CITY OF PHILADELPHIA

ANNUAL COMPREHENSIVE FINANCIAL REPORT

For the Fiscal Year Ended June 30, 2025

CITY OF PHILADELPHIA

Annual Comprehensive Financial Report

For the Fiscal Year Ended June 30, 2025

Cherelle L. Parker
Mayor

Prepared by
Office of the Director of Finance

Rob Dubow
Director of Finance

Christopher Kennedy
Accounting Director

Accounting Office

Kevin Barr	Bea Irungu	Dino Sam
Jamika Baucom	Christal Lewis	Rich Sensenbrenner
Nana Boateng	Jason Mak	Amit Shah
Randy Boucher	Gladwin Mathew	Yashesh Shah
Niccole Bracey	Rowaida Mohamed	Shantae Thorpe
Sharon Donaldson	Mary Powell-Civera	Binex Varghese
Isaac Fowowe	Victoria Robinson	Rhonda Washington
Gary Hanna	Shenika Ruff	Edward Wiler

This page intentionally left blank

Table of Contents

Introductory Section

Letter of Transmittal 1
GFOA Certificate of Achievement 8
Organizational Chart 9
List of Elected and Appointed Officials 10

Financial Section

Independent Auditor's Report 13

Management's Discussion and Analysis 17

Basic Financial Statements
Government Wide Financial Statements
Exhibit I — Statement of Net Position 34
Exhibit II — Statement of Activities 35

Fund Financial Statements
Governmental Funds Financial Statements
Exhibit III — Balance Sheet 36
Exhibit IV — Statement of Revenues, Expenditures and Changes in Fund Balances 37
Exhibit V — Reconciliation of the Statement of Revenues, Expenditures and Changes in Fund Balances of Governmental Funds to the Statement of Activities 38
Proprietary Funds Financial Statements
Exhibit VI — Statement of Fund Net Position 39
Exhibit VII — Statement of Revenues, Expenses and Changes in Fund Net Position 40
Exhibit VIII — Statement of Cash Flows 41
Fiduciary Funds Financial Statements
Exhibit IX — Statement of Fiduciary Net Position 42
Exhibit X — Statement of Changes in Fiduciary Net Position 43
Component Units Financial Statements
Exhibit XI — Statement of Net Position 44
Exhibit XII — Statement of Activities 45
Exhibit XIII — Notes to the Financial Statements 47

Required Supplementary Information Other than Management's Discussion and Analysis

Budgetary Comparison Schedules-Major Funds
Exhibit XIV — General Fund 162
Exhibit XV — HealthChoices Behavioral Health Fund 163
Exhibit XVI — Grants Revenue Fund 164

Exhibit XVII — Other Post Employment Benefits (OPEB) and Pension Plans
– City of Philadelphia - Schedule of Changes in Net OPEB Liability 165
– Municipal Pension Plan - Schedule of Changes in Net Pension Liability 165
– Municipal Pension Plan - Schedule of Collective Contributions 166
– Philadelphia Gas Works - Schedule of Changes in Net Pension Liability 167
– Philadelphia Gas Works – Schedule of Actuarially Determined Contributions 167
Exhibit XVIII — Notes to Required Supplementary Information 168

Financial Section (Continued)

Other Supplementary Information

Schedule I	Combining Balance Sheet - Non-Major Governmental Funds	172
Schedule II	Combining Statement of Revenues, Expenditures and Changes in Fund Balances - Non-Major Governmental Funds	174
Schedule III	Combining Statement of Fiduciary Net Position – Pension Trust Funds	176
Schedule IV	Combining Statement of Changes in Fiduciary Net Position–Pension Trust Funds	177
Schedule V	Combining Statement of Fiduciary Net Position - Custodial Funds	178
Schedule VI	Combining Statement of Changes in Fiduciary Net Position - Custodial Funds	179
Schedule VII	City Related Schedule of Bonded Debt Outstanding	180
Schedule VIII	Budgetary Comparison Schedule - Water Operating Fund	182
Schedule IX	Budgetary Comparison Schedule - Water Residual Fund	183
Schedule X	Budgetary Comparison Schedule - County Liquid Fuels Tax Fund	184
Schedule XI	Budgetary Comparison Schedule - Special Gasoline Tax Fund	185
Schedule XII	Budgetary Comparison Schedule - Hotel Room Rental Tax Fund	186
Schedule XIII	Budgetary Comparison Schedule - Aviation Operating Fund	187
Schedule XIV	Budgetary Comparison Schedule - Community Development Fund	188
Schedule XV	Budgetary Comparison Schedule - Car Rental Tax Fund	189
Schedule XVI	Budgetary Comparison Schedule - Housing Trust Fund	190
Schedule XVII	Budgetary Comparison Schedule - General Capital Improvement Funds	191
Schedule XVIII	Budgetary Comparison Schedule - Acute Care Hospital Assessment Fund	192
Schedule XIX	Schedule of Budgetary Actual and Estimated Revenues and Obligations – General Fund	193
Schedule XX	Schedule of Budgetary Actual and Estimated Revenues and Obligations – Water Operating Fund	196
Schedule XXI	Schedule of Budgetary Actual and Estimated Revenues and Obligations – Aviation Operating Fund.	197
Schedule XXII	Budgetary Comparison Schedule – Budget Stabilization Reserve Fund	198
Schedule XXIII	Budgetary Comparison Schedule – County Demolition Fund	199
Schedule XXIV	Budgetary Comparison Schedule – Transportation Fund	200

Statistical Section

Table 1	Net Position by Component	202
Table 2	Changes in Net Positions	203
Table 3	Fund Balances-Governmental Funds	205
Table 4	Changes in Fund Balances-Governmental Funds	206
Table 5	Comparative Schedule of Operations-Municipal Pension Fund	207
Table 6	Wage and Earnings Tax Taxable Income	208
Table 7	Direct and Overlapping Tax Rates	209
Table 8	Principal Wage and Earnings Tax Remitters	211
Table 9	Assessed Value and Estimated Value of Taxable Property	212
Table 10	Principal Property Taxpayers	213
Table 11	Real Property Taxes Levied and Collected	214
Table 12	Ratios of Outstanding Debt by Type	215
Table 13	Ratios of General Bonded Debt Outstanding	216
Table 14	Direct and Overlapping Governmental Activities Debt	217
Table 15	Legal Debt Margin Information	218
Table 16	Pledged Revenue Coverage	219
Table 17	Demographic and Economic Statistics	220
Table 18	Principal Employers	221
Table 19	Full Time Employees by Function	222
Table 20	Operating Indicators by Function	223
Table 21	Capital Assets Statistics by Function	224

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, 2026

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, 2025. This report must be published by February 25 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, 2025. The City Controller is an independently elected public official 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 completing 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. 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. Pleas and Municipal Courts, 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 community; 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 by 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.

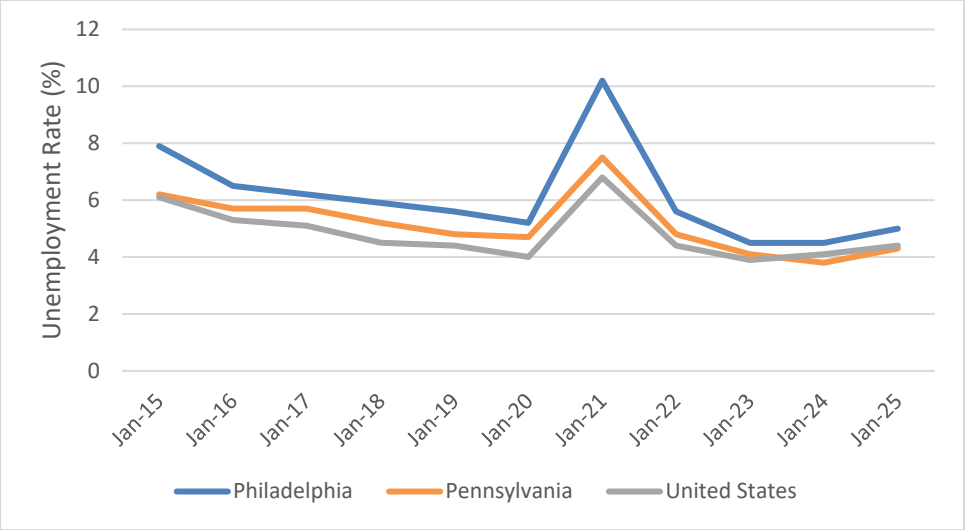
FACTORS AFFECTING ECONOMIC CONDITION

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 strength in key industries. As a hub for education and medicine, the City is home to 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.

According to the U.S. Bureau of Labor Statistics' monthly employment data for November 2025, there was a modest increase of approximately 14,600 jobs compared to November 2024 including 14,200 jobs in the education and health services sector. As of December 2025, Philadelphia's unemployment rate was 4.5%. The following chart shows the trend in Philadelphia's unemployment rate as compared to Pennsylvania's and the U.S. overall from 2015 to 2025. After several years of declining unemployment following the pandemic, the unemployment rates at the county, state, and national level increased in 2025. Philadelphia's unemployment remains high relative to the rest of Pennsylvania and the nation, but the gap between Philadelphia and the rest of Pennsylvania and the nation has narrowed since spiking during the pandemic.



Source: US Department of Labor, Bureau of Labor Statistics

The estimated 2024 median household income in Philadelphia was $60,521, which is a $11,394 (or 23.2%) increase since 2020, outpacing the state (21.9%) growth rate but slightly lagging the national (25.6%) growth rate. Despite the improvement, poverty in Philadelphia persists. Philadelphia has the second highest poverty rate, deep poverty rate, and child poverty rate and the lowest median household income of the top 10 largest U.S. cities by population. The city's 2024 median household income is approximately 22.0% and 25.8% below the state and national median household income, respectively.

At the same time, the cost of housing in Philadelphia has seen consistent growth over the past decade. Median owner-occupied home values increased by 70.5% from $148,700 in 2014 to $253,600 in 2024, with median rent rising 60.3% from $936 in 2014 to $1,500 in 2024. Philadelphia continues to have high levels of homeownership, with homeowners occupying 52% of the housing stock in 2024.

Prior to the pandemic, the city's population experienced modest but consistent annual growth. During the pandemic and its aftermath, the city experienced a slight population decline, averaging less than 1% annually. In 2024, Philadelphia's population increased for the first time in several years, growing by 1.5% compared to 2023.

Calendar Year	Population[1]	Per Capita Personal Income[2]	Unemployment Rate[3]
2024	1,573,916	61,913	4.5%
2023	1,550,542	59,963	4.3%
2022	1,567,258	58,506	4.9%
2021	1,576,251	57,748	7.8%
2020	1,596,865	55,531	11.4%

[1] *US Census Bureau*

[2] *US 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 and has been able to maintain and improve ratings in this category over the last eleven years. The City earned a rating upgrade from Standard & Poor's from "A" to "A+" in November 2024. As a result of these upgrades, the City now has its highest combination of ratings in more than four decades, but still has the second lowest ratings among the ten largest cities by population.

City of Philadelphia's General Obligation Bond Ratings

Fiscal Year End	Moody's	Standard & Poor's	Fitch
2025	A1	A+	A+
2024	A1	A	A+
2023	A1	A	A
2022	A2	A	A-
2021	A2	A	A-

The consistent efforts of Philadelphia's economic development agencies and others have spurred significant economic changes throughout the city. Development in Navy Yard has, over time, transitioned a former naval property and active military base to a growing hub for business. Additionally, the Bellwether District project is transforming a former oil refinery, which was once one of Philadelphia's largest sources of air pollution, into an e-commerce, life sciences, and logistics campus, positioning it as a growing hub for businesses and innovation.

Adopted FY26 General Fund expenditures are projected to total $6.84 billion, a $524.7 million increase (8.3%) from FY25 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 $2.35 billion in FY26, a 5.5% increase over FY25's level, reflecting salary increases and new positions. Additional investments are discussed in greater detail in the major initiatives section below.

The FY26 Approved Capital Budget provides approximately $378.8 million in new, City-supported general obligation borrowing (identified as CN funds) and $610.6 million of prior year, tax-supported City loans. This City commitment should help leverage nearly $6.3 billion from federal, state, private, City self-sustaining enterprise, operating, and revolving fund sources for a total FY26 budget of $7.3 billion. Over six years, the FY26-31 Capital Program includes a commitment of more than $1.5 billion in new CN borrowing as part of $17.9 billion in total capital investment.

The City's General Fund revenues primarily originate from local taxes. For the General Fund, the City is estimated to receive a total of $6.36 billion in FY26, a decrease of -2.5% from FY25 actuals. This decline is largely attributable to the expiration of federal ARPA funding, which was required to be fully spent by the end of calendar year 2024. FY26 marks the first fiscal year since the ARPA funds were allocated to the City without this federal support. The largest portion of General Fund revenue comes from local taxes, with an estimated $4.56 billion, or more than two-thirds of the total, coming from tax receipts in FY26.

Long-term Financial Planning and Major Initiatives

The unrestricted fund balance (the total of the committed, assigned, and unassigned components of fund balance) in the General Fund at FY25 year-end was 18.1% of total General Fund revenues. This meets the City's internal goal of at least 6-8% of General Fund Reserves and meets the Government Finance Officers Association (GFOA) recommendation of two months of general fund revenues, or approximately 17.0%. The $1.179 billion unrestricted fund balance, the highest in the City's history, and was made possible in large part by ARPA funding, which enabled the City to make crucial investments and continue vital services, while allowing the City to use its other revenue streams to grow the fund balance.

The fund balance is higher than the amount included for FY25 in the PICA-Approved FY26-30 Five Year Plan largely as a result of one-time or temporary reasons. First, underspending has been a key driver, primarily stemming from hiring challenges. Like many other employers, the City has faced difficulties attracting and retaining staff in a complex and competitive labor market. As a result, funds allocated for unfilled positions remained unspent in FY25. The City has made significant strides in increasing staffing and has added over 2,000 General Fund positions since the beginning of the Parker Administration (January 2024). Additionally, $91 million of the $95 million Federal Funding Reserve was not spent in FY25, and the remaining balance of the reserve fell to the FY25 fund balance. The Parker Administration plans to reestablish the $91 million reserve in FY26.

Higher-than-projected tax revenues also contributed to the higher fund balance. FY25 collections for the Business Income and Receipts Tax (BIRT), Net Profits Tax (NPT), and Realty Transfer Tax (RTT) exceeded the amount projected in the

PICA-Approved Plan. BIRT and NPT are highly volatile and can fluctuate significantly year to year, while RTT was likely elevated as transactions were accelerated ahead of rate change that went into effect in July of 2025.

The table below illustrates the City's General Fund year-end balance (legal basis) for the past five years, along with the projected FY26 year-end balance as noted in the City's Quarterly City Managers Report (for the period ending December 31, 2025).

General Fund

Year End Fund Balance (Legal Basis)

Fiscal Year End	Fund Balance (in thousands)	Projection/Actual
2026*	509,234	Projection
2025	1,179,093	Actual
2024	942,900	Actual
2023	981,572	Actual
2022	779,144	Actual

**Source: Quarterly City Managers Report dated December 31, 2025*

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 then-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.

Reserves: Recognizing the importance of maintaining adequate reserves, the City developed a target reserve amount of at least 6% to 8% of revenues. 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 $838 million for FY26 (as of the City's second Quarterly City Managers Report), the City's reserves total 13.4% of revenue. This includes a projected $509.2 million General Fund balance, $237.8 million in the Budget Stabilization Reserve Fund (the City's Rainy Day Fund), and $91 million in the Federal Funding Reserve and is above the two months of regular government spending (16.7%) 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 PICA approved FY26-30 Five Year Plan includes codified reductions to both the Wage Tax and the BIRT aimed at increasing Philadelphia's competitiveness and attracting and growing businesses that will create jobs with family-sustaining wages. The City has also resumed gradual Wage Tax reductions starting in FY26 that will lower the resident rate from 3.75% in FY25 to 3.70% by FY30 and reduce the non-resident rate from 3.44% to 3.39% over the same period. Additionally, there is a codified plan to eliminate the Gross Receipts portion and reduce the Net Income portion of the BIRT component by more than half within seven years of the pension fund reaching 100% funded.

Revaluations: 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.

For Tax Year 2026, the Office of Property Assessment (OPA) did not conduct a comprehensive revaluation, which meant the vast majority of properties in the city saw their Tax Year 2025 market value carried forward to Tax Year 2026. This decision allowed OPA staff to focus on reviewing appeals and first-level reviews from the Tax Year 2025 comprehensive revaluation which resulted in an average residential increase of 19% and roughly 12,000 appeals and over 19,000 first-level reviews 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 City, working with municipal employees, the Pension Board, and City Council, launched a three-pronged approach to improve the health to 100% funded.

The first part of the 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 PICA-Approved Five Year Plan, the Sales Tax revenues due to the Pension Fund are projected to be worth about $594.8 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 the growth of 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 while not sacrificing returns, 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 7.25% 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.

COVID-19 Recovery and Grants: 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. This funding allowed the City to avoid devastating cuts while making crucial investments and helping the City build a fund balance using other revenue streams. All ARPA funds were spent by the end of calendar year 2024 as required. With FY26 marking the first full fiscal year without ARPA funding, this federal backstop is no longer available to support City operations.

Federal Funding: There have been several federal executive orders and guidance with respect to possible pauses to the disbursement of certain federal funds for various states, cities, and other local jurisdictions, including the City. The City is monitoring these developments to assess any impact on the potential availability of federal funding. In the FY26-30 Five Year Plan and the FY 2026 Second Quarter QCMR, the City has included a Federal Funding Reserve, which is a budgeted reserve to help navigate federal funding uncertainties.

As of February 2026, the City has received at least eight federal grant terminations of awards for which the City has an executed grant agreement. Four of these terminations are covered under restraining orders, one rescinds unobligated funds for an infrastructure project, one is pending reimbursement, one is for new activities that are on hold while the terminated grant is under appeal, and one has supported activities that are being wound down. As of February 2026, the impact of these terminations on the General Fund is estimated to be at least $3.7 million.

Major Initiatives to Make Philadelphia the Safest, Cleanest, and Greenest Big City in the Nation with Access to Economic Opportunity for All

Public Safety: Public safety continues to be one of the City's top priorities. The FY26-30 Five Year Plan and FY26 Capital Budget and FY26-31 Capital Program invest hundreds of millions of dollars in new public safety initiatives, focusing on both immediate crisis response and addressing the systemic root causes of violence. This funding includes investments in a new Forensic Science Center, which will enhance the Police Department's ability to use forensic evidence to reduce gun violence, build public trust, and improve public safety. Additionally, the City continues its investment in the wellness ecosystem, allocating over $260 million (including both opioid settlement and General Fund operating funds) over five years to operationalize the Riverview Wellness Village facilities with medical care, social services, workforce development, and other on-site programming.

Clean and Green: The City is committed to tackling quality-of-life issues that negatively impact communities and is making significant investment in a coordinated effort to build a safer, cleaner, and greener Philadelphia. In 2024, the Office of Clean and Green Initiatives was established to address persistent challenges, such as litter, illegal dumping, graffiti, abandoned automobiles, vacant lots, and nuisance properties, starting with the most underserved neighborhoods. In FY26, the City is continuing its investments in twice-weekly trash collections and the district-based Residential Cleaning Program and allocated over $11 million to sustain year-round cleaning of vacant lots and install planters along commercial corridors to enhance street aesthetics and improve traffic safety. The FY26–31 Capital Program allocated $350 million to paving streets and installing ADA-compliant ramps.

Access to Economic Opportunity for All: The City is focused on establishing the conditions for a thriving and diverse local economy where Philadelphians can access family-sustaining jobs and promising career opportunities. In FY26, $10 million was allocated for workforce development anchored from the City College for Municipal Employment (CCME), which was established in October 2024 as a workforce hub and pipeline to City jobs. Additionally, with the BIRT exemption ending due to legal constraints, the City has dedicated nearly $40 million in FY26 to provide grants for small businesses and technical assistance to businesses paying tax for the first time and jumpstart small business creation and growth in the city.

Housing: Access to safe, affordable housing is fundamental to building strong communities and supporting residents' well-being, and is a key priority for the City. The FY26-30 Five Year Plan includes a total of $800 million in new borrowings, and $263 million in debt service to support these borrowings, for the Housing Opportunities Made Easy (H.O.M.E.) Initiative, a plan to create, preserve, and repair 30,000 units of housing. This unprecedented investment significantly expands funding for key existing housing programs, while also launching new initiatives such as the One Philly Mortgage Program, aimed at making homeownership affordable and accessible.

Education: The City is committed to providing a world-class education for Philadelphia students of all ages and socioeconomic backgrounds. The FY26-30 Five Year Plan included an additional $12 million per year to the School District of Philadelphia starting in FY30, with an increase in the portion of the Real Estate Tax going to schools from 56 percent to 56.5 percent. Combined with the millage shift from FY25, that will increase the annual amount going to the District by $36 million. The Plan also includes $10.9 million in additional funding to expand the Extended Day/Extended Year initiative from 25 to 40 schools (30 District-operated and 10 Charter-operated), providing academic and enrichment opportunities from 7:30 am to 6 pm throughout the school year and across winter, spring, and summer breaks.

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, 2024. This was the forty-fifth consecutive year that the government has achieved this prestigious award. 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, 2024. 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 and, in particular the City's Central Accounting unit, as well as various City departments and component units. Each has my sincere appreciation for its valuable contributions.

Respectfully submitted,

SIGNATURE

Rob Dubow, Director of Finance

Government Finance Officers Association

Certificate of Achievement for Excellence in Financial Reporting

Presented to

City of Philadelphia
Pennsylvania

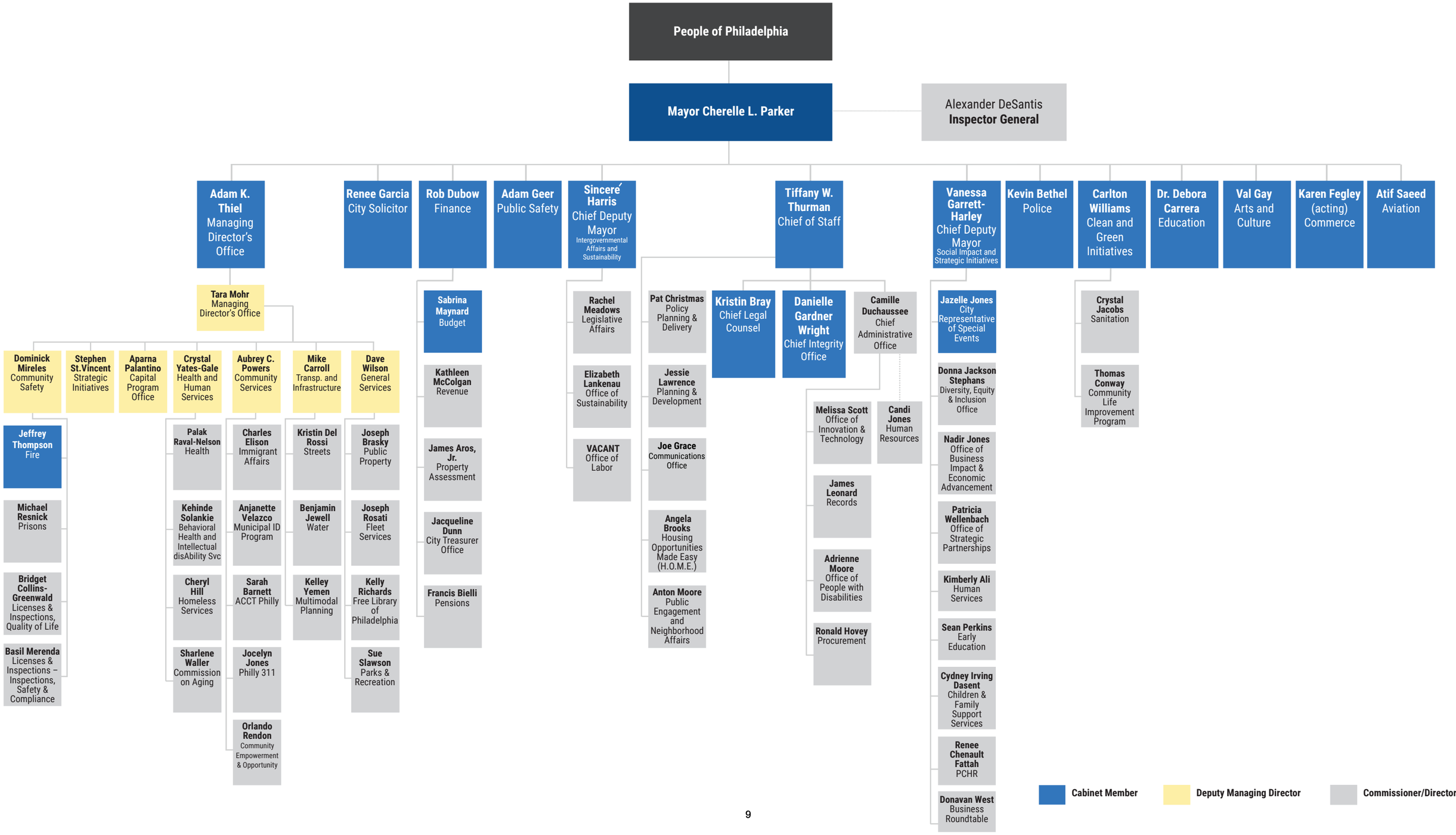
For its Annual Comprehensive
Financial Report
For the Fiscal Year Ended

June 30, 2024

Christopher P. Morrill

Executive Director/CEO

City of Philadelphia



Elected Officials

Mayor ..... Cherelle L. Parker

City Council

President, 2nd District ..... Kenyatta Johnson

1st District ..... Mark Squilla
3rd District ..... Jamie Gauthier
4th District ..... Curtis Jones, Jr.
5th District ..... Jeffery Young, 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 ..... Katherine Gilmore Richardson
At-Large ..... Isaiah Thomas
At-Large ..... Jim Harrity
At-Large ..... Nina Ahmad
At-Large ..... Rue Landau
At-Large ..... Kendra Brooks
At-Large ..... Nicolas O'Rourke

District Attorney ..... Lawrence S. Krasner

City Controller ..... Christy Brady

City Commissioners
Chair ..... Omar Sabir
Commissioner ..... Lisa M. Deeley
Commissioner ..... Seth Bluestein

Register of Wills ..... John Sabatina

Sheriff ..... Rochelle Bilal

First Judicial District of Pennsylvania
President Judge, Court of Common Pleas ..... Nina Wright Padilla
President Judge, Municipal Court ..... T. Francis Shields

Appointed Cabinet Members

Chief of Staff	Tiffany W. Thurman
Chief Deputy Mayor for Intergovernmental Affairs	Sinceré Harris
Chief Deputy Mayor of Social Impact & Strategic Initiatives	Vanessa Garrett Hartley
Managing Director	Adam K. Thiel
Finance Director	Rob Dubow
Budget Director	Sabrina Maynard
Police Commissioner	Kevin J. Bethel
City Solicitor	Renee Garcia
Acting Commerce Director	Karen Fegely
Fire Commissioner	Jeffrey Thompson
Chief Public Safety Director	Adam N. Geer
Director, Clean & Green Initiative	Carlton Williams
Chief Integrity Officer	Danielle Gardner Wright
Chief Legal Counsel-Office of the Mayor	Kristin Bray
Chief Education Officer	Debora Carrera
Chief Cultural Officer	Val Gay
Director of Aviation	Atif Saeed
City Representative	Jazelle Jones

This page intentionally left blank

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

CHRISTY BRADY
City Controller

CHARLES EDACHERIL
Deputy 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, 2025, 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, 2025, 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	6%	3%	9%
Business-Type Activities	0%	0%	0%
Aggregate Discretely Presented Component Units	58%	56%	42%
Major Funds	0%	0%	0%
Aggregate Remaining Fund Information	90%	91%	69%

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.

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 Governmental Accounting Standards Board 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, 2025, 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, 2025, 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 information has been subjected to the auditing procedures applied in the audit of the basic financial statements for the year ended June 30, 2025, 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, 2025.

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, 2024 (not presented herein), and have issued our report thereon dated February 24, 2025, 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 2024 amounts included in the individual fund schedules of Budgetary Actual and Estimated Revenues and Obligations for the year ended June 30, 2024, 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 2024 financial statements. The information was subjected to the audit procedures applied in the audit of the 2024 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 2024 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, 2024.

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
Deputy City Controller

CHRISTY BRADY, CPA
City Controller

Philadelphia, Pennsylvania
February 25, 2026

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, 2025. 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

- On the Government-Wide Financial Statements, total assets plus deferred outflows of the City exceeded its total liabilities plus deferred inflows at the close of the fiscal year by $140.0 million, which represents an increase of $1.4 billion in net position. The Governmental Activities of the City had an increase of $1.1 billion, while the Business-type activities had an increase of $340.3 million. The increase in governmental activities net position was primarily driven by strong growth in economically sensitive tax revenues, including wage and earnings, business and other taxes, which collectively increased $558.8 million compared to the prior year. Operating and capital grants also increased, further supporting program funding. These positive revenue trends more than offset higher expenses across several major functions, particularly health services, transportation, and general government. In addition, the City experienced a reduction in its net pension and other postemployment benefit liabilities, which contributed to an improvement in the unrestricted deficit and overall financial position.

- On the Government-Wide Financial Statements, the City's unrestricted net position reported a deficit of $5.6 billion. The major underlying causes of this deficit are the net pension liability of $3.6 billion and the total OPEB liability of $1.6 billion. This deficiency will have to be funded from resources generated in future years.

- Governmental funds total fund balance increased by approximately $464.8 million, rising from $1.724 billion to $2.189 billion, primarily due to strong revenue performance. Tax revenues increased by roughly $535 million, and intergovernmental revenues grew by about $411 million, reflecting continued economic strength and higher grant activity. As a result, the City's unassigned fund balance improved significantly, moving from a deficit of approximately $(200.1) million to a positive $63.1 million in FY2025, indicating strengthened short-term financial position.

- The unrestricted fund balance (the total of the committed, assigned, and unassigned component of fund balance) for the General Fund was $1.7 billion, of which $876.7 million was unassigned which represents the residual amounts that have not been assigned to other funds. The unassigned fund balance increased by $281.9 million compared to the prior year.

- On the legally enacted budgetary basis, the City's General Fund ended the fiscal year with a fund balance of $1.18 billion, compared to $942.9 million in the prior year. The General Fund reported total revenues of $6.5 billion, an increase of $453.9 million from the previous year. The revenue growth was primarily driven by an increase of $324.6 million in tax collections. Property tax collections increased by $65.1 million, largely attributable to a citywide property value reassessment. Wage and Earnings Tax revenues increased by $94.2 million due to a strengthening job market within the City. Business tax revenues increased by $87.1 million compared to the prior year, reflecting a combination of higher taxpayer profitability, growth in taxable receipts, and collection timing differences. Because business tax revenues can be sensitive to economic conditions, year-over-year fluctuations may not be indicative of long-term trends. Revenue from other governments increased by $85.9 million, driven largely by higher revenue replacement funds from ARPA. As of the end of the fiscal year, the City has spent all its ARPA funding. Payments from other funds increased by $33.2 million.

  General Fund expenditures totaled $6.3 billion, an increase of $183.1 million from the prior year. Expenditures for employee compensation increased by $147.2 million as the City continued to fill vacancies across departments. Spending on goods and services increased by $91.4 million, reflecting both higher demand for governmental services and inflationary cost pressures. These increases were partially offset by a decrease in pay-as-you-go transfers to the Capital Projects Fund.

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 operational and 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-three 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 twenty 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, 2025, the City of Philadelphia's assets and deferred outflows exceeded its liabilities and deferred inflows by $140.0 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 $3.2 billion. 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, $2.6 billion, 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 $5.6 billion. The governmental activities reported a negative *unrestricted net position* of $5.9 billion, and the business type activities reported an unrestricted net position surplus of $237.5 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:

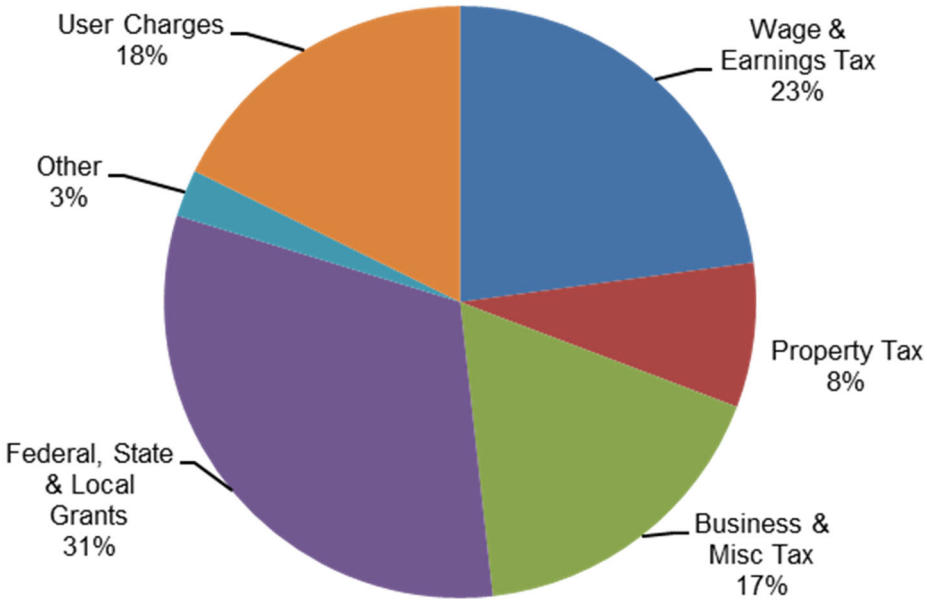
City of Philadelphia's Net Position

(millions of USD)

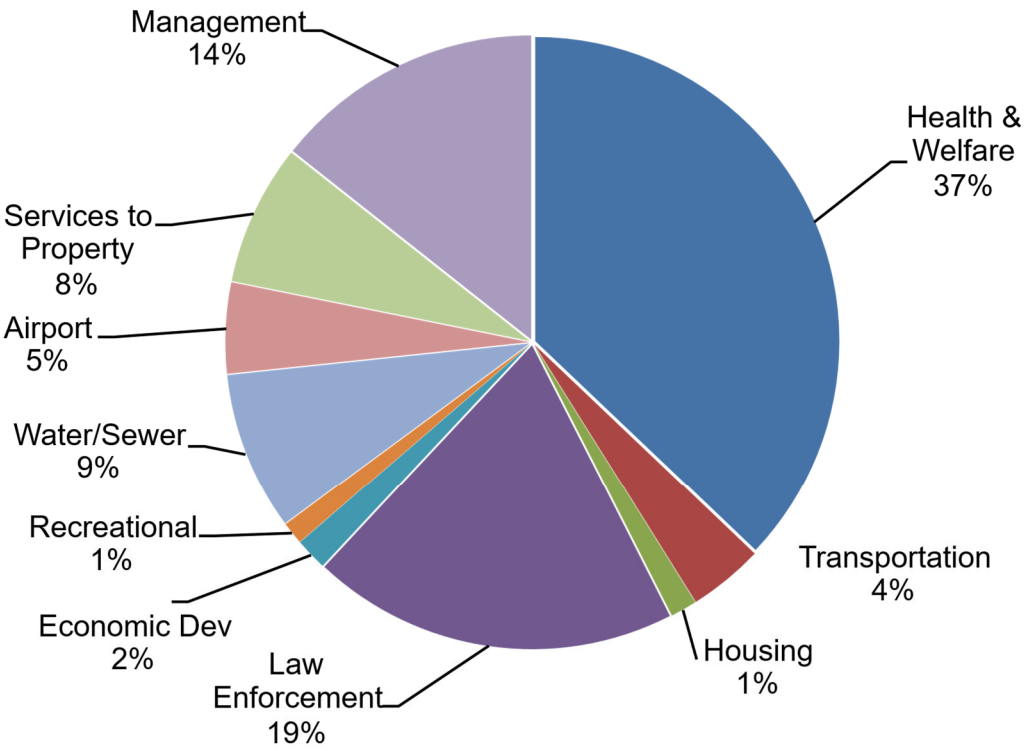
	Governmental Activities		%	Business-type Activities		%	Total Primary Government		%
	2025	2024	Change	2025	2024	Change	2025	2024	Change
Current and other assets	5,868.6	5,976.9	-1.81%	3,720.9	3,486.5	6.72%	9,589.5	9,463.4	1.33%
Capital assets	3,915.4	3,388.3	15.56%	6,296.2	5,805.5	8.45%	10,211.6	9,193.8	11.07%
Total assets	**9,784.0**	**9,365.2**	4.47%	**10,017.1**	**9,292.0**	7.80%	**19,801.1**	**18,657.2**	6.13%
Deferred Outflows	552.3	635.7	-13.12%	93.6	107.1	-12.61%	645.9	742.8	-13.05%
Long-term liabilities	5,619.1	5,234.7	7.34%	5,327.0	5,155.4	3.33%	10,946.1	10,390.1	5.35%
Other liabilities	6,767.0	8,299.6	-18.47%	1,378.9	1,243.7	10.87%	8,145.9	9,543.3	-14.64%
Total liabilities	**12,386.1**	**13,534.3**	-8.48%	**6,705.9**	**6,399.1**	4.79%	**19,092.0**	**19,933.4**	-4.22%
Deferred Inflows	904.6	514.8	75.72%	310.5	245.9	26.27%	1,215.1	760.7	59.73%
Net Position:									
Net Investment in capital assets	1,372.2	1,094.6	25.36%	1,828.7	1,685.0	8.53%	3,200.9	2,779.6	15.16%
Restricted	1,547.0	1,390.0	11.29%	1,028.2	948.7	8.38%	2,575.2	2,338.7	10.11%
Unrestricted	(5,873.6)	(6,532.9)	10.09%	237.5	120.4	97.26%	(5,636.1)	(6,412.5)	12.11%
Total Net Position	**(2,954.4)**	**(4,048.3)**	27.02%	**3,094.4**	**2,754.1**	12.36%	**140.0**	**(1,294.2)**	-110.82%

Changes in net position: The City's total revenues for the fiscal year ended June 30, 2025, at $11.8 billion, exceeded the City's total costs of $10.4 billion. Approximately 48% of all revenue came from wage and earnings taxes, property taxes, and business and miscellaneous taxes. Federal, State and Local grants accounted for another 31%, and the remaining 21% of the revenue came from user charges, fines, fees, and various other sources. The City's expenses cover a wide range of services, the vast majority of which are related to health, welfare, and safety of the general public (See Exhibit II for further breakdown).

Revenue by Source



Expenses by Function



Net positions increased or decreased in the following activities, as noted below (millions of USD):

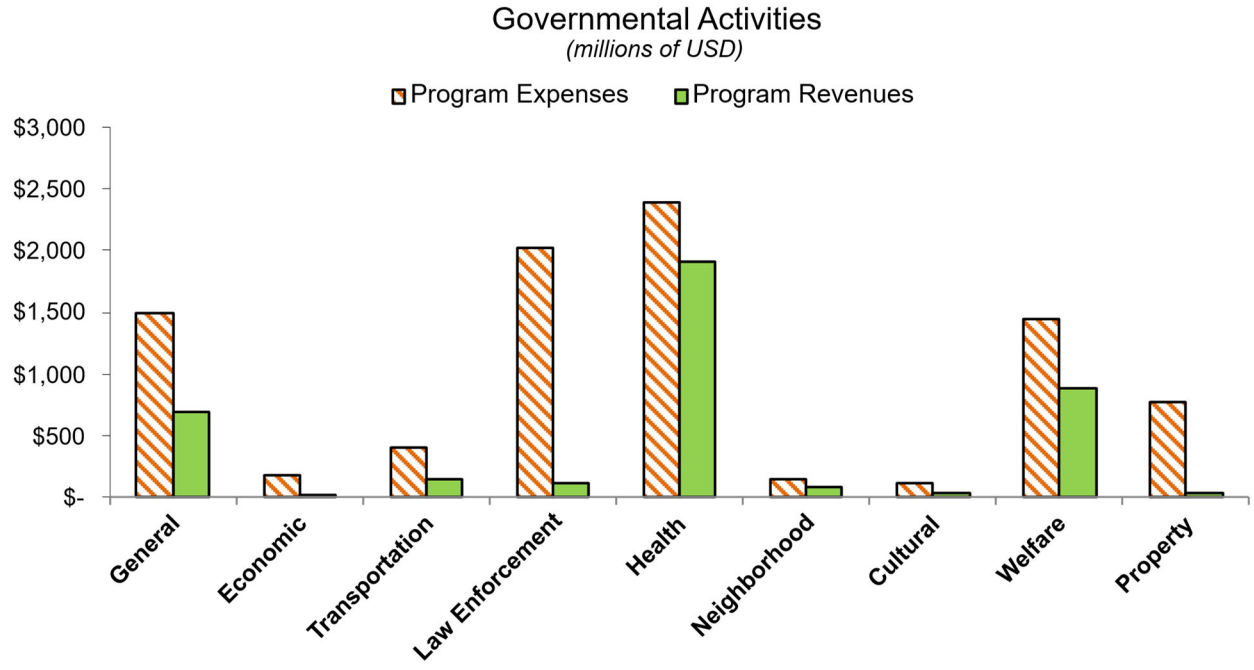
Increases (Decreases) in Revenues	
Charges for Services	$241.5
Operating Grants & Contributions	184.8
Capital Grants & Contributions	22.9
Wage & Earnings Taxes	149.5
Property Taxes	88.5
Other Taxes	320.8
Unrestricted Grants	40.0
Unrestricted Interest and Misc.	(74.7)
Total Revenues	$973.3

Increases (Decreases) in Expenses	
Economic Development	$27.4
Transportation	83.5
Judicial & Law Enforcement	51.0
Conservation of Health	123.3
Housing & Neighborhoods	8.4
Cultural & Recreational	(125.7)
General Welfare	25.3
Services to Taxpayer Property	43.0
General Management	166.5
Interest on Long Term Debt	(5.0)
Water and Waste Water	80.9
Airport	44.4
Industrial Land Bank	0.0
Total Expenses	$523.0

- Total revenues increased by $973.3 million, and total expenses increased by $523.0 million over last year. This resulted in the Change in Net Position, before prior period adjustments, of $1.43 billion.
- The City's Wage and Earning Tax revenue increased by $149.5 million primarily due to favorable labor market conditions. The City's Other Taxes increased by $320.8 million primarily from a $167.6M increase in Business Taxes and an increase of $73.2 million in Acute Care Hospital Assessments primarily due to the expansion of the assessment base to include cancer and children's hospitals. Real Property Transfer Tax also increased by $65.9 million due to more favorable interest rates and higher inventory. Interest and miscellaneous revenues decreased by $74.7 million, primarily reflecting a $50.6 million decline in interest earnings due largely to lower cash advance balances in the Grants Fund. Miscellaneous revenues also decreased, mainly within the Industrial and Commercial Development fund, because of lower market value adjustments compared to the prior year.
- The City's charges for goods and services increased by $241.5 million as compared to last year. Governmental Activities charges for services increased by $81.6 million primarily due to revenue from opioid related settlements. Additionally, Business Type Activities charges for services increased by $159.9 million with an increase of $100.2 million in charges for services in the Water & Sewer Enterprise fund, and an increase of $59.7 million in rental, concession, customer and facility fees in the Aviation Enterprise fund.
- The City's operating grants and contributions increased by $184.8 million compared to the prior year. The increase was primarily driven by a $78.0 million rise in social services funding, largely attributable to higher children and youth program allocations, and a $59.1 million increase in general government grants, mainly reflecting additional revenue recognized from the American Rescue Plan Act (ARPA).
- Expenses for Conservation of Health increased by $123.3 million year over year. The variance was mainly due to higher HealthChoices program expenditures, which rose $93.0 million, along with a $58.1 million increase in required payments to the Commonwealth through the Acute Care Hospital Assessments Fund, reflecting growth in the underlying assessment base.
- Expenses related to Cultural & Recreational services decreased by $125.7 million. The majority of this decrease is attributable to the correction of an immaterial prior-period error identified during the current fiscal year. Certain costs that were previously reported as expenses were determined to be capitalizable and were recorded as capital assets in the current year. This correction reduced current year expenses and affects comparability between fiscal years but does not constitute a reduction in services.
- Total transportation expenses increased by $83.5 million year over year. The increase was driven by a $24.1 million rise in Mass Transit costs, mainly attributable to increased subsidies provided to SEPTA, along with a $59.4 million increase in Streets and Highways expenditures, largely reflecting higher levels of street improvement and maintenance work.
- Expenses for Water and Wastewater increased by $80.9 million compared to the prior year. The increase was driven in part by higher payroll costs of $16.7 million, as well as a $29.6 million increase in debt service expenses, reflecting higher interest costs associated with new construction loans and recently issued revenue bonds.

Governmental Activities

The governmental activities of the City resulted in a $1.1 billion 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	
	2025	2024	% Change	2025	2024	% Change	2025	2024
General Welfare	$ 1,449.6	$ 1,424.3	1.8%	$ 894.1	$ 757.4	18.0%	$ 555.5	$ 666.9
Judiciary & Law Enforcement	2,017.8	1,966.8	2.6%	115.8	107.1	8.1%	1,902.0	1,859.7
Public Health	2,397.3	2,274.0	5.4%	1,916.0	1,862.6	2.9%	481.3	411.4
General Governmental	1,488.1	1,326.6	12.2%	690.0	606.6	13.7%	798.1	720.0
Services to Property	776.2	733.2	5.9%	31.8	46.3	-31.3%	744.4	686.9
Housing, Economic & Cultural	861.5	867.9	-0.7%	272.9	247.0	10.5%	588.6	620.9
	$ 8,990.5	**$ 8,592.8**	4.6%	**$ 3,920.6**	**$ 3,627.0**	8.1%	**$ 5,069.9**	**$ 4,965.8**

The cost of all governmental activities this year was $8.99 billion; the amount that taxpayers paid for these programs through tax payments was $5.1 billion. The federal and state governments and other charitable organizations subsidized certain programs with grants and contributions in the amount of $3.3 billion while those who benefited from the programs paid $578.3 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 $470.4 million. The difference of $1.09 billion 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:

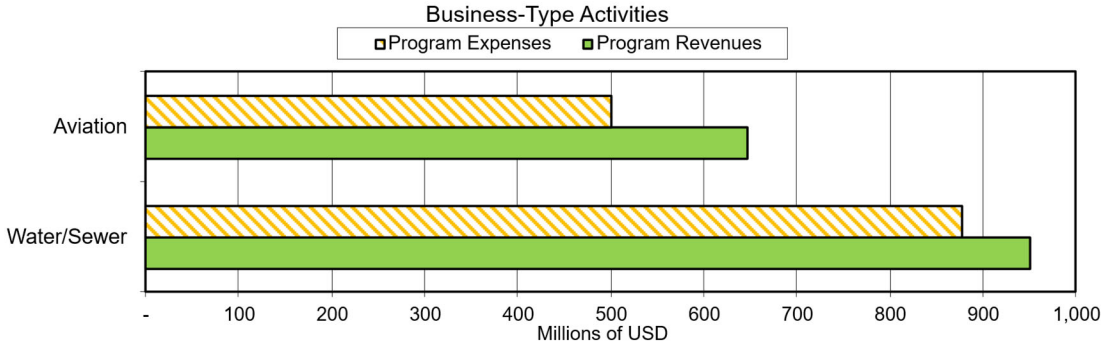
City of Philadelphia-Net Position

(millions of USD)	Governmental Activities		Business-type Activities		Total		%
	2025	2024	2025	2024	2025	2024	Change
Revenues:							
Program revenues:							
Charges for services	578.3	496.7	1,510.7	1,350.8	2,089.0	1,847.5	13.1%
Operating grants and contributions	3,255.2	3,068.8	0.5	2.1	3,255.7	3,070.9	6.0%
Capital grants and contributions	87.1	61.4	87.2	90.0	174.3	151.4	15.1%
General revenues:							
Wage and earnings taxes	2,699.7	2,550.2	-	-	2,699.7	2,550.2	5.9%
Property taxes	931.4	842.9	-	-	931.4	842.9	10.5%
Other taxes	2,062.3	1,741.5	-	-	2,062.3	1,741.5	18.4%
Unrestricted grants and contributions	272.3	241.5	13.8	4.6	286.1	246.1	16.3%
Unrestricted Interest and Misc.	149.5	200.2	155.0	179.0	304.5	379.2	-19.7%
Total revenues	**10,035.8**	**9,203.2**	**1,767.2**	**1,626.5**	**11,803.0**	**10,829.7**	9.0%
Expenses:							
Economic development	177.1	149.7	-	-	$ 177.1	149.7	18.3%
Transportation	413.8	330.3	-	-	$ 413.8	330.3	25.3%
Judiciary & law enforcement	2,017.8	1,966.8	-	-	$ 2,017.8	1,966.8	2.6%
Conservation of health	2,397.3	2,274.0	-	-	$ 2,397.3	2,274.0	5.4%
Housing & neighborhood development	146.8	138.4	-	-	$ 146.8	138.4	6.1%
Cultural & recreational	123.8	249.5	-	-	$ 123.8	249.5	-50.4%
Improvement to the general welfare	1,449.6	1,424.3	-	-	$ 1,449.6	1,424.3	1.8%
Services to taxpayer property	776.2	733.2	-	-	$ 776.2	733.2	5.9%
General management	1,378.9	1,212.4	-	-	$ 1,378.9	1,212.4	13.7%
Interest on long term debt	109.2	114.2	-	-	$ 109.2	114.2	-4.4%
Water & waste water	-	-	877.7	796.8	$ 877.7	796.8	10.2%
Airport	-	-	500.4	456.0	$ 500.4	456.0	9.7%
Industrial land bank	-	-	0.2	0.2	0.2	0.2	N/A
Total expenses	**8,990.5**	**8,592.8**	**1,378.3**	**1,253.0**	**10,368.8**	**9,845.8**	5.3%
Increase (dec.) in net position before transfers & special items	1,045.3	610.4	388.9	373.5	1,434.2	983.9	45.8%
Transfers & Special Items	48.6	65.8	(48.6)	(65.8)	-	-	0.0%
Increase (dec) in Net Position	**1,093.9**	**676.2**	**340.3**	**307.7**	**1,434.2**	**983.9**	45.8%
Net Position - Beginning	(4,048.3)	(4,724.5)	2,754.1	2,446.4	(1,294.2)	(2,278.1)	-43.2%
Net Position - End	**(2,954.4)**	**(4,048.3)**	**3,094.4**	**2,754.1**	**140.0**	**(1,294.2)**	-110.8%

Business-type Activities

Business-type activities reported an increase in net position of $340.3 million before prior period adjustments. This increase consisted of a $106.5 million increase in the Water and Sewer operations, a $233.5 million increase in Aviation, and a $0.3 million increase in Industrial and Commercial Development activities.

The overall increase was primarily driven by higher operating revenues. Charges for services increased by $101.1 million, largely due to rate increases in the Water and Sewer Enterprise Fund. The Aviation Enterprise Fund also experienced revenue growth, with airline revenues increasing by $30.9 million and non-airline revenues increasing by $26.9 million compared to the prior year. In addition, Aviation received $32.7 million in additional construction-related grant funding, which further contributed to the increase in net position.



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.

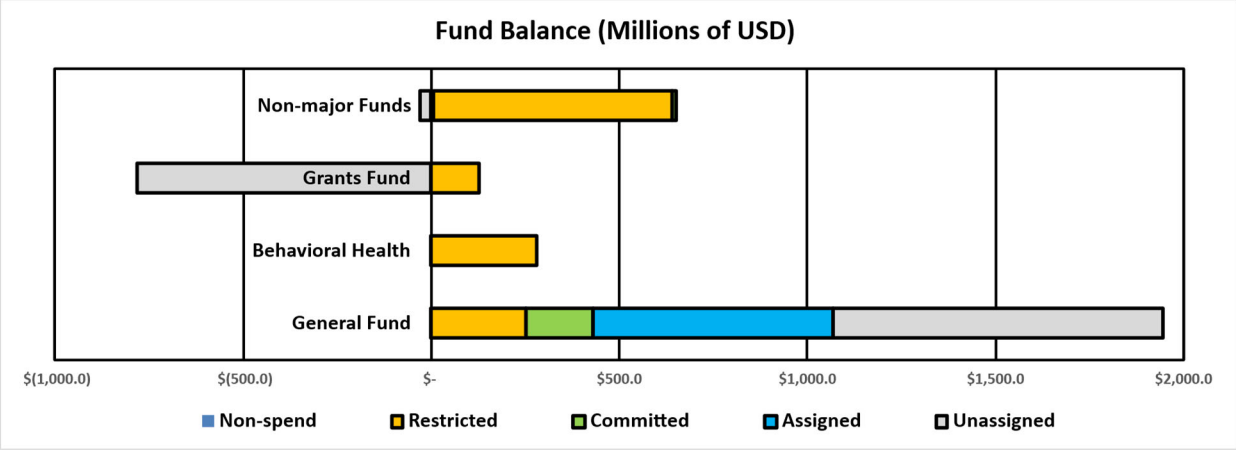
At the end of the fiscal year, the City's governmental funds reported a *combined fund balance* of $2.2 billion, an increase of $464.8 million over last year. Of the total fund balance, $6.7 million represents *non-spendable fund balance*.

In addition, $1.3 billion represents *restricted fund balance* due to externally imposed constraints by outside parties, or law, for the following purposes:

Neighborhood Revitalization	$	151.3
Economic Development		12.8
Public Safety Emergency Phone System		51.5
Streets & Highways		108.0
Housing and Neighborhood Development		81.9
Health Services		12.6
Behavioral Health		281.2
Parks & Recreation		2.3
Libraries & Museums		0.8
Intergovernmental Financing		18.8
Opioid Abatement		74.2
Demolition		0.6
Stadium Financing		9.9
Street Lighting Program		33.2
Debt Service Reserve		0.8
Capital Projects		366.5
Rebuild		31.0
Home Repair Program		34.7
Trust Purposes		18.3
Total Restricted Fund Balance	$	1,290.4

The fund balance is further broken down as *committed fund balance* for the Budget Stabilization Reserve of $178.9 million, Prisons of $6.8 million, and Parks and Recreation of $3.2 million. The difference between the non-spendable, restricted, committed, assigned and combined fund balance is a surplus of $63.1 million which constitutes *unassigned fund balance*.

The general fund, the primary operating fund of the City, reported *restricted fund balance* of $249.9 million, a *committed fund balance* of $178.9 million, an *assigned fund balance* of $640.0 million and *unassigned fund balance* of $876.7 million at the end of the fiscal year.



Overall, the total fund balance of the General Fund increased by $380.7 million in FY 2025, compared to an increase of $221.2 million in FY 2024. Some of the key factors contributing to this change are:

Revenues:

- Total FY 2025 General Fund revenue was $5.324 billion. This marks a $430.8 million (8.8%) increase from the prior fiscal year, which had $4.893 billion in revenue.
- This increase was due primarily to a $394.0 million increase in Tax Revenues. Property tax collections increased by $65.1 million, largely attributable to a citywide property value reassessment. Wage and Earnings Tax revenues increased by $94.2 million due to a strengthening job market within the City. Business tax revenues increased by $87.1 million compared to the prior year, reflecting a combination of higher taxpayer profitability, growth in taxable receipts, and collection timing differences.

Expenditures and Other Financing Sources (Uses):

- Total current-year Expenditures and Other Financing Sources (Uses) were $4.94 billion, representing an increase of $271.1 million (5.8%) compared to $4.67 billion in the prior fiscal year.
- The increase was primarily attributable to higher expenditures in Judiciary and Law Enforcement ($101.7 million), Service to Property ($61.2 million), and General Management and Support ($97.4 million). In addition, capital-related activity continued to expand, with expenditures for the Rebuild program increasing $67.4 million and the Philly Streetlight Improvement Project increasing $21.8 million. These expenditure increases were partially offset by higher financing activity, including a $32.3 million increase in bond proceeds, as well as a $177.4 million increase in net transfers to the General Fund.

The Health Choices Behavioral Health Fund ended the fiscal year with a total fund balance of $281.2 million; the entire amount is reserved for a contractually required equity reserve and reinvestment initiatives. The total fund balance decreased during the fiscal year by $99.7 million, mainly because of increased payments to Community Behavioral Health.

The Grants Revenue Fund has a total fund balance deficit of $656.0 million which is comprised of a positive restricted fund balance of $51.5 million for emergency telephone system programs, a positive restricted fund balance of $74.2 million for Opioid Abatement, a positive restricted fund balance of $0.3 million for Neighborhood Revitalization Programs and a deficit unassigned fund balance of $781.9 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 an increase of $29.2 million during the current fiscal year.

***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 $340.3 million during the current fiscal year. This increase is attributable to the water/wastewater system, which had an

increase of $106.5 million; airport operations, which had an increase of $233.5 million; industrial and commercial land bank operations net position increased by $0.3 million.

The proprietary funds reported an *unrestricted net position* of $237.5 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)		
	2025	2024	Change
Water and Waste Water	(219.7)	(231.1)	11.4
Aviation	318.3	213.0	105.3
Land Bank	138.9	138.5	0.4
Tot	237.5	120.4	117.1

General Fund Budgetary Highlights

The following table shows the General Fund's year end fund balance for the five most recent years:

		(Millions of USD)
General Fund at June 30	Fund Balance Available for Appropriation	Increase (Decrease)
2025	1,179.1	236.2
2024	942.9	(38.7)
2023	981.6	202.5
2022	779.1	480.6
2021	298.5	7.8

The General Fund's budgetary fund balance surplus of $1.179 billion differs from the General Fund's fund financial statement unassigned fund balance of $876.7 million by $302.4 million, which represents the following:

- The unearned portion of the Business Income and Receipts Tax (BIRT prepays) of $185.3 million is received prior to being earned but has no effect on budgeted cash receipts.
- The Philadelphia Beverage Tax – Unobligated amount of $120.7 is classified as assigned in the governmental fund.
- Lease Related Activities of $3.6 million are 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)
C. The reconciliation of Unassigned Fund Balance – Budget Basis versus GAAP (Modified Accrual)

(Millions of USD)

A. Budget to GAAP Basis Reconciliation	6/30/2025	6/30/2024	6/30/2023	6/30/2022	6/30/2021
Budget Basis Fund Balance	$ 1,179.1	$ 942.9	$ 981.6	$ 779.1	$ 298.5
1. Less: BIRT six (6) months pre-pays	(185.3)	(201.1)	(147.5)	(204.5)	(167.3)
2. Add: Encumbrances	519.3	415.3	260.5	493.9	311.5
3. Add: Reserves & Budget Stabilization Fund	428.7	404.7	246.8	176.4	114.4
4. Add: Lease Related Activities	3.6	3.0	2.2	1.2	-
Modified Accrual Basis Fund Balance	$ 1,945.4	$ 1,564.8	$ 1,343.6	$ 1,246.1	$ 557.1

B. Modified Accrual Basis Fund Balance	6/30/2025	6/30/2024	6/30/2023	6/30/2022	6/30/2021
Restricted & Committed	$ 428.7	$ 404.7	$ 246.8	$ 176.4	$ 114.4
Assigned					
Encumbrances	519.3	415.3	260.5	493.9	311.5
Phila. Beverage Tax - Unobligated	120.7	150.1	168.1	165.1	154.1
Reclassification of Unassigned	-	-	-	-	(22.9)
Assigned	640.0	565.4	428.6	659.0	442.7
Unassigned	876.7	594.7	668.2	410.7	-
Modified Accrual Basis Fund Balance	$ 1,945.4	$ 1,564.8	$ 1,343.6	$ 1,246.1	$ 557.1

C. Budget to GAAP Basis Reconciliation	6/30/2025	6/30/2024	6/30/2023	6/30/2022	6/30/2021
Budget Basis Fund Balance	$ 1,179.1	$ 942.9	$ 981.6	$ 779.1	$ 298.5
1. Less: BIRT six (6) months pre-pays	(185.3)	(201.1)	(147.5)	(204.5)	(167.3)
2. Less: Reclass to Assigned Fund Balance	-	-	-	-	22.9
3. Less: Phila Beverage Tax - Unobligated	(120.7)	(150.1)	(168.1)	(165.1)	(154.1)
4. Add: Lease Related Activities	3.6	3.0	2.2	1.2	-
Unassigned Fund Balance	$ 876.7	$ 594.7	$ 668.2	$ 410.7	$ -

The 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 $303.8 million from an original budget of $6.368 billion to a final amended budget of $6.671 billion. The largest increases were required to support the following activities:

- $77.8 million for the Managing Director's Office
- $39.6 million for Police operations
- $36.8 million for Prison operations
- $27.0 million for Fleet management
- $13.2 million for Streets operations

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 $10.2 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 2025	FY 2024	FY 2023	FY 2022	FY 2021
Airport Terminal & Airfield Improvements	$ 272.8	$ 184.7	$ 142.9	$ 161.3	$ 138.0
Water & Wastewater Improvements	434.5	372.7	285.4	237.2	268.0
Streets, Highways & Bridges Improvements	129.3	94.8	71.1	46.9	71.7
Transit System Improvements	1.3	1.4	10.9	11.4	2.9
Parks, Playgrounds, Museums & Recreational Facilities	84.4	142.1	46.0	26.4	27.9
Libraries Improvements	6.7	3.4	1.5	0.5	0.3
Police & Fire Facilities	10.1	15.4	16.3	17.0	23.3
City Hall & Municipal Buildings Improvements	22.9	13.2	10.5	9.2	10.8
Computers, Servers, Software & IT Infrastructure	28.7	19.3	24.4	21.7	18.7
Economic Development	40.7	9.8	15.0	13.0	10.4
Other and Non-Enterprise Vehicles	103.2	28.3	22.3	43.3	36.7
	$ 1,134.6	$ 885.1	$ 646.3	$ 587.9	$ 608.7

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		
	2025	2024	Inc/(Dec)	2025	2024	Inc/(Dec)	2025	2024	Inc/(Dec)
Land	833.5	1,139.1	(305.6)	291.3	251.0	40.3	1,124.8	1,390.1	(265.3)
Lease Asset - Land	-	-	-	11.3	11.3	-	11.3	11.3	-
Fine Arts	1.2	1.2	-	-	-	-	1.2	1.2	-
Buildings	729.4	634.6	94.8	1,706.4	1,602.3	104.1	2,435.8	2,236.9	198.9
Lease Asset - Buildings	581.0	582.3	(1.3)	13.6	13.6	-	594.6	595.9	(1.3)
Improvements other than buildings	159.7	108.1	51.6	328.0	273.9	54.1	487.7	382.0	105.7
Machinery & equipment	268.1	225.1	43.0	31.8	26.8	5.0	299.9	251.9	48.0
Lease Asset - Equipment	0.2	0.6	(0.4)	-	-	-	0.2	0.6	(0.4)
Infrastructure	649.3	590.4	58.9	2,276.8	2,073.4	203.4	2,926.1	2,663.8	262.3
Construction in progress	584.0	28.6	555.4	1,627.7	1,543.1	84.6	2,211.7	1,571.7	640.0
Development in Progress	16.1	8.8	7.3	-	-	-	16.1	8.8	7.3
Transit	18.9	23.3	(4.4)	-	-	-	18.9	23.3	(4.4)
Intangible Assets	44.9	40.3	4.6	9.3	10.1	(0.8)	54.2	50.4	3.8
Subscription Assets	29.1	5.9	23.2	-	-	-	29.1	5.9	23.2
Total	**3,915.4**	**3,388.3**	**527.1**	**6,296.2**	**5,805.5**	**490.7**	**10,211.6**	**9,193.8**	**1,017.8**

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 $10.9 billion in long-term debt outstanding. Of this amount, $7.3 billion represents bonds outstanding (comprised of $2.1 billion of debt backed by the full faith and credit of the City, and $5.2 billion of debt secured solely by specific revenue sources) while $3.6 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	
	2025	2024	2025	2024	2025	2024
Bonds Outstanding:						
General obligation bonds	2,143.9	1,874.7	-	-	2,143.9	1,874.7
Revenue bonds	-	-	5,185.3	5,030.0	5,185.3	5,030.0
Total Bonds Outstanding	**2,143.9**	**1,874.7**	**5,185.3**	**5,030.0**	**7,329.2**	**6,904.7**
Other Long Term Obligations:						
Service agreements	1,611.9	1,644.4	-	-	1,611.9	1,644.4
Employee related obligations	953.0	933.6	83.6	79.0	1,036.6	1,012.6
Indemnities	241.9	157.8	9.1	8.3	251.0	166.1
Arbitrage	9.8	6.2	23.9	13.0	33.7	19.2
Leases	631.5	614.5	25.1	25.1	656.6	639.6
Subscriptions	27.1	3.5	-	-	27.1	3.5
Total Other Long Term Obligations	**3,475.2**	**3,360.0**	**141.7**	**125.4**	**3,616.9**	**3,485.4**
Total Long Term Debt Outstanding	**5,619.1**	**5,234.7**	**5,327.0**	**5,155.4**	**10,946.1**	**10,390.1**

Significant events related to borrowing during the current fiscal year include the following:

- In June 2025, the City issued $872.6 million of General Obligation Bonds Series 2025ABC. The total proceeds were $931.2 million (which includes a premium of $58.6 million).
- In January 2025, PRA issued City Service Agreement Revenue Refunding Bonds Series 2025A in the amount of $68.8 million. The total proceeds were $74.8 million (which includes a premium of $6.0 million).
- In December 2024, PRA issued City Service Agreement Revenue Bonds Series 2024AB in the amount of $149.1 million. The total proceeds were $151.3 million (which includes a premium of $2.2 million).
- In November 2024, the City issued $595.8 million in Water and Wastewater Revenue Bonds Series 2024C. The total proceeds were $657.4 million (which includes a premium of $61.6 million).

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 IBCA
General Obligation Bonds	A1	A+	A+
Water Revenue Bonds	A1	A+	A+
Aviation Revenue Bonds	A1	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, 2025, the legal debt limit was $18.3 billion. The City has $2.7 billion of outstanding tax supported debt leaving a legal debt margin of $15.6 billion.

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 2025 fiscal year:

- *Fund Balance:* In FY25, the General Fund ended with a fund balance of $1.179 billion, the highest in the City's history. This was made possible in large part by ARPA funding, which enabled the City to make crucial investments and continue vital services, while allowing the City to use its other revenue streams to grow the fund balance. The fund balance is higher than the amount included for FY25 in the PICA-Approved FY26-30 Five Year Plan largely as a result of one-time or temporary reasons. First, underspending has been a key driver, primarily stemming from hiring challenges. Like many other employers, the City has faced difficulties attracting and retaining staff in a complex and competitive labor market. As a result, funds allocated for unfilled positions remained unspent in FY25. The City has made significant strides in increasing staffing and has added 2,003 General Fund positions since the beginning of the Parker Administration (January 2024). Additionally, $4.0 million of the $95 million Federal Funding Reserve was spent in FY25, and the remaining balance of the reserve fell to the FY25 fund balance. The City plans to reestablish this reserve for $91.0 million in FY26. Higher-than-projected tax revenues also contributed to the higher fund balance. FY25 collections for the Business Income and Receipts Tax (BIRT), Net Profits Tax (NPT), and Realty Transfer Tax (RTT) exceeded the amount projected in the PICA-Approved Plan. BIRT and NPT are highly volatile and can fluctuate significantly year to year, while RTT was likely elevated as transactions were accelerated ahead of a rate change that went into effect in July of 2025.

- *Contract Negotiations.* More than 80% of City employees are represented by one of the City's municipal unions.

  The City works with its union partners to reach multi-year agreements that are fair to employees while also maintaining the City's fiscal health. As of February 2025, the City has executed multi-year contracts or received arbitration awards for five unions and is in the interest arbitration process with the remaining three. 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 District Council 33), and employees of the First Judicial District (represented by District Council 47), are not permitted to strike but may proceed to interest arbitration under Act 195.

The table below presents employee wage increases from FY25 through FY28 for each bargaining unit.

Fiscal Year	FOP Lodge 5	Sheriff's Office & Register of Wills (FOP Lodge 5)	IAFF Local 22	AFSCME DC33	Correctional Officers (DC33 Local 159)	AFSCME DC47 (Local 2187)	AFSCME DC47 (Local 2186)	Local 810 Court Employees (DC47)	Steelworkers (Local 286)
FY25	5% $1,800 bonus	4.5% Sheriff $1,500 bonus Sheriff 5% RoW $1,400 bonus RoW	5% $1,800 bonus	5% $1,400 bonus	4.5% $1,600 bonus 3% (per 3/4/2025 civilianization award) $1,000 bonus for 159B correctional officers on 8-hour shift	4.4% $1,400 bonus Adjusted to 5.0% effective Nov. 1, 2024	4.4% $1,400 bonus Adjusted to 5.0% effective Nov. 1, 2024	4.4% $1,400 bonus Adjusted to 5.0% effective Nov. 1, 2024	4.4% $1,300 Adjusted to 5.0% effective Nov. 1, 2024
FY26	3% July 2025 1.5% Jan 2026 (for civilianization) $3,000 bonus	N/A[2]	N/A[3]	3% $1,500 bonus	N/A[4]	2.5% $1,250 bonus	2.5% $1,250 bonus	2.5% $1,250 bonus	2.5% $1,250 bonus
FY27	3% July 2026 1.5% Jan 2027 (for civilianization)	N/A	N/A	3%	N/A	3%	3%	3%	3%
FY28	N/A	N/A	N/A	3%	N/A	3%	3%	3%	3%

[1] The arbitration agreement between the City and FOP Lodge 5 is for a two-year period covering 7/1/2025-6/30/2027.
[2] The agreement covering the Deputy Sheriff and Register of Wills bargaining unit is in interest arbitration and wage increases have not been decided yet as of February 2026.
[3] The agreement covering the IAFF Local 22 is in interest arbitration and wage increases have not been decided yet as of February 2026.
[4] The agreement covering the Correctional Officers' bargaining unit is in interest arbitration and wage increases have not been decided yet as of February 2026.

- *COVID19 Recovery and Grants:* 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. This funding allowed the City to avoid devastating cuts while making crucial investments and helping the City build a fund balance using other revenue streams. All ARPA funds were spent by the end of calendar year 2024 as required. With FY26 marking the first full fiscal year without ARPA funding, this federal backstop is no longer available to support City operations.

- *Pension Fund Challenges:* In FY26, pension costs are projected to represent 11.9% of General Fund expenditures. The significant share of costs attributed to pensions, combined with the Pension Fund's current funding status – it is now approximately 65.4% funded – make it clear that the City will not attain fiscal stability until it has solidified the financial condition of the Pension Fund. To address this challenge, the City, working with municipal employees, the Pension Board, and City Council, implemented 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 2034. This approach, which involved increasing the City's annual contribution, enacting pension reforms for all city employees, and adjusting the investment strategy to reduce costs, significantly improved the health of the Pension Fund. During the period FY16 through FY25, the funding level of the Pension Fund increased from 45% to over 65.4%,

the highest funding percentage in decades. In FY26, General Fund pension payments are projected to total $836.4 million.

- *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.

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

City of Philadelphia
PENNSYLVANIA

Basic Financial Statements

City of Philadelphia **Exhibit I**
Statement of Net Position
June 30, 2025
Amounts in thousands of USD

	Primary Government			
	Governmental Activities	Business Type Activities	Total	Component Units
Assets				
Cash on Deposit and on Hand	75,769	30	75,799	764,708
Equity in Pooled Cash and Investments	-	-	-	1,091,685
Equity in Treasurer's Account	3,405,276	752,433	4,157,709	-
Investments	11,417	-	11,417	84,036
Due from Component Units	45,883	-	45,883	-
Due from Primary Government	-	-	-	228,192
Internal Balances	-	(1,688)	(1,688)	-
Amounts Held by Fiscal Agent	249,866	-	249,866	232,696
Notes Receivable - Net	-	-	-	171,209
Accounts Receivable - Net	749,827	248,769	998,596	525,997
Lease Receivable	86,042	-	86,042	-
Interest and Dividends Receivable	7,310	-	7,310	38,921
Due from Other Governments - Net	1,143,875	74,335	1,218,210	451,883
Inventories	54,127	82,641	136,768	178,416
Other Assets	39,209	35,460	74,669	171,034
Restricted Assets:				
Cash and Cash Equivalents	-	1,917,696	1,917,696	514,175
Other Assets	-	611,302	611,302	450,394
Capital Assets:				
Land and Other Non-Depreciated Assets	1,434,811	1,930,296	3,365,107	1,564,520
Other Capital Assets (Net of Depreciation)	2,480,580	4,365,862	6,846,442	5,328,103
Total Capital Assets, Net	3,915,391	6,296,158	10,211,549	6,892,623
Total Assets	9,783,992	10,017,136	19,801,128	11,795,969
Deferred Outflows of Resources	552,325	93,577	645,902	857,986
Liabilities				
Notes Payable	38,499	392,080	430,579	33,842
Vouchers Payable	127,988	43,699	171,687	9,718
Accounts Payable	491,158	228,130	719,288	219,931
Salaries and Payroll Deductions Payable	108,745	10,534	119,279	433,893
Accrued Expenses	39,996	76,144	116,140	247,255
Due to Fiduciary	100,268	-	100,268	-
Due to Primary Government	-	-	-	61,813
Due to Component Units	40,438	3,734	44,172	-
Funds Held in Escrow	63,776	1,587	65,363	9,669
Due to Other Governments	377	-	377	40,841
Unearned Revenue	809,336	64,478	873,814	389,518
Overpayment of Taxes	241,355	-	241,355	48,273
Other Current Liabilities	-	5,988	5,988	276,637
Derivative Instrument Liability	6,942	-	6,942	-
Long-term Liabilities:				
Due within one year				
Bonds Payable & Other Long-term Liabilities	423,996	187,461	611,457	465,462
Total OPEB Liability	71,903	8,816	80,719	-
Due in more than one year				
Bonds Payable & Other Long-term Liabilities	5,195,058	5,133,511	10,328,569	8,908,143
Total OPEB Liability	1,361,678	167,920	1,529,598	273,836
Net Pension Liability	3,264,618	381,783	3,646,401	250,462
Total Liabilities	12,386,131	6,705,865	19,091,996	11,669,293
Deferred Inflows of Resources	904,587	310,466	1,215,053	285,964
Net Position				
Net Investment in Capital Assets	1,372,190	1,828,719	3,200,909	2,138,388
Restricted For:				
Capital Projects	366,496	421,341	787,837	4,466
Debt Service	791	462,968	463,759	380,685
Pension Oblig Bond Refunding Reserve	3	-	3	-
Behavioral Health	281,161	-	281,161	5,961
Neighborhood Revitalization	151,283	-	151,283	-
Street Lighting Project	33,155	-	33,155	-
Rebuild Project	31,040	-	31,040	-
Home Repair Program	34,705	-	34,705	-
Grant Programs	504,425	-	504,425	161,009
Rate Stabilization	-	143,814	143,814	-
Educational Programs	-	-	-	20,024
Other	143,996	-	143,996	267,977
Unrestricted(Deficit)	(5,873,646)	237,540	(5,636,106)	(2,279,812)
Total Net Position	(2,954,401)	3,094,382	139,981	698,698

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

City of Philadelphia **Exhibit II**
Statement of Activities
For the Fiscal Year Ended June 30, 2025
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: Primary Government: Governmental Activities	Primary Government: Business Type Activities	Primary Government: Total	Component Units
Primary Government:								
Governmental Activities:								
Economic Development	177,134	-	44	2,567	(174,523)		(174,523)	
Transportation:								
Streets & Highways	275,621	19,916	55,966	66,284	(133,455)		(133,455)	
Mass Transit	138,145	3,322	466	-	(134,357)		(134,357)	
Judiciary and Law Enforcement:								
Police	1,202,365	12,502	13,478	-	(1,176,385)		(1,176,385)	
Prisons	399,029	2	-	-	(399,027)		(399,027)	
Courts	416,383	31,007	58,847	-	(326,529)		(326,529)	
Conservation of Health:								
Emergency Medical Services	106,942	79,901	6,040	-	(21,001)		(21,001)	
Health Services	2,290,405	40,760	1,789,172	-	(460,473)		(460,473)	
Housing and Neighborhood Development	146,784	16,682	72,916	-	(57,186)		(57,186)	
Cultural and Recreational:								
Recreation	11,220	5,644	5,544	5,641	5,609		5,609	
Parks	14,425	3,637	-	4,026	(6,762)		(6,762)	
Libraries and Museums	98,124	1,035	9,242	-	(87,847)		(87,847)	
Improvements to General Welfare:								
Social Services	1,042,176	63,804	748,719	-	(229,653)		(229,653)	
Education	338,954	31	626	-	(338,297)		(338,297)	
Inspections and Demolitions	68,455	80,942	-	-	12,487		12,487	
Service to Property:								
Sanitation	263,168	24,893	2,442	-	(235,833)		(235,833)	
Fire	513,019	858	3,616	-	(508,545)		(508,545)	
General Management and Support	1,378,899	193,360	488,044	8,570	(688,925)		(688,925)	
Interest on Long Term Debt	109,218	-	-	-	(109,218)		(109,218)	
Total Governmental Activities	8,990,466	578,296	3,255,162	87,088	(5,069,920)		(5,069,920)	
Business Type Activities:								
Water and Sewer	877,683	944,338	509	5,891	-	73,055	73,055	
Aviation	500,387	566,253	-	81,325	-	147,191	147,191	
Industrial and Commercial Development	212	-	-	-	-	(212)	(212)	
Total Business Type Activities	1,378,282	1,510,591	509	87,216	-	220,034	220,034	
Total Primary Government	10,368,748	2,088,887	3,255,671	174,304	(5,069,920)	220,034	(4,849,886)	
Component Units:								
Gas Operations	620,355	686,829	65,366	7,026				138,866
Housing	729,176	89,360	668,898	37,029				66,111
Parking	314,788	341,064	-	-				26,276
Education	5,301,928	29,465	1,795,983	33,631				(3,442,849)
Health	1,310,846	-	1,310,149	-				(697)
Economic Development	344,212	2,518	113,775	-				(227,919)
Total Component Units	8,621,305	1,149,236	3,954,171	77,686				(3,440,212)
General Revenues:								
Taxes:								
Property Taxes					931,414	-	931,414	1,190,593
Wage & Earnings Taxes					2,699,689	-	2,699,689	-
Business Taxes					842,830	-	842,830	-
Other Taxes					1,219,502	-	1,219,502	559,383
Grants & Contributions Not Restricted to Specific Programs					272,312	13,833	286,145	1,899,007
Unrestricted Interest & Investment Earnings					148,818	147,275	296,093	75,661
Miscellaneous					635	7,739	8,374	3,121
Special Items - Gain on Sale of Capital Asset					-	-	-	346
Transfers					48,596	(48,596)	-	237,593
Total General Revenues, Special Items and Transfers					6,163,796	120,251	6,284,047	3,965,704
Change in Net Position					1,093,876	340,285	1,434,161	525,492
Net Position - July 1, 2024					(4,048,277)	2,754,097	(1,294,180)	203,910
Adjustment					-		-	(30,704)
Net Position Adjusted - July 1, 2024					(4,048,277)	2,754,097	(1,294,180)	173,206
Net Position - June 30, 2025					(2,954,401)	3,094,382	139,981	698,698

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

City of Philadelphia
Balance Sheet
Governmental Funds
June 30, 2025

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	32,558	-	130	43,081	75,769
Equity in Treasurer's Account	2,373,063	216,987	105,363	709,863	3,405,276
Investments	-	-	-	11,417	11,417
Due from Other Funds	24,116	-	-	5,623	29,739
Due from Component Units	45,883	-	-	-	45,883
Amounts Held by Fiscal Agent	249,866	-	-	-	249,866
Taxes Receivable	657,480	-	-	33,265	690,745
Accounts Receivable	472,484	-	196,989	6,617	676,090
Lease Receivable	29,077	-	-	56,965	86,042
Due from Other Governmental Units	5,795	107,078	898,565	132,437	1,143,875
Allowance for Doubtful Accounts	(623,294)	-	-	(1,174)	(624,468)
Interest and Dividends Receivable	6,331	862	-	117	7,310
Other Assets	-	-	-	710	710
Total Assets	3,273,359	324,927	1,201,047	998,921	5,798,254
Liabilities					
Vouchers Payable	70,887	49	30,828	26,224	127,988
Accounts Payable	243,591	10,004	137,862	99,701	491,158
Salaries and Payroll Deductions Payable	100,610	1	5,210	2,732	108,553
Payroll Taxes Payable	-	-	-	193	193
Due to Other Funds	97,588	-	-	26,796	124,384
Due to Component Units	6,563	33,712	-	163	40,438
Funds Held in Escrow	51,748	-	-	12,028	63,776
Due to Other Governmental Units	377	-	-	-	377
Unearned Revenue	191,238	-	603,331	14,767	809,336
Overpayment of Taxes	241,355	-	-	-	241,355
Total Liabilities	1,003,957	43,766	777,231	182,604	2,007,558
Deferred Inflows of Resources	323,962	-	1,079,775	197,788	1,601,525
Fund Balances					
Nonspendable	-	-	-	6,747	6,747
Restricted	249,866	281,161	125,991	633,381	1,290,399
Committed	178,890	-	-	9,984	188,874
Assigned	640,005	-	-	-	640,005
Unassigned	876,679	-	(781,950)	(31,583)	63,146
Total Fund Balances	1,945,440	281,161	(655,959)	618,529	2,189,171
Total Liabilities, Deferred Inflows of Resources, and Fund Balances	3,273,359	324,927	1,201,047	998,921	

Reconciliation of the Governmental Funds Balance Sheet to the Statement of Net Position

a. Capital Assets used in governmental activities are not reported in the funds	3,915,391
b. Unavailable Revenue are reported as Deferred Inflows of Resources in the funds	1,505,388
c. Long Term Liabilities, including bonds payable are not reported in the funds	(5,619,054)
d. Derivatives and Deferred Outflows of Resources are not reported in the funds	545,383
e. Other	15,969
f. Net Pension & OPEB Liabilities are not reported in the funds	(4,698,199)
g. Deferred Inflows (with the exception of Unavailable Revenue) are not reported in the funds	(808,450)
Net Position of Governmental Activities	(2,954,401)

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, 2025

Amounts in thousands of USD

	General Fund	HealthChoices Behavioral Health Fund	Grants Revenue Fund	Other Governmental Funds	Total Governmental Funds
Revenues					
Tax Revenue	4,428,362	-	-	1,227,278	5,655,640
Locally Generated Non-Tax Revenue	478,213	14,585	112,596	57,798	663,192
Revenue from Other Governments	392,493	1,258,136	1,678,338	214,844	3,543,811
Other Revenues	25,169	-	-	14,926	40,095
Total Revenues	5,324,237	1,272,721	1,790,934	1,514,846	9,902,738
Expenditures					
Current Operating:					
Economic Development	80,933	-	44	90,930	171,907
Transportation:					
Streets & Highways	32,328	-	10,575	157,169	200,072
Mass Transit	133,291	-	466	-	133,757
Judiciary and Law Enforcement:					
Police	1,371,189	-	9,379	-	1,380,568
Prisons	422,102	-	-	1,494	423,596
Courts	401,282	-	47,535	-	448,817
Conservation of Health:					
Emergency Medical Services	112,276	-	6,040	-	118,316
Health Services	242,276	1,372,455	423,418	266,869	2,305,018
Housing and Neighborhood Development	8,396	-	26,113	112,275	146,784
Cultural and Recreational:					
Recreation	149,911	-	5,493	-	155,404
Parks	-	-	-	2,389	2,389
Libraries and Museums	112,555	-	9,086	139	121,780
Improvements to General Welfare:					
Social Services	385,142	-	729,061	-	1,114,203
Education	338,297	-	657	-	338,954
Inspections and Demolitions	71,985	-	-	1,000	72,985
Service to Property:					
Sanitation	271,178	-	2,442	4,268	277,888
Fire	572,210	-	3,866	-	576,076
General Management and Support	1,184,775	-	22,974	105,009	1,312,758
Capital Outlay	115,226	-	-	484,974	600,200
Debt Service:					
Principal	93,950	-	448	124,800	219,198
Interest	11,219	-	68	75,085	86,372
Bond Issuance Cost	1,849	-	-	5,038	6,887
Total Expenditures	6,112,370	1,372,455	1,297,665	1,431,439	10,213,929
Excess (Deficiency) of Revenues Over (Under) Expenditures	(788,133)	(99,734)	493,269	83,407	(311,191)
Other Financing Sources (Uses)					
Issuance of Debt	149,105	-	-	401,780	550,885
Issuance of Refunding Debt	68,820	-	-	470,790	539,610
Bond Issuance Premium	8,127	-	-	58,591	66,718
Bond Defeasance	-	-	-	(507,156)	(507,156)
Subscriptions	1,642	-	-	24,043	25,685
Leases (as lessee)	18,934	-	-	32,715	51,649
Transfers In	1,224,559	-	-	359,968	1,584,527
Transfers Out	(302,385)	-	(464,076)	(769,470)	(1,535,931)
Total Other Financing Sources (Uses)	1,168,802	-	(464,076)	71,261	775,987
Net Change in Fund Balance	380,669	(99,734)	29,193	154,668	464,796
Fund Balance - July 1, 2024	1,564,771	380,895	(685,152)	463,861	1,724,375
Fund Balance - June 30, 2025	1,945,440	281,161	(655,959)	618,529	2,189,171

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

Net Change in Fund Balances - Total Governmental Funds	464,796
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 (793,209) exceeded depreciation (267,933),	525,276
b. Revenues in the statement of activities that do not provide current financial resources are not reported as revenues in the funds	130,761
c. Proceeds from debt obligations and lease/subscription financing 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 (1,233,856) exceeded repayments (917,693)	(316,163)
d. The increase in the Net Pension Liability and Total OPEB Liability reported in the statement of activities does not require the use of current financial resources and therefore is not reported as an expenditure in governmental funds	404,418
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	(115,212)
Change in Net Position of governmental activities	1,093,876

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

City of Philadelphia **Exhibit VI**
Statement of Fund Net Position
Proprietary Funds
June 30, 2025
Amounts in thousands of USD

	Business Type Activities - Enterprise Funds			
Assets	Water and Sewer	Aviation	Other Non-Major Industrial & Commercial Development	Total
Current Assets:				
Cash on Deposit and on Hand	30	-	-	30
Equity in Treasurer's Account	144,069	596,726	11,638	752,433
Due from Other Governments	-	-	74,335	74,335
Accounts Receivable	236,953	33,243	-	270,196
Allowance for Doubtful Accounts	(21,258)	(169)	-	(21,427)
Inventories	26,429	3,301	52,911	82,641
Other Assets	490	34,970	-	35,460
Total Current Assets	386,713	668,071	138,884	1,193,668
Non-Current Assets:				
Restricted Assets:				
Equity in Treasurer's Account	1,267,384	650,312	-	1,917,696
Sinking Funds and Reserves	294,879	128,691	-	423,570
Grants for Capital Purposes	-	39,629	-	39,629
Receivables	6,001	142,102	-	148,103
Total Restricted Assets	1,568,264	960,734	-	2,528,998
Capital Assets:				
Land	13,141	289,471	-	302,612
Infrastructure	3,379,248	1,601,650	-	4,980,898
Construction in Progress	1,153,860	473,824	-	1,627,684
Buildings and Equipment	2,383,831	3,152,585	-	5,536,416
Less: Accumulated Depreciation	(3,182,294)	(2,969,158)	-	(6,151,452)
Total Capital Assets, Net	3,747,786	2,548,372	-	6,296,158
Total Non-Current Assets	5,316,050	3,509,106	-	8,825,156
Total Assets	5,702,763	4,177,177	138,884	10,018,824
Deferred Outflows of Resources	74,904	18,673	-	93,577
Liabilities				
Current Liabilities:				
Vouchers Payable	12,777	30,922	-	43,699
Accounts Payable	20,657	-	-	20,657
Salaries and Payroll Deductions Payable	7,923	2,611	-	10,534
Construction Contracts Payable	128,425	79,048	-	207,473
Due to Other Funds	1,688	-	-	1,688
Due to Component Units	3,587	147	-	3,734
Accrued Expenses	40,620	35,524	-	76,144
Funds Held in Escrow	1,587	-	-	1,587
Unearned Revenue	18,415	46,063	-	64,478
Commercial Paper Notes	59,780	332,300	-	392,080
Bonds Payable-Current	108,076	79,385	-	187,461
Total OPEB Liability-Current	5,932	2,884	-	8,816
Other Current Liabilities	3,850	2,138	-	5,988
Total Current Liabilities	413,317	611,022	-	1,024,339
Total OPEB Liability	112,709	55,211	-	167,920
Net Pension Liability	245,367	136,416	-	381,783
Non-Current Liabilities:				
Bonds Payable	3,324,925	1,227,075	-	4,552,000
Unamortized Premium/(Discount and Loss)	311,033	134,830	-	445,863
Other Non-Current Liabilities	96,710	38,938	-	135,648
Total Non-Current Liabilities	3,732,668	1,400,843	-	5,133,511
Total Liabilities	4,504,061	2,203,492	-	6,707,553
Deferred Inflows of Resources	106,352	204,114	-	310,466
Net Position				
Net Investment in Capital Assets	706,438	1,122,281	-	1,828,719
Restricted For:				
Capital Projects	239,543	181,798	-	421,341
Debt Service	297,117	165,851	-	462,968
Rate Stabilization	143,814	-	-	143,814
Unrestricted	(219,658)	318,314	138,884	237,540
Total Net Position	1,167,254	1,788,244	138,884	3,094,382

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

City of Philadelphia **Exhibit VII**

Statement of Revenues, Expenses and Changes in Fund Net Position

Proprietary Funds

For the Fiscal Year Ended June 30, 2025

Amounts in thousands of USD

	Business-Type Activities - Enterprise Funds			
	Water and Sewer	Aviation	Other Non-Major Industrial & Commercial Development	Totals
Operating Revenues:				
Charges for Goods and Services	933,532	121,683	-	1,055,215
Rentals and Concessions	-	343,926	-	343,926
Operating Grants	509	-	-	509
Miscellaneous Operating Revenues	10,806	11,738	-	22,544
Total Operating Revenues	944,847	477,347	-	1,422,194
Operating Expenses:				
Personal Services	201,652	98,883	-	300,535
Purchase of Services	148,269	154,988	-	303,257
Materials and Supplies	74,364	10,019	-	84,383
Employee Benefits	113,236	42,163	-	155,399
Indemnities and Taxes	9,268	6,824	-	16,092
Depreciation	167,410	125,874	-	293,284
Cost of Goods Sold	-	-	212	212
Total Operating Expenses	714,199	438,751	212	1,153,162
Operating Income (Loss)	230,648	38,596	(212)	269,032
Non-Operating Revenues (Expenses):				
Federal, State and Local Grants	300	13,533	-	13,833
Passenger and Customer Facility Charges	-	88,906	-	88,906
Investment Earnings	81,739	65,004	532	147,275
Debt Service - Interest	(136,360)	(61,636)	-	(197,996)
Other Revenue (Expenses)	(27,124)	7,722	17	(19,385)
Total Non-Operating Revenues (Expenses)	(81,445)	113,529	549	32,633
Income (Loss) Before Contributions & Transfers	149,203	152,125	337	301,665
Transfers In/(Out)	(48,596)	-	-	(48,596)
Capital Contributions	5,891	81,325	-	87,216
Change in Net Position	106,498	233,450	337	340,285
Net Position - July 1, 2024	1,060,756	1,554,794	138,547	2,754,097
Net Position - June 30, 2025	1,167,254	1,788,244	138,884	3,094,382

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

City of Philadelphia **Exhibit VIII**
Statement of Cash Flows
Proprietary Funds
For the Fiscal Year Ended June 30, 2025
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	921,813	470,234	-	1,392,047
Payments to Suppliers	(239,106)	(168,588)	-	(407,694)
Payments to Employees	(345,746)	(156,044)	-	(501,790)
Internal Activity-Payments to Other Funds	-	(9,130)	-	(9,130)
Claims Paid	(9,268)	-	-	(9,268)
Other Receipts (Payments)	-	1,813	-	1,813
Net Cash Provided (Used)	327,693	138,285	-	465,978
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES				
Operating Grants Received	809	14,007	-	14,816
Operating Subsidies and Transfers from/(to) Other Funds	(63,561)	-	-	(63,561)
Net Cash Provided (Used)	(62,752)	14,007	-	(48,745)
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES				
Proceeds from Debt Issuance	449,115	1,066,986	-	1,516,101
Capital Grants & Contributions Received	-	71,385	-	71,385
Acquisition and Construction of Capital Assets	(441,321)	(258,519)	-	(699,840)
Interest Paid on Debt Instruments	(141,889)	(75,495)	-	(217,384)
Principal Paid on Debt Instruments	(92,930)	(1,066,614)	-	(1,159,544)
Passenger Facility Charges	-	88,669	-	88,669
Other Receipts (Payments)	448	5,684	-	6,132
Net Cash Provided (Used)	(226,577)	(167,904)	-	(394,481)
CASH FLOWS FROM INVESTING ACTIVITIES				
Proceeds from Sale and Maturities of Investments	-	6,402	-	6,402
Interest,Dividends and Losses on Investments	69,200	68,399	532	138,131
Net Cash Provided (Used)	69,200	74,801	532	144,533
Net Increase (Decrease) in Cash and Cash Equivalents	107,564	59,189	532	167,285
Cash and Cash Equivalents, July 1 (including $1,144.5 mil for Water & Sewer and $665.8 mil for Aviation reported in restricted accounts)	1,303,919	1,187,849	11,106	2,502,874
Cash and Cash Equivalents, June 30 (including $1,267.4 mil for Water & Sewer and $650.3 mil for Aviation reported in restricted accounts)	1,411,483	1,247,038	11,638	2,670,159
Reconciliation of Operating Income (Loss) to Net Cash Provided (Used) by Operating Activities:				
Operating Income (Loss)	230,648	38,596	(212)	269,032
Adjustments to Reconcile Operating Income to Net Cash Provided (Used) by Operating Activities:				
Depreciation Expense	167,410	125,874	-	293,284
Bad Debts, Net of Recoveries				-
Changes in Assets and Liabilities:				
Receivables, Net	(23,689)	22,924	(3,933)	(4,698)
Unearned Revenue	655	(28,225)	-	(27,570)
Inventories	(2,101)	491	4,145	2,535
Accounts and Other Payables	(13,209)	(21,375)	-	(34,584)
Accrued Expenses	(32,021)	-	-	(32,021)
Net Cash Provided by Operating Activities	327,693	138,285	-	465,978
Schedule of non-cash capital activities:				
Contributions of capital assets	-	-	-	-

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

City of Philadelphia **Exhibit IX**

Statement of Fiduciary Net Position

Fiduciary Funds

June 30, 2025

Amounts in thousands of USD

	Pension Trust Funds (Fiduciary Component Units)	Custodial Funds
Assets		
Cash on Deposit and on Hand	17,684	221,547
Equity in Treasurer's Account	10,166,493	928
Investments	-	2,820
Securities Lending Collective Investment Pool	514,366	-
Accounts Receivable	5,165	-
Due from Brokers for Securities Sold	491,416	-
Interest and Dividends Receivable	2,436	-
Due from Other Governmental Units	8,801	-
Due from Other Funds	95,634	699
Total Assets	11,301,995	225,994
Liabilities		
Vouchers Payable	547	-
Accounts Payable	101	-
Salaries and Wages Payable	107	-
Funds Held in Escrow	-	5,577
Due on Return of Securities Loaned	514,367	-
Due to Brokers for Securities Purchased	445,356	-
Accrued Expenses	5,118	-
Other Liabilities	454	-
Total Liabilities	966,050	5,577
Net Position		
Net Position Restricted for Pensions	10,335,945	-
Restricted for Individuals, Organizations & Other Governments	-	220,417
Total Net Position	10,335,945	220,417

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, 2025
Amounts in thousands of USD

	Pension Trust Funds (Fiduciary Component Units)	Custodial Funds
Additions:		
Contributions:		
Employers' Contributions	894,211	-
Employees' Contributions	141,242	-
Total Contributions	1,035,453	-
Investment Income:		
Interest and Dividends	280,882	-
Net Gain in Fair Value of Investments	899,587	-
(Less) Investments Expenses	(19,822)	-
Securities Lending Revenue	4,225	-
(Less) Securities Lending Expenses	(2,428)	-
Net Investment Gain	1,162,444	-
Other Income:		
Collection of fees, contributions, and holdings	-	608
Collection of Judicial charges, fees, and holdings	-	73,298
Collection of prisoner holdings	-	6,109
Collection of recording fees for other governments	-	40,834
Collection of Sheriff and Police forfeitures, seizures, and holdings	-	113,253
Collection of unclaimed monies	-	2,892
Miscellaneous Operating Revenues	398	-
Total Other Income	398	236,994
Total Additions	2,198,295	236,994
Deductions		
Personal Services	4,706	-
Purchase of Services	2,542	-
Materials and Supplies	67	-
Employee Benefits	3,251	-
Pension Benefits	1,060,559	-
Refunds of Members' Contributions	11,917	-
Administrative Expenses Paid	362	-
Other Operating Expenses	138	-
Distribution of fees, contributions, and holdings	-	608
Distribution of Judicial charges, fees, and holdings	-	67,536
Distribution of prisoner holdings	-	6,109
Distribution of recording fees for other governments	-	40,834
Distribution of Sheriff and Police forfeitures, seizures, and holdings	-	33,041
Distribution of unclaimed monies	-	2,892
Total Deductions	1,083,542	151,020
Change in Net Position	1,114,753	85,974
Net Position - July 1, 2024	9,221,192	134,443
Net Position - June 30, 2025	10,335,945	220,417

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

City of Philadelphia **Exhibit XI**

Statement of Net Position

Component Units

June 30, 2025

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	82,557	338,213	53,758	38,047	-	70,110	40,427	141,596	764,708
Equity in Pooled Cash and Investments	-	-	-	-	1,091,685	-	-	-	1,091,685
Investments	-	-	-	15,369	-	68,667	-	-	84,036
Due from Primary Government	-	2,232	24,886	-	57,977	3,460	139,637	-	228,192
Amounts Held by Fiscal Agent	-	-	-	-	232,696	-	-	-	232,696
Notes Receivable	-	167,216	3,993	-	-	-	-	-	171,209
Taxes Receivable	-	-	-	-	258,470	-	-	-	258,470
Accounts Receivable-Net	102,481	23,634	5,023	94,212	21,382	4,149	9,427	7,219	267,527
Interest and Dividends Receivable	-	482	38,397	37	5	-	-	-	38,921
Due from Other Governments	-	225,774	-	-	221,525	3,026	-	1,558	451,883
Inventories	56,825	1,039	119,546	-	1,006	-	-	-	178,416
Other Assets	68,738	14,238	22,197	8,739	38,562	867	2,817	14,876	171,034
Restricted Assets:									
Cash and Cash Equivalents	-	86,752	22,239	45,921	207,052	-	-	152,211	514,175
Other Assets	369,775	5,708	18,995	-	9,500	39,817	-	6,599	450,394
Capital Assets:									
Land and Other Non-Depreciated Assets	266,183	293,961	170	19,850	932,853	40,500	-	11,003	1,564,520
Other Capital Assets (Net of Depreciation)	1,743,348	1,238,812	179	118,123	1,891,839	165,803	47,240	122,759	5,328,103
Total Capital Assets	2,009,531	1,532,773	349	137,973	2,824,692	206,303	47,240	133,762	6,892,623
Total Assets	2,689,907	2,398,061	309,383	340,298	4,964,552	396,399	239,548	457,821	11,795,969
Deferred Outflows of Resources	111,596	23,691	-	51,747	664,802	5,769	381	-	857,986
Liabilities									
Notes Payable	-	-	7,897	-	-	25,945	-	-	33,842
Vouchers Payable	-	-	-	-	-	9,718	-	-	9,718
Accounts Payable	78,694	23,059	15,977	25,068	57,048	-	17,025	3,060	219,931
Salaries and Wages Payable	31,848	7,309	-	-	388,366	6,370	-	-	433,893
Accrued Expenses	56,098	18,200	19,221	137	-	60	153,539	-	247,255
Funds Held in Escrow	-	3,253	5,247	-	-	464	-	705	9,669
Due to Other Governments	-	462	-	22,012	15,963	2,404	-	-	40,841
Due to Primary Government	-	-	-	8,371	-	-	-	53,442	61,813
Unearned Revenue	10,976	5,497	81,403	-	28,610	9,605	-	253,427	389,518
Overpayment of Taxes	-		-	-	48,273	-	-	-	48,273
Other Current Liabilities	-	29,609	-	4,192	234,394	-	8,442	-	276,637
Non-Current Liabilities:									
Due within one year	58,445	40,432	3,794	3,487	343,256	11,656	3,065	1,327	465,462
Due in more than one year	1,269,427	319,114	109,409	85,723	7,013,361	49,094	46,493	15,522	8,908,143
Net OPEB Liability	83,505	1,462	-	19,344	-	163,061	6,464	-	273,836
Net Pension Liability	160,324	46,365	-	43,773	-	-	-	-	250,462
Total Liabilities	1,749,317	494,762	242,948	212,107	8,129,271	278,377	235,028	327,483	11,669,293
Deferred Inflows of Resources	101,364	27,110	3,070	30,590	88,337	20,220	1,258	14,015	285,964
Net Position									
Net Investment in Capital Assets	916,776	939,405	179	67,901	(24,531)	124,063	(2,318)	116,913	2,138,388
Restricted For:									
Capital Projects	-	-	-	-	-	4,466	-	-	4,466
Debt Service	121,485	-	20,292	4,322	234,586	-	-	-	380,685
Behavioral Health	-	-	-	-	-	-	5,961	-	5,961
Educational Programs	-	-	-	-	7,074	12,950	-	-	20,024
Grant Programs	-	2,200	-	-	-	-	-	158,809	161,009
Other	3,059	235,213	-	-	14,115	15,590	-	-	267,977
Unrestricted	(90,498)	723,062	42,894	77,125	(2,819,498)	(53,498)	-	(159,399)	(2,279,812)
Total Net Position	950,822	1,899,880	63,365	149,348	(2,588,254)	103,571	3,643	116,323	698,698

* **The Philadelphia Gas Works is presented as of the close of their fiscal year, August 31, 2025. Community Behavioral Health and the Philadelphia Authority for Industrial Development are presented as of the close of their fiscal year, December 31, 2024. The Philadelphia Parking Authority and Philadelphia Housing Authority are presented as of the close of their fiscal year, March 31, 2025.**

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, 2025

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	620,355	686,829	65,366	7,026	138,866								138,866
Housing													
Housing Authority	656,556	86,919	639,967	37,029		107,359							107,359
Redevelopment Authority	72,620	2,441	28,931	-			(41,248)						(41,248)
Total	729,176	89,360	668,898	37,029									
Parking													
Parking Authority	314,788	341,064	-	-				26,276					26,276
Education													
School District	5,123,357	8,134	1,733,540	33,631					(3,348,052)				(3,348,052)
Community College	178,571	21,331	62,443	-						(94,797)			(94,797)
Total	5,301,928	29,465	1,795,983	33,631									
Health													
Community Behavioral Health	1,310,846	-	1,310,149	-							(697)		(697)
Economic Development													
Authority for Ind. Development	344,212	2,518	113,775	-								(227,919)	(227,919)
Total Component Units	8,621,305	1,149,236	3,954,171	77,686									(3,440,212)
General Revenues:													
Property Taxes					-	-	-	-	1,190,593	-	-	-	1,190,593
Other Taxes					-	-	-	-	559,383	-	-	-	559,383
Grants & Contributions Not Restricted to Specific Programs					-	49,286	-	-	1,748,665	101,056	-	-	1,899,007
Unrestricted Interest & Investment Earnings					-	5,447	(29)	953	50,650	9,633	758	8,249	75,661
Miscellaneous					-	803	97	-	-	2,221	-	-	3,121
Special Item-Gain (Loss) on Sale of Capital Assets					-	-	-	-	-	-	-	346	346
Transfers					-	-	-	-	-	-	-	237,593	237,593
Total General Revenue ,Special items and Transfers					-	55,536	68	953	3,549,291	112,910	758	246,188	3,965,704
Change in Net Position					138,866	162,895	(41,180)	27,229	201,239	18,113	61	18,269	525,492
Net Position - July 1, 2024					837,850	1,736,985	104,545	126,929	(2,789,493)	85,458	3,582	98,054	203,910
Adjustment					(25,894)	-	-	(4,810)	-	-	-	-	(30,704)
Net Position Adjusted - July 1, 2024					811,956	1,736,985	104,545	122,119	(2,789,493)	85,458	3,582	98,054	173,206
Net Position - June 30, 2025					950,822	1,899,880	63,365	149,348	(2,588,254)	103,571	3,643	116,323	698,698

* The Philadelphia Gas Works is presented as of the close of their fiscal year, August 31, 2025. Community Behavioral Health and the Philadelphia Authority for Industrial Development are presented as of the close of their fiscal year, December 31, 2024. The Philadelphia Parking Authority and the Philadelphia Housing Authority are presented as of the close of their fiscal year, March 31, 2025.

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

This page intentionally left blank

Notes to the Financial Statements
FYE 06/30/2025

Table of Contents

I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES 48

1. Reporting Entity 48
2. Government-Wide and Fund Financial Statements 49
3. Basis of Accounting, Measurement Focus and Financial Statements 50
4. Deposits and Investments 51
5. Inventories 52
6. Capital Assets 52
7. Bonds and Related Premiums, Discounts and Issuance Costs 53
8. Insurance 53
9. Receivables and Payables 53
10. Deferred Outflows/Inflows of Resources and Net Position 54
11. Compensated Absences 55
12. Claims and Judgments 55
13. Unearned Revenue 55
14. Leases and Subscription Based Information Technology Arrangements (SBITA) 55
15. New Accounting Standards 56

II. LEGAL COMPLIANCE 57

1. Budgetary Information 57

III. DETAILED NOTES ON ALL FUNDS AND ACCOUNTS 57

1. Deposits and Investments 57
2. Securities Lending 61
3. Amounts Held by Fiscal Agent 61
4. Interfund Receivables and Payables 62
5. Capital Asset Activity 63
6. Notes Payable 66
7. Debt Payable 67
8. Leases 83
9. Subscription-Based Information Technology Arrangements 86
10. Deferred Compensation Plans 87
11. Fund Balance Policies 88
12. Interfund Transactions 91
13. Tax Abatements 91
14. Reconciliation of Government-Wide and Fund Financial Statements 95
15. Prior Period Adjustments and Cumulative Effect of Change in Accounting Principle 95
16. Net Position Restricted by Enabling Legislation 96
17. Fund Deficits 96

IV. OTHER INFORMATION 96

1. Pension Plans 96
2. Accumulated Unpaid Sick Leave 128
3. Other Post Employment Benefits (OPEB) 128
4. Pennsylvania Intergovernmental Cooperation Authority 148
5. Related Party Transactions 148
6. Risk Management 148
7. Commitments 150
8. Contingencies 151
9. Subsequent Events 160

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 GASB Statement 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 seven-member board, five of which have voting rights. Voting members are appointed by the Commonwealth, and the PA Budget Secretary and the Finance Director for the City serve as ex-officio non-voting members. Currently, the City of Philadelphia is the only city of the first class. The activities of PICA are reflected in the Special Revenue fund under the governmental fund types.

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 ends on December 31. 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 and the CCP Development, LLC, which are discretely presented component units 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 received from the State would present a financial burden to the City if current service levels were to be maintained. 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 on 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 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. Grants 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 on 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 on 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 services. 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 GASB Statement 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 certain 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 $10,000 and an estimated useful life more than three years (except for the Aviation and Water Funds which use $10,000 for personal property and $100,000 for buildings, improvements, and infrastructure). 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. Interest incurred before the end of a construction period is recognized as an expense in the period in which the cost is incurred and it is not 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 and improvements - 20 to 50 years; equipment and storage facilities - 3 to 25 years; and transmission and distribution lines - 50 years. Leased and software subscription assets are amortized over the shorter length of the lease or subscription term or the useful life of the underlying asset.

During fiscal year 2025, the City increased its capitalization threshold for capital assets from $5,000 to $10,000 to better align with asset management practices and administrative cost-benefit considerations. This change represents a change in accounting estimate and was applied prospectively. Prior period amounts were not restated.

In fiscal year 2025, the City began implementing a Capital Infrastructure Asset Replacement Policy for certain assets reported under infrastructure. The purpose of the policy is to create a systematic process that removes obsolete values that normally would accumulate in the financial statements. The Capital Asset Replacement policy’s goal is to increase accuracy of capital asset reporting.

The policy applies exclusively to infrastructure assets that are replaced by the Streets Department using an established schedule or specific criteria such as current condition assessments.

Using historical information along with feedback from the Streets Department, the City will run a 40-year replacement cycle which should allow for the full depreciation of all assets plus provide an appropriate buffer to reduce the risk of removing infrastructure likely in use. The assets will follow the regular useful life and depreciation process, and as each year a new asset is added, a corresponding old or "vintage" year asset is removed. For instance, fully depreciated infrastructure capitalized in 1986 will be removed and replaced by fiscal year 2026 infrastructure improvements.

For fiscal year 2025, the City removed fully depreciated infrastructure costs of $66.9 million incurred from 1981 to 1985. The net effect of the removal on the financial statement is zero since the assets are fully depreciated.

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, the Johnson Collection at the Art 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 and improvements - 7 to 50 years; equipment, furniture and storage facilities - 3 to 50 years; Utility and Infrastructure improvements - 10 to 30 years; and leased and software subscription assets – term of contract.

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 payable are reported net of the applicable bond premium or discount. Bond issuance costs are 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, 2025, and 2024. 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 23.58% 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: $0.6159 for the City and $0.7839 for the School District. 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 GASB 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 Net 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 represent 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 inflows of resources are related to the City's leasing activities as a lessor.
- 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.

(Amounts in Thousands of USD)

Deferred Outflows of Resources	Governmental Activities	Business Type Activities	Component Units
Derivative Instrument	6,942	-	-
Deferred Charge on Refunding	63,117	36,236	25,875
Deferred Outflows - Pension	288,882	33,582	709,138
Deferred Outflows - OPEB	193,384	23,759	122,973
Total	552,325	93,577	857,986

(Amounts in Thousands of USD)

Deferred Inflows of Resources	Governmental Activities	Business Type Activities	Component Units
Derivative Instrument	-	-	2,469
Deferred Gain on Refunding	19,071	43,757	7,814
Deferred Inflows - Leases	96,137	168,582	46,431
Deferred Inflows - Pension	230,038	27,811	128,517
Deferred Inflows - OPEB	559,341	70,316	100,733
Total	904,587	310,466	285,964

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	25,460	-	70,677
Unavailable Tax Revenue	210,910	-	475
Unavailable Agency Revenue	53,464	-	-
Unavailable Government Revenue	34,128	1,079,775	126,636
Total	323,962	1,079,775	197,788

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 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

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) ($185.3 million).

14. LEASES AND SUBSCRIPTION-BASED INFORMATION TECHNOLOGY ARRANGEMENTS (SBITA)

The City is a lessee for various leases of land, buildings, and equipment. The City has non-cancellable subscription arrangements (similar to a lease) for the right to use various information technology hardware and software. As lessee or subscriber, the City recognizes a lease liability or subscription liability and an intangible right-to-use asset in the government-wide financial statements.

At the commencement of a lease or SBITA, the City initially measures the lease liability or subscription at the present value of payments expected to be made during the lease or subscription term. Subsequently, the lease liability or subscription liability is reduced by the principal portion of lease payments made. The lease asset or subscription asset is initially measured as the initial amount of the lease liability or subscription liability, adjusted for lease payments made at or before the lease commencement date, plus certain initial direct costs. For SBITAs, subscription assets also include qualified software implementation costs. Subsequently, the lease asset or subscription asset is amortized on a straight-line basis over the shorter of the lease or subscription term or the useful life of the underlying asset.

The City determines (1) the discount rate it uses to discount the expected lease or subscription payments to present value, (2) lease or subscription term, and (3) lease or subscription payments.

- The City uses the interest rate stated in the agreement as the discount rate. When the interest rate is not provided, the City generally uses its estimated incremental borrowing rate as the discount rate for leases.
- The lease or subscription term includes the non-cancellable period of the lease or subscription. Lease or subscription payments included in the measurement of the lease liability or subscription liability are composed of fixed payments. For leases, any purchase option price that the City is reasonably certain to exercise is also included in the lease liability.

The City monitors changes in circumstances that would require a remeasurement of a lease or SBITA and will remeasure the lease asset or subscription asset and the liability if certain changes occur that are expected to significantly affect the amount of the lease liability or subscription liability.

Lease assets or subscription assets are reported with other capital assets and lease liabilities or subscription 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 receivable and a deferred inflow 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 non-cancellable period of the lease. Lease receipts included in the measurement of the lease receivable are 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 receivable and deferred inflows of resources if certain changes occur that are expected to significantly affect the amount of the lease receivable.

15. NEW ACCOUNTING PRONOUNCEMENTS – ADOPTED

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 adoption of this statement did not result in a material cumulative effect on beginning net position; therefore, prior period amounts have not been restated.

In December 2023, **GASB issued Statement No. 102, Certain Risk Disclosures**. The objective of this Statement is to provide users of government financial statements with essential information about risks related to a government's vulnerabilities due to certain concentrations or constraints. The City did not identify any concentrations/constraints that met the criteria requiring disclosure.

NEW ACCOUNTING PRONOUNCMENTS – TO BE ADOPTED:

In April 2024, **GASB issued Statement No. 103, Financial Reporting Model Improvements**. The objective of this Statement is to improve key components of the financial reporting model to enhance its effectiveness in providing information that is essential for decision making and assessing a government's accountability. This Statement also addresses certain application issues.

In September 2024, **GASB issued Statement No. 104, Disclosure of Certain Capital Assets.** The objective of this Statement is to provide users of government financial statements with essential information about certain types of capital assets.

In December 2025, **GASB issued Statement No. 105, Subsequent Events.** The primary objective of this Statement is to improve the financial reporting requirements for subsequent events, thereby enhancing consistency in their application and better meeting the information needs of financial statement users.

The new standards must be adopted as follows:

GASB Statement No. 103 - Effective July 1, 2025 for financial statements for fiscal year ending June 30, 2026.

GASB Statement No. 104 - Effective July 1, 2025 for financial statements for fiscal year ending June 30, 2026.

GASB Statement No. 105 - Effective July 1, 2026 for financial statements for fiscal year ending June 30, 2027.

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 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, eleven 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, Acute Care Hospital Assessment, County Demolition, and Transportation 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. Appropriations 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. Budget estimates of City related revenues are adjusted and submitted to PICA quarterly for review. Revenue estimates are presented as originally passed and as adjusted.

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 $471.9 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 respective funds.

The City's investment portfolio is managed to accomplish preservation of principal, maintenance of liquidity and maximize the return on the investments. As of June 30, 2025, the total investments of the City, as well as both Pension Funds and the Fairmount Park and Free Library Trust Funds, consisted of:

(Amounts in Thousands of USD)

Classification	City (1)	City Trust Funds	PGW Pension Fund	Municipal Pension Fund	Grand Total
Short-Term Investment Pools	$ 1,295,599	$ 1,409	$ 17,644	$ 571,811	$ 1,886,463
Commercial Paper	1,078,292	-	-	-	1,078,292
U.S. Government Securities	3,188,027	92	68,251	412,653	3,669,023
U.S. Government Agency Securities	444,748	209	67,736	41,532	554,225
Municipal/Other Debt	30,594	429	364	19,480	50,867
Foreign Debt	-	-	9,672	310,004	319,676
Corporate Bonds	549,532	266	69,486	477,504	1,096,788
Asset Backed Securities	-	36	-	47,737	47,773
Mortgage Backed Securities	-	6	-	526,993	526,999
Other Bonds and Investments	-	3,382	1,346	10,105	14,833
Corporate Equities	-	5,939	464,841	5,576,604	6,047,384
Limited Partnerships	-	-	-	4,670	4,670
Hedge Funds	-	-	-	34,622	34,622
Real Estate	-	-	-	399,422	399,422
Private Equity	-	-	-	1,036,411	1,036,411
Grand Total	$ 6,586,792	$ 11,768	$ 699,340	$ 9,469,548	$ 16,767,448

(1) The City's investments do not include blended component units (PMA & PICA).

The City's investments include all the operating, capital, debt service and debt service reserve accounts of the City's General Fund, Water Department and Aviation Department. 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 Department, and the Philadelphia Gas Works.

City Investments - Credit Risk
Credit is the risk that an issuer or other counterparty to an investment will not fulfill its obligation. 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 (48.40%) or US Government Agency obligations (6.75%) are allowable investments up to 100% of the portfolio.

The City's investment in commercial paper (16.37%) is limited to 30% 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 (8.34%) is limited to 30% of the portfolio and had an 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).

City Investments – Foreign Currency Risk
Foreign Currency Risk is the risk that changes in exchange rates will adversely affect the fair value of an investment or a deposit. 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. At the end of the fiscal year, the City did not have any investments of that nature.

City Investments - Custodial Credit Risk
Custodial credit risk is the risk that in the event of a bank failure, the City's deposits may not be returned to it. 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
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. 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 two 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	$ 884,866	$ 193,426	$ -	$ -	$ 1,078,292
U.S. Government Securities	987,125	889,993	915,215	395,694	3,188,027
U.S. Government Agency Securities	164,586	243,246	32,399	4,517	444,748
Municipal Debt	26,580	3,747	267	-	30,594
Corporate Bonds	79,579	178,988	194,517	96,448	549,532
Grand Total	$ 2,142,736	$ 1,509,400	$ 1,142,398	$ 496,659	$ 5,291,193

City Investments – Fair Value Measurement
The City measures and records its investments using fair value measurement guidelines established by GASB Statement No. 72 – *Fair Value Measurement and Application*. The statement 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 value 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 with unobservable inputs for an asset (or liability) and may require a degree of professional judgment.

The City has the following recurring fair value measurements as of June 30, 2025:

- Commercial paper securities of $1,078.3 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 $3,188.0 million are valued using quoted prices from active markets (Level 1).
- U.S Agency securities of $444.7 million are valued using quoted prices for identical securities traded in active markets when sufficient activity exists (Level 2).
- Municipal Debt/Other securities of $30.6 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 $549.5 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 $1,295.6 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, 2025:

- Equity Stock securities of $1.5 million are valued using quoted prices from active markets (Level 1).
- ETF and Mutual funds of $6.2 million are valued using quoted prices from active markets (Level 1) and quoted prices for identical securities traded in active markets when sufficient activity exists (Level 2).
- U.S Treasury securities of $0.1 million, U.S. Agency securities of $0.2 million, and Corporate bond securities of $0.3 million are valued using quoted prices for identical securities traded in active markets when sufficient activity exists (Level 2).

As of June 30, 2025, the Free Library Trust mutual funds of $3.4 million are valued at the published net asset value per share/unit for each fund. There are no limitations or restrictions on withdrawals.

B. Blended Component Units

1) PICA

Deposits:
PICA's funds may be deposited in any bank that is insured by the Federal Deposit Insurance Corporation (FDIC). 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. Money market funds with a remaining maturity of one year or less are classified as cash equivalents. At June 30, 2025, PICA's cash deposits consist of $2.5 million.

Custodial Credit Risk
PICA has no policy, other than as noted above, that further limits its custodial credit risk. As of June 30, 2025, PICA's book balance was $2.5 million and the bank balance was $2.5 million. Of the bank balance, $250,000 was covered by federal depository insurance.

Investments:

As of June 30, 2025, PICA had the following investments:

(Amounts in Thousands of USD)

	Fair Value	Cost	Maturity Date
Money Market Funds	$ 16,507	$ 16,507	less than 1 year

Credit Risk
PICA's investments in money market funds are rated AAA by S&P.

Interest Rate Risk
PICA does not have a formal investment policy, other than complying with Pennsylvania statutes and trust indentures, 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
PICA's investments in Money Market funds are Level 1 investments and fair value is based on active market quotes.

2) PMA

INVESTMENTS AND DEPOSITS

PMA 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. Those limited investments include government obligations, repurchase agreements for government obligations, certificates of deposits, and other time deposit arrangements with financial institutions.

A summary of the investments at June 30, 2025 is as follows:

	Fair Value	Cost	Maturity Date
Money Market Funds*	$ 65,742	$ 65,742	N/A

** 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.

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
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 $10.0 million on deposit with two local banks as of June 30, 2025. Amounts are insured up to $250,000 per bank by the 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, 2025, PMA was not exposed to custodial credit risk.

Interest Rate Risk
PMA does not have a formal policy for interest rate risk. However, it generally follows the practices of the City.

Fair Value Measurement
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.
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.

3. AMOUNTS HELD BY FISCAL AGENT

Three of the City's component units (**PAID, PRA** and Philadelphia Energy Authority (**PEA**)) have issued debt that, in accordance with GASB Statement No. 91, 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 **PRA** Home Repair City Service Agreement Revenue Bonds Series 2018; **PRA** Neighborhood Preservation Initiative City Service Agreement Revenue Bonds Series 2021A, 2023A, & 2024A&B; **PEA** Street Lighting City Service Agreement Revenue Bonds Series 2023A&B; and **PAID** Rebuild City Service Agreement Revenue Bonds Series 2024.

4. INTERFUND RECEIVABLES AND PAYABLES

A. PRIMARY GOVERNMENT

Interfund receivable and payable balances among Primary Government funds at year-end are the result of 1) 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; 2) are short term loans to cover temporary cash deficits in funds awaiting grant reimbursements. 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	$ -	$ 1,255	$ 95,634	$ 699	$ 97,588
Water & Sewer Fund	-	1,688	-	-	1,688
Non major Special Revenue Funds	24,116	2,680	-	-	26,796
Total	$ 24,116	$ 5,623	$ 95,634	$ 699	$ 126,072

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	PHA	CCP	Timing Difference	Total
Payables Due From:										
General Fund	$ -	$ 164	$ -	$ 5,917	$ 356	$ -	$ -	$ 126	$ -	$ 6,563
Behavioral Health	-	33,712	-	-	-	-	-	-	-	33,712
Capital Improvement	-	-	163	-	-	-	-	-	-	163
Water Fund	-	-	-	695	2,892	-	-	-	-	3,587
Aviation Fund	-	-	-	-	147	-	-	-	-	147
PPA	12,036	-	-	-	-	-	-	-	(3,665)	8,371
PAID	33,847	-	-	-	-	-	-	-	19,595	53,442
Timing Difference	-	105,761	24,723	(6,612)	(3,395)	57,977	2,232	3,334	-	184,020
Total	$ 45,883	$ 139,637	$ 24,886	$ -	$ -	$ 57,977	$ 2,232	$ 3,460	$ 15,930	$ 290,005

5. CAPITAL ASSET ACTIVITY

A. PRIMARY GOVERNMENT

Capital Asset activity of the primary government for the year ended June 30, 2025 was as follows:

(Amounts In Millions of USD)

Governmental Activities:	Beginning Balance	Reclass[1]	Increases	Decreases	Ending Balance
Capital assets not being depreciated:					
Land	$ 1,139.1	$ (318.1)	$ 13.0	$ (0.5)	$ 833.5
Fine Arts	1.2	-	-	-	1.2
Construction In Progress	28.6	182.7	389.9	(17.2)	584.0
Development in Progress	8.8	-	9.6	(2.3)	16.1
Total capital assets not being depreciated	1,177.7	(135.4)	412.5	(20.0)	1,434.8
Capital assets being depreciated:					
Buildings	2,547.9	72.7	81.8	(8.9)	2,693.5
Lease Asset - Building	727.2	-	52.4	(15.8)	763.8
Other Improvements	437.0	45.1	36.5	(0.2)	518.4
Equipment	713.5	-	100.4	(36.5)	777.4
Lease Asset - Equipment	2.0	-	-	(0.3)	1.7
Infrastructure	2,133.5	17.6	98.2	(82.6)	2,166.7
Intangibles	94.3	-	14.0	-	108.3
Transit	292.4	-	-	-	292.4
Subscription Assets	7.5	-	25.7	-	33.2
Total capital assets being depreciated	6,955.3	135.4	409.0	(144.3)	7,355.4
Less accumulated depreciation for:					
Buildings	(1,913.3)	-	(56.8)	6.0	(1,964.1)
Lease Asset - Building	(144.9)	-	(52.4)	14.5	(182.8)
Other Improvements	(328.9)	-	(29.9)	0.1	(358.7)
Equipment	(488.4)	-	(50.7)	29.8	(509.3)
Lease Asset - Equipment	(1.4)	-	(0.4)	0.3	(1.5)
Infrastructure	(1,543.1)	-	(56.9)	82.6	(1,517.4)
Intangibles	(54.0)	-	(9.4)	-	(63.4)
Transit	(269.1)	-	(4.4)	-	(273.5)
Subscription Assets	(1.6)	-	(2.5)	-	(4.1)
Total accumulated depreciation	(4,744.7)	-	(263.4)	133.3	(4,874.8)
Total capital assets being depreciated, net	2,210.6	135.4	145.6	(11.0)	2,480.6
Governmental activities capital assets, net	$ 3,388.3	$ -	$ 558.1	$ (31.0)	$ 3,915.4

[1]During the fiscal year, management identified certain capital expenditures previously reported as land that should have been classified as construction in progress and other depreciable capital assets. The related depreciation that would have been recognized in prior periods, totaling approximately $20.3 million, was recorded in the current year. Management determined the impact of this correction was immaterial to the financial statements; accordingly, prior period amounts were not restated.

(Amounts In Millions of USD)

Business-Type Activities - Enterprise Funds	Beginning Balance	Increases	Decreases	Ending Balance
Capital assets not being depreciated:				
Land	$ 251.0	$ 40.3	$ -	$ 291.3
Right to use Lease Assets -Land	11.3	-	-	11.3
Construction In Progress	1,543.1	763.8	(679.2)	1,627.7
Total capital assets not being depreciated	1,805.4	804.1	(679.2)	1,930.3
Capital assets being depreciated:				
Buildings	4,158.2	239.3	(13.5)	4,384.0
Right to use Lease Assets - Building	18.6	1.5	-	20.1
Other Improvements	857.4	89.0	-	946.4
Equipment	178.0	40.9	(33.1)	185.8
Right to use Lease Assets - Equipment	0.2	-	(0.1)	0.1
Intangible Assets	32.4	1.4	-	33.8
Infrastructure	4,632.7	315.9	(1.5)	4,947.1
Total capital assets being depreciated	9,877.5	688.0	(48.2)	10,517.3
Less accumulated depreciation for:				
Buildings	(2,555.9)	(131.3)	9.6	(2,677.6)
Right to use Lease Assets - Building	(5.0)	(1.5)	-	(6.5)
Other Improvements	(583.5)	(34.9)	-	(618.4)
Equipment	(151.2)	(11.5)	8.7	(154.0)
Right to use Lease Assets - Equipment	(0.2)	-	0.1	(0.1)
Intangible Assets	(22.3)	(2.2)	-	(24.5)
Infrastructure	(2,559.3)	(111.9)	0.9	(2,670.3)
Total accumulated depreciation	(5,877.4)	(293.3)	19.3	(6,151.4)
Total capital assets being depreciated, net	4,000.1	394.7	(28.9)	4,365.9
Business-type activities capital assets, net	$ 5,805.5	$ 1,198.8	$ (708.1)	$ 6,296.2

Depreciation expense was charged to the programs of the primary government as follows:

(Amounts in Millions of USD)

Governmental Activities:	
Economic Development	12.2
Transportation:	
Streets & Highways	64.5
Mass Transit	4.4
Judiciary and Law Enforcement:	
Police	17.7
Prisons	4.1
Courts	0.5
Conservation of Health:	
Health Services	5.7
Cultural and Recreational:	
Recreation	18.4
Parks	16.3
Libraries and Museums	6.4
Improvements to General Welfare:	
Social Services	1.9
Inspections and Demolitions	1.0
Service to Property:	
Fire	15.9
General Management & Support	94.4
Total Governmental Activities	263.4

Business-Type Activities:	
Water and Sewer	167.4
Aviation	125.9
Total Business Type Activities	293.3

B. DISCRETELY PRESENTED COMPONENT UNITS

The following schedule reflects the combined activity in capital assets for the discretely presented component units for the fiscal year ended June 30, 2025:

(Amounts In Millions of USD)

Governmental Activities:	Beginning Balance	Increases	Decreases	Transfers	Ending Balance
Capital assets not being depreciated:					
Land	$ 142.8	$ 0.1	$ -	$ -	$ 142.9
Construction In Progress	716.8	261.5	-	(219.6)	758.7
Development In Progress	31.3	-	-	-	31.3
Total capital assets not being depreciated	890.9	261.6	-	(219.6)	932.9
Capital assets being depreciated:					
Buildings	1,885.7	0.4	-	153.1	2,039.2
Right to Use-Buildings	4.7	-	(0.1)	-	4.6
Other Improvements	1,843.3	3.5	-	11.6	1,858.4
Intangible Assets	91.0	-	(59.6)	54.9	86.3
Personal Property	158.3	30.9	(26.5)	-	162.7
Right to Use - Personal Property	15.1	2.3	-	-	17.4
Subscription Assets	66.4	0.7	-	-	67.1
Total capital assets - Depreciated	4,064.5	37.8	(86.2)	219.6	4,235.7
Less accumulated depreciation for:					
Buildings	(892.2)	(30.6)	-	-	(922.8)
Right to Use-Buildings	(3.6)	-	1.5	-	(2.1)
Other Improvements	(1,190.2)	(58.3)	-	-	(1,248.5)
Intangible Assets	(81.3)	(5.0)	58.4	-	(27.9)
Personal Property	(88.5)	(19.7)	25.9	-	(82.3)
Right to Use - Personal Property	(5.4)	(3.3)	(1.5)	-	(10.2)
Subscription Assets	(44.3)	(9.2)	-	-	(53.5)
Total accumulated depreciation	(2,305.5)	(126.1)	84.3	-	(2,347.3)
Total capital assets being depreciated, net	1,759.0	(88.3)	(1.9)	219.6	1,888.4
Governmental Activity - Capital Assets, Net	$ 2,649.9	$ 173.3	$ (1.9)	-	$ 2,821.3

(Amounts In Millions of USD)

Business-type Activities:	Beginning Balance	Adjustment	Increases	Decreases	Ending Balance
Capital assets not being depreciated:					
Land	$ 126.9	$ -	$ 37.2	$ (0.1)	$ 164.0
Fine Arts	0.9	-	-	-	0.9
Construction In Progress	369.2	-	254.6	(157.1)	466.7
Total capital assets not being depreciated	497.0	-	291.8	(157.2)	631.6
Capital assets being depreciated:					
Buildings (1)	2,573.6	(1.1)	214.7	(5.0)	2,782.2
Other Improvements	107.5	-	5.1	-	112.6
Equipment (1)	629.8	1.1	44.2	(6.3)	668.8
Infrastructure	2,570.4	-	102.8	(2.7)	2,670.5
Lease Assets	236.2	-	7.5	(3.2)	240.5
Subscription Assets	27.4	-	9.6	(9.1)	27.9
Total capital assets being depreciated	6,144.9	-	383.9	(26.3)	6,502.5
Less accumulated depreciation for:					
Buildings (1)	(1,299.7)	1.3	(72.0)	4.4	(1,366.0)
Other Improvements	(48.4)	-	(7.3)	-	(55.7)
Equipment (1)	(315.0)	(1.3)	(21.0)	7.9	(329.4)
Infrastructure	(1,207.0)	-	(50.7)	3.8	(1,253.9)
Lease Assets	(33.6)	-	(15.5)	3.1	(46.0)
Subscription Assets	(13.4)	-	(7.5)	9.1	(11.8)
Total accumulated depreciation	(2,917.1)	-	(174.0)	28.3	(3,062.8)
Total capital assets being depreciated, net	3,227.8	-	209.9	2.0	3,439.7
Capital assets, net	$ 3,724.8	$ -	$ 501.7	$ (155.2)	$ 4,071.3

(1) PHA restated the beginning balances for Buildings and Equipment (including accumulated depreciation) due to the acquisition of entities, which are now considered blended component units.

6. NOTES PAYABLE

The Aviation Fund established a commercial paper (CP) program to provide funding for capital projects currently approved by airlines. CP is a short-term financing tool with a maximum maturity of 270 days and a maximum outstanding balance of $500 million, increased from $350 million. The Philadelphia International Airport's CP Program enables 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. Outstanding CP notes are "rolled over" until they are refunded with long-term bonds. At June 30, 2025, CP notes outstanding were $332.3 million.

The Water Fund established a CP program to provide funding for capital projects. CP is a short-term financing tool with a maximum maturity of 270 days and a maximum outstanding balance of $400 million. The Philadelphia Water Department's CP Program is primarily used to provide up-front cash for low interest federal and state reimbursement loan programs. The CP Program enables 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. Outstanding CP notes are "rolled over" until loan reimbursements are received from federal and state programs or until they are refunded with long-term bonds. At June 30, 2025, CP notes outstanding were $59.8 million.

(Amounts In Thousands of USD)

	Beginning Balance	Additions	Reductions	Ending Balance
Airport Commercial Paper Notes	$ 202,843	$ 1,066,986	$ 937,529	$ 332,300
Water Commercial Paper Notes	30,410	281,570	252,200	59,780

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 2025, $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, 2025, HUD had disbursed $130.0 million in loans to PIDC and the amount of outstanding HUD Section 108 Notes Payable was $38.5 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.

Scheduled repayments of the HUD Section 108 Notes Payable for the next five years and thereafter as of June 30, 2025 are as follows:

(Amounts In Thousands of USD)

HUD Section 108 Notes Payable, 5 Years and Thereafter	
Fiscal Year Ending June 30,	
2026	$ 3,778
2027	4,073
2028	4,227
2029	4,392
2030	3,397
Thereafter	18,632
Total	$ 38,499

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. 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 2025. The commitment amount is $120.0 million under the current credit agreement. The expiration date of the credit agreement is June 16, 2026.

As of August 31, 2025, there were no Gas Works Revenue Capital Project Commercial Paper Notes (Capital Project Notes) issued and outstanding. Capital Project Note activity for the year ended August 31, 2025 is as follows:

(Amounts In Thousands of USD)

	Beginning Balance	Additions	Reductions	Ending Balance
Capital Project Notes	$ 35,000	$ -	$ 35,000	$ -

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, 2025, the statutory limit for the City is $18.3 billion, the General Obligation Debt, net of deductions authorized by law, is $2.7 billion; leaving a legal debt borrowing capacity of $15.6 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)*

Governmental Activity	Beginning Balance	Additions	Reductions	Ending Balance	Due Within One Year
Bonds Payable - General Obligation Bonds					
Term Bonds	28.6	-	(28.6)	-	-
Refunding Bonds	765.8	470.8	(78.7)	1,157.9	80.3
Serial Bonds	824.9	401.8	(514.7)	712.0	41.9
Add: Bond Premium	128.8	58.6	(33.8)	153.6	-
Total Bonds Payable - General Obligation Bonds	1,748.1	931.2	(655.8)	2,023.5	122.2
Bonds Payable - Blended Component Units					
Term Bonds - PMA	126.0	-	(6.2)	119.8	6.5
Add: Bond Premium	0.6	-	-	0.6	-
Total Bonds Payable - Blended Component Units	126.6	-	(6.2)	120.4	6.5
Total Bonds Payable	1,874.7	931.2	(662.0)	2,143.9	128.7
Obligations Under Lease & Service Agreements					
Pension Service Agreement	766.8	3.0	(114.1)	655.7	101.1
Sports Stadium	149.4	-	(18.5)	130.9	19.4
Neighborhood Transformation	100.9	68.8	(85.5)	84.2	12.2
Cultural Corridor	55.6	-	(5.8)	49.8	6.1
Central Library	0.8	-	(0.8)	-	-
Affordable Housing Preservation	41.2	-	(2.3)	38.9	2.4
Home Repair	32.8	-	(1.6)	31.2	1.7
Rebuild Project	155.6	-	(7.3)	148.3	6.9
Museum of Art	8.1	-	(0.4)	7.7	0.4
One Parkway	10.5	-	(3.4)	7.1	3.4
Neighborhood Preservation	190.1	149.1	(7.5)	331.7	13.4
Street Lighting	83.5	-	(2.5)	81.0	2.6
Add: Bond Premium	49.1	8.1	(11.8)	45.4	-
Total Obligations Under Lease & Service Agreements	1,644.4	229.0	(261.5)	1,611.9	169.6
Other Long-term Liabilities					
Legal Claims	131.6	169.5	(85.4)	215.7	-
Worker's Compensation Claims	291.9	155.1	(112.4)	334.6	-
Medical Claims	26.2	99.1	(99.1)	26.2	26.2
Termination Compensation Payable - Vacation Leave	321.3	6.9	(32.1)	296.1	29.7
Termination Compensation Payable - Sick Leave	320.4	33.9	(32.0)	322.3	32.3
Arbitrage	6.2	3.6	-	9.8	-
Leases	614.5	53.1	(36.1)	631.5	35.1
Subscriptions	3.5	25.7	(2.1)	27.1	2.4
Total Other Long-term Liabilities	1,715.6	546.9	(399.2)	1,863.3	125.7
Total Bonds Payable, Obligations Under Lease & Svc Agreements, and OLTL	5,234.7	1,707.1	(1,322.7)	5,619.1	424.0
Net Pension and OPEB Liability					
Net Pension Liability	3,942.0	0.1	(677.5)	3,264.6	-
Total OPEB Liability	1,614.5	42.0	(222.9)	1,433.6	71.9
Total Net Pension and OPEB Liability	5,556.5	42.1	(900.4)	4,698.2	71.9
Governmental Activity Long-term Liabilities	10,791.2	1,749.2	(2,223.1)	10,317.3	495.9

In addition, **PMA**, a blended component unit of the City, has debt that is classified on its balance sheet as General Obligation debt payable. The following schedule summarizes the General Obligation Bonds outstanding for the City and PMA:

(Amounts in Millions of USD)

	Interest Rates			Principal	Due Dates		
Governmental Funds:							
City	0.912 %	to	5.250 %	1,869.9	Fiscal	2026 to	2046
PMA	3.250 %	to	5.087 %	119.8	Fiscal	2026 to	2044
				1,989.7			

- In June 2025, the City issued $872.6 million in General Obligation Bonds Series 2025ABC. The total proceeds were $931.2 million (which includes a premium of $58.6 million). The proceeds of the bonds were used to finance certain projects in the City's capital budgets, the current refunding of certain maturities of General Obligation Bonds Series 2015A to 2021B and pay the cost of issuance related to the bonds. Interest on the bonds range from 4.460% to 5.250% and is payable on February 1 and August 1 each year until maturity in 2045. The aggregate difference in debt service between the refunding debt and the refunded debt is $25.3 million resulting in a net economic gain of $20.6 million.
- The City has General Obligation Bonds authorized and unissued at year-end of $840.4 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	
Year	Principal	Interest	Principal	Interest
2026	122.2	70.6	6.5	5.5
2027	130.8	81.1	6.9	5.2
2028	137.6	74.6	7.2	4.9
2029	112.4	68.7	2.1	4.5
2030	129.7	63.0	6.4	4.5
2031-2035	596.0	221.7	36.7	17.6
2036-2040	419.5	100.4	39.3	8.3
2041-2045	190.6	29.4	14.7	1.6
2046-2050	31.1	0.8	-	-
Totals	1,869.9	710.3	119.8	52.1

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

(Amounts in Millions of USD)

Fiscal	Pension Service Agreement		Sports Stadium		Neighborhood Transformation		Cultural Corridors	
Year	Principal	Interest	Principal	Interest	Principal	Interest	Principal	Interest
2026	115.9	36.3	19.4	5.7	12.2	4.2	6.1	2.3
2027	122.0	31.4	20.3	4.7	13.0	3.6	6.4	2.0
2028	129.0	24.3	21.2	3.8	13.7	3.0	6.7	1.7
2029	225.0	9.4	22.3	2.7	14.4	2.3	7.1	1.4
2030	-	2.0	23.3	1.7	15.1	1.5	7.5	1.0
2031-2035	63.8	8.9	24.4	0.6	15.8	0.8	16.0	0.8
Totals	655.7	112.3	130.9	19.2	84.2	15.4	49.8	9.2

(Amounts in Millions of USD)

Fiscal Year	Affordable Housing		Home Repair		Rebuild Project		Museum of Art	
	Principal	Interest	Principal	Interest	Principal	Interest	Principal	Interest
2026	2.4	1.9	1.7	1.4	6.9	7.4	0.4	0.4
2027	2.6	1.8	1.7	1.3	7.3	7.1	0.5	0.4
2028	2.7	1.6	1.8	1.2	7.6	6.7	0.5	0.3
2029	-	1.6	1.9	1.1	-	6.3	0.5	0.3
2030	2.8	1.5	1.9	1.1	8.0	6.3	0.5	0.3
2031-2035	16.4	5.1	11.1	3.9	46.5	25.3	3.1	1.0
2036-2040	12.0	0.9	11.1	1.0	45.3	12.7	2.2	0.3
2041-2045	-	-	-	-	26.7	3.4	-	-
Totals	38.9	14.4	31.2	11.0	148.3	75.2	7.7	3.0

(Amounts in Millions of USD)

Fiscal Year	One Parkway		Neighborhood Preservation		Street Lighting	
	Principal	Interest	Principal	Interest	Principal	Interest
2026	3.4	0.3	13.4	14.7	2.6	4.0
2027	3.7	0.2	13.8	14.2	2.8	3.8
2028	-	-	14.3	13.7	2.9	3.7
2029	-	-	6.4	13.3	3.1	3.6
2030	-	-	15.2	12.8	3.2	3.4
2031-2035	-	-	87.1	52.9	18.6	14.4
2036-2040	-	-	109.2	30.6	23.9	9.1
2041-2045	-	-	72.3	6.6	23.9	2.5
Totals	7.1	0.5	331.7	158.8	81.0	44.5

Pension Service Agreement

In Fiscal 1999, **PAID** issued Pension Funding Bonds Series 1999 in the amount of $1.3 billion. 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 Statement No. 91, PAID treats this as conduit debt and does not include conduit debt transactions in its financial statements.

In December 2012, **PAID** issued the City Service Agreement Refunding Revenue Bonds Series 2012 in the amount of $299.8 million. The proceeds of the bonds were used to finance the current refunding of certain maturities of the Pension Funding Bonds Series 1999B, fund interest on the Series 2012 bonds, make a deposit to the City Retirement System, and pay the cost of issuance related to the bonds. Interest on the bonds range from 3.664% to 3.964% and is payable on April 15 and October 15 each year until maturity in 2026.

In March 2021, **PAID** issued City Service Agreement Revenue Refunding Bonds Series 2021 in the amount of $137.0 million. The proceeds of the bonds were used to finance the refunding of certain maturities of the Pension Funding Bonds Series 1999B, certain maturities of the City Service Agreement Refunding Revenue Bonds Series 2012, fund interest on the Series 2021 bonds, and pay the cost of issuance related to the bonds. Interest on the bonds range from 0.939% to 3.180% and is payable on April 15 and October 15 each year until maturity in 2035. The fiscal year 2025 Pension Service Agreement liability of $655.7 million is reflected in the City's financial statements as Other Long-Term Liabilities.

Sports Stadium Financing Agreement

In October 2007, **PAID** issued Lease Revenue Refunding Bonds Series 2007B in the amount of $234.3 million. The proceeds of the bonds were used to finance the advanced refunding of the Sports Stadium Lease Revenue Bonds Series 2001B and pay the cost of issuance related to the bonds. Interest on the bonds is payable monthly until maturity in 2030.

In September 2019, **PAID** issued Lease Revenue Refunding Bonds Series 2019 in the amount of $147.6 million. The proceeds of the bonds, together with other available funds, were used to finance the refunding of the Sports Stadium Lease Revenue Refunding Bonds Series 2007B-3 and 2014A, pay certain costs of terminating swap agreements, and pay the cost of issuance related to the bonds. Interest on the bonds is 5.000% and is payable on April 1 and October 1 each year until maturity in 2030. The fiscal year 2025 Sports Stadium Service Agreement liability of $130.9 million is reflected in the City's financial statements as Other Long-Term Liabilities.

Neighborhood Transformation Initiative
In April 2015, **PRA** issued City Service Agreement Revenue Refunding Bonds Series 2015A&B in the amount of $111.5 million. The proceeds of the bonds, together with other available funds, were used to finance the current refunding of the Neighborhood Transformation Initiative (NTI) Revenue Refunding Bonds Series 2005B&C and pay the cost of issuance related to the bonds. Interest on the bonds is 5.000% and is payable on April 15 and October 15 each year until maturity in 2031.

In May 2023, **PRA** issued City Service Agreement Revenue Refunding Bonds Series 2023C in the amount of $24.6 million. The proceeds of the bonds, together with other available funds, were used to finance the current refunding of the NTI Revenue Refunding Bonds Series 2012 and pay the cost of issuance related to the bonds. Interest on the bonds is 5.000% and is payable on April 15 and October 15 each year until maturity in 2026.

In January 2025, **PRA** issued City Service Agreement Revenue Refunding Bonds Series 2025A in the amount of $68.8 million. The total proceeds were $74.8 million (which includes a premium of $6.0 million). The proceeds of the bonds, together with other available funds, were used to finance the current refunding of the NTI Revenue Refunding Bonds Series 2015 and pay the cost of issuance related to the bonds. Interest on the bonds is 5.000% and is payable on April 15 and October 15 each year until maturity in 2031. The aggregate difference in debt service between the refunding debt and the refunded debt is $6.4 million resulting in a net economic gain of $5.7 million. The fiscal year 2025 NTI Service Agreement liability of $84.2 million is reflected in the City's financial statements as Other Long-Term Liabilities.

Cultural and Commercial Corridors Program
In February 2016, **PAID** issued City Agreement Revenue Refunding Bonds Series 2016A in the amount of $89.2 million. The proceeds of the bonds were used to finance the advanced refunding of the Cultural and Commercial Corridors Program Revenue Bonds Series 2006A and pay the cost of issuance related to the bonds. Interest on the bonds range from 4.000% to 5.000% and is payable on June 1 and December 1 each year until maturity in 2031. The fiscal year 2025 Cultural and Commercial Corridors Program Service Agreement liability of $49.8 million is reflected in the City's financial statements as Other Long-Term Liabilities.

Affordable Housing Preservation Programs Project
In August 2017, **PAID** issued City Service Agreement Revenue Bonds Series 2017 in the amount of $52.9 million. The proceeds of the bonds were used to finance certain costs of the Affordable Housing Preservation Programs Project and pay the cost of issuance related to the bonds. Interest on the bonds range from 3.000% to 5.000% and is payable on June 1 and December 1 each year until maturity in 2037. The fiscal year 2025 Affordable Housing Preservation Programs Project Service Agreement liability of $38.9 million is reflected in the City's financial statements as Other Long-Term Liabilities.

Home Repair Program
In October 2018, **PRA** issued City Service Agreement Revenue Bonds Series 2018 in the amount of $40.0 million. The proceeds of the bonds were used to finance certain costs of the Home Repair Program and pay the cost of issuance related to the bonds. Interest on the bonds range from 3.171% to 4.634% and is payable on May 1 and November 1 each year until maturity in 2038. The fiscal year 2025 Home Repair Service Agreement liability of $31.2 million is reflected in the City's financial statements as Other Long-Term Liabilities.

Rebuild Project
In November 2018, **PAID** issued City Service Agreement Revenue Bonds Series 2018 in the amount of $79.5 million. The proceeds of the bonds were used to finance certain costs of the Rebuild Project and pay the cost of issuance related to the bonds. Interest on the bonds is 5.000% and is payable on May 1 and November 1 each year until maturity in 2038.

In June 2024, **PAID** issued City Service Agreement Revenue Bonds Series 2024 in the amount of $91.8 million. The proceeds of the bonds were used to finance certain costs of the Rebuild Project and pay the cost of issuance related to the bonds. Interest on the bonds is 5.000% and is payable on May 1 and November 1 each year until maturity in 2044. The fiscal year 2025 Rebuild Project Service Agreement liability of $148.3 million is reflected in the City's financial statements as Other Long-Term Liabilities.

Museum of Art Energy Savings Project
In April 2018, **PAID** issued City Agreement Revenue Bonds Series 2018A in the amount of $10.3 million. The proceeds of the bonds were used to finance certain costs of the Museum of Art Energy Savings Project and pay the cost of issuance related to the bonds. Interest on the bonds is 5.000% and is payable on February 15 and August 15 each year until maturity in 2038. The fiscal year 2025 Museum of Art Energy Savings Project Service Agreement liability of $7.7 million is reflected in the City's financial statements as Other Long-Term Liabilities.

One Benjamin Franklin Parkway Project
In April 2018, **PAID** issued City Agreement Revenue Refunding Bonds Series 2018B in the amount of $27.6 million. The proceeds of the bonds were used to finance the refunding of the One Benjamin Franklin Parkway Project Lease Revenue Refunding Bonds Series 2007C and pay the cost of issuance related to the bonds. Interest on the bonds is 5.000% and is payable on February 15 and August 15 each year until maturity in 2027. The fiscal year 2025 One Benjamin Franklin Parkway Project Service Agreement liability of $7.1 million is reflected in the City's financial statements as Other Long-Term Liabilities.

Neighborhood Preservation Initiative
In October 2021, **PRA** issued City Service Agreement Revenue Bonds Series 2021A&B in the amount of $98.6 million. The proceeds of the bonds were used to finance certain costs of the Neighborhood Preservation Initiative (NPI) and pay the cost of issuance related to the bonds. Interest on the bonds range from 0.468% to 5.000% and is payable on March 1 and September 1 each year until maturity in 2041.

In May 2023, **PRA** issued City Service Agreement Revenue Bonds Series 2023A&B in the amount of $99.5 million. The proceeds of the bonds were used to finance certain costs of the Neighborhood Preservation Initiative and pay the cost of issuance related to the bonds. Interest on the bonds range from 4.719% to 5.590% and is payable on March 1 and September 1 each year until maturity in 2043.

In December 2024, **PRA** issued City Service Agreement Revenue Bonds Series 2024A&B in the amount of $149.1 million. The total proceeds were $151.3 million (which includes a premium of $2.2 million). The proceeds of the bonds were used to finance certain costs of the Neighborhood Preservation Initiative and pay the cost of issuance related to the bonds. Interest on the bonds range from 4.503% to 5.226% and is payable on March 1 and September 1 each year until maturity in 2044. The fiscal year 2025 NPI Service Agreement liability of $331.7 million is reflected in the City's financial statements as Other Long-Term Liabilities.

Street Lighting Improvement Project
In August 2023, **PEA** issued City Service Agreement Revenue Bonds Series 2023 A&B in the amount of $83.5 million. The proceeds of the bonds were used to finance certain costs of the Street Lighting Improvement Project and pay the cost of issuance related to the bonds. Interest on the bonds range from 5.000% to 5.587% and is payable on May 1 and November 1 each year until maturity in 2043. The fiscal year 2025 Street Lighting Project Service Agreement liability of $81.0 million is reflected in the City's financial statements as Other Long-Term Liabilities.

(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					
Revenue Bonds	4,478.3	710.7	(513.3)	4,675.7	185.7
Notes from Direct Placement & Direct Borrowing	110.2	-	(46.4)	63.8	1.8
Add: Bond Premium	441.5	61.6	(57.3)	445.8	-
Total Bonds Payable	5,030.0	772.3	(617.0)	5,185.3	187.5
Other Long Term Liabilities					
Legal Claims	8.3	11.3	(10.5)	9.1	-
Worker's Compensation Claims	32.5	13.3	(8.6)	37.2	-
Termination Compensation Payable - Vacation Leave	28.9	1.9	(2.9)	27.9	2.8
Termination Compensation Payable - Sick Leave	17.6	2.7	(1.8)	18.5	1.9
Arbitrage	13.0	10.9	-	23.9	-
Leases	25.1	1.5	(1.5)	25.1	1.3
Total Other Long Term Liabilities	125.4	41.6	(25.3)	141.7	6.0
Total Bonds Payable & Other Long Term Liabilities	5,155.4	813.9	(642.3)	5,327.0	193.5
Net Pension and OPEB Liability					
Net Pension Liability	470.4	-	(88.6)	381.8	-
Total OPEB Liability	200.3	5.5	(29.1)	176.7	8.8
Total Net Pension and OPEB Liability	670.7	5.5	(117.7)	558.5	8.8
Business-Type Activity Long-term Liabilities	5,826.1	819.4	(760.0)	5,885.5	202.3

The City has Business Type Debt - General Obligation Bonds authorized and un-issued at fiscal year-end of $303.6 million. This includes $211.6 million for the Enterprise Funds and $92 million for **PGW**.

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	1.000	%	to	5.500	%	3,433.0	Fiscal	2026	to	2055
Aviation Fund	3.000	%	to	5.000	%	1,306.5	Fiscal	2026	to	2052
Total Revenue Debt Payable						4,739.5				

- In November 2024, the City issued $595.8 million in Water and Wastewater Revenue Bonds Series 2024C. The total proceeds were $657.4 million (which includes a premium of $61.6 million). The proceeds of the bonds were used to finance capital improvements to the City's Water and Wastewater Systems, a deposit to the Debt Reserve Account of the Sinking Fund, the current refunding of certain maturities of Water and Wastewater Revenue Bonds from Series 2015B to 2021B and pay the cost of issuance related to the bonds. Interest on the bonds range from 5.000% to 5.250% and is payable on March 1 and September 1 each year until maturity in 2054. The aggregate difference in debt service between the refunding debt and the refunded debt is $27.0 million resulting in a net economic gain of $18.6 million.

- The City of Philadelphia - Water Department received approval from the Pennsylvania Infrastructure Investment Authority (PENNVEST) for the funding of sewer, storm water and drinking water projects totaling $740.2 million. During fiscal year 2025, PENNVEST drawdowns totaled $111.6 million. The funding is through low interest loans of 1.000% 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 1.000% to 2.107% for the remaining years. Individual loan information is as follows:

(Amounts in Millions of USD)

Date	Series	Maximum Loan Amount	Amount Received Through 6/30/2025	Current Balance Outstanding 6/30/2025	Purpose
Oct 2009	2009B	42.9	31.2	10.6	Water Plant Improvements
Oct 2009	2009C	57.3	49.2	18.0	Water Main Replacements
Mar 2010	2009D	84.8	75.7	27.4	Sewer Projects
Jul 2010	2010B	30.0	30.0	13.8	Green Infrastructure Project
Feb 2021	2021A	80.8	43.6	37.8	Torresdale Pump Station
Oct 2021	2021D	5.8	5.0	4.7	Lawncrest SW Stormwater
Apr 2022	2022A	16.3	13.0	12.8	Flat Rock Dam Manayunk Canal
Jul 2022	2022B	35.9	32.8	32.1	Linear Assets Line Replacement
Sep 2022	2022D	106.9	59.4	59.4	Pretreatment Facility
Oct 2022	2022E	8.2	7.2	7.2	GSI Packer Park
Oct 2022	2022F	7.5	6.4	6.4	GSI Saunders Park
Jun 2023	2023A	110.1	53.0	53.0	Baxter Clean Water Basin
Sep 2024	2024A	46.5	16.4	16.4	Linear Assets Water
Sep 2024	2024B	63.3	10.3	10.3	Linear Assets Sewer
May 2025	2025A	43.9	-	-	Southwest Blower
	Totals	740.2	433.2	309.9	

- The City of Philadelphia - Water Department entered into an agreement with the U.S. Environmental Protection Agency to fund eligible water and wastewater infrastructure projects promulgated under the Water Infrastructure Finance and Innovation Act (WIFIA). The award, totaling to $341.6 million, will be used to fund upgrades to the City's drinking water treatment and supply facilities through low interest loans. During fiscal year 2025, WIFIA drawdowns totaled $3.3 million. Individual loan information is as follows:

(Amounts in Millions of USD)

Date	Series	Maximum Loan Amount	Amount Received Through 6/30/2025	Current Balance Outstanding 6/30/2025	Purpose
Feb 2024	2023	19.8	17.1	17.1	Water Distribution Main Replacement

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
2026	108.1	151.5	77.6	57.2	1.8	2.6
2027	120.1	146.8	82.6	53.2	1.7	2.6
2028	110.3	142.2	86.7	49.0	60.3	2.6
2029	110.7	138.1	83.9	44.7	-	-
2030	116.5	134.0	46.5	41.5	-	-
2031-2035	564.3	601.9	241.7	172.7	-	-
2036-2040	564.7	481.8	232.7	115.9	-	-
2041-2045	668.0	339.9	194.9	68.7	-	-
2046-2050	593.4	195.3	169.3	21.9	-	-
2051-2055	476.9	51.4	26.8	1.2	-	-
Totals	3,433.0	2,382.9	1,242.7	626.0	63.8	7.8

(3) Defeased Debt

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	295.2
Enterprise Funds:	
Water Fund Revenue Bonds	101.3
	396.5

(4) Short -Term Borrowings

The City has statutory authorizations to negotiate temporary loans for periods not to extend beyond the fiscal year. The City may borrow 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 2025. 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, 2025, the City had an arbitrage liability of $9.8 million and $23.9 million attributable to Governmental and Business-Type Activities, respectively.

(6) Derivative Instruments

The City adopted the provisions of 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, 2025, classified by type, and the changes in fair value of such derivatives are as follows:

(Amounts in thousands of USD)

	Changes in Fair Value		Fair Value at June 30, 2025		
Governmental Activities	Classification	Amount	Classification	Amount	Notional
Cash Flow Hedges:					
Pay fixed interest rate swaps	Deferred Outflow	992	Debt	(5,253)	100,000
	Deferred Outflow	169	Debt	(1,267)	30,550
	Deferred Outflow	56	Debt	(422)	10,180

The following table displays the objective and terms of the City’s hedging derivative instruments outstanding on June 30, 2025, along with the credit rating of the associated counterparty.

City Entity:	City GO
Related Bond Series	2009B [1]
Initial Notional Amount	$313,505,000
Current Notional Amount	$100,000,000
Termination Date	8/1/2031
Product	Fixed Payer Swap
Rate Paid by Dealer	SIFMA
Rate Paid by City Entity	3.829%
Dealer	Royal Bank of Canada
Dealer Rating (M/S)	Aa2/AA-
Fair Value [2]	($5,252,909)

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. *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 Royal Bank of Canada (RBC).

Terms: The swap was originally executed with 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, 2025, 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, 2025, the swap had a negative fair value of $5.253 million. A negative value (mark-to-market) means that the City would owe a payment if the swap is terminated. 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, 2025, 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 counterparty credit risk in the amount of the swap's mark-to-market 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, 2025, 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	-2.39586%
Net interest rate swap payments		1.43314%
Variable rate bond coupon payments	Weekly reset	2.42793%
Synthetic interest rate on bonds		3.86107%

Swap payments and associated debt: As of June 30, 2025, 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
2026	$ -	$ 2,427,930	$ 1,433,140	$ 3,861,070
2027	-	2,427,930	1,433,140	3,861,070
2028	30,535,000	2,427,930	1,433,140	3,861,070
2029	16,340,000	1,686,562	995,531	2,682,093
2030	17,010,000	1,289,838	761,356	2,051,194
2031-2035	36,115,000	1,323,950	781,491	2,105,441
Total:	$ 100,000,000	$ 11,584,140	$ 6,837,798	$ 18,421,938

b. PAID 2007B Swaps

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	$30,550,205	$10,179,795
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	3.971%	3.971%
Dealer	JPMorgan Chase Bank, N.A.	Merrill Lynch Capital Services, Inc.
Dealer Rating (M/S)	Aa2/A+	A2/A-
Fair Value [3]	($1,266,903)	($422,185)

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.*

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** paid a fixed rate of 3.62% and 3.632% (to JPMorgan and Merrill Lynch, respectively), and received 70% of 1-month LIBOR. The payments were 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, 2025, the swaps together had a notional amount of $40.730 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, 2025, the SIFMA-based swap with JP Morgan Chase Bank had a negative fair value of $1.267 million, and the SIFMA-based swap with Merrill Lynch Capital Services, Inc. had a negative fair value of $0.422 million. Negative values (mark-to-market) mean that the City would owe payments if the swaps are terminated. 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, 2025, **PAID** was not exposed to counterparty 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 counterparty credit risk in the amount of the swaps' mark-to-market 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, 2025, 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	-2.39586%
Net interest rate swap payments		1.57544%
Variable rate bond coupon payments	Weekly reset	2.39621%
Synthetic interest rate on bonds		3.97165%

As of June 30, 2025, 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	-2.39586%
Net interest rate swap payments		1.57544%
Variable rate bond coupon payments	Weekly reset	2.39621%
Synthetic interest rate on bonds		3.97165%

Swap payments and associated debt: As of June 30, 2025, 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:

JP Morgan

Fiscal Year Ending June 30	Variable Rate Bonds Principal	Variable Rate Bonds Interest	Interest Rate Swaps Net	Total Interest
2026	$ 4,575,773	$ 732,047	$ 481,300	$ 1,213,347
2027	4,770,773	622,402	409,212	1,031,614
2028	4,972,886	508,084	334,051	842,135
2029	5,186,637	388,923	255,706	644,629
2030	5,407,113	264,641	173,994	438,635
2031-2035	5,637,023	135,075	88,808	223,883
Total:	$ 30,550,205	$ 2,651,172	$ 1,743,071	$ 4,394,243

Merrill Lynch

Fiscal Year Ending June 30	Variable Rate Bonds Principal	Variable Rate Bonds Interest	Interest Rate Swaps Net	Total Interest
2026	$ 1,524,227	$ 243,929	$ 160,377	$ 404,306
2027	1,589,227	207,406	136,363	343,769
2028	1,657,114	169,324	111,326	280,650
2029	1,728,363	129,616	85,219	214,835
2030	1,802,887	88,201	57,990	146,191
2031-2035	1,877,977	45,000	29,586	74,586
Total:	$ 10,179,795	$ 883,476	$ 580,861	$ 1,464,337

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 $3,091.9 million in principal, with interest rates from 2.716% to 6.765% and have due dates from 2026 to 2049. The following schedule reflects the changes in long-term liabilities for the **SDP**:

LONG-TERM OBLIGATIONS (1)

(Amounts in Millions of USD)

	Balance July 1, 2024	Additions	Reductions	Balance June 30, 2025	Due Within One Year
Governmental Activities:					
General Obligation Bonds/Lease Rental					
General Obligation Bonds	$ 2,452.3	$ -	$ (121.0)	$ 2,331.3	$ 127.6
SPSBA-Lease Rental	813.2	-	(52.5)	760.7	54.2
Bond Premium					
General Obligation Bonds	140.1	-	(18.7)	121.4	16.5
SPSBA-Lease Rental	33.7	-	(5.9)	27.8	5.2
Unamortized Bond Discounts	(1.1)	-	-	(1.1)	(0.1)
Total Bonded Debt	3,438.2	-	(198.1)	3,240.1	203.4
Compensated Absences	214.0	46.4	(16.3)	244.1	16.0
Lease Obligations	11.2	-	(1.0)	10.2	3.4
SBITA Obligations	25.1	-	(9.2)	15.9	9.7
Due to Other Governments					
Deferred Reimbursement	45.3	-	-	45.3	45.3
Other Liabilities (2)	125.0	48.4	(34.4)	139.0	41.0
Incurred But Not Received (IBNR) Payable (3)	21.9	1.3	-	23.2	23.1
Arbitrage Liability	0.9	0.1	(0.9)	0.1	-
OPEB Life Insurance Liability	16.7	1.8	(2.0)	16.5	1.1
PSERS OPEB Liability	143.8	10.1	(8.3)	145.6	-
PSERS Pension Liability	3,525.6	322.8	(427.6)	3,420.8	-
Governmental Activity-Long-Term Liabilities	$ 7,567.7	$ 430.9	$ (697.8)	$ 7,300.8	$ 343.0
Business-Type Activities:					
Compensated Absences	$ 2.0	$ 0.4	$ -	$ 2.4	$ 0.2
Lease Obligations	0.6	-	(0.2)	0.4	0.2
PSERS OPEB Liability	2.3	0.1	(0.1)	2.3	-
PSERS Pension Liability	52.7	5.9	(7.9)	50.7	-
Business Activity-Long-Term Liabilities	$ 57.6	$ 6.4	$ (8.2)	$ 55.8	$ 0.4

Notes:

1. Long-term obligations include compensated absences, unemployment, workers' compensation and claims and judgments liabilities that 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 Life Insurance 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 arbitrage 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, 2025 is summarized as follows: (Excludes debt issued through the State Public School Building Authority)

Governmental Activities

(Amounts In Thousands of USD)

Fiscal Year	Interest Rates	Principal	Interest	Total
2026	3.000-6.615	$ 127,580	$ 114,968	$ 242,548
2027	3.000-6.615	122,020	109,091	231,111
2028	3.000-6.615	122,755	102,081	224,836
2029	3.000-6.615	122,765	95,868	218,633
2030	3.000-6.615	119,090	89,678	208,768
2031-2035	3.000-6.765	622,375	335,767	958,142
2036-2040	3.000-6.765	443,495	211,099	654,594
2041-2045	3.000-5.500	522,905	94,006	616,911
2046-2050	3.000-5.500	128,350	11,562	139,912
Totals		$ 2,331,335	$ 1,164,120	$ 3,495,455

Debt service to maturity on debt issued through the State Public School Building Authority on June 30, 2025, is summarized as follows:

Governmental Activities

(Amounts In Thousands of USD)

Fiscal Year	Interest Rates	Principal	Interest	Total
2026	2.854-5.500	$ 54,160	$ 35,678	$ 89,838
2027	2.966-5.500	65,955	33,342	99,297
2028	3.046-5.500	73,735	30,406	104,141
2029	3.096-5.500	77,935	26,861	104,796
2030	3.146-5.000	73,550	23,324	96,874
2031-2035	3.096-5.000	401,210	47,783	448,993
2036-2040	5.000	14,115	706	14,821
Totals		$ 760,660	$ 198,100	$ 958,760

(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 5.30%	$ 1,132,160	Fiscal 2026 to 2054
PPA	2.58% to 5.25%	23,250	Fiscal 2026 to 2029
CCP	2.00% to 5.00%	48,715	Fiscal 2026 to 2040
PHA	3.00% to 5.00%	116,919	Fiscal 2026 to 2047
	Total Revenue Debt Payable	$ 1,321,044	

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
2026	$ 58.4	$ 32.5	$ 3.5	$ 0.8	$ 6.0	$ 2.0	$ 0.7	$ 1.1
2027	59.3	30.6	3.6	0.6	6.3	1.7	0.7	1.1
2028	62.0	28.8	2.9	0.5	7.6	1.4	0.7	1.1
2029	45.3	27.4	2.2	0.4	2.1	1.1	0.8	1.0
2030	46.1	26.2	11.1	0.3	2.2	1.0	0.8	1.0
2031-2035	233.5	109.9	-	-	12.5	3.6	4.5	4.5
2036-2040	210.9	72.1	-	-	12.0	1.1	5.4	3.6
2041-2045	173.5	41.6	-	-	-	-	6.9	2.2
2046-2050	166.1	15.3	-	-	-	-	5.0	0.4
2051-2055	77.1	4.1	-	-	-	-	91.4	-
Totals	$ 1,132.2	$ 388.5	$ 23.3	$ 2.6	$ 48.7	$ 11.9	$ 116.9	$ 16.0

† - Gas Works amounts are presented as of its fiscal year ended August 31, 2025.

‡ - PHA amounts are presented as of March 31, 2025.

* 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, 2025, $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 Secured Overnight Financing Rate (SOFR) plus 0.0801% 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, 2025, the swaps had a notional amount of $78.8 million and the associated variable rate debt had a $78.8 million principal amount, broken down by series as follows:

- The Series B swap had a notional amount of $17.6 million and the associated variable rate bonds had a $17.6 million principal amount.
- The Series C swap had a notional amount of $17.4 million and the associated variable rate bonds had a $17.4 million principal amount.
- The Series D swap had a notional amount of $26.2 million and the associated variable rate bonds had a $26.2 million principal amount.
- The Series E swap had a notional amount of $17.6 million and the associated variable rate bonds had a $17.6 million principal amount.

The final maturity date for all swaps is on August 1, 2028.

Fair value – As of August 31, 2025, the swaps had a combined negative fair value of approximately $1.8 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, 2025, 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 International Swaps and Derivatives Association, Inc. 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 SOFR plus 0.0801% 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 if marginal tax rates cause the rate paid on the outstanding bonds to be greater than the 70.0% of one month SOFR plus 0.0801% received on the swap.

The impact of the interest rate swaps on the financial statements as of and for the year ended August 31, 2025 is as follows (thousands of U.S. dollars):

	Interest Rate Swap Liability	Deferred ouflows of resources	Deferred inflows of resources
Balance at August 31, 2024	(2,519)	-	(3,162)
Change in fair value through August 31, 2025	727	-	(727)
Amortization of terminated hedge	-	-	1,420
Balance at August 31, 2025	(1,792)	-	(2,469)

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 to expense over the life of the hedge. 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, 2025, 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
2026	$ 35,017	$ 17,037	$ 52,054
2027	46,225	16,053	62,278
2028	50,908	14,820	65,728
2029	52,050	13,523	65,573
2030	48,128	12,242	60,370
2031-2035	224,438	42,818	267,256
2036-2040	101,296	19,861	121,157
2041-2045	46,690	9,671	56,361
2046-2050	23,194	2,187	25,381
2051-2055	3,000	179	3,179
Total	$ 630,946	$ 148,391	$ 779,337

Business-Type Activities

Fiscal Year Ending June 30	Principal	Interest	Total
2026	$ 1,344	$ 855	$ 2,199
2027	1,394	798	2,192
2028	1,503	736	2,239
2029	1,617	670	2,287
2030	1,737	599	2,336
2031-2035	8,662	1,764	10,426
2036-2040	1,078	887	1,965
2041-2045	1,199	766	1,965
2046-2050	1,333	631	1,964
2051-2055	1,483	482	1,965
2056-2060	1,649	315	1,964
2061-2065	1,834	130	1,964
2066	275	2	277
Total	$ 25,108	$ 8,635	$ 33,743

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, 2025 was $3.1 and $68.0 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, 2025 (in thousands):

Governmental Activities

Fiscal Year Ending June 30	Principal	Interest	Total
2026	$ 3,265	$ 3,582	$ 6,847
2027	3,347	3,481	6,828
2028	3,617	3,374	6,991
2029	3,905	3,256	7,161
2030	4,329	3,129	7,458
2031 - 2035	24,803	13,314	38,117
2036 - 2040	12,591	9,732	22,323
2041- 2045	17,916	5,760	23,676
2046 - 2048	12,270	913	13,183
Total	$ 86,043	$ 46,541	$ 132,584

Business-Type Activities

Fiscal Year Ending June 30	Principal	Interest	Total
2026	$ 34,970	$ 4,432	$ 39,402
2027	30,969	3,454	34,423
2028	26,476	2,588	29,064
2029	23,374	1,850	25,224
2030	12,435	1,248	13,683
2031-2035	12,701	4,519	17,220
2036-2040	9,831	2,973	12,804
2041-2045	10,084	1,471	11,555
2046-2050	3,699	372	4,071
2051-2055	1,035	90	1,125
2056	83	1	84
Total	$ 165,657	$ 22,998	$ 188,655

As of June 30, 2025, the City reported lease receivable of $86.0 million and $165.7 million for its Governmental and Business-type Activities, respectively. The City also reported a deferred inflow of resources in the amount of $96.1 million and $168.6 million for its Governmental and Business-type Activities, respectively, at June 30, 2025.

C. REGULATED LEASES

The Aviation Department 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:
As of June 2025, the Aviation Division entered into an Airport-Airline Use and Lease Agreement (Agreement) with 15 airlines operating at PHL. The Agreement, which was effective on July 1, 2023, has a three-year term, with two potential one-year extensions. These Agreements while regulated by the FAA are not within the disclosures. Revenues for terminal and ramp rentals were $129.6 million in Fiscal Year 2025.

Fixed Base Operators:
The Aviation Division has one contract with a Fixed Base Operator (FBO) for the lease of certain airport system property. This FBO is a commercial enterprise that provides aeronautical services such as fueling, aircraft parking and storage to general aviation operators, and are therefore considered to be regulated leases. This agreement is scheduled to expire in April 2028. Revenues for FBOs was $5.7 million in Fiscal Year 2025.

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, 2025. Revenue recognized for these leases was $3.6 million in Fiscal Year 2025.

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 $2.3 million in Fiscal Year 2025.

Expected future minimum lease payments from Regulated Leases at June 30, 2025 are as follows (in thousands):

	Business-Type Activities
Fiscal Year Ending June 30	Future Minimum Expected Receipts
2026	$ 121,217
2027	6,716
2028	6,320
2029	4,850
2030	4,803
2031-2035	18,373
2036-2040	18,524
2041-2045	14,567
2046-2050	7,118
2051-2055	632
2056-2060	632
2061-2065	632
2066-2069	411
Total	$ 204,795

9. SUBSCRIPTION-BASED INFORMATION TECHNOLOGY ARRANGEMENTS

A SBITA is defined as a contractual agreement that conveys control of the right to use another party's (a SBITA vendor's) information technology (IT) software, alone or in combination with tangible capital assets (the underlying

IT assets), as specified in the contract for a minimum contractual period of greater than one year, in an exchange or exchange-like transaction.

The City uses various SBITA assets that it contracts through cloud computing arrangements, such as software as a service and platform as a service. The related obligations are presented in the amounts equal to the present value of subscription payments payable during the remaining SBITA term. A SBITA asset is presented in the Capital Asset section, on the government-wide financial statements.

The City has a variety of variable payment clauses, within its SBITA arrangements, including variable payments based on future performance or usage of the underlying asset. Components of variable payments that are fixed in substance are included in the measurement of the SBITA liability presented in the table below. The City did not incur expenses related to its SBITA activities such as termination penalties, not previously included in the measurement of the SBITA liability, or losses due to impairment.

As of June 30, 2025, the City (excluding discretely presented component units) had minimum principal and interest payment requirements for its SBITA activities, with a remaining term in excess of one year, as follows (in thousands):

	Governmental Activities		
Fiscal Year Ending June 30	Principal	Interest	Total
2026	$ 1,973	$ 1,168	$ 3,141
2027	2,214	1,084	3,298
2028	1,041	1,001	2,042
2029	941	954	1,895
2030	761	919	1,680
2031-2035	4,855	4,017	8,872
2036-2040	7,020	2,731	9,751
2041-2045	7,636	894	8,530
Total	$ 26,441	$ 12,768	$ 39,209

10. 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 FY 2025, the City contributed $1.7 million to the plan, net of any forfeitures.

B. COMPONENT UNITS

1) Philadelphia Gas Works (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 50.0% matching contribution of applicable wages, up to a maximum of $1000, that immediately vests to the employee. PGW contributed $1.2 million in FY 2025.

2) 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 to Pennsylvania Personal Income Tax or Philadelphia Wage Tax. For that reason, the School District does not withhold those taxes.

11. 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 Statement No. 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 a spendable form, or (b) legally or contractually required to be maintained intact.

- 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.

- 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.

- 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.

- Unassigned Fund Balance – This classification is the residual fund balance for the General Fund. It represents fund balance that has not been classified as assigned, committed, restricted or non-spendable. In other governmental funds, a negative unassigned fund balance is reported when expenditures for specific, restricted purposes exceed available resources.

The City Council and the Mayor established a Budget Stabilization Reserve (more commonly known as the "rainy day fund") through amendment to the City's Charter, which was approved by the voters at the election held on November 9, 2011.

Appropriation to the Budget Stabilization Reserve - City Code Section 2-300 (7)

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 , 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.

Withdrawals from the Budget Stabilization Reserve - City Charter Article VI, Chapter 1, Section 6-110

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:

(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 (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

(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 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.

Beginning in Fiscal Year 2025, the provisions relating to the Budget Stabilization Reserve were further amended to expand the requirements of for the annual minimum appropriations to the Budget Stabilization Reserve, which was approved by the voters at the election held on May 16, 2023, as follows:

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 seventeen percent of projected General Fund Revenues for end of the current fiscal year as of the first business day after February 14:

(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, as of the first business day after February 14, the Projected General Fund Balance for the end of the current fiscal year equals or exceeds:

(i) three percent (3%) of, but is less than five percent (5%) of, projected General Fund Revenues for end of the current fiscal year, an amount equal to three-quarters of one percent (.75%) of projected Unrestricted Local General Fund Revenues for the upcoming fiscal year;

(ii) five percent (5%) of, but is less than eight percent (8%) of, projected General Fund Revenues for the end of the current fiscal year, an amount equal to one percent (1.0%) of projected Unrestricted Local General Fund Revenues for the upcoming fiscal year; or

(iii) eight percent (8%) of projected General Fund Revenues for the end of the current fiscal year, the amount that exceeds such eight percent (8%) threshold or (1.0%) of projected Unrestricted Local General Fund Revenues for the upcoming fiscal year, whichever is greater; 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 only upon recommendation of the Mayor.

At June 30, 2025 the Budget Stabilization Reserve fund had a balance of $178.9 million that was reported as committed fund balance in the City's General Fund.

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 the 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, 2025:

Amounts in Thousands

	General Fund	HealthChoices Behavioral Health Fund	Grants Revenue Fund	Other Governmental Funds	Total Governmental Funds
Nonspendable:					
Inventory	$ -	$ -	$ -	$ 15	$ 15
Permanent Fund (Principal)	-	-	-	6,732	6,732
Subtotal Nonspendable	**-**	**-**	**-**	**6,747**	**6,747**
Restricted for:					
Neighborhood Revitalization	150,963	-	325	-	151,288
Economic Development	-	-	-	12,823	12,823
Public Safety Emergency Phone System	-	-	51,490	-	51,490
Streets & Highways	-	-	-	107,985	107,985
Housing and Neighborhood Dev	-	-	-	81,886	81,886
Health Services	-	-	-	12,616	12,616
Behavioral Health	-	281,161	-	-	281,161
Parks & Recreation	-	-	-	2,356	2,356
Libraries & Museums	-	-	-	822	822
Intergovernmental Financing	-	-	-	18,795	18,795
Opioid Abatement	-	-	74,176	-	74,176
Demolition	-	-	-	572	572
Stadium Financing	-	-	-	9,911	9,911
Pension Obligation Bonds	3	-	-	-	3
Debt Service Reserve	-	-	-	791	791
Capital Projects	-	-	-	366,505	366,505
Street Lighting Program	33,155	-	-	-	33,155
Rebuild	31,040	-	-	-	31,040
Home Repair Program	34,705	-	-	-	34,705
Trust Purposes	-	-	-	18,319	18,319
Subtotal Restricted	**249,866**	**281,161**	**125,991**	**633,381**	**1,290,399**
Committed, Reported in:					
Budget Stabilization Reserve	178,890	-	-	-	178,890
Prisons	-	-	-	6,817	6,817
Parks & Recreation	-	-	-	3,167	3,167
Subtotal Committed	**178,890**	**-**	**-**	**9,984**	**188,874**
Assigned to:					
General Management & Support	306,508	-	-	-	306,508
Social Services	64,427	-	-	-	64,427
Economic Development	9,277	-	-	-	9,277
Prison and Law Enforcement	42,577	-	-	-	42,577
Health Services	24,074	-	-	-	24,074
Sanitation & Fire	46,398	-	-	-	46,398
Libraries & Museums	7,829	-	-	-	7,829
Other	18,193	-	-	-	18,193
Phila. Beverage Tax - Unobligated	120,722	-	-	-	120,722
Subtotal Assigned	**640,005**	**-**	**-**	**-**	**640,005**
Unassigned Fund Balances:	876,679	-	(781,950)	(31,583)	63,146
Subtotal Unassigned	**876,679**	**-**	**(781,950)**	**(31,583)**	**63,146**
Total Fund Balances	**$ 1,945,440**	**$ 281,161**	**$ (655,959)**	**$ 618,529**	**$ 2,189,171**

12. 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.

Interfund transfers are primarily used for 1) debt service payments made from a debt service fund, but funded from an operating fund; 2) use unrestricted revenues collected in the general fund to finance various programs accounted for in other funds; 3) transfer the portion of wage taxes not needed for administrative costs from the PICA administrative fund to the general fund; or 4) to make lease payments made from the Municipal Authority administrative fund, but funded by general and proprietary funds.

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	$ -	$ 60,434	$ 196,699	$ 45,252	$ 302,385
Grants Revenue Fund	459,692	988	3,396	-	464,076
Non major Special Rev. Fds	761,140	2,570	-	5,631	769,341
Permanent Funds	-	129	-	-	129
Water Fund	3,727	44,869	-	-	48,596
Total	$ 1,224,559	$ 108,990	$ 200,095	$ 50,883	$ 1,584,527

13. TAX ABATEMENTS

Pursuant to 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. 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 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 2025 totaled **$2,939,648.**

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 recapturing this tax credit.

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 2025 totaled **$184,929.**

Green Roof Tax Credit
The Green Roof Tax Credit is provided to businesses for the construction of a roof that supports living vegetation.

The Philadelphia Code under Chapter § 19-2604 (8) defines the implementation of the Green Roof Tax Credit. A full description of the Green Roof Tax Credit can be found under Section 503 of the BIRT regulations.

To be eligible for this credit, a business must construct a green roof covering at least 60% of the rooftop and maintain it for a period of 5 years after its completion. The credit amount for the construction of a green roof is 50% of all costs incurred, up to a maximum of $100,000.

There are no provisions for recapturing this tax credit.

Gross dollar amount, on accrual basis, by which the City's tax revenues were reduced as a result of the Green Roof Tax Credit program for fiscal year 2025 totaled $27,527.

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 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 2025 were:

- **State Act 175: $ 850,127**
- **Ord. 961: $13,984,324**
- **Ord. 1130: $50,646,826**
- **Ord. 1456-A: $53,297,230**

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, and 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.

State Taxes:

- Corporate Net Income Tax
- Capital Stock Foreign Franchise Tax
- Personal Income Tax (Partnerships or Sole Proprietors)
- Sales and Use Tax
- Mutual Thrift Institutions Tax
- Bank and Trust Company Share Tax
- Alternative Bank and Trust Company Shares Tax
- Insurance Premiums Tax

City Taxes:

- Business Income & Receipt Tax
- Net Profits Tax
- Use and Occupancy Tax
- Sales, Use and Hotel Occupancy Tax
- Real Estate Tax

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 tax abatement programs for fiscal year 2025 were:

Real Estate Tax Credits (KOZ Credit)	$ 9,207,208
Business Income and Receipt Tax (KOZ Credit)	59,522,613
Net Profit Tax (KOZ Credit)	2,376,488
	$ 71,106,309

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 2025 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	$ 2,939,648
Job Creation Tax Credit	184,929
Green Roof Tax Credit	27,527
	$ 3,152,104

Real Estate Tax Abatement Agreements entered into by the City of Philadelphia

Development State Act 205/175	$ 850,127
Ordinance 961 uncapped 10 years	13,984,324
Ordinance 1130 as amended 10 years	50,646,826
Ordinance 1456-A/983 as amended 10 years	53,297,230
	$ 118,778,507

Tax Abatement Agreements entered into by Other Governments

Real Estate Tax Credits (KOZ Credit)	$ 9,207,208
Business Income and Receipt Tax (KOZ Credit)	59,522,613
Net Profit Tax (KOZ Credit)	2,376,488
	$ 71,106,309
As of June 30, 2025, the grand total of forgone revenues as a result of all the tax abatement programs w as:	$ 193,036,920

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 2025 tax revenues were redirected as result of the TIF program was **$1,010,061**.

14. 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 the "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	$	2,143.9
Service Agreements		1,611.9
Indemnity Claims		241.9
Employee Related Obligations		953.0
Arbitrage		9.8
Leases		631.5
Subscriptions		27.1
Total Adjustment:	$	5,619.1

15. PRIOR PERIOD ADJUSTMENTS AND CUMULATIVE EFFECT OF CHANGE IN ACCOUNTING PRINCIPLE

A. COMPONENT UNIT

1. PGW

The implementation of GASB Statement No. 101, Compensated Absences, resulted in a $25.9 million decrease in PGW's beginning net position.

2. PPA

The implementation of GASB Statement No. 101, Compensated Absences, resulted in a $4.8 million decrease in PPA's beginning net position.

16. NET POSITION RESTRICTED BY ENABLING LEGISLATION

The government-wide statement of net position reports $2,575.1 million of restricted net position, of which $225.9 million is restricted by enabling legislation as follows:

(Amounts in Thousands of USD)

	Restricted Net Position	Restricted by Enabling Legislation
Capital Projects	$ 787,837	$ -
Debt Service	463,759	-
Pension Oblig Bond Refunding Reserve	3	-
Behavioral Health	281,161	-
Neighborhood Revitalization	151,283	-
Street Lighting Project	33,155	-
Rebuild Project	31,040	-
Home Repair Program	34,705	-
Grant Programs	504,425	81,886
Rate Stabilization	143,814	-
Other	143,996	143,996
Total	$ 2,575,178	$ 225,882

17. FUND DEFICITS

- The Grants Revenue fund, which is a Special Revenue Fund, has a Fund Balance Deficit at year-end of $656.0 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 in 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 $18.3 million. This deficit was primarily caused by the recording of reimbursed costs and corresponding revenues for services provided under the Community Development Block Grant, and the delay in billing and receiving reimbursements.

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 participated 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 Statement 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 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

As of July 1, 2024, the date of the most recent actuarial valuation, pension plan membership consisted of the following:

Active	27,479
Terminated Vested	665
Disabled	3,730
Retirees	22,515
Beneficiaries	8,615
DROP	2,102
Total City Members	65,106
Annual Salaries	$ 2,118,480,484
Average Salary per Active Member	$ 77,095
Annual Retirement Allowances	$ 872,374,925
Average Retirement Allowance	$ 25,025

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, 2024, members contributed at one of the following rates:

Employee Contribution Rates
For the Period of July 1, 2024 to June 30, 2025

	Municipal (1)	Elected (2)	Police	Fire
Plan 67	7.00%	N/A	6.00%	6.00%
Plan 87	3.67%	11.74%	6.84%	6.84%
Plan 87 - 50% of Aggregate Normal Cost (3)	4.45%	N/A	N/A	N/A
Plan 87 - Accelerated Vesting (4)	5.68%	13.23%	N/A	N/A
Plan 87 Prime (5)	4.67%	12.74%	7.84%	7.84%
Plan 10	2.61%	N/A	7.34%	7.34%
Plan 10 - Accelerated Vesting	3.54%	N/A	N/A	N/A
Plan 16 (6)	4.16%	N/A	N/A	N/A
Plan 16 - Accelerated Vesting (7)	4.65%	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 $619,636 under plan 87 Elected, normal cost or $348,437 under Plan 87 Municpal and current annual payroll of $3,496,843.
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 5 years and Elected Officials (L8) eligible to be vested in 8 years instead of 10 years.
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.

Member contributions for all current and future employees except for Police and Fire will increase based on the level of pay and will be paid in addition to base member contributions rates above. The table below shows the tiers used in determining the additional member tier contributions.

Annual salary	**Base member rate plus**
$45,000 or less	0.00%
$45,001 - $55,000	0.50%
$55,001 - $75,000	1.50%
$75,001 - $100,000	2.00%
More than $100,000	2.75%

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 2025, the City and other employers' contributions of $864.2 million was more than the Actuarially Determined Employer contribution (ADEC) of $792.0 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 Supplementary Information (page 33) 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 2025, the City and other employers' contributions of $864.2 million exceeded the Minimum Municipal Obligation of $652.9 million.

The Schedule of Employer contributions (based on the MMO Funding Policy) is included as Required Supplementary Information (page 33) 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 accumulated value 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 under RRP. 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. Actuary accumulates these amounts in a notional account and deducts them from the Actuarial Asset Value before the RRP is determined. These amounts are accumulated using the market value of asset return.

In fiscal year 2025, the City and other employers' contributions of $864.2 million exceeded the contribution under Revenue Recognition Policy of $741.5 million.

The Schedule of Employer Contributions (based on the RRP Funding Policy) is included as Required Supplementary Information (page 33) 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/nonuniform status, and entry date into the System.

Nonuniform 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. Uniformed 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 nonservice-connected disability benefits varies by bargaining unit and uniform/nonuniform 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%); or
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.

Pension Adjustment Fund (PAF): 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, 2024, the date of the most recent actuarial valuation, there was $7.8 million in the PAF. There was no PAF distributions during the fiscal year ended June 30, 2025.

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 participants 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, 2025, is $383 million.

c. INVESTMENTS

The Pension Board's Investment Policy Statement provides, in part:

The overall investment objectives and goals should be achieved by the 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 7.25% 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 7.25% over a market cycle. The investment return assumption was reduced by the Board from 7.30% to

7.25% 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 October 26, 2023:

(see pension plan's investment policy: www.phila.gov/media/20240516111338/Pensions-Investment-Policy-Statement.pdf)

Asset Class	Target Allocation
Broad Fixed Income	21.0 %
91 Day T-Bills	4.0 %
Opportunistic Credit	3.0 %
U.S. All Cap Core Equity	24.0 %
Broad Non-US Equity	12.0 %
Emerging Markets Equity	2.0 %
Global Low Volatility Equity	8.0 %
Core Real Estate	7.0 %
Public REITs	1.0 %
Opportunistic Real Estate	1.0 %
Global Infrastructure	5.0 %
Private Debt	2.0 %
Private Equity	10.0 %
Total	100.0 %

Money-Weighted Rate of Return
For the year ended June 30, 2025, the annual money-weighted rate of return on pension plan investments, net of pension plan investment expense, was 13.12%. 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 alternative 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 alternative 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, 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, 2025. 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. There is no formally adopted investment policy to manage custodial credit risk.

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. There is no formally adopted investment policy to manage interest rate risk.

The table below details the exposure to interest rate changes based upon maturity dates of the fixed income securities at June 30, 2025 (in thousands):

	Total Fair Value	Less Than 1 Year	1-5 Years	6-10 Years	More than 10 Years
Asset Backed Securities	$ 47,737	$ -	$ 7,876	$ 5,201	$ 34,660
Commercial Mortgage Backed Securities	42,028	-	2,516	3,300	36,212
Corporate Bonds	477,504	4,972	181,961	170,596	119,975
Fixed Income ETF	10,105	10,105	-	-	-
Government Agencies	41,532	-	13,461	10,361	17,710
Government Bonds	720,131	21,672	319,940	175,665	202,854
Government Mortgage Backed Securities	472,981	-	287	4,394	468,300
Gov't-issued Commercial Mortgage Backed	5,593	641	4,299	256	397
Municipal Bonds	19,480	-	4,565	954	13,961
Non-Gov't Baked C.M.O.s	6,391	-	-	-	6,391
Sukuk	1,167	-	1,167	-	-
Total Interest Rate Risk of Debt Securities	$ 1,844,649	$ 37,390	$ 536,072	$ 370,727	$ 900,460

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, 2025, 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. There is no formal policy regarding concentration of credit risk.

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 $1.2 billion of directly owned fixed income securities. The Fund's directly owned rated debt investments as of June 30, 2025, were rated by Standard & Poor's, a nationally recognized statistical rating agency and are presented below using Standard and Poor's rating scale (in thousands):

		Credit Rating							
	Total Fair Value	AAA	AA	A	BBB	BB	B	CCC	D	NR
Asset Backed Securities	$ 39,336	$ 6,809	$ -	$ 1,230	$ 8,118	$ -	$ -	$ -	$ -	$ 23,179
Commercial Mortgage Backed Securities	42,028	7,184	1,804	1,708	809	-	-	-	-	30,523
Corporate Bonds	477,504	4,998	9,461	73,945	142,114	114,324	72,740	18,004	706	41,212
Fixed Income ETF	10,105	-	-	-	-	-	-	-	-	10,105
Government Agencies	28,487	4,857	9,149	2,442	5,053	1,012	186	-	-	5,788
Government Bonds	155,380	900	-	2,396	39,823	13,268	3,182	3,399	230	92,182
Government Mortgage Backed Securities	381,304	-	381,304	-	-	-	-	-	-	-
Govt-issued Commercial Mortgage Backed	5,254	-	5,254	-	-	-	-	-	-	-
Municipal Bonds	19,480	302	11,517	3,623	-	744	-	331	-	2,963
Non-Govt Baked C.M.O.s	6,391	-	-	-	-	-	-	-	-	6,391
Sukuk	1,167	-	-	-	483	-	-	-	-	684
Total Credit Risk of Debt Securities	$ 1,166,436	$ 25,050	$ 418,489	$ 85,344	$ 196,400	$ 129,348	$ 76,108	$ 21,734	$ 936	$ 213,027
U.S. Govt Guaranteed*	678,213									
	$ 1,844,649									

* 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 39.21% of the total investment in equities. There is no formally adopted investment policy to limit foreign currency exposure. The Fund's exposure to foreign currency risk on June 30, 2025, was as follows (expressed in thousands):

Currency	Cash	Fixed Income	Equities	Derivatives	Total
Euro	$ 1,079	$ 7,625	$ 640,334	$ (1,126)	$ 647,912
Japanese yen	2,644	-	396,914	(1,582)	397,976
British pound sterling	628	62,341	300,293	(1,204)	362,058
Canadian dollar	925	2,334	252,196	(3,752)	251,703
Swiss franc	1,426	-	129,639	-	131,065
Australian dollar	259	-	122,209	(699)	121,769
Hong Kong dollar	599	-	112,750	-	113,349
Swedish krona	447	-	43,363	-	43,810
South Korean won	9	-	36,457	-	36,466
Mexican peso	3	31,248	5,205	-	36,456
Singapore dollar	141	-	35,585	-	35,726
Danish krone	120	-	30,642	-	30,762
Brazilian real	11	17,585	12,341	-	29,937
South African rand	-	8,525	8,751	-	17,276
New Israeli shekel	128	-	12,800	-	12,928
Norwegian krone	162	-	12,182	-	12,344
Philippine peso	219	1,090	7,326	-	8,635
Malaysian ringgit	19	1,110	5,162	-	6,291
Indonesian rupiah	8	2,104	4,154	-	6,266
Thai baht	-	-	5,711	-	5,711
New Zealand dollar	83	-	4,797	-	4,880
Polish zloty	2	1,637	1,706	-	3,345
New Taiwan dollar	2,980	-	-	-	2,980
Turkish lira	-	1,509	1,042	-	2,551
Egyptian pound	1,009	-	1,129	-	2,138
All Others	194	6,320	3,788	-	10,302
	$ 13,095	$ 143,428	$ 2,186,476	$ (8,363)	$ 2,334,636

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, 2025, in addition to the fair value and change in the fair value of derivatives (in thousands):

List of Derivatives Aggregated by Investment Type

Classification	Change in Fair Value		Fair Value at June 30, 2025		Notional
Investment Derivatives					
Forwards Currency Contracts	Net Appreciation in Investments	$ 1,308	Investments	$ 1,562	$ 390,686
Futures	Net Appreciation in Investments	-	Investments	-	35,069
Grand Total		$ 1,308		$ 1,562	$ 425,755

A Derivative 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, 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 fixed interest rate Swaps during 2025. On its pay-variable, received-fixed interest rate swap, as floating rate increases, the Fund's net payment on the swap increases. Alternatively, on its pay-fixed, receive-variable interest rate swap, as floating rate 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 gain from Futures contracts was $3.8 million 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 gain from forward contracts was $3.3 million 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, 2025 (in thousands):

	June 30, 2025	Fair Value Measurements Using: 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	$ 47,737	$ -	$ 46,462	$ 1,275
Commercial Mortgage Backed Securities	42,028	-	41,580	448
Corporate Bonds	477,504	-	475,991	1,513
Fixed Income ETF	10,105	10,105	-	-
Government Agencies	41,532	-	40,574	958
Government Bonds	720,131	-	705,605	14,526
Government Mortgage Backed Securities	472,981	-	472,981	-
Gov't-issued Commercial Mortgage Backed	5,593	-	5,593	-
Municipal Bonds	19,480	-	19,480	-
Non-Government Backed C.M.O.s	6,391	-	6,391	-
Sukuk	1,167	-	1,167	-
Equity	5,576,604	5,574,431	-	2,173
Total Investments by Fair Value Level	7,421,253	5,584,536	1,815,824	20,893
Investments Measured at the Net Asset Value (NAV)				
Private Market	$ 1,036,411			
Real Estate	399,422			
Equity Long/Short Hedge funds	34,622			
Fixed Income Hedge Funds	4,670			
Total Investments Measured at the NAV	1,475,125			
Total Investments Measured at Fair Value	$ 8,896,378			
Investment Derivative Instruments				
Forward Currency Contracts (Assets)	$ 4,737	$ -	$ 4,737	
Forward Currency Contracts (Liabilities)	(3,175)	-	(3,175)	
Total Investment Derivative instruments	$ 1,562	$ -	$ 1,562	

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
Private Market	$ 1,036,411	$ 286,647	N/A	N/A
Real Estate	399,422	110	N/A	N/A
Equity Long/Short Hedge funds	34,622	-	Quarterly	90 days' notice
Fixed Income Hedge Funds	4,670	-	Quarterly	90-120 days
Total Investments Measured at the NAV	$ 1,475,125			

1. Private Market 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 5 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.

2. 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 7 to 10 years.

3. 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 90 days' notice.

4. 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 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, 2025.

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, 2025, the fair value of securities on loan was $464.5 million. Associated collateral totaling $478.1 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, 2025, the invested cash collateral was $478.1 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, 2025, were as follows (in thousands):

Total Pension Liability	$	13,328,167
Plan Fiduciary Net Position		9,633,166
Collective Net Pension Liability	$	3,695,001

Plan Fiduciary Net Position as a Percentage of the Total Pension Liability: 72.3%

Actuarial Assumptions:

The total pension liability was determined by an actuarial valuation as of June 30, 2024, and was rolled forward to June 30, 2025. June 30, 2024, 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:	7.25% compounded annually, net of expenses
Salary Increases:	Age based salary scale separated by employee classification

- The investment return assumption was changed from 7.30% from the prior year valuation to 7.25% 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, 109% and 126%, for males and females, respectively, of the Pub-2010(B) General employee Below-Median Table projected from base year of 2010 to 2025 using mortality improvement scale MP-2021. For Uniform employees, 118% and 122%, for males and females, respectively, of the Pub-2010(B) Safety Employee Below-Median Table projected from base year of 2010 to 2025 using mortality improvement scale MP-2021.

The measurement date for the net pension liability (NPL) is June 30, 2025. Measurements are based on the fair value of assets as of June 30, 2025, and the total pension liability (TPL) as of the valuation date, July 1, 2024, updated to June 30, 2025. 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. Effective July 1, 2025, there was an assumption change, approved by the Board, reducing the expected long-term return on assets from 7.30% to 7.25% which increased the TPL by approximately $62 million.

During the measurement year, the collective NPL decreased by approximately $772 million. The service cost and interest cost increased the collective NPL by approximately $1.1 billion while contributions and investment gains offset by administrative expenses decreased the collective NPL by approximately $2.1 billion. Additionally, there was an actuarial experience loss during the year of approximately $101 million.

As defined under title §22-311 of the Philadelphia Code, the Pension Adjustment Fund (PAF) provides for additional benefit distributions to retirees and beneficiaries through the use of excess earnings. The Fiduciary

Net Position (FNP) balances as of the beginning and end of the measurement period include the PAF assets. PAF distributions are reflected when the additional benefits are actually paid out of the FNP balance.

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 expenses) 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.

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, 2025, are summarized in the following table:

Asset Class	Long-Term Expected Rate of Return
Broad Fixed Income	4.7 %
91 Day T-Bills	2.8 %
Opportunistic Credit	7.0 %
U.S. All Cap Core Equity	7.2 %
Broad Non-US Equity	7.3 %
Emerging Markets Equity	7.8 %
Global Low Volatility Equity	5.6 %
Core Real Estate	6.4 %
Public REITs	5.9 %
Opportunistic Real Estate	10.0 %
Global Infrastructure	6.9 %
Private Debt	9.0 %
Private Equity	9.9 %

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 7.25%. 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 7.25%, 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 (in thousands):

	1% Decrease 6.25%	Discount Rate 7.25%	1% Increase 8.25%
Total Pension Liability	$ 14,686,690	$ 13,328,167	$ 12,169,975
Plan Fiduciary Net Position	9,633,166	9,633,166	9,633,166
Collective Net Pension Liability	$ 5,053,524	$ 3,695,001	$ 2,536,809
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	65.6%	72.3%	79.2%

h. GUARANTEE OF BENEFITS

Benefits under the Fund are guaranteed by statute. In the event if employee contributions do not equal the required benefits, the City must provide any shortfall. Any additional required contributions would be allocated among participating funds based on applicable funding policies.

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, 2025.

Change in Collective Net Pension Liability

	Increase (Decrease)		
	(Amounts in thousands of USD)		
	Total Pension Liability (a)	**Plan Fiduciary Net Position (b)**	**Net Pension Liability (a) - (b)**
Balances at 6/30/2024	$ 13,032,857	$ 8,566,208	$ 4,466,649
Changes for the year:			
Service cost	204,957	-	204,957
Interest	937,496	-	937,496
Changes of benefits	-	-	-
Differences between expected and actual experience	100,875	-	100,875
Changes of assumptions	62,342	-	62,342
Contributions - employer	-	864,211	(864,211)
Contributions - member	-	138,242	(138,242)
Net investment income	-	1,085,569	(1,085,569)
Benefit payments	(1,010,360)	(1,010,360)	-
Administrative expense	-	(10,704)	10,704
PAF Distributions	-	-	-
Net Changes	295,310	1,066,958	(771,648)
Balances at 6/30/2025	$ 13,328,167	$ 9,633,166	$ 3,695,001

Employer's Proportionate Shares: GASB Statement No. 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: PPA, PMA, PHDC, and the City.

Schedule of Pension Amounts by Employer

(Amounts in thousands of USD)

	For the year ended	PPA	PMA	PHDC	City	Total
Collective pension expense		$ 3,728	$ 323	$ 1,076	$ 353,354	$ 358,481
Change in proportion		(7,800)	301	906	6,593	-
Contribution difference		6,906	209	1,095	(8,210)	-
Employer pension expense		2,834	833	3,077	351,737	358,481
Net pension liability	6/30/24	43,773	3,573	11,613	4,407,690	4,466,649
Net pension liability	6/30/25	38,428	3,325	11,085	3,642,163	3,695,001
Change in net pension liablility		(5,345)	(248)	(528)	(765,527)	(771,648)
Deferred outflows	6/30/24	28,312	2,231	7,238	417,714	455,495
Deferred outflows	6/30/25	26,905	2,075	7,535	319,962	356,477
Change in deferred outflows		(1,407)	(156)	297	(97,752)	(99,018)
Deferred inflows	6/30/24	14,327	314	677	81,025	96,343
Deferred inflows	6/30/25	4,843	207	689	257,503	263,242
Change in deferred inflows		(9,484)	(107)	12	176,478	166,899
Employer contributions		16,257	1,031	3,889	843,034	864,211
Employer pension expense		2,834	833	3,077	351,737	358,481

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	3,642,163	-	3,642,163
PPA	38,428	38,428	-
PMA	3,325	-	3,325
PHDC (1)	11,085	11,085	-
Collective Net Pension Liability	3,695,001	49,513	3,645,488
State Pension Fund			
PICA			913
City's Primary Government Net Pension Liability (Exhibit I)			3,646,401

(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, proportion changes and contribution differences.

Schedule of Employer's Deferred Outflows

(Amounts in thousands of USD)

	PPA	PMA	PHDC	CITY	Total
Proportionate Shares	1.04%	0.09%	0.30%	98.57%	100%
Experience	$ 2,215	$ 192	$ 639	$ 209,938	$ 212,984
Assumption changes	1,144	99	330	108,388	109,961
Investment return	-	-	-	-	-
Proportion change	11,223	1,349	4,377	1,636	18,585
Contribution difference	12,323	435	2,189	-	14,947
	$ 26,905	$ 2,075	$ 7,535	$ 319,962	$ 356,477

Deferred Inflows by Employer

The following table summarizes the deferred inflows allocated to each employer for experience, assumptions changes, investment returns, proportion changes and contribution differences.

Schedule of Employer's Deferred Inflows

(Amounts in thousands of USD)

	PPA	PMA	PHDC	CITY	Total
Proportionate Shares	1.04%	0.09%	0.30%	98.57%	100%
Experience	$ -	$ -	$ -	$ -	$ -
Assumption changes	-	-	-	-	-
Investment return	2,389	207	689	226,425	229,710
Proportion change	2,454	-	-	16,131	18,585
Contribution difference	-	-	-	14,947	14,947
	$ 4,843	$ 207	$ 689	$ 257,503	$ 263,242

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

(Amounts in thousands of USD)

For Year ending	PPA	PMA	PHDC	CITY	Total
2026	$ 8,390	$ 772	$ 2,748	$ 182,499	$ 194,409
2027	6,242	586	2,128	(21,092)	(12,136)
2028	6,103	432	1,559	(37,595)	(29,501)
2029	1,328	79	409	(61,353)	(59,537)
2030	-	-	-	-	-
Thereafter	-	-	-	-	-
Total	$ 22,063	$ 1,869	$ 6,844	$ 62,459	$ 93,235

(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"). 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, 2025), the Plan's membership consisted of:

Active participants	1,142
Retired participants	2,214
Vested terminated participants	318
Total plan participants	3,674
Total payroll	112,581,382
Average pay	98,583

The Plan is currently open to all employees of PGW.

b. BENEFITS PROVIDED

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% of the first $6,600 of Final Average Earnings plus 1.75% of the excess of Final Average Earnings over $6,600, times years of credited service; maximum of 60% of the highest annual earnings during any one of the last 10 years of credited service; applicable to all participants; or,

- 2% of total earnings received during the period of credited service plus 22.5% of the first $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, 2025, totaled $2,999,850.

In addition, newly hired employees who commence employment on or after May 21, 2011, 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, 2025, and the contribution rate as a percentage of payroll was 26.65%.

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 described above. As of June 30, 2025, the Plan had investments of approximately $681.7 million, comprised of $466.2 million in equities and $215.5 million in fixed-income investments. The ratio of equities to fixed income is 68% to 32%, which is in line with the Policy guidelines of 60-70% equities and 30-40% fixed income.

For the year ended June 30, 2025, the annual money-weighted rate of return on pension plan investments, net of investment expense was 12.5%.

The Commission employs third-party vendors to manage the assets of the Plan as well as perform other needed services. As of June 30, 2025, the Commission employed the following investment managers and vendors:

Manager	Mandate	Balance (Millions)
Equity Managers		
RhumbLine Asset Management	Domestic Large Cap Index	$ 111.3
RhumbLine International	International Markets	37.5
PineBridge Investments	Domestic Large Cap Index	91.4
Northern Trust Company	Domestic Large Cap Index	53.8
Acadian Asset Management	International Markets	60.9
Earnest Partners, LLC	International Markets	53.4
Copeland Capital Management	Domestic and International	27.9
Rhumbline Small CAP	Domestic Small Cap Index	30.0
		466.2
Bond Managers		
Weaver Barksdale	Core	58.3
Met Life Inc	Investment Grade	19.1
Met Life Inc	Core	59.3
Garcia Hamilton	Intermediate	62.0
Sky Harbor Capital Management	High Yield	16.8
		215.5
Total		$ 681.7

At its quarterly meetings, the Commission, with the assistance of Marquette Associates, 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

Measurement Focus and Basis of Accounting
The accompanying financial statements were prepared in accordance with U.S. generally accepted accounting principles as applicable to governmental organizations. In doing so, the Fund adheres to the reporting requirements established by GASB. The Board has a fiduciary responsibility for the investments within the fiduciary fund. The Fund includes a fiduciary fund which accounts for assets held by the government in a trustee capacity for a pension trust fund. The pension trust fund includes a defined benefit plan which is accounted for on the flow of economic resources measurement focus and the accrual basis of accounting. Contributions to the defined benefit pension plans are recognized in the period in which the contributions are due pursuant to legal requirements. Benefits and refunds are recognized when due and payable in accordance with the terms of each plan.

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 $31,770,927 for the year ended June 30, 2025. Net unrealized gain for the year ended June 30, 2025, totaled $28,635,801.

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 Required Supplementary 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 accounting 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 $62,116,154 and $361,949, respectively for the year ended June 30, 2025.

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, 2025, 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
Corporate Bonds	$ 69,485,514	$ 1,570,769	$ 23,200,054	$ 32,944,715	$ 11,769,976
U.S. Govt. Treasuries	68,250,654	-	19,620,305	31,529,502	17,100,847
U.S. Govt. Agencies	67,736,270	-	120,990	674,309	66,940,971
Foreign Bonds	9,672,296	-	3,029,415	5,022,587	1,620,294
Municipal Bonds	363,912	-	124,212	-	239,700
	$ 215,508,646	$ 1,570,769	$ 46,094,976	$ 70,171,113	$ 97,671,788

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, 2025, 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	Corporate Bonds	U.S. Government Treasuries	U.S. Government Agency Securities	Foreign Bonds	Municipal Obligations	Total Fair Value
AAA	$ 1,580,575	$ -	$ -	$ -	$ -	$ 1,580,575
AA+	68,984	-	65,385,136	-	-	65,454,120
AA	506,946	-	-	-	-	506,946
AA-	1,061,506	-	-	53,406	-	1,114,912
A+	3,563,309.00	-	-	387,493	-	3,950,802
A	6,821,043	-	-	76,542	239,700	7,137,285
A-	7,097,526.00	-	-	1,347,041	-	8,444,567
BBB+	8,675,737	-	-	1,772,306	-	10,448,043
BBB	12,220,592.00	-	-	1,106,285	-	13,326,877
BBB-	6,461,256	-	-	1,655,659	-	8,116,915
BB+	3,577,273	-	-	167,729	-	3,745,002
BB	2,530,082	-	-	767,802	-	3,297,884
BB-	2,589,360	-	-	420,819	-	3,010,179
B+	3,641,581	-	-	345,744	-	3,987,325
B	2,978,559	-	-	435,350	-	3,413,909
B-	1,232,055	-	-	115,011	-	1,347,066
CCC+	370,285	-	-	-	-	370,285
CCC	487,445	-	-	-	-	487,445
NR/NA	4,021,400	-	-	1,021,109	124,212	5,166,721
	$ 69,485,514	$ -	$ 65,385,136	$ 9,672,296	$ 363,912	$ 144,906,858
U.S. Govt. Guaranteed		68,250,654	2,351,134			70,601,788
	$ 69,485,514	$ 68,250,654	$ 67,736,270	$ 9,672,296	$ 363,912	$ 215,508,646

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, 2025, 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, 2025, the weighted average maturity was 3 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, 2025, the Fund had no credit risk exposure to borrowers because all borrowers were required to deliver collateral for each loan.

As of June 30, 2025, the fair value of securities on loan was $35.3 million. Associated collateral totaling $36.3 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, 2025, the invested cash collateral was $36.3 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 managers or other third parties based on similar sales.

The following table sets forth by level, within the fair value hierarchy, the Plan's assets at fair value as of June 30, 2025:

	Level 1	Level 2	Level 3	Total
Corporate bonds	$ -	$ 69,485,514	$ -	$ 69,485,514
Common and preferred stock	464,823,553	15,025	2,480	464,841,058
U.S. government securities	68,250,653	67,736,271	-	135,986,924
Foreign bonds	-	9,672,296	-	9,672,296
Municipal obligations	-	363,912	-	363,912
Mutual funds	1,346,381	-	-	1,346,381
	$ 534,420,587	$ 147,273,018	$ 2,480	$ 681,696,085

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, 2025, of $246,372 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. This 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, 2025, were as follows (dollar amounts in thousands):

Total pension liability	$	863,104
Plan fiduciary net position		702,779
Net pension liability	$	160,325
Plan fiduciary net position as a percentage of of the total pension liability		81.42%

Actuarial Assumptions
The total pension liability was determined by an actuarial valuation as of June 30, 2025, 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 $21.4 million mainly due to the changes in demographic and actuarial assumptions for the Plan year ended June 30, 2025. Demographic changes increased the liability by approximately $9.2 million compared to prior year's actuarial valuation. In addition, based on a recent demographic study, the assumptions regarding retirement, termination, and disability were updated to reflect actual experience which led to an increase of $10.2 million in liability. There was no change in the mortality table from the prior year.

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 weighing the expected future real rates of return by the target asset allocation percentage and by adding expected inflation.

Best estimates of the expected rates of return for each major asset class for FY 2025 are summarized in the following table:

Asset Class	Long-Term Expected Rate of Return
Domestic Equity	7.5 %
International Equity	7.6 %
Fixed Income	4.9 %

Discount Rate
The discount rate used to measure the total pension liability was 7.00% for June 30, 2025. 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, 2025, 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	$ 954,956	$ 863,104	$ 785,364
Plan Fiduciary Net Position	702,779	702,779	702,779
Net Pension Liability	$ 252,177	$ 160,325	$ 82,585
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	73.59%	81.42%	89.48%

Subsequent Events
The Plan has evaluated subsequent events occurring after the statement of fiduciary net position through the date of December 10, 2025, 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. DISCRETELY PRESENTED COMPONENT UNITS

(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, 2025, was measured as of June 30, 2025, based on an actuarial valuation as of June 30, 2025.

The total pension liability was determined using the entry age normal actuarial method and the following actuarial assumptions:

	2025
Inflation	2.00%
Investment rate of return	7.00%
Salary increases:	
Years of services	
0	8.86
1	8.59
2	8.31
3	8.04
4	7.77
5	7.49
6	7.22
7	6.94
8	6.67
9	6.39
10	6.12
11	5.84
12	5.57
13	5.29
14	5.02
15	4.74
16	4.54
17	4.33
18	4.12
19	3.91
20 or more	3.71

Mortality rates
Mortality rates for FY 2025 were based on the Pri-2012 mortality tables projected generationally from the central year using Scale MP-2021.

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 – Sensitivity of the Net Pension Liability to Changes in the Discount Rate

Changes in net pension liability: The following table shows the changes in total pension liability (TPL), the plan fiduciary net position (FNP), and the net pension liability (NPL) as of August 31, 2025 (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, 2024	$ 841,654	$ 654,983	$ 186,671
Changes for the year:			
Service cost	9,755	-	9,755
Interest	57,461	-	57,461
Differences between expected and actual experience	6,156	-	6,156
Change of Assumptions	10,193	-	10,193
Contributions - employer	-	30,000	(30,000)
Contributions - employee	-	3,000	(3,000)
Net investment income	-	77,274	(77,274)
Benefit payments, including the refunds of employee contributions	(62,116)	(62,116)	-
Administrative expense	-	(362)	362
Net Changes	21,449	47,796	(26,347)
Balances at August 31, 2025	$ 863,103	$ 702,779	$ 160,324

f. Pension Expense and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions

For the year ended August 31, 2025, PGW recognized pension expense of $9.4 million. At August 31, 2025, PGW reported deferred outflows of resources and deferred inflows of resources related to the pensions from the following sources (thousands of U.S. dollars):

Change in Collective Net Pension Liability

	August 31, 2025	
	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	$ 6,157	$ -
Changes of assumptions	7,496	-
Net difference between projected and actual earnings on pension plan investments	-	34,823
Contributions made after measurement date	6,396	-
Total	$ 20,049	$ 34,823

The $6.4 million reported as deferred outflows of resources related to employer contributions made after the measurement date as of June 30, 2025, will be recognized as a reduction of the total pension liability in PGW's FY 2026. 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:	
2026	$ 11,041
2027	(14,934)
2028	(10,786)
2029	(6,491)

g. Fair Value Measurements

See Footnote IV. A. (2) Philadelphia Gas Works (PGW) Plan – d. Disclosure About Fair Value of Financial Investments

h. 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.

(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:

PSERS provides retirement, 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, Membership Class T-E (Class T-E) and 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.

Act 5 of 2017 (Act 5) introduced a hybrid benefit with two membership classes and a separate defined contribution plan for individuals who become new members on or after July 1, 2019. Act 5 created two new hybrid membership classes, Membership Class T-G (Class T-G) and Membership Class T-H (Class T-H) and the separate defined contribution membership class, Membership Class DC (Class DC). To qualify for normal retirement, Class T-G and Class T-H members must work until the age of 67 with a minimum of 3 years of credited service. Class T-G may also qualify for normal retirement by attaining a total combination of age and service that is equal to or greater than 97 with a minimum of 35 years of credited service.

Benefits are generally between 1% to 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. For members whose membership started prior to July 1, 2011, after completion of five years of service, a member's right to the defined benefits is vested and early retirement benefits may be elected. For Class T-E and Class 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 Class T-F members) or who has at least five years of credited service (ten years for Class T-E and Class 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

Member Contributions:
The contribution rates based on qualified member compensation for virtually all members are presented below:

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	Prior to 7/1/21: 7.50% After 7/1/21: 8.00%
T-F	On or after July 01, 2011	10.30% base rate with shared risk provision	N/A	Prior to 7/1/21: 10.30% After 7/1/21: 10.8%
T-G	On or after July 01, 2019	5.50% base rate with shared risk provision	2.75%	Prior to 7/1/21: 8.25% After 7/1/21: 9.00%
T-H	On or after July 01, 2019	4.50% base rate with shared risk provision	3.00%	Prior to 7/1/21: 7.50% After 7/1/21: 8.25%
DC	On or after July 01, 2019	N/A	7.50%	7.50%

Shared Risk Program Summary				
Membership Class	**Defined Benefit (DB) Base Rate**	**Shared Risk Increment**	**Minimum**	**Maximum**
T-E	7.50%	+/- 0.50%	5.50%	9.50%
T-F	10.30%	+/- 0.50%	8.30%	12.30%
T-G	5.50%	+/- 0.75%	2.50%	8.50%
T-H	4.50%	+/- 0.75%	1.50%	7.50%

Employer's Contributions:
The SDP contractually required contribution rate for fiscal year ended June 30, 2025, was 32.92% 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 SDP made a combined total of $458.4 million to PSERS and VOYA (the sponsor of the Defined Contribution vendor) for the year ended June 30, 2025.

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 (school) 2024-2025 was 70.51%.

d. Pension Liabilities, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions

(a) At June 30, 2025, the SDP reported a liability of $3,471.5 million for its proportionate share of the net pension liability of which $3,420.8 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, 2024, 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, 2023 to June 30, 2024. The SDP'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,

2025, the SDP's proportion was 8.2942 percent, which was an increase of .2507 percent from its proportion measured as of June 30, 2024.

(b) For the year ended June 30, 2025, the SDP recognized net pension expense of $65,584.9 thousand of which $63,456.8 thousand was under the Governmental Activity section of the Government-wide Statements while the remaining amount of $2,142.9 thousand was under the Business-type Activity section of the Government-wide Statements.

(c) At June 30, 2025, the SDP 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
Differences between expected and actual experience	$ -	$ (54,582.0)
Net difference between projected and actual investment earnings	57,468.0	-
Change in proportions	105,758.0	-
Difference between employer contributions and proportionate share of total contributions	2,145.3	-
Contributions subsequent to the measurement date	458,375.5	-
	$ 623,746.8	$ (54,582.0)

Deferred outflows of resources for contributions subsequent to the measurement date was $458,375.5 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
2026	$ (76,609.4)	$ 25,956.6	$ (50,652.8)
2027	195,463.4	(65,109.1)	$ 130,354.3
2028	64,012.7	(21,279.9)	42,732.8
2029	(17,495.4)	5,850.4	(11,645.0)
Total	$ 165,371.3	$ (54,582.0)	$ 110,789.3

Of the $110,789.3 thousand reported as net deferred outflows, $108,368.5 thousand was under the Governmental-Activities column of the Government-wide statements while the remaining amount was under the Business-type Activities column at $2,420.8 thousand.

Changes in Actuarial Assumptions:

The total pension liability as of June 30, 2024, was determined by rolling forward the System's total pension liability as of June 30, 2023, actuarial valuation to June 30, 2024 using the following actuarial assumptions, applied to all periods included in the measurement:

- Valuation Date – June 30, 2023.
- 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.
- The discount rate used to measure the Total Pension Liability was 7.00% as of June 30, 2023 and as of June 30, 2024.
- Demographic and economic assumptions approved by the Board for use effective with the June 30, 2021 actuarial valuation:

- Salary growth rate - decreased from 5.00% to 4.50%.
- Real wage growth and merit or seniority increases (components for salary growth) - decreased from 2.75% and 2.25% to 2.50% and 2.00%, respectively.

- Mortality rates - Previously based on the RP-2014 Mortality Tables for Males and Females, adjusted to reflect PSERS' experience and projected using a modified version of the MP-2015 Mortality Improvement Scale. Effective with the June 30, 2021 actuarial valuation, mortality rates are 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.

The actuarial assumptions used in the June 30, 2024 valuation were based on the results of an actuarial experience study that was performed for the five-year period ending June 30, 2020.

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	30.0%	4.8%
Private equity	12.0%	6.7%
Fixed income	33.5%	3.9%
Commodities	5.0%	2.5%
Infrastructure/MLPs	10.0%	6.4%
Real estate	9.5%	5.9%
Total	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, 2024.

For the year ended June 30, 2024, the annual money-weighted rate of return on pension plan investments, net of pension plan investment expense, was 3.54%. 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 SDP'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% point lower (6.00%) or 1% 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	$ 4,573,067	$ 3,471,533	$ 2,541,365

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. 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.

Benefits Provided
Medical Coverage:
The City of Philadelphia subsidizes health care for five years from the time of coverage election for eligible retirees. Retirees have option to defer their health care coverage to 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. For retirees covered by the City-Administered plan, the City continues to provide medical insurance coverage after five years, at full cost to the retirees.

Life Insurance Coverage:
The City provides life insurance to retires for the life of the participant. Firefighters are entitled to $7,500 coverage and all other employees receive $6,000 in coverage.

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 the District Council 33 union and is self-insured for all other union and non-union employees. The City's contributions are estimated to be about $80.7 million for the fiscal year ending June 30, 2025.

Employees covered by benefit terms:
As of July 1, 2024, the date of the latest actuarial valuation, the following employees were covered by the benefit terms:

Medical Coverage:

Retired and inactive employees deferring medical coverage	3,147
DROP employees with medical coverage	2,102
Active employees	27,465
Total	32,714

Life Insurance Coverage

Inactive employees and beneficiaries	28,052
Active employees	27,465
Total	55,517

Total OPEB Liability
The City's total OPEB liability reported as of June 30, 2025 of $1.61 billion was measured as of June 30, 2024 based on an actuarial valuation as of June 30, 2024.

Actuarial assumptions and other inputs
The total OPEB liability in the June 30, 2024 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, 2024, for reporting date June 30,2025.
Discount rate - 3.93% per annum for the valuation measured as of June 30, 2024.

Salary Increase Rate

Age	Municipal and Elected Officials	Uniformed
<20	20.00%	18.00%
20	18.00%	16.50%
25	10.00%	10.00%
30	7.00%	6.25%
35	5.75%	4.50%
40	4.50%	4.00%
45	4.25%	3.75%
50	4.00%	3.50%
55	3.75%	3.25%
60	3.50%	3.00%
65+	3.25%	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. Trends are applied to the combined medical and prescription drug (Rx) expense for all plans.

To Year Beginning July 1	Medical/Rx Non-Medicare	Medical/Rx Medicare	Medicare Part-B
2025	8.00%	7.50%	8.84%
2026	7.75%	7.25%	8.58%
2027	7.50%	7.00%	5.83%
2028	7.25%	6.75%	6.40%
2029	6.89%	6.47%	6.98%
2030	6.53%	6.19%	6.68%
2031	6.16%	5.91%	6.61%
2032	5.80%	5.63%	7.61%
2033	5.44%	5.35%	7.45%
2034	5.08%	5.08%	5.64%
2035	4.73%	4.73%	4.62%
2036	4.52%	4.52%	4.47%
2037	4.43%	4.43%	4.39%
2038	4.37%	4.37%	4.34%
2039	4.33%	4.33%	4.31%
2040	4.30%	4.30%	4.29%
2041	4.28%	4.28%	4.27%
2042	4.26%	4.26%	4.25%
2043	4.25%	4.25%	4.21%
2044	4.19%	4.19%	4.16%
2045	4.14%	4.14%	4.14%

Dental and vision costs are assumed to increase at 3% per year.

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

- Municipal and Elected Officials: 109% and 126%, for males and females, respectively, of the Pub-2010(B) General Employee Below-Median Table projected from base year of 2010 to 2025 using mortality improvement scale MP-2021.
- Uniformed: 118% and 122%, for males and females, respectively, of the Pub-2010(B) Safety Employee Below-Median Table projected from base year of 2010 to 2025 using mortality improvement scale MP-2021.

Rate of Post-Retirement Mortality

- Municipal and Elected Officials: 109% and 126%, for males and females, respectively, of the Pub-2010(B) General Healthy Annuitant Below-Median Table projected from base year of 2010 to 2025 using mortality improvement scale MP-2021.
- Uniformed: 118% and 122%, for males and females, respectively, of the Pub-2010(B) Safety Healthy Annuitant Below-Median Table projected from base year of 2010 to 2025 using mortality improvement scale MP-2021.

Rate of Post-Disability Mortality

- Municipal and Elected Officials: 108% and 105%, for males and females, respectively, of the Pub-2010 General Disabled Annuitant Table projected from base year of 2010 to 2025 using mortality improvement scale MP-2021.
- Uniformed: 135% for males only of the Pub-2010 Safety Disabled Annuitant Table projected from base year of 2010 to 2025 using mortality improvement scale MP-2021.

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, 2024.

Change in Net OPEB Liability

	Increase (Decrease)		
			(Amounts in thousands of USD)
	Total OPEB Liability (a)	**Plan Fiduciary Net Position (b)**	**Net OPEB Liability (a) - (b)**
Balances at 6/30/2023	**$ 1,814,500**	**$ -**	**$ 1,814,500**
Changes for the year:			
Service cost	86,400	-	86,400
Interest	67,500	-	67,500
Changes of benefits	41,100	-	41,100
Differences between expected/actual	67,100	-	67,100
Changes of assumptions	(363,000)	-	(363,000)
Contributions - employer	-	103,600	(103,600)
Contributions - non employer	-	-	-
Contributions - member	-	-	-
Net investment income	-	-	-
Benefit payments	(103,600)	(103,600)	-
Administrative expense	-	-	-
Net changes	(204,500)	-	(204,500)
Balances at 6/30/2024	**$ 1,610,000**	**$ -**	**$ 1,610,000**

The employer contribution of $103.6 million is based on a blend of actual and estimated contributions based on the prior report.

There was a loss of $67.1 million due to experience. This is due to the change in population between the June 30, 2022 valuation and the June 30, 2024 valuation and updated valuation data as of the valuation date.

There was a net gain in the liability of $363.0 million related to changes in the assumptions. This net gain is primarily due to the increase in the discount rate from 3.65% to 3.93% and changes to the medical claims and trend assumptions which decreased the liability by $328.1 million.

There was a liability loss of $41.1 million due to the introduction of the Medicare Part B reimbursement benefit, which increased the liability.

Sensitivity of the Total OPEB Liability to Changes in the Discount Rate
The following represents the total OPEB liability (TOL) of the City, calculated using the discount rate of 3.93%, as well as what the City's total liability would be if it were calculated using a discount rate that is 1% lower or 1% higher 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.

Sensitivity of Net OPEB Liability to Changes in the Discount Rate

			(Amounts in thousands of USD)
	1/% Decrease 2.93%	**Discount Rate 3.93%**	**1/% Increase 4.93%**
Total OPEB Liability	$ 1,743,500	$ 1,610,000	$ 1,489,100
Plan Fiduciary Net Position	-	-	-
Net OPEB Liability	$ 1,743,500	$ 1,610,000	$ 1,489,100
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 8%.

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 is 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.

Sensitivity of Net OPEB Liability to Changes in Healthcare Cost Trend Rates

(Amounts in thousands of USD)

	1/% Decrease	Healthcare Trend	1/% Increase
Total OPEB Liability	$ 1,468,700	$ 1,610,000	$ 1,774,800
Plan Fiduciary Net Position	-	-	-
Net OPEB Liability	$ 1,468,700	$ 1,610,000	$ 1,774,800
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 9%. A 1% increase in the healthcare trend rate increases the TOL and NOL by approximately 10%.

OPEB Expense and Deferred Outflows of Resources and Deferred Inflows of Resources Related to OPEB
For the year ended June 30, 2025, the City recognized OPEB expense of $115.1 million. The table below shows the development of OPEB expense in two different ways. First, by taking the change in the amounts reported on the employers' Statement of Net Position that relates to the Plan and is not attributable to employer contributions which is the change in NOL minus/plus the change in deferred outflows/inflows plus employer contributions during the year. Alternatively, calculating annual OPEB expense by its individual components such as operating expense, financing expense and other changes.

Calculation of OPEB Expense

(Amounts in thousands of USD)

Fiscal Year Ending	**June 30, 2025**
Measurement Year Ending	**June 30, 2024**
Change in Net OPEB Liability	$ (204,500)
Change in Deferred Outflows	(36,000)
Change in Deferred Inflows	252,000
Non Employer Contributions	-
Employer Contributions	103,600
OPEB Expense	**$ 115,100**
OPEB Expense as % of Payroll	**5.43%**
Operating Expenses	
Service cost	$ 86,400
Employee contributions	-
Administrative expenses	-
Total	$ 86,400
Financing Expenses	
Interest cost	$ 67,500
Expected return on assets	-
Total	$ 67,500
Changes	
Benefit changes	$ 41,100
Recognition of assumption changes	(87,600)
Recognition of liability gains and losses	7,700
Recognition of investment gains and losses	-
Total	$ (38,800)
OPEB Expense	**$ 115,100**

At June 30, 2025, the City reported deferred outflow 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, 2025 Projected Fiscal Year End June 30, 2024 Measurement Date

(Amounts in thousands of USD)

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	$ 80,400	$ 40,700
Changes in assumptions	56,000	588,700
Net differences between projected and actual earnings on OPEB plan investments	-	-
Contributions subsequent to measurement date	80,700	-
Total	**$ 217,100**	**$ 629,400**

Amounts reported as deferred outflows and inflows of resources will be recognized in OPEB expense as follows:

Year Ended June 30:	
2026	(79,900)
2027	(80,000)
2028	(69,800)
2029	(76,000)
2030	(86,100)
Thereafter	$ (101,200)

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, 2026.

Reconciliation of Total OPEB Liability

The following table reconciles the Collective total OPEB Liability to the amount reported in the Primary Government total OPEB Liability in Exhibit I.

Reconciliation of Collective Total OPEB Liability to the Primary Government Total OPEB Liability

(Amounts in thousands of USD)

OPEB Plans	City	Blended Component Unit	City and Blended Component Unit
City Collective OPEB Liability	$ 1,610,000	$ -	$ 1,610,000
PICA (State OPEB Plan)	-	317	317
City's Primary Government Total OPEB Liability (Exhibit I)			$ 1,610,317

B. COMPONENT UNITS

1) School District of Philadelphia 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 **SDP** 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 **SDP** during Fiscal Year 2025:

	Governmental Activities	Business-type Activities	Total
OPEB Liabilities	$ (162,082,679)	$ (2,288,896)	$ (164,371,575)
Deferred Outflows of Resources	28,155,313	316,058	28,471,371
Deferred Inflows of Resources	(27,347,573)	(433,217)	(27,780,790)
Current Year Expenses	(248,672)	58,004	(190,668)

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 **SDP**. 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 SDP is not prefunding these benefits, no actuarially determined contribution is determined.

There have been no significant changes between the valuation dates and the measurement year ends.

The numbers of eligible participants enrolled to receive such benefits as of June 30, 2025, the effective date of the biennial OPEB valuation, follows.

	Number of Employees
Active	16,462
Retirees	9,494
Total	25,956

Total OPEB Life Insurance Liability:
On June 30, 2025, the SDP reported a liability of $16.5 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, 2025, reporting date (which is the plan's and/or employer's fiscal year ending date), the "Valuation Date is June 30, 2024." This is the date as of which the actuarial valuation is performed. The Measurement Date is June 30, 2024. This is the date as of which the total OPEB Life Insurance liability was determined.

The SDP's actuary determined the total OPEB Life Insurance liability for the fiscal year ending June 30, 2024, 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: 3.65% per annum as of June 30, 2023 and 3.93% as of June 30, 2024 (Bond Buyer General Obligation 20 year-Tax Exempt Municipal Bond Index, selected by the SDP).

Salary Increases: 3.00% per year (based on input from SDP).

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 used as of June 30, 2024 are the rates utilized in the June 30, 2023 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 age of 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

	Class TC & TD		Class TE, TF, TG & TH	
Age	Male	Female	Male	Female
55	14.50%	14.50%	14.50%	14.50%
60	14.50%	15.00%	14.50%	15.00%

Sample Superannuation Retirement Rates

	Class TC & TD		Class TE, TF, TG & TH	
Age	Male	Female	Male	Female
55	25.00%	16.00%	16.30%	19.50%
60	29.00%	31.00%	16.30%	19.50%
65	23.00%	28.00%	16.30%	19.50%
70	20.00%	23.00%	16.30%	19.50%
75	25.00%	25.00%	16.30%	19.50%
80	100.00%	100.00%	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, selected by the **SDP**.

Administrative Expenses: A 10% load is applied to the life insurance benefits to account for administrative expenses paid by the **SDP**.

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 **SDP**. Service was determined as the elapsed time from the provided date of hire with the **SDP** until the date of determination.

Actuarial Cost Method:
In accordance with GASB Statement No. 75, 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 3.65% as of June 30, 2023, to 3.93% as of June 30, 2024, due to changes in the applicable municipal bond index.

An administrative expense load of 10% was added.

Total OPEB Life Insurance Liability

Most Recent Measurement Date	Total OPEB Liability	Covered Payroll	Total OPEB Liability as a % of Covered Payroll
6/30/2024	$ 16,495,574	$ 1,078,324,880	1.53%

OPEB Life Insurance Benefits Liabilities, OPEB Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to OPEB.

Changes in Total OPEB Life Insurance Liability:

	Increase/(Decrease) Total OPEB Life Insurance Liability
Beginning of Year Balance	$ 16,739,418
Changes for the year (2023-2024):	
Service Cost	85,867
Interest on total OPEB Life Insurance Liability	604,181
Effect of Economic/Demographic gains/losses	(1,518,891)
Effect of Assumption changes or inputs	1,134,678
Benefit Payments	(549,679)
End of Year Balance	$ 16,495,574

Sensitivity of the SDP's Total OPEB Life Insurance Liability to changes in the discount rate:
The following presents the total liability, calculated using the discount rate of 3.93%, as well as what the total OPEB liability would be if it were calculated using a discount rate that is 1% point lower (2.93%) or 1% point higher (4.93%) than the current rate:

2023-24 Measurement Period

(Amounts in thousands of USD)

	1% Decrease 2.93%	Discount Rate 3.93%	1% Increase 4.93%
District's Total OPEB Life Insurance Liability	$ 18,707.3	$ 16,495.6	$ 14,702.6

OPEB Expense and Deferred Outflows and Inflows of Resources Related to OPEB Life Insurance:

- For the year ended June 30, 2025, the **SDP** recognized net OPEB expense of $445.9 thousand which was all under the Governmental Activity section of the Government-wide Statements.

- On June 30, 2025, the **SDP** reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

(Amounts in thousands of USD)

	Deferred Outflows of Resources	Deferred Inflows of Resources
Contributions subsequent to measurement date	$ 533.0	$ -
Differences between expected and actual experience	-	(1,317.6)
Effect of assumptions changes or inputs	970.1	(1,420.3)
Total	**1,503.1**	**(2,737.9)**

$533.0 thousand reported as deferred outflows of resources related to OPEB resulting from **SDP** 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 Life Insurance will be recognized as a reduction in OPEB expense as follows:

(Amounts in thousands of USD)

Year Ended June 30	Deferred Outflows of Resources	Deferred Inflows of Resources	Net Deferred Outflows of Resources
2025	$ 413.9	$ (1,168.2)	$ (754.3)
2026	427.4	(1,206.2)	(778.8)
2027	58.5	(165.1)	(106.6)
2028	35.1	(99.2)	(64.1)
2029	35.2	(99.2)	(64.0)
Total	$ 970.1	$ (2,737.9)	$ (1,767.8)

PSERS Other Postemployment Benefits

OPEB Liabilities, OPEB Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to OPEB.

- At June 30, 2025, the **SDP** reported a liability of $147.9 million for its proportionate share of the net OPEB liability of which $145.6 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, 2024, 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 OPEB liability as of June 30, 2023 to June 30, 2024. The **SDP's** proportion of the net OPEB 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, 2025, the **SDP's** proportion was 8.3242 percent, which was an increase of 0.2491 percent from its proportion measured as of June 30, 2024.

- For the year ended June 30, 2025, the **SDP** recognized net reduction OPEB expense of ($83.6) thousand of which ($141.6) thousand was under the Governmental Activity section of the Government-wide Statements offset by $58.0 thousand under the Business-type Activity section of the Government-wide Statements.

- At June 30, 2025, the **SDP** reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

(Amounts in thousands of USD)

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	$ 562.0	$ (2,220)
Change in assumption	9,014.0	(22,580.0)
Net difference between projected and actual investment earnings	156.0	-
Change in proportions	8,450.0	(214.0)
Difference between employer contributions and proportionate shared of total contributions	72.3	(28.9)
Contributions subsequent to the measurement date	8,694.0	-
Total	**$ 26,948.3**	**$ (25,042.9)**

$8,694.0 thousand reported as deferred outflows of resources related to OPEB resulting from **SDP** 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:

(Amounts in thousands of USD)

Year Ended June 30	Deferred Outflows of Resources	Deferred Inflows of Resources	Net Deferred Outflows of Resources
2025	$ 5,295.7	$ (7,265.1)	$ (1,969.4)
2026	6,503.3	(8,921.9)	(2,418.6)
2027	8,688.9	(11,920.3)	(3,231.4)
2028	(1,210.4)	1,660.5	450.1
2029	(1,023.2)	1,403.9	380.7
Total	$ 18,254.3	$ (25,042.9)	$ (6,788.6)

Of the ($6,788.6) thousand reported as net deferred inflows, ($6,666.0) thousand was under the Governmental-Activities column of the Government-wide statements and ($122.6) thousand was under the Business-type Activities column.

Actuarial Assumptions: The total OPEB liability as of June 30, 2024, was determined by rolling forward the System's total OPEB liability as of June 30, 2023 to June 30, 2024 using the following actuarial assumptions, applied to all periods included in the measurement:

- Valuation Date – June 30, 2022
- Actuarial cost method – Entry Age Normal – level % of pay.
- Investment return from 4.21% - 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 actuarial assumptions used in the June 30, 2023 valuation were based on the results of an actuarial experience study that was performed for the five-year period ending June 30, 2020:

The following assumptions were used to determine the contribution rate:

- The results of the actuarial valuation as of June 30, 2022 determined the employer contribution rate for fiscal year 2024.
- Cost Method: Amount necessary to assure solvency of Premium Assistance through the third fiscal year after the valuation date.
- Asset valuation method: Market Value.
- Participation rate: The actual data for retirees benefiting under the Plan as of June 30, 2021, was used in lieu of the 63% utilization assumption for eligible retirees.
- 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	100.00%	1.7%
	100.00%	

Discount Rate:
The discount rate used to measure the Total OPEB Liability was 4.21%. 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 4.21% which represents the S&P 20-year Municipal Bond Rate at June 30, 2024, 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, 2024, 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 2024, 92,149 retirees were receiving the maximum amount allowed of $1,200 per year and 489 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, 2024, calculated using current Healthcare cost trends as well as what the System net OPEB liability would be if its health cost trends were 1% point lower or 1% point higher than the current rate:

(Amounts in thousands of USD)

	1% Decrease	Current Trend Rate	1% Increase
System net OPEB liability	147,863	147,876	147,887

Sensitivity of the SDP'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 4.21%, as well as what the net OPEB liability would be if it were calculated using a discount rate that is 1% point lower (3.21%) or 1% point higher (5.21%) than the current rate:

(Amounts in thousands of USD)

	1% Decrease 3.21%	Current Discount Rate 4.21%	1% Increase 5.21%
District's proportionate share of the net OPEB liability	167,055	147,876	131,815

OPEB 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.

Changes in Actuarial Assumptions

- The discount rate used to measure the Total OPEB Liability increased from 4.13% as of June 30, 2023 to 4.21% as of June 30, 2024.
- Demographic and economic assumptions approved by the Board for use effective with the June 30, 2021 actuarial valuation:
  - Salary growth rate - decreased from 5.00% to 4.50%.
  - Real wage growth and merit or seniority increases (components for salary growth) – decreased from 2.75% and 2.25% to 2.50% and 2.00%, respectively.
  - Mortality rates – Previously based on the RP-2014 Mortality tables for Males and Females, adjusted to reflect PSERS' experience and projected using a modified version of the MP-2015 Mortality Improvement Scale. Effective with the June 30, 2021 actuarial valuation, mortality rates are 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.

2) Philadelphia Gas Works (PGW) OPEB

Plan Description:
PGW sponsors a single employer defined benefit healthcare plan, which provides postemployment healthcare and life insurance benefits to retirees and their beneficiaries and dependents 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 plans is offered through Independence Blue Cross, including Personal Choice, Blue Cross Blue Sheild with Major Medical, or Keystone HMOs. Employees who retired after December 1, 2001, and prior to September 1, 2007, 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, and prior to September 1, 2011, are provided the Keystone 10 Plan at PGW's expense, and they can buy up to a more expensive plan. Union employees who retired after August 31, 2011, and prior to May 15, 2022, are provided the Keystone 15 at PGW's expense, and they can buy up to a more expensive plan. Union employees who retired on or after May 15, 2022, are provided the Keystone 10 Plan at PGW's expense, and they can buy up to a more expensive plan. Management employees who retired after August 31, 2011, are provided the Keystone 10 Plan as the base plan, and they can buy up to a more expensive plan. Union employees who retired between January 1, 2024 and August 31, 2024 are provided the Keystone 10 plan at PGW's expense, and they 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. The base plan after August 31, 2024, is Keystone 15.

Reinsurance provides specific stop-loss coverage of $0.4 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. Dependents are entitled to receive health coverage up to age 19 or age 23 for full-time students.

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, or Keystone 15 plan at PGW's expense and can buy up to a more expensive plan. Retirees also contribute toward enhanced medical, 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, 2024, the date of the latest actuarial valuation, the OPEB Plan's combined membership consisted of the following:

	Number
Retirees	1,459
Beneficiaries	384
Active Employees - Union	1,088
Active Employees - Management	539
Total Number of Participants	3,470

Contributions
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, 2024, PGW contributed $30.5 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, 2025, was measured as of December 31, 2024, and the total OPEB liability used to calculate the net OPEB liability was determined by an actuarial valuation as of December 31, 2024. The valuation and measurement date was December 31, 2024.

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 are set by prior actuary. The actuaries monitor demographic experience by decrement annually and have not observed significant gains or losses related to the demographic assumptions.
- *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, Measuring Retiree Group Benefits Obligations and Determining Retiree Group Benefits Program Periodic Costs or Actuarially Determined Contributions, the annual age specific per capita claims cost rate was projected at the following assumed trend rates for future years (whole U.S. dollars):

	Medical		
		Prescription	
Age	Medical	Drug	Dental
50	$ 6,432	3,528	272
55	8,184	4,488	272
60	10,248	5,628	272
64	12,336	6,768	272
65	2,448	5,184	272
70	2,352	4,980	272
75	2,520	5,328	272

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	4.99 %
55-59	4.80
60-64	4.65
65-69	(0.99)
70-74	1.10
75-79	1.68
80-84	1.88
85+	-

Demographic Assumptions:

Mortality Rates: Mortality rates for FY2025 is assumed to follow:

- Pre-retirement Mortality – Pri-2012 Total Employee Headcount Weighted Table, projected with SOA Scale MP-2021.
- Post-retirement Mortality – Pri-2012 Total Retiree Headcount Weighted Table, Projected with SOA Scale MP-2021.

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	0 %	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 serivce	3 years of service	4 years of service	Service > 5 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 plans 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 (rounded to the nearest 25 basis points, where appropriate). 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, 2024, is summarized in the following table:

Asset Class	Minimum	Maximum	Target	Expected Annual Return
Domestic Equity Large Cap	27.5 %	37.5 %	32.5 %	6.7 %
Domestic Equity Small Cap	10.0	15.0	12.5	6.9
Emerging Market Equity	5.0	10.0	7.5	7.2
International Equity	15.0	20.0	17.5	8.1
Fixed Income	20.0	40.0	30.0	4.9
Commodities/Real Assets	-	10.0	-	3.8
Cash Equivalents	-	5.0	-	2.4
			100.00%	

Inflation Rate: 2.5%

Healthcare Cost Trend:

Year	Medical (Pre-65)	Medical (Post-65)	Prescription Drugs	Dental/Vision
2025	7.50 %	5.50 %	10.00 %	4.25%/3.00%
2026	7.00	5.00	9.50	4.25/3.00
2027	6.50	4.75	9.00	4.25/3.00
2028	6.00	4.50	8.50	4.25/3.00
2029	5.80	4.50	7.50	4.25/3.00
2030-2034	5.50	4.50	6.50	4.25/3.00
2035-2044	4.70	4.50	6.00	4.25/3.00
2045-2054	4.60	4.50	5.50	4.25/3.00
2055-2074	4.50	4.50	4.50	4.25/3.00
2075+	4.00	4.00	4.00	4.25/3.00

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, 2024, 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 Postion (b)	Net OPEB Liability (a)-(b)
Balances at September 1, 2024	$ 507,621	393,914	113,707
Changes for the year:			
Service cost	6,392	-	6,392
Interest	34,931	-	34,931
Difference between expected and actual experience	12,079	-	12,079
Assumption changes	12,852	-	12,852
Benefit payments	(30,522)	-	(30,522)
Contributions-employer	-	49,022	(49,022)
Projected investment return over the year	-	28,211	(28,211)
Plan asset gain/(loss)	-	19,301	(19,301)
Benefit payments	-	(30,522)	30,522
Administrative expenses and bank Fees	-	(78)	78
Net changes	35,732	65,934	(30,202)
Balances at August 31, 2025	$ 543,353	459,848	83,505

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, 2024, 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%	Discount Rate 7.00%	1% Increase 8.00%
Net OPEB Liability	$ 156,076	83,505	23,865

Sensitivity of the Net OPEB Liability to Changes in the Healthcare Cost Trend Rates: The following presents Net OPEB liability, in thousands of U.S. dollars, of PGW at December 31, 2024, as well as what the Net OPEB liability would be if it were calculated using healthcare cost trend rates that are 1% lower or 1% higher than the current healthcare cost trend rates:

	1% Decrease	Current Healthcare Cost Trend Rates	1% Increase
Net OPEB Liability	$ 24,439	83,505	155,926

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 year ended August 31, 2025, PGW recognized OPEB expense of $8.7 million. At August 31, 2025, 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, 2025	
	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	$ 10,515	58,481
Changes of assumptions	39,158	1,570
Difference between projected and actual earnings on OPEB plan investments	-	2,181
Contributions made after measurement date	30,788	-
Total	$ 80,461	62,232

The $30.8 million reported as deferred outflows of resources related to employer contributions made after the measurement date as of December 31, 2024, will be recognized as a reduction of the net OPEB liability in FY 2026. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to OPEB will be recognized in OPEB expense as follows (thousands of U.S. dollars):

Fiscal Year:	
2026	$ (49)
2027	3,632
2028	(13,297)
2029	(6,132)
2030	2,100
Thereafter	1,187
	$ (12,559)

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, 2024, (thousands of U.S. Dollars):

	Level 1	Level 2	Level 3	Total
Domestic equity mutual funds	$ 225,131	-	-	225,131
International equity mutual funds	106,488	-	-	106,488
Corporate bonds	-	514	-	514
U.S. treasuries	7,261	-	-	7,261
U.S. government agency	-	1,563	-	1,563
Bond mutual funds	94,838	-	-	94,838
Municipal bonds - mutual funds	23,923	-	-	23,923
Total investments, at fair value	$ 457,641	2,077	-	459,718

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 %	35.6 %
Domestic equity small cap	12.5	13.2
Emerging market international equity	7.5	7.1
Developed market international equity	17.5	16.0
Fixed income	30.0	27.8
Cash and cash equivalents	-	0.3

Rate of Return
For the year ended December 31, 2024, the annual money-weighted rate of return on investments, net of investment expense, was 11.76%. 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 cash and cash equivalents held by the trust at December 31, 2024, were not 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, 2024, 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 Europe Growth R6 Fund, Vanguard Total Stock Market Index Fund, Vanguard Total Bond Market Index Fund, Baird Core Bond Fund, Causeway Emerging Markets Fund and MainStay MacKay High Yield 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 then-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. As of June 30, 2025, there are no outstanding **PICA** bonds. In Fiscal 2025 this transfer amounted to $761.1 million.

5. RELATED PARTY TRANSACTIONS

The City is associated, through representation on the respective Board of Directors, with 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 $133.3 million to SEPTA.

B. OTHER ORGANIZATIONS

The City provides varying levels of subsidy and other support payments which totaled $205.7 million during the year to the following organizations:

- Philadelphia Health Management Corporation
- Philadelphia Industrial Development Corporation
- The Philadelphia City Fund

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, 2025 the amount of these liabilities was $622.7 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, 2023 resulted from the following:

(Amounts in Millions of USD)

	Beginning Liability	Current Year Claims & Changes In Estimates	Claim Payments	Ending Liability
Fiscal 2025	$ 490.4	$ 448.2	$ (315.9)	$ 622.7
Fiscal 2024	410.1	358.9	(278.6)	490.4
Fiscal 2023	449.3	246.4	(285.6)	410.1

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 $2.6 million for Unemployment Compensation claims and $120.9 million for Workers' Compensation claims.

The City's estimated outstanding workers' compensation liabilities are $371.8 million discounted at 4.0%. On an undiscounted basis, these liabilities total $498.5 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 $324.4 million (discounted) and $438.5 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 $0.5 million. 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 $162.2 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 the end of FY 2025, the amount of these liabilities totaled $178.2 million, which includes $162.2 million for **SDP**, $7.5 million for **PGW**, and $8.5 million for **PPA**. Changes in the balance 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
2025	$ 164.9	$ 285.7	$ (272.4)	$ 178.2
2024	$ 154.4	$ 267.7	$ (257.2)	$ 164.9

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	$ 686,621
Grants Revenue Fund	478,487
Community Behavioral Health Fund	65,916
Water Enterprise Fund	315,891
Aviation Enterprise Fund	332,438
Non-Major Governmental Funds	721,976
Total	$ 2,601,329

B. COMPONENT UNITS

1) SDP

Capital Projects Fund Construction and Equipment Purchase Commitments:

The School District's outstanding contractual commitments at June 30, 2025 are summarized as follows:

(Amounts in Thousands of USD)

New Buildings and Addition	$ 8,239
Environmental Management	1,177
Alterations and Improvements	19,696
Major/Building Renovations	1,220
Technology and Operations Projects	13,849
Equipment Acquisitions	2,204
Total	$ 46,385

Operating Fund Services and Supplies Commitments:

Outstanding contractual commitments in the School District's operating funds at June 30, 2025 are as follows:

(Amounts in Thousands of USD)

	General Fund	Intermediate Unit Fund
Services and Supplies	$118,364	$3,048

Categorical Fund Commitments:
Categorical Funds encumbrances totaled $45.8 million at June 30, 2025.

2) PGW

Commitments for major construction and maintenance contracts were approximately $57.1 million as of August 31, 2025.

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 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's FY 2026 Capital Budget was approved by City Council in the amount of $185.2 million. Within this approval, funding was provided to continue the implementation of an 18-mile CIMR Program. The cost for this program in FY 2026 is expected to be $63.7 million. The total six-year cost of the CIMR Program is forecasted to be $341.6 million. In addition to the 18-mile CIMR Program, the FY 2026 Capital Budget includes funding for an accelerated CIMR Program which PGW will include in its DSIC surcharge. This incremental program in FY 2026 is expected to cost $36.2 million. The total six-year cost of this incremental program is forecasted to be $229.5 million. The FY 2026 Capital Budget also includes $5.1 million for PGW's initial implementation of Advanced Metering Infrastructure (AMI), which will replace the Automatic Meter Reading (AMR) devices. The total six-year cost of this program to replace AMR units is approximately $79.3 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 Department, 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 $596.5 million. Of this amount, $46.2 million is charged to the current operations of Enterprise Funds. The remaining $550.3 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 $248.7 million from the General Fund, $3.9 million from the Water Fund, and $0.2 million from the Aviation Fund. This represents the best estimate of the entire current inventory of such litigation and pre-suits as of February 12, 2026.

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

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 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. On December 7, 2023, the Commonwealth Court issued an order granting the Hendersons’ application to quash the City’s appeal. On January 8, 2024, the City filed a petition for allowance of appeal before the Commonwealth’s Supreme Court. The Supreme Court of Pennsylvania has agreed to hear the case, and all briefs have been submitted by the parties. The City filed its brief in September of 2024. Hendersons filed their reply in October 2024, and the City filed its reply in November 2024. Oral arguments will be heard by the Court on September 11, 2025. The City is represented by outside counsel Dilworth Paxson LLP. A payout related to this matter, if any, will be coming out of the Aviation Fund and deemed a possible loss.

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.

James Dennis v. City of Philadelphia

Mr. Dennis has filed a 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 third-degree murder rather than going to trial again. Mr. Dennis is represented by Paul Messing, an experienced civil rights attorney. This case was tried to verdict in E.D.Pa. in April 2024. While the City was dismissed on a Rule 50 motion, verdict was reached against the individual defendants. The jury awarded $10 million in compensatory damages, and $6 million in punitive damages. The case is being appealed, but should the appeal be unsuccessful the damages will 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. The case has gone through discovery and motions for summary judgement were

filed and denied. The trial is currently in process. Given the length of time Mr. Hicks spent in custody, damages, while difficult to calculate, 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 in June 2022, and the case has proceeded through discovery. Summary judgment motions were granted in part and denied in part. Trial is scheduled to occur at the end of October 2025. Should the case proceed to trial, given the length of time Mr. Swainson spent in custody, damages, while difficult to calculate, could exceed $8 million.

Coulston v. City of Philadelphia, EDPA 23-4077
Troy Coulston was convicted of the murder of Michael Haynesworth and spent nearly 30 years in custody before his conviction was overturned. Coulston is suing the City and individual former detectives, and their estates, for malicious prosecution, fabrication of evidence, concealment of exculpatory evidence, and municipal liability. Motions for summary judgement were filed, and were granted in part and denied in part. The case is scheduled for a pretrial conference, and should the matter proceed to trial, given the length of time that Mr. Coulston spent in custody, damages, while difficult to calculate, could exceed $8 million.

Paul Satterfield V. Phila. District Attorney's Office, EDPA 24-0484
Satterfield is suing detectives, as well as ADA Sandy Byrd and the District Attorney's Office for malicious prosecution and due process violations arising from his conviction for the 1983 murder of William Bryant. According to the Complaint, Satterfield was largely convicted on a confession he allegedly gave a man whose wife Satterfield was involved with, detectives failed to put in the affidavit of probable cause the failed identifications (and disparate descriptions) of eyewitnesses, and the ADA's notes evinced an intent to exclude young black men from the jury. The Complaint alleges 38 years of wrongful incarceration. Given the length of time Mr. Satterfield spent in custody, damages, while difficult to calculate, could exceed $8 million.

Bruce Murray V. City of Philadelphia, EDPA 24-1017
Bruce Murray was convicted of murder and served approximately 40 years in prison before his conviction was vacated. Plaintiff filed a suit in federal court and is represented by experienced civil rights attorneys. Mr. Murray alleges that his 40-year incarceration was a direct result of the individual Defendants' fabrication of evidence, malicious prosecution, and intentional suppression of exculpatory evidence. He also alleges that the City of Philadelphia's widespread pattern and practice of fabricating evidence, withholding exculpatory evidence, failing to adequately train officers, and failing to investigate and discipline officer misconduct and its deliberate indifference to such misconduct was the moving force behind his constitutional violations. Given the length of time Mr. Murray spent in custody, damages, while difficult to calculate at this early stage, could exceed $8 million. Bruce Murray's co-defendant, Gregory Holden, has likewise filed a suit and requested that his case be consolidated with Bruce Murray's. The federal judge granted that request over Defendants' objections. Holden's damages could separately exceed $8 million due to the nature of the claims and the time Holden spent in custody.

Harold Staten v. City of Philadelphia, EDPA 24-1380
Harold Staten was convicted of murder and served approximately 38 years in prison before his conviction was vacated. Plaintiff filed a suit in federal court and is represented by experienced civil rights attorneys. Given the length of time Mr. Staten spent in custody, damages, while difficult to calculate, could exceed $8 million.

Naeem Waller v. City of Philadelphia, EDPA 24-2235
Naeem Waller was convicted of murder and served approximately 20 years in prison before his conviction was vacated. Plaintiff filed suit in federal court and is represented by experienced civil rights attorneys. Given the length of time Mr. Waller spent in custody, damages, while difficult to calculate, could exceed $8 million.

Kevin Bowman v. City of Philadelphia, C.P. Phila Co. 231102648
Kevin Bowman was convicted of murder and served approximately 34 years in prison before his conviction was vacated. The plaintiff filed a suit in state court. Given the length of time Mr. Bowman spent in custody, damages, while difficult to calculate, could exceed $8 million.

India Spellman v. City of Philadelphia, EDPA 23-3342
India Spellman was convicted of murder that occurred when she was 17 years old and served approximately 10 years in prison before her conviction was overturned. She is represented by experienced civil rights attorneys. Detective Pitts was involved in the homicide investigation that led to Spellman 's arrest and conviction. Spellman alleges that she was questioned by police without a parent present and physically abused during the course of that interview. Given the length of time Ms. Spellman spent in custody, along with the allegations in the case, damages, while difficult to calculate, could exceed $8 million.

William Johnson v. City of Philadelphia, EDPA 24-0036
William Johnson was convicted of the murder of an off-duty police officer and served approximately 15 years in prison before his conviction was overturned, in part based on subsequent DNA testing. Plaintiff is represented by experienced civil rights attorneys. Given the length of time Mr. Johnson spent in custody, along with the allegations in the case, damages, while difficult to calculate, could exceed $8 million.

Steven Lazar v. City of Philadelphia, EDPA 24-0907
Steven Lazar was convicted of murdering a Philadelphia Police Officer's father and served approximately 15 years in prison before his conviction was overturned. He is represented by experienced civil rights attorneys. Mr. Lazar alleges that he was held and questioned for over 30 hours while going through withdrawal before providing a statement to police. Given the length of time Mr. Lazar spent in custody, along with the allegations in the case, damages, while difficult to calculate, could exceed $8 million.

Eduardo Ramirez v. City of Philadelphia, EDPA 24-3035
Eduardo Ramirez was convicted of murdering a laundromat worker, Joyce Dennis, and served 27 years in prison before his conviction was overturned. He is represented by experienced civil rights attorneys. Plaintiff contends that subsequent DNA testing has exonerated him of the crime. Given the length of time Mr. Ramirez spent in custody, along with the allegations in the case, damages, while difficult to calculate, could exceed $8 million.

David Sparks v. City of Philadelphia, EDPA 25-3145
David Sparks was convicted of murder and served 17 years in prison before his conviction was overturned. He is represented by experienced civil rights attorneys. Given the length of time Mr. Sparks spent in custody, damages, while difficult to calculate, could exceed $8 million.

Gerald Howell v. City of Philadelphia, EDPA 25-405
Gerald Howell was convicted of murder and served 39 years in prison before his conviction was overturned. He is represented by experienced civil rights attorneys. Given the length of time Mr. Howell spent in custody, damages, while difficult to calculate, could exceed $8 million.

Tracy Jordan, Sr. v. City of Philadelphia, EDPA 25-3651
Tracy Jordan, Sr., was convicted of murder and served 20 years in prison before his conviction was overturned. He is represented by experienced attorneys. Given the length of time Mr. Jordan spent in custody, damages, while difficult to calculate, could exceed $8 million.

Ronald Johnson v. City of Philadelphia, EDPA 25-1978
Ronald Johnson was convicted of murder, and served 34 years in prison before his conviction was overturned. He is represented by experienced civil rights attorneys. Given the length of time Mr. Johnson spent in custody, damages, while difficult to calculate, could exceed $8 million.

Donald Gwynn v. City of Philadelphia, EDPA 25-553
Donald Gwynn was convicted of murder and served 30 years in prison before his conviction was overturned. He is represented by experienced civil rights attorneys. Given the length of time Mr. Gwynn spent in custody, damages, while difficult to calculate, could exceed $8 million.

Charles Rice v. City of Philadelphia, EDPA 24-4882
Charles Rice was convicted of a quadruple shooting, including a six-year-old victim, and served 12 years in prison before his conviction was overturned. He is represented by experienced civil rights attorneys. Mr. Rice's case received a considerable amount of media attention due to articles published by CNN's Jake Tapper. Tapper's father was Mr. Rice's treating physician and testified at post-trial hearings that Mr. Rice was recovering from a gunshot wound at the time of the shooting in question and could not have physically committed the shooting. Given the length of time Mr. Rice spent in custody, along with the allegations in the case, damages, while difficult to calculate, could exceed $8 million.

Raheem Collins v. City of Philadelphia, EDPA 24-6920
Raheem Collins was convicted of shooting and paralyzing a six-year-old child and served approximately 19 years in prison before his conviction was overturned. He is represented by experienced civil rights attorneys. Given the length of time Mr. Collins spent in custody, along with the allegations in the case, damages, while difficult to calculate, could exceed $8 million.

James Kelly v. City of Philadelphia, EDPA 24-6701
James Kelly was convicted of murder and served approximately 29 years in prison before his conviction was overturned. He is represented by experienced civil rights attorneys. Given the length of time Mr. Kelly spent in custody, along with the allegations in the case, damages, while difficult to calculate, could exceed $8 million.

Montrell Oliver v. City of Philadelphia, EDPA 25-197
Montrell Oliver was convicted of murder as a juvenile and served 26 years in prison before he was released following a resentencing hearing that occurred due to his status as a juvenile lifer. Mr. Oliver's conviction was then overturned two years after his release. He is represented by experienced civil rights attorneys. Given the length of time Mr. Oliver spent in custody, along with the allegations in the case, damages, while difficult to calculate, could exceed $8 million.

Vincent Wallace v. City of Philadelphia, EDPA 25-290
Vincent Wallace was convicted of murder and served 14 years in prison before his conviction was overturned. He is represented by experienced civil rights attorneys. Wallace alleges that misconduct and coercion by former Detective James Pitts led to his conviction. Former Detective Pitts was convicted of his charged crimes and awaits sentencing. Given the length of time Mr. Wallace spent in custody, along with the allegations in the case, damages, while difficult to calculate, could exceed $8 million.

Zoll Medication Corporation v. Philadelphia, et al
The taxpayer challenged its Business Income and Receipts Tax liability, claiming (i) that the City's single sales factor apportionment is not statutorily authorized and (ii) that the small business exemption of the first $100,000 of receipts from the tax (equally applicable to all taxpayers) violated the Uniformity Clause of the Pennsylvania Constitution. The original Plaintiffs in Common Pleas Court have settled. But other taxpayers have raised similar claims. See Fiserv Transaction Services v. Philadelphia.

Fiserv Transaction Services v. City of Philadelphia
Fiserv challenges their Business Income and Receipts Tax liability at the Court of Common Pleas, claiming (i) that the City's single sales factor apportionment is not statutorily authorized, and (ii) that the small business exemption of the first $100,000 of receipts from the tax (equally applicable to all taxpayers) violates the Uniformity Clause of the Pennsylvania Constitution. There are similarly situated cases pending before the Tax Review Board. If successful, damages from these collective actions, while difficult to assess, could approach approximately $50,000,000.

2) Guaranteed Debt
In accordance with GASB Statement No. 70, *Accounting and Financial Reporting for Nonexchange Financial Guarantees*, the City has guaranteed certain debt payments related to PPA's Parking System Revenue Bonds Series 1999A. The bonds were issued to finance the acquisition of a parking facility at 8th & Chestnut Streets. As of March 31, 2025, the City has provided approximately $13.4 million in funds in its role as guarantor of these bonds. The City was not required to cover the debt service this fiscal year due to contingent payments from a third party. The indenture provides for PPA 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 facility, any funds received in excess of the bond principal and accrued interest will be used to repay the City. The 1999A bonds, which mature in fiscal year 2029, had an outstanding principal balance of $4.6 million at March 31, 2025.

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, 2025, which accounted for $959.3 million for all open programs as of November 30, 2025. Of this amount, $608.2 million represents unresolved costs due to the inability to obtain audit reports from sub-recipients for the year ended June 30, 2025. $350.91 million represents unresolved costs due to the inability to obtain audit reports from sub-recipients for the years ended June 30, 2024 and prior, and $0.23 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, were 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, 2024, the Grants Revenue Fund had $486.4 million receivable for the Children and Youth Programs. In FY 2025, the Grants Revenue Fund had expenditures totaling $636.1 million and revenue totaling $577.7 million. At June 30, 2025, the Grants Revenue Fund had $548.9 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 five hundred seventy (570) open special education matters, including due process matters, at various stages of the administrative process against the School District, by or on behalf of students, which aggregate to a total potential liability of $4.0 million.

These five hundred seventy (570) matters represent administrative due process hearings and appeals to the state appeals panel pending against the School District. These matters specifically involve claims by parents alleging breaches by the School District of its obligation to provide a Free and Appropriate Public Education to students under federal and state civil rights laws, including the Individuals with Disabilities Education Act ("IDEA"), Section 504 of the Rehabilitation Act, Americans with Disabilities Act, and federal anti-discrimination laws. In the opinion of the General Counsel of the School District, the five hundred seventy (570) unfavorable outcomes are deemed probable in the aggregate of $4.0 million, but none of which individually reaches the materiality threshold.

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 $12.3 million. In the opinion of the General Counsel of the School District, it is unlikely that final judgments or compromised settlements will approach the total potential liability, 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, there are compromised settlements or unfavorable verdicts that are deemed probable and reasonably possible in the aggregate amounts of $1.5 million and $11.5 million, respectively, arising from personal injury and property damage claims and lawsuits.

Administrative Appeals in Pennsylvania Department of Education

West Philadelphia Achievement Charter School: The School District entered into a settlement agreement with West Philadelphia Achievement Charter Elementary School ("WPACES") related to approximately sixty-four (64) docketed administrative matters before the Pennsylvania Department of Education ("PDE") related to withholdings from the School District's State subsidy payments that WPACES had sought and received from PDE related to WPACES's enrollment over the student cap in WPACES's charter. The settlement was authorized by the Board of Education on August 21, 2025. The Secretary of Education had issued a decision in favor of the School District on December 24, 2024. WPACES had appealed the Secretary's decision to the Commonwealth Court, docketed at West Philadelphia Achievement Charter Elementary School v. Pa. Dept. of Educ., 80 C.D. 2025 and also filed ancillary litigation in the Commonwealth Court against PDE and involving the School District, West Philadelphia Achievement Charter Elementary School v. Pa. Dept. of Educ., No. 68 MD 2025 ("Appeals"). Under the terms of the settlement, in addition to WPACES withdrawing its Appeals, WPACES agreed to repay the School District the sum of $2,500,000 and the School District and WPACES agreed on the maximum authorized enrollment for WPACES during school years 2025-2026 through 2029-2030.

Federal Funding Deductions: In fiscal year 2025, the School District secured a significant victory in two sets of administrative and court actions concerning the deduction of federal funding and other funds from the calculation of per-pupil charter school rates. Originally, 15 brick-and-mortar and cyber charter schools challenged the Pennsylvania Department of Education's (PDE) practice of allowing all school districts, including the School District, to deduct federal funds, pre-kindergarten expenses, and certain Ready to Learn grant funds from total expenditures when determining per-pupil rates, arguing these deductions were not permitted by the Charter School

Law. These claims, spanning the 2015-16, 2016-17, and 2017-18 school years, were primarily litigated before PDE after being remanded from the Commonwealth Court.

The initial challenge, Set 1 for the 2015-16 and 2016-17 school years, resulted in a November 2022 decision by the PDE Secretary ruling in favor of the School District. Five of the eight appealing charter schools in Set 1 pursued appeals to the Commonwealth Court, though three later withdrew through a settlement that did not require the School District to pay any funds. The remaining two consolidated appeals involved claims totaling over $25.6 million for the 2015-16, 2016-17, and 2017-18 school years. On November 25, 2024, the Commonwealth Court issued a unanimous en banc decision in Esperanza Academy Charter School v. School District of Philadelphia, 1430-1431 C.D. 2022 and 1432-1433 C.D. 2022, upholding the PDE Secretary's ruling in the District's favor regarding the federal funding deductions. The charter schools did not appeal this decisive ruling.

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 Supreme Court Docket No.14 EAP 2020; 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 owed 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) (see https://casetext.com/case/phia-gas-works-v-pa-pub-util-commn-3).

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 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 held on March 23, 2024. The ALJ issued an initial decision on July 26, 2024. Exceptions to the initial decision were separately filed by PGW and SBG on August 16, 2024. Replies to the Exceptions were filed on August 26, 2024.

The initial decision (along with the Exceptions and Replies) were reviewed by the full Commission. The Commission entered its Opinion and Order on January 23, 2025. The January 2025 Order directed PGW to provide credits (a) of $59,679.29, plus interest, to SBG's accounts based on recalculations of how partial payments impacted SBG's debts; and (b) $333,462.59 to remove all late payment charges (1.5% per month) from amounts that were secured by docketed liens (judgments). On March 6, 2025, PGW credited SBG's accounts (totaling $408,861.15) as directed by the Commission.

SBG filed an appeal with the Commonwealth Court (215 CD 2025) arguing that the Commission should have provided a different and greater recovery of damages to them. PGW filed a cross-appeal with the Commonwealth Court (282 CD 2025) arguing that the Commission exceeded its statutory jurisdiction by providing damages to SBG for overcharged interest on judgments (obtained by docketing liens). The Commonwealth Court consolidated the appeals. The appeals have been briefed. Oral arguments has not been scheduled at this time. It is not clear when the Commonwealth Court will decide the appeals.

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. Additionally, on September 13, 2021, PGW filed Preliminary Objections with the Court. On January 20, 2022, the Court issued an order in response to PGW's Preliminary Objections, dismissing two of SBG's claims 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 claims 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. PGW has also filed a motion for summary judgement on the grounds that all or most of SBG's claims are barred by the applicable statutes of limitations. That motion was denied by the Court on September 3, 2024. Under the Court's Order entered November 25, 2025, the jury selection will be on March 27, 2026 with the trial starting on March 30, 2026.

SBG Management Services, et al., Plaintiffs v. City of Philadelphia c/o Philadelphia Gas Works, et al., Defendant, Philadelphia Court of Common Pleas Docket No. 231101740; Commonwealth Court Docket No. 380 CD 2024

SBG Management Services, Inc., the five landlords with active gas accounts who are involved in the previously described litigation (Pennsylvania Supreme Court Docket No. 14 EAP 2020, et al.) (collectively "SBG") instituted this new litigation in the Philadelphia Court of Common Pleas via a Complaint in Equity on November 15, 2023 ("Injunction Action"). The Complaint alleges that PGW wrongfully terminated gas service to the landlords based upon disputed outstanding balances. At the same time, SBG filed a Petition for Temporary Injunctive Relief. That Petition seeks to enjoin PGW from enforcing shut-off notices for allegedly unpaid outstanding balances.

On November 17, 2023, the Court held a hearing on the Petition for Temporary Injunctive Relief. PGW restored gas to all five properties as of 10:00 p.m. on November 17, 2023. The Court entered an order on November 17, 2023, directing, among other things, that the parties engage in mediation. On February 25, 2024, the Court entered another Order prohibiting PGW from terminating gas service at the Landlord properties that were Plaintiffs in the Injunction Action until further order of the Court.

PGW subsequently exercised its right to appeal the Common Pleas Court's February 25th Order to the Commonwealth Court (Docket No. 380 CD 2024) alleging that the issues raised in the Injunction Action are within the exclusive or primary jurisdiction of the Commission. PGW's main brief was filed on July 23, 2024. SBG's main brief was dated August 23, 2024. PGW's reply brief is due on September 5, 2024. Argument has not been scheduled by the Commonwealth Court. By motion of PGW, which was not opposed by the Plaintiffs, the Court stayed all further proceedings in the Injunction Action pending the outcome of the Commonwealth Court appeal.

The pleadings remain open. PGW filed preliminary objections to the Complaint in the Injunction Action on December 6, 2023. The preliminary objections allege, among other things, that the issues raised in the Injunction Action are within the exclusive or primary jurisdiction of the Commission. SBG's response to the preliminary objections was filed on March 18, 2024. The Court's decision on the preliminary objections is stayed pending the outcome of the Commonwealth Court appeal, as noted.

As part of the Injunction Action, SBG has alleged it is owed an unquantified amount of damages for alleged constitutional violations and violations of the Public Utility Code. Additionally, the relief requested by SBG is that PGW be enjoined from terminating service to SBG for non-payment in the future, and as such PGW would be forced to forgo terminating service to the subject properties in an effort to collect unpaid gas bills. PGW has not filed an Answer to the Injunction Action, since PGW's preliminary objections are pending, as noted.

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, leading to a formal complaint being filed on July 15, 2022. Following partial litigation of the matter, a settlement was reached with BI&E that resulted in no civil penalty but included the creation of Residential Methane Detector Pilot Program where PGW agreed to commit $800,000 towards the implementation. The settlement also included various other actions by PGW, such as coordination and training with the excavator community that will create some additional but unquantified expenses. The settlement was approved by the Commission on September 15, 2025.

Pennsylvania Public Utility Commission, Bureau of Investigation and Enforcement v. Philadelphia Gas Works. Docket No. C-2024-3052777

On November 30, 2021, an explosion occurred at 815 Jackson Street in Philadelphia which resulted in no fatalities or reported injuries. It is estimated that approximately $100,000 in property damage occurred, but there were no civil claims associated with the event. On November 25, 2024, The Commission 's Bureau of Investigation and Enforcement ("BI&E") filed a formal complaint alleging violations of the Public Utility Code, Pennsylvania Code, and Code of Federal Regulations and seeking relief including a $300,000 civil penalty, creation of email distribution of safety materials to excavators, training to be offered to Excavators by PGW, expansion of the Methane Detector Pilot Program, and other relief. BI&E granted PGW an extension to file an Answer to the Complaint.

PGW filed its answer responding to the formal complaint on January 29, 2025, denying the allegations of the Formal Complaint. An evidentiary hearing was held as scheduled on October 17, 2025. On November 18, 2025, the Administrative Law Judge issued a Briefing Order, setting forth a briefing schedule in January and February 2026.

9. SUBSEQUENT EVENTS

In preparing the accompanying financial statements, the City has reviewed events that occurred subsequent to June 30, 2025 through February 25, 2026. The following events are described below:

A. PRIMARY GOVERNMENT

a. In August 2025, the City issued $364.8 million in Airport Revenue and Refunding Bonds Series 2025A&B. The total proceeds were $380.6 million (which includes a premium of $15.8 million). The proceeds of the bonds were used to refinance certain maturities of the Airport Commercial Paper Notes, finance the current refunding of Airport Revenue Refunding Bonds Series 2015A, finance capitalized interest on the bonds and pay the cost of issuance related to the bonds. Interest on the bonds range from 5.000% to 5.500% and is payable on January 1 and July 1 each year until maturity in 2055. The aggregate difference in debt service between the refunding debt and the refunded debt is $6.9 million resulting in a net economic gain of $5.5 million.

b. In October 2025, **PAID** issued City Service Agreement Revenue and Refunding Bonds Series 2025A&B in the amount of $169.9 million. The total proceeds were $186.1 million (which includes a premium of $16.2 million). The proceeds of the 2025A bonds were used to finance certain costs of the Rebuild Project and pay the cost of issuance related to the bonds. The proceeds of the 2025B bonds were used to finance the refunding of the Cultural and Commercial Corridors Program Revenue Bonds Series 2016A and pay the cost of issuance related to the bonds. Interest on the bonds is 5.000% and is payable on June 1 and December 1 each year until maturity in 2045. The aggregate difference in debt service between the refunding debt and the refunded debt is $4.0 million resulting in a net economic gain of $3.5 million.

B. COMPONENT UNITS

1. **PGW** Subsequent Event:

   a. On November 9, 2025, the PUC entered its Order and Opinion in the rate case which approved the Settlement Agreement without modification. Therefore, PGW made its Compliance Tariff filing on November 24, 2025. The new rates approved by the Settlement Agreement became effective on December 1, 2025. The Settlement Agreement also provides PGW with a temporary increase in DSIC which will terminate on November 30, 2027.

2. **PHA** Subsequent Events:

   a. On August 20, 2025, PHA issued Guaranteed Revenue Bonds, Series 2025A for $311.1 million. Total proceeds were $325.7 million (which includes a premium of $14.6 million). The proceeds of the bonds were used to finance the purchase of properties under the PHADC Acquisition Program and pay the cost of issuance related to the bonds. Interest on the bonds range from 5.00% to 5.25% and is payable on March 1 and September 1 each year until maturity in 2045.

3. **SDP** Subsequent Events

   a. *Tax Revenue Anticipation Notes (TRAN)*

   On September 11, 2025, SDP authorized the issuance and sale of TRAN 2025-2026 Series A&B in the amount of $1.55 billion through negotiated sales. This amount was larger than amounts issued in prior years due primarily to delayed receipt of Commonwealth of Pennsylvania basic education and special education subsidy payments resulting from the State budget impasse. The Series A purchase was issued as fixed rate notes with a coupon of 3.474% and an effective yield of 3.474%. The Series B purchase was issued as fixed rate notes with a coupon of 3.690% and effective yield of 3.690%. Notes proceeds were received on the closing date of September 15, 2025, with a maturity date of April 30, 2026.

   On November 11, 2025, SDP made a $146.6 million purchase request for two advances of $73.3 million each under TRAN 2025-2026 Series A&B. The purchases were issued as fixed rate addendums offered on the advances issued as fixed rate notes with an annual rate of 3.465% under TRAN 2025-26 Series A and with an annual rate of 3.680% under TRAN 2025-26 Series B.

City of Philadelphia
PENNSYLVANIA

Required Supplementary Information

(Other than Management's Discussion and Analysis)

City of Philadelphia **Exhibit XIV**

Required Supplementary Information
Budgetary Comparison Schedule
General Fund
For the Fiscal Year Ended June 30, 2025

Amounts in thousands of USD

	Budgeted Amounts			Final Budget to Actual Positive (Negative)
	Original	Final	Actual*	
Revenues				
Tax Revenue	4,260,467	4,320,342	4,412,575	92,233
Locally Generated Non-Tax Revenue	391,844	460,725	466,483	5,758
Revenue from Other Governments	1,137,828	1,179,472	1,150,477	(28,995)
Revenue from Other Funds	481,223	486,566	487,953	1,387
Total Revenues	6,271,362	6,447,105	6,517,488	70,383
Expenditures and Encumbrances				
Personal Services	2,279,091	2,334,699	2,223,350	111,349
Pension Contributions	831,647	877,761	877,495	266
Other Employee Benefits	845,473	787,009	748,192	38,817
Sub-Total Employee Compensation	3,956,211	3,999,469	3,849,037	150,432
Purchase of Services	1,422,267	1,492,956	1,451,806	41,150
Materials and Supplies	102,780	101,083	99,155	1,928
Equipment	45,546	74,133	66,308	7,825
Contributions, Indemnities and Taxes	432,724	484,027	474,999	9,028
Debt Service	234,667	234,667	195,119	39,548
Payments to Other Funds	129,782	181,457	181,457	-
Advances, Subsidies, Miscellaneous	43,505	103,446	-	103,446
Total Expenditures and Encumbrances	6,367,482	6,671,238	6,317,881	353,357
Operating Surplus (Deficit) for the Year	(96,120)	(224,133)	199,607	423,740
Fund Balance Available for Appropriation, July 1, 2024	682,460	942,900	942,900	-
Operations in Respect to Prior Fiscal Years				
Commitments Cancelled - Net	34,000	41,000	36,586	(4,414)
Funding for Future Obligations	(4,500)	(4,500)	-	4,500
Adjusted Fund Balance, July 1, 2024	711,960	979,400	979,486	86
Fund Balance Available for Appropriation, June 30, 2025	615,840	755,267	1,179,093	423,826

* 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, 2025

Amounts in thousands of USD

	Budgeted Amounts			Final Budget to Actual Positive (Negative)
	Original	Final	Actual*	
Revenues				
Locally Generated Non-Tax Revenue	15,710	12,664	14,585	1,921
Revenue from Other Governments	1,417,494	1,417,095	1,258,136	(158,959)
Total Revenues	1,433,204	1,429,759	1,272,721	(157,038)
Other Sources				
Decrease in Unreimbursed Commitments	-	-	(1,376)	(1,376)
Decrease in Financed Reserves	-	-	123,637	123,637
Total Revenues and Other Sources	1,433,204	1,429,759	1,394,982	(34,777)
Expenditures and Encumbrances				
Personal Services	622	622	370	252
Purchase of Services	1,432,482	1,432,482	1,391,903	40,579
Payments to Other Funds	100	100	71	29
Total Expenditures and Encumbrances	1,433,204	1,433,204	1,392,344	40,860
Operating Surplus (Deficit) for the Year	-	(3,445)	2,638	6,083
Fund Balance Available for Appropriation, July 1, 2024	-	86,090	86,090	-
Operations in Respect to Prior Fiscal Years				
Commitments Cancelled - Net	-	-	21,265	21,265
Adjusted Fund Balance, July 1, 2024	-	86,090	107,355	21,265
Fund Balance Available for Appropriation, June 30, 2025	-	82,645	109,993	27,348

* Refer to the notes to required supplementary information.

City of Philadelphia **Exhibit XVI**
Required Supplementary Information
Budgetary Comparison Schedule
Grants Revenue Fund
For the Fiscal Year Ended June 30, 2025

Amounts in thousands of USD

	Budgeted Amounts			Final Budget to Actual Positive (Negative)
	Original	Final	Actual	
Revenues				
Locally Generated Non-Tax Revenue	122,393	122,013	112,595	(9,418)
Revenue from Other Governments	3,505,235	2,409,155	1,603,476	(805,679)
Total Revenues	3,627,628	2,531,168	1,716,071	(815,097)
Other Sources				
Increase in Unreimbursed Commitments	-	-	92,616	92,616
Increase in Financed Reserves	-	-	(57,719)	(57,719)
Total Revenues and Other Sources	3,627,628	2,531,168	1,750,968	(780,200)
Expenditures and Encumbrances				
Personal Services	244,497	245,083	178,538	66,545
Pension Contributions	54,142	63,318	59,523	3,795
Other Employee Benefits	52,617	59,693	41,903	17,790
Sub-Total Employee Compensation	351,256	368,094	279,964	88,130
Purchase of Services	1,715,840	1,710,440	1,058,734	651,706
Materials and Supplies	49,444	53,860	14,127	39,733
Equipment	34,302	35,426	11,183	24,243
Contributions, Indemnities and Taxes	1	4,356	4,356	-
Payments to Other Funds	476,784	483,075	466,543	16,532
Advances, Subsidies, Miscellaneous	1,000,001	635,743	-	635,743
Total Expenditures and Encumbrances	3,627,628	3,290,994	1,834,907	1,456,087
Operating Surplus (Deficit) for the Year	-	(759,826)	(83,939)	675,887
Fund Balance Available for Appropriation, July 1, 2024	-	(753,425)	(753,425)	-
Operations in Respect to Prior Fiscal Years				
Commitments Cancelled - Net	-	-	63,234	63,234
Revenue Adjustments - Net	-	-	(7,820)	(7,820)
Prior Period Adjustments	-	753,425	-	(753,425)
Adjusted Fund Balance, July 1, 2024	-	-	(698,011)	(698,011)
Fund Balance Available for Appropriation, June 30, 2025	-	(759,826)	(781,950)	(22,124)

City of Philadelphia - Schedule of Changes in Net OPEB Liability and Related Ratios *(Amounts in thousands USD)*

	FYE 2024	FYE 2023	FYE 2022	FYE 2021	FYE 2020	FYE 2019	FYE 2018	FYE 2017
Total OPEB Liability								
Service Cost	$ 86,400	$ 82,200	$ 118,100	$ 110,900	$ 93,900	$ 82,400	$ 81,800	$ 89,300
Interest (includes interest on service cost)	67,500	64,300	47,900	47,500	69,200	71,900	67,900	56,100
Changes of benefit terms	41,100	-	-	-	-	-	-	-
Differences between expected and actual experience	67,100	-	(65,000)	-	18,100	-	56,800	-
Changes of assumptions	(363,000)	(15,400)	(354,300)	8,300	75,300	54,000	(147,800)	(105,600)
Benefit payments, including refunds of member contributions	(103,600)	(101,100)	(118,300)	(97,800)	(104,600)	(96,900)	(96,400)	(114,800)
Net change in total OPEB liability	(204,500.00)	30,000	(371,600)	68,900	151,900	111,400	(37,700)	(75,000)
Total OPEB liability - beginning	1,814,500	1,784,500	2,156,100	2,087,200	1,935,300	1,823,900	1,861,600	1,936,600
Total OPEB liability - ending	1,610,000	1,814,500	1,784,500	2,156,100	2,087,200	1,935,300	1,823,900	1,861,600
Plan fiduciary net position								
Contributions - employer	103,600	101,100	118,300	97,800	104,600	96,900	96,400	114,800
Benefit payments, including refunds of member contributions	(103,600)	(101,100)	(118,300)	(97,800)	(104,600)	(96,900)	(96,400)	(114,800)
Net change in plan fiduciary net position	-	-	-	-	-	-	-	-
Net OPEB liability - ending	**$ 1,610,000**	**$ 1,814,500**	**$ 1,784,500**	**$ 2,156,100**	**$ 2,087,200**	**$ 1,935,300**	**$ 1,823,900**	**$ 1,861,600**
Covered-employee payroll	$ 2,118,500	$ 1,993,000	$ 1,921,100	$ 1,886,500	$ 1,921,200	$ 1,842,600	$ 1,805,400	$ 1,744,700
Net OPEB liability as a percentage of covered-employee payroll	76.00%	91.04%	92.89%	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.

City of Philadelphia - Municipal Pension Plan - Schedule of Changes in Net Pension Liability *(Amounts in thousands USD)*

	FYE 2025	FYE 2024	FYE 2023	FYE 2022	FYE 2021	FYE 2020	FYE 2019	FYE 2018	FYE 2017	FYE 2016
Total Pension Liability										
Service cost	$ 204,957	$ 195,726	$ 191,726	$ 186,294	$ 187,598	$ 190,457	$ 183,756	$ 164,137	$ 157,607	$ 148,370
Interest (includes interest on service cost)	937,496	921,857	900,854	879,400	884,099	871,381	857,349	843,172	823,959	802,450
Changes of benefit terms	-	-	-	-	-	-	378	4,065	-	-
Differences between expected and actual experience	100,875	170,975	74,248	(200,733)	(2,417)	9,483	11,098	28,937	103,879	151,919
Changes of assumptions	62,342	60,692	59,179	220,153	57,076	-	53,489	106,022	51,441	85,148
Benefit payments, including refunds of member contributions	(1,010,360)	(966,790)	(949,736)	(929,291)	(891,445)	(862,198)	(842,469)	(828,266)	(821,495)	(889,343)
Net change in total pension liability	**295,310**	**382,460**	**276,271**	**155,823**	**234,911**	**209,123**	**263,601**	**318,067**	**315,391**	**298,544**
Total Pension liability - beginning	13,032,857	12,650,397	12,374,126	12,218,303	11,983,392	11,774,269	11,510,668	11,192,601	10,877,210	10,578,666
Total Pension liability - ending	**13,328,167**	**13,032,857**	**12,650,397**	**12,374,126**	**12,218,303**	**11,983,392**	**11,774,269**	**11,510,668**	**11,192,601**	**10,877,210**
Plan fiduciary net position										
Contributions - employer	864,211	948,686	1,164,974	859,786	788,483	768,720	797,806	781,984	706,237	660,247
Contributions - member	138,242	127,355	120,691	110,447	111,273	111,825	99,180	83,289	73,607	67,055
Net investment income	1,085,569	658,958	570,957	(479,763)	1,643,490	87,151	303,736	440,327	566,625	(145,682)
Benefit payments, including refunds of member contributions	(1,010,360)	(966,790)	(949,736)	(929,291)	(891,445)	(862,198)	(842,469)	(828,266)	(821,495)	(889,343)
Administrative expense	(10,704)	(10,033)	(8,938)	(8,933)	(9,709)	(10,991)	(11,155)	(10,123)	(8,874)	(8,554)
PAF Distributions	-	(57)	(29,693)	(37,395)	-	-	-	-	-	-
Net change in plan fiduciary net position	1,066,958	758,119	868,255	(485,149)	1,642,092	94,507	347,098	467,211	516,100	**(316,277)**
Plan fiduciary net position - beginning	8,566,208	7,808,089	6,939,834	7,424,983	5,782,891	5,688,384	5,341,286	4,874,075	4,357,975	4,674,252
Plan fiduciary net position - ending	**9,633,166**	**8,566,208**	**7,808,089**	**6,939,834**	**7,424,983**	**5,782,891**	**5,688,384**	**5,341,286**	**4,874,075**	**4,357,975**
Net pension liability - ending	**$ 3,695,001**	**$ 4,466,649**	**$ 4,842,308**	**$ 5,434,292**	**$ 4,793,320**	**$ 6,200,501**	**$ 6,085,885**	**$ 6,169,382**	**$ 6,318,526**	**$ 6,519,235**
Plan fiduciary net position as a percentage of the total pension liability	72.28%	65.73%	61.72%	56.08%	60.77%	48.26%	48.31%	46.40%	43.55%	40.07%
Covered payroll	$ 2,310,313	$ 2,118,480	$ 1,993,014	$ 1,921,142	$ 1,886,512	$ 1,921,217	$ 1,842,555	$ 1,805,400	$ 1,744,728	$ 1,676,549
Net pension liability as a percentage of covered payroll	159.94%	210.84%	242.96%	282.87%	254.08%	322.74%	330.30%	341.72%	362.15%	388.85%

City of Philadelphia Schedule of Collective Contributions (Based on Minimum Municipal Obligations)

Last 10 Fiscal Years
Amounts in Thousands

	FYE 2025	FYE 2024	FYE 2023	FYE 2022	FYE 2021	FYE 2020	FYE 2019	FYE 2018	FYE 2017	FYE 2016
Actuarially determined contribution	$ 652,876	$ 671,689	$ 664,067	$ 678,192	$ 673,884	$ 675,751	$ 668,281	$ 661,257	$ 629,620	$ 594,975
Contributions in relation to the actuarially determined contribution	864,211	948,686	1,164,974	859,787	788,483	768,721	797,806	781,984	706,237	660,247
Contribution deficiency/(excess)	$ (211,335)	$ (276,997)	$ (500,907)	$ (181,595)	$ (114,599)	$ (92,970)	$ (129,525)	$ (120,727)	$ (76,617)	$ (65,272)
Covered payroll	$ 2,310,313	$ 2,118,480	$ 1,993,014	$ 1,921,142	$ 1,886,512	$ 1,921,217	$ 1,842,555	$ 1,805,400	$ 1,744,728	$ 1,676,549
Contributions as a percentage of covered payroll	37.41%	44.78%	58.45%	44.75%	41.80%	40.01%	43.30%	43.31%	40.48%	39.38%

City of Philadelphia Schedule of Collective Contributions (Based on Revenue Recognition Policy)

Last 10 Fiscal Years
Amounts in Thousands

	FYE 2025	FYE 2024	FYE 2023	FYE 2022	FYE 2021	FYE 2020	FYE 2019	FYE 2018	FYE 2017	FYE 2016
Actuarially determined contribution	$ 741,452	$ 742,764	$ 726,501	$ 727,430	$ 712,978	$ 704,589	$ 680,808	$ 662,139	$ 629,620	$ 594,975
Contributions in relation to the actuarially determined contribution	864,211	948,686	1,164,974	859,787	788,483	768,721	797,806	781,984	706,237	660,247
Contribution deficiency/(excess)	$ (122,759)	$ (205,922)	$ (438,473)	$ (132,357)	$ (75,505)	$ (64,132)	$ (116,998)	$ (119,845)	$ (76,617)	$ (65,272)
Covered payroll	$ 2,310,313	$ 2,118,480	$ 1,993,014	$ 1,921,142	$ 1,886,512	$ 1,921,217	$ 1,842,555	$ 1,805,400	$ 1,744,728	$ 1,676,549
Contributions as a percentage of covered payroll	37.41%	44.78%	58.45%	44.75%	41.80%	40.01%	43.30%	43.31%	40.48%	39.38%

City of Philadelphia Schedule of Collective Contributions (Based on Funding Policy)

Last 10 Fiscal Years
Amounts in Thousands

	FYE2025	FYE2024	FYE 2023	FYE 2022	FYE 2021	FYE 2020	FYE 2019	FYE 2018	FYE 2017	FYE 2016
Actuarially determined contribution	$ 792,021	$ 822,332	$ 801,674	$ 826,407	$ 856,456	$ 839,691	$ 874,706	$ 871,802	$ 881,356	$ 846,283
Contributions in relation to the actuarially determined contribution	864,211	948,686	1,164,974	859,787	788,483	768,721	797,806	781,984	706,237	660,247
Contribution deficiency/(excess)	$ (72,190)	$ (126,354)	$ (363,300)	$ (33,380)	$ 67,973	$ 70,970	$ 76,900	$ 89,818	$ 175,119	$ 186,036
Covered Payroll	$ 2,310,313	$ 2,118,480	$ 1,993,014	$ 1,921,142	$ 1,886,512	$ 1,921,217	$ 1,842,555	$ 1,805,400	$ 1,744,728	$ 1,676,549
Contributions as a percentage of covered payroll	37.41%	44.78%	58.45%	44.75%	41.80%	40.01%	43.30%	43.31%	40.48%	39.38%

Notes to Schedule

Valuation date	July 1, 2023
Timing	Actuarially determined contribution rates are calculated based on the actuarial valuation two years prior to the beginning of the plan year.

Key Methods and Assumptions Used to Determine Contribution Rates:

Actuarial cost method	Entry Age
Asset valuation method	Ten-year smoothed market
Amortization method	Gain/Losses are amortized 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 July 1, 1985 unfunded actuarial liability (UAL) is amortized over 34 years ending June 30, 2019. Future Amortization periods follow the MMO funding policy. Under the MMO Funding Policy, the July 1, 2009 unfunded actuarial liability (UAL) was "fresh started", to be amortized over 30 years, ending June 30, 2039. This is level dollar amortization 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 MMO would have been without these additional assets.
Discount rate	7.35%
Amortization growth rate	3.30%
Salary increases	Age based salary scale separated by employee classification
Mortality	Pub-2010(B) Mortality Tables projected from base year of 2010 to 2025 using mortality improvement scale MP-2021

A complete description of the methods and assumptions used to determine contribution rates for the year ending June 30, 2025 can be found in the July 1, 2023 actuarial valuation report.

Philadelphia Gas Works - Schedule of Changes in Net Pension Liability *(Amounts in thousands USD)*

	FYE 2025	FYE 2024	FYE 2023	FYE 2022	FYE 2021	FYE 2020	FYE 2019	FYE 2018	FYE 2017	FYE 2016
Total Pension Liability										
Service cost	$ 9,755	$ 9,256	$ 8,713	$ 7,152	$ 7,178	$ 6,400	$ 6,554	$ 6,103	$ 5,823	$ 5,400
Interest cost	57,461	56,901	56,413	55,276	55,454	56,893	57,240	55,718	55,443	55,903
Differences between expected and actual experience	6,156	2,859	1,923	9,665	2,057	(3,034)	(12,089)	15,706	2,182	(8,841)
Changes in assumptions	10,193	-	-	1,481	22,923	(24,891)	(1,834)	(3,864)	(7,952)	26,748
Benefit payments	(62,116)	(60,928)	(60,312)	(58,502)	(56,646)	(55,061)	(53,893)	(52,627)	(51,376)	(50,447)
Net Change in Total Pension Liability	**21,449**	**8,088**	**6,737**	**15,072**	**30,966**	**(19,693)**	**(4,022)**	**21,036**	**4,120**	**28,763**
Total Pension Liability (Beginning)	**841,655**	**833,567**	**826,830**	**811,758**	**780,792**	**800,485**	**804,507**	**783,471**	**779,351**	**750,588**
Total Pension Liability (Ending)	**863,104**	**841,655**	**833,567**	**826,830**	**811,758**	**780,792**	**800,485**	**804,507**	**783,471**	**779,351**
Plan Fiduciary Net Position										
Contributions-employer	30,000	30,000	30,000	30,042	29,728	29,414	28,570	29,143	27,918	21,123
Contributions - member	3,000	2,641	2,215	1,854	1,607	1,519	1,249	1,078	852	602
Net Investment income	77,273	79,631	66,844	(80,988)	155,840	14,286	34,260	44,310	61,002	2,872
Benefit payments	(62,116)	(60,928)	(60,312)	(58,502)	(56,646)	(55,061)	(53,893)	(52,627)	(51,376)	(50,446)
Administrative expense	(362)	(494)	(361)	(200)	(217)	(168)	(192)	(184)	(129)	(1,611)
Net Change in Fiduciary Net Position	**47,795**	**50,850**	**38,386**	**(107,794)**	**130,312**	**(10,010)**	**9,994**	**21,720**	**38,267**	**(27,460)**
Plan Fiduciary Net Position (Beginning)	**654,984**	**604,134**	**565,748**	**673,542**	**543,230**	**553,240**	**543,246**	**521,526**	**483,259**	**510,719**
Plan Fiduciary Net Position (Ending)	**702,779**	**654,984**	**604,134**	**565,748**	**673,542**	**543,230**	**553,240**	**543,246**	**521,526**	**483,259**
Net Pension Liability (Ending)	**$ 160,325**	**$ 186,671**	**$ 229,433**	**$ 261,082**	**$ 138,216**	**$ 237,562**	**$ 247,245**	**$ 261,261**	**$ 261,945**	**$ 296,092**
Net Position as a percentage of pension liability	81.42%	77.82%	72.48%	68.42%	82.97%	69.57%	69.11%	67.53%	66.57%	62.01%
Covered payroll	$ 112,581	$ 108,177	$ 102,709	$ 97,435	$ 97,959	$ 95,934	$ 98,454	$ 101,271	$ 94,768	$ 90,860
Net pension liability as a percentage of covered payroll	142.41%	172.56%	223.38%	267.96%	141.10%	247.63%	251.13%	257.98%	276.41%	325.88%

Valuation Date: actuarial liabilities and assets are calculated as of the Fiscal Year end date.

Philadelphia Gas Works - Schedule of Actuarially Determined Contribution *(Amounts in thousands USD)*

	FYE 2025	FYE 2024	FYE 2023	FYE 2022	FYE 2021	FYE 2020	FYE 2019	FYE 2018	FYE 2017	FYE 2016
Actuarially determined contribution	$ 30,000	$ 30,000	$ 30,000	$ 30,000	$ 30,000	$ 26,844	$ 28,797	$ 28,395	$ 29,260	$ 26,476
Contributions in relation to the actuarially determined contribution	30,000	30,000	30,000	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	$ 112,581	$ 108,177	$ 102,709	$ 97,435	$ 97,959	$ 95,934	$ 98,454	$ 101,271	$ 94,768	$ 90,860
Contributions as a percent of covered payroll	26.65%	27.73%	29.21%	30.83%	30.35%	30.66%	29.02%	28.78%	29.46%	23.25%

Notes to Required Supplementary 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	June 30, 2025
Actuarial cost method	Projected Unit Credit
Amortization method	Contributions based on greater of 20-year level dollar open amortization method and 30-year level dollar closed amortization method.
Asset valuation method	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%
Retirement age	Varies
Mortality rates	Pri-2012 mortality table projected generationally from the central year using Scale MP-2021.
Discount rate	7.00%

I. BASIS OF BUDGETING

The budgetary comparison schedules presented differ from the GAAP basis statements in that both expenditures and encumbrances are applied against the current budget, adjustments affecting activity budgeted in prior years are accounted for through fund balance or as reduction of expenditures and certain interfund transfers and reimbursements are budgeted as revenues and expenditures. In accordance with the Philadelphia Home Rule Charter, the City has formally established budgetary accounting control for its operating and capital improvement funds.

The major funds presented as Required Supplementary Information are subject to annual operating budgets adopted by City Council. These budgets appropriate funds by major class of expenditure within each department. Major 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 take into account the elimination of accumulated deficits and the re-appropriation of accumulated surpluses to the extent necessary. All transfers between major 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 adjustments and supplementary appropriations were necessary for City funds. Therefore, budgeted appropriation amounts presented are as originally passed and as amended by the City Council. As part of the amendment process, budget estimates of City related revenues are adjusted and submitted to City Council for review. Changes in revenue estimates do not need City Council approval, but are submitted in support of testimony with regard to the appropriation adjustments. Revenue estimates are presented as originally passed and as amended.

II. BASIS OF BUDGETING TO GAAP BASIS RECONCILIATION

	General Fund	HealthChoices Behavioral Health Fund	Grants Revenue Fund
Revenues			
Budgetary Comparison Schedule	6,517,488	1,272,721	1,716,071
Transfers	(1,224,559)	-	-
Program Income	-	-	82,684
Adjustments applicable to Prior Years Activity	-	-	(4,181)
Change in Amount Held by Fiscal Agent	14,886	-	-
Change in BIRT Adjustment	15,787	-	-
Return of Loan	-	-	
Other	635	-	(3,640)
Statement of Revenues, Expenditures & Changes in Fund Balance	5,324,237	1,272,721	1,790,934
Expenditures and Encumbrances			
Budgetary Comparison Schedule	6,317,881	1,392,344	1,834,907
Transfers	(302,385)	-	(464,076)
Transfer to Budget Stabilization Fund	(66,091)	-	-
Debt Service Principal and Interest	74,202	-	-
Bond Issuance Costs	1,849	-	-
Expenditures applicable to Prior Years Budgets	145,617	(430)	(1,579)
Program Income	-	-	82,683
Lease and Subscription Activity	20,576	-	-
Change in Amount Held by Fiscal Agent	206,934	-	-
Current Year Encumbrances	(286,213)	(19,459)	(154,271)
Statement of Revenues, Expenditures & Changes in Fund Balance	6,112,370	1,372,455	1,297,664

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.

COUNTY DEMOLITION – Established to account for fees collected to be used for the demolition of blighted properties for the purpose of increasing economic development.

TRANSPORTATION – Established to account for parking taxes and other transportation related receipts to be used for transportation related costs.

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.

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 **Schedule I**
Combining Balance Sheet
Non-Major Governmental Funds
June 30, 2025

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	County Demolition	Transportation	Philadelphia Prisons	Arbitration Appeals	Departmental
Assets												
Cash on Deposit and on Hand	-	-	-	-	-	-	-	-	-	-	-	11,995
Equity in Treasurer's Account	9,566	65,228	11,881	-	9,112	88,919	32,327	572	32,165	7,303	318	8,846
Investments	-	-	-	-	-	-	-	-	-	-	-	1,573
Due from Other Funds	-	-	-	-	-	-	-	-	-	-	-	-
Taxes Receivable	-	-	10,061	-	838	-	244	-	10,210	-	-	-
Accounts Receivable	-	-	-	2,515	-	-	-	-	-	-	-	95
Lease Receivable	-	-	-	-	-	-	-	-	-	-	-	-
Due from Other Governmental Units	-	-	-	14,881	-	-	-	-	34	-	-	-
Allowance for Doubtful Accounts	-	-	(366)	-	(10)	-	(220)	-	(578)	-	-	-
Interest and Dividends Receivable	-	-	-	-	20	-	-	-	-	-	-	-
Other Assets	-	-	-	-	-	-	-	-	-	-	-	63
Total Assets	9,566	65,228	21,576	17,396	9,960	88,919	32,351	572	41,831	7,303	318	22,572
Liabilities												
Vouchers Payable	9	999	-	1,250	-	2,544	2,849	-	913	39	-	409
Accounts Payable	665	1,930	8,634	4,759	-	4,489	16,736	-	1,362	-	-	180
Salaries and Wages Payable	7	-	-	127	-	-	126	-	2,472	-	-	-
Payroll Taxes Payable	-	-	-	-	-	-	-	-	-	-	-	-
Due to Other Funds	-	-	-	12,204	-	-	-	-	-	-	-	-
Due to Component Units	-	-	-	-	-	-	-	-	-	-	-	-
Funds Held in Escrow	-	-	-	8	-	-	-	-	-	447	-	2,712
Unearned Revenue	-	-	-	-	-	-	-	-	-	-	-	-
Total Liabilities	681	2,929	8,634	18,348	-	7,033	19,711	-	4,747	486	-	3,301
Deferred Inflows of Resources	-	-	119	17,362	49	-	24	-	283	-	-	-
Fund Balances												
Nonspendable	-	-	-	-	-	-	-	-	-	-	-	-
Restricted	8,885	62,299	12,823	-	9,911	81,886	12,616	572	36,801	-	318	16,304
Committed	-	-	-	-	-	-	-	-	-	6,817	-	2,967
Unassigned	-	-	-	(18,314)	-	-	-	-	-	-	-	-
Total Fund Balances	8,885	62,299	12,823	(18,314)	9,911	81,886	12,616	572	36,801	6,817	318	19,271
Total Liabilities, Deferred Inflows of Resources, and Fund Balances	9,566	65,228	21,576	17,396	9,960	88,919	32,351	572	41,831	7,303	318	22,572

City of Philadelphia **Schedule I**

Combining Balance Sheet

Non-Major Governmental Funds(Continued)

June 30, 2025

Amounts in thousands of USD

	Special Revenue (continued)			Debt Service			Capital Improvement			Permanent	Total Non-Major Governmental Funds
	Municipal Authority Administrative	PICA Administrative	Total	City	Municipal Authority	Total	City	Municipal Authority	Total	Libraries & Parks	
Assets											
Cash on Deposit and on Hand	9,996	18,988	40,979	-	-	-	-	-	-	2,102	43,081
Equity in Treasurer's Account	-	-	266,237	732	-	732	442,894	-	442,894	-	709,863
Investments	-	-	1,573	-	57	57	-	9	9	9,778	11,417
Due from Other Funds	5,623	-	5,623	-	-	-	-	-	-	-	5,623
Taxes Receivable	-	11,912	33,265	-	-	-	-	-	-	-	33,265
Accounts Receivable	4,007	-	6,617	-	-	-	-	-	-	-	6,617
Lease Receivable	56,965	-	56,965	-	-	-	-	-	-	-	56,965
Due from Other Governmental Units	-	-	14,915	-	-	-	117,522	-	117,522	-	132,437
Allowance for Doubtful Accounts	-	-	(1,174)	-	-	-	-	-	-	-	(1,174)
Interest and Dividends Receivable	-	64	84	2	-	2	31	-	31	-	117
Other Assets	632	15	710	-	-	-	-	-	-	-	710
Total Assets	77,223	30,979	425,794	734	57	791	560,447	9	560,456	11,880	998,921
Liabilities											
Vouchers Payable	-	-	9,012	-	-	-	17,212	-	17,212	-	26,224
Accounts Payable	10,954	64	49,773	-	-	-	49,855	-	49,855	73	99,701
Salaries and Wages Payable	-	-	2,732	-	-	-	-	-	-	-	2,732
Payroll Taxes Payable	-	193	193	-	-	-	-	-	-	-	193
Due to Other Funds	-	11,912	24,116	-	-	-	2,680	-	2,680	-	26,796
Due to Component Units	-	-	-	-	-	-	163	-	163	-	163
Funds Held in Escrow	8,861	-	12,028	-	-	-	-	-	-	-	12,028
Unearned Revenue	-	-	-	-	-	-	14,767	-	14,767	-	14,767
Total Liabilities	19,815	12,169	97,854	-	-	-	84,677	-	84,677	73	182,604
Deferred Inflows of Resources	70,677	-	88,514	-	-	-	109,274	-	109,274	-	197,788
Fund Balances											
Nonspendable	-	15	15	-	-	-	-	-	-	6,732	6,747
Restricted	-	18,795	261,210	734	57	791	366,496	9	366,505	4,875	633,381
Committed	-	-	9,784	-	-	-	-	-	-	200	9,984
Unassigned	(13,269)	-	(31,583)	-	-	-	-	-	-	-	(31,583)
Total Fund Balances	(13,269)	18,810	239,426	734	57	791	366,496	9	366,505	11,807	618,529
Total Liabilities, Deferred Inflows of Resources, and Fund Balances	77,223	30,979	425,794	734	57	791	560,447	9	560,456	11,880	998,921

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, 2025

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	County Demolition	Transportation	Philadelphia Prisons	Arbitration Appeals	Departmental
Revenues												
Tax Revenue	-	-	85,894	-	7,444	-	263,821	-	109,831	-	-	-
Locally Generated Non-Tax Revenue	173	748	526	95	330	17,319	-	1,173	16,654	2,466	142	9,272
Revenue from Other Governments	4,007	71,670	-	59,169	-	-	-	-	3,103	-	-	-
Other Revenues	-	-	-	-	-	-	-	-	-	-	-	424
Total Revenues	4,180	72,418	86,420	59,264	7,774	17,319	263,821	1,173	129,588	2,466	142	9,696
Expenditures												
Current Operating:												
Economic Development	-	-	90,930	-	-	-	-	-	-	-	-	-
Transportation:												
Streets & Highways	10,039	29,982	-	-	-	-	-	-	117,148	-	-	-
Judiciary and Law Enforcement:												
Prisons	-	-	-	-	-	-	-	-	-	1,494	-	-
Conservation of Health:												
Health Services	-	-	-	-	-	-	266,869	-	-	-	-	-
Housing and Neighborhood												
Development	-	-	-	51,583	-	60,692	-	-	-	-	-	-
Cultural and Recreational:												
Parks & Recreation	-	-	-	-	-	-	-	-	-	-	-	2,246
Libraries and Museums	-	-	-	-	-	-	-	-	-	-	-	133
Improvements to General Welfare:												
Inspections and Demolitions	-	-	-	-	-	-	-	1,000	-	-	-	-
Service to Property:												
Sanitation	-	4,268	-	-	-	-	-	-	-	-	-	-
General Management and Support	-	500	-	106	7,000	8,256	-	-	-	615	142	7,000
Capital Outlay	-	-	-	-	-	-	-	-	-	-	-	-
Debt Service:												
Principal	-	-	-	-	-	-	-	-	-	10	-	-
Interest	-	-	-	-	-	-	-	-	-	1	-	-
Bond Issuance Cost	-	-	-	-	-	-	-	-	-	-	-	-
Total Expenditures	10,039	34,750	90,930	51,689	7,000	68,948	266,869	1,000	117,148	2,120	142	9,379
Excess (Deficiency) of Revenues Over (Under) Expenditures	(5,859)	37,668	(4,510)	7,575	774	(51,629)	(3,048)	173	12,440	346	-	317
Other Financing Sources (Uses)												
Issuance of Debt	-	-	-	-	-	-	-	-	-	-	-	-
Issuance of Refunding Bonds	-	-	-	-	-	-	-	-	-	-	-	-
Bond Issuance Premium	-	-	-	-	-	-	-	-	-	-	-	-
Payment to Refunded Bonds Escrow Agent	-	-	-	-	-	-	-	-	-	-	-	-
Subscriptions												
Leases (as lessee)	-	-	-	-	-	-	-	-	-	-	-	-
Transfers In	1,623	946	-	-	-	31,391	-	-	-	-	-	1,279
Transfers Out	-	-	-	-	-	-	(4,500)	-	(3,701)	-	-	-
Total Other Financing Sources (Uses)	1,623	946	-	-	-	31,391	(4,500)	-	(3,701)	-	-	1,279
Net Change in Fund Balances	(4,236)	38,614	(4,510)	7,575	774	(20,238)	(7,548)	173	8,739	346	-	1,596
Fund Balance - July 1, 2024	13,121	23,685	17,333	(25,889)	9,137	102,124	20,164	399	28,062	6,471	318	17,675
Fund Balance - June 30, 2025	8,885	62,299	12,823	(18,314)	9,911	81,886	12,616	572	36,801	6,817	318	19,271

City of Philadelphia **Schedule II**

Combining Statement of Revenues, Expenditures and Changes in Fund Balances
Non-Major Governmental Funds (Continued)
For the Fiscal Year Ended June 30, 2025

Amounts in thousands of USD

	Special Revenue (continued)			Debt Service			Capital Improvement			Permanent	Total
	Municipal Authority Administrative	PICA Administrative	Total	City	Municipal Authority	Total	City	Municipal Authority	Total	Libraries & Parks	Non-Major Governmental Funds
Revenues											
Tax Revenue	-	760,288	1,227,278	-	-	-	-	-	-	-	1,227,278
Locally Generated Non-Tax Revenue	93	1,790	50,781	61	3	64	4,368	-	4,368	2,585	57,798
Revenue from Other Governments	-	-	137,949	-	-	-	76,895	-	76,895	-	214,844
Other Revenues	7,202	2	7,628	-	-	-	7,298	-	7,298	-	14,926
Total Revenues	7,295	762,080	1,423,636	61	3	64	88,561	-	88,561	2,585	1,514,846
Expenditures											
Current Operating:											
Economic Development	-	-	90,930	-	-	-	-	-	-	-	90,930
Transportation:											
Streets & Highways	-	-	157,169	-	-	-	-	-	-	-	157,169
Judiciary and Law Enforcement:											
Prisons	-	-	1,494	-	-	-	-	-	-	-	1,494
Conservation of Health:											
Health Services	-	-	266,869	-	-	-	-	-	-	-	266,869
Housing and Neighborhood											
Development	-	-	112,275	-	-	-	-	-	-	-	112,275
Cultural and Recreational:											
Parks & Recreation	-	-	2,246	-	-	-	-	-	-	143	2,389
Libraries and Museums	-	-	133	-	-	-	-	-	-	6	139
Improvements to General Welfare:											
Inspections and Demolitions	-	-	1,000	-	-	-	-	-	-	-	1,000
Service to Property:											
Sanitation	-	-	4,268	-	-	-	-	-	-	-	4,268
General Management and Support	79,538	1,755	104,912	-	97	97	-	-	-	-	105,009
Capital Outlay	55,390	-	55,390	-	-	-	429,584	-	429,584	-	484,974
Debt Service:											
Principal	-	-	10	118,575	6,215	124,790	-	-	-	-	124,800
Interest	-	-	1	69,355	5,729	75,084	-	-	-	-	75,085
Bond Issuance Cost	-	-	-	2,896	-	2,896	2,142	-	2,142	-	5,038
Total Expenditures	134,928	1,755	796,697	190,826	12,041	202,867	431,726	-	431,726	149	1,431,439
Excess (Deficiency) of Revenues Over (Under) Expenditures	(127,633)	760,325	626,939	(190,765)	(12,038)	(202,803)	(343,165)	-	(343,165)	2,436	83,407
Other Financing Sources (Uses)											
Issuance of Debt	-	-	-	-	-	-	401,780	-	401,780	-	401,780
Issuance of Refunding Bonds	-	-	-	470,790	-	470,790	-	-	-	-	470,790
Bond Issuance Premium	-	-	-	39,229	-	39,229	19,362	-	19,362	-	58,591
Payment to Refunded Bonds Escrow Agent	-	-	-	(507,156)	-	(507,156)	-	-	-	-	(507,156)
Subscriptions	24,043	-	24,043	-	-	-	-	-	-	-	24,043
Leases (as lessee)	32,142	573	32,715	-	-	-	-	-	-	-	32,715
Transfers In	73,751	-	108,990	188,053	12,042	200,095	50,883	-	50,883	-	359,968
Transfers Out	-	(761,140)	(769,341)	-	-	-	-	-	-	(129)	(769,470)
Total Other Financing Sources (Uses)	129,936	(760,567)	(603,593)	190,916	12,042	202,958	472,025	-	472,025	(129)	71,261
Net Change in Fund Balances	2,303	(242)	23,346	151	4	155	128,860	-	128,860	2,307	154,668
Fund Balance - July 1, 2024	(15,572)	19,052	216,080	583	53	636	237,636	9	237,645	9,500	463,861
Fund Balance - June 30, 2025	(13,269)	18,810	239,426	734	57	791	366,496	9	366,505	11,807	618,529

City of Philadelphia **Schedule III**

Combining Statement of Fiduciary Net Position
Pension Trust Funds
June 30, 2025

Amounts in thousands of USD

	Gas Works Retirement Reserve Fund	Municipal Pension Fund	Total
Assets			
Cash on Deposit and on Hand	17,684	-	17,684
Equity in Treasurer's Account	681,696	9,484,797	10,166,493
Securities Lending Collective Investment Pool	36,282	478,084	514,366
Accounts Receivable	-	5,165	5,165
Due from Brokers for Securities Sold	7,988	483,428	491,416
Interest and Dividends Receivable	2,436	-	2,436
Due from Other Governmental Units	106	8,695	8,801
Due from Other Funds	-	95,634	95,634
Total Assets	746,192	10,555,803	11,301,995
Liabilities			
Vouchers Payable	-	547	547
Accounts Payable	101	-	101
Salaries and Wages Payable	-	107	107
Due on Return of Securities Loaned	36,282	478,085	514,367
Due to Brokers for Securities Purchased	6,784	438,572	445,356
Accrued Expenses	-	5,118	5,118
Other Liabilities	246	208	454
Total Liabilities	43,413	922,637	966,050
Net Position Restricted for Pensions	702,779	9,633,166	10,335,945

City of Philadelphia **Schedule IV**

Combining Statement of Changes in Fiduciary Net Position
Pension Trust Funds
For the Fiscal Year Ended June 30, 2025

Amounts in thousands of USD

	Gas Works Retirement Reserve Fund	Municipal Pension Fund	Total
Additions			
Contributions:			
Employer's Contributions	30,000	864,211	894,211
Employees' Contributions	3,000	138,242	141,242
Total Contributions	33,000	1,002,453	1,035,453
Investment Income:			
Interest and Dividends	18,773	262,109	280,882
Net Gain in Fair Value of Investments	60,406	839,181	899,587
(Less) Investments Expenses	(2,049)	(17,773)	(19,822)
Securities Lending Revenue	2,080	2,145	4,225
(Less) Securities Lending Expenses	(2,000)	(428)	(2,428)
Net Investment Gain	77,210	1,085,234	1,162,444
Miscellaneous Operating Revenues	63	335	398
Total Additions	110,273	2,088,022	2,198,295
Deductions			
Personal Services	-	4,706	4,706
Purchase of Services	-	2,542	2,542
Materials and Supplies	-	67	67
Employee Benefits	-	3,251	3,251
Pension Benefits	62,116	998,443	1,060,559
Refunds of Members' Contributions	-	11,917	11,917
Administrative Expenses Paid	362	-	362
Other Operating Expenses	-	138	138
Total Deductions	62,478	1,021,064	1,083,542
Change in Net Position	47,795	1,066,958	1,114,753
Net Position - July 1, 2024	654,984	8,566,208	9,221,192
Net Position - June 30, 2025	702,779	9,633,166	10,335,945

City of Philadelphia **Schedule V**

Combining Statement of Fiduciary Net Position
Custodial Funds
June 30, 2025

Amounts in thousands of USD

	Police	Human Services	Prisons	Records	Finance	District Attorney	Sheriff	1st Judicial District	Total
Assets									
Cash on Deposit and on Hand	12,467	66	1,587	1,549	328	1,806	110,963	92,781	221,547
Equity in Treasurer's Account	-	-	-	-	928	-	-	-	928
Investments	2,820	-	-	-	-	-	-	-	2,820
Due from Other Funds	-	-	-	-	699	-	-	-	699
Total Assets	15,287	66	1,587	1,549	1,955	1,806	110,963	92,781	225,994
Liabilities									
Funds Held in Escrow	8	66	1,587	1,549	1,955	-	65	347	5,577
Total Liabilities	8	66	1,587	1,549	1,955	-	65	347	5,577
Net Position Restricted for Individuals, Organizations & Other Governments	15,279	-	-	-	-	1,806	110,898	92,434	220,417

City of Philadelphia **Schedule VI**

Combining Statement of Changes in Fiduciary Net Position
Custodial Funds
For the Fiscal Year Ended June 30, 2025

Amounts in thousands of USD

	Police	Human Services	Prisons	Homeless Services	Records	Finance	District Attorney	Sheriff	1st Judicial District	Total
Additions:										
Collection of fees, contributions, and holdings	201	407	-	-	-	-	-	-	-	608
Collection of Judicial charges, fees, and holdings	-	-	-	-	-	-	-	-	73,298	73,298
Collection of prisoner holdings	-	-	6,109	-	-	-	-	-	-	6,109
Collection of recording fees for other governments	-	-	-	-	40,834	-	-	-	-	40,834
Collection of Sheriff and Police forfeitures, seizures, and holdings	2,120	-	-	-	-	-	2,357	108,776	-	113,253
Collection of unclaimed monies	-	-	-	-	-	2,892	-	-	-	2,892
Total Additions	2,321	407	6,109	-	40,834	2,892	2,357	108,776	73,298	236,994
Deductions:										
Distribution of fees, contributions, and holdings	201	407	-	-	-	-	-	-	-	608
Distribution of Judicial charges, fees, and holdings	-	-	-	-	-	-	-	-	67,536	67,536
Distribution of prisoner holdings	-	-	6,109	-	-	-	-	-	-	6,109
Distribution of recording fees for other governments	-	-	-	-	40,834	-	-	-	-	40,834
Distribution of Sheriff and Police forfeitures, seizures, and holdings	2,222	-	-	-	-	-	2,607	28,212	-	33,041
Distribution of unclaimed monies	-	-	-	-	-	2,892	-	-	-	2,892
Total Deduction	2,423	407	6,109	-	40,834	2,892	2,607	28,212	67,536	151,020
Change in net position	(102)	-	-	-	-	-	(250)	80,564	5,762	85,974
Net Position - July 1, 2024	15,381	-	-	-	-	-	2,056	30,334	86,672	134,443
Net Position - June 30, 2025	15,279	-	-	-	-	-	1,806	110,898	92,434	220,417

City of Philadelphia **Schedule VII**

City Related Schedule of Bonded Debt Outstanding

June 30, 2025

Amounts in USD

	Date of Issuance		Issued	Fiscal 2025 Outstanding	Maturities	Interest Rates	FY 2026 Debt Service Requirements Interest	Principal
Governmental Activities								
General Obligation Bonds:								
Series 2009B (Refunding)	8/13/2009	[1]	100,000,000	100,000,000	8/2027 to 8/2031	variable	3,839,000	-
Series 2015A (Refunding)	7/8/2015		138,795,000	10,450,000	8/2025 to 8/2025	5.00	261,250	10,450,000
Series 2015B	9/30/2015		191,585,000	8,975,000	8/2025 to 8/2025	4.00 to 5.00	224,375	8,975,000
Series 2017 (Refunding)	2/2/2017		262,865,000	121,225,000	8/2025 to 8/2041	4.00 to 5.00	5,437,600	14,990,000
Series 2017A	8/2/2017		250,845,000	145,190,000	8/2025 to 8/2037	5.00	6,776,125	19,335,000
Series 2019A (Refunding)	5/14/2019		188,660,000	62,265,000	8/2025 to 8/2031	5.00	2,449,625	26,545,000
Series 2019B	8/8/2019		293,360,000	240,285,000	2/2026 to 2/2039	5.00	12,014,250	12,260,000
Series 2020A (Refunding)	1/16/2020		118,030,000	6,035,000	7/2025 to 7/2025	1.72 to 3.01	65,057	6,035,000
Series 2021A	8/11/2021		294,715,000	255,635,000	5/2026 to 5/2042	4.00 to 5.00	11,646,700	10,005,000
Series 2021B (Refunding)	8/11/2021		132,085,000	47,245,000	7/2025 to 7/2038	0.38 to 2.52	983,566	7,985,000
Series 2025A	6/18/2025		301,320,000	301,320,000	8/2033 to 8/2045	5 to 5.25	9,469,796	-
Series 2025B	6/18/2025		100,460,000	100,460,000	8/2026 to 8/2033	4.46 to 5.12	2,899,790	-
Series 2025C (Refunding)	6/18/2025		470,790,000	470,790,000	2/2026 to 8/2037	5	14,581,413	5,610,000
Total New Money Bonds			1,432,285,000	1,051,865,000			43,031,035	50,575,000
Total Refunding Bonds			1,411,225,000	818,010,000			27,617,511	71,615,000
Total General Obligation Bonds			2,843,510,000	1,869,875,000			70,648,546	122,190,000
Business Type Activities								
Revenue Bonds								
Water and Sewer Revenue Bonds:								
Series 2009B (Pennvest)	10/14/2009		31,216,779	10,600,738	7/2025 to 6/2033	2.107	210,199	1,367,773
Series 2009C (Pennvest)	10/14/2009		49,157,776	18,048,569	7/2025 to 6/2033	2.107	357,017	2,418,423
Series 2009D (Pennvest)	3/31/2010		75,744,096	27,379,229	7/2025 to 6/2033	2.107	539,184	3,918,437
Series 2010B (Pennvest)	6/17/2010		30,000,000	13,770,651	7/2025 to 6/2033	2.107	275,288	1,544,618
Series 2021A (Pennvest)	2/10/2021		43,648,745	37,822,128	2/2025 to 1/2044	1.000 to 1.727	362,771	4,097,532
Series 2021D (Pennvest)	10/21/2021		5,018,117	4,701,874	5/2025 to 4/2044	1.000 to 1.727	45,765	274,016
Series 2022D (Pennvest)	9/19/2022		59,395,395	59,395,395	10/2025 to 9/2045	1.000 to 1.727	598,523	3,977,607
Series 2022A (Pennvest)	4/14/2022		13,027,597	12,834,524	4/2026 to 3/2045	1.000 to 1.743	124,798	774,825
Series 2022B (Pennvest)	7/26/2022		32,792,726	32,102,598	2/2026 to 1/2045	1.000 to 1.743	313,404	1,665,723
Series 2022E (Pennvest)	10/12/2022		7,154,351	7,154,351	10/2025 to 9/2045	1.000 to 1.743	70,586	287,612
Series 2022F (Pennvest)	10/12/2022		6,379,333	6,379,333	10/2025 to 9/2045	1.000 to 1.743	62,910	265,355
Series 2023A (Pennvest)	6/1/2023		52,988,268	52,988,268	6/2026 to 5/2046	1.00	592,943	455,809
Series 2024A (Pennvest)	9/27/2024		16,428,136	16,428,136	7/2027 to 10/2035	1.000 to 1.743	198,728	-
Series 2024B (Pennvest)	9/27/2024		10,291,125	10,291,125	7/2027 to 10/2031	1.000 to 1.743	140,399	-
Series 2023 (WIFIA)	2/29/2024		17,064,421	17,064,421	4/2027 to 4/2046	3.59	597,906	-
Series 2014 (Refunding)	1/23/2014		93,170,000	18,490,000	7/2025 to 7/2026	3.00 to 5.00	699,000	9,020,000
Series 2015B (Refunding)	4/16/2015		141,740,000	50,190,000	7/2028 to 7/2036	4.00 to 5.00	2,446,200	-
Series 2016 (Refunding)	11/3/2016		192,680,000	96,855,000	10/2025 to 10/2035	3.00 to 5.00	3,886,888	24,030,000
Series 2017A	4/13/2017		279,865,000	207,140,000	10/2025 to 10/2052	5.00 to 5.25	10,479,875	-
Series 2017B (Refunding)	8/10/2017		174,110,000	57,865,000	11/2025 to 11/2034	5.00	2,714,250	7,160,000
Series 2018A	11/28/2018		276,935,000	226,660,000	10/2032 to 10/2053	5.00	11,333,000	-
Series 2019A (Refunding)	2/27/2019		68,335,000	15,950,000	10/2039 to 10/2040	2.83 to 4.29	684,096	-
Series 2019B	8/14/2019		250,660,000	230,980,000	11/2025 to 11/2054	5.00	11,284,000	10,600,000
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	190,465,000	11/2025 to 10/2050	5.00	9,369,375	6,155,000
Series 2020B (Refunding)	8/06/2020		95,025,000	10,675,000	11/2033 to 11/2035	0.693 to 2.434	247,550	-
Series 2021B (Refunding)	6/30/2021		368,720,000	227,540,000	7/2025 to 07/2045	0.247 to 2.926	6,477,415	260,000
Series 2021C	10/07/2021		231,930,000	223,375,000	10/2025 to 10/2051	2.75 to 5.00	9,361,500	4,610,000
Series 2022C	8/16/2022		294,810,000	272,430,000	6/2026 to 6/2052	5.00 to 5.50	14,252,250	7,930,000
Series 2023B	9/28/2023		471,080,000	464,100,000	9/2025 to 9/2053	5.00 to 5.50	23,169,625	7,340,000
Series 2023B (Refunding)	9/28/2023		93,755,000	89,805,000	9/2025 to 9/2037	5.00 to 5.50	4,351,625	5,545,000
Series 2024C	11/13/2024		300,960,000	300,960,000	9/2025 to 9/2054	5.00 to 5.25	15,321,650	4,400,000
Series 2024C (Refunding)	11/13/2024		294,820,000	294,820,000	9/2027 to 9/2054	5.00 to 5.25	14,741,000	-
Total New Money Bonds			2,556,546,864	2,252,606,339			99,692,320	55,927,729
Total Refunding Bonds			1,851,625,000	1,180,395,000			52,004,398	52,170,000
Total Water Revenue Bonds			4,408,171,864	3,433,001,339			151,696,718	108,097,729

City of Philadelphia **Schedule VII**

City Related Schedule of Bonded Debt Outstanding

June 30, 2025

Amounts in USD

	Date of Issuance	Issued	Fiscal 2025 Outstanding	Maturities	Interest Rates	FY 2026 Debt Service Requirements Interest	Principal
Aviation Revenue Bonds:							
Series 2015A (Refunding)	9/3/2015	97,780,000	59,680,000	6/2026 to 6/2035	4.00 to 5.00	2,898,450	4,765,000
Series 2017	4/27/2017	125,000,000	63,815,000	7/2025 to 4/2047	1.513	2,586,799	1,745,000
Series 2017A (Refunding)	12/20/2017	138,630,000	108,415,000	7/2025 to 7/2047	3.00 to 5.00	4,859,794	5,480,000
Series 2017B (Refunding)	12/20/2017	553,900,000	462,960,000	7/2025 to 7/2047	5.00	22,693,000	18,200,000
Series 2020A (Refunding)	10/08/2020	187,140,000	179,780,000	7/2025 to 7/2040	4.00 to 5.00	7,854,700	7,730,000
Series 2020B (Refunding)	10/08/2020	43,140,000	42,255,000	7/2025 to 7/2050	3.00 to 5.00	1,543,200	910,000
Series 2020C (Refunding)	10/08/2020	158,935,000	95,340,000	7/2025 to 7/2050	4.00 to 5.00	3,773,025	24,915,000
Series 2021 (Refunding)	7/07/2021	122,405,000	115,950,000	7/2025 to 7/2031	5.00	5,797,500	11,615,000
Series 2021	7/07/2021	179,635,000	178,265,000	7/2025 to 7/2051	4.00 to 5.00	7,785,500	4,025,000
Total New Money Bonds		304,635,000	242,080,000			10,372,299	5,770,000
Total Refunding Bonds		1,301,930,000	1,064,380,000			49,419,669	73,615,000
Total Aviation Revenue Bonds		1,606,565,000	1,306,460,000			59,791,968	79,385,000
Total Revenue Bonds		6,014,736,864	4,739,461,339			211,488,686	187,482,729
Total All Bonds		8,858,246,864	6,609,336,339			282,137,232	309,672,729

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, 2025

Amounts in thousands of USD

	Budgeted Amounts			Final Budget to Actual Positive (Negative)
	Original	Final	Actual	
Revenues				
Locally Generated Non-Tax Revenue	903,496	907,438	888,130	(19,308)
Revenue from Other Governments	670	20,670	509	(20,161)
Revenue from Other Funds	96,510	56,313	43,408	(12,905)
Total Revenues	1,000,676	984,421	932,047	(52,374)
Expenditures and Encumbrances				
Personal Services	200,805	201,533	197,978	3,555
Pension Contributions	71,991	76,491	72,922	3,569
Other Employee Benefits	79,435	74,935	71,118	3,817
Sub-Total Employee Compensation	352,231	352,959	342,018	10,941
Purchase of Services	261,991	246,451	206,381	40,070
Materials and Supplies	92,256	92,715	80,629	12,086
Equipment	10,885	10,794	6,950	3,844
Contributions, Indemnities and Taxes	7,010	9,240	9,600	(360)
Debt Service	244,803	244,803	234,819	9,984
Payments to Other Funds	71,500	83,684	83,684	-
Total Expenditures and Encumbrances	1,040,676	1,040,646	964,081	76,565
Operating Surplus (Deficit) for the Year	(40,000)	(56,225)	(32,034)	24,191
Fund Balance Available for Appropriation, July 1, 2024	-	-	-	-
Operations in Respect to Prior Fiscal Years				
Commitments Cancelled - Net	40,000	56,225	32,034	(24,191)
Adjusted Fund Balance, July 1, 2024	40,000	56,225	32,034	(24,191)
Fund Balance Available for Appropriation, June 30, 2025	-	-	-	-

City of Philadelphia **Schedule IX**
Budgetary Comparison Schedule
Water Residual Fund
For the Fiscal Year Ended June 30, 2025

Amounts in thousands of USD

	Budgeted Amounts			Final Budget to Actual Positive (Negative)
	Original	Final	Actual	
Revenues				
Locally Generated Non-Tax Revenue	-	-	1,257	1,257
Revenue from Other Funds	32,000	32,000	40,996	8,996
Total Revenues	32,000	32,000	42,253	10,253
Expenditures and Encumbrances				
Purchase of Services	8,000	8,000	8,000	-
Materials and Supplies	8,000	-	-	-
Payments to Other Funds	16,994	32,996	32,996	-
Total Expenditures and Encumbrances	32,994	40,996	40,996	-
Operating Surplus (Deficit) for the Year	(994)	(8,996)	1,257	10,253
Fund Balance Available for Appropriation, July 1, 2024	15,530	30,855	30,855	-
Fund Balance Available for Appropriation, June 30, 2025	14,536	21,859	32,112	10,253

City of Philadelphia **Schedule X**
Budgetary Comparison Schedule
County Liquid Fuels Tax Fund
For the Fiscal Year Ended June 30, 2025

Amounts in thousands of USD

	Budgeted Amounts			Final Budget to Actual Positive (Negative)
	Original	Final	Actual	
Revenues				
Locally Generated Non-Tax Revenue	125	210	173	(37)
Revenue from Other Governments	10,524	12,939	4,007	(8,932)
Revenue from Other Funds	-	-	1,623	1,623
Total Revenues	10,649	13,149	5,803	(7,346)
Expenditures and Encumbrances				
Personal Services	3,259	3,272	2,968	304
Purchase of Services	8,320	6,250	6,234	16
Materials and Supplies	400	2,470	2,281	189
Payments to Other Funds	19	19	15	4
Total Expenditures and Encumbrances	11,998	12,011	11,498	513
Operating Surplus (Deficit) for the Year	(1,349)	1,138	(5,695)	(6,833)
Fund Balance Available for Appropriation, July 1, 2024	13,285	9,297	9,297	-
Operations in Respect to Prior Fiscal Years				
Commitments Cancelled - Net	25	25	425	400
Adjusted Fund Balance, July 1, 2024	13,310	9,322	9,722	400
Fund Balance Available for Appropriation, June 30, 2025	11,961	10,460	4,027	(6,433)

City of Philadelphia **Schedule XI**

Budgetary Comparison Schedule

Special Gasoline Tax Fund

For the Fiscal Year Ended June 30, 2025

Amounts in thousands of USD

	Budgeted Amounts			Final Budget to Actual Positive (Negative)
	Original	Final	Actual	
Revenues				
Locally Generated Non-Tax Revenue	600	600	748	148
Revenue from Other Governments	34,000	70,050	71,670	1,620
Revenue from Other Funds	-	-	946	946
Total Revenues	34,600	70,650	73,364	2,714
Expenditures and Encumbrances				
Personal Services	11,294	11,294	11,220	74
Pension Contributions	500	500	500	-
Other Employee Benefits	500	500	500	-
Sub-Total Employee Compensation	12,294	12,294	12,220	74
Purchase of Services	16,682	15,901	15,468	433
Materials and Supplies	5,225	6,211	5,985	226
Equipment	6,450	6,245	5,934	311
Payments to Other Funds	30	30	30	-
Total Expenditures and Encumbrances	40,681	40,681	39,637	1,044
Operating Surplus (Deficit) for the Year	(6,081)	29,969	33,727	3,758
Fund Balance Available for Appropriation, July 1, 2024	33,895	14,461	14,461	-
Operations in Respect to Prior Fiscal Years				
Commitments Cancelled - Net	500	500	4,185	3,685
Adjusted Fund Balance, July 1, 2024	34,395	14,961	18,646	3,685
Fund Balance Available for Appropriation, June 30, 2025	28,314	44,930	52,373	7,443

City of Philadelphia **Schedule XII**
Budgetary Comparison Schedule
Hotel Room Rental Tax Fund
For the Fiscal Year Ended June 30, 2025

Amounts in thousands of USD

	Budgeted Amounts			Final Budget to Actual Positive (Negative)
	Original	Final	Actual	
Revenues				
Taxes	97,200	83,570	85,894	2,324
Locally Generated Non-Tax Revenue	-	252	526	274
Total Revenues	97,200	83,822	86,420	2,598
Expenditures and Encumbrances				
Contributions, Indemnities and Taxes	97,200	97,200	97,200	-
Total Expenditures and Encumbrances	97,200	97,200	97,200	-
Operating Surplus (Deficit) for the Year	-	(13,378)	(10,780)	2,598
Fund Balance Available for Appropriation, July 1, 2024	-	10,120	10,120	-
Operations in Respect to Prior Fiscal Years				
Commitments Cancelled - Net	-	18,803	-	(18,803)
Adjusted Fund Balance, July 1, 2024	-	28,923	10,120	(18,803)
Fund Balance Available for Appropriation, June 30, 2025	-	15,545	(660)	(16,205)

City of Philadelphia **Schedule XIII**
Budgetary Comparison Schedule
Aviation Operating Fund
For the Fiscal Year Ended June 30, 2025

Amounts in thousands of USD

	Budgeted Amounts			Final Budget to Actual Positive (Negative)
	Original	Final	Actual	
Revenues				
Locally Generated Non-Tax Revenue	555,457	564,761	543,334	(21,427)
Revenue from Other Governments	800	14,513	14,007	(506)
Revenue from Other Funds	1,300	1,300	1,908	608
Total Revenues	557,557	580,574	559,249	(21,325)
Expenditures and Encumbrances				
Personal Services	100,927	103,974	99,861	4,113
Pension Contributions	27,315	30,899	30,581	318
Other Employee Benefits	32,560	28,977	26,170	2,807
Sub-Total Employee Compensation	160,802	163,850	156,612	7,238
Purchase of Services	180,924	180,931	148,698	32,233
Materials and Supplies	9,509	9,499	7,961	1,538
Equipment	6,843	6,798	4,642	2,156
Contributions, Indemnities and Taxes	10,312	10,312	6,825	3,487
Debt Service	151,145	151,145	145,711	5,434
Payments to Other Funds	38,019	38,019	12,259	25,760
Total Expenditures and Encumbrances	557,554	560,554	482,708	77,846
Operating Surplus (Deficit) for the Year	3	20,020	76,541	56,521
Fund Balance Available for Appropriation, July 1, 2024	429,187	444,303	444,303	-
Operations in Respect to Prior Fiscal Years				
Commitments Cancelled - Net	15,000	15,000	12,149	(2,851)
Adjusted Fund Balance, July 1, 2024	444,187	459,303	456,452	(2,851)
Fund Balance Available for Appropriation, June 30, 2025	444,190	479,323	532,993	53,670

City of Philadelphia **Schedule XIV**
Budgetary Comparison Schedule
Community Development Fund
For the Fiscal Year Ended June 30, 2025

Amounts in thousands of USD

	Budgeted Amounts			Final Budget to Actual Positive (Negative)
	Original	Final	Actual	
Revenues				
Locally Generated Non-Tax Revenue	500	500	95	(405)
Revenue from Other Governments	267,392	84,795	54,984	(29,811)
Total Revenues	267,892	85,295	55,079	(30,216)
Other Sources				
Decrease in Unreimbursed Commitments	-	-	(2,881)	(2,881)
Total Revenues and Other Sources	267,892	85,295	52,198	(33,097)
Expenditures and Encumbrances				
Personal Services	9,321	9,314	4,888	4,426
Pension Contributions	4,551	4,551	2,216	2,335
Other Employee Benefits	2,906	2,914	1,495	1,419
Sub-Total Employee Compensation	16,778	16,779	8,599	8,180
Purchase of Services	230,825	230,825	37,685	193,140
Materials and Supplies	264	206	40	166
Equipment	-	58	-	58
Payments to Other Funds	25	25	23	2
Advances, Subsidies, Miscellaneous	20,000	20,000	-	20,000
Total Expenditures and Encumbrances	267,892	267,893	46,347	221,546
Operating Surplus (Deficit) for the Year	-	(182,598)	5,851	188,449
Fund Balance Available for Appropriation, July 1, 2024	-	(25,889)	(25,889)	-
Operations in Respect to Prior Fiscal Years				
Commitments Cancelled - Net	-	-	1,724	1,724
Prior Period Adjustments	-	25,889	-	(25,889)
Adjusted Fund Balance, July 1, 2024	-	-	(24,165)	(24,165)
Fund Balance Available for Appropriation, June 30, 2025	-	(182,598)	(18,314)	164,284

City of Philadelphia **Schedule XV**
Budgetary Comparison Schedule
Car Rental Tax Fund
For the Fiscal Year Ended June 30, 2025

Amounts in thousands of USD

	Budgeted Amounts			Final Budget to Actual Positive (Negative)
	Original	Final	Actual	
Revenues				
Taxes	7,500	7,500	7,444	(56)
Locally Generated Non-Tax Revenue	200	200	330	130
Total Revenues	7,700	7,700	7,774	74
Expenditures and Encumbrances				
Purchase of Services	7,000	7,000	7,000	-
Total Expenditures and Encumbrances	7,000	7,000	7,000	-
Operating Surplus (Deficit) for the Year	700	700	774	74
Fund Balance Available for Appropriation, July 1, 2024	9,018	9,137	9,137	-
Fund Balance Available for Appropriation, June 30, 2025	9,718	9,837	9,911	74

City of Philadelphia **Schedule XVI**
Budgetary Comparison Schedule
Housing Trust Fund
For the Fiscal Year Ended June 30, 2025

Amounts in thousands of USD

	Budgeted Amounts			Final Budget to Actual Positive (Negative)
	Original	Final	Actual	
Revenues				
Locally Generated Non-Tax Revenue	17,782	16,705	17,320	615
Revenue from Other Funds	31,391	31,391	31,391	-
Total Revenues	49,173	48,096	48,711	615
Expenditures and Encumbrances				
Personal Services	5,831	5,831	3,965	1,866
Purchase of Services	65,206	65,206	53,310	11,896
Equipment	150	150	-	150
Total Expenditures and Encumbrances	71,187	71,187	57,275	13,912
Operating Surplus (Deficit) for the Year	(22,014)	(23,091)	(8,564)	14,527
Fund Balance Available for Appropriation, July 1, 2024	14,698	13,033	13,033	-
Operations in Respect to Prior Fiscal Years				
Commitments Cancelled - Net	10,000	4,167	4,167	-
Adjusted Fund Balance, July 1, 2024	24,698	17,200	17,200	-
Fund Balance Available for Appropriation, June 30, 2025	2,684	(5,891)	8,636	14,527

City of Philadelphia **Schedule XVII**
Budgetary Comparison Schedule
General Capital Improvement Funds
For the Fiscal Year Ended June 30, 2025
Amounts in thousands of USD

	Budgeted Amounts			Final Budget to Actual Positive (Negative)
	Original	Final	Actual	
Revenues				
Locally Generated Non-Tax Revenue	2,762,941	2,808,398	4,368	(2,804,030)
Revenue from Other Governments	-	-	76,321	76,321
Revenue from Other Funds	-	-	58,181	58,181
Total Revenues	2,762,941	2,808,398	138,870	(2,669,528)
Other Sources (Uses)				
Proceeds from Bond Sales	-	-	419,000	419,000
Total Revenues and Other Sources	2,762,941	2,808,398	557,870	(2,250,528)
Expenditures and Encumbrances				
Capital Outlay	2,762,941	2,808,398	611,545	2,196,853
Operating Surplus (Deficit) for the Year	-	-	(53,675)	(53,675)
Fund Balance Available for Appropriation, July 1, 2024	-	-	(165,598)	(165,598)
Operations in Respect to Prior Fiscal Years				
Commitments Cancelled - Net	-	-	26,828	26,828
Adjusted Fund Balance, July 1, 2024	-	-	(138,770)	(138,770)
Fund Balance Available for Appropriation, June 30, 2025	-	-	(192,445)	(192,445)

City of Philadelphia **Schedule XVIII**
Budgetary Comparison Schedule
Acute Care Hospital Assessment Fund
For the Fiscal Year Ended June 30, 2025

Amounts in thousands of USD

	Budgeted Amounts			Final Budget to Actual Positive (Negative)
	Original	Final	Actual	
Revenues				
Tax Revenue	250,000	250,000	263,821	13,821
Total Revenues	250,000	250,000	263,821	13,821
Other Sources				
Decrease in Unreimbursed Commitments	-	-	(1,152)	(1,152)
Total Revenues and Other Sources	250,000	250,000	262,669	12,669
Expenditures and Encumbrances				
Personal Services	7,936	7,936	6,727	1,209
Other Employee Benefits	286	286	286	-
Sub-Total Employee Compensation	8,222	8,222	7,013	1,209
Purchase of Services	242,030	242,030	257,869	(15,839)
Materials and Supplies	1,090	1,090	456	634
Equipment	-	-	458	(458)
Payments to Other Funds	4,500	4,500	4,500	-
Total Expenditures and Encumbrances	255,842	255,842	270,296	(14,454)
Operating Surplus (Deficit) for the Year	(5,842)	(5,842)	(7,627)	(1,785)
Fund Balance Available for Appropriation, July 1, 2024	16,725	20,164	20,164	-
Operations in Respect to Prior Fiscal Years				
Commitments Cancelled - Net	2,000	2,000	79	(1,921)
Adjusted Fund Balance, July 1, 2024	18,725	22,164	20,243	(1,921)
Fund Balance Available for Appropriation, June 30, 2025	12,883	16,322	12,616	(3,706)

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, 2025 (with comparative actual amounts for the Fiscal Year Ended June 30, 2024)

	Budgeted Amounts		FY 2025	Final Budget to Actual Positive	FY 2024	Increase
	Original	Final	Actual	(Negative)	Actual	(Decrease)
Revenue						
Taxes						
Real Property Tax:						
Current	896,834	863,282	859,280	(4,002)	803,152	56,128
Prior Years	28,125	42,081	43,878	1,797	34,940	8,938
Total Real Property Tax	924,959	905,363	903,158	(2,205)	838,092	65,066
Wage and Earnings Taxes:						
Current	1,925,177	1,944,878	1,930,891	(13,987)	1,840,188	90,703
Prior Years	5,400	5,400	6,197	797	2,716	3,481
Total Wage and Earnings Taxes	1,930,577	1,950,278	1,937,088	(13,190)	1,842,904	94,184
Business Taxes:						
Business Income & Receipts Taxes:						
Current	581,686	637,751	710,350	72,599	645,934	64,416
Prior Years	35,000	42,000	41,629	(371)	33,817	7,812
Total Business Income & Receipts Taxes	616,686	679,751	751,979	72,228	679,751	72,228
Net Profits Tax:						
Current	40,477	38,927	49,396	10,469	31,833	17,563
Prior Years	4,700	4,700	7,993	3,293	10,734	(2,741)
Total Net Profits Tax	45,177	43,627	57,389	13,762	42,567	14,822
Total Business Taxes	661,863	723,378	809,368	85,990	722,318	87,050
Other Taxes:						
Sales Tax	316,936	307,354	311,267	3,913	300,031	11,236
Amusement Tax	41,719	44,586	43,413	(1,173)	40,800	2,613
Beverage Tax	71,172	65,749	68,160	2,411	69,576	(1,416)
Real Property Transfer Tax	305,784	315,446	331,506	16,060	265,587	65,919
Smokeless Tobacco	579	511	569	58	508	61
Miscellaneous Taxes	6,878	7,677	8,046	369	8,134	(88)
Total Other Taxes	743,068	741,323	762,961	21,638	684,636	78,325
Total Taxes	4,260,467	4,320,342	4,412,575	92,233	4,087,950	324,625
Locally Generated Non-Tax Revenue						
Rentals from Leased City Properties	3,481	3,549	3,809	260	3,738	71
Licenses and Permits	76,268	70,118	67,977	(2,141)	71,896	(3,919)
Fines, Forfeits, Penalties, Confiscated Money and Property	15,430	13,581	9,693	(3,888)	13,292	(3,599)
Interest Income	58,820	96,407	97,967	1,560	104,959	(6,992)
Service Charges and Fees	182,737	184,744	191,326	6,582	184,759	6,567
Other	55,108	92,326	95,711	3,385	77,682	18,029
Total Locally Generated Non-Tax Revenue	391,844	460,725	466,483	5,758	456,326	10,157
Revenue from Other Governments						
United States Government:						
Grants and Reimbursements	46,765	75,368	33,622	(41,746)	37,894	(4,272)
Commonwealth of Pennsylvania:						
Grants and Other Payments	286,596	295,200	296,488	1,288	261,495	34,993
Other Governmental Units	804,467	808,904	820,367	11,463	765,132	55,235
Total Revenue from Other Governments	1,137,828	1,179,472	1,150,477	(28,995)	1,064,521	85,956
Revenue from Other Funds	481,223	486,566	487,953	1,387	454,778	33,175
Total Revenues	6,271,362	6,447,105	6,517,488	70,383	6,063,575	453,913

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, 2025 (with comparative actual amounts for the Fiscal Year Ended June 30, 2024)

	Budgeted Amounts		FY 2025	Final Budget to Actual Positive	FY 2024	Increase
	Original	Final	Actual	(Negative)	Actual	(Decrease)
Obligations						
General Government						
City Council	25,001	25,569	23,001	2,568	19,436	3,565
Mayor's Office:						
Mayor's Office	15,276	15,770	11,243	4,527	8,201	3,042
Scholarships	-	-	-	-	60	(60)
Mural Arts Program	3,683	4,207	4,121	86	3,507	614
Labor Relations	4,654	5,856	3,856	2,000	4,043	(187)
Chief Administrative Office	20,226	20,468	16,559	3,909	14,546	2,013
Community Schools & Pre-K	949	971	670	301	481	189
Community Empowerment & Opportunity	5,914	5,961	4,890	1,071	2,667	2,223
Inspector General	2,847	2,917	1,999	918	1,875	124
Sustainability	2,450	2,741	2,619	122	3,443	(824)
Office of Innovation & Technology	135,462	140,993	135,464	5,529	105,820	29,644
Procurement	6,769	7,006	6,873	133	6,171	702
Office of Property Assessment	18,310	19,105	16,760	2,345	15,397	1,363
Law	29,702	35,524	35,347	177	33,089	2,258
Board of Ethics	1,382	1,430	1,284	146	1,049	235
Commission on Human Relations	2,759	2,910	2,752	158	2,540	212
Arts & Culture	10,826	13,426	10,825	2,601	-	10,825
Board of Revision of Taxes	1,147	1,253	1,246	7	1,212	34
Department of Planning & Development	17,781	19,829	15,114	4,715	32,729	(17,615)
Total General Government	305,138	325,936	294,623	31,313	256,266	38,357
Operation of Service Departments						
Managing Director	261,017	338,781	332,209	6,572	243,559	88,650
Police	877,436	917,009	869,474	47,535	861,852	7,622
Streets - Sanitation Division	167,130	180,282	182,655	(2,373)	201,781	(19,126)
Fire	432,093	444,918	438,527	6,391	411,289	27,238
Public Health	151,827	160,202	157,145	3,057	152,015	5,130
Office-Behavioral Health	28,999	29,204	29,021	183	29,724	(703)
Parks and Recreation	81,498	94,681	91,810	2,871	83,015	8,795
Public Property	287,670	292,822	294,318	(1,496)	273,435	20,883
Department of Human Services	222,405	226,361	210,782	15,579	216,594	(5,812)
Philadelphia Prisons	300,963	337,757	300,557	37,200	252,909	47,648
Office of Homeless Services	88,714	89,448	85,283	4,165	82,063	3,220
Department of Fleet Services	58,360	85,346	85,188	158	97,792	(12,604)
Licenses and Inspections	43,226	44,924	43,398	1,526	42,220	1,178
Board of L & I Review	183	192	192	-	181	11
Board of Building Standards	87	92	92	-	86	6
Records	4,596	4,782	4,510	272	4,368	142
Art Museum	2,642	2,642	2,642	-	2,142	500
Philadelphia Free Library	71,704	74,722	67,517	7,205	59,444	8,073
Total Operations of Service Departments	3,080,550	3,324,165	3,195,320	128,845	3,014,469	180,851
Financial Management						
Office of Director of Finance*	25,541	152,301	21,827	130,474	69,712	(47,885)
Department of Revenue	31,997	33,174	31,928	1,246	25,736	6,192
Sinking Fund Commission	355,527	355,527	312,758	42,769	294,426	18,332
City Treasurer	5,290	5,372	3,521	1,851	4,175	(654)
Audit of City Operations	11,148	11,845	11,708	137	10,254	1,454
Total Financial Management	429,503	558,219	381,742	176,477	404,303	(22,561)

* The large increase in the final budget was due to a $95 million increase in economic reserves and a $24M increase in contribution appropriations in the mid-year transfer ordiance. The year-over-year decrease in total obligations is primarily due to changes in the City's accounts payable balances. The change represents timing differences in the recognition of expenditures, not a reduction in ongoing spending.

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, 2025 (with comparative actual amounts for the Fiscal Year Ended June 30, 2024)

	Budgeted Amounts			Final Budget to Actual		
	Original	Final	FY 2025 Actual	Positive (Negative)	FY 2024 Actual	Increase (Decrease)
Obligations (Continued)						
City-Wide Appropriations Under the Director of Finance						
Fringe Benefits	1,677,119	1,664,769	1,657,558	7,211	1,659,632	(2,074)
Community College of Philadelphia	56,003	56,003	56,003	-	61,003	(5,000)
Hero Award	50	50	-	50	22	(22)
Refunds	250	250	33	217	238	(205)
Indemnities[1]	61,246	327	-	327	-	-
Office of Risk Management	6,746	6,909	4,819	2,090	4,719	100
Witness Fees	180	190	189	1	234	(45)
Payments to Capital	2,500	2,925	2,925	-	63,560	(60,635)
Payments to Housing Trust	31,007	31,391	31,391	-	30,613	778
Payments to Budget Stabilization	58,291	58,291	58,291	-	42,261	16,030
Contribution to School District	284,053	284,053	284,053	-	282,053	2,000
Total City-Wide Under Director of Finance	2,177,445	2,105,158	2,095,262	9,896	2,144,335	(49,073)
Promotion and Public Relations						
Commerce - Economic Development	61,717	66,582	67,259	(677)	53,489	13,770
Total Promotion and Public Relations	61,717	66,582	67,259	(677)	53,489	13,770
Personnel						
Civil Service Commission[2]	43,719	8,665	193	8,472	186	7
Human Resources	10,376	11,041	10,479	562	14,033	(3,554)
Total Personnel	54,095	19,706	10,672	9,034	14,219	(3,547)
Administration of Justice						
Register of Wills	5,775	6,132	5,884	248	5,045	839
District Attorney	54,287	57,686	57,700	(14)	54,119	3,581
Sheriff	35,667	36,211	35,732	479	32,881	2,851
First Judicial District	128,534	135,887	135,887	-	128,367	7,520
Total Administration of Justice	224,263	235,916	235,203	713	220,412	14,791
City-Wide Appropriations Under the First Judicial District						
Juror Fees	1,367	867	697	170	388	309
Conduct of Elections						
City Commissioners	33,404	34,689	37,103	(2,414)	26,854	10,249
Total Obligations	6,367,482	6,671,238	6,317,881	353,357	6,134,735	183,146
Operating Surplus (Deficit) for the Year	(96,120)	(224,133)	199,607	423,740	(71,160)	270,767

[1] Indeminty appropriations are originally budgeted under the Director of Finance. The appropriations and related expenditures are transferred to and reported in the department where the obligaton was incurred.

[2] The appropriations for the Civil Service Comission are transferred to the departments that incur the obligations for labor agreements and awards.

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, 2025 (with comparative actual amounts for the Fiscal Year Ended June 30, 2024)

	Budgeted Amounts			Final Budget to Actual		
	Original	Final	FY 2025 Actual	Positive (Negative)	FY 2024 Actual	Increase (Decrease)
Revenue						
Locally Generated Non-Tax Revenue						
Sales and Charges - Current	773,060	773,060	760,919	(12,141)	679,029	81,890
Sales and Charges - Prior Years	67,500	67,500	47,673	(19,827)	50,033	(2,360)
Fire Service Connections	4,344	4,344	5,272	928	4,853	419
Surcharges	2,068	2,068	5,032	2,964	4,835	197
Fines and Penalties	1,250	1,250	493	(757)	258	235
Miscellaneous Charges	3,473	3,435	3,985	550	2,682	1,303
Charges to Other Municipalities	39,471	39,471	46,949	7,478	44,199	2,750
Licenses and Permits	6,550	6,550	5,306	(1,244)	6,526	(1,220)
Interest Income	1,000	5,000	8,745	3,745	2,546	6,199
Fleet Services - Sale of Vehicles & Equipment	20	-	15	15	-	15
Reimbursement of Expenditures	300	300	137	(163)	299	(162)
Repair Loan Program	4,100	4,100	3,599	(501)	3,531	68
Other	360	360	5	(355)	37	(32)
Total Locally Generated Non-Tax Revenue	903,496	907,438	888,130	(19,308)	798,828	89,302
Revenue from Other Governments						
State	670	5,670	509	(5,161)	1,512	(1,003)
Federal	-	15,000	-	(15,000)	588	(588)
Total Revenue from Other Governments	670	20,670	509	(20,161)	2,100	(1,591)
Revenue from Other Funds	96,510	56,313	43,408	(12,905)	44,959	(1,551)
Total Revenues	1,000,676	984,421	932,047	(52,374)	845,887	86,160
Obligations						
Office of Innovation and Technology	43,449	43,449	30,349	13,100	30,605	(256)
Managing Director's Office	139	139	139	-	-	139
Public Property	5,495	5,495	5,495	-	5,495	-
Department of Fleet Services	9,237	9,237	8,740	497	8,492	248
Water Department	553,269	559,254	515,872	43,382	461,686	54,186
City-Wide Appropriation Under the Director of Finance:						
Pension Contributions	71,951	76,451	72,922	3,529	73,381	(459)
Other Employee Benefits	79,475	74,975	71,118	3,857	70,164	954
Contributions, Indemnities and Taxes	6,500	2	-	2	126	(126)
Department of Revenue	18,391	18,930	17,706	1,224	15,823	1,883
Sinking Fund Commission	244,803	244,803	234,819	9,984	209,694	25,125
Procurement Department	113	42	-	42	-	-
City Treasurer	2,650	2,650	1,894	756	2,164	(270)
Law	4,216	4,231	4,304	(73)	4,072	232
Mayor's Office of Sustainability	183	183	183	-	183	-
Water, Sewer and Stormwater Rate Board	805	805	540	265	461	79
Total Obligations	1,040,676	1,040,646	964,081	76,565	882,346	81,735
Operating Surplus (Deficit) for the Year	(40,000)	(56,225)	(32,034)	24,191	(36,459)	4,425

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, 2025 (with comparative actual amounts for the Fiscal Year Ended June 30, 2024)

	Budgeted Amounts			Final Budget to Actual		
	Original	Final	FY 2025 Actual	Positive (Negative)	FY 2024 Actual	Increase (Decrease)
Revenue						
Locally Generated Non-Tax Revenue						
Concessions	76,761	83,145	84,065	920	78,068	5,997
Space Rentals	184,266	188,512	159,821	(28,691)	143,467	16,354
Landing Fees	108,554	103,500	104,820	1,320	71,134	33,686
Parking	72,961	69,613	75,872	6,259	67,549	8,323
Car Rentals	24,299	22,100	23,616	1,516	22,038	1,578
Interest Earnings	7,000	18,030	28,122	10,092	28,595	(473)
Sale of Utilities	2,501	2,841	3,242	401	2,741	501
Passenger Facility Charge	45,997	42,340	30,079	(12,261)	40,054	(9,975)
Overseas Terminal Facility Charges	45	45	73	28	40	33
International Terminal Charge	29,282	30,205	26,315	(3,890)	17,869	8,446
Other	3,791	4,430	7,309	2,879	5,364	1,945
Total Locally Generated Non-Tax Revenue	555,457	564,761	543,334	(21,427)	476,919	66,415
Revenue from Other Governments						
Federal	800	14,513	14,007	(506)	5,017	8,990
Total Revenue from Other Governments	800	14,513	14,007	(506)	5,017	8,990
Revenue from Other Funds	1,300	1,300	1,908	608	1,737	171
Total Revenue	557,557	580,574	559,249	(21,325)	483,673	75,576
Obligations						
Office of Innovation and Technology	3,960	3,960	2,748	1,212	2,307	441
Police	21,239	21,239	18,561	2,678	18,189	372
Fire	10,874	10,874	10,273	601	10,259	14
Public Property	17,500	17,500	17,500	-	15,137	2,363
Department of Fleet Services	6,556	6,556	5,675	881	5,266	409
City-Wide Appropriation Under the Director of Finance:						
Pension Contributions	27,300	30,883	30,581	302	29,333	1,248
Other Employee Benefits	32,575	28,992	26,170	2,822	23,232	2,938
Purchase of Services	4,800	4,800	4,708	92	4,462	246
Contributions, Indemnities and Taxes	2,512	686	-	686	-	-
Sinking Fund Commission	151,145	151,145	145,292	5,853	153,886	(8,594)
Law	1,653	1,810	1,810	-	1,561	249
Office of Sustainability	111	111	111	-	111	-
Department of Aviation	277,329	281,998	219,279	62,719	208,133	11,146
Total Obligations	557,554	560,554	482,708	77,846	471,876	10,832
Operating Surplus (Deficit) for the Year	3	20,020	76,541	56,521	11,797	64,744

City of Philadelphia **Schedule XXII**
Budgetary Comparison Schedule
Budget Stabilization Fund
For the Fiscal Year Ended June 30, 2025

Amounts in thousands of USD

	Budgeted Amounts			Final Budget to Actual Positive (Negative)
	Original	Final	Actual	
Revenues				
Locally Generated Non-Tax Revenue	5,000	5,000	7,800	2,800
Revenue from Other Funds	58,291	58,291	58,291	-
Total Revenues	63,291	63,291	66,091	2,800
Operating Surplus (Deficit) for the Year	63,291	63,291	66,091	2,800
Fund Balance Available for Appropriation, July 1, 2024	112,389	112,799	112,799	-
Fund Balance Available for Appropriation, June 30, 2025	175,680	176,090	178,890	2,800

City of Philadelphia **Schedule XXIII**
Budgetary Comparison Schedule
County Demolition Fund
For the Fiscal Year Ended June 30, 2025

Amounts in thousands of USD

	Budgeted Amounts			Final Budget to Actual Positive (Negative)
	Original	Final	Actual	
Revenues				
Locally Generated Non-Tax Revenue	1,000	1,000	1,173	173
Total Revenues	1,000	1,000	1,173	173
Expenditures and Encumbrances				
Purchase of Services	1,000	1,000	1,000	-
Total Expenditures and Encumbrances	1,000	1,000	1,000	-
Operating Surplus (Deficit) for the Year	-	-	173	173
Fund Balance Available for Appropriation, July 1, 2024	-	399	399	-
Fund Balance Available for Appropriation, June 30, 2025	-	399	572	173

City of Philadelphia **Schedule XXIV**

Budgetary Comparison Schedule

Transportation Fund

For the Fiscal Year Ended June 30, 2025

Amounts in thousands of USD

	Budgeted Amounts			Final Budget to Actual Positive (Negative)
	Original	Final	Actual	
Revenues				
Tax Revenue	108,243	111,042	109,831	(1,211)
Locally Generated Non-Tax Revenue	8,640	16,765	16,654	(111)
Revenue from Other Governments	3,325	3,581	3,103	(478)
Total Revenues	120,208	131,388	129,588	(1,800)
Expenditures and Encumbrances				
Personal Services	50,801	52,970	51,068	1,902
Pension Contributions	20,815	22,300	20,719	1,581
Other Employee Benefits	23,685	22,201	12,378	9,823
Sub-Total Employee Compensation	95,301	97,471	84,165	13,306
Purchase of Services	13,991	13,991	13,684	307
Materials and Supplies	5,066	4,489	4,373	116
Equipment	4,559	6,471	6,078	393
Contributions, Indemnities and Taxes	-	15,000	12,971	2,029
Payments to Other Funds	2,146	5,575	5,130	445
Total Expenditures and Encumbrances	121,063	142,997	126,401	16,596
Operating Surplus (Deficit) for the Year	(855)	(11,609)	3,187	14,796
Fund Balance Available for Appropriation, July 1, 2024	716	18,943	18,943	-
Operations in Respect to Prior Fiscal Years				
Commitments Cancelled - Net	1,000	2,500	627	(1,873)
Adjusted Fund Balance, July 1, 2024	1,716	21,443	19,570	(1,873)
Fund Balance Available for Appropriation, June 30, 2025	861	9,834	22,757	12,923

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.

Table 1 Net Position by Component 202
Table 2 Changes in Net Positions 203
Table 3 Fund Balances-Governmental Funds 205
Table 4 Changes in Fund Balances-Governmental Funds 206
Table 5 Comparative Schedule of Operations-Municipal Pension Fund 207

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.

Table 6 Wage and Earnings Tax Taxable Income 208
Table 7 Direct and Overlapping Tax Rates 209
Table 8 Principal Wage and Earnings Tax Remitters 211
Table 9 Assessed Value and Estimated Value of Taxable Property 212
Table 10 Principal Property Tax Payers 213
Table 11 Real Property Taxes Levied and Collected 214

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.

Table 12 Ratios of Outstanding Debt by Type 215
Table 13 Ratios of General Bonded Debt Outstanding 216
Table 14 Direct and Overlapping Governmental Activities Debt 217
Table 15 Legal Debt Margin Information 218
Table 16 Pledged Revenue Coverage 219

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.

Table 17 Demographic and Economic Statistics 220
Table 18 Principal Employers 221

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.

Table 19 Full Time Employees by Function 222
Table 20 Operating Indicators by Function 223
Table 21 Capital Assets Statistics by Function 224

City of Philadelphia
Net Position by Component
For the Fiscal Years 2016 Through 2025

Table 1

Amounts in millions of USD

(full accrual basis of accounting)

	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025
Governmental Activities										
Net Investment in Capital Assets	955.2	1,006.6	645.2	738.6	538.6	655.4	622.6	837.7	1,094.6	1,372.2
Restricted	625.1	553.8	793.2	867.9	955.0	842.7	1,115.4	1,465.1	1,390.0	1,547.1
Unrestricted	(7,904.4)	(7,767.3)	(8,709.9)	(8,516.9)	(8,803.6)	(8,555.8)	(7,592.3)	(7,027.2)	(6,532.9)	(5,873.6)
Total Governmental Activities Net Position	(6,324.1)	(6,206.9)	(7,271.5)	(6,910.4)	(7,310.0)	(7,057.7)	(5,854.3)	(4,724.4)	(4,048.3)	(2,954.3)
Business-Type Activities										
Net Investment in Capital Assets	1,323.7	1,330.5	1,402.0	1,437.6	1,492.8	1,509.0	1,516.6	1,559.9	1,685.0	1,828.7
Restricted	650.5	692.5	762.6	835.5	825.7	749.2	816.8	885.4	948.7	1,028.1
Unrestricted	(279.3)	(251.9)	(423.0)	(391.6)	(391.6)	(234.0)	(162.6)	1.1	120.4	237.6
Total Business-Type Activities Net Position	1,694.9	1,771.1	1,741.6	1,881.5	1,926.9	2,024.2	2,170.8	2,446.4	2,754.1	3,094.4
Primary Government										
Net Investment in Capital Assets	2,278.9	2,337.1	2,047.2	2,176.2	2,031.4	2,164.4	2,139.2	2,397.6	2,779.6	3,200.9
Restricted	1,275.6	1,246.3	1,555.8	1,703.4	1,780.7	1,591.9	1,932.2	2,350.5	2,338.7	2,575.2
Unrestricted	(8,183.7)	(8,019.2)	(9,132.9)	(8,908.5)	(9,195.2)	(8,789.8)	(7,754.9)	(7,026.1)	(6,412.5)	(5,636.0)
Total Primary Government Net Position	(4,629.2)	(4,435.8)	(5,529.9)	(5,028.9)	(5,383.1)	(5,033.5)	(3,683.5)	(2,278.0)	(1,294.2)	140.1

City of Philadelphia
Changes in Net Positions
For the Fiscal Years 2016 Through 2025

Table 2
Amounts in millions of USD

(full accrual basis of accounting)

	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025
Expenses										
Governmental Activities:										
Economic Development	115.3	111.4	113.7	109.7	118.0	70.1	100.8	110.3	149.7	177.1
Transportation:										
Streets & Highways	136.8	122.8	148.1	159.1	175.7	167.2	166.3	218.8	216.2	275.6
Mass Transit	76.1	84.3	86.4	89.3	91.0	89.5	96.1	105.6	114.1	138.1
Judiciary and Law Enforcement:										
Police	1,232.4	1,198.8	1,282.0	1,277.3	1,350.3	1,140.7	1,219.8	1,175.0	1,207.4	1,202.4
Prisons	381.6	387.6	386.4	349.2	369.8	289.1	313.4	322.7	347.7	399.0
Courts	339.6	349.7	344.8	357.8	363.0	321.7	348.6	377.2	411.6	416.4
Conservation of Health:										
Emergency Medical Services	66.3	77.2	69.7	70.0	74.2	71.0	95.5	89.7	109.3	106.9
Health Services	1,579.1	1,613.6	1,661.9	1,650.4	1,842.0	1,978.7	2,085.9	2,157.2	2,164.7	2,290.4
Housing and Neighborhood Development	80.1	81.1	94.3	106.6	132.0	124.0	232.9	170.9	138.4	146.8
Cultural and Recreational										
Recreation	116.6	120.3	125.7	131.4	122.5	117.3	129.8	162.7	124.3	11.2
Parks	8.4	9.5	6.9	5.5	10.6	10.4	7.0	4.7	8.5	14.4
Libraries and Museums	88.8	90.4	96.4	109.4	111.4	89.7	84.2	99.3	116.8	98.1
Improvements to General Welfare:										
Social Services	688.7	733.8	732.0	727.4	739.7	726.8	774.5	920.0	1,022.5	1,042.2
Education	134.5	134.2	134.7	213.3	263.2	294.2	297.9	331.0	342.4	339.0
Inspections and Demolitions	65.3	45.4	54.3	56.7	57.2	51.3	58.4	55.4	59.4	68.5
Service to Property:										
Sanitation	157.0	161.1	160.0	153.7	163.5	150.2	186.6	193.8	221.9	263.2
Fire	370.7	373.4	410.6	469.2	470.1	411.6	471.5	445.1	511.3	513.0
General Management and Support	648.1	693.3	729.1	788.5	946.5	1,162.4	995.2	1,232.2	1,212.4	1,378.9
Interest on Long Term Debt	158.2	151.1	155.7	148.3	158.6	121.9	127.1	121.7	114.1	109.2
Total Governmental Activities Expenses	6,443.6	6,539.0	6,792.7	6,972.8	7,559.3	7,387.8	7,791.5	8,293.3	8,592.7	8,990.4
Business-Type Activities:										
Water and Sewer	569.0	601.8	631.1	685.8	711.4	636.4	698.1	729.2	796.8	877.7
Aviation	400.2	419.9	442.9	430.7	437.2	378.3	399.4	421.8	456.0	500.4
Industrial and Commercial Development	-	16.5	0.5	2.3	4.4	5.9	-	-	0.2	0.2
Total Business-Type Activities Expenses	969.2	1,038.2	1,074.5	1,118.8	1,153.0	1,020.6	1,097.5	1,151.0	1,253.0	1,378.3
Total Primary Government Expenses	7,412.8	7,577.2	7,880.1	8,091.6	8,712.3	8,408.4	8,889.0	9,444.3	9,845.7	10,368.7
Program Revenues										
Governmental Activities:										
Charges for Services:										
Economic Development	0.1	-	-	-	-	0.1	0.1	-	-	-
Transportation:										
Streets & Highways	5.8	7.1	6.6	10.0	9.8	9.9	11.6	12.5	13.7	19.9
Mass Transit	2.2	2.2	2.5	2.7	2.3	1.7	3.0	3.3	3.1	3.3
Judiciary and Law Enforcement:										
Police	5.1	8.2	6.8	7.2	7.2	5.6	8.2	11.1	11.7	12.5
Prisons	0.3	0.3	0.5	1.7	1.3	0.4	0.1	-	-	-
Courts	50.3	53.6	56.5	55.6	39.3	31.7	30.7	29.7	35.8	31.0
Conservation of Health:										
Emergency Medical Services	45.7	65.0	51.9	16.8	11.2	-	25.6	26.3	62.7	79.9
Health Services	14.1	30.3	27.6	46.4	63.5	67.6	77.3	55.3	37.1	40.8
Housing and Neighborhood Development	18.1	27.2	21.0	23.2	18.1	25.3	24.4	20.6	19.9	16.7
Cultural and Recreational:										
Recreation	4.6	3.4	5.8	4.9	3.1	1.6	3.1	3.4	5.0	5.6
Parks	1.0	3.6	1.8	1.0	0.8	3.0	(0.6)	2.0	2.6	3.6
Libraries and Museums	1.2	1.4	1.9	1.5	1.1	1.5	0.7	0.5	1.9	1.0

City of Philadelphia
Changes in Net Positions
For the Fiscal Years 2016 Through 2025

Table 2
Amounts in millions of USD

(full accrual basis of accounting)

	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025
Improvements to General Welfare:										
Social Services	1.2	1.4	7.3	6.2	7.0	5.7	5.6	202.0	3.5	63.8
Education	-	-	-	-	-	-	-	-	-	-
Inspections and Demolitions	54.1	59.4	64.8	72.8	64.7	76.2	86.5	79.6	83.8	80.9
Service to Property:										
Sanitation	16.5	13.8	14.1	14.0	14.5	17.1	23.6	20.9	26.9	24.9
Fire	0.3	0.6	0.4	40.8	44.5	3.5	5.5	12.5	15.9	0.9
General Management and Support	158.3	159.5	160.1	151.0	147.8	153.4	260.5	157.9	173.1	193.4
Interest on Long Term Debt	0.2	-	-	0.2	-	-	-	-	-	-
Operating Grants and Contributions	2,090.9	2,199.5	2,262.9	2,215.2	2,337.0	2,713.8	3,136.1	3,101.9	3,068.8	3,255.2
Capital Grants and Contributions	61.8	22.2	27.3	20.5	44.9	49.7	35.1	89.0	61.4	87.1
Total Governmental Activities Program Revenues	2,531.8	2,658.7	2,719.8	2,691.7	2,818.1	3,167.8	3,737.1	3,828.5	3,626.9	3,920.5
Business-Type Activities:										
Charges for Services:										
Water and Sewer	670.0	714.7	726.4	745.3	732.4	715.8	765.9	816.4	844.2	944.3
Aviation	433.7	431.9	471.1	486.2	366.8	329.0	382.0	469.9	506.6	566.3
Industrial and Commercial Development	0.5	19.9	0.1	2.2	7.2	5.6	0.4	-	-	-
Operating Grants and Contributions	0.9	1.3	0.6	0.7	0.9	2.7	0.5	0.8	2.1	0.5
Capital Grants and Contributions	26.8	10.6	29.0	22.7	34.3	40.6	72.9	46.5	90.0	87.2
Total Business-Type Activities Program Revenues	1,131.9	1,178.4	1,227.2	1,257.1	1,141.6	1,093.7	1,221.7	1,333.6	1,442.9	1,598.3
Total Primary Government Revenues	3,663.7	3,837.1	3,947.0	3,948.8	3,959.7	4,261.5	4,958.8	5,162.1	5,069.8	5,518.8
Net (Expense)/Revenue										
Governmental Activities	(3,911.8)	(3,880.3)	(4,072.9)	(4,281.1)	(4,741.2)	(4,220.0)	(4,054.4)	(4,464.8)	(4,965.8)	(5,069.9)
Business-Type Activities	162.7	140.2	152.7	138.3	(11.4)	73.1	124.2	182.6	189.9	220.0
Total Primary Government Net Expense	(3,749.1)	(3,740.1)	(3,920.2)	(4,142.8)	(4,752.6)	(4,146.9)	(3,930.2)	(4,282.2)	(4,775.9)	(4,849.9)
General Revenues and Other Changes in Net Position										
Governmental Activities:										
Taxes:										
Property Taxes	550.2	578.7	649.0	691.9	695.8	720.2	703.2	848.4	842.9	931.4
Wage & Earnings Taxes	1,816.8	1,920.7	2,027.8	2,114.7	2,115.6	1,991.2	2,233.4	2,402.7	2,550.2	2,699.7
Business Taxes	505.6	440.2	456.1	556.1	590.4	589.8	746.2	760.7	675.2	842.8
Other Taxes	733.5	817.6	947.7	984.1	942.8	883.9	1,263.3	1,168.3	1,066.3	1,219.5
Unrestricted Grants & Contributions	185.4	184.5	191.6	190.8	197.3	197.8	202.7	232.5	242.2	273.0
Interest & Investment Earnings	28.0	27.4	49.6	64.7	69.2	52.1	36.0	124.5	199.4	148.8
Special Items	-	-	(38.4)	-	-	-	-	-	-	-
Transfers	31.6	28.5	33.3	39.9	34.7	37.2	48.4	57.4	65.8	48.6
Total Governmental Activities	3,851.1	3,997.6	4,316.7	4,642.2	4,645.8	4,472.2	5,233.2	5,594.5	5,642.0	6,163.8
Business-Type Activities:										
Interest & Investment Earnings	8.3	11.4	23.6	47.8	48.7	2.7	(15.2)	70.4	145.1	147.3
Unrestricted Grants & Contributions	1.9	2.5	3.3	3.9	58.2	64.6	85.9	80.1	38.5	21.6
Transfers	(31.6)	(28.5)	(33.3)	(39.9)	(34.7)	(37.2)	(48.4)	(57.4)	(65.8)	(48.6)
Total Business-Type Activities	(21.4)	(14.6)	(6.2)	11.8	72.2	30.1	22.3	93.1	117.8	120.3
Total Primary Government	3,829.7	3,983.0	4,310.5	4,654.0	4,718.0	4,502.3	5,255.5	5,687.6	5,759.8	6,284.1
Change in Net Position										
Governmental Activities	(60.7)	117.3	243.8	361.1	(95.4)	252.2	1,178.8	1,129.7	676.2	1,093.9
Business-Type Activities	141.3	125.6	146.5	150.1	60.8	103.2	146.5	275.7	307.7	340.3
Total Primary Government	80.6	242.9	390.3	511.2	(34.6)	355.4	1,325.3	1,405.4	983.9	1,434.2

City of Philadelphia **Table 3**
Fund Balances
Governmental Funds
For the Fiscal Years 2016 Through 2025

Amounts in millions of USD

(modified accrual basis of accounting)

	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025
General Fund										
Non-spendable:	-	-	-	-	-	-	-	-	-	-
Restricted for:										
Central Library Project	1.7	1.7	-	-	-	-	-	-	-	-
Stadium Financing	0.6	0.6	-	-	-	-	-	-	-	-
Cultural & Commercial Corridor Project	7.4	2.7	1.5	1.2	1.1	0.9	0.9	0.4	-	-
Long Term Loan	44.8	33.1	21.8	10.8	-	6.5	3.2	0.1	0.0	0.0
Affordable Housing Project	-	-	44.3	27.3	11.0	0.0	-	-	-	-
Art Museum Project	-	-	11.4	6.3	1.8	0.4	-	-	-	-
Street Lighting Program	-	-	-	-	-	-	-	-	72.4	33.2
Rebuild Project	-	-	-	82.9	77.7	66.8	44.6	4.7	100.0	31.0
Home Repair Program	-	-	-	39.2	39.5	39.8	127.7	37.3	37.3	34.7
Neighborhood Revitalization	-	-	-	-	-	-	-	139.2	82.3	151.0
Committed to:										
General Fund	-	-	-	-	34.3	-	-	65.1	112.8	178.9
Assigned to:	78.0	128.4	127.0	322.3	-	442.7	659.0	428.6	565.3	640.0
Unassigned:	-	23.7	195.0	125.8	380.2	-	410.7	668.2	594.7	876.7
Total General Fund:	132.5	190.1	401.0	615.8	545.5	557.1	1,246.1	1,343.6	1,564.8	1,945.4
All Other Governmental Funds										
Non-spendable:										
Permanent Fund (Principal)	3.1	3.4	3.5	3.5	3.8	4.0	4.0	4.3	5.1	6.8
Restricted for:										
Behavioral Health	220.1	262.3	279.4	314.3	291.1	337.1	390.9	416.8	380.9	281.2
Neighborhood Revitalization	0.0	0.1	0.2	0.2	0.3	0.3	0.3	0.3	0.3	0.3
Public Safety Emergency Phone System	40.8	31.5	31.2	34.1	33.1	35.0	36.2	38.5	48.4	51.5
Economic Development	12.3	13.7	13.9	15.2	3.1	5.8	9.1	17.0	17.3	12.8
Intergovernmental Financing	25.5	25.2	24.9	24.3	24.1	20.9	20.1	19.3	19.0	18.8
Opioid Abatement	-	-	-	-	-	-	-	14.0	19.5	74.2
Streets & Highways	37.1	46.0	57.1	59.2	63.2	59.7	72.5	70.1	64.9	108.0
Housing & Neighborhood Development	20.8	30.6	33.3	65.7	66.3	79.0	80.4	82.0	102.1	81.9
Health Services	11.2	13.4	17.4	20.6	22.7	23.3	22.1	20.9	20.2	12.6
Debt Service	81.6	72.4	62.9	54.7	16.0	13.0	11.4	0.6	0.6	0.8
Capital Improvements	133.1	24.8	161.0	88.1	278.5	112.7	308.9	377.5	237.6	366.5
Trust Purposes	10.2	10.2	9.4	10.0	9.7	9.5	14.8	14.9	15.8	18.3
Parks & Recreation	0.8	0.9	1.2	1.4	1.2	2.5	-	-	2.0	2.4
Libraries & Museums	3.0	3.3	3.1	2.5	2.5	3.0	2.0	2.5	0.8	0.8
Stadium Financing	6.4	6.0	5.8	5.0	10.5	8.4	8.3	8.5	9.1	9.9
Demolition	-	-	-	-	-	-	-	0.2	0.4	0.6
Committed to:										
Prisons	2.9	3.4	3.5	3.4	3.3	4.7	5.4	5.8	6.5	6.8
Parks & Recreation	1.7	1.3	1.1	1.4	1.5	1.5	2.0	5.9	3.9	3.2
Assigned to:										
Behavioral Health	-	-	-	-	-	-	-	-	-	-
PICA Rebate Fund	-	-	-	-	-	-	-	-	-	-
PMA	-	-	-	-	-	-	-	-	-	-
Unassigned:										
Housing & Neighborhood Dev	(5.3)	(8.4)	(8.7)	(9.3)	(16.2)	(10.0)	(19.3)	(28.3)	(25.9)	(18.3)
Grants Revenue Fund	(322.5)	(294.3)	(288.5)	(317.7)	(314.2)	(366.8)	(410.6)	(547.8)	(753.4)	(782.0)
General Mgmt & Support	-	-	-	(0.3)	(0.2)	-	-	(18.0)	(15.6)	(13.3)
Total All Other Governmental Funds	282.7	245.9	411.6	376.2	500.4	343.7	558.5	504.9	159.6	243.7

City of Philadelphia **Table 4**
Changes in Fund Balances
Governmental Funds
For the Fiscal Years 2016 Through 2025

Amounts in millions of USD

(modified accrual basis of accounting)

	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025
Revenues										
Tax Revenue	3,632.7	3,761.3	4,112.4	4,345.2	4,359.3	4,173.5	4,936.4	5,160.6	5,120.5	5,655.6
Locally Generated Non-Tax Revenue	367.3	400.5	417.1	448.0	447.5	436.5	481.6	525.7	627.2	663.2
Revenue from Other Governments	2,245.2	2,466.1	2,440.6	2,409.2	2,552.6	2,915.2	3,320.8	3,322.8	3,132.4	3,543.8
Other Revenues	19.6	18.6	20.7	16.5	24.9	19.3	27.1	18.5	40.6	40.1
Total Revenues	6,264.8	6,646.5	6,990.8	7,218.9	7,384.3	7,544.5	8,765.9	9,027.6	8,920.7	9,902.7
Expenditures										
Current Operating:										
Economic Development	101.1	100.5	104.2	102.0	113.5	58.1	90.8	115.3	141.1	171.9
Transportation:										
Streets & Highways	105.1	98.7	108.4	139.8	137.2	132.4	131.8	169.9	175.6	200.1
Mass Transit	76.1	79.9	82.0	84.9	86.6	85.2	91.7	101.2	109.7	133.7
Judiciary and Law Enforcement:										
Police	1,162.5	1,169.7	1,237.6	1,256.9	1,306.9	1,223.1	1,316.8	1,358.6	1,327.7	1,380.6
Prisons	365.1	372.6	375.1	336.9	361.1	305.6	324.3	340.7	370.5	423.6
Courts	329.9	339.6	339.5	350.3	358.1	343.6	374.7	421.1	446.8	448.8
Conservation of Health:										
Emergency Medical Services	64.9	75.8	68.7	70.0	74.1	79.1	102.6	103.0	120.5	118.3
Health Services	1,573.1	1,608.3	1,656.5	1,646.4	1,837.3	1,983.7	2,102.1	2,171.5	2,185.3	2,305.0
Housing and Neighborhood Development	80.1	81.4	94.3	106.7	132.0	123.9	232.8	170.8	138.4	146.8
Cultural and Recreational:										
Recreation	104.8	107.1	112.3	117.9	112.8	114.2	123.9	166.4	175.1	155.4
Parks	1.5	3.4	2.9	2.7	2.2	2.5	1.4	2.1	2.8	2.4
Libraries and Museums	81.4	84.4	91.9	100.3	104.0	90.9	86.2	108.5	122.6	121.8
Improvements to General Welfare:										
Social Services	687.1	731.7	730.6	726.7	735.9	726.5	779.9	928.9	1,030.6	1,114.2
Education	134.5	134.2	134.7	213.3	263.2	294.2	297.9	331.0	342.4	338.9
Inspections and Demolitions	64.0	44.5	53.1	56.3	56.3	54.7	61.3	64.8	64.8	73.0
Service to Property:										
Sanitation	152.4	154.3	153.5	150.3	161.9	159.6	194.8	210.1	233.6	277.9
Fire	355.0	353.5	399.4	471.8	467.7	463.2	508.4	530.6	555.9	576.1
General Management and Support	686.4	718.1	789.9	810.1	929.2	1,053.8	1,077.5	1,364.6	1,242.8	1,312.8
Capital Outlay	206.1	145.5	455.7	208.0	211.0	219.9	206.8	300.5	325.7	600.2
Debt Service:										
Principal	139.5	145.0	152.6	139.7	198.0	214.0	164.9	168.9	141.5	219.2
Interest	107.5	106.2	112.7	114.2	107.4	114.4	106.5	100.5	90.8	86.4
Bond Issuance Cost	3.3	3.2	3.9	3.4	18.6	1.6	4.1	1.4	2.5	6.9
Total Expenditures	6,581.4	6,657.6	7,259.5	7,208.6	7,775.0	7,844.2	8,381.2	9,230.4	9,346.7	10,214.0
Excess of Revenues Over (Under) Expenditures	(316.6)	(11.1)	(268.7)	10.3	(390.7)	(299.7)	384.7	(202.8)	(426.0)	(311.3)
Other Financing Sources (Uses)										
Issuance of Debt	191.6	-	314.1	119.5	293.4	-	393.3	99.5	175.3	550.9
Issuance of Refunding Debt	234.2	346.1	108.3	188.7	326.2	137.0	132.1	24.6	-	539.6
Bond Issuance Premium	53.9	40.7	60.2	33.5	93.8	-	75.7	2.5	18.5	66.7
Capital Lease Proceeds	-	-	252.5	-	2.2	0.4	-	-	-	-
Payment to Refunded Bonds Escrow Agent	(259.6)	(383.5)	(123.1)	(212.5)	(305.7)	(20.0)	(130.9)	-	-	(507.1)
Subscriptions	-	-	-	-	-	-	-	-	4.4	25.7
Leases (as lessee)	-	-	-	-	-	-	0.4	62.8	37.8	51.7
Transfers In	686.3	731.4	802.5	925.5	819.7	864.2	1,160.2	1,583.8	1,595.6	1,584.5
Transfers Out	(654.7)	(702.9)	(769.2)	(885.6)	(785.0)	(827.0)	(1,111.6)	(1,526.4)	(1,529.8)	(1,535.9)
Total Other Financing Sources (Uses)	251.7	31.8	645.3	169.1	444.6	154.6	519.2	246.8	301.8	776.1
Net Change in Fund Balances	(64.9)	20.7	376.6	179.4	53.9	(145.1)	903.9	44.0	(124.2)	464.8
Debt Service as a Percentage of Non-capital Expenditures	3.9%	3.9%	3.9%	3.6%	4.0%	4.3%	3.3%	3.0%	2.6%	3.2%

City of Philadelphia
Comparative Schedule of Operations
Municipal Pension Fund
For the Fiscal Years 2016 through 2025

Table 5

Amounts in millions of USD

	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025
Additions:										
Contributions:										
Employee Contributions	67.1	73.6	83.3	99.1	111.8	111.3	110.4	120.7	127.4	138.2
Employer's:										
City of Philadelphia	629.4	678.8	756.1	772.6	747.4	768.2	844.6	1,147.8	927.8	843.1
Quasi-Governmental Agencies	30.8	27.4	25.9	25.2	21.4	20.3	15.2	17.2	20.9	21.2
Total Employer's Contributions	660.2	706.2	782.0	797.8	768.8	788.5	859.8	1,165.0	948.7	864.3
Total Contributions	727.3	779.8	865.3	896.9	880.6	899.8	970.2	1,285.7	1,076.1	1,002.5
Interest & Dividends	101.5	108.5	127.9	132.7	130.0	127.7	175.2	195.6	235.1	262.1
Net Gain (Decline) in Fair Value of Investments	(239.8)	462.9	318.2	176.6	(38.1)	1,521.8	(646.9)	387.9	438.4	839.2
(Less) Investment Expenses	(9.1)	(8.0)	(7.5)	(7.5)	(6.7)	(7.2)	(8.9)	(14.5)	(16.3)	(17.8)
Net Securities Lending Revenue	1.9	1.8	1.8	2.2	2.1	1.2	1.0	2.1	2.1	2.1
(Less) Securities Lending Expenses	(0.3)	(0.3)	(0.3)	(0.3)	(0.3)	(0.2)	(0.2)	(0.4)	(0.4)	(0.4)
Net Investment Income (Loss)	(145.8)	564.9	440.1	303.7	87.0	1,643.3	(479.8)	570.7	658.9	1,085.2
Miscellaneous Operating Revenue	0.1	1.8	0.2	0.1	0.1	0.2	0.1	0.3	0.0	0.3
Total Additions	581.6	1,346.5	1,305.6	1,200.7	967.7	2,543.3	490.5	1,856.7	1,735.0	2,088.0
Deductions:										
Pension Benefits	882.0	813.3	819.8	832.4	854.0	883.6	953.3	963.5	951.4	998.4
Refunds to Members	7.4	8.2	8.5	10.0	8.3	7.9	13.4	16.0	15.5	11.9
Administrative Costs	8.4	8.8	10.0	11.1	10.8	9.7	9.0	8.9	10.0	10.7
Other Operating Expenses	0.1	0.1	0.1	0.1	0.1	-	-	-	-	-
Total Deductions	897.9	830.4	838.4	853.6	873.2	901.2	975.7	988.4	976.9	1,021.0
Net Increase (Decrease)	(316.3)	516.1	467.2	347.1	94.5	1,642.1	(485.2)	868.3	758.1	1,067.0
Net Position: Adjusted Opening	4,674.3	4,358.0	4,874.1	5,341.3	5,688.4	5,782.9	7,425.0	6,939.8	7,808.1	8,566.2
Closing	4,358.0	4,874.1	5,341.3	5,688.4	5,782.9	7,425.0	6,939.8	7,808.1	8,566.2	9,633.2
Ratios:										
Pension Benefits Paid as % of Net Members Contributions	1477.39%	1243.58%	1095.99%	934.23%	825.12%	854.55%	982.78%	920.25%	850.22%	790.50%
Pension Benefits Paid as % of Closing Net Position	20.24%	16.69%	15.35%	14.63%	14.77%	11.90%	13.74%	12.34%	11.11%	10.36%
Coverage of Additions over Deductions	64.77%	162.15%	155.73%	140.66%	110.82%	282.21%	50.27%	187.85%	177.61%	204.51%
Investment Earnings as % of Pension Benefits	-16.53%	69.46%	53.68%	36.48%	10.19%	185.98%	-50.33%	59.23%	69.26%	108.69%

City of Philadelphia

Wage and Earnings Tax Taxable Income
For the Calendar Years 2015 Through 2024

Table 6

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
2015	26,674.7	57.62%	3.91510%	19,615.7	42.38%	3.48715%	46,290.4	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	34,967.5	66.09%	3.83980%	17,944.2	33.91%	3.44810%	52,911.7	3.70696%
2022	38,895.6	63.15%	3.81490%	22,692.6	36.85%	3.44405%	61,588.2	3.67826%
2023	42,890.0	63.47%	3.77000%	24,683.6	36.53%	3.44000%	67,573.6	3.64946%
2024	45,207.4	63.72%	3.75000%	25,742.9	36.28%	3.44000%	70,950.3	3.63752%

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] When there is a rate change on July 1st, the direct rate is an average of the two rates involved during that calendar year.

City of Philadelphia **Table 7**

Direct and Overlapping Tax Rates

For the Ten Fiscal Years 2016 through 2025

Tax Classification	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025
Wage and Earnings Tax:										
[a] City Residents	3.9102%	3.9004%	3.8907%	3.8809%	3.8712%	3.8712%	3.8398%	3.7900%	3.7500%	3.7500%
Non-City Residents	3.4828%	3.4741%	3.4654%	3.4567%	3.4481%	3.5019%	3.4481%	3.4400%	3.4400%	3.4400%
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										
[c] **Real Property: (% on Assessed Valuation)**										
City	0.632%	0.632%	0.632%	0.632%	0.632%	0.632%	0.632%	0.632%	0.632%	0.616%
School District of Philadelphia	0.768%	0.768%	0.768%	0.768%	0.768%	0.768%	0.768%	0.768%	0.768%	0.784%
Total Real Property Tax	1.400%	1.400%	1.400%	1.400%	1.400%	1.400%	1.400%	1.400%	1.400%	1.400%
[d] Assessment Ratio	167.26%	167.14%	167.14%	132.88%	125.08%	124.89%	119.13%	146.30%	132.11%	NA
Effective Tax Rate (Real Property Rate x Assessment Ratio)	2.341%	2.340%	2.340%	1.860%	1.751%	1.748%	1.668%	2.048%	1.849%	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%	3.1%	3.1%	3.3%	3.3%	3.3%	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%	4.1%	4.1%	4.3%	4.3%	4.3%	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.										
[b] **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%
[e] (% on Net Income)	6.3900%	6.3500%	6.3000%	6.2500%	6.2000%	6.2000%	5.9900%	5.8100%	5.8100%	5.8100%
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.										
[b] **Net Profits Tax:**										
[a] City Residents	3.9004%	3.8907%	3.8809%	3.8712%	3.8712%	3.8398%	3.7900%	3.7500%	3.7500%	3.7500%
Non-City Residents	3.4741%	3.4654%	3.4567%	3.4481%	3.5019%	3.4481%	3.4400%	3.4400%	3.4400%	3.4400%
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 **Table 7**

Direct and Overlapping Tax Rates

For the Ten Fiscal Years 2016 through 2025

Tax Classification	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025
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	22.5%	22.5%	22.5%	22.5%	22.5%	25.0%	22.5%	22.5%	22.5%	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	8.5%	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%
	9.5%	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] Rates apply to the tax year (previous calendar year) and the tax is due April 15th in the fiscal year cited.

[c] Rates apply to the tax year (current calendar year) and the tax is due March 31st in the fiscal year cited.

[d] 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.

[e] 60% of the Net Income portion of the Business Income and Receipts Tax is allowed to be credited against the Net Profits Tax.

City of Philadelphia **Table 8**

Principal Wage and Earnings Tax Remitters [1]

Current Calendar Year and Nine Years Ago

Amounts in millions of USD

Remittance Range	2024 # of Remitters (Employers)	2024 Total Amount Remitted	2024 Percentage of Total Remitted	2015 # of Remitters (Employers)	2015 Total Amount Remitted	2015 Percentage of Total Remitted
Greater then $10 million	23	$747.4	28.96%	16	$435.1	25.18%
Between $1 million & $10 million	253	620.0	24.02%	169	430.6	24.91%
Between $100,000 & $1 million	2,636	696.6	26.99%	1,824	478.5	27.69%
Between $10,000 & $100,000	14,150	418.3	16.21%	9,725	287.1	16.61%
Less then $10,000	59,757	98.5	3.82%	41,601	97.0	5.61%
Total	76,819	$2,580.8	100.00%	53,335	$1,728.3	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 2016 through 2025

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)
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%	119.13%	97,342	98.01%	118,319
2023	204,602	49,547	18,402	136,653	1,514	138,167	0.632%	146.30%	93,406	97.77%	139,770
2024	207,574	50,617	18,405	138,552	58	138,610	0.632%	132.11%	104,875	95.37%	145,278
2025	231,505	52,860	23,268	155,377	(206)	155,171	0.616%	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 $100,000 Homestead Exemption (amount subject to change) to all homeowners.

City of Philadelphia **Table 10**

Principal Property Tax Payers

Current Year and Nine Years Ago

Amounts in millions of USD

	2025			2016		
Taxpayer	Assessment [1]	Rank	Percentage of Total Assessments	Assessment [1]	Rank	Percentage of Total Assessments
EQC Nine Penn Center Prop.	390.5	1	0.25	232.6	2	0.24
Kim Sub Cira Square LP	370.6	2	0.24	-	-	-
Liberty Property Phila	357.6	3	0.23	-	-	-
Phila Liberty Pla E LP	310.7	4	0.20	207.7	3	0.21
1901 Market LLC	278.0	5	0.18	-	-	-
Brandywine Cira LP	260.1	6	0.17	-	-	-
NG 1500 Market St. LLC	250.7	7	0.16	265.7	1	0.27
Brandywine Operating	239.8	8	0.15	-	-	-
411 N Broad Fee Inter	235.4	9	0.15	-	-	-
Philadelphia Market	221.4	10	0.14	203.7	4	0.21
Tenet Health System Hahnem	-	-	-	192.1	5	0.20
Commerce Square Partners	-	-	-	178.2	6	0.18
Maguire Thomas Partners	-	-	-	170.1	7	0.17
NNN 1818 Market St. 37	-	-	-	170.0	8	0.17
Franklin Mills Associates	-	-	-	163.2	9	0.17
Brandywine Cira LP	-	-	-	160.7	10	0.16
	2,914.8		1.87	1,944.0		1.98
Taxable Assessments (before Homestead) [2]	178,645.1		100.00	97,909.0		100.00
Less Homestead Exemption [2]	23,267.6			0.0		
Total Taxable Assessments	155,377.5			97,909.0		

[1] Source: Office of Property Assessment.

a) 2025 Assessment as of March 2024.

b) 2016 Assessment as of March 2015.

[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 $100,000 Homestead Exemption (amount subject to change) to all homeowners.

City of Philadelphia
Real Property Tax Levied and Collected
For the Calendar Years 2016 through 2025
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
2016	569.9	548.3	522.5	95.3%	26.0	548.5	100.0%
2017	580.5	564.8	542.0	96.0%	24.5	566.5	100.3%
2018	658.1	626.1	590.9	94.4%	19.8	610.7	97.5%
2019	709.4	679.8	656.1	96.5%	22.0	678.1	99.7%
2020	722.7	700.0	671.5	95.9%	28.6	700.1	100.0%
2021	729.7	713.9	692.2	97.0%	24.7	716.9	100.4%
2022	732.2	721.2	705.7	97.9%	19.6	725.3	100.6%
2023	872.8	835.3	789.2	94.5%	14.4	803.6	96.2%
2024	875.6	842.3	799.5	94.9%	12.9	812.4	96.5%
2025	955.7	923.8	845.8	NA	NA	845.8	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, a 1% discount for payment in full by the end of February (for years in effect), the senior citizen tax freeze, and the tax increment financing (TIF) return of tax paid.

Starting with tax year 2021, the 1% discount is no longer in effect. It is however included for all prior years.

**3 For 2025, "collections in the calendar year of levy" does not include the full 12 months; it only includes collections through the end of June 2025.

**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 2025, 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 2025.

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 **Table 12**

Ratios of Outstanding Debt by Type

For the Fiscal Years 2016 through 2025

Amounts in millions of USD (except per capita)

	Governmental Activities							
Fiscal Year	General Obligation Bonds	Leases (2)	Subscriptions (3)	Pension Service Agreement	Sports Stadium Agreement	Neighborhood Revitalization/ Home Repair	Cultural & Commercial Corridor
2016	2,073.6	8.8	-	1,297.3	277.2	205.8	108.5
2017	1,953.1	4.4	-	1,227.0	263.6	195.8	102.2
2018	2,078.4	249.3	-	1,152.1	248.9	185.3	96.3
2019	1,927.2	244.2	-	1,072.1	234.3	213.3	90.4
2020	2,091.8	239.0	-	986.8	241.1	199.4	84.4
2021	1,950.5	233.4	-	1,025.8	221.6	185.2	78.3
2022	2,166.4	580.6	-	961.4	201.6	271.4	72.0
2023	2,016.1	611.0	2.3	873.3	181.0	351.2	65.7
2024	1,874.7	614.5	3.5	766.8	160.1	332.3	59.2
2025	2,143.8	631.5	27.1	655.7	138.7	458.5	52.5

	Governmental Activities (Continued)							
Fiscal Year	Central Library Project	Affordable Housing Preservation	Rebuild Project	Museum of Art	One Parkway	Street Lighting	School District	Total Governmental Activities
2016	6.7	-	-	-	34.9	-	29.1	4,041.9
2017	6.0	-	-	-	32.4	-	14.7	3,799.2
2018	5.3	60.2	-	11.5	30.4	-	-	4,117.7
2019	4.6	57.7	87.2	11.0	27.1	-	-	3,969.1
2020	3.8	55.1	83.5	10.6	24.0	-	-	4,019.5
2021	3.1	52.6	79.8	10.1	20.8	-	-	3,861.2
2022	2.3	49.9	75.9	9.7	17.5	-	-	4,408.7
2023	1.6	47.3	72.0	9.2	14.2	-	-	4,244.9
2024	0.8	44.6	169.2	8.7	10.8	91.9	-	4,137.1
2025	-	41.8	160.5	8.2	7.3	88.7	-	4,414.3

	Business-Type Activities				Ratios			
Fiscal Year	Water Revenue Bonds	Airport Revenue Bonds	Leases (2)	Total Business-Type Activities	Total Primary Government	Percentage of Personal Income (1)	Population (1)	Per Capita
2016	1,967.1	1,160.9	-	3,128.0	7,169.9	9.20%	1,567,442	4,574
2017	2,152.5	1,218.5	-	3,371.0	7,170.2	8.86%	1,567,872	4,573
2018	1,993.2	1,625.4	-	3,618.6	7,736.3	8.78%	1,580,863	4,894
2019	2,175.8	1,651.1	-	3,826.9	7,796.0	8.83%	1,584,138	4,921
2020	2,360.3	1,573.9	-	3,934.2	7,953.7	8.77%	1,584,064	5,021
2021	2,500.9	1,595.5	-	4,096.4	7,957.6	8.55%	1,578,487	5,041
2022	2,684.1	1,739.0	29.0	4,452.1	8,860.8	9.24%	1,576,251	5,621
2023	2,973.6	1,664.1	27.0	4,664.7	8,909.6	10.01%	1,567,258	5,685
2024	3,442.2	1,587.8	25.1	5,055.1	9,192.2	9.59%	1,550,542	5,928
2025	3,744.0	1,441.3	25.1	5,210.4	9,624.7	9.99%	1,573,916	6,115

(1) See Table 17 for Personal Income and Population Amounts

(2) Implementation of GASB 87 in fiscal year 2022

(3) Implementation of GASB 96 in fiscal year 2023

City of Philadelphia **Table 13**

Ratios of General Bonded Debt Outstanding

For the Fiscal Years 2016 through 2025

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]
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	2,078.4	104,988.9	167.14%	62,814.9	3.31%	1,312.01
2019	1,927.2	115,555.5	132.88%	86,962.3	2.22%	1,216.62
2020	2,091.8	115,575.8	125.08%	92,401.5	2.26%	1,325.19
2021	1,950.5	116,153.8	124.89%	93,004.9	2.10%	1,237.43
2022	2,166.4	115,963.6	119.13%	97,342.1	2.23%	1,382.29
2023	2,016.1	136,652.6	146.30%	93,405.7	2.16%	1,300.26
2024	1,874.8	138,551.5	132.11%	104,875.9	1.79%	1,191.17
2025	2,143.8	155,377.5	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
Direct and Overlapping Governmental Activities Debt
June 30, 2025

Table 14

Amounts in millions of USD

	Debt Outstanding	Estimated Percentage Applicable	Estimated Share of Direct and Overlapping Debt
Governmental Unit			
School District of Philadelphia	3,266.0	100.00%	3,266.0
[1] **City Direct Debt**			4,414.3
Total Direct and Overlapping Debt			7,680.3

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 2016 through 2025

Table 15

Amounts in Millions of USD

Legal Debt Margin Calculation for FY2025

Assessed Value	135,828.8
Debt Limit	18,336.9
[1] Debt Applicable to Limit:	
Tax Supported General Obligation Debt:	
Issued & Outstanding	1,869.9
Authorized but Unissued	840.4
Total	2,710.3
Less: Amount set aside for repayment of general obligation debt	-
Total Net Debt Applicable to Limit	2,710.3
Legal Debt Margin	15,626.6

	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025
Debt Limit (notes 2 and 3)	5,454.0	6,629.5	8,001.0	9,534.0	11,052.1	12,607.9	14,163.0	16,256.5	17,133.0	18,336.9
Total Net Debt Applicable to Limit	1,841.4	1,952.0	2,051.3	2,130.8	2,228.8	2,284.5	2,316.5	2,423.1	2,532.7	2,710.3
Legal Debt Margin	3,612.6	4,677.5	5,949.7	7,403.2	8,823.3	10,323.4	11,846.5	13,833.4	14,600.3	15,626.6
Total Net Debt Applicable to the Limit as a Percent of Total Debt	33.76%	29.44%	25.64%	22.35%	20.17%	18.12%	16.36%	14.91%	14.78%	14.78%

[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] 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 of assessment	Tax Year of assessment	R.E. Assessments
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
2022	2023	168,829,528,524
2023	2024	172,131,135,049
2024	2025	195,241,786,445
	Ten Year average	135,828,774,133
	Limit per art. 9	13.50%
	Legal Debt Limit	18,336,884,508

City of Philadelphia **Table 16**

Pledged Revenue Coverage

For the Fiscal Years 2016 through 2025

Amounts in millions of USD

No.		2016	2017	2018	2019	2020	2021	2022	2023	2024	2025
	Water and Sewer Revenue Bonds										
1	Total Revenue and Beginning Fund Balance	-	-	-	-	-	-	-	-	-	-
1a	Total Revenue	678.9	720.6	750.1	741.6	746.7	730.5	753.6	809.1	837.7	932.0
2	Net Operating Expenses	433.0	480.3	506.2	522.4	543.7	545.1	547.2	603.8	627.5	653.7
2a	Commitments Cancelled (formally Beg. Fund Bal.)	(24.1)	(24.6)	(32.4)	(30.4)	(26.9)	(23.9)	(36.8)	(29.2)	(36.4)	(32.0)
3	Transfer To (From) Rate Stabilization Fund	(1.6)	(4.6)	(24.6)	(4.3)	(33.1)	(27.0)	15.0	(7.8)	(8.2)	4.0
4	Net Revenues	271.6	269.5	300.9	253.9	263.0	236.3	228.2	242.3	254.8	306.3
	Debt Service:										
5	Revenue Bonds Outstanding	219.3	206.1	218.4	190.9	206.2	186.2	177.0	199.3	209.7	234.8
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	-	0.5	-	-
7	Pennvest Loan	-	-	-	-	-	-	-	-	-	-
8	Total Debt Service	219.0	215.9	237.2	190.9	206.4	186.3	177.0	199.8	209.7	234.8
9	Net Revenue after Debt Service	52.6	53.6	63.7	63.0	56.6	50.0	51.2	42.5	45.1	71.5
10	Transfer to General Fund	-	-	-	-	-	-	-	-	-	-
11	Transfer to Capital Fund	21.5	22.3	34.8	24.9	26.6	27.8	29.2	30.1	31.7	34.2
12	Transfer to Residual Fund	31.1	31.3	28.9	38.1	30.0	22.2	22.0	12.4	13.4	37.3
13	Ending Fund Balance	-	-	-	-	-	-	-	-	-	-
	Debt Service Coverage:										
	Coverage A (Line 4/Line 5)	1.24	1.31	1.38	1.33	1.28	1.27	1.29	1.22	1.22	1.30
	Coverage B (Line 4/(Line 5 + Line 11))	1.13	1.13	1.19	1.18	1.13	1.10	1.11	1.06	1.06	1.14
	Airport Revenue Bonds										
1	Fund Balance	71.2	87.9	107.8	126.8	144.2	160.9	173.7	173.7	303.8	357.9
2	Project Revenues	341.2	362.0	381.7	393.4	390.2	331.8	356.0	535.6	490.0	542.6
3	Passenger Facility Charges	31.2	33.7	31.2	31.2	31.2	49.6	32.0	25.6	42.2	41.3
4	Total Fund Balance and Revenue	443.6	483.6	520.7	551.4	565.6	542.3	561.7	734.9	836.0	941.8
5	Net Operating Expenses	132.1	136.5	151.0	161.2	151.7	130.1	150.0	149.3	186.0	197.4
6	Interdepartmental Charges	106.8	116.7	116.7	121.1	123.0	109.8	103.0	117.6	114.5	126.2
7	Total Expenses	238.9	253.2	267.7	282.3	274.7	239.9	253.0	266.9	300.5	323.6
	Available for Debt Service:										
8	Revenue Bonds (Line 4-Line 5)	311.5	347.1	369.7	390.2	413.9	412.2	411.7	585.6	650.0	744.4
9	All Bonds (Line 4-Line 7)	204.7	230.4	253.0	269.1	290.9	302.4	308.7	468.0	535.5	618.2
	Debt Service:										
10	Revenue Bonds	120.6	122.6	127.8	126.0	127.9	124.3	118.0	160.4	152.9	165.3
11	General Obligation Bonds	-	-	-	-	-	-	-	-	-	-
12	Total Debt Service	120.6	122.6	127.8	126.0	127.9	124.3	118.0	160.4	152.9	165.3
	Debt Service Coverage:										
	Revenue Bonds Only - Test "A" (Line 8/Line 10)	2.58	2.83	2.89	3.10	3.24	3.32	3.49	3.65	4.25	4.50
	Total Debt Service - Test "B" (Line 9/Line 12)	1.69	1.88	1.98	2.14	2.27	2.43	2.62	2.92	3.50	3.74

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
Demographic and Economic Statistics
For the Calendar Years 2015 through 2024

Table 17

Calendar Year	Population [1]	Personal Income [2] (thousands of USD)	Per Capita Personal Income (USD)	Unemployment Rate [3]
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%
2022	1,567,258	88,964,392	56,764	5.4%
2023	1,550,542	95,868,345	61,829	4.2%
2024	1,573,916	96,312,500	61,193	4.5%

[1] US Department of Commerce, Bureau of Economic Analysis

[2] US Department of Commerce, Bureau of Economic Analysis

[3] US Department of Labor, Bureau of Labor Statistics

City of Philadelphia

Principal Employers

Current Calendar Year and Nine Years Ago

Table 18

Listed Alphabetically

2024	2015
Children's Hospital of Philadelphia	Children's Hospital of Philadelphia
City of Philadelphia	City of Philadelphia
Comcast Corporation	Comcast Corporation
School District of Philadelphia	Drexel University
SEPTA (Southeastern Pennsylvania Transit Authority)	School District of Philadelphia
Temple University Hospital Inc	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 2016 through 2025

	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025
Governmental Activities:										
Economic Development	43	39	47	69	63	40	37	53	58	73
Transportation:										
Streets & Highways	512	538	609	655	669	627	636	680	778	802
Mass Transit	12	1	1	1	2	1	3	3	2	2
Judiciary and Law Enforcement:										
Police	7,750	7,213	7,276	7,336	7,201	6,847	6,681	6,335	6,161	6,147
Prisons	2,280	2,257	2,208	2,084	1,882	1,556	1,319	1,288	1,250	1,511
Courts	3,276	3,367	3,317	3,364	3,428	3,301	3,109	3,172	3,161	3,007
Conservation of Health:										
Emergency Medical Services	534	592	416	467	533	419	414	430	432	431
Health Services	1,062	1,105	1,132	1,161	1,206	1,169	1,150	1,134	1,176	1,196
Housing and Neighborhood Development	66	67	73	71	76	75	83	90	95	89
Cultural and Recreational:										
Parks and Recreation	636	630	670	682	678	667	633	699	697	717
Libraries and Museums	666	677	659	670	688	648	619	738	819	856
Improvements to General Welfare:										
Social Services	1,779	1,837	1,860	1,804	1,827	1,765	1,755	1,683	1,819	1,817
Inspections and Demolitions	323	336	378	421	394	371	352	328	351	370
Service to Property:										
Sanitation	1,159	1,153	1,094	1,179	1,144	1,163	1,298	1,266	1,302	1,495
Fire	1,871	1,896	2,036	2,187	2,227	2,259	2,258	2,356	2,376	2,409
General Management and Support	2,601	2,749	2,744	3,164	2,911	2,749	2,760	2,956	3,359	3,710
Total Governmental Activities	24,570	24,457	24,520	25,315	24,929	23,657	23,107	23,211	23,836	24,632
Business Type Activities:										
Water and Sewer	2,358	2,481	2,519	2,217	2,498	2,428	2,403	2,421	2,468	2,551
Aviation	1,032	1,035	1,056	1,071	1,048	977	840	833	894	1,032
Total Business-Type Activities	3,390	3,516	3,575	3,288	3,546	3,405	3,243	3,254	3,362	3,583
Fiduciary Activities:										
Pension Trust	56	56	60	56	54	55	58	57	59	58
Total Primary Government	28,016	28,029	28,155	28,659	28,529	27,117	26,408	26,522	27,257	28,273

City of Philadelphia
Operating Indicators by Function
For the Fiscal Years 2016 through 2025

Table 20

	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025
Governmental Activities:										
Transportation:										
Streets & Highways										
Street Resurfacing (miles)	43	56	77	95	65	42	49	51	61	103
Potholes Repaired	35,541	31,589	57,002	59,514	37,971	22,815	59,164	38,136	57,282	61,408
Judiciary and Law Enforcement:										
Police										
Arrests	55,693	46,268	45,531	42,444	40,702	30,697	27,496	28,486	24,058	36,991
Calls to 911	3,703,809	2,760,452	2,432,404	2,616,735	2,390,540	2,335,370	2,862,919	2,960,592	2,252,266	3,032,694
Prisons										
Average Inmate Population	7,685	6,925	6,158	4,815	4,190	4,709	4,396	4,421	4,690	4,151
Inmate Beds (city owned)	8,428	6,991	6,085	5,019	4,047	4,903	4,903	5,053	5,053	5,053
Conservation of Health:										
Emergency Medical Services										
Medic Unit Runs	263,754	267,266	271,450	274,659	266,090	271,494	251,501	268,332	277,195	289,088
First Responder Runs	48,965	47,456	48,797	49,526	47,864	49,321	48,440	52,890	55,526	62,057
Health										
Patient Visits	72,479	336,445	335,937	350,948	324,388	300,073	332,000	300,691	312,314	306,573
Cultural and Recreational:										
Parks										
Athletic Field Permits Issued	2,501	2,579	2,120	1,351	1,892	571	1,062	1,096	1,603	2,051
Libraries										
Items borrowed	5,926,481	5,419,516	5,293,138	6,482,481	5,207,069	4,002,577	5,241,011	4,155,752	8,235,052	7,596,045
[3] Visitors to all libraries	5,839,145	5,128,715	4,973,288	4,915,649	3,841,395	176,619	1,829,104	-	851,422	1,703,092
Visitors to library website	7,971,946	5,029,713	6,361,655	6,699,581	6,099,144	4,071,281	4,827,886	5,300,000	4,238,359	2,288,828
Improvements to General Welfare:										
Social Services										
Children Receiving Services	19,697	18,955	18,798	17,002	13,369	11,533	10,465	14,430	13,051	12,541
Children in Placement	8,463	8,782	8,731	8,230	7,125	6,355	5,730	5,112	4,445	3,974
Emergency Shelter Beds (average)	2,196	2,143	2,170	3,725	3,855	2,526	2,501	2,747	2,819	2,771
Transitional Housing Units (new placements)	517	415	284	728	374	419	404	415	322	497
Service to Property:										
Sanitation										
Refuse Collected (tons per day)	2,270	2,311	2,310	2,475	2,351	2,841	2,645	2,430	2,346	2,316
Recyclables Collected (tons per day)	425	444	404	355	327	207	242	308	311	302
Fire										
Fires Handled	6,143	5,901	6,614	7,810	7,350	3,413	7,161	8,314	8,094	8,475
Fire Marshall Investigations	1,715	2,242	2,099	1,969	1,889	1,954	1,783	2,093	1,737	1,516
Business Type Activities:										
[2] **Water and Sewer**										
Millions of gallons of treated water	84,573	82,846	81,485	80,943	78,239	84,424	84,342	85,817	85,413	89,853
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	682	1,022	742	747	796	560	478	1,141	1,313	1,305
Water main breaks repaired	703	655	977	754	596	759	779	606	674	981
Average time to repair a water main break upon crew arrival at site (hours)	6.8	6.7	6.5	6.7	6.2	6.7	6.9	7	7	7
Percent of hydrants available	99.60%	99.60%	99.57%	99.43%	99.15%	98.91%	98.95%	99.00%	99.00%	99.00%
Number of storm drains cleaned	98,105	107,784	103,535	103,053	84,640	97,849	64,427	80,909	95,030	72,397
[1] **Aviation**										
Passengers Handled (PIA)	31,336,138	29,641,556	30,553,378	32,244,112	23,782,297	13,039,500	23,204,502	26,824,404	29,526,329	30,608,554
Air Cargo Tons (PIA)	414,891	424,009	487,086	554,606	573,499	582,469	575,274	532,198	443,541	419,720
Aircraft Movements (PIA and NPA)	456,269	434,707	427,214	455,352	385,403	287,679	380,979	392,595	421,751	447,348

[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

[3] Hardware issues prevented fiscal year 2023 statistic from being tracked. New hardware equipment is planned for installation. The fiscal year 2024 statistic does not include the third and fourth quarters information for Parkway Central Library.

City of Philadelphia
Capital Assets Statistics by Function
For the Fiscal Years 2016 through 2025

Table 21

	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025
Governmental Activities:										
Transportation:										
Streets & Highways										
[1] Total Miles of Streets	2,575	2,575	2,550	2,550	2,550	2,550	2,552	2,552	2,552	2,552
Streetlights	105,151	104,595	106,092	106,092	124,846	126,924	141,554	141,518	141,518	142,507
Judiciary and Law Enforcement:										
Police										
Stations and Other Facilities	50	48	55	55	55	58	56	57	57	58
Prisons										
Major Correctional Facilities	6	6	5	4	3	3	3	4	4	5
Conservation of Health:										
Health Services										
Health Care Centers	8	8	8	8	8	8	8	8	8	8
Cultural and Recreational:										
Recreation										
[4] Recreation Centers	164	313	313	721	717	731	738	742	747	742
[2] Athletic Venues	1,107	1,030	1,030	1,129	1,120	1,118	1,112	1,101	1,061	1,036
Parks										
Parks	209	211	211	405	409	410	414	406	393	390
Baseball/Softball Fields	404	412	404	414	411	411	410	410	400	389
Libraries										
Branch & Regional Libraries	54	54	54	54	57	57	57	54	54	54
Service to Property:										
Fire										
Stations and Other Facilities	63	69	67	73	73	73	73	73	67	65
Business Type Activities:										
Water and Sewer:										
Water System Piping (miles)	3,187	3,184	3,185	3,183	3,178	3,180	3,179	3,179	3,179	3,179
Fire Hydrants	25,398	25,419	25,419	25,234	25,020	25,192	25,142	25,142	25,150	25,121
Treated Water Storage Capacity (x 1000 gallons)	1,065,000	1,065,000	950,000	950,000	1,010,000	1,010,000	1,010,000	973,000	973,000	973,000
Sanitary Sewers (miles)	763	765	766	767	761	767	767	767	767	767
Stormwater Conduits (miles)	740	747	744	752	755	756	757	759	761	761
Sewage Treatment Capacity (x 1000 gallons)	1,044,000	1,044,000	1,044,000	1,059,000	1,059,000	1,059,000	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	132	126
Terminal Buildings (square footage) (PIA)	3,254,354	3,240,537	3,240,537	3,240,537	3,240,537	3,240,537	3,254,354	3,254,354	3,254,354	3,254,354
Runways (length in feet) (PIA & NPA)	43,500	43,500	43,500	43,500	45,000	45,000	45,000	45,000	45,000	45,000

[1] Street System-83% city streets, 2% park streets, 15% state highways

[2] Includes 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. The large increase in the number of recreation centers in 2019 was due to a change in classification and not reflective of the construction or purcahse of new buildings.