENT

Additional Obligations

Upon the written request of the Director of Finance of the City, the Authority may issue Additional Obligations to refund Outstanding Obligations and to finance Costs of the NPI Program, including amounts necessary for Costs of Issuance of such Additional Obligations, costs of credit or liquidity enhancement, and other amounts necessary to effect any refunding and may also incur Credit Facility Payment Obligations. In connection with the issuance of Additional Obligations and any incurrence of Credit Facility Payment Obligations, the Authority and the City shall enter into an appropriate supplement to the NPI Service Agreement, subject to the provisions of the NPI Ordinance.

NPI Service Fee

In consideration of the undertakings by the Authority under the NPI Service Agreement with respect to the NPI Program, the City agrees to pay as a NPI Service Fee in each Fiscal Year directly to the NPI Trustee, as the assignee of the Authority, the following sums:

(a) The Annual Debt Service Requirement for such Fiscal Year, payable as follows: (i) on the business day immediately preceding the date such amount is required to be paid to the Holders of the Obligations, the amount which is equal to the principal or redemption price of the Obligations becoming due on such principal maturity or mandatory redemption date, subject to credit for other available funds in the manner provided in the NPI Indenture; (ii) on the business day immediately preceding each Interest

Payment Date, the amount which is equal to interest on the Obligations becoming due on such Interest Payment Date, subject to credit for other available funds in the manner provided in the NPI Indenture; (iii) on the business day immediately preceding the date such amount is required to be paid to the Holders of the Obligations, any other payment due to the Holders of the Obligations becoming due on such date, subject to credit for other available funds in the manner provided in the NPI Indenture; and (iv) on or before the dates specified in any Credit Facility, the amounts which are equal to any Credit Facility Payment Obligations becoming due on such dates, subject to credit for other available funds in the manner provided in the NPI Indenture.

(b) Notwithstanding any other provision of the NPI Service Agreement, an acceleration of the Authority's payment obligations with respect to the Obligations or any Credit Facility Payment Obligation shall not cause an acceleration of the payment of the NPI Service Fee under the NPI Service Agreement.

(c) In lieu of the portion of the payments due under (a)(i) as described above, the City, or at its written direction, the NPI Trustee, may purchase for cancellation Obligations of the series and maturity next becoming due at maturity or upon mandatory sinking fund redemption, subject to the applicable requirements set forth in the NPI Indenture.

The NPI Service Fee shall be payable only out of the current revenues of the City, and the City agrees to provide for the payment of the NPI Service Fee and include the same in its annual operating budget for each Fiscal Year. If the current revenues are insufficient to pay the total NPI Service Fee in any Fiscal Year as the same becomes due and payable, the City covenants to include amounts not so paid in its operating budget for the ensuing Fiscal Year in order to provide sufficient current revenues to pay in each ensuing Fiscal Year such balance due in addition to the amount of NPI Service Fee due for such ensuing Fiscal Year.

The City covenants to make appropriations in each of its Fiscal Years in such amounts as shall be required in order to make all NPI Service Fee payments (and all Administrative Expense payments) due and payable under the NPI Service Agreement in each of the City's Fiscal Years.

No Set-Off

The obligation of the City to make the payments required under the NPI Service Agreement shall be absolute and unconditional. The City will pay without suspension, abatement, reduction, abrogation, waiver or diminution all payments required thereunder regardless of any cause or circumstance whatsoever, which may then exist or may thereafter arise, including, without limitation, any defense, setoff, recoupment or counterclaim which the City may have or assert against the Authority, the NPI Trustee, any Holder of the Obligations, any Credit Issuer or any other person.

City to Perform Certain Covenants under NPI Indenture

The City acknowledges that it has received an executed copy of the NPI Indenture, and that it is familiar with its provisions, and agrees to be bound to the fullest extent permitted by law to all provisions thereof directly or indirectly relating to it, and that, in consideration of the service of the Authority rendered to the City under the NPI Service Agreement, it will take all such actions as are required of it under the NPI Indenture to preserve and protect the rights of the NPI Trustee, the Holders of the Obligations and Credit Issuers thereunder and that it will not take or effect any action which would cause a default thereunder or impair such rights. The City assumes and agrees to perform all of the covenants and other obligations of the Authority under the NPI Indenture, excepting only any approvals or consents required to be given by the Authority thereunder, and those covenants contained in the NPI Indenture which are not within the control of the City.

Events of Default under the NPI Service Agreement

Each of the following shall constitute an Event of Default under the NPI Service Agreement: (a) the failure of the City to make any payment to the NPI Trustee of the NPI Service Fee due; (b) the failure of the City to make any other payment or to perform any other covenant, condition or agreement in the NPI Service Agreement on its part to be performed; and (c) if the City proposes or makes an assignment for the benefit of creditors or a composition agreement with all or a material part of its creditors, or a trustee, receiver, executor, conservator, liquidator, sequestrator or other judicial representative, similar or dissimilar, is appointed for the City or any of its assets or revenues, or there is commenced any proceeding in liquidation, bankruptcy, reorganization, arrangement of debts, debtor rehabilitation, creditor adjustment or insolvency, state or federal, by or against the City and if such is not vacated, dismissed or stayed on appeal within 60 days (provided that any such assignment, agreement, appointment or proceeding commenced under the First Class City Revenue Bond Act or the Municipal Utility Inventory and Receivables Financing Act, and/or any acceleration of the payment obligations in respect of any bonds, notes or other evidence of indebtedness issued under either aforementioned act, shall not be an Event of Default under the NPI Service Agreement).

Notice of Defaults; Opportunity to Cure Such Defaults

No default described under clause (b) of the preceding paragraph shall constitute an Event of Default under the NPI Service Agreement until actual notice of such default by registered or certified mail shall be given to the City by the Authority or the NPI Trustee and the City shall have had 30 days after receipt of such notice to correct the default and shall not have corrected it; provided, however, if the default cannot be corrected within such 30-day period, it shall not constitute an Event of Default under the NPI Service Agreement if corrective action is instituted by the City within the period and diligently pursued until the default is corrected.

Remedies

If any Event of Default under the NPI Service Agreement shall occur and be continuing, the Authority (or the NPI Trustee as assignee of the Authority) may at its option exercise any one or more of the following remedies: (a) by mandamus, or other suit, action or proceeding at law or in equity, enforce all rights of the Authority, and require the City to perform its duties and obligations under the NPI Service Agreement; (b) by action or suit in equity require the City to account as if it were the trustee of an express trust for the Authority; or (c) by action or suit in equity enjoin any acts or things which may be unlawful or in violation of the rights of the Authority. In no event (including an acceleration of the Authority's payment obligations under the Obligations or with respect to any or Credit Facility Payment Obligation) shall the due dates for payments of the NPI Service Fee be accelerated.

Termination

The NPI Service Agreement shall terminate on such date as the principal of and interest on, and any other payments due with respect to, all Obligations and all other amounts required under the NPI Indenture to be paid and all other expenses payable by the City under the NPI Service Agreement shall have been paid (or provision for such payment shall have been made as provided in the NPI Indenture) and all other conditions of the NPI Service Agreement and the NPI Indenture shall have been fully satisfied.

Amendments and Supplements to the NPI Service Agreement

The City and the Authority may enter into any written amendments or supplements to the NPI Service Agreement as shall not adversely affect the rights of or the security of the Holders of the Obligations or persons entitled to payments on Related Obligations, only for the following purposes: (i) to cure any ambiguity, defect, or inconsistency or omission therein or in any amendment or supplement thereto; (ii) to grant to or confer upon the Authority or the NPI Trustee any additional rights, remedies, powers, authority or security that lawfully may be granted to or conferred upon the Authority or the NPI Trustee; (iii) to reflect a change in applicable law; (iv) as appropriate in connection with the issuance of Additional Obligations; or (v) to provide terms not inconsistent with the NPI Indenture or the NPI Service Agreement; provided, however, that the NPI Service Agreement as so amended or supplemented shall provide at least the same security for Holders of the Obligations as the NPI Service Agreement in its existing form.

All other amendments must be approved by the NPI Trustee and, to the extent required by the NPI Indenture, by the Holders of the Obligations in the manner as is set forth in the NPI Indenture.

Any amendment or supplement to the NPI Service Agreement (other than an amendment or supplement described in clauses (i) through (v) above under this caption) shall be approved by ordinance of the City Council and a copy of any such amendment or supplement, together with a copy of such ordinance, certified by the Clerk of the City Council, shall be filed with the NPI Trustee.

[THIS PAGE INTENTIONALLY LEFT BLANK]

APPENDIX E

SUMMARY OF CERTAIN PROVISIONS OF THE NTI INDENTURE AND THE NTI SERVICE AGREEMENT

[THIS PAGE INTENTIONALLY LEFT BLANK]

APPENDIX E

SUMMARY OF CERTAIN PROVISIONS OF THE NTI INDENTURE AND THE NTI SERVICE AGREEMENT

The following sets forth the definitions of certain terms used in the NTI Indenture and the NTI Service Agreement and elsewhere in this Official Statement, and a summary of certain provisions of the NTI Indenture and the NTI Service Agreement. Capitalized terms used herein but not defined herein shall have the meanings set forth in the forepart of this Official Statement.

These summaries should not be regarded as full statements of the legal documents themselves or of the portions summarized. For a complete statement of the provisions of the NTI Indenture and the NTI Service Agreement, reference should be made to those documents in their entirety, copies of which are available from the Authority, and, prior to closing, from the senior managing underwriter, and, after closing, from the NTI Trustee, at the offices of the NTI Trustee set forth under "INTRODUCTION – Trustees" in the forepart of this Official Statement.

DEFINITIONS OF CERTAIN TERMS

"Account" shall mean any account authorized to be established by the NTI Indenture.

"Additional Bonds" shall mean Bonds issued under the NTI Indenture other than the Initial NTI Bonds.

"Administrative Expenses" shall mean the reasonable fees and expenses of the Authority (including the Authority's initial fee) and the NTI Trustee and any paying agent, remarketing agent or other fiduciary or agent appointed under the NTI Indenture, including reasonable legal fees and expenses, in connection with the funding and administration of the NTI Program, the issuance of any Bonds, the administration of the NTI Indenture, the performance of the Authority's obligations under the NTI Service Agreement, or in connection with inquiring into, or enforcing the performance of, the City's obligations under the NTI Service Agreement or the NTI Indenture. Administrative Expenses shall not include Costs of the NTI Program.

"Annual Debt Service Requirement" shall mean, with respect to each Fiscal Year: (a) the sum of the amounts required to be paid by the Authority in such Fiscal Year for (i) the payment of principal or mandatory Redemption Price of and interest on the Bonds and (ii) the payment of any Credit Facility Payment Obligations or Swap Payment Obligations; less (b) an amount equal to earnings on the debt service reserve fund, if any is established under the NTI Indenture, in such Fiscal Year. (No debt service reserve fund has been established under the NTI Indenture).

"**Authorized Representative of the Authority**" shall include the Chairman, Vice Chairman, Executive Director, Director of Finance, Director of Housing Finance, Secretary and Assistant Secretary of the Authority.

"**Authorized Representative of the City**" shall include the Director of Finance, the Treasurer of the City, or any other Person designated as such in a writing signed by the Director of Finance of the City.

"Bondholder" or **"holder"** (when used with respect to Bonds) shall mean the Person in whose name any Bond is registered pursuant to Article II of the NTI Indenture. A Credit Issuer which owns Bonds by purchase or which is subrogated to the rights of Bondholders is a Bondholder for purposes of the NTI Indenture.

“Bond” or **“Bonds”** shall mean the Initial NTI Bonds and all Additional Bonds issued by the Authority under the NTI Indenture to finance the NTI Program, including bonds issued to refund Bonds in accordance with the Act and the NTI Service Agreement, including the 2015 Bonds and the 2023C Bonds.

“Bond Payment Obligation” shall mean the Authority’s obligation to pay the principal or Redemption Price of and interest on the Bonds, including Bonds held by Credit Issuers.

“Certified Resolution” shall mean one or more resolutions of the governing body of the Authority, certified by the Secretary or Assistant Secretary of the Authority, under its seal, to have been duly adopted or enacted and to be in full force and effect as of the date of certification.

“Cost” or **“Costs”** shall mean all costs of the NTI Program which the City or the Authority or either of them is authorized to incur under applicable law (including the Act, the Pennsylvania Redevelopment Cooperation Law and the Original NTI Ordinance).

“**Costs of Issuance**” shall mean the costs of issuance of the Bonds of any series, including without limitation underwriting fees; costs of financial, legal, professional and other advice; costs related to Swap Payment Obligations and Credit Facility Payment Obligations payable in connection with the issuance of such Bonds; and any other expenses as may be necessary or incident to the issuance of such Bonds.

“Counsel” shall mean an attorney at law or law firm (which may include counsel to the Authority or the City).

“Credit Facility” shall mean any letter of credit, surety bond, insurance policy, standby bond purchase agreement, line of credit or other credit facility or liquidity facility (other than a Swap) issued or entered into for the benefit of the holders of Bonds of any series or any portion thereof to further secure payment of the principal or Redemption Price or purchase price of and interest on such Bonds.

“Credit Facility Payment Obligations” shall mean all payment and reimbursement obligations of the Authority to a Credit Issuer in connection with any Credit Facility securing all or a portion of any series of Bonds. The Authority’s obligations to pay the principal or Redemption Price of and interest on Bonds held by a Credit Issuer (whether by purchase, subrogation, foreclosure of a pledge of such Bonds or otherwise) shall be Bond Payment Obligations and shall not be Credit Facility Payment Obligations.

“Credit Issuer” shall mean each provider of a Credit Facility.

“Director of Finance” shall mean the Director of Finance of the City.

“Event of Default” shall mean any of the events described under the caption “The NTI Indenture - Events of Default and Remedies under the NTI Indenture – Events of Default Defined” and “THE NTI SERVICE AGREEMENT – Events of Default under the NTI Service Agreement” below.

“Fiscal Year” shall mean the period of twelve (12) months beginning on July 1 and ending on June 30 of the following calendar year.

“Fund” shall mean any fund authorized to be established by the NTI Indenture.

“Government Obligations” shall mean direct obligations of, or obligations the timely payment of the principal of and interest on which is fully and unconditionally guaranteed by, the United States of America.

“Independent Certified Public Accountant” shall mean an independent accounting firm which is appointed by the Authority for the purpose of examining and reporting on or passing on questions relating to the financial statements of the Authority, has all certifications necessary for the performance of such services and has a favorable reputation for skill and experience in performing similar services in respect of entities engaged in reasonably comparable endeavors.

"**Initial NTI Bonds**" shall mean collectively, the Authority's Revenue Bonds, Series 2002A (City of Philadelphia Neighborhood Transformation Initiative) and Taxable Revenue Bonds, Series 2002B (City of Philadelphia Neighborhood Transformation Initiative) issued under the Original NTI Indenture. (The Initial NTI Bonds are no longer Outstanding.)

"Investment Securities" shall mean:

(1) Government Obligations.

(2) Any bond, debenture, note, participation certificate or other similar obligation issued by any one or combination of the following agencies: Government National Mortgage Association, Federal Land Banks, Federal Home Loan Banks, Federal Intermediate Credit Banks, Banks for Cooperatives, Tennessee Valley Authority, United States Postal Service, Farmers Home Administration, the Student Loan Marketing Association and Export-Import Bank of the United States.

(3) Any bond, debenture, note, participation certificate or other similar obligation issued by the Federal National Mortgage Association to the extent such obligations are guaranteed by the Government National Mortgage Association or issued by any other Federal agency and backed by the full faith and credit of the United States of America.

(4) Deposits in interest-bearing time or demand deposits, or certificates of deposit, fully insured by the Federal Deposit Insurance Corporation, or its successors, or fully secured by any of the obligations described above to the extent not so insured.

(5) Repurchase agreements relating to, or investment agreements secured by or providing for the acquisition of and, if applicable, resale of obligations described in paragraphs (1) or (2) above, with: (i) banks or trust companies (which may include any banking entity or depository); (ii) brokers or broker-dealers registered under the Securities Exchange Act of 1934 which are members of the Securities Investors' Protection Corporation and which are acceptable to the Authority; or (iii) insurance companies rated A+ or better by Best's having a net capital and surplus of at least $25,000,000; provided that any such repurchase agreement or investment agreement shall meet the following requirements: (A) the repurchase or investment agreement must be secured in the principal amount thereof by securities listed in subsections (1) or (2) above having at all times a fair market value of at least 100% of such agreement and deposited with the NTI Trustee or its agents as collateral therefor, (B) the NTI Trustee shall have a perfected first security interest in such collateral securities, and (C) the collateral securities shall be owned by the pledgor free and clear of any liens or security interests other than that of the NTI Trustee.

(6) Certificates of deposit with such banks or trust companies as described in paragraph (5)(i) above fully secured as to principal and accrued interest by obligations described in paragraphs (1) through (4) deposited with or subject to the control of the Authority or the NTI Trustee.

(7) Money market deposit accounts of banks or trust companies having a net capital and surplus of at least $25,000,000 (which may include the NTI Trustee or any affiliate thereof).

The authorized investments set forth in paragraphs (5), (6) and (7) shall only be made if the agreements referenced therein provide for the repayment of the principal amount invested at an amount not less than that so invested. Whenever security is required as set forth in paragraphs (4) through (7), such security shall be deposited with the NTI Trustee or other agent of the NTI Trustee satisfactory to the NTI Trustee and the Authority.

(8) Direct and general obligations of any state of the United States, for which the full faith and credit of such state is pledged, if at the time of their purchase such obligations are rated in any of

the two highest rating categories by either S&P or Moody's, upon the discontinuance of either or both of such services, such other nationally recognized rating service or services, as the case may be, as shall be determined in a certified resolution of the Authority.

(9) Shares of open-end, diversified investment companies (i) registered under the Investment Company Act of 1940, (ii) investing exclusively in Investment Securities of the types set forth in paragraphs (1) or (2) above, (iii) maintaining a constant net asset value per share in accordance with regulations of the Securities and Exchange Commission, and (iv) individually having aggregate net assets of not less than $10,000,000 on the date of purchase; provided that the purchase of shares of any particular investment company shall be limited to an aggregate amount of not more than 5% of the aggregate net assets of that investment company on the date of purchase.

(10) Commercial paper rated in the highest category by S&P and Moody's.

(11) Investment agreements with, or which are guaranteed by, a financial institution or financial services company which has an unsecured, uninsured and unguaranteed obligation rated, at the time such agreement is entered into, in one of the three highest rating categories by Moody's or S&P, or is the lead bank of a parent bank holding company with an uninsured, unsecured and unguaranteed obligation meeting such rating requirements, or is an insurance company or insurance holding company with a claims paying ability rated in one of the three highest categories, provided (i) interest is paid at least semi-annually at a fixed rate during the entire term of the agreement, consistent with interest Payment Dates, (ii) moneys invested thereunder may be withdrawn without any penalty, premium or charge upon not more than seven days' notice (provided such notice may be amended or cancelled at any time prior to the withdrawal date); except with regard to an investment agreement relating to capitalized interest held in the Debt Service Fund, which may provide that moneys may be withdrawn only on the interest Payment Dates on which such capitalized interest is to be paid, (iii) the agreement is not subordinated to any other obligations of such financial institution or bank, (iv) the same guaranteed interest rate will be paid on any future deposits permitted to be made under such investment agreement, and (v) the NTI Trustee receives an opinion of counsel that such agreement is an enforceable obligation of such financial institution.

"Moody's" shall mean Moody's Investors Service, Inc., and any successor thereto.

"Outstanding" shall mean, with respect to the Bonds, all Bonds authenticated and delivered under the NTI Indenture and any Supplemental Indenture as of the time in question, except: (a) all Bonds theretofore cancelled or required to be cancelled under the NTI Indenture; (b) Bonds for the payment or redemption of which provision has been made in accordance with the NTI Indenture; provided that, if such Bonds are being redeemed, the required notice of redemption shall have been given or provision satisfactory to the NTI Trustee shall have been made therefor; and (c) Bonds in substitution for which other Bonds have been authenticated and delivered.

"Parity Swap Payment Obligations" shall mean Swap Payment Obligations exclusive of all Swap Termination Payments except Swap Termination Payments which (i) are payable by the Authority with respect to Swap Agreements pursuant to which the Swap Provider will have all of the payment obligations prior to any payment obligations of the Authority thereunder; and (ii) are payable only after all of the Swap Provider's payments are due.

"Paying Agent" or **"Co-Paying Agent"** means any national banking association, bank, bank and trust company or trust company appointed by the Authority pursuant to the NTI Indenture.

"Payment Date" shall mean a date on which a payment of principal or Redemption Price or interest with respect to any Bonds or payment of any Swap Payment Obligations or Credit Facility Payment Obligations shall be due and payable. The semi-annual interest Payment Date with respect to the 2023C Bonds shall be as described in the front portion of the Official Statement, as the "NTI Regular Interest Payment Dates."

“Person” shall mean an individual, a corporation, a partnership, an association, a joint stock company, a joint venture, a limited liability company, a trust, an unincorporated organization, a governmental unit or an agency, political subdivision or instrumentality thereof, or any other group or organization of individuals.

“Redemption Price” shall mean the principal amount of any Bond to be redeemed pursuant to the NTI Indenture, plus the applicable premium, if any, payable upon redemption.

“Reserved Rights” shall mean the rights of the Authority to receive payments of Administrative Expenses and certain indemnities and immunities provided to it under the NTI Service Agreement.

“Revenues” shall mean (i) the NTI Service Fee and all other amounts payable to the Authority by the City under the NTI Service Agreement, and all rights to receive the same (except for payments with respect to the Reserved Rights), (ii) all Swap Revenues, (iii) all interest earnings and gains on sales of Investment Securities on deposit in the Funds and Accounts established under the NTI Indenture and (iv) any other amounts appropriated by the City and paid by the City to the Authority or the NTI Trustee and pledged by the Authority as security for the payment of Bond Payment Obligations, Swap Payment Obligations and Credit Facility Payment Obligations or received from any other source by the Authority or the NTI Trustee and pledged by the Authority as security for the payment of Bond Payment Obligations, Swap Payment Obligations and Credit Facility Payment Obligations.

“S&P” shall mean Standard & Poor’s Ratings Services, a Division of The McGraw-Hill Companies, Inc., and any successor thereto.

“Subordinated Swap Payment Obligations” shall mean all Swap Payment Obligations payable by the Authority except Parity Swap Payment Obligations.

“Supplemental Indenture” shall mean any indenture amending or supplementing the NTI Indenture which may be entered into in accordance with the provisions of the NTI Indenture.

“Swap Agreement” or **“Swap”** shall mean any agreement between the Authority and a Swap Provider confirming a transaction which is a rate swap transaction, basis swap, forward rate transaction, bond option, interest rate option, foreign exchange transaction, cap transaction, floor transaction, collar transaction, corridor transaction, currency swap transaction, cross-currency rate swap transaction, currency option or any other similar transaction (including any option with respect to any of the foregoing transactions) or any combination of these transactions.

“Swap Payment Obligations” shall mean, for any period of time and with respect to any Bonds to which a Swap relates, all net amounts payable by the Authority (including Swap Termination Payments payable by the Authority) under any Swap in respect of such Bonds.

“Swap Provider” shall mean the Authority’s counterparty under a Swap Agreement.

“Swap Revenues” shall mean all amounts received by the Authority or the NTI Trustee pursuant to any Swap Agreement, including, without limitation, any Swap Termination Payment.

“Swap Termination Payment” shall mean, with respect to any Swap Agreement, any settlement amount payable by the applicable Swap Provider or the Authority by reason or on account of the early termination of such Swap Agreement. The term “Swap Termination Payment” shall not include net unpaid amounts up to the Swap termination date which would have been payable by the Swap Provider or the Authority pursuant to the terms of the applicable Swap Agreement irrespective of the early termination of such Swap Agreement

.

THE NTI INDENTURE

Pledge of the NTI Trust Estate

The pledge of the NTI Trust Estate is described in the forepart of this Official Statement under "SECURITY AND SOURCES OF PAYMENT FOR THE 2023 BONDS – Indentures – NTI Indenture."

Issuance of Bonds

At the request of the City, the Authority may issue a series of Bonds under the NTI Indenture to pay the Costs of the NTI Program (including the refunding of Bonds previously issued under the NTI Indenture) and Costs of Issuance of such Bonds, upon execution of a Supplemental Indenture authorizing such series of Bonds and delivery to the NTI Trustee of the following:

(a) An opinion or opinions of Counsel addressed to the NTI Trustee to the effect that (i) the Bonds have been duly issued for a permitted purpose under the NTI Indenture, (ii) all consents and approvals of the Director of Finance and City Council required to be obtained for the issuance of the Bonds pursuant to the NTI Service Agreement have been obtained, (iii) the issuance of the Bonds and execution and delivery of related documents will not constitute a breach or default on the part of the Authority under the Act, its By-Laws, or any applicable laws, or regulations, (iv) the Bonds of such series and all documents delivered by the Authority in connection with the issuance of such Bonds have been duly and validly authorized, executed and delivered and such execution and delivery and all other actions taken by the Authority in connection with the issuance of such Bonds have been duly authorized by all necessary corporate actions, and (v) all conditions precedent to the issuance of such Bonds pursuant to the NTI Service Agreement, the NTI Indenture and any Supplemental Indenture have been satisfied.

(b) A Certified Resolution of the Authority authorizing the Bonds.

(c) An amendment or supplement to the NTI Service Agreement, acknowledging the issuance of such series of Bonds and confirming the obligations of the City to pay the NTI Service Fee in amounts sufficient to pay the Bond Payment Obligations with respect to the Bonds, including the Bonds of the series then proposed to be issued.

(d) In the case of any Bonds issued for the purpose of a refunding, the following additional documents: (i) executed counterparts of such documents as are necessary or appropriate for the purposes of the refunding, including, if appropriate, an escrow deposit agreement providing for the deposit and application of funds for the refunding and irrevocable instructions with respect to any required redemption of refunded Bonds; (ii) a certified resolution of the Authority authorizing the refunding and the taking of all necessary actions in connection therewith; and (iii) unless all refunded Bonds are to be redeemed or otherwise retired on the date of settlement for the refunding Bonds, such schedules, verified as to mathematical accuracy by an Independent Certified Public Accountant, as are necessary to demonstrate the adequacy of funds deposited for the refunding and the income thereon for the purpose of paying, when due, the principal or redemption price of and interest on the refunded Bonds.

Program Fund

<u>Establishment of Program Fund; Accounts within Fund</u>. The NTI Trustee shall establish under the NTI Indenture, a Program Fund for the payment of Costs of the NTI Program and Costs of Issuance of Bonds and shall deposit into the Program Fund the specified Bond proceeds and Revenues in accordance with the NTI Indenture. All amounts deposited into the Program Fund (in addition to the Costs of Issuance Account) shall be held for the security of all Outstanding Bonds. One or more separate accounts within the Program Fund shall be maintained by the NTI Trustee at the written direction of the Authority if the Authority determines that such separate account is desirable with respect to designated portions of the NTI Program.

Payments from Program Fund. Payments from the Program Fund established under the NTI Indenture (including the Costs of Issuance Account) shall be made in respect of Costs of the NTI Program (including Costs of Issuance) upon compliance with the following:

a) On or after the date on which any Bond proceeds are deposited into the Program Fund, the NTI Trustee shall pay such Costs of the NTI Program and Costs of Issuance as are authorized by a closing statement signed by an Authorized Representative of the Authority and by an Authorized Representative of the City, and delivered at settlement for such Bonds.

b) Except as provided above, all payments from the Program Fund shall be made only upon receipt by the NTI Trustee of a requisition signed by an Authorized Representative of the Authority and an Authorized Representative of the City.

Revenues of the Authority, and the Application Thereof to Funds

Revenues to Be Paid Over to NTI Trustee. The Revenues and all moneys, securities and funds held or set aside or to be held or set aside pursuant to the NTI Indenture by the NTI Trustee or in any Fund or Account created by the NTI Indenture and all other pledged property comprising the NTI Trust Estate under the NTI Indenture are pledged and a security interest is therein granted, to secure the payment of the Bond Payment Obligations, Swap Payment Obligations and Credit Facility Payment Obligations; provided, however, that the pledge and security interest granted to Secure the Authority's obligation to pay Subordinate Swap Payment Obligations and Credit Facility Payment Obligations shall be subject and subordinate to the pledge and security interest granted to secure Bond Payment Obligations and Parity Swap Payment Obligations. The pledge of the NTI Trust Estate under the NTI Indenture as security for the performance of all obligations of the Authority under the NTI Indenture shall be valid and binding from the time such pledge is made. The NTI Trust Estate shall immediately be subject to the lien of the NTI Indenture without any physical delivery thereof or further act. The Authority shall pay or cause to be paid the Revenues directly to the NTI Trustee. Upon receipt of any Revenues, or other amounts forming a part of the NTI Trust Estate under the NTI Indenture, the NTI Trustee shall deposit the same in the appropriate Fund or Funds established under the NTI Indenture. Except as otherwise provided in the NTI Indenture and in any Supplemental Indenture, the NTI Trust Estate under the NTI Indenture shall be collected, held and applied for the equal and ratable benefit and security of all Bondholders.

Revenue Fund; Application Thereof. The NTI Trustee shall establish a Revenue Fund, into which it shall deposit all Revenues received by it. Amounts on deposit in the Revenue Fund shall be deposited, on each Payment Date, first to the Debt Service Fund, to the extent (if any) needed to increase the amount in the Debt Service Account so that it equals the Bond Payment Obligations then due and the amount of Parity Swap Payment Obligations, if any, due on such Payment Date, second, into the Subordinated Payment Obligations Fund, the amount of any Subordinated Swap Payment Obligations or Credit Facility Payment Obligations due on such Payment Date, and third, at the written direction of the Authority, to the Program Fund; provided, however, that the NTI Service Fee shall be deposited only into the Debt Service Fund.

Debt Service Fund, Application Thereof. The NTI Trustee shall establish and maintain a Debt Service Fund. The NTI Trustee shall deposit into the Debt Service Fund proceeds of Bonds in an amount equal to accrued interest and capitalized interest, if any, in accordance with the NTI Indenture and the applicable Supplemental Indenture. Moneys on deposit in the Debt Service Fund shall be applied on each Payment Date as follows:

a) to the payment of interest, when due, on all Outstanding Bonds, including any accrued interest due in connection with purchases or redemptions of Bonds pursuant to the NTI Indenture;

b) to the payment, when due, of each Parity Swap Payment Obligation due on each such Payment Date, such amount to be paid to the applicable Swap Provider;

c) to the payment, when due, of the principal or Redemption Price of Bonds then payable at maturity or upon mandatory redemption (but, except as otherwise provided in the NTI Indenture, only upon surrender of such Bonds), subject to reduction by the principal amount of Bonds of the same series and maturity purchased by the Authority and surrendered to the NTI Trustee for cancellation or purchased for cancellation by the NTI Trustee pursuant to subsection (d) below; and

d) during the 12-month period preceding each principal maturity or mandatory redemption date, the NTI Trustee shall, at the request of the Authority, purchase Bonds of the series and maturity becoming due on such principal maturity or mandatory redemption date from funds in the Debt Service Fund; provided, however, that no such purchase shall be made unless (i) the purchase price does not exceed 100% of the principal amount of the Bonds so to be purchased plus accrued interest, and (ii) in the case of any purchase of Bonds which are subject to mandatory redemption, the Authority certifies to the NTI Trustee that firm commitments for the purchase of such Bonds have been accepted by the Authority prior to the giving of notice of such redemption by the NTI Trustee.

Payments from the Debt Service Fund shall be made ratably by the NTI Trustee according to amounts due in respect of each Bond and Parity Swap Payment Obligation without preference of one Bond or Parity Swap Payment Obligation over another.

Subordinated Payment Obligations Fund; Application Thereof. The NTI Trustee shall establish a Subordinated Payment Obligations Fund into which the NTI Trustee shall deposit for each series of Bonds amounts required to be deposited therein with respect to any Subordinated Swap Payment Obligations or Credit Facility Payment Obligations. The NTI Trustee shall withdraw from the Subordinated Payment Obligations Fund on or before each Payment Date the amount of any Subordinated Swap Payment Obligations or Credit Facility Payment Obligations due on such date and shall cause the same to be paid to the applicable Swap Provider or Credit Issuer. Payments from the Subordinated Payment Obligations Fund shall be made ratably by the NTI Trustee according to the amounts due in respect of each Subordinated Swap Payment Obligation and Credit Facility Payment Obligation without priority or preference of one Subordinated Swap Payment Obligation or Credit Facility Payment Obligation over another.

Procedure When Funds Are Sufficient to Pay All Bonds. If at any time the amounts held by the NTI Trustee in the Funds established under the NTI Indenture are sufficient to pay principal or Redemption Price of and interest on all Bonds then Outstanding to maturity or prior redemption, together with any amounts due the NTI Trustee, the NTI Trustee shall so notify the Authority and the City and, if so directed by the City, the NTI Trustee shall apply the amounts in the Funds to the payment of the aforesaid obligations to effect a defeasance of the Bonds.

Moneys to Be Held for All Bondholders, With Certain Exceptions. Moneys and investments held in all Funds and Accounts established and held under the lien of the NTI Indenture shall be held in trust for the benefit of the holders of all Outstanding Bonds, each Credit Issuer and Swap Provider, except that: (a) on and after the date on which the interest on or principal or Redemption Price of any particular Bond or Bonds is due and payable from the Debt Service Fund, the unexpended balance of the amount deposited or reserved in such Fund for the making of such payments shall, to the extent necessary therefor, be held for the benefit of the Bondholder or Bondholders entitled thereto; (b) any special redemption fund established in connection with the issuance of any series of Bonds for a refunding shall be held for the benefit of the holders of Bonds being refunded; (c) the rights of any Bondholders with respect to principal or interest payments extended beyond their due dates, as described under "The NTI Indenture - Covenants of Authority – Extension of Time for Payment" below, shall be subordinate to the rights of Bondholders with respect to payments not so extended; (d) the Rebate Fund shall not be held as part of the NTI Trust Estate under the NTI Indenture; and (e) any debt service reserve fund established pursuant to a Supplemental Indenture shall be held solely for the benefit of the holders of the Bonds for which such debt service reserve fund was established.

Rebate Fund

The NTI Trustee shall establish and thereafter hold and maintain so long as the Bonds are Outstanding, and for sixty (60) days thereafter, a Rebate Fund for the purpose of paying to the United States Treasury the amount required to be rebated pursuant to Section 148(f) of the Code, which Rebate Fund shall be held by the NTI Trustee separate and apart from all other funds and accounts established under the NTI Indenture and from all other moneys of the NTI Trustee. All amounts in the Rebate Fund, including income earned from investment of amounts in the Rebate Fund, shall be held by the NTI Trustee free and clear of the lien of the NTI Indenture. Upon the direction of the Authority, the NTI Trustee shall deposit amounts into or withdraw amounts from the Rebate Fund in order to pay any rebatable earnings to the United States Treasury when due.

Security for and Investment or Deposit of Funds

Deposits and Security Therefor. All moneys received by the NTI Trustee under the NTI Indenture for deposit in any Fund or Account established under the NTI Indenture shall be considered trust funds, shall not be subject to lien or attachment and shall, except as hereinafter provided, be deposited in the trust department of the NTI Trustee, until or unless invested or deposited as provided below. All deposits in the trust department of the NTI Trustee shall be secured as provided by law for such trust deposits. If at any time the trust department of the NTI Trustee is unwilling to accept such deposits or unable to secure them as provided above, the NTI Trustee may at the direction of the Authority with the approval of the City, deposit such moneys with any other depository which is authorized to receive them provided that such are fully insured by the Federal Deposit Insurance Corporation, or its successors. All deposits in any depository in excess of the amount covered by such insurance shall, to the extent permitted by law, be fully secured as to both principal and interest by Government Obligations in such manner as may be required or permitted under applicable law in order to grant to the NTI Trustee a perfected security interest in such Government Obligations, free and clear of the claims of third parties. If the deposit of the Government Obligations with the NTI Trustee or a depository acting on its behalf is required for such purpose under applicable law, the deposit shall be made with a Federal Reserve Bank for the account of the NTI Trustee, with the trust department of the NTI Trustee, or with a bank or trust company (other than the obligor) which is acting solely as agent for the NTI Trustee and has a combined net capital and surplus of not less than $50,000,000.

Investment or Deposit of Funds. Moneys on deposit in the Funds established pursuant to the NTI Indenture shall be invested and reinvested by the NTI Trustee at the direction of an Authorized Representative of the City as follows: (a) all investments shall constitute Investment Securities and shall mature, or be subject to repurchase, withdrawal without penalty or redemption at the option of the holder on or before the dates on which the amounts invested are reasonably expected to be needed; (b) the principal of the Investment Securities and the earnings thereon, including interest, income and net profits received in respect thereof, shall be applied upon receipt as follows: (i) except as otherwise provided in a Supplemental Indenture, earnings on Program Fund (including the Costs of Issuance Account) and the Debt Service Fund shall in each case be retained in such Fund or Account; and (ii) whenever any other transfer or payment is required to be made from any particular Fund, such transfer or payment shall be made from such combination of maturing principal, redemption or repurchase prices, liquidation proceeds and withdrawals of principal as the Authority deems appropriate for such purpose, after taking into account such factors as future transfers or payments from the Fund in question, the reinvestment opportunities for maturing principal, the current yield on any Investment Securities to be redeemed, withdrawn or sold, and any penalties, gains or losses to be realized upon any such redemption, withdrawal or sale; and (c) the NTI Trustee shall not be accountable for any depreciation in the value of the Investment Securities or any losses incurred upon any authorized disposition thereof.

Valuation of Funds. The NTI Trustee shall value the assets in each of the Funds established under the NTI Indenture as of June 30 of each year, or more frequently at the direction of the City or the Authority, at their amortized cost, not including accrued interest, after taking into account all transfers or payments then required to be made from each Fund. As soon as practicable after each such date of valuation, the NTI

Trustee shall furnish to the Authority and the City a report of the status of each Fund as of such date. In computing the assets of any Fund or Account, investments, not including accrued interest thereon, shall be deemed a part thereof, subject to the provisions of the NTI Indenture.

Covenants of Authority

The covenants of the Authority under the NTI Indenture include:

Payment of Principal and Interest on Bonds. The Authority shall promptly pay the interest on and the principal or Redemption Price of Bonds, but only out of the NTI Trust Estate.

Corporate Existence and Maintenance of Properties. The Authority shall (a) maintain its corporate existence, (b) maintain its power to perform its obligations under the NTI Indenture, and (c) maintain the NTI Service Agreement in full force and effect.

Compliance with NTI Service Agreement. The Authority covenants and agrees that (i) it shall comply with all applicable provisions of the NTI Service Agreement, as if contained in the NTI Indenture; (ii) it shall enforce against the City the obligations of the City under the NTI Service Agreement, including, without limitation, the obligation to pay the NTI Service Fee when due; (iii) it shall cause a copy of the NTI Service Agreement certified by an Authorized Officer of the Authority to be filed with the NTI Trustee, and a copy of any amendment to the NTI Service Agreement certified by an Authorized Officer of the Authority to be filed with the NTI Trustee; and (iv) it shall furnish to the NTI Trustee such documents, certificates and reports as it may be required under the terms of the NTI Service Agreement to deliver to the City from time to time.

Extension of Time for Payment. The Authority shall not directly or indirectly extend or assent to the extension of the time for payment of the principal of or interest on any Bonds and shall not directly or indirectly be a party to or approve any arrangement therefor. Notwithstanding the foregoing, the holder of any Bond may extend the time for payment of the principal of or interest on such Bond; provided, however, that upon the occurrence of an Event of Default, funds available under the NTI Indenture for the payment of the principal of and interest on the Bonds shall not be applied to any payment so extended until all principal and interest payments which have not been extended have first been paid in full.

Further Assurances; Additional Revenues. The Authority covenants that it will not enter into any contract or take any action by which the rights of the NTI Trustee or the Bondholders or Credit Issuers may be impaired and shall, from time to time, execute and deliver such further instruments and take such further action as may be required to carry out the purposes of the NTI Indenture and each Supplemental Indenture and for the better assuring, transferring, conveying, pledging, assigning, and confirming unto the NTI Trustee the NTI Trust Estate. If at any time the Authority receives any Revenues which are not assigned to the NTI Trustee, the Authority covenants to promptly pay the same to the NTI Trustee for deposit in the Revenue Fund and, at the request of the NTI Trustee, covenants to execute and deliver an assignment of its right, title and interest in and to future income or payments of the same type to the NTI Trustee to be held as part of Revenues and to file or record such assignment as may be appropriate to perfect the security interest created thereby and by the NTI Indenture.

Compliance with Internal Revenue Code. The Authority covenants that it will make no investment or other use of the proceeds of any series of Bonds which would cause such series of Bonds to be "arbitrage bonds" as that term is defined in Section 148(a) of the Code and that it will comply with the requirements thereof throughout the term of such series of Bonds. The Authority covenants that it will not take any action or permit any action to be taken on its behalf or cause or permit any circumstances within its control to arise or continue, if such action or circumstances would adversely affect the validity of the Bonds or cause the interest paid by the Authority on the Bonds not to be excluded from gross income for Federal income tax purposes in the hands of the holders thereof.

Swap Agreements and Credit Facilities. The Authority shall maintain in full force and effect, and duly and punctually perform its obligations under, any Swap Agreements, or any agreement entered into by it in connection with the issuance of any Credit Facility, including the payment when due, but solely from the NTI Trust Estate, of all Swap Payment Obligations and Credit Facility Payment Obligations; provided, however, that nothing in the NTI Indenture shall be construed to limit in any way any right of the Authority to terminate a Swap Agreement or Credit Facility in accordance with the terms thereof.

Obligation to Enforce Swap Agreements and Credit Facility. Whether or not an Event of Default shall have occurred or be continuing, the Authority and the NTI Trustee shall take any and all action necessary or appropriate to enforce, on behalf of the Authority and for the benefit of the Bondholders, the rights of the Authority under any Swap Agreement or Credit Facility to which the Authority or the NTI Trustee is a party. In the event of the transfer, assignment or other conveyance of any Swap Agreement in accordance with its terms by the Swap Provider to any new Swap Provider, the NTI Trustee shall promptly notify the Authority, S&P, Moody's and any other firm or agency then rating the Bonds of the name and address of the new Swap Provider and any modifications, amendments or supplements to the terms of the existing Swap Agreement, to the extent the NTI Trustee has knowledge of such information.

Creation of Liens. The Authority shall not issue any bonds, notes, debentures or other evidences of indebtedness of a similar nature, other than the Bonds and other than Swap Payment Obligations and Credit Facility Payment Obligations, payable out of or secured by a pledge or assignment of the NTI Trust Estate and shall not create or cause to be created any lien or charge on the NTI Trust Estate.

Events of Default and Remedies under the NTI Indenture

Events of Default Defined. Each of the following shall be an Event of Default under the NTI Indenture:

(i) if payment of any installment of interest on the Bonds is not made when it becomes due and payable;

(ii) if payment of the principal or Redemption Price of any Bond is not made when it becomes due and payable at maturity or upon call for redemption;

(iii) if the Authority shall fail to pay when due any Parity Swap Payment Obligation;

(iv) if the Authority defaults in the due and punctual performance of any other covenant in the Bonds or in the NTI Indenture and such default continues for sixty (60) days after written notice requiring the same to be remedied shall have been given to the Authority and the City by the NTI Trustee, which may give such notice in its discretion and shall give such notice at the written request of any Credit Issuer or the holders of not less than 25% in principal amount of Bonds then Outstanding, provided, however, that if such performance requires work to be done, actions to be taken, or conditions to be remedied, which by their nature cannot reasonably be done, taken or remedied, as the case may be, within such sixty (60) day period, no Event of Default shall be deemed to have occurred or exist if and so long as the Authority or the City shall commence such performance within such sixty (60) day period and shall diligently and continuously prosecute the same to completion;

(v) if the City fails to pay the NTI Service Fee at the times and in the amounts required under the NTI Service Agreement and any grace period with respect to such failure under the NTI Service Agreement shall have lapsed; or

(vi) if any other event or condition occurs which has been specified to be an Event of Default in a Supplemental Indenture.

The NTI Service Agreement provides that in no event (including an acceleration of the Authority's payment obligations under any Bonds issued pursuant to the NTI Indenture or with respect

to any Credit Facility Payment Obligation or Swap Payment Obligation thereunder) shall the due dates for payments of the NTI Service Fee under the NTI Service Agreement be accelerated.

Acceleration and Annulment Thereof. If any Event of Default described under paragraphs (i), (ii), (iii), or (v) of the caption "Events of Default Defined" above has occurred and is continuing, the NTI Trustee may, and at the written direction of the holders of 50% in principal amount of the Bonds then Outstanding the NTI Trustee shall, by notice in writing to the Authority, declare the principal of all Bonds then Outstanding to be immediately due and payable, and upon such declaration the said principal, together with interest accrued thereon, shall become due and payable immediately at the place of payment provided therein, anything in the NTI Indenture or in the Bonds to the contrary notwithstanding; provided, however, that no such declaration shall be made, if the Authority or the City cures such Event of Default prior to the date of the declaration.

If after the principal of the Bonds has been so declared to be due and payable, all arrears of interest upon the Bonds and all arrears of payments due with respect to Parity Swap Payment Obligations are paid by the Authority, and the Authority also performs all other things in respect to which the Authority may have been in default under the NTI Indenture and pays the reasonable charges of the NTI Trustee and the Bondholders, including reasonable attorney's fees, then, and in every such case, the NTI Trustee may annul such declaration and its consequences and such annulment shall be binding upon the NTI Trustee and upon all holders of Bonds issued under the NTI Indenture; but no such annulment shall extend to or affect any subsequent default or impair any right or remedy consequent thereon.

Legal Proceedings by NTI Trustee. If any Event of Default has occurred and is continuing, the NTI Trustee in its discretion may, and upon the written request of the holders of 50% in principal amount of the Bonds then Outstanding and receipt of indemnity to its satisfaction shall, in its own name: (a) by mandamus, or other suit, action or proceeding at law or in equity, enforce all rights of the Bondholders including the right to require the Authority to enforce collection of all amounts due and payable under the NTI Service Agreement (other than with respect to the Reserved Rights) and to require the Authority to carry out any other agreements with, or for the benefit of the Bondholders and the Credit Issuers and to perform its duties under the Act; (b) bring suit upon the Bonds; (c) by action or suit in equity require the Authority to account as if it were the trustee of an express trust for the Bondholders; and (d) by action or suit in equity enjoin any acts or things which maybe unlawful or in violation of the rights of the Bondholders and the Credit Issuers.

Discontinuance of Proceedings by NTI Trustee. If any proceeding taken by the NTI Trustee on account of any default is discontinued or is determined adversely to the NTI Trustee, then the Authority, the NTI Trustee, the Credit Issuers and the Bondholders shall be restored to their former positions and rights under the NTI Indenture as though no such proceeding had been taken.

Bondholders May Direct Proceedings. The holders of a majority in principal amount of the Bonds then Outstanding under the NTI Indenture shall have the right to direct the method and place of conducting all remedial proceedings by the NTI Trustee under the NTI Indenture, provided such directions shall not be otherwise than in accordance with law or the provisions of the NTI Indenture, and that the NTI Trustee shall have the right to decline to follow any such direction which in the opinion of the NTI Trustee would be unjustly prejudicial to Bondholders not parties to such direction.

Limitations on Actions by Bondholders. No Bondholder shall have any right to pursue any remedy under the NTI Indenture unless (a) the NTI Trustee shall have been given written notice of an Event of Default, (b) the holders of at least 50% in principal amount of the Bonds then Outstanding shall have requested the NTI Trustee, in writing, to exercise the powers hereinabove described or to pursue such remedy in its or their name or names, (c) the NTI Trustee shall have been offered indemnity and security satisfactory to it against fees, costs, expenses and liabilities, including reasonable attorneys' fees, and (d) the NTI Trustee shall have failed to comply with such request within a reasonable time.

NTI Trustee May Enforce Rights Without Possession of Bonds. All rights under the NTI Indenture and the Bonds may be enforced by the NTI Trustee without the possession of any Bonds or the production thereof at the trial or other proceedings relative thereto, and any proceeding instituted by the NTI Trustee shall be brought in its name for the ratable benefit of the holders of the Bonds.

Remedies Not Exclusive. Except for the limitations described under "The NTI Indenture – Limitations on Recourse" below, no remedy conferred by the NTI Indenture is intended to be exclusive of any other remedy or remedies, and each remedy is in addition to every other remedy given under the NTI Indenture or now or hereafter existing at law or in equity or by statute.

Delays and Omissions Not To Impair Rights. No delay or omission in respect of exercising any right or power accruing upon any default shall impair such right or power or be a waiver of such default, and every remedy given by the NTI Indenture may be exercised from time to time and as often as may be deemed expedient.

Application of Moneys in Event of Default. Any moneys on deposit in any Fund or Account, except the Rebate Fund, established under the NTI Indenture and any moneys received by the NTI Trustee under the NTI Indenture shall be applied after the occurrence of an Event of Default under the NTI Indenture,

First: To the payment of the costs of the NTI Trustee, including counsel fees, any disbursements of the NTI Trustee with interest thereon and its reasonable compensation;

Second: Subject to the provisions described under "The NTI Indenture – Covenants of Authority – Extension of Time for Payment," to the payment of all interest then due on Outstanding Bonds and all Parity Swap Payment Obligations then due or, if the amount available is insufficient for such purpose, to the payment of interest and Parity Swap Obligations ratably in accordance with the amount due in respect of each Bond and Parity Swap Payment Obligation;

Third: Subject to the provisions described under "The NTI Indenture – Covenants of Authority – Extension of Time for Payment," to the payment of the outstanding principal amount of all Bonds or, if the amount available for the payment of principal is insufficient for such purpose, to the payment of principal ratably in accordance with the amount due in respect of each Bond; and

Fourth: To the payment to any Credit Issuer of any Credit Facility Payment Obligation then due and to any Swap Provider of any Subordinated Swap Payment Obligation then due or, if the amount available is insufficient for such purpose, to the payment of Credit Facility Payment Obligations and Subordinated Swap Payment Obligations ratably in accordance with the amount due in respect of each Credit Facility Payment Obligation and Subordinated Swap Payment Obligations.

The surplus, if any, shall be paid to the City or the person lawfully entitled to receive the same or as a court of competent jurisdiction may direct.

NTI Trustee's Right to Receiver; Compliance with Act. As provided by the Act, the NTI Trustee shall be entitled as of right to the appointment of a receiver if an Event of Default under the NTI Indenture shall have occurred and be continuing; and the NTI Trustee, the Credit Issuers, the Swap Providers, the Bondholders and any receiver so appointed shall have such rights and powers and be subject to such limitations and restrictions as are contained in the Act.

NTI Trustee and Bondholders Entitled to All Remedies Under Act. Should any remedy under the NTI Indenture be held unlawful, the NTI Trustee, and the Bondholders shall nevertheless be entitled to every other remedy provided by the Act. It is further intended that, insofar as lawfully possible, the provisions of the NTI Indenture shall apply to and be binding upon the NTI Trustee or receiver appointed under the Act.

Direction of Remedies by Credit Issuer. Except as otherwise specifically provided in the NTI Indenture, each Credit Issuer shall have the same right to direct the NTI Trustee in the exercise of remedies under the NTI Indenture as though it were the holder of all Bonds Outstanding that are entitled to the benefit of the Credit Facility issued by it. No Credit Issuer shall be entitled to direct the exercise of remedies under the NTI Indenture if it shall then be in default of its payment obligations under the Credit Facility issued by it or if the Credit Facility issued by it is no longer in full force and effect.

The NTI Trustee

Acceptance of Trust. The NTI Trustee accepts and agrees to execute the trusts created by the NTI Indenture, but only upon the additional terms set forth therein, to all of which the parties to the NTI Indenture and the Bondholders agree.

Notice of Default; Right to Investigate. The NTI Trustee shall give written notice to all Bondholders, any Swap Provider and to each Credit Issuer by first class mail of each Event of Default known to the NTI Trustee within 90 days (30 days in the case of notices to the Credit Issuers) after the NTI Trustee obtains actual knowledge of such Event of Default; provided that, except in the case of a default in payment of principal, interest or Redemption Price, the NTI Trustee may withhold such notice to the Bondholders (but not to any Swap Provider or the Credit Issuers) so long as it in good faith determines that such withholding is in the interest of the Bondholders. The NTI Trustee shall not be deemed to have notice of any Event of Default unless it has actual knowledge of such Event of Default or it has been notified in writing of such Event of Default by the Authority or by the holders of at least 50% in principal amount of the Bonds then Outstanding, any Swap Provider or any Credit Issuer. The NTI Trustee may, however, at any time require of the Authority full information as to the performance of any covenant under the NTI Indenture; and if information satisfactory to it is not forthcoming, the NTI Trustee may make or cause to be made, at the expense of the Authority, an investigation into the affairs of the Authority related to the NTI Indenture.

Obligation to Act on Defaults. The NTI Trustee shall be under no obligation to take any action in respect of any default or otherwise, except a default with respect to the payment of principal or interest as the same shall become due and payable at redemption or upon maturity, unless it is requested in writing to do so by the holders of at least 50% in principal amount of the Bonds then Outstanding and, if in its opinion such action may tend to involve expense or liability, unless it is also furnished with indemnity and security satisfactory to it.

NTI Trustee May Deal in Bonds. The NTI Trustee may in good faith buy, sell, own, hold and deal in any of the Bonds and may join in any action which any Bondholders may be entitled to take with like effect as if the NTI Trustee were not a party to the NTI Indenture. The NTI Trustee may also engage in or be interested in financial or other transactions with the Authority; provided that such transactions are not in conflict with its duties under the NTI Indenture.

Resignation of NTI Trustee. The NTI Trustee may resign and be discharged of the trusts created by the NTI Indenture by written resignation filed with the Secretary of the Authority not less than sixty (60) days before the date when such resignation is intended to take effect; provided that notice of any such resignation shall be mailed by the resigning NTI Trustee to the holders of all Outstanding Bonds at their registered addresses and each Credit Issuer not less than 30 days prior to the intended effective date of the resignation, and that no resignation shall take effect until a successor NTI Trustee has been appointed and has accepted such appointment. In case at any time the NTI Trustee shall resign and no appointment of a successor NTI Trustee shall be made pursuant to the foregoing provisions prior to the date specified in the notice of resignation as the date when such resignation shall take effect, the retiring NTI Trustee or any Bondholder may forthwith apply to a court of competent jurisdiction for the appointment of a successor NTI Trustee. Such court may thereupon (after such notice, if any, as it may deem proper and prescribe), appoint a successor NTI Trustee.

Removal of NTI Trustee. Any NTI Trustee may be removed at any time by an instrument appointing a successor to the NTI Trustee so removed, executed by the holders of a majority in principal amount of the Bonds then Outstanding and filed with the NTI Trustee, the Authority and each Credit Issuer. Any such removal shall be effective on the date on which a successor NTI Trustee has been appointed and has accepted such appointment. Notice of any such removal shall be mailed promptly by the Authority to the holders of all Outstanding Bonds at their registered addresses.

Appointment of Successor NTI Trustee. If the NTI Trustee or any successor NTI Trustee resigns or is removed or dissolved, or if its property or business is taken under the control of any state or federal court or administrative body, the Authority shall appoint a successor and shall mail or cause to be mailed notice of such appointment. If the Authority fails to make such appointment within 30 days, the appointment may be made by the holders of a majority in principal amount of the Bonds then Outstanding. Notice of any such appointment shall be mailed promptly by the successor NTI Trustee to the holders of all Outstanding Bonds at their registered addresses.

Qualification of Successor. A successor NTI Trustee shall be a national bank with trust powers, a banking association with trust powers, or a bank and trust company or a trust company organized under the laws of the Commonwealth, in each case having a combined net capital and surplus of at least $50,000,000 (or the obligations and liabilities of which are irrevocably and unconditionally guaranteed by an affiliated company having a combined net capital and surplus of at least $50,000,000).

Amendments and Supplements to the NTI Indenture

Amendments and Supplements Without Bondholders' Consent. The NTI Indenture may be amended or supplemented from time to time, without the consent of the Bondholders, but with the consent of the City by a Supplemental Indenture authorized by a certified resolution of the Authority filed with the NTI Trustee, for one or more of the following purposes: (a) to set forth such matters not inconsistent with the provisions of the NTI Indenture as may be necessary or appropriate in connection with the issuance of any series of Bonds; (b) to add additional covenants of the Authority or to surrender any right or power conferred upon the Authority; (c) to cure any ambiguity or to cure any defect in such manner as shall not be inconsistent with the provisions of the NTI Indenture; (d) to modify, supplement, alter or amend the provisions of the NTI Indenture in such manner as may be requested by a securities rating service in order to obtain a securities rating or ratings for any Bonds or to maintain or improve any such rating or ratings previously obtained; (e) to modify, supplement, alter or amend the provisions of the NTI Indenture in such manner as may be necessary or appropriate to conform the provisions of the NTI Indenture to the provisions of the NTI Service Agreement as it may be amended from time to time; or (f) to make such other changes as the Authority and the NTI Trustee deem appropriate; provided that the foregoing clause (f) shall not permit amendments or supplements to be made which materially adversely affect the security or the rights of Bondholders under the NTI Indenture.

Amendments with Bondholders' Consent. The NTI Indenture may be amended from time to time, with the consent of the City, by a Supplemental Indenture approved by the holders of at least 51% in aggregate principal amount of the Bonds then Outstanding; provided, that (a) no amendment shall be made which adversely affects the rights of some but less than all series of Bonds without the consent of the holders of at least 51% of the then Outstanding Bonds so affected, and (b) no amendment which alters the interest rates on or principal amounts of any Bonds, the maturities, interest Payment Dates, sinking fund payment dates or redemption provisions of any Bonds or the amendment and supplement provisions of the NTI Indenture may be made without the consent of the holders of all Outstanding Bonds adversely affected thereby.

Unless otherwise provided in an applicable Supplemental Indenture, a Credit Issuer of a Credit Facility securing a series of Bonds shall have the right to consent to amendments on behalf of and in lieu of the Owners of the Bonds of such Series (except with respect to the matters referred to in the proviso of the immediately preceding paragraph), so long as such Credit Issuer shall not be in default of its obligations under such Credit Facility.

NTI Trustee Authorized to Join in Amendments and Supplements; Reliance on Counsel. The NTI Trustee is authorized to join with the Authority in the execution and delivery of any Supplemental Indenture or amendment permitted by the NTI Indenture and in so doing shall be fully protected by an opinion of Counsel that such Supplemental Indenture or amendment is so permitted and has been duly authorized by the Authority and that all things necessary to make it a valid and binding agreement have been done.

Effect of Supplemental Indenture. Upon the execution of any Supplemental Indenture pursuant to the provisions of the NTI Indenture, the NTI Indenture shall be and be deemed to be modified and amended in accordance therewith and the respective rights, limitation of rights, obligations, duties and immunities under the NTI Indenture of the NTI Trustee, the Authority and the holders of Bonds issued under the NTI Indenture shall thereafter be determined, exercised and enforced under the NTI Indenture subject in all respects to the applicable provisions of the Supplemental Indenture so executed.

Amendments to NTI Indenture Requiring Consent of Swap Providers. Notwithstanding any provision to the contrary and whether or not an Event of Default shall have occurred or be continuing under the NTI Indenture, no provision of the NTI Indenture which affects the rights of Swap Providers may be amended without the prior written consent of each affected Swap Provider.

Amendments to NTI Service Agreement. The Authority may amend or supplement the NTI Service Agreement, to make such changes therein as may be deemed appropriate by the Authority and the City; provided, however, that the approval by the holders of at least 51% in aggregate principal amount of the Bonds then Outstanding shall be required for any amendment or supplement to the NTI Service Agreement that would materially adversely affect the security of the NTI Service Agreement or of the NTI Indenture or the rights of Bondholders under the NTI Indenture; and provided further, that the Authority shall not amend or supplement the NTI Service Agreement in any manner which would adversely affect the validity or enforceability of the NTI Service Agreement or the tax-exempt status of the interest on any Bonds issued under the NTI Indenture.

Unless otherwise provided in an applicable Supplemental Indenture, a Credit Issuer of a Credit Facility securing a series of Bonds shall have the right to consent to amendments on behalf of and in lieu of the Owners of the Bonds of such Series (except with respect to the matters referred to in the proviso of the immediately preceding paragraph), so long as such Credit Issuer shall not be in default of its obligations under such Credit Facility.

The NTI Trustee may require that the Authority provide an opinion of Counsel that such amendment or supplement to the NTI Service Agreement is permitted by the NTI Indenture and by the NTI Service Agreement and that all things necessary to make it a valid and binding agreement have been done, and the NTI Trustee shall be fully protected in relying on such opinion.

Defeasance

Defeasance. When all interest on, and principal or Redemption Price (as the case may be) of, all Bonds issued under the NTI Indenture have been paid, or there shall have been deposited with the NTI Trustee an amount, evidenced by moneys or "escrowed obligations" (as defined below) the principal of and interest on which, when due, will provide sufficient moneys to fully pay the Bonds at the maturity date or date fixed for redemption thereof, as well as all other sums payable under the NTI Indenture by the Authority, the right, title and interest of the NTI Trustee shall thereupon cease and the NTI Trustee, on demand of the Authority, shall release the NTI Indenture and all Supplemental Indentures and shall execute such documents to evidence such release as may be reasonably required by the Authority and shall turn over to the Authority or to such person, body or authority as may be entitled to receive the same all balances remaining in any funds under the NTI Indenture. For the purposes of the NTI Indenture, "escrowed obligations" shall mean the following, but only to the extent they are Investment Securities at the time of delivery to the NTI Trustee: (a) Government Obligations; (b) rights to receive the principal of or the interest on Government Obligations through (i) direct ownership, as evidenced by physical possession of such Government Obligations or unmatured interest coupons thereof or by registration as to ownership thereof on the books of the issuer or its duly authorized paying agent or transfer agent, or (ii) purchase of certificates or other instruments evidencing an undivided ownership interest in payments of the principal of or interest on Government Obligations; (c) debt obligations of any state or political subdivision thereof or any agency or instrumentality of such a state or political subdivision, provided that (i) the principal or redemption price of and interest on such obligations are secured by and payable from amounts received (without reinvestment) in respect of the principal of and interest on non-callable Government Obligations, (ii) such debt obligations are rated "AAA" by S&P, if S&P has assigned a rating to the Bonds, and "Aaa" by Moody's, if Moody's has assigned a rating to the Bonds (or, upon the discontinuation of both of the foregoing rating services, by such other nationally recognized rating service or services as may be acceptable to the NTI Trustee); and (d) with respect to the Bonds of any series such other Investment Securities as shall be specified as "escrowed obligations" in the Supplemental Indenture applicable thereto.

In the event the Authority deposits "escrowed obligations" with the NTI Trustee as provided in the NTI Indenture, the lien of the NTI Indenture shall not be defeased unless the NTI Trustee shall have received a report of an independent Certified Public Accountant verifying the sufficiency of such escrowed obligations.

The Authority may provide in a Supplemental Indenture for additional conditions to be satisfied in order to accomplish the defeasance of the lien of the NTI Indenture.

Deposit of Funds for Payment of Bonds. If the Authority deposits with the NTI Trustee moneys or "escrowed obligations" the principal of and interest on which, when due, are sufficient to pay the principal or Redemption Price of any particular Bond or Bonds becoming due, either at maturity or by call for redemption or otherwise, together with all interest accruing thereon to the due date, interest on the Bond or Bonds shall cease to accrue on the due date and all liability of the Authority with respect to such Bond or Bonds shall likewise cease, except as provided below; provided that if such Bonds are to be redeemed prior to maturity thereof, there shall have been taken all action necessary to call such Bonds for redemption and notice of such redemption shall have been duly given or provision satisfactory to the NTI Trustee shall have been made for the giving of such notice. Thereafter such Bond or Bonds shall be deemed not to be Outstanding under the NTI Indenture and the holder or holders of such Bond or Bonds shall be restricted exclusively to the funds so deposited for any claim of whatsoever nature with respect to such Bond or Bonds, and the NTI Trustee shall hold such funds in trust for such holder or holders.

Moneys deposited with the NTI Trustee which remain unclaimed six (6) years after the date payment thereof becomes due shall, at the direction of the Authority, if the Authority is not at the time to the knowledge of the NTI Trustee in default with respect to any covenant in the NTI Indenture or the Bonds contained, be paid to the Authority for and on account of the City; and the holders of the Bonds for which the deposit was made shall thereafter be limited to a claim against the Authority; provided, however, that before making any such payment to the Authority, the NTI Trustee shall, at the expense of the Authority, give notice to holders of such Bonds by first class mail stating that moneys remain unclaimed and that, after a date named in said notice, which date shall be not less than thirty (30) days after the date of mailing of such notice, the balance of such moneys then unclaimed will be paid to the Authority.

Miscellaneous Provisions

Limitations on Recourse. No personal recourse shall be had for any claim based on the NTI Indenture or the Bonds or any Credit Facility or Swap Agreement against any member, officer or employee, past, present or future, of the Authority or of any successor body as such, either directly or through the Authority or any such successor body, under any constitutional provision, statute or rule of law or by the enforcement of any assessment or penalty or otherwise. The Bonds, the Credit Facility Payment Obligations and the Swap Payment Obligations are payable solely from the NTI Trust Estate held under the NTI Indenture for such purpose. There shall be no other recourse under the Bonds, the NTI Indenture, any Credit Facility, any Swap Agreement or otherwise against the Authority or any other property now or hereafter owned by it and, upon entry of any judgment, the judgment creditor or creditors shall request the Prothonotary (or any successor official) to mark the judgment index accordingly.

References to the Credit Issuer. References to any Credit Issuer in the NTI Indenture or in any Supplemental Indenture shall be deemed inapplicable at any time that (A)(i) no Credit Facility issued by such Credit Issuer is in effect with respect to Bonds and (ii) no amount is owing to such Credit Issuer by the Authority or (B) such Credit Issuer is in default of its payment obligations under the Credit Facility issued by it.

THE NTI SERVICE AGREEMENT

Appointment of Authority as Agent

Under the NTI Service Agreement, the City appoints and designates the Authority as the City's agent within the Authority's field of operation to administer the NTI Program and to perform any element thereof in accordance with the terms of the NTI Service Agreement, and the Authority accepts the foregoing appointment and designation and, in consideration of the NTI Service Fee, agrees to administer the NTI Program and implement such elements thereof as the City shall from time to time direct.

Additional Bonds

Upon the written request of the Director of Finance of the City, the Authority may, but shall have no obligation to, issue Additional Bonds to pay Costs of the NTI Program, including Costs of Issuance of such Additional Bonds. In connection with the issuance of Additional Bonds, the Authority and the City shall enter into a supplement to the NTI Service Agreement providing for an increase in the NTI Service Fee payable thereunder to pay the amounts required for principal or Redemption Price of and interest on such Additional Bonds, subject to the provisions of the Original NTI Ordinance or any ordinance subsequently enacted by City Council relating to the financing of the NTI Program.

NTI Service Fee

In consideration of the undertakings by the Authority under the NTI Service Agreement with respect to the NTI Program, the City agrees to pay as a NTI Service Fee in each Fiscal Year directly to the NTI Trustee, as the assignee of the Authority, the following sums:

a) The Annual Debt Service Requirement for such Fiscal Year, payable as follows:

(i) On or before the second Business Day prior to the date such amount is required to be paid to the holders of the Bonds, the amount which is equal to the principal or mandatory Redemption Price of the Bonds becoming due on the immediately succeeding principal maturity or mandatory redemption date, subject to credit for other available funds in the manner provided in the NTI Indenture.

(ii) On or before the second Business Day prior to the date such amount is required to be paid to the holders of the Bonds, the amount which is equal to interest on the Bonds becoming due on the immediately succeeding interest Payment Date, subject to credit for other available funds in the manner provided in the NTI Indenture.

(iii) On or before the dates specified in any Credit Facility or Swap Agreement, the amounts which are equal to any Credit Facility Payment Obligations or Swap Payment Obligations becoming due on such dates, subject to credit for other available funds in the manner provided in the NTI Indenture.

(iv) Notwithstanding any other provision of the NTI Service Agreement, an acceleration of the Authority's payment obligations with respect to the Bonds, including any Additional Bonds, issued pursuant to the NTI Indenture shall not cause an acceleration of the payment of the NTI Service Fee or with respect to any Credit Facility Payment Obligation or Swap Payment Obligation thereunder.

b) On or before the dates required by the NTI Indenture, the amounts which are necessary to restore any deficiency in the debt service reserve fund, if any, established under the NTI Indenture.

In lieu of the portion of the payments due under subsection (a)(i) above, the City, or at its written direction, the NTI Trustee, may purchase for cancellation Bonds of the Series and term next becoming due at maturity or upon mandatory redemption, subject to the applicable requirements set forth in the NTI Indenture.

In no event shall the portion of the NTI Service Fee payable with respect to the Annual Debt Service Requirement in accordance with subsection (a) above in any Fiscal Year exceed $20,000,000 for any Bonds issued by the Authority for the NTI Program unless a higher Annual Debt Service Requirement shall have been approved by an ordinance of the City in accordance with the terms of the NTI Service Agreement.

The NTI Service Fee shall be payable only out of the current revenues of the City, and the City agrees to provide for the payment of the NTI Service Fee and include the same in its annual operating budget for each year. If the current revenues are insufficient to pay the total NTI Service Fee in any Fiscal Year as the same becomes due and payable, the City covenants to include amounts not so paid in its operating budget for the ensuing Fiscal Year in order to provide sufficient current revenues to pay in each ensuing year such balance due in addition to the amount of NTI Service Fee due for such ensuing year.

The City covenants to make appropriations in each of its Fiscal Years in such amounts as shall be required in order to make all NTI Service Fee payments due and payable under the NTI Service Agreement in each of the City's Fiscal Years.

No Set-Off

The obligation of the City to make the payments required under the NTI Service Agreement shall be absolute and unconditional. The City will pay without suspension, abatement, reduction, abrogation, waiver or diminution all payments required thereunder regardless of any cause or circumstance whatsoever, which may now exist or may hereafter arise, including, without limitation, any defense, set-off, recoupment or counterclaim which the City may have or assert against the Authority, the NTI Trustee, any Bondholder or any other person.

City to Perform Certain Covenants Under NTI Indenture

The City acknowledges that it has received an executed copy of the NTI Indenture, and that it is familiar with its provisions, and agrees to be bound to the fullest extent permitted by law to all provisions thereof directly or indirectly relating to it, and that, in consideration of the service of the Authority rendered to the City under the NTI Service Agreement, it will take all such actions as are required of it under the NTI Indenture to preserve and protect the rights of the NTI Trustee, the Bondholders, the Credit Issuers and the Swap Providers thereunder and that it will not take or effect any action which would cause a default thereunder or impair such rights. Under the NTI Service Agreement, the City assumes and agrees to perform all of the covenants and other obligations of the Authority under the NTI Indenture, excepting only any approvals or consents required to be given by the Authority, and those covenants contained in the NTI Indenture which are not within the control of the City.

Events of Default under the NTI Service Agreement

Each of the following shall constitute an Event of Default under the NTI Service Agreement: (a) the failure of the City to make any payment to the NTI Trustee of the NTI Service Fee due pursuant to the NTI Service Agreement; (b) the failure of the City to make any other payment or to perform any other covenant, condition or agreement in the NTI Service Agreement on its part to be performed; and (c) if the City proposes or makes an assignment for the benefit of creditors or a composition agreement with all or a material part of its creditors, or a trustee, receiver, executor, conservator, liquidator, sequestrator or other judicial representative, similar or dissimilar, is appointed for the City or any of its assets or revenues, or there is commenced any proceeding in liquidation, bankruptcy, reorganization, arrangement of debts, debtor rehabilitation, creditor adjustment or insolvency, state or federal, by or against the City and if such is not vacated, dismissed or stayed on appeal within sixty (60) days (provided that any such assignment, agreement, appointment or proceeding commenced under the First Class City Revenue Bond Act or the Municipal Utility Inventory and Receivables Act, and/or any acceleration of the payment obligations in respect of any bonds, notes or other evidence of indebtedness issued under either aforementioned Act, shall not be an Event of Default under the NTI Service Agreement).

Notice of Defaults; Opportunity to Cure Such Defaults

No default under paragraph (a) of the previous section shall constitute an Event of Default if the City's failure to make any payment due under the NTI Service Agreement is cured within two (2) Business Days after the due date of the payment; provided, however, that in no event shall such cure period extend beyond the date and time the payment is due to the Bondholders or any Credit Issuer or Swap Provider.

No default under paragraph (b) of the previous section shall constitute an Event of Default until actual notice of such default by registered or certified mail shall be given to the City by the Authority or the NTI Trustee and the City shall have had 30 days after receipt of such notice to correct the default and shall not have corrected it; provided, however, if the default cannot be corrected within such 30-day period, it shall not constitute an Event of Default if corrective action is instituted by the City within the period and diligently pursued until the default is corrected.

Remedies

If any Event of Default shall occur and be continuing, the Authority (or the NTI Trustee as assignee of the Authority) may at its option exercise any one or more of the following remedies: (a) by mandamus, or other suit, action or proceeding at law or in equity, enforce all rights of the Authority, and require the City to perform its duties and obligations under the NTI Service Agreement; (b) by action or suit in equity require the City to account as if it were the trustee of an express trust for the Authority; or (c) by action or suit in equity enjoin any acts or things which may be unlawful or in violation of the rights of the Authority.

In no event (including an acceleration of the Authority's payment obligations under the Bonds or any Additional Bonds issued under the NTI Indenture or with respect to any Credit Facility Payment Obligation or Swap Payment Obligation) shall the due dates for payments of the NTI Service Fee be accelerated.

Termination

The NTI Service Agreement shall terminate on such date as the principal or redemption price of and interest on all Bonds and all other amounts required under the NTI Indenture to be paid and all other expenses payable by the City under the NTI Service Agreement shall have been paid (or provision for such payment shall have been made as provided in the NTI Indenture) and all other conditions of the NTI Service Agreement and the NTI Indenture shall have been fully satisfied.

Amendments and Supplements to the NTI Service Agreement

If the Authority issues Additional Bonds as contemplated by the NTI Indenture, the Authority and the City shall execute an appropriate supplement or amendment to the NTI Service Agreement. In addition, the parties from time to time may enter into any written amendments (which thereafter shall form a part of the NTI Service Agreement) as shall not adversely affect the rights of or the security of the holders of the Bonds, only for the following purposes: (a) to cure any ambiguity, defect, or inconsistency or omission in the NTI Service Agreement or in any amendment; (b) to grant to or confer upon the Authority or the NTI Trustee any additional rights, remedies, powers, authority or security that lawfully may be granted to or conferred upon the Authority or the NTI Trustee; (c) to reflect a change in applicable law; (d) to modify the NTI Program; or (e) to provide terms not inconsistent with the NTI Indenture or the NTI Service

Agreement; provided, however, that the NTI Service Agreement as so amended or supplemented shall provide at least the same security for holders of Bonds issued under the NTI Indenture as the NTI Service Agreement in its current form.

All other amendments must be approved by the NTI Trustee and, to the extent required by the NTI Indenture, by the Bondholders also, in the same manner and to the same extent as is set forth in the NTI Indenture.

Any amendment or supplement to the NTI Service Agreement (other than an amendment or supplement relating to a series of Additional Bonds which does not cause the Annual Debt Service Requirement to exceed $20,000,000) shall be approved by ordinance of the City Council of the City and a copy of any such amendment or supplement, together with a copy of such ordinance, certified by the Clerk of the City Council, shall be filed with the NTI Trustee.

[THIS PAGE INTENTIONALLY LEFT BLANK]

APPENDIX F

PROPOSED FORMS OF APPROVING OPINIONS OF CO-BOND COUNSEL

May 25, 2023

RE: PHILADELPHIA REDEVELOPMENT AUTHORITY
$79,470,000 City Service Agreement Revenue Bonds, Series A of 2023 (City of Philadelphia Neighborhood Preservation Initiative) (Federally Taxable Social Bonds) and
$19,985,000 City Service Agreement Revenue Bonds, Series B of 2023 (City of Philadelphia Neighborhood Preservation Initiative) (Tax-Exempt Social Bonds)

TO THE PURCHASERS OF THE 2023 BONDS:

We have served as Co-Bond Counsel to the Philadelphia Redevelopment Authority (the "Authority") in connection with the issuance of $79,470,000 aggregate principal amount of its City Service Agreement Revenue Bonds, Series A of 2023 (City of Philadelphia Neighborhood Preservation Initiative) (Federally Taxable Social Bonds) (the "2023A Bonds") and $19,985,000 aggregate principal amount of its City Service Agreement Revenue Bonds, Series B of 2023 (City of Philadelphia Neighborhood Preservation Initiative) (Tax-Exempt Social Bonds) (the "2023B Bonds," and together with the 2023A Bonds, the "2023 Bonds"). The 2023 Bonds are being issued under and pursuant to the Pennsylvania Urban Redevelopment Law, Act No. 385 of the General Assembly of the Commonwealth of Pennsylvania (the "Commonwealth") approved May 24, 1945 (P.L. 991), as amended and supplemented (the "Act"), and a Trust Indenture dated as of October 1, 2021 (the "Original NPI Indenture"), as supplemented by a First Supplemental Indenture dated as of May 1, 2023 (the "First Supplemental NPI Indenture," and together with the Original NPI Indenture, the "NPI Indenture"), each between the Authority and U.S. Bank Trust Company, National Association, successor in interest to U.S. Bank National Association, as trustee (the "NPI Trustee"), and pursuant to a resolution of the Authority adopted on March 8, 2023 authorizing the issuance of the 2023 Bonds (the "Resolution"). Simultaneously with the issuance of the 2023 Bonds, the Authority is issuing its $24,625,000 City Service Agreement Revenue Refunding Bonds, Series C of 2023 (City of Philadelphia Neighborhood Transformation Initiative) (Tax-Exempt) (the "2023C Bonds," and together with the 2023B Bonds, the "Tax-Exempt Bonds"). The 2023C Bonds are being issued and secured pursuant to a separate trust indenture but are part of the same issue of bonds as the 2023B Bonds for purposes of Sections 103 and 141 through 150 of the Code (hereafter defined).

The 2023 Bonds of each series will bear interest at fixed rates and will be issued only as fully registered bonds in denominations of $5,000 and any integral multiples of $5,000 in excess thereof. The 2023 Bonds are subject to redemption as described in the NPI Indenture.

The 2023 Bonds are being issued to finance a project (the "2023 NPI Project") consisting of the (a) payment of certain costs of housing, small business, commercial corridors, and neighborhood infrastructure programs referred to as the "Neighborhood Preservation Initiative" in the City of Philadelphia (the "City") as further described in the Ordinance (as defined herein); and (b) payment of costs of issuance of the 2023 Bonds.

Pursuant to a Service Agreement dated as of October 1, 2021 (the "Original NPI Service Agreement"), as supplemented by a First Supplemental Service Agreement dated as of May 1, 2023 (the "First Supplemental NPI Service Agreement," and together with the Original NPI Service Agreement, the "NPI Service Agreement"), each between the Authority and the City, the City is required to pay to the

NPI Trustee, as assignee of the Authority, service fee payments sufficient to pay, among other things, debt service on the 2023 Bonds when due and payable. Under the NPI Indenture, the Authority has assigned to, and granted to the NPI Trustee, a security interest in, all of the right, title and interest of the Authority in and to, among other things, such service fee payments.

The City Council of the City by Ordinance (Bill No. 210203), adopted May 13, 2021, and approved by the Mayor of the City on May 27, 2021 (the "Ordinance"), authorized and approved, among other things, the execution and delivery of the NPI Service Agreement and approved the issuance by the Authority of Obligations (as defined in the Ordinance), which Obligations include the 2023 Bonds, for the purposes further described in the Ordinance.

We have examined the proceedings relating to the authorization and issuance of the 2023 Bonds and the 2023C Bonds, including, among other things: (a) the Act, the Pennsylvania Redevelopment Cooperation Law, Act No. 383 of the General Assembly of the Commonwealth approved May 24, 1945 (P.L. 982), as amended and supplemented, and the Articles of Incorporation and By-Laws of the Authority; (b) a certified copy of the Resolution; (c) executed counterparts of the NPI Indenture and the NPI Service Agreement; (d) a certified copy of the Ordinance; (e) the opinion of Turner Law, P.C., Special Counsel to the Authority, and the opinion of Diana Cortes, City Solicitor, each dated the date hereof and on each of which we have relied; (f) various certificates executed by the Authority, the City and/or the NPI Trustee including certificates as to the authentication and delivery of the 2023 Bonds and a certificate with regard to Sections 103 and 141 through 150 of the Internal Revenue Code of 1986, as amended (the "Code") with respect to the Tax-Exempt Bonds; (g) the Form 8038-G of the Authority with respect to the Tax-Exempt Bonds; (h) the Amended and Restated Intergovernmental Cooperation Agreement, dated May 25, 2023, between the City and the Authority with respect to expenditures related to the 2023 NPI Project; and (i) such other constitutional and statutory provisions and such other agreements, resolutions, certificates, instruments and documents as we have deemed necessary or appropriate in order to enable us to render the opinions set forth herein. We have also examined a fully executed and authenticated 2023 Bond of each series, and we assume all other 2023 Bonds are in such respective forms and are similarly executed and authenticated.

In rendering our opinion, we have assumed the accuracy of, and have not undertaken to verify by investigation the factual matters set forth in such agreements, resolutions, certificates, instruments, and other documents which are referred to above and have relied on the covenants, warranties and representations made by the Authority, the NPI Trustee and the City in such certificates and in the NPI Indenture, the NPI Service Agreement and other financing documents, and no inference as to our knowledge of the existence or absence of those facts should be drawn from our representation of the Authority.

In addition, we have assumed the genuineness of all signatures, the authenticity of all documents submitted to us as originals, the conformity with originals of all documents submitted to us as copies and the authenticity of certificates of public officials. We have also assumed that the NPI Indenture has been duly authorized by the NPI Trustee and is a legally binding obligation of, and enforceable in accordance with its terms against, the NPI Trustee.

From our examination of the foregoing and such other items as we deem relevant, we are of the opinion that:

1. The Authority is validly existing under the Act and has the power to issue the 2023 Bonds for the purpose of financing the 2023 NPI Project.

2. The 2023 Bonds have been duly authorized, executed and delivered by the Authority, are entitled to the benefit and security of the NPI Indenture, and are valid and binding special limited obligations of the Authority, payable as to principal, interest and all other obligations thereunder solely from, and enforceable only against, the revenues and receipts derived from the Trust Estate (as defined in the NPI Indenture and which includes the Revenues described therein), except as such enforcement may be limited by laws relating to bankruptcy, insolvency, reorganization, receivership, arrangement, moratorium and other laws affecting creditors' rights, by equitable principles, whether considered at law or in equity, and by the exercise of judicial discretion in appropriate cases.

3. The Authority has the power to enter into the First Supplemental NPI Indenture and the First Supplemental NPI Service Agreement, each of which has been duly authorized, executed and delivered by the Authority, and which are enforceable against the Authority in accordance with their respective terms, except as such enforcement may be limited by laws relating to bankruptcy, insolvency, reorganization, receivership, arrangement, moratorium and other laws affecting creditors' rights, by equitable principles, whether at law or in equity, and by the exercise of judicial discretion in appropriate cases.

4. The City has the power to enter into the First Supplemental NPI Service Agreement, which has been duly authorized, executed and delivered by the City, and which is enforceable against the City in accordance with its terms, except as such enforcement may be limited by laws relating to bankruptcy, insolvency, reorganization, receivership, arrangement, moratorium and other laws affecting creditors' rights, by equitable principles, whether at law or in equity, and by the exercise of judicial discretion in appropriate cases.

5. Interest on the 2023B Bonds will be excluded from gross income for purposes of federal income taxation under existing statutes, regulations, rulings and court decisions. The opinion set forth in the preceding sentence is subject to the condition that each of the Authority and the City complies with all applicable federal income tax law requirements that must be satisfied subsequent to the issuance of the Tax-Exempt Bonds in order that interest on the 2023B Bonds continues to be excluded from gross income for purposes of federal income taxation. The Authority and the City have covenanted to comply with all such requirements. Failure to comply with certain of such requirements could cause the interest on the 2023B Bonds to be includable in gross income retroactive to the date of issuance of the Tax-Exempt Bonds. Interest on the 2023B Bonds is not treated as an item of tax preference under Section 57 of the Code for purposes of the federal alternative minimum tax; however, such interest is taken into account in determining the annual adjusted financial statement income of "applicable corporations" (as defined in Section 59(k) of the Code) for the purpose of computing the alternative minimum tax imposed on applicable corporations for tax years beginning after December 31, 2022.

6. Under the laws of the Commonwealth, as enacted and construed on the date hereof, the interest on the 2023 Bonds is exempt from Pennsylvania personal income tax and Pennsylvania corporate net income tax.

We express no opinion regarding any other tax consequences related to the ownership or disposition of, or the amount, accrual or receipt of interest on, the 2023 Bonds.

We express no opinion herein on the adequacy, completeness or accuracy of any official statement, placement memorandum or other disclosure document pertaining to the offering of the 2023 Bonds. We also express no opinion as to the validity or enforceability of any provision which purports to require that provisions of an agreement may be amended or waived only in writing or as to the availability of specific performance or other equitable relief.

We call to your attention that the 2023 Bonds do not pledge the general credit or taxing power of the Commonwealth or any political subdivision, agency or instrumentality of the Commonwealth, nor shall the Commonwealth or any political subdivision, agency or instrumentality thereof be liable for the payment of the principal of or interest on the 2023 Bonds (other than the Authority, to the limited extent described herein).

This opinion is limited to the laws of the United States and the Commonwealth as in effect on the date hereof, and we express no opinion with respect to the laws of any other state or jurisdiction.

This opinion is limited to the matters expressly stated herein. No implied opinions are to be inferred to extend this opinion beyond the matters expressly stated herein. This opinion is expressed as of the date hereof, and we express no opinion as to any matter not set forth in the numbered paragraphs herein. We do not assume any obligation to update or supplement this opinion to reflect, or to otherwise advise you of, any facts or circumstances which may hereafter come to our attention or any changes in facts, circumstances or law which may hereafter occur. This opinion is rendered solely for your benefit and may be relied upon by you solely in connection with the issuance of the 2023 Bonds and may not be relied upon by you for any other purpose, or by any other person for any purpose, in each case without our written consent.

Very truly yours,

May 25, 2023

RE: PHILADELPHIA REDEVELOPMENT AUTHORITY
$24,625,000 City Service Agreement Revenue Refunding Bonds, Series C of 2023 (City of Philadelphia Neighborhood Transformation Initiative) (Tax-Exempt)

TO THE PURCHASERS OF THE 2023C BONDS:

We have served as Co-Bond Counsel to the Philadelphia Redevelopment Authority (the "Authority") in connection with the issuance of $24,625,000 aggregate principal amount of its City Service Agreement Revenue Refunding Bonds, Series C of 2023 (City of Philadelphia Neighborhood Transformation Initiative) (Tax-Exempt) (the "2023C Bonds"). The 2023C Bonds are being issued under and pursuant to the Pennsylvania Urban Redevelopment Law, Act No. 385 of the General Assembly of the Commonwealth of Pennsylvania (the "Commonwealth") approved May 24, 1945 (P.L. 991), as amended and supplemented (the "Act"), and a Trust Indenture dated as of April 15, 2002, as supplemented (the "Original NTI Indenture"), including by a Sixth Supplemental Indenture dated as of May 1, 2023 (the "Sixth Supplemental NTI Indenture," and together with the Original NTI Indenture, the "NTI Indenture"), each between the Authority and TD Bank N.A., as successor to Commerce Bank/Pennsylvania, National Association, as trustee (the "NTI Trustee"), and pursuant to a resolution of the Authority adopted on March 8, 2023 authorizing the issuance of the 2023C Bonds (the "Resolution"). Simultaneously with the issuance of the 2023C Bonds, the Authority is issuing its $79,470,000 City Service Agreement Revenue Bonds, Series A of 2023 (City of Philadelphia Neighborhood Preservation Initiative) (Federally Taxable Social Bonds) (the "2023A Bonds") and $19,985,000 City Service Agreement Revenue Bonds, Series B of 2023 (City of Philadelphia Neighborhood Preservation Initiative) (Tax-Exempt Social Bonds) (the "2023B Bonds," and together with the 2023A Bonds, the "2023 NPI Bonds"). The 2023C Bonds and the 2023B Bonds are collectively referred to herein as the "Tax-Exempt Bonds." The 2023 NPI Bonds are being issued and secured pursuant to a separate trust indenture but the 2023B Bonds are part of the same issue of bonds as the 2023C Bonds for purposes of Sections 103 and 141 through 150 of the Code (hereafter defined).

The 2023C Bonds will bear interest at fixed rates and will be issued only as fully registered bonds in denominations of $5,000 and any integral multiples of $5,000 in excess thereof. The 2023C Bonds are not subject to redemption prior to their stated maturities.

The 2023C Bonds are being issued to finance a project (the "Refunding Project") consisting of the (a) current refunding of the Authority's outstanding Revenue Refunding Bonds, Series 2012 (City of Philadelphia Neighborhood Transformation Initiative) maturing on April 15 in the years 2024 through 2026 inclusive (the "Refunded Bonds"), and (b) payment of costs of issuance of the 2023C Bonds.

Pursuant to a Service Agreement dated as of April 15, 2002 (the "Original NTI Service Agreement"), as previously supplemented and as further supplemented by a Fifth Supplemental Service Agreement dated as of May 1, 2023 (the "Fifth Supplemental NTI Service Agreement," and together with the Original NTI Service Agreement, as previously supplemented, the "NTI Service Agreement"), each between the Authority and The City of Philadelphia (the "City"), the City is required to pay to the NTI Trustee, as assignee of the Authority, service fee payments sufficient to pay, among other things, debt service on the 2023C Bonds when due and payable. Under the NTI Indenture, the Authority has assigned to, and granted to the NTI Trustee, a security interest in, all of the right, title and interest of the Authority in and to, among other things, such service fee payments.

The City Council of the City: (i) by Ordinance (Bill No. 020036) passed by City Council on February 28, 2002 and approved by the Mayor of the City on March 13, 2002 (the "Original NTI Ordinance") authorized and approved, among other things, the execution and delivery of the Original NTI Service Agreement and certain supplements thereto; (ii) by Ordinance (Bill No. 110733) passed by City Council on December 8, 2011 and approved by the Mayor of the City on December 21, 2011 (the "2011 Ordinance"), authorized and approved the issuance by the Authority of certain refunding bonds and the execution and delivery of one or more supplements to the Original NTI Service Agreement; and (iii) by Ordinance (Bill No. 230251) passed by the City Council on May 11, 2023 and approved by the Mayor on May 15, 2023 (the "Refunding Ordinance," and together with the Original NTI Ordinance and 2011 Ordinance, the "NTI Ordinances"), authorized and approved the issuance by the Authority of certain refunding bonds, including the 2023C Bonds, and the execution and delivery of the one or more supplements to the Original NTI Service Agreement in connection with the issuance of the 2023C Bonds.

We have examined the proceedings relating to the authorization and issuance of the 2023C Bonds and the 2023 NPI Bonds, including, among other things: (a) the Act, the Pennsylvania Redevelopment Cooperation Law, Act No. 383 of the General Assembly of the Commonwealth approved May 24, 1945 (P.L. 982), as amended and supplemented, and the Articles of Incorporation and By-Laws of the Authority; (b) a certified copy of the Resolution; (c) executed counterparts of the NTI Indenture and the NTI Service Agreement; (d) certified copies of the NTI Ordinances; (e) the opinion of Turner Law, P.C., Special Counsel to the Authority, and the opinion of Diana Cortes, City Solicitor, each dated the date hereof and on each of which we have relied; (f) various certificates executed by the Authority, the City and/or the NTI Trustee including certificates as to the authentication and delivery of the 2023C Bonds and a certificate with regard to Sections 103 and 141 through 150 of the Internal Revenue Code of 1986, as amended (the "Code") with respect to the Tax-Exempt Bonds; (g) the Escrow Deposit Agreement, dated the date hereof, among the Authority, the City and the NTI Trustee, as escrow agent, and the verification report of Arbitrage Rebate Services, Inc., and the concurring letter of Terry M. Patteson, Certified Public Accountant, dated the date hereof, each with respect to the refunding of the Refunded Bonds; (h) the Form 8038-G of the Authority with respect to the Tax-Exempt Bonds; and (h) such other constitutional and statutory provisions and such other agreements, resolutions, certificates, instruments and documents as we have deemed necessary or appropriate in order to enable us to render the opinions set forth herein. We have also examined a fully executed and authenticated 2023C Bond, and we assume all other 2023C Bonds are in such respective forms and are similarly executed and authenticated.

In rendering our opinion, we have assumed the accuracy of, and have not undertaken to verify by investigation the factual matters set forth in such agreements, resolutions, certificates, instruments, and other documents which are referred to above and have relied on the covenants, warranties and representations made by the Authority, the NTI Trustee and the City in such certificates and in the NTI Indenture, the NTI Service Agreement and other financing documents, and no inference as to our knowledge of the existence or absence of those facts should be drawn from our representation of the Authority.

In addition, we have assumed the genuineness of all signatures, the authenticity of all documents submitted to us as originals, the conformity with originals of all documents submitted to us as copies and the authenticity of certificates of public officials. We have also assumed that the NTI Indenture has been duly authorized by the NTI Trustee and is a legally binding obligation of, and enforceable in accordance with its terms against, the NTI Trustee.

From our examination of the foregoing and such other items as we deem relevant, we are of the opinion that:

1. The Authority is validly existing under the Act and has the power to issue the 2023C Bonds for the purpose of financing the Refunding Project.

2. The 2023C Bonds have been duly authorized, executed and delivered by the Authority, are entitled to the benefit and security of the NTI Indenture, and are valid and binding special limited obligations of the Authority, payable as to principal, interest and all other obligations thereunder solely from, and enforceable only against, the revenues and receipts derived from the Trust Estate (as defined in the NTI Indenture and which includes the Revenues described therein), except as such enforcement may be limited by laws relating to bankruptcy, insolvency, reorganization, receivership, arrangement, moratorium and other laws affecting creditors' rights, by equitable principles, whether considered at law or in equity, and by the exercise of judicial discretion in appropriate cases.

3. The Authority has the power to enter into the Sixth Supplemental NTI Indenture and the Fifth Supplemental NTI Service Agreement, each of which has been duly authorized, executed and delivered by the Authority, and which are enforceable against the Authority in accordance with their respective terms, except as such enforcement may be limited by laws relating to bankruptcy, insolvency, reorganization, receivership, arrangement, moratorium and other laws affecting creditors' rights, by equitable principles, whether at law or in equity, and by the exercise of judicial discretion in appropriate cases.

4. The City has the power to enter into the Fifth Supplemental NTI Service Agreement, which has been duly authorized, executed and delivered by the City, and which is enforceable against the City in accordance with its terms, except as such enforcement may be limited by laws relating to bankruptcy, insolvency, reorganization, receivership, arrangement, moratorium and other laws affecting creditors' rights, by equitable principles, whether at law or in equity, and by the exercise of judicial discretion in appropriate cases.

5. Interest on the 2023C Bonds will be excluded from gross income for purposes of federal income taxation under existing statutes, regulations, rulings and court decisions. The opinion set forth in the preceding sentence is subject to the condition that each of the Authority and the City complies with all applicable federal income tax law requirements that must be satisfied subsequent to the issuance of the Tax-Exempt Bonds in order that interest on the 2023C Bonds continues to be excluded from gross income for purposes of federal income taxation. The Authority and the City have covenanted to comply with all such requirements. Failure to comply with certain of such requirements could cause the interest on the 2023C Bonds to be includable in gross income retroactive to the date of issuance of the Tax-Exempt Bonds. Interest on the 2023C Bonds is not treated as an item of tax preference under Section 57 of the Code for purposes of the federal alternative minimum tax; however, such interest is taken into account in determining the annual adjusted financial statement income of "applicable corporations" (as defined in Section 59(k) of the Code) for the purpose of computing the alternative minimum tax imposed on applicable corporations for tax years beginning after December 31, 2022.

6. Under the laws of the Commonwealth, as enacted and construed on the date hereof, the interest on the 2023C Bonds is exempt from Pennsylvania personal income tax and Pennsylvania corporate net income tax.

We express no opinion regarding any other tax consequences related to the ownership or disposition of, or the amount, accrual or receipt of interest on, the 2023C Bonds.

We express no opinion herein on the adequacy, completeness or accuracy of any official statement, placement memorandum or other disclosure document pertaining to the offering of the 2023C Bonds. We also express no opinion as to the validity or enforceability of any provision which purports to require that provisions of an agreement may be amended or waived only in writing or as to the availability of specific performance or other equitable relief.

We call to your attention that the 2023C Bonds do not pledge the general credit or taxing power of the Commonwealth or any political subdivision, agency or instrumentality of the Commonwealth, nor shall the Commonwealth or any political subdivision, agency or instrumentality thereof be liable for the payment of the principal of or interest on the 2023C Bonds (other than the Authority, to the limited extent described herein).

This opinion is limited to the laws of the United States and the Commonwealth as in effect on the date hereof, and we express no opinion with respect to the laws of any other state or jurisdiction.

This opinion is limited to the matters expressly stated herein. No implied opinions are to be inferred to extend this opinion beyond the matters expressly stated herein. This opinion is expressed as of the date hereof, and we express no opinion as to any matter not set forth in the numbered paragraphs herein. We do not assume any obligation to update or supplement this opinion to reflect, or to otherwise advise you of, any facts or circumstances which may hereafter come to our attention or any changes in facts, circumstances or law which may hereafter occur. This opinion is rendered solely for your benefit and may be relied upon by you solely in connection with the issuance of the 2023C Bonds and may not be relied upon by you for any other purpose, or by any other person for any purpose, in each case without our written consent.

Very truly yours,

APPENDIX G

FORM OF CONTINUING DISCLOSURE AGREEMENT

This Continuing Disclosure Agreement (the "Agreement") dated as of May 25, 2023, is entered into by and between The City of Philadelphia, Pennsylvania ("City") and Digital Assurance Certification, L.L.C., as dissemination agent ("Dissemination Agent"), in connection with the issuance and sale by the Philadelphia Redevelopment Authority (the "Authority") of its (i) $79,470,000 aggregate principal amount City Service Agreement Revenue Bonds, Series A of 2023 (City of Philadelphia Neighborhood Preservation Initiative) (Federally Taxable Social Bonds) (the "2023A Bonds"), (ii) $19,985,000 aggregate principal amount City Service Agreement Revenue Bonds, Series B of 2023 (City of Philadelphia Neighborhood Preservation Initiative) (Tax-Exempt Social Bonds) (the "2023B Bonds"), and (iii) $24,625,000 aggregate principal amount City Service Agreement Revenue Refunding Bonds, Series C of 2023 (City of Philadelphia Neighborhood Transformation Initiative) (Tax-Exempt) (the "2023C Bonds," and together with the 2023A Bonds and 2023B Bonds, the "Bonds"). Capitalized terms used in this Agreement which are not otherwise defined herein shall have the meanings given to such terms in the Official Statement (as defined herein) or the Indentures (as defined in the Official Statement), as applicable.

The Bonds are being issued pursuant to the provisions of (i) the Act, (ii) the Ordinances, (iii) the Resolution, and (iv) the Indentures.

In consideration of the mutual covenants, promises and agreements contained herein and intending to be legally bound hereby, the parties hereto agree as follows:

ARTICLE I

The Undertaking

Section 1.1. Purpose. This Agreement is being executed and delivered by the City solely to assist the Underwriters in complying with subsection (b)(5) of the Rule.

Section 1.2. Annual Financial Information. (a) Commencing with the Fiscal Year ending June 30, 2023, the Disclosure Representative shall deliver to the Dissemination Agent no later than February 28, 2024, and no later than each succeeding February 28 thereafter, Annual Financial Information with respect to each Fiscal Year of the City. The Dissemination Agent shall promptly upon receipt thereof file the Annual Financial Information with EMMA.

(b) The Dissemination Agent shall provide, in a timely manner, notice of any failure of the City to provide the Annual Financial Information by the date specified in subsection (a) hereof.

Section 1.3. Audited Financial Statements. If not provided as part of Annual Financial Information by the date required by Section 1.2(a) hereof, the Disclosure Representative shall provide Audited Financial Statements, when and if available, to the Dissemination Agent. The Dissemination Agent shall promptly upon receipt thereof file such Audited Financial Statements with EMMA.

Section 1.4. Notice Events. (a) If a Notice Event occurs, the Disclosure Representative shall provide through the Dissemination Agent, in a timely manner not in excess of ten (10) business days after the occurrence of such Notice Event, notice of such Notice Event to EMMA.

(b) Any notice of a defeasance of the Bonds shall state whether the Bonds have been escrowed to maturity or to an earlier redemption date and the timing of such maturity or redemption.

(c) Each Notice Event notice relating to the Bonds shall include the CUSIP numbers of the Bonds to which such Notice Event notice relates or, if the Notice Event notice relates to all bond issues of the Authority or the City including the Bonds, such Notice Event notice need only include the CUSIP number of the Authority or the City.

(d) The Dissemination Agent shall promptly advise the City whenever, in the course of performing its duties as Dissemination Agent under this Agreement, the Dissemination Agent has actual notice of an occurrence which, if material, would require the City to provide notice of a Notice Event hereunder; provided, however, that the failure of the Dissemination Agent so to advise the City shall not constitute a breach by the Dissemination Agent of any of its duties and responsibilities under this Agreement.

Section 1.5. Additional Information. Nothing in this Agreement shall be deemed to prevent the City from disseminating any other information, using the means of dissemination set forth in this Agreement or any other means of communication, or including any other information in any Annual Financial Information or notice of Notice Event hereunder, in addition to that which is required by this Agreement. If the City chooses to do so, the City shall have no obligation under this Agreement to update such additional information or include it in any future Annual Financial Information or notice of a Notice Event hereunder.

Section 1.6. Additional Disclosure Obligations. The City acknowledges and understands that other state and federal laws, including but not limited to the Securities Act of 1933, as amended, and Rule 10b-5 promulgated under the Securities Exchange Act of 1934, as amended, may apply to the City and that, under some circumstances, compliance with this Agreement without additional disclosures or other action may not fully discharge all duties and obligations of the City under such laws.

ARTICLE II

Operating Rules

Section 2.1. Reference to Other Filed Documents. It shall be sufficient for purposes of Section 1.2 hereof if the City provides Annual Financial Information by specific reference to documents (a) available to the public on the MSRB Internet Web site (currently, www.emma.msrb.org) or (b) filed with the SEC. The provisions of this Section shall not apply to notices of Notice Events pursuant to Section 1.4 hereof.

Section 2.2. Submission of Information. Annual Financial Information may be set forth or provided in one document or a set of documents, and at one time or in part from time to time.

Section 2.3. Dissemination Agent. The City has designated the Dissemination Agent as its agent to act on its behalf in providing or filing notices, documents and information as required of the City under this Agreement. The City may revoke or modify such designation. Upon any revocation of such designation, the City shall comply with its obligation to provide or file notices, documents and information as required under this Agreement or may designate another agent to act on its behalf.

Section 2.4. Transmission of Notices, Documents and Information. (a) Unless otherwise required by the MSRB, all notices, documents and information provided to the MSRB shall be provided to the MSRB's Electronic Municipal Markets Access ("EMMA") system, the current Internet Web address of which is www.emma.msrb.org.

(b) All notices, documents and information provided on EMMA shall be provided in an electronic format as prescribed by the MSRB and shall be accompanied by identifying information as prescribed by the MSRB.

Section 2.5. Fiscal Year. (a) The City's current Fiscal Year begins July 1 and ends June 30, and the City shall promptly file a notification on EMMA, through the Dissemination Agent, of each change in its Fiscal Year.

(b) Annual Financial Information shall be provided at least annually notwithstanding any Fiscal Year longer than 12 calendar months.

ARTICLE III

Effective Date, Termination, Amendment and Enforcement

Section 3.1. Effective Date; Termination. (a) This Agreement shall be effective upon the issuance of the Bonds.

(b) The City's and the Dissemination Agent's obligations under this Agreement shall terminate upon a legal defeasance, prior redemption or payment in full of all of the Bonds.

Section 3.2. Amendment. (a) This Agreement may be amended, by written agreement of the parties, without the consent of the holders of the Bonds (except to the extent required under clause (4)(ii) below), if all of the following conditions are satisfied:

(1) such amendment is made in connection with a change in circumstances that arises from a change in legal (including regulatory) requirements, a change in law (including rules or regulations) or in interpretations thereof, or a change in the identity, nature or status of the City or the type of business conducted thereby, (2) this Agreement as so amended would have complied with the requirements of the Rule as of the date of this Agreement, after taking into account any amendments or interpretations of the Rule, as well as any change in circumstances, (3) the City shall have delivered to the Dissemination Agent an opinion of Counsel, addressed to the City and the Dissemination Agent, to the same effect as set forth in clause (2) above, (4) either (i) the City shall have delivered to the Dissemination Agent an opinion of Counsel or a determination by an entity, in each case unaffiliated with the City (such as bond counsel or the Dissemination Agent), addressed to the City and the Dissemination Agent, to the effect that the amendment does not materially impair the interests of the holders of the Bonds, or (ii) the holders of the Bonds consent to the amendment to this Agreement pursuant to the same procedures as are required for amendments to the applicable Indenture with consent of holders of Bonds pursuant to such indenture as in effect at the time of the amendment, and (5) the Disclosure Representative shall have delivered copies of such opinion(s) and amendment to the Dissemination Agent. Such amendment shall be promptly filed by the Dissemination Agent on EMMA and sent to each Registered Owner.

(b) This Agreement may be amended, by written agreement of the parties, without the consent of the holders of the Bonds, if all of the following conditions are satisfied: (1) an amendment to the Rule is adopted, or a new or modified official interpretation of the Rule is issued, after the effective date of this Agreement which is applicable to this Agreement, (2) the City shall have delivered to the Dissemination Agent an opinion of Counsel, addressed to the City and the Dissemination Agent, to the effect that performance by the City and the Dissemination Agent under this Agreement as so amended will not result in a violation of the Rule and (3) the Disclosure Representative shall have delivered copies of such opinion and amendment to the Dissemination Agent. Such amendment shall be promptly filed by the Dissemination Agent on EMMA and sent to each Registered Owner.

(c) This Agreement may be amended by written agreement of the parties, without the consent of the holders of the Bonds, if all of the following conditions are satisfied: (1) the City shall have delivered to the Dissemination Agent an opinion of Counsel, addressed to the City and the Dissemination Agent, to the effect that the amendment is permitted by rule, order or other official pronouncement, or is consistent with any interpretive advice or no-action positions of Staff, of the SEC, and (2) the Disclosure Representative shall have delivered copies of such opinion and amendment to the Dissemination Agent. Such amendment shall be promptly filed by the Dissemination Agent on EMMA and sent to each Registered Owner.

(d) To the extent any amendment to this Agreement results in a change in the type of financial information or operating data provided pursuant to this Agreement, the first Annual Financial Information provided thereafter shall include a narrative explanation of the reasons for the amendment and the impact of the change in the type of operating data or financial information being provided.

(e) If an amendment is made pursuant to this Section 3.2 hereof to the accounting principles to be followed by the City in preparing its financial statements, the Annual Financial Information for the Fiscal Year in which the change is made shall present a comparison between the financial statements or information prepared on the basis of the new accounting principles and those prepared on the basis of the former accounting principles. Such comparison shall include a qualitative and, to the extent reasonably feasible, quantitative discussion of the differences in the accounting principles and the impact of the change in the accounting principles on the presentation of the financial information.

Section 3.3. Benefit; Third-Party Beneficiaries; Enforcement. (a) The provisions of this Agreement shall constitute a contract with and inure solely to the benefit of the holders from time to time of the Bonds, except that beneficial owners of Bonds shall be third-party beneficiaries of this Agreement. The provisions of this Agreement shall create no rights in any person or entity except as provided in this subsection (a) and in subsection (b) of this Section.

(b) The obligations of the City to comply with the provisions of this Agreement shall be enforceable by any holder of outstanding Bonds. The holders' rights to enforce the provisions of this Agreement shall be limited solely to a right, by action in mandamus or for specific performance, to compel performance of the City's obligations under this Agreement. In consideration of the third-party beneficiary status of beneficial owners of Bonds pursuant to subsection (a) of this Section 3.3, beneficial owners shall be deemed to be holders of Bonds for purposes of this subsection (b).

(c) Any failure by the City or the Dissemination Agent to perform in accordance with this Agreement shall not constitute a default or an Event of Default under the Indentures and the rights and remedies provided by the Indentures upon the occurrence of a default or an Event of Default shall not apply to any such failure.

(d) This Agreement shall be construed and interpreted in accordance with the laws of the Commonwealth, and any suits and actions arising out of this Agreement shall be instituted in a court of competent jurisdiction in the Commonwealth; provided, however, that to the extent this Agreement addresses matters of federal securities laws, including the Rule, this Agreement shall be construed in accordance with such federal securities laws and official interpretations thereof.

ARTICLE IV

Definitions

Section 4.1. Definitions. The following terms used in this Agreement shall have the following respective meanings:

(1) "Annual Financial Information" means, collectively, (i) the City's Annual Comprehensive Financial Report ("ACFR"), which contains the Audited Financial Statements, (ii) to the extent such information is not contained in the ACFR, the financial information or operating data with respect to the City, substantially similar to the types of information set forth in Tables 1-52 in APPENDIX A attached to the Official Statement (with the exception of Tables 19, 36, 37, and 48), and (iii) the information regarding amendments to this Agreement required pursuant to Sections 3.2(d) and (e) of this Agreement. As set forth in clause (i) above, Annual Financial Information shall include Audited Financial Statements, if available, or Unaudited Financial Statements.

Annual Financial Information shall be delivered at least annually pursuant to Section 1.2(a) hereof. In connection with Section 4.1(1), it is the City's intention to satisfy all or a portion of the obligations set forth therein by submitting to EMMA (A) its ACFR and (B) to the extent not otherwise updated in the ACFR, (1) an APPENDIX A that includes annual updates to the tables specified in clause (ii) above, or (2) if the City does not have such an APPENDIX A prepared, annual updates to the Tables specified in clause (ii) above. If at any time the City deletes, for purposes of a then-current APPENDIX A, certain financial information or operating data from APPENDIX A as attached to the Official Statement that is included in one of the tables specified above, such deleted information will be submitted separately from the updated APPENDIX A.

The descriptions contained in Section 4.1(1)(ii) hereof of financial information and operating data constituting Annual Financial Information are of general categories of financial information and operating data. When such descriptions include information that no longer can be generated because the operations to which it related have been materially changed or discontinued, a statement to that effect shall be provided in each affected Annual Financial Information filing in lieu of such information. Any Annual Financial Information containing modified financial information or operating data shall explain, in narrative form, the reasons for the modification and the impact of the modification on the type of financial information or operating data being provided.

(2) "Audited Financial Statements" means the annual financial statements, if any, of the City, audited by such auditor as shall then be required or permitted by Commonwealth law or the City Charter. Audited Financial Statements shall be prepared in accordance with GAAP; provided, however, that pursuant to Section 3.2 hereof, the City may from time to time, if required by federal or Commonwealth legal requirements, modify the accounting principles to be followed in preparing its financial statements. The notice of any such modification required by Section 3.2 hereof shall include a reference to the specific federal or Commonwealth law or regulation describing such accounting principles, or other description thereof.

(3) "City Charter" means the Home Rule Charter authorized by the General Assembly in the First Class City Home Rule Act (Act of April 21, 1949, P.L. 665, Section 17) and adopted by the voters of the City, as amended and supplemented.

(4) "Commonwealth" means the Commonwealth of Pennsylvania.

(5) “Counsel” means any nationally recognized bond counsel or counsel expert in federal securities laws.

(6) “Disclosure Representative” means the Director of Finance of the City, the City Treasurer or such other official or employee of the City as the Director of Finance or the City Treasurer shall designate in writing to the Dissemination Agent.

(7) “Financial Obligation” means “financial obligation” as such term is defined in the Rule.

(8) “GAAP” means generally accepted accounting principles as prescribed from time to time for governmental units by the Governmental Accounting Standards Board, the Financial Accounting Standards Board, or any successor to the duties and responsibilities of either of them.

(9) “MSRB” means the Municipal Securities Rulemaking Board established pursuant to Section 15B(b)(1) of the Securities Exchange Act of 1934, as amended, or any successor thereto or to the functions of the MSRB contemplated by this Agreement.

(10) “Notice Event” means any of the following events with respect to the Bonds, whether relating to the City or otherwise:

(i) principal and interest payment delinquencies;

(ii) non-payment related defaults, if material;

(iii) unscheduled draws on debt service reserves reflecting financial difficulties;

(iv) unscheduled draws on credit enhancements reflecting financial difficulties;

(v) substitution of credit or liquidity providers, or their failure to perform;

(vi) adverse tax opinions, the issuance by the Internal Revenue Service of proposed or final determinations of taxability, Notices of Proposed Issue (IRS Form 5701-TEB) or other material notices or determinations with respect to the tax status of the Bonds, or other material events affecting the tax status of the Bonds;

(vii) modifications to rights of Bondholders, if material;

(viii) Bond calls, if material, and tender offers;

(ix) defeasances;

(x) release, substitution, or sale of property securing repayment of the Bonds, if material;

(xi) rating changes;

(xii) bankruptcy, insolvency, receivership or similar event of the City;

(xiii) the consummation of a merger, consolidation, or acquisition involving the City or the sale of all or substantially all of the assets of the City, other than in the ordinary course of business, the entry into a definitive agreement to undertake such an action or the termination of a definitive agreement relating to any such actions, other than pursuant to its terms, if material;

(xiv) appointment of a successor or additional trustee or the change of name of a trustee, if material;

(xv) incurrence of a Financial Obligation of the City, if material, or agreement to covenants, events of default, remedies, priority rights, or other similar terms of a Financial Obligation of the City, any of which affect security holders, if material; and

(xvi) default, event of acceleration, termination event, modification of terms, or other similar events under the terms of a Financial Obligation of the City, any of which reflect financial difficulties.

(11) "Official Statement" means the Official Statement dated May 17, 2023 of the City relating to the Bonds.

(12) "Registered Owner" or "Registered Owners" means the person or persons in whose name a Bond is registered on the books of the Authority maintained by the Trustee in accordance with the Indenture. For so long as the Bonds shall be registered in the name of the Securities Depository or its nominee, the term "Registered Owner" or "Registered Owners" also means and includes, for the purposes of this Agreement, the owners of book-entry credits in the Bonds evidencing an interest in the Bonds; provided, however, that the Dissemination Agent shall have no obligation to provide notice hereunder to owners of book-entry credits in the Bonds except those who have filed their names and addresses with the Dissemination Agent for the purposes of receiving notices or giving direction under this Agreement.

(13) "Rule" means Rule 15c2-12 promulgated by the SEC under the Securities Exchange Act of 1934 (17 CFR Part 240, §240.15c2-12), as amended, as in effect on the date of this Agreement, including any official interpretations thereof issued either before or after the effective date of this Agreement which are applicable to this Agreement.

(14) "SEC" means the United States Securities and Exchange Commission.

(15) "Securities Depository" means The Depository Trust Company, New York, New York, or its nominee, Cede & Co., or any successor thereto appointed pursuant to the applicable Indenture.

(16) "Unaudited Financial Statements" means the same as Audited Financial Statements, except that they shall not have been audited.

(17) "Underwriters" means the financial institutions named on the cover of the Official Statement.

ARTICLE V

Miscellaneous

Section 5.1. Duties, Immunities and Liabilities of the Dissemination Agent. The Dissemination Agent shall have only such duties under the Agreement as are specifically set forth in this Agreement, and the City agrees to indemnify and save the Dissemination Agent, its officers, directors, employees and agents, harmless against any loss, expense and liabilities which it may incur arising out of or in the exercise or performance of its powers and duties hereunder, including the costs and expenses (including attorney's fees) of defending against any claim of liability, but excluding liabilities due to the Dissemination Agent's negligence or willful misconduct in the performance of its duties hereunder. The obligations of the City under this Section shall survive resignation or removal of the Dissemination Agent and payment of the Bonds.

Section 5.2. Counterparts. This Agreement may be executed in several counterparts, each of which shall be an original and all of which shall constitute but one and the same instrument.

IN WITNESS WHEREOF, THE CITY OF PHILADELPHIA, PENNSYLVANIA, has caused this Agreement to be executed by the Director of Finance and DIGITAL ASSURANCE CERTIFICATION, L.L.C., as Dissemination Agent, has caused this Agreement to be executed by one of its authorized officers, all as of the day and year first above written.

THE CITY OF PHILADELPHIA, PENNSYLVANIA

By:______________________________
Name: Rob Dubow
Title: Director of Finance

DIGITAL ASSURANCE CERTIFICATION, L.L.C.,
as Dissemination Agent

By:______________________________
Name:
Title:

[THIS PAGE INTENTIONALLY LEFT BLANK]

APPENDIX H

BOOK-ENTRY ONLY SYSTEM

General

The information set forth herein concerning The Depository Trust Company, New York, New York ("DTC") and the book-entry system described below has been extracted from materials provided by DTC for such purpose, is not guaranteed as to accuracy or completeness and is not to be construed as a representation by the Authority, the City, the Trustees, or the Underwriters. The websites referenced below are included for reference only and the information contained therein is not incorporated by reference in this Official Statement.

DTC will act as securities depository for the 2023 Bonds under a book-entry system with no physical distribution of the 2023 Bonds made to the public. The 2023 Bonds will initially be issued as fully-registered securities registered in the name of Cede & Co. (DTC's partnership nominee), or such other name as may be requested by an authorized representative of DTC. One fully-registered bond certificate will be issued for each series and maturity of the 2023 Bonds, each in the principal amount of such maturity, and will be deposited with DTC.

DTC, the world's largest depository, is a limited-purpose trust company organized under the New York Banking Law, a "banking organization" within the meaning of the New York Banking Law, a member of the Federal Reserve System, a "clearing corporation" within the meaning of the New York Uniform Commercial Code, and a "clearing agency" registered pursuant to the provisions of Section 17A of the Securities Exchange Act of 1934, as amended. DTC holds and provides asset servicing for over 3.5 million issues of U.S. and non-U.S. equity issues, corporate and municipal debt issues, and money market instruments (from over 100 countries) that DTC's participants ("Direct Participants") deposit with DTC. DTC also facilitates the post-trade settlement among Direct Participants of sales and other securities transactions in deposited securities, through electronic computerized book-entry transfers and pledges between Direct Participants' accounts. This eliminates the need for physical movement of securities certificates. Direct Participants include both U.S. and non-U.S. securities brokers and dealers, banks, trust companies, clearing corporations, and certain other organizations. DTC is a wholly-owned subsidiary of The Depository Trust & Clearing Corporation ("DTCC"). DTCC is the holding company for DTC, National Securities Clearing Corporation and Fixed Income Clearing Corporation, all of which are registered clearing agencies. DTCC is owned by the users of its regulated subsidiaries. Access to the DTC system is also available to others such as both U.S. and non-U.S. securities brokers and dealers, banks, trust companies, and clearing corporations that clear through or maintain a custodial relationship with a Direct Participant, either directly or indirectly ("Indirect Participants"). DTC has a Standard & Poor's rating of "AA+". The DTC rules applicable to its Participants are on file with the Securities and Exchange Commission. More information about DTC can be found at www.dtcc.com.

Purchases of the 2023 Bonds under the DTC system must be made by or through Direct Participants, which will receive a credit for the 2023 Bonds on DTC's records. The ownership interest of each actual purchaser of each 2023 Bond ("Beneficial Owner") is in turn to be recorded on the Direct and Indirect Participants' records. Beneficial Owners will not receive written confirmation from DTC of their purchase. Beneficial Owners are, however, expected to receive written confirmations providing details of the transaction, as well as periodic statements of their holdings, from the Direct or Indirect Participant through which the Beneficial Owner entered into the transaction. Transfers of ownership interests in the 2023 Bonds are to be accomplished by entries made on the books of Direct and Indirect Participants acting on behalf of Beneficial Owners. Beneficial Owners will not receive certificates representing their ownership interests in the 2023 Bonds, except in the event that use of the book-entry system for the 2023 Bonds is discontinued.

To facilitate subsequent transfers, all 2023 Bonds deposited by Direct Participants with DTC are registered in the name of DTC's partnership nominee, Cede & Co., or such other name as may be requested by an authorized representative of DTC. The deposit of 2023 Bonds with DTC and their registration in the name of Cede & Co. or such other DTC nominee does not effect any change in beneficial ownership. DTC has no knowledge of the actual Beneficial Owners of the 2023 Bonds; DTC's records reflect only the identity of the Direct Participants to whose accounts such 2023 Bonds are credited, which may or may not be the Beneficial Owners. The Direct and Indirect Participants will remain responsible for keeping account of their holdings on behalf of their customers.

Conveyance of notices and other communications by DTC to Direct Participants, by Direct Participants to Indirect Participants, and by Direct and Indirect Participants to Beneficial Owners will be governed by arrangements among them, subject to any statutory or regulatory requirements as may be in effect from time to time. Beneficial Owners of 2023 Bonds may wish to take certain steps to augment transmission to them of notices of significant events with respect to the 2023 Bonds, such as redemptions, defaults and proposed amendments to the bond documents. For example, Beneficial Owners of 2023 Bonds may wish to ascertain that the nominee holding the 2023 Bonds for their benefit has agreed to obtain and transmit notices to Beneficial Owners. In the alternative, Beneficial Owners may wish to provide their names and addresses to the applicable Trustee and request that copies of the notices be provided directly to them.

Redemption notices shall be sent to DTC. If less than all of the 2023 Bonds within a maturity of a series are being redeemed, DTC's practice is to determine by lot the amount of the interest of each Direct Participant in such maturity of the 2023 Bonds to be redeemed.

Neither DTC nor Cede & Co. (nor such other DTC nominee) will consent or vote with respect to the 2023 Bonds unless authorized by a Direct Participant in accordance with DTC's MMI Procedures. Under its usual procedures, DTC mails an Omnibus Proxy to the Authority as soon as possible after the record date. The Omnibus Proxy assigns Cede & Co.'s consenting or voting rights to those Direct Participants to whose accounts the 2023 Bonds are credited on the record date (identified in a listing attached to the Omnibus Proxy).

Payments of principal and redemption price of, and interest on, the 2023 Bonds will be made to Cede & Co., or such other nominee as may be requested by an authorized representative of DTC. DTC's practice is to credit Direct Participants' accounts upon DTC's receipt of funds and corresponding detail information from the Authority or the applicable Trustee, on the payable date in accordance with their respective holdings shown on DTC's records. Payments by Direct and Indirect Participants to Beneficial Owners will be governed by standing instructions and customary practices, as is the case with securities held for the accounts of customers in bearer form or registered in "street name," and will be the responsibility of such Direct and Indirect Participants and not of DTC (or its nominee), the Authority, the City or the applicable Trustee, subject to any statutory or regulatory requirements as may be in effect from time to time. Payment of principal and redemption price of, and interest on, the 2023 Bonds to Cede & Co. (or such other nominee as may be requested by an authorized representative of DTC) is the responsibility of the Authority or the applicable Trustee, disbursement of such payments to Direct Participants shall be the responsibility of DTC, and disbursement of such payments to the Beneficial Owners shall be the responsibility of Direct and Indirect Participants.

THE AUTHORITY, THE CITY, THE TRUSTEES, AND THE UNDERWRITERS CANNOT AND DO NOT GIVE ANY ASSURANCES THAT DTC WILL DISTRIBUTE TO ITS PARTICIPANTS OR THAT DIRECT PARTICIPANTS OR INDIRECT PARTICIPANTS WILL DISTRIBUTE TO BENEFICIAL OWNERS OF THE 2023 BONDS (A) PAYMENTS OF PRINCIPAL OR REDEMPTION PRICE OF, OR INTEREST ON, THE 2023 BONDS, OR (B) CONFIRMATION OF OWNERSHIP INTERESTS IN THE 2023 BONDS, OR (C) REDEMPTION OR OTHER NOTICES, OR THAT THEY WILL DO SO ON A TIMELY BASIS, OR THAT DTC, DIRECT PARTICIPANTS OR INDIRECT PARTICIPANTS WILL SERVE AND ACT IN THE MANNER DESCRIBED IN THIS OFFICIAL STATEMENT. THE CURRENT "RULES" APPLICABLE TO DTC ARE ON FILE WITH THE SECURITIES AND EXCHANGE COMMISSION AND THE CURRENT "PROCEDURES" OF DTC TO BE FOLLOWED IN DEALING WITH ITS PARTICIPANTS ARE ON FILE WITH DTC.

NONE OF THE AUTHORITY, THE CITY, THE TRUSTEES, OR THE UNDERWRITERS WILL HAVE ANY RESPONSIBILITY OR OBLIGATION TO DTC PARTICIPANTS, BENEFICIAL OWNERS OR OTHER NOMINEES OF SUCH BENEFICIAL OWNERS FOR: (A) SENDING TRANSACTION STATEMENTS; (B) MAINTAINING, SUPERVISING OR REVIEWING THE ACCURACY OF ANY RECORDS MAINTAINED BY DTC OR ANY DTC PARTICIPANT OR OTHER NOMINEES OF SUCH BENEFICIAL OWNERS; (C) PAYMENT OR THE TIMELINESS OF PAYMENT BY DTC TO ANY DTC PARTICIPANT, OR BY ANY DTC PARTICIPANT OR OTHER NOMINEES OF BENEFICIAL OWNERS TO ANY BENEFICIAL OWNER, OF ANY AMOUNT DUE IN RESPECT OF THE PRINCIPAL OR REDEMPTION PRICE OF, OR INTEREST ON, THE 2023 BONDS; (D) DELIVERY OR TIMELY DELIVERY BY DTC TO ANY DTC PARTICIPANT, OR BY ANY DTC PARTICIPANT OR OTHER NOMINEES OF BENEFICIAL OWNERS TO ANY BENEFICIAL OWNERS, OF ANY NOTICE (INCLUDING NOTICE OF REDEMPTION) OR OTHER COMMUNICATION WHICH IS REQUIRED TO BE GIVEN TO HOLDERS OR OWNERS OF THE 2023 BONDS; (E) THE SELECTION OF THE BENEFICIAL OWNERS TO RECEIVE PAYMENT IN THE EVENT OF ANY PARTIAL REDEMPTION OF 2023 BONDS; OR (F) ANY ACTION TAKEN BY DTC OR ITS NOMINEE AS THE REGISTERED OWNER OF THE 2023 BONDS.

Discontinuation of Book-Entry Only System

DTC may discontinue providing its services as depository with respect to the 2023 Bonds at any time by giving reasonable notice to the Authority or the Trustees. Under such circumstances, in the event that a successor depository is not obtained, 2023 Bond certificates are required to be printed and delivered.

The Authority may decide to discontinue use of the system of book-entry-only transfers through DTC (or a successor securities depository). In that event, 2023 Bond certificates will be printed and delivered.

[THIS PAGE INTENTIONALLY LEFT BLANK]

APPENDIX I

FORM OF SOCIAL BONDS REPORTING

Sample Reporting Template: Neighborhood Preservation Initiative (NPI)
Report Date: ___________

Project Name	Description	Target Populations[(a)]	Series 2023 Proceeds Allocated[(d)]	Series 2023 Proceeds Spent to Date	Indicator 1[(b)]	Indicator 2[(b)]	Indicator 3[(b)]
Rental Assistance	Help owners keep housing affordable	1,3,6,8	$360,000		Number of households served	Total number of households at or below 60% AMI (Area Median Income) assisted	
Basic System Repair	Home repair grants	1,2,3,5,8	$18,000,000		Number of minority households served at or below household income of 50% AMI	Number of females headed households served at or below household income of 50% AMI	Number of senior citizens served at or below household income of 50% AMI
Adaptive Modification	Grants for home adaptation projects	1,3,6,8	$3,400,000		Number of minority households served at or below household income of 50% AMI	Number of females headed households served at or below household income of 50% AMI	Number of senior citizens served at or below household income of 50% AMI
PhillyFirstHome	Down payment and closing cost assistance	1,3,6,8	-		Number of 1st time buyers assisted	Number of households at or below 80% AMI	Number of minority households
Tangled Title	Assist low-income homeowners in obtaining a clear title to their home	1,3,6,8	$1,900,000		Number of titles cleared	Number of households at or below 200% Federal Poverty Level	Number of minority households
Eviction Diversion	Funding for housing counseling, legal and mediation services	1,3,6,8	$2,850,000		Number of agreements reached through landlord/tenant mediation	Number of tenants receiving full legal representation	Number of tenants receiving legal representation at/or below 200% Federal Poverty Level

---

(a) Eligible target populations may include:
1. Households/census tracts below poverty level
2. Excluded and/or marginalized populations/communities
3. People with disabilities
4. Migrants and/or displaced persons
5. Underserved residents in documented food deserts
6. Unemployed residents
7. Women and/or sexual and/or gender minorities
8. Residents that are at least 62 years of age and vulnerable youth (the former is based on HUD Section 202 Supportive Housing for the Elderly Program eligibility)
9. Other vulnerable groups in neighborhoods, including those at risk as a result of natural disasters such as flooding and/or aging infrastructure

(b) AMI set by federal guidelines

Small Landlord Loans	Loans to small landlords for maintenance	1,3,6,8	-		Number of loans issued	Total number of households at or below 60% AMI impacted	
Affordable Housing Production	Additional funding source for the development of affordable housing	1,2,3,4,5,7,8	$22,500,000		Number of units produced	Number of accessible units produced	Number of units produced for households at or below 30% AMI
Affordable Housing Preservation	Funding to preserve existing affordable housing	1,2,3,4,5,7,8	$33,240,000		Number of units preserved	Number of accessible units preserved	Number of units preserved for households at or below 30% AMI
Permanent Homeless Housing	Supportive housing for formerly homeless residents	1,2,3,5,6,7,8	$3,800,000		Number of permanent housing units added to portfolio	Number of Office of Homeless Services (OHS) clients placed in permanent housing	
Neighborhood Infrastructure Improvement	Grants or loans to property owners for improvement or enhancement of privately owned neighborhood infrastructure which may include retaining walls and other assets in disrepair (e.g., driveways, alleys, sidewalks, trees, and sewers)	2,5,9	$6,650,000		Number of parcels receiving safety enhancements		
Neighborhood Small Business Programs[(c)]	Investments in neighborhood businesses and commercial corridors, via forgivable loans or grants directly to businesses and local community development corporations	1,2,5,9	$4,800,000		Number of small businesses served		
Administrative Costs			$2,500,000				
Total			**$100,000,000**				

[(c)] Comprised of the Direct Support to Small Businesses and Investment in Neighborhood Commercial Corridors programs

[(d)] Subject to change, including reallocations among component programs at the discretion of the Authority and the City.

APPENDIX J

SCHEDULE OF REFUNDED BONDS

Maturity Date (April 15)	Par Amount	Redemption Date	Interest Rate	CUSIP	Redemption Price
2024	$7,930,000	June 26, 2023	5.000%	717868EG4	100.000
2025	8,330,000	June 26, 2023	5.000%	717868EH2	100.000
2026	8,745,000	June 26, 2023	5.000%	717868EJ8	100.000

[THIS PAGE INTENTIONALLY LEFT BLANK]

SEAL OF THE CITY OF PHILADELPHIA