NEW ISSUES - BOOK ENTRY ONLY

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

Interest on the 2024A Bonds is included in gross income for federal income tax purposes pursuant to the Internal Revenue Code of 1986, as amended (the "Code"). In the opinion of Co-Bond Counsel, interest on the Tax-Exempt Bonds will be excluded from gross income for federal income tax purposes under existing statutes, regulations, rulings and court decisions, subject to the conditions described in "TAX MATTERS" herein. In addition, interest on the Tax-Exempt Bonds will not be treated as an item of tax preference under Section 57 of the Code, for purposes of the federal alternative minimum tax; however, such interest is taken into account in determining the annual adjusted financial statement income of applicable corporations (as defined in Section 59(k) of the Code) for the purpose of computing the alternative minimum tax imposed on corporations. Under the laws of the Commonwealth of Pennsylvania, as enacted and construed on the date hereof, interest on the 2024/25 Bonds is exempt from Pennsylvania personal income tax and Pennsylvania corporate net income tax. Co-Bond Counsel expresses no opinion regarding any other tax consequences related to the ownership or disposition of, or the amount, accrual or receipt of interest on, the 2024/25 Bonds. For a more complete discussion, see "TAX MATTERS" herein.

$217,925,000
PHILADELPHIA REDEVELOPMENT AUTHORITY
City Service Agreement Revenue Bonds

$127,775,000
City Service Agreement Revenue Bonds,
Series A of 2024
(City of Philadelphia Neighborhood Preservation Initiative)
(Federally Taxable Social Bonds)

$21,330,000
City Service Agreement Revenue Bonds,
Series B of 2024
(City of Philadelphia Neighborhood Preservation Initiative)
(Tax-Exempt Social Bonds)

$68,820,000
City Service Agreement Revenue Refunding Bonds,
Series A of 2025
(City of Philadelphia Neighborhood Transformation Initiative)
(Tax-Exempt)

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

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

The 2024/25 Bonds. The Philadelphia Redevelopment Authority (the "Authority") is issuing the above-referenced bonds (the "2024/25 Bonds").

Social Bonds. The Authority and The City of Philadelphia (the "City") have designated the 2024 Bonds as "Social Bonds." See "DESIGNATION AS SOCIAL BONDS."

Purpose. The 2024A Bonds are being issued to (i) finance certain costs of the NPI Program, including certain program-wide administrative costs, as further described herein, and (ii) pay the costs of issuing the 2024A Bonds.

The 2024B Bonds are being issued to (i) finance certain costs of the NPI Program, as further described herein, and (ii) pay the costs of issuing the 2024B Bonds.

The 2025A Bonds are being issued to (i) refund the Refunded Bonds, and (ii) pay the costs of issuing the 2025A Bonds.

For more information on the use of the proceeds of the 2024/25 Bonds, see "INTRODUCTION – Purpose," "THE AUTHORITY – Neighborhood Preservation Initiative," "THE AUTHORITY – Refunded Bonds and the Neighborhood Transformation Initiative," and "PLAN OF FINANCE AND REFUNDING AND ESTIMATED SOURCES AND USES OF FUNDS" herein.

Security. The following is qualified in all respects by the information in this Official Statement under the caption "SECURITY AND SOURCES OF PAYMENT FOR THE 2024/25 BONDS" and the documents referenced under such caption. As further described herein, the 2024/25 Bonds are payable by the Authority solely from certain payments to be made by:

THE CITY OF PHILADELPHIA

2024 Bonds. The 2024 Bonds are payable by the Authority solely from the NPI Service Fee to be paid by the City under the NPI Service Agreement and certain funds held under the NPI Indenture.

2025A Bonds. The 2025A Bonds are payable by the Authority solely from the NTI Service Fee to be paid by the City under the NTI Service Agreement and certain funds held under the NTI Indenture.

General. The Service Fees under the respective Service Agreements are sized to be sufficient to pay, among other things, the principal of and interest on the related 2024/25 Bonds when due. The Service Fees are payable solely from the current revenues of the City, are subject to annual appropriation by the City, and City Council is required by the City Charter to appropriate to pay the Service Fees in each Fiscal Year. The City has covenanted in the Service Agreements and the Ordinances to include in its annual operating budget and appropriate in each Fiscal Year amounts sufficient to pay all Service Fee payments in such Fiscal Year when due. The obligations of the City to pay the Service Fees pursuant to the Service Agreements are unconditional and absolute.

Special Limited Obligations. The 2024 Bonds are special limited obligations of the Authority payable solely from the NPI Trust Estate. The 2025A Bonds are special limited obligations of the Authority payable solely from the NTI Trust Estate. The 2024/25 Bonds are not obligations of the City, the Commonwealth of Pennsylvania (the "Commonwealth") or any other political subdivision thereof. The 2024/25 Bonds are not secured by the General Fund of the City, and neither the general credit of the Authority nor the credit or taxing power of the City, the Commonwealth or any other political subdivision thereof is pledged to the payment of the principal of the 2024/25 Bonds, or the interest thereon or any premium or other costs incidental thereto. The Authority has no taxing power.

Redemption. The 2024 Bonds are subject to redemption prior to maturity, as described herein. The 2025A Bonds are not subject to redemption prior to maturity. See "THE 2024/25 BONDS – Redemption Provisions" herein.

Additional Obligations. The Authority has reserved the right to issue additional bonds and certain other obligations secured on a parity basis with the NPI Bonds or the NTI Bonds, as applicable, under the circumstances and upon satisfaction of certain conditions described in the applicable Ordinances and Indentures, all as described herein. See "THE 2024/25 BONDS – Additional Obligations" herein.

Interest Payment Dates. Interest on the 2024 Bonds is payable semiannually on each March 1 and September 1, commencing on March 1, 2025. Interest on the 2025A Bonds is payable semiannually on each April 15 and October 15, commencing on April 15, 2025.

Tax Status. For information on the tax status of the 2024/25 Bonds, see the italicized language at the top of this cover page and "TAX MATTERS" herein. The 2024B Bonds and the 2025A Bonds are sometimes referred to herein collectively as the "Tax-Exempt Bonds."

Delivery Date. It is expected that the 2024 Bonds will be available for delivery to DTC on or about December 19, 2024. It is expected that the 2025A Bonds will be available for delivery to DTC on or about January 16, 2025.

This cover page contains certain information for quick reference only. It is not a summary of the 2024/25 Bonds or this Official Statement. Investors must read the entire Official Statement, including the Appendices, which are an integral part hereof, to obtain information essential to the making of an informed investment decision regarding the 2024/25 Bonds.

The 2024/25 Bonds are offered when, as and if issued by the Authority and accepted by the Underwriters and subject to the approval of the legality of the issuance of the 2024/25 Bonds by Cozen O'Connor and Ahmad Zaffarese LLC, Co-Bond Counsel, both of Philadelphia, Pennsylvania. Certain legal matters will be passed upon for the Authority by Turner Law, P.C., Philadelphia, Pennsylvania, Special Counsel to the Authority. Certain legal matters will be passed upon for the Underwriters by their counsel, Ballard Spahr LLP, Philadelphia, Pennsylvania. Certain legal matters will be passed upon for the City by the City of Philadelphia Law Department. Hawkins Delafield & Wood LLP and Law Office of Ann C. Lebowitz, Philadelphia, Pennsylvania, as Co-Disclosure Counsel to the City, will each deliver an opinion to the City and the Underwriters regarding certain matters.

Morgan Stanley **Loop Capital Markets**
Amerivet Securities **Raymond James**

Dated: December 10, 2024

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

$127,775,000
PHILADELPHIA REDEVELOPMENT AUTHORITY
City Service Agreement Revenue Bonds,
Series A of 2024
(City of Philadelphia Neighborhood Preservation Initiative)
(Federally Taxable Social Bonds)

Maturity Date (September 1)	Principal Amount	Interest Rate	Price	CUSIP†
2025	$5,620,000	4.653%	100.000	717868JS3
2026	5,880,000	4.503	100.000	717868JT1
2027	6,150,000	4.518	100.000	717868JU8
2028	6,440,000	4.552	100.000	717868JV6
2029	6,740,000	4.602	100.000	717868JW4
2030	7,060,000	4.711	100.000	717868JX2
2031	7,405,000	4.761	100.000	717868JY0
2032	7,765,000	4.826	100.000	717868JZ7
2033	8,155,000	4.876	100.000	717868KA0
2034	8,565,000	4.926	100.000	717868KB8

$57,995,000 Term Bond maturing September 1, 2040; Interest Rate: 5.226%; Price: 100.000; CUSIP†: 717868KC6

† CUSIP is a registered trademark of the American Bankers Association (the "ABA"). CUSIP data herein are provided by CUSIP Global Services ("CGS"), which is managed on behalf of the ABA by FactSet Research Systems Inc. These data are not intended to create a database and do not serve in any way as a substitute for the CGS database. The CUSIP numbers listed above are being provided solely for the convenience of the holders of the 2024/25 Bonds only at the time of issuance of the 2024/25 Bonds, and the City, the Authority, the Trustees, and the Underwriters do not make any representation with respect to such CUSIP numbers or undertake any responsibility for their accuracy now or at any time in the future. The CUSIP numbers are subject to being changed after the issuance of the 2024/25 Bonds as a result of various subsequent actions including, but not limited to, a refunding in whole or in part of the 2024/25 Bonds or as a result of the procurement of secondary market portfolio insurance or other similar enhancement by investors that may be applicable to all or a portion of the 2024/25 Bonds.

$21,330,000
PHILADELPHIA REDEVELOPMENT AUTHORITY
City Service Agreement Revenue Bonds,
Series B of 2024
(City of Philadelphia Neighborhood Preservation Initiative)
(Tax-Exempt Social Bonds)

Maturity Date (September 1)	Principal Amount	Interest Rate	Price	Yield	CUSIP†
2040	$3,850,000	5.000%	111.161*	3.500%*	717868JM6
2041	4,045,000	5.000	110.529*	3.580*	717868JN4
2042	4,255,000	5.000	110.136*	3.630*	717868JP9
2043	4,475,000	5.000	109.745*	3.680*	717868JQ7
2044	4,705,000	5.000	109.278*	3.740*	717868JR5

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

† CUSIP is a registered trademark of the American Bankers Association (the "ABA"). CUSIP data herein are provided by CUSIP Global Services ("CGS"), which is managed on behalf of the ABA by FactSet Research Systems Inc. These data are not intended to create a database and do not serve in any way as a substitute for the CGS database. The CUSIP numbers listed above are being provided solely for the convenience of the holders of the 2024/25 Bonds only at the time of issuance of the 2024/25 Bonds, and the City, the Authority, the Trustees, and the Underwriters do not make any representation with respect to such CUSIP numbers or undertake any responsibility for their accuracy now or at any time in the future. The CUSIP numbers are subject to being changed after the issuance of the 2024/25 Bonds as a result of various subsequent actions including, but not limited to, a refunding in whole or in part of the 2024/25 Bonds or as a result of the procurement of secondary market portfolio insurance or other similar enhancement by investors that may be applicable to all or a portion of the 2024/25 Bonds.

$68,820,000
PHILADELPHIA REDEVELOPMENT AUTHORITY
City Service Agreement Revenue Refunding Bonds,
Series A of 2025
(City of Philadelphia Neighborhood Transformation Initiative)
(Tax-Exempt)

Maturity Date (April 15)	Principal Amount	Interest Rate	Price	Yield	CUSIP†
2025	$ 725,000	5.000%	100.454	3.110%	717868JF1
2027	9,160,000	5.000	104.755	2.800	717868JG9
2028	13,670,000	5.000	106.650	2.840	717868JH7
2029	14,355,000	5.000	108.497	2.860	717868JJ3
2030	15,080,000	5.000	110.098	2.910	717868JK0
2031	15,830,000	5.000	111.855	2.910	717868JL8

† CUSIP is a registered trademark of the American Bankers Association (the "ABA"). CUSIP data herein are provided by CUSIP Global Services ("CGS"), which is managed on behalf of the ABA by FactSet Research Systems Inc. These data are not intended to create a database and do not serve in any way as a substitute for the CGS database. The CUSIP numbers listed above are being provided solely for the convenience of the holders of the 2024/25 Bonds only at the time of issuance of the 2024/25 Bonds, and the City, the Authority, the Trustees, and the Underwriters do not make any representation with respect to such CUSIP numbers or undertake any responsibility for their accuracy now or at any time in the future. The CUSIP numbers are subject to being changed after the issuance of the 2024/25 Bonds as a result of various subsequent actions including, but not limited to, a refunding in whole or in part of the 2024/25 Bonds or as a result of the procurement of secondary market portfolio insurance or other similar enhancement by investors that may be applicable to all or a portion of the 2024/25 Bonds.

THE CITY OF PHILADELPHIA, PENNSYLVANIA

MAYOR

HONORABLE CHERELLE L. PARKER

MAYOR'S CHIEF OF STAFF

Tiffany W. Thurman

MAYOR'S CABINET

Adam Thiel	Managing Director
Rob Dubow	Director of Finance
Renee Garcia, Esq	City Solicitor
Sinceré Harris	Chief Deputy Mayor of Intergovernmental Affairs, Sustainability, and Engagement
Vanessa Garrett Harley, Esq.	Chief Deputy Mayor for Social Impact and Strategic Initiatives
Alba Martinez	Director of Commerce
Carlton Williams	Director of Clean and Green Initiatives
Rachel Branson	Director of Minority Business Success
Adam Geer	Chief Public Safety Director
Alexander F. DeSantis	Inspector General
Kevin Bethel	Police Commissioner
Dr. Debora Borges-Carrera	Chief Education Officer
Valerie Gay	Director of Arts and Culture
Jeffrey W. Thompson	Fire Commissioner
Atif Saeed	Chief Executive Officer, Department of Aviation
Jazelle Jones	City Representative and Director of the Office of Special Events
Tumar Alexander	Senior Advisor

CITY TREASURER

Jacqueline Dunn

CITY CONTROLLER

Christy Brady

No Offering May Be Made Except by this Official Statement. No dealer, broker, salesperson or other person has been authorized by the Authority, the City, or the Underwriters to give any information or to make representations, other than as contained in this Official Statement, and if given or made, such other information or representations must not be relied upon as having been authorized by the Authority, the City, or the Underwriters. The offering of the 2024/25 Bonds is made only by means of this entire Official Statement.

No Unlawful Offers or Solicitations. This Official Statement does not constitute an offer to sell or the solicitation of an offer to buy, nor shall there be any sale of the 2024/25 Bonds by any person, in any jurisdiction in which it is unlawful for such person to make such offer, solicitation, or sale.

Use of this Official Statement. This Official Statement is submitted in connection with the sale of the 2024/25 Bonds described in this Official Statement and may not be reproduced or used, in whole or in part, for any other purpose. This Official Statement is not to be construed as a contract or agreement among the Authority, the City, the Underwriters and the purchasers or owners of any offered 2024/25 Bonds. This Official Statement is being provided to prospective purchasers either in bound printed form ("Original Bound Format") or in electronic format on the following websites: www.mcelweequinn.com and http://emma.msrb.org. This Official Statement may be relied upon only if it is in its Original Bound Format or if it is printed in full directly from such website.

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

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

Estimates and Forecasts. The statements contained in this Official Statement and the Appendices hereto that are not purely historical are forward-looking statements. Such forward-looking statements can be identified, in some cases, by terminology such as "may," "will," "should," "expects," "intends," "plans," "anticipates," "believes," "estimates," "predicts," "potential," "illustrate," "example," and "continue," or the singular, plural, negative or other derivations of these or other comparable terms. Readers should not place undue reliance on forward-looking statements. All forward-looking statements included in this Official Statement are based on information available to such parties on the date of this Official Statement, and neither the Authority nor the City assumes any obligation to update any such forward-looking statements. The forward-looking statements included herein are necessarily based on various assumptions and estimates and are inherently subject to various risks and uncertainties, including, but not limited to, risks and uncertainties relating to the possible invalidity of the underlying assumptions and estimates and possible changes or developments in various important factors. Accordingly, actual results may vary from the projections, forecasts and estimates contained in this Official Statement and such variations may be material, which could affect the ability to fulfill some or all of the obligations under the 2024/25 Bonds.

Public Offering Prices. In connection with the offering of the 2024/25 Bonds, the Underwriters may overallot or effect transactions which stabilize or maintain the market price of the 2024/25 Bonds at levels above those which might otherwise prevail in the open market. Such stabilization, if commenced, may be discontinued at any time.

No Recommendation or Registration. The 2024/25 Bonds have not been recommended by any federal or state securities commission or regulatory authority. Furthermore, the foregoing authorities have not confirmed the accuracy or determined the adequacy of this document. Any representation to the contrary is a criminal offense. The 2024/25 Bonds have not been registered with the Securities and Exchange Commission (the "SEC") under the Securities Act of 1933, as amended, in reliance upon the exemption contained in Section 3(a)(2) of such act; and the Indentures have not been qualified under the Trust Indenture Act of 1939, as amended, in reliance upon certain exemptions contained in such act.

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

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Summary of the Offering

This summary is subject in all respects to more complete information contained in this Official Statement and should not be considered a complete statement of the facts material to making an investment decision. The offering of the 2024/25 Bonds to potential investors is made only by means of the entire Official Statement, including the cover page, the inside cover pages, and the Appendices. Capitalized terms used in this summary and not otherwise defined in the front portion of this Official Statement have the meanings given to such terms in APPENDIX D or APPENDIX E, as applicable.

Issuer: The Philadelphia Redevelopment Authority (the "Authority").

Bonds Offered: $127,775,000 aggregate principal amount City Service Agreement Revenue Bonds, Series A of 2024 (City of Philadelphia Neighborhood Preservation Initiative) (Federally Taxable Social Bonds) (the "2024A Bonds")

$21,330,000 aggregate principal amount City Service Agreement Revenue Bonds, Series B of 2024 (City of Philadelphia Neighborhood Preservation Initiative) (Tax-Exempt Social Bonds) (the "2024B Bonds," and together with the 2024A Bonds, the "2024 Bonds")

$68,820,000 aggregate principal amount City Service Agreement Revenue Refunding Bonds, Series A of 2025 (City of Philadelphia Neighborhood Transformation Initiative) (Tax-Exempt) (the "2025A Bonds," and together with the 2024 Bonds, the "2024/25 Bonds")

Designation as Social Bonds: The Authority and The City of Philadelphia (the "City") have designated the 2024 Bonds as "Social Bonds." See "DESIGNATION AS SOCIAL BONDS."

Interest Payment Dates: Interest on the 2024 Bonds is payable semiannually on each March 1 and September 1, commencing on March 1, 2025. Interest on the 2025A Bonds is payable semiannually on each April 15 and October 15, commencing on April 15, 2025.

Security and Sources of Payment: The following is qualified in all respects by the information in this Official Statement under the caption "SECURITY AND SOURCES OF PAYMENT FOR THE 2024/25 BONDS" and the documents referenced under such caption.

<u>2024 Bonds</u>

The 2024 Bonds are payable by the Authority solely from the NPI Service Fee to be paid by the City under the NPI Service Agreement and certain funds held under the NPI Indenture.

<u>2025A Bonds</u>.

The 2025A Bonds are payable by the Authority solely from the NTI Service Fee to be paid by the City under the NTI Service Agreement and certain funds held under the NTI Indenture.

<u>General</u>

The Service Fees under the respective Service Agreements are sized to be sufficient to pay, among other things, the principal of and interest on the related 2024/25 Bonds when due. The Service Fees are payable solely from the current revenues of the City, are subject to annual appropriation by the City, and City Council is required by the City Charter to appropriate to pay the Service Fees in each Fiscal Year. The City has covenanted in the Service Agreements and the Ordinances to include in its annual operating budget and appropriate in each Fiscal Year amounts sufficient to pay all Service Fee payments in such Fiscal Year when due. The obligations of the City to pay the Service Fees pursuant to the Service Agreements are unconditional and absolute.

<u>Special Limited Obligations</u>

The 2024 Bonds are special limited obligations of the Authority payable solely from the NPI Trust Estate. The 2025A Bonds are special limited obligations of the Authority payable solely from the NTI Trust Estate. The 2024/25 Bonds are not obligations of the City, the Commonwealth of Pennsylvania (the "Commonwealth") or any other political subdivision thereof. The 2024/25 Bonds are not secured by the General Fund of the City, and neither the general credit of the Authority nor the credit or taxing power of the City, the Commonwealth or any other political subdivision thereof is pledged to the payment of the principal of the 2024/25 Bonds, or the interest thereon or any premium or other costs incidental thereto. The Authority has no taxing power.

Certain Other Bonds: Under the NPI Indenture, the Authority previously issued the (i) City Service Agreement Revenue Bonds, Series A of 2021 (Federally Taxable Social Bonds) (the "2021A Bonds"), (ii) City Service Agreement Revenue Bonds, Series B of 2021 (Tax-Exempt Social Bonds) (the "2021B Bonds," and together with the 2021A Bonds, the "2021 Bonds"), (iii) City Service Agreement Revenue Bonds, Series A of 2023 (City of Philadelphia Neighborhood Preservation Initiative) (Federally Taxable Social Bonds) (the "2023A Bonds"), and (iv) City Service Agreement Revenue Bonds, Series B of 2023 (City of Philadelphia Neighborhood Preservation Initiative) (Tax-Exempt Social Bonds) (the "2023B Bonds," and together with the 2023A Bonds, the "2023 Bonds").

The 2024 Bonds, the 2023 Bonds, and the 2021 Bonds issued under the NPI Indenture are collectively referred to herein as the "NPI Bonds."

Under the NTI Indenture, the Authority previously issued the (i) City Service Agreement Revenue Refunding Bonds, Series 2015A (Non-AMT) (the "2015A Bonds"), (ii) City Service Agreement Revenue Refunding Bonds, Series 2015B (AMT) (the "2015B Bonds," and together with the 2015A Bonds, the "2015 Bonds"), and (iii) City Service Agreement Revenue Refunding Bonds, Series C of 2023 (Taxable-Exempt) (the "2023C Bonds").

The 2025A Bonds, the 2023C Bonds, and the 2015 Bonds issued under the NTI Indenture, together with certain other bonds that are no longer outstanding, are collectively referred to herein as the "NTI Bonds."

Additional Obligations: The Authority has reserved the right to issue additional bonds and certain other obligations secured on a parity basis with the NPI Bonds or the NTI Bonds, as applicable, under the circumstances and upon satisfaction of certain conditions described in the applicable Ordinances and Indentures, all as described herein. See "THE 2024/25 BONDS – Additional Obligations" herein.

Use of Proceeds: The proceeds of the 2024A Bonds are being used to (i) finance certain costs of the NPI Program, including certain program-wide administrative costs, as further described herein, and (ii) pay the costs of issuing the 2024A Bonds.

The proceeds of the 2024B Bonds are being used to (i) finance certain costs of the NPI Program, as further described herein, and (ii) pay the costs of issuing the 2024B Bonds.

The proceeds of the 2025A Bonds are being used to (i) refund the Refunded Bonds, and (ii) pay the costs of issuing the 2025A Bonds.

For more information on the NPI Program, the use of the proceeds of the 2024/25 Bonds, and the Refunded Bonds, see "INTRODUCTION – Purpose," "THE AUTHORITY – Neighborhood Preservation Initiative," "PLAN OF FINANCE AND REFUNDING AND ESTIMATED SOURCES AND USES OF FUNDS," and "APPENDIX J – Schedule of Refunded Bonds" herein.

Redemption:	The 2024 Bonds are subject to redemption prior to maturity, as described herein. The 2025A Bonds are not subject to redemption prior to maturity. See "THE 2024/25 BONDS – Redemption Provisions" herein.
Authorized Denominations:	The 2024/25 Bonds will be issued as registered bonds in denominations of $5,000 and integral multiples thereof.
Form and Depository:	The 2024/25 Bonds will be delivered solely in registered form under a global book-entry system through the facilities of DTC. See APPENDIX H.
Tax Status:	For information on the tax status of the 2024/25 Bonds, see the italicized language at the top of the cover page of this Official Statement and "TAX MATTERS" herein. The 2024B Bonds and the 2025A Bonds are sometimes referred to herein collectively as the "Tax-Exempt Bonds."
Ratings:	Fitch "A+" (stable outlook) Moody's "A1" (stable outlook) S&P "A+" (stable outlook) See "RATINGS" herein.

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TABLE OF CONTENTS

Page

OFFICIAL STATEMENT

Relating To

$217,925,000
PHILADELPHIA REDEVELOPMENT AUTHORITY
City Service Agreement Revenue Bonds

$127,775,000
City Service Agreement Revenue Bonds,
Series A of 2024
(City of Philadelphia Neighborhood Preservation Initiative)
(Federally Taxable Social Bonds)

$21,330,000
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(Tax-Exempt Social Bonds)

$68,820,000
City Service Agreement Revenue Refunding Bonds,
Series A of 2025
(City of Philadelphia Neighborhood Transformation Initiative)
(Tax-Exempt)

INTRODUCTION

General

This Official Statement, including the cover page, the inside cover pages, and the attached Appendices, is furnished in connection with the offering by the Philadelphia Redevelopment Authority, Philadelphia, Pennsylvania (the "Authority") of (i) $127,775,000 aggregate principal amount of its City Service Agreement Revenue Bonds, Series A of 2024 (City of Philadelphia Neighborhood Preservation Initiative) (Federally Taxable Social Bonds) (the "2024A Bonds"), (ii) $21,330,000 aggregate principal amount of its City Service Agreement Revenue Bonds, Series B of 2024 (City of Philadelphia Neighborhood Preservation Initiative) (Tax-Exempt Social Bonds) (the "2024B Bonds," and together with the 2024A Bonds, the "2024 Bonds"), and (iii) $68,820,000 aggregate principal amount of its City Service Agreement Revenue Refunding Bonds, Series A of 2025 (City of Philadelphia Neighborhood Transformation Initiative) (Tax-Exempt) (the "2025A Bonds," and together with the 2024 Bonds, the "2024/25 Bonds"). Reference should be made to the information under the caption "THE 2024/25 BONDS" for a description of the 2024/25 Bonds and to APPENDIX H for a description of the book-entry system applicable thereto.

Certain factors that may affect an investment decision concerning the 2024/25 Bonds are described throughout this Official Statement. Prospective purchasers considering a purchase of the 2024/25 Bonds should read this Official Statement, including the cover page, the inside cover pages and the Appendices, which are an integral part hereof, in its entirety. All estimates and assumptions of financial and other information are based on information currently available, are believed to be reasonable and are not to be construed as assurances of actual outcomes. All estimates of future performance or events constituting forward-looking statements may or may not be realized because of a wide variety of economic and other circumstances. Included in such forward-looking statements are numbers and other information from the adopted and proposed budgets of The City of Philadelphia (the "City"), as well as from the City's five-year financial plans. See APPENDIX A – "DISCUSSION OF FINANCIAL

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

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

Authorization

2024 Bonds. The 2024 Bonds are being issued pursuant to the provisions of (i) the Pennsylvania Urban Redevelopment Law, Act No. 385 of the General Assembly of the Commonwealth of Pennsylvania approved May 24, 1945 (P.L. 991), as amended and supplemented (the "Act"), and (ii) a resolution of the Authority adopted on October 9, 2024 (the "Resolution"). The 2024 Bonds will be secured under the terms of a Second Supplemental Indenture dated as of December 1, 2024 (the "Second Supplemental NPI Indenture") between the Authority and U.S. Bank Trust Company, National Association, successor in interest to U.S. Bank National Association, as trustee (the "NPI Trustee"), supplementing the Trust Indenture dated as of October 1, 2021, as previously supplemented (the "Original NPI Indenture," and together with the Second Supplemental NPI Indenture and the other supplemental indentures under the Original NPI Indenture, the "NPI Indenture").

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

2025A Bonds. The 2025A Bonds are being issued pursuant to the provisions of (i) the Act and (ii) the Resolution. The 2025A Bonds will be secured under the terms of a Seventh Supplemental Indenture dated as of January 1, 2025 (the "Seventh Supplemental NTI Indenture") between the Authority and TD Bank National Association, as successor trustee to Commerce Bank/Pennsylvania, National Association (the "NTI Trustee"), supplementing the Trust Indenture dated as of April 15, 2002, as previously supplemented (the "Original NTI Indenture," and together with the Seventh Supplemental NTI Indenture and the other supplemental indentures under the Original NTI Indenture, the "NTI Indenture").

With respect to bonds previously issued under the NTI Indenture, the Existing NTI Service Agreement and the payment of the NTI Service Fee (each as defined herein) have been authorized by the City pursuant to (i) Ordinance (Bill No. 020036) passed by City Council on February 28, 2002 and signed by the Mayor on March 13, 2002 (the "Original NTI Ordinance"); (ii) Ordinance (Bill No. 110733) passed by City Council on December 8, 2011 and signed by the Mayor on December 21, 2011 (the "2011 Ordinance"); and (iii) with respect to the 2023C Bonds, Ordinance (Bill No. 230251) passed by City Council on May 11, 2023, and signed by the Mayor on May 15, 2023 (the "Refunding Ordinance," and together with the Original NTI Ordinance and 2011 Ordinance, the "NTI Ordinances"). With respect to the 2025A Bonds, the Sixth Supplemental NTI Service Agreement (as defined herein) and the payment of the NTI Service Fee have been authorized by the City pursuant to the Refunding Ordinance.

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

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

COVID-19 Response

The City continues to closely monitor and assess the effects of the novel strain of coronavirus ("COVID-19") pandemic and its impact on the City's financial position and operations. For more information on the City's response to COVID-19 and the related financial and budgetary impacts on the City, see APPENDIX A – "OVERVIEW – Fiscal Health of the City – COVID-19" and APPENDIX B – "CITY SOCIOECONOMIC INFORMATION – COVID-19."

Purpose

The proceeds of the 2024A Bonds are being used to (i) finance certain costs of the NPI Program, including certain program-wide administrative costs, as further described herein, and (ii) pay the costs of issuing the 2024A Bonds.

The proceeds of the 2024B Bonds are being used to (i) finance certain costs of the NPI Program, as further described herein, and (ii) pay the costs of issuing the 2024B Bonds.

The proceeds of the 2025A Bonds are being used to (i) refund the Refunded Bonds (as defined herein), and (ii) pay the costs of issuing the 2025A Bonds.

For more information on the use of the proceeds of the 2024/25 Bonds, see "THE AUTHORITY – Neighborhood Preservation Initiative," "THE AUTHORITY – Refunded Bonds and the Neighborhood Transformation Initiative," "PLAN OF FINANCE AND REFUNDING AND ESTIMATED SOURCES AND USES OF FUNDS," and "APPENDIX J – Schedule of Refunded Bonds" herein.

Philadelphia Redevelopment Authority

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

Security for the 2024/25 Bonds

The following is qualified in all respects by the information in this Official Statement under the caption "SECURITY AND SOURCES OF PAYMENT FOR THE 2024/25 BONDS" and the documents referenced under such caption.

2024 Bonds. The 2024 Bonds are payable by the Authority solely from certain service fee payments (the "NPI Service Fee") to be paid by the City under the Service Agreement dated as of October 1, 2021 (the "Original NPI Service Agreement"), as previously supplemented (the "Existing NPI Service Agreement") and as further supplemented by a Second Supplemental Service Agreement, dated as of December 1, 2024 (the "Second Supplemental NPI Service Agreement," and together with the Existing NPI Service Agreement, the "NPI Service Agreement"), each between the Authority and the City, and certain funds held under the NPI Indenture.

2025A Bonds. The 2025A Bonds are payable by the Authority solely from certain service fee payments (the "NTI Service Fee") to be paid by the City under the Service Agreement dated as of April 15, 2002 (the "Original NTI Service Agreement"), as previously supplemented (the "Existing NTI Service Agreement") and as further supplemented by a Sixth Supplemental Service Agreement, dated as of January 1, 2025 (the "Sixth Supplemental NTI Service Agreement," and together with the Existing

NTI Service Agreement, the "NTI Service Agreement"), each between the Authority and the City, and certain funds held under the NTI Indenture.

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

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

General. The Service Fees under the respective Service Agreements are sized to be sufficient to pay, among other things, the principal of and interest on the related 2024/25 Bonds when due. The Service Fees are payable solely from the current revenues of the City, and are subject to annual appropriation by the City. City Council is obligated by the City Charter (as defined herein) to make appropriations from year to year to pay the Service Fees coming due under the Service Agreements. The City has covenanted in the Service Agreements and the Ordinances to include in its annual operating budget and appropriate in each Fiscal Year amounts sufficient to pay all Service Fee payments in such Fiscal Year when due. The obligations of the City to pay the Service Fees pursuant to the Service Agreements are unconditional and absolute.

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

Special Limited Obligations. The 2024 Bonds are special limited obligations of the Authority payable solely from the NPI Trust Estate (as defined herein) established under the NPI Indenture. The 2025A Bonds are special limited obligations of the Authority payable solely from the NTI Trust Estate (as defined herein) established under the NTI Indenture. The 2024/25 Bonds are not a debt or liability of the City, the Commonwealth or any political subdivision thereof and shall not create or constitute an indebtedness, liability or obligation (legal, moral or otherwise) of the City, the Commonwealth or any political subdivision thereof. Neither the general credit of the Authority nor the credit or taxing power of the City, the Commonwealth or any political subdivision thereof is pledged to the payment of the principal of or any premium or interest on the 2024/25 Bonds. The 2024/25 Bonds are not secured by the General Fund of the City. The Authority has no taxing power.

Trustees

2024 Bonds. U.S. Bank Trust Company, National Association is a national banking association organized and existing under the laws of the United States of America, having a corporate trust office in Philadelphia, and is serving as NPI Trustee under the NPI Indenture. The designated corporate trust office of the NPI Trustee is U.S. Bank Trust Company, National Association, Two Liberty Place, 50 S. 16th Street, Suite 2000, Mail Station EX-PA-WBSP, Philadelphia, PA 19102, Attention: Global Corporate Trust.

2025A Bonds. TD Bank, National Association, is a national banking association organized and existing under the laws of the United States of America, having a corporate trust office in Philadelphia, Pennsylvania, and is serving as NTI Trustee under the NTI Indenture. The designated corporate trust office of the NTI Trustee is 12000 Horizon Way, Mt. Laurel, New Jersey 08054.

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

Information Regarding The City of Philadelphia

The City's Annual Comprehensive Financial Report and other information about the City can be found on the City's website at www.phila.gov/investor (the "City's Investor Website"). The "Terms of Use" statement of the City's Investor Website, which applies to all users of the City's Investor Website, provides, among other things, that the information contained therein is provided for the convenience of the user, that the City is not obligated to update such information, and that the information may not provide all information that may be of interest to investors. The information contained on the City's Investor Website does not constitute an offer to buy or sell securities, nor is it a solicitation therefor. The information contained on the City's Investor Website is not incorporated by reference in this Official Statement and persons considering a purchase of the 2024/25 Bonds should rely only on information contained in this Official Statement or incorporated by reference herein.

APPENDIX A provides information regarding the City, including relevant statutory provisions, financial information, litigation information, the relationship with the Pennsylvania Intergovernmental Cooperation Authority ("PICA") and the City's five-year plans. APPENDIX B contains socioeconomic and demographic information about the City. APPENDIX C contains the Annual Comprehensive Financial Report of the City for the Fiscal Year ended June 30, 2023 (the "Fiscal Year 2023 ACFR"). Certain information contained in APPENDIX A regarding the City is for periods prior to or subsequent to June 30, 2023. As a result, certain of the information in APPENDIX C is, at times, at variance with corresponding information concerning the City in APPENDIX A.

The City Controller has examined and expressed opinions on the basic financial statements of the City contained in the Fiscal Year 2023 ACFR. The City Controller has not participated in the preparation of this Official Statement nor in the preparation of the budget estimates and projections and cash flow statements and forecasts set forth in various tables contained in this Official Statement and its Appendices. Consequently, the City Controller expresses no opinion with respect to any of the data contained in this Official Statement other than what is contained in the Fiscal Year 2023 ACFR.

The Authority makes no representation as to the accuracy of any information contained in, or referenced in, this Official Statement relating to the City. Because the general credit of the Authority is not pledged to the payment of the 2024/25 Bonds, no financial information or operating data with respect to the Authority has been included in this Official Statement.

Miscellaneous

Brief descriptions of the Authority, the 2024/25 Bonds, the Service Agreements, the Ordinances, and the Indentures are included in this Official Statement. The summaries of the documents contained herein do not purport to be complete, comprehensive or definitive and are qualified in their entirety by reference to the entire text of such documents, and the description herein of the 2024/25 Bonds is qualified in its entirety by reference to the forms thereof and the information with respect thereto included in the aforesaid documents. All such descriptions are further qualified in their entirety by reference to laws and principles of equity relating to or affecting generally the enforcement of creditors' rights and the exercise of judicial discretion.

Copies of the Ordinances, the Resolution, the Indentures, and the Service Agreements may be obtained from the Authority and, during the initial offering period, at the principal offices of the Representative of the Underwriters (as defined herein). After delivery of the 2024/25 Bonds, such copies may be obtained from the applicable Trustee at its designated corporate trust office.

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

THE AUTHORITY

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

Organization

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

Name	Title	Term Expires (March 28)
David S. Thomas	Chair	2026
Jessie Lawrence	Vice Chair	2027
Maria Duque Buckley	2nd Vice Chair & Assistant Secretary	2025
Mark Lynch	Secretary	2029
Kate McGlinchey	Treasurer	2028

Indebtedness of the Authority

The Authority has a number of special obligation bond and note issues outstanding under indentures or other instruments apart from the NPI Indenture and the NTI Indenture and may issue others from time to time. Each such issue is payable solely from revenues derived from the project being financed or from special funds established therefor, is separately secured, and is separate and independent from the 2024/25 Bonds as to sources of payment and security. Similarly, the obligations outstanding under the NPI Indenture and NTI Indenture, respectively, are separately secured by such applicable Indenture and are separate and independent from the obligations outstanding under the other Indenture as to sources of payment and security.

The Authority has experienced a default with respect to an obligation issued by it, by reason of nonpayment of debt service by the party receiving financing through the Authority. However, the 2024/25 Bonds are payable solely from the funds pledged under the respective Indentures and any other obligations issued by the Authority are payable solely from the funds specifically pledged for the payment of such other obligations. Accordingly, a default on another issue of obligations issued by the Authority under another indenture would not constitute a default on the NPI Bonds or the NTI Bonds. Similarly, a default under the NPI Indenture would <u>not</u> constitute a default under the NTI Indenture, and a default under the NTI Indenture would <u>not</u> constitute a default under the NPI Indenture.

For more information on the issuance of Additional Obligations by the Authority under the NPI Indenture and of Additional Bonds by the Authority under the NTI Indenture, respectively, see "THE 2024/25 BONDS – Additional Obligations."

Neighborhood Preservation Initiative

The Neighborhood Preservation Initiative is an approximately $400 million program created by the City Council in 2021 to invest over four years in programs that improve and enhance housing, small business, commercial corridors and neighborhood infrastructure within the City in order to promote the health, welfare and safety of the residents of the City, prevent and eliminate blight, and encourage the provision of healthful homes, a decent living environment, and adequate places of employment for residents of the City. As of June 30, 2024, the Authority has issued $222,640,000 of its bonds to finance the Neighborhood Preservation Initiative. The investments made by the NPI Program have benefitted households and businesses in the City and have additionally leveraged private activity to generate additional substantial spending. For more information on investments made by the NPI Program, see the reports filed by the City on EMMA in December 2022, October 2023, and October 2024, which describe funds that have been fully expended during the particular reporting period. Such reports for outstanding NPI Bonds are substantially similar to the template outlined in the Form of Social Bonds Reporting in APPENDIX I hereto, which is to be used in connection with the 2024 Bonds.

The Authority and the City have determined, in accordance with the NPI Ordinance, that the Authority, at the direction and with the cooperation of the City and by entering into the NPI Service Agreement, will provide financial and administrative services to the City in connection with, and to undertake certain housing, small business, commercial corridors, and neighborhood infrastructure programs within the City referred to as the "Neighborhood Preservation Initiative" (the "NPI Program"), including the financing of certain costs thereof, that advance the goals of the NPI Program, all as further described in the NPI Ordinance.

The 2021 Bonds and the 2023 Bonds were issued to finance certain costs of the NPI Program and were designated as "Social Bonds."

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

Pursuant to the Redevelopment Cooperation Law, and in connection with the issuance of the 2021 Bonds, the Authority and the City entered into an Intergovernmental Cooperation Agreement (the "Original Cooperation Agreement") to address the administration of the NPI Program generally and certain particular matters with respect to a number of the housing-related components of the NPI Program, as well as certain matters related to NPI Program funds and fiscal responsibilities, among other things. The Original Cooperation Agreement was previously amended to reflect certain reallocations of planned levels of expenditures among component programs of the NPI Program due to demand for particular projects and services and was further amended and restated in connection with the issuance of the 2023 Bonds (as amended to date, the "Existing Cooperation Agreement"). The Existing Cooperation Agreement has been further amended and restated in connection with the issuance of the 2024 Bonds to make reference to such issuance and address certain other program-related matters (as so amended and restated, the "Cooperation Agreement"). Neither the Cooperation Agreement nor any payment to the Authority pursuant thereto is pledged to secure the payment of the 2024 Bonds. While the Cooperation Agreement sets forth specific programmatic uses of proceeds of the 2024 Bonds, such determinations are subject to change at any time upon agreement of the Authority and the City. The Cooperation Agreement may be further amended or terminated by the parties without any consent of, or notice to, the NPI Trustee or the Holders of the 2024 Bonds.

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

Proceeds of the 2024 Bonds are expected to be used for some or all of the costs (either incurred directly, or on a reimbursement basis, by the City, the Authority or PIs) of one or more of the various components of the NPI Program described below. Proceeds of the 2024 Bonds may be used to make direct payments for the costs of property acquisition, construction or improvements, or grants or loans in connection with carrying out various program delivery activities. Loans may be made at zero interest rates. **Any loan repayments made by borrowers under any part of the NPI Program or other amounts recovered from borrowers or other program intermediaries, lenders or contractors (other than unspent proceeds of the 2024 Bonds on deposit in the Project Fund) do not constitute part of the NPI Trust Estate and are not pledged to secure the 2024 Bonds.**

The following summarizes the respective components of the NPI Program. The PHDC manages the NPI Program. Specific information for each of the programs outlined below, a copy of the NPI Ordinance, Program Statements and Budgets, and Summary Reports can be found on PHDC's website.

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

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

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

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

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

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

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

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

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

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

Neighborhood Small Business Programs

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

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

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

Refunded Bonds and the Neighborhood Transformation Initiative

The Authority issued the 2015 Bonds and the 2023C Bonds to refund certain prior bonds that financed a portion of the Neighborhood Transformation Initiative (the "NTI Program") undertaken by the Authority and the City for revitalization, renewal, redevelopment, and transformation of blighted areas within the City to promote the health, safety and welfare of the residents of the City. A portion of the proceeds from the sale and issuance of the 2025A Bonds will be used to refund all of the outstanding 2015A Bonds. Such refunding will produce debt service savings and no proceeds of the 2025A Bonds will be used to finance the costs of the NTI Program. For more information on the use of the proceeds of the 2024/25 Bonds, see "PLAN OF FINANCE AND REFUNDING AND ESTIMATED SOURCES AND USES OF FUNDS" herein.

Miscellaneous

THE AUTHORITY HAS NOT PREPARED OR ASSISTED IN THE PREPARATION OF THIS OFFICIAL STATEMENT. EXCEPT FOR THE STATEMENTS MADE UNDER THE HEADINGS "INTRODUCTION – PHILADELPHIA REDEVELOPMENT AUTHORITY," "THE AUTHORITY" AND "NO LITIGATION – THE AUTHORITY," THE AUTHORITY IS NOT RESPONSIBLE FOR AND DOES NOT REPRESENT OR WARRANT IN ANY WAY THE ACCURACY OR COMPLETENESS OF ANY INFORMATION OR ANY STATEMENTS MADE HEREIN. ACCORDINGLY, EXCEPT AS AFORESAID, THE AUTHORITY DISCLAIMS RESPONSIBILITY FOR THE DISCLOSURES SET FORTH HEREIN MADE IN CONNECTION WITH THIS OFFER, SALE, AND DISTRIBUTION OF THE 2024/25 BONDS.

DESIGNATION AS SOCIAL BONDS

Authority Social Bonds and Program Principles

The Authority and the City have designated the 2024 Bonds as "Social Bonds" based on, among other things, the intended or actual use of proceeds for the respective components of the NPI Program, as set forth in the NPI Ordinance and described herein.

The Authority's Social Bonds designation reflects the intended or actual use of proceeds of the 2024 Bonds in a manner that is consistent with the "ICMA Social Bond Principles: Voluntary Process Guidelines for Issuing Social Bonds" (the "ICMA Social Bond Principles") as promulgated by the International Capital Market Association ("ICMA") and updated most recently in June 2023. The ICMA Social Bond Principles include project categories for the most commonly used types of projects (defined as "Social Projects") supported by or expected to be supported by the Social Bond market and indicate that Social Projects aim to address or mitigate a specific social issue and/or seek to achieve positive social outcomes, especially but not exclusively for target populations. The ICMA Social Bond Principles include Social Project categories such as providing and/or promoting: (i) affordable basic infrastructure, (ii) access to essential services, (iii) affordable housing, (iv) employment generation, (v) food security, or (vi) socioeconomic advancement and empowerment.

The NPI Program, as summarized herein, includes certain housing, small business, commercial corridors, and neighborhood infrastructure programs within the City, including the financing of certain costs thereof, and includes elements of several of the Social Project categories in the ICMA Social Bond Principles. For more information on the NPI Program, see "INTRODUCTION – Purpose" and "THE AUTHORITY – Neighborhood Preservation Initiative" herein. The NPI Program serves certain of the target populations included in the ICMA Social Bond Principles such as (i) excluded and/or marginalized populations, (ii) communities that are underserved regarding affordable homeownership, and (iii) minorities and other target populations. See the "Target Populations" column in APPENDIX I hereto. The Authority's Social Bonds designation also reflects the process by which the Authority and the City have determined that the NPI Program further advances housing, small business, commercial corridors, and neighborhood infrastructure programs within the City, including the way the Authority and the City intend to track the use of proceeds of the 2024 Bonds to fund some or all of such programs and report on such activities.

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

Use of Proceeds. The proceeds of the 2024 Bonds will be used to finance some or all of the various component programs comprising the NPI Program, subject to reallocations among component programs due to demand for specific programs and other factors. The Authority's designation of the 2024 Bonds as Social Bonds is based upon the anticipated use of proceeds and satisfaction of the other core components of the ICMA Social Bond Principles.

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

Management of Proceeds. Net of certain transaction costs, the proceeds of the 2024 Bonds will be invested in Investment Obligations until disbursed to finance costs of the respective components of the NPI Program. Such disbursements will be tracked by the Authority and the City in compliance with NPI Program requirements.

Reporting. With respect to the 2024 Bonds, the Authority and the City expect to prepare an annual report on the NPI Program with respect to the use of proceeds of the 2024 Bonds (the specific form and content of which are in the absolute discretion of the Authority and the City). The Authority and the City expect that such report will consist of the information outlined in the Form of Social Bonds Reporting in "APPENDIX I – FORM OF SOCIAL BONDS REPORTING" in this Official Statement. The Authority or the City, through Digital Assurance Certification, L.L.C. ("DAC"), as dissemination agent, expects to post such report as a voluntary filing on EMMA. Although the Authority and the City intend to provide such report, there is no requirement to provide this report pursuant to the Continuing Disclosure Agreement (as described herein) or any other agreement to provide continuing disclosure and the failure to do so will not constitute an event of default thereunder or under the NPI Indenture or the NPI Service Agreement.

In December 2022, October 2023, and October 2024, the City, through DAC, filed on EMMA the reports to support the Social Bonds designation for the 2021 Bonds and the 2023 Bonds, which were issued to finance certain costs of the NPI Program. Such reports covered the periods through June 30, 2022, June 30, 2023, and June 30, 2024. Data contained in such reports only describe funds that have been fully expended during the reporting period. All remaining unspent proceeds of the 2021 Bonds and the 2023 Bonds have been committed to future eligible projects and programs and are expected to be included in future reports.

Alignment with United Nations Sustainable Development Goals

By reference to the ICMA's "Green, Social and Sustainability Bonds: A High-Level Mapping to the Sustainable Development Goals" (June 2023), the Authority and the City have determined that its Social Bonds designation reflects the use of the proceeds of the Social Bonds in a manner that is consistent with the following UN SDGs:

The Social Bonds map to Goals 1 (No Poverty), 10 (Reduced Inequalities), and 11 (Sustainable Cities and Communities) because the NPI Program advances the development of affordable housing, provides homeownership assistance, and supports small businesses.

The information set forth under this heading "DESIGNATION AS SOCIAL BONDS" concerning the designation of the 2024 Bonds as "Social Bonds" has been furnished by the Authority and the City from sources that they believe to be reliable but such information is not guaranteed as to accuracy or completeness and is not to be construed as a representation by the Authority or the City. The information and expressions of opinion related to the designation as Social Bonds herein are subject to change without notice, and neither the delivery of this Official Statement nor any sale made hereunder shall, under any circumstances, create an implication that there has been no change in the affairs of the Authority or the City since the date hereof.

The term "Social Bonds" is neither defined in nor related to provisions of the NPI Indenture, the NPI Ordinance, or the Act. Bondholders do not have any security other than as provided in the NPI Indenture and described under "SECURITY AND SOURCES OF PAYMENT FOR THE 2024/25 BONDS." The Authority and the City do not assume any obligation to ensure that the 2024 Bonds comply with any legal or other standards or principles that may be related to the ICMA Social Bond Principles or that the 2024 Bonds comply with any legal or other standards or principles that may be related to "Social Bonds."

As of the time of this Official Statement, no clearly articulated definition of a "Social Bond" has been developed for, nor is there market consensus as to what constitutes, a "Social Bond." Accordingly, no assurance is or can be given by the Authority or the City that any uses of the proceeds of the 2024 Bonds will continue to meet investor expectations regarding "Social" or other equivalently-labeled performance objectives.

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THE 2024/25 BONDS

General

The 2024/25 Bonds will be dated the date of their issuance and delivery and will bear interest at the respective rates per annum and will mature, subject to prior redemption, in the amounts and on the dates set forth on the inside cover page hereof. The 2024/25 Bonds are being issued as fully registered bonds without coupons in denominations of $5,000 and integral multiples thereof.

Interest on the 2024 Bonds is payable semiannually on each March 1 and September 1, commencing on March 1, 2025. Each such date is an "NPI Interest Payment Date." Interest on the 2025A Bonds is payable semiannually on each April 15 and October 15, commencing on April 15, 2025. Each such date is an "NTI Regular Interest Payment Date." The NPI Interest Payment Dates and the NTI Regular Interest Payment Dates are collectively referred to as "Interest Payment Dates" within the front portion of this Official Statement. Interest shall be computed on the basis of a year of 360 days, consisting of twelve 30-day months.

The principal and redemption price of each 2024/25 Bond will be payable at the designated corporate trust office of the applicable Trustee or any Paying Agent upon presentation and surrender of such 2024/25 Bonds by the registered owners thereof. Interest on each 2024/25 Bond of a series is payable by check or draft of the applicable Trustee mailed to the person in whose name such 2024/25 Bond is registered (the "Registered Owner") on the registration books maintained by the Trustee (the "Register") at the close of business on the applicable Record Date or Special Record Date (each as hereinafter defined) or, with respect to a series of 2024/25 Bonds, at the election of any such Registered Owner of at least $1,000,000 in aggregate principal amount of 2024/25 Bonds of such series, by wire transfer to an account at a financial institution in the continental United States upon written notice provided by such Registered Owner to the applicable Trustee not later than the record date for the first payment to which such election applies.

<u>2024 Bonds</u>. The record date for any Interest Payment Date for the 2024 Bonds (each, an "NPI Record Date") will be the fifteenth day preceding such Interest Payment Date (whether or not a business day). If sufficient funds for the payment of interest becoming due on any Interest Payment Date are not on deposit with the NPI Trustee on such date, the interest so becoming due will cease to be payable to the Holders otherwise entitled thereto as of such date. If sufficient funds thereafter become available for the payment of such overdue interest, the NPI Trustee will establish a special interest payment date (any such date being herein referred to as an "NPI Special Interest Payment Date") on which such overdue interest will be paid and a special record date relating thereto (any such date, an "NPI Special Record Date"), which will be the fifteenth day, whether or not a business day, preceding the NPI Special Interest Payment Date, for determining the Holders of the 2024 Bonds entitled to such payments, and will mail a notice of each such date to each Holder of the 2024 Bonds at least ten (10) days prior to the NPI Special Record Date but not more than thirty (30) days prior to the NPI Special Interest Payment Date.

<u>2025A Bonds</u>. The record date for any NTI Regular Interest Payment Date for the 2025A Bonds (each, an "NTI Regular Record Date" and together with any NPI Record Date, a "Record Date") will be the last day (whether or not a business day) of the calendar month immediately preceding such NTI Regular Interest Payment Date. If sufficient funds for the payment of interest becoming due on any NTI Regular Interest Payment Date are not on deposit with NTI Trustee on such date, the interest so becoming due will forthwith cease to be payable to the registered owners otherwise entitled thereto as of such date. If sufficient funds thereafter become available for the payment of such overdue interest, the NTI Trustee will establish a special interest payment date (any such date being herein referred to as an "NTI Special

Interest Payment Date") on which such overdue interest will be paid and a special record date relating thereto (any such date being herein referred to as an "NTI Special Record Date"), and will mail a notice of each such date to the registered owners of all 2025A Bonds at least ten (10) days prior to the NTI Special Record Date, but not more than thirty (30) days prior to the NTI Special Interest Payment Date.

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

The 2024/25 Bonds will be issued initially in "book entry" form only, as described in APPENDIX H.

Transfer and Exchange

The 2024/25 Bonds may be transferred and exchanged upon delivery thereof to the office of the applicable Trustee, to the extent and upon the conditions set forth in the related Indenture. No service charge shall be made for any exchange or transfer, but the Authority or the applicable Trustee may require payment of a sum sufficient to cover any tax or other governmental charge that may be imposed.

2024 Bonds. Neither the Authority nor the NPI Trustee is required to transfer or exchange any 2024 Bonds during the fifteen (15) days immediately preceding the date of selection of the 2024 Bonds of such series to be redeemed and ending at the close of business on the date on which the notice of redemption is given, or to transfer or exchange any 2024 Bonds selected or called for redemption in whole or in part.

2025A Bonds. Neither the Authority nor the NTI Trustee is required to transfer or exchange any 2025A Bonds during the fifteen (15) days immediately preceding the date of mailing of any notice of redemption of 2025A Bonds or at any time following the mailing of any such notice, if the 2025A Bonds or portion thereof to be transferred or exchanged have been called for such redemption.

No transfer or exchange of 2024/25 Bonds made other than as described above and in the applicable Indenture shall be valid or effective for any purpose thereunder.

If any 2024/25 Bond is mutilated, lost, stolen or destroyed, the Authority shall execute and the applicable Trustee shall authenticate and deliver a new 2024/25 Bond of like series, maturity, tenor and denomination. The Authority and the applicable Trustee may require indemnification against any and all claims arising out of the issuance of substitute 2024/25 Bonds.

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Redemption Provisions

The 2025A Bonds are not subject to redemption prior to maturity. The following sets forth the redemption provisions for the 2024 Bonds.

Optional Redemption

2024A Bonds – Par Call (i.e. Optional Redemption on or after September 1, 2033). The 2024A Bonds are subject to redemption prior to maturity at any time on or after September 1, 2033, as a whole or in part (and if in part, in such order of maturity as directed by the City and within a maturity as described below under "– Selection of Bonds for Redemption"), at the option of the Authority as directed by the City, at par, plus accrued interest to the date of redemption.

2024A Bonds – Make-Whole Redemption Call (i.e., Optional Redemption prior to September 1, 2033). The 2024A Bonds are subject to redemption prior to maturity, at the option of the Authority as directed by the City, from their date of issuance to and including August 31, 2033, in whole or in part and as described below under "– Selection of Bonds for Redemption" within a maturity in such amounts and in such order of maturity as the City may determine, on any date, at a redemption price equal to 100% of the principal amount of 2024A Bonds to be redeemed, plus the Make-Whole Premium (as defined below), if any, together with interest accrued and unpaid to the redemption date.

The "Make-Whole Premium" is the applicable amount calculated (for each related maturity of the 2024A Bonds or portion thereof being redeemed) by the Calculation Agent equal to the positive difference, if any, between:

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

(1) Each interest payment that, but for the redemption, would have been payable on the 2024A Bond or portion thereof being redeemed on each regularly scheduled interest payment date occurring after the date fixed for redemption through the earlier of the maturity date of such 2024A Bond or the first par call date of the 2024A Bonds (i.e., September 1, 2033) (excluding any accrued interest for the period prior to the date fixed for redemption); provided, that if the date fixed for redemption is not a regularly scheduled interest payment date with respect to such 2024A Bond, the amount of the next regularly scheduled interest payment will be reduced by the amount of interest accrued on such 2024A Bond to the date fixed for redemption; plus

(2) The principal amount that, but for such redemption, would have been payable on the maturity date of the 2024A Bond or portion thereof being redeemed; minus

(b) The principal amount of the 2024A Bond or portion thereof being redeemed.

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

For purposes of calculating the Make-Whole Premium:

“Calculation Agent” means a commercial bank or an investment banking institution of national standing that is a primary dealer of United States government securities (which may be one of the institutions that served as underwriters for the 2024A Bonds) designated by the City. The NPI Trustee may rely on the Calculation Agent’s determination.

“Comparable Treasury Issue” means the United States Treasury security selected by the Calculation Agent as having a maturity comparable to the remaining term to maturity of the 2024A Bond being redeemed that would be utilized, at the time of selection and in accordance with customary financial practice, in pricing new issues of corporate debt securities of comparable maturity to the remaining term to maturity of the 2024A Bond being redeemed.

“Comparable Treasury Price” means, with respect to any date on which a 2024A Bond or portion thereof is being redeemed, either (a) the average of five Reference Treasury Dealer quotations for the date fixed for redemption, after excluding the highest and lowest such quotations, and (b) if the Calculation Agent is unable to obtain five such quotations, the average of the quotations that are obtained. The quotations will be the average, as determined by the Calculation Agent, of the bid and asked prices for the Comparable Treasury Issue (expressed in each case as a percentage of principal amount) quoted in writing to the Calculation Agent, at 5:00 p.m. New York City time at least three (3) business days but not more than forty-five (45) calendar days preceding the date fixed for redemption.

“Comparable Treasury Yield” means the yield that represents the weekly average yield to maturity for the preceding week appearing in the most recently published statistical release designated “H.15 (519) Selected Interest Rates” under the heading “Treasury Constant Maturities,” or any successor publication selected by the Calculation Agent that is published weekly by the Board of Governors of the Federal Reserve System and that establishes yields on actively traded United States Treasury securities adjusted to constant maturity, for the maturity corresponding to the remaining term to maturity of the 2024A Bond being redeemed. The Comparable Treasury Yield will be determined at least three (3) business days but not more than forty-five (45) calendar days preceding the date fixed for redemption. If the H.15 (519) statistical release sets forth a weekly average yield for United States Treasury securities that have a constant maturity that is the same as the remaining term to maturity of the 2024A Bond being redeemed, then the Comparable Treasury Yield will be equal to such weekly average yield. In all other cases, the Comparable Treasury Yield will be calculated by interpolation on a straight-line basis, between the weekly average yields on the United States Treasury securities that have a constant maturity (i) closest to and greater than the remaining term to maturity of the 2024A Bond being redeemed; and (ii) closest to and less than the remaining term to maturity of the 2024A Bond being redeemed. Any weekly average yields calculated by interpolation will be rounded to the nearest 1/100th of 1%, with any figure of 1/200th of 1% or above being rounded upward. If, and only if, weekly average yields for United States Treasury securities for the preceding week are not available in the H.15 (519) statistical release or any successor publication, then the Comparable Treasury Yield will be the rate of interest per annum equal to the semiannual equivalent yield to maturity of the Comparable Treasury Issue (expressed as a percentage of its principal amount) equal to the Comparable Treasury Price (each as defined herein) as of the date fixed for redemption.

“Reference Treasury Dealer” means a primary dealer of United States Government securities (which may be one of the institutions that served as underwriters for the 2024A Bonds) appointed by the City and reasonably acceptable to the Calculation Agent.

“Spread” means 15 basis points.

2024B Bonds -- Par Call (i.e. Optional Redemption on or after September 1, 2033). The 2024B Bonds are subject to redemption prior to maturity at any time on or after September 1, 2033, as a whole or in part (and if in part, in such order of maturity as directed by the City and within a maturity by lot), at the option of the Authority as directed by the City, at par, plus accrued interest to the date of redemption.

Mandatory Sinking Fund Redemption

The 2024A Bonds maturing on September 1, 2040, are subject to mandatory sinking fund redemption prior to maturity (to the extent that 2024A Bonds of such maturity in the principal amount otherwise required to be redeemed have not been previously purchased or optionally redeemed), on September 1 of the years and in the principal amounts set forth below, at a redemption price equal to 100% of the principal amount thereof, plus accrued interest to the redemption date.

Year	Amount
2035	$9,010,000
2036	9,495,000
2037	10,000,000
2038	10,540,000
2039	11,105,000
2040*	7,845,000

*Stated Maturity.

In the event a portion, but not all, of the 2024A Bonds (subject to mandatory redemption) maturing on a particular date is redeemed pursuant to optional redemption or purchased by the City and presented to the Trustee for cancellation, then the principal amount of any remaining mandatory sinking fund redemptions or the final maturity applicable to such 2024A Bonds will be reduced (subject to the ability to effect future redemptions of such 2024A Bonds in authorized denominations) in such amounts as specified by the City.

Selection of Bonds for Redemption

2024A Bonds. While the 2024A Bonds are registered in book-entry-only form in the name of Cede & Co. or other nominee of DTC, partial redemptions of the 2024A Bonds will be treated by DTC as a "pro rata pass-through distribution of principal" in accordance with DTC rules and procedures. It is the intent of the Authority and the City that the redemption allocations made by DTC, the DTC participants, and such other intermediaries that may exist between the Authority and the beneficial owners be made on a "pro rata pass-through distribution of principal" basis. However, none of the Authority, the City, or the Underwriters can provide any assurance that DTC, the DTC participants, or any other intermediaries will allocate redemptions among beneficial owners on such basis. If the DTC operational arrangements do not allow for the redemption of the 2024A Bonds on a "pro rata pass-through distribution of principal" basis, then the 2024A Bonds will be selected for redemption, in accordance with DTC procedures, by lot.

2024B Bonds. In the event that less than all the 2024B Bonds of a maturity are to be redeemed, such 2024B Bonds will be selected for redemption by lot in such manner as the NPI Trustee may determine, except that in the case of any 2024B Bonds of varying denominations, each 2024B Bond will be treated as representing that number of 2024B Bonds, which is obtained by dividing the face amount thereof by the smallest authorized denomination.

See APPENDIX H – "BOOK-ENTRY ONLY SYSTEM."

Notice of Redemption

2024 Bonds. Under the NPI Indenture, the NPI Trustee is required to provide notice of any redemption of the 2024 Bonds to be mailed by first class mail, postage prepaid, to the Holders of all the 2024 Bonds to be redeemed at the registered addresses appearing in the Register kept for such purpose pursuant to the NPI Indenture, unless such notice is waived by the Holders of such 2024 Bonds to be redeemed.

Each such notice is required to (i) be mailed at least twenty (20) days prior to the redemption date, (ii) identify the 2024 Bonds, including by series, to be redeemed (specifying the CUSIP numbers, if any, assigned to the 2024 Bonds), (iii) specify the redemption date and the redemption price, and (iv) state that on the redemption date the 2024 Bonds called for redemption will be payable at the designated corporate trust office of the NPI Trustee or Paying Agent, that from that date interest will cease to accrue, and that no representation is made as to the accuracy or correctness of the CUSIP numbers printed therein or on the 2024 Bonds.

Any notice of redemption mailed or sent in accordance with the requirements of the NPI Indenture will be conclusively presumed to have been duly given, whether or not such notice is actually received by the applicable Holders. No defect affecting any 2024 Bonds of the applicable series, whether in the notice of redemption or mailing thereof (including any failure to mail such notice), will affect the validity of the redemption proceedings as to any other 2024 Bonds of the applicable series.

If at the time of mailing or sending of any notice of optional redemption the Authority will not have deposited with the NPI Trustee moneys sufficient to redeem all the 2024 Bonds of the applicable series called for redemption, such notice will state that it is subject to the deposit of the redemption moneys with the NPI Trustee on the redemption date and will be of no effect unless such moneys are so deposited. If such moneys are not so deposited, the NPI Trustee will promptly notify the Holders of all 2024 Bonds of the applicable series called for redemption of such fact.

Additional Obligations

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

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

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

SECURITY AND SOURCES OF PAYMENT FOR THE 2024/25 BONDS

General

2024 Bonds Secured Separately from 2025A Bonds. The 2024 Bonds are secured separately from the 2025A Bonds. The 2024 Bonds are secured pursuant to the NPI Indenture. The 2025A Bonds are secured pursuant to the NTI Indenture.

The 2024 Bonds are special limited obligations of the Authority and, together with the other NPI Bonds, any Additional Obligations and Credit Facility Payment Obligations (as defined in APPENDIX D), are payable solely and exclusively from the NPI Trust Estate established under the NPI Indenture, which includes the revenues pledged under the NPI Indenture for their payment and derived by the Authority under the NPI Service Agreement. Pursuant to the NPI Indenture, the NPI Service Fee payable by the City pursuant to the NPI Service Agreement is pledged as part of the NPI Trust Estate, as described below.

The 2025A Bonds are special limited obligations of the Authority and, together with the other NTI Bonds, any Additional Bonds, Swap Payment Obligations, and Credit Facility Payment Obligations (as defined in APPENDIX E), are payable solely and exclusively from the NTI Trust Estate established under the NTI Indenture, which includes the revenues pledged under the NTI Indenture for their payment and derived by the Authority under the NTI Service Agreement. Pursuant to the NTI Indenture, the NTI Service Fee payable by the City pursuant to the NTI Service Agreement is pledged as part of the NTI Trust Estate, as described below.

Payments made pursuant to the NPI Indenture and the NPI Service Agreement secure only the NPI Bonds and do not secure any obligations under the NTI Indenture. Similarly, payments made pursuant to the NTI Indenture and the NTI Service Agreement secure only the NTI Bonds and do not secure any obligations under the NPI Indenture.

The 2024/25 Bonds are not a debt or liability of the City, the Commonwealth or any political subdivision thereof and shall not create or constitute an indebtedness, liability or obligation (legal, moral or otherwise) of the City, the Commonwealth or any political subdivision thereof. Neither the general credit of the Authority nor the credit or taxing power of the City, the Commonwealth or any political subdivision thereof is pledged to the payment of the principal of or any premium or interest on the 2024/25 Bonds. The 2024/25 Bonds are not secured by the General Fund of the City. The Authority has no taxing power.

City Charter

The City's Home Rule Charter was authorized by the General Assembly in the First Class City Home Rule Act (Act of April 21, 1949, P.L. 665, Section 17) and adopted by the voters of the City, as amended and supplemented (the "City Charter"). Under the City Charter, City Council is obligated to make annual appropriations to pay amounts coming due under the applicable Service Agreement as provided in the related Ordinances, as further described below. The City Charter permits City Council to authorize service contracts of a duration of more than one year without making appropriations therefor beyond the current year. Such contracts are valid and binding upon the City although no appropriations have been made for the ensuing years during which such agreements are to be operative, but it is the duty of City Council to make subsequent appropriations from year to year to pay amounts coming due under such contracts. The Service Agreements constitute such service contracts.

Ordinances

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

Obligation of City to Pay Service Fees Unconditional and Absolute

The respective Service Agreements provide that the City is required to pay the related Service Fees and additional amounts required under the applicable Service Agreement with respect to administrative fees and expenses. The respective Ordinances and the Service Agreements each provide that the obligation of the City to pay the related Service Fees shall be absolute and unconditional and shall not be suspended, abated, reduced, abrogated, waived or diminished regardless of any cause or circumstances, including any defense, rights of setoff, recoupment or counterclaim that the City might otherwise have or assert against the Authority, the applicable Trustees, any bondholder or any other person. The obligations of the City to make payments under each Service Agreement shall continue in full force and effect so long as any of the related 2024/25 Bonds remain Outstanding.

Indentures

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

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

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

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

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

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

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

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

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

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

Service Agreements

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

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

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

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

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

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

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

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

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

Remedies for Bondholders

The failure to pay, as the case may be, interest on, or principal or redemption price of, the 2024/25 Bonds when due constitutes an Event of Default under the NPI Indenture or the NTI Indenture, as applicable. Upon the occurrence and continuation of such an Event of Default, the NPI Trustee or the NTI Trustee, as applicable, may (and, at the written direction of bondholders and holders of parity obligations on the terms, and to the extent, set forth in the related Indenture, shall) declare the principal amount of the Outstanding 2024 Bonds or 2025A Bonds, as applicable (together with related Outstanding parity obligations to the extent set forth in the related Indenture), to be immediately due and payable.

If any Event of Default is continuing, the NPI Trustee or the NTI Trustee, as applicable, may (and, at the written direction of bondholders and holders of parity obligations on the terms, and to the extent, set forth in the related Indenture, shall), in its own name exercise certain remedies in accordance with the terms set forth in the related Indenture including: (a) by mandamus, or other suit, action or proceeding at law or in equity, enforce all rights of the related bondholders including the right to require the Authority to enforce collection of all amounts due and payable under the related Service Agreement (other than with respect to the Reserved Rights), and to require the Authority to carry out any other agreements with, or for the benefit of, the related bondholders and to perform its duties under the Act; (b) bring suit upon the bonds then Outstanding (including the 2024 Bonds or 2025A Bonds, as applicable) under the related Indenture; (c) by action or suit in equity require the Authority to account as if it were the trustee of an express trust for the related bondholders; and (d) by action or suit in equity enjoin any acts or things which may be unlawful or in violation of the rights of the bondholders and Credit Issuers, as applicable, under the applicable Indenture.

Upon the occurrence and continuance of a payment default under the related Service Agreement, the Authority (or the respective Trustee as assignee of the Authority) may, at its option exercise one or more of certain remedies including, among other things, instituting proceedings to require the City to perform its obligations under the related Service Agreement, or to enjoin violations of the Authority's rights under the related Service Agreement. In no event (including an acceleration of the Authority's payment obligations under the 2024 Bonds or 2025A Bonds, or with respect to any Credit Facility Payment Obligation (or Swap Payment Obligation in the case of the NTI Indenture), as applicable) shall payment of the Service Fees due under the related Service Agreement be accelerated.

Accordingly, although the NPI Trustee and the NTI Trustee can accelerate the Authority's payment obligations with respect to the 2024 Bonds or 2025A Bonds, as applicable, neither the Authority nor the applicable Trustee is empowered to accelerate the City's obligations under the related Service Agreement to make payments thereunder in amounts sufficient to pay, among other things, the principal of and interest on the 2024 Bonds or 2025A Bonds, as applicable, upon the occurrence and continuance of an Event of Default under the NPI Indenture or NTI Indenture, respectively.

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

The rights and remedies of bondholders with respect to the City's and the Authority's obligations under the Service Agreements and the 2024/25 Bonds could be significantly limited by the provisions of Chapter 9 of the United States Bankruptcy Code ("Chapter 9"). Chapter 9 permits, under prescribed circumstances (and only after an authorization by the applicable state legislature or by a governmental office or organization empowered by state law to give such authorization), a "municipality" of a state to file a petition for relief in a bankruptcy court of the United States if it is insolvent or unable to meet its debts as they mature, and it desires to effect a plan to adjust its debt. Chapter 9 defines "municipality" as a "political subdivision or public agency or instrumentality of a State." Thus, for purposes of Chapter 9, except as may be limited by state law, each of the Authority and the City would be considered a "municipality." As a result of the commencement of a federal bankruptcy case by either the Authority or the City, bondholders could experience delays in receiving bond payments, as well as partial or total losses of their investments in the 2024/25 Bonds.

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

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

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

Regardless of any specific adverse determinations in an Authority or City bankruptcy proceeding, the existence of such a proceeding could have a materially adverse effect on the liquidity and value of the 2024/25 Bonds.

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PLAN OF FINANCE AND REFUNDING AND ESTIMATED SOURCES AND USES OF FUNDS

Plan of Finance

The proceeds of the 2024A Bonds are being used to (i) finance certain costs of the NPI Program not otherwise financed by the 2024B Bonds, including certain program-wide administrative costs (i.e., the taxable components of the NPI Program), and (ii) pay the costs of issuing the 2024A Bonds.

The proceeds of the 2024B Bonds are being used to (i) finance certain costs related to the Basic Systems Repair and the Adaptive Modifications components of the NPI Program (i.e., the tax-exempt components of the NPI Program), and (ii) pay the costs of issuing the 2024B Bonds.

The use of proceeds for the 2024 Bonds is described in more detail in APPENDIX I.

Plan of Refunding

The proceeds of the 2025A Bonds, together with other available funds, are being used to (i) refund all of the 2015A Bonds, as more particularly described in APPENDIX J attached hereto (the "Refunded Bonds"), and (ii) pay the costs of issuing the 2025A Bonds. As noted herein, the Refunded Bonds were issued to refund certain bonds that financed a portion of the NTI Program. The refunding of the Refunded Bonds will produce debt service savings and no proceeds of the 2025A Bonds will be used to finance the costs of the NTI Program.

A portion of the proceeds of the 2025A Bonds, together with other available funds, will be (a) irrevocably deposited in an escrow fund (the "Escrow Fund") established under an Escrow Deposit Agreement among the Authority, the City, and the NTI Trustee, as escrow agent, and (b) invested in noncallable United States Treasury obligations (the "Government Obligations"). The maturing principal of, and interest on the Government Obligations, together with a cash deposit held in the Escrow Fund, will be applied to the payment of the accrued interest on, and redemption price of, the Refunded Bonds on April 15, 2025, the date fixed for the redemption of the Refunded Bonds. The refunding requirement and mathematical accuracy of the computations of the adequacy of the cash and maturing principal of and interest on the Government Obligations needed to meet the scheduled payment of interest on the Refunded Bonds until redemption and the payment of the redemption price of the Refunded Bonds on the date fixed for the redemption will be subject to verification by the Verification Agent as further provided herein. See "VERIFICATION" herein.

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

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Estimated Sources and Uses of Funds

The following table sets forth estimated sources and uses of funds in connection with the 2024/25 Bonds:

	2024A Bonds	**2024B Bonds**	**2025A Bonds**	**Total**
Sources of Funds				
Principal Amount……………………………………	$127,775,000.00	$21,330,000.00	$68,820,000.00	$217,925,000.00
Original Issue Premium………………………………..	-	2,159,502.00	5,967,073.75	8,126,575.75
Other Available Funds……..…………………………..	-	-	1,552.60	1,552.60
Total Sources of Funds	**$127,775,000.00**	**$23,489,502.00**	**$74,788,626.35**	**$226,053,128.35**
Uses of Funds				
2024A Bonds Account of Project Fund.………………...	$126,700,000.00	-	-	$126,700,000.00
2024B Bonds Account of Project Fund………………….	-	$23,300,000.00	-	23,300,000.00
Refunding of the Refunded Bonds………………………	-	-	$74,204,033.35	74,204,033.35
Costs of Issuance[(1)]……………………………………	1,075,000.00	189,502.00	584,593.00	1,849,095.00
Total Uses of Funds	**$127,775,000.00**	**$23,489,502.00**	**$74,788,626.35**	**$226,053,128.35**

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

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FISCAL YEAR DEBT SERVICE REQUIREMENTS

Set forth on the following page is the schedule of estimated Fiscal Year debt service payments due on the 2024/25 Bonds and all outstanding General Fund-Supported Debt in each Fiscal Year of the City ending June 30. The schedule does not include (a) debt service on the Refunded Bonds, (b) debt service on PICA Bonds, if any, (c) debt service on the City's revenue bonds or notes, which include Water and Wastewater Revenue Bonds, Gas Works Revenue Bonds or notes, if any, and Airport Revenue Bonds, (d) debt service on the City's tax and revenue anticipation notes, if any, or (e) letter of credit fees. For more information on the City's outstanding debt, see "DEBT OF THE CITY" (and Tables 40-43 therein) and "OTHER FINANCING RELATED MATTERS" in APPENDIX A hereto.

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

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

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Fiscal Year Debt Service Schedule

Fiscal Year Ending June 30,	Debt Service on the 2024/25 Bonds (A)	Current Debt Service on General Obligation Debt[(1), (2)] (B)	Current Debt Service on all other General Fund-Supported Debt[(3), (4), (5), (6)] (C)	Aggregate Debt Service on all General Fund-Supported Debt (A+B+C)
2025	$ 3,052,534	$ 188,297,029	$ 278,033,994	$ 469,383,557
2026	16,278,212	180,825,250	275,377,852	472,481,314
2027	25,435,075	180,534,865	261,525,452	467,495,392
2028	29,485,758	180,922,514	260,366,380	470,774,652
2029	29,491,755	152,017,736	316,826,428	498,335,919
2030	29,497,343	164,227,174	106,386,048	300,110,566
2031	29,491,958	164,994,321	106,367,813	300,854,092
2032	12,872,883	165,066,857	81,376,061	259,315,801
2033	12,869,238	128,556,163	79,315,419	220,740,820
2034	12,873,050	114,223,227	93,723,766	220,820,042
2035	12,873,275	99,388,042	108,526,340	220,787,657
2036	12,871,887	99,374,855	70,960,997	183,207,739
2037	12,873,352	84,514,242	70,963,350	168,350,944
2038	12,868,947	84,594,567	70,952,367	168,415,882
2039	12,872,237	64,774,703	59,029,269	136,676,209
2040	12,871,653	30,193,100	49,211,664	92,276,417
2041	12,870,240	30,193,475	49,206,026	92,269,741
2042	4,817,875	30,196,175	49,201,965	84,216,015
2043	4,820,375	-	42,371,050	47,191,425
2044	4,822,125	-	42,371,425	47,193,550
2045	4,822,625	-	15,899,375	20,722,000
2046	-	-	15,899,625	15,899,625
2047	-	-	15,902,875	15,902,875
TOTALS[(7)]	**$310,732,398**	**$2,142,894,294**	**$2,519,795,543**	**$4,973,422,235**

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

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NO LITIGATION

The Authority

There is no controversy or litigation of any nature now pending or threatened seeking to restrain or enjoin the issuance, sale, execution or delivery of, or the Authority's obligations with respect to, the 2024/25 Bonds or contesting any proceedings of the Authority with respect to the issuance or sale thereof, or the pledge or application of any monies or security provided for the payment of the 2024/25 Bonds or the existence or powers of the Authority or the validity or enforceability of the Resolution, the 2024/25 Bonds, the Indentures, the Service Agreements, or the Cooperation Agreement, or seeking to restrain or enjoin the execution or delivery of the Second Supplemental NPI Indenture, the Seventh Supplemental NTI Indenture, the Second Supplemental NPI Service Agreement, the Sixth Supplemental NTI Service Agreement, or the Cooperation Agreement, or the performance of the Authority's obligations thereunder.

The City

Upon delivery of the 2024/25 Bonds, the City of Philadelphia Law Department (the "Law Department") shall furnish an opinion to the effect, among other things, that, except for litigation, other legal proceedings, or threats thereof which, in the opinion of the Law Department, are without merit and except as disclosed in this Official Statement (including in "LITIGATION" in APPENDIX A hereto and in Note 8 to the Fiscal Year 2023 ACFR, "Contingencies – Primary Government – Claims and Litigation" in APPENDIX C hereto), there is no litigation or other legal proceeding pending in any court or, to the best of its knowledge after inquiry within the Law Department, threatened in writing against the City, (i) seeking to restrain or enjoin the issuance, execution, delivery, or sale of the 2024/25 Bonds or the execution or delivery of the Second Supplemental NPI Indenture, the Seventh Supplemental NTI Indenture, the Second Supplemental NPI Service Agreement, the Sixth Supplemental NTI Service Agreement, or the Cooperation Agreement, or the performance of the City's obligations thereunder, (ii) contesting the validity of the applicable Ordinances, (iii) contesting the validity or enforceability of the City's obligations under the 2024/25 Bonds, the Indentures, the Service Agreements, or the Cooperation Agreement, (iv) challenging the right of any City official who signs the Service Agreements or the Official Statement to hold his or her office, or (v) in which a final adverse decision can be anticipated which would reasonably be expected to materially and adversely affect the financial condition or operations of the City as a whole or the performance by the City of its obligations under the 2024/25 Bonds, the Indentures, the Service Agreements, or the Cooperation Agreement.

RATINGS

Fitch Ratings, Inc., Moody's Ratings, and S&P Global Ratings, a division of S&P Global Inc., have assigned the 2024/25 Bonds ratings of "A+" (stable outlook), "A1" (stable outlook), and "A+" (stable outlook), respectively. Such ratings reflect only the view of each such credit rating agency. An explanation of the significance of each of such ratings and any outlook may only be obtained from the rating agency furnishing the same.

A rating is not a recommendation to buy, sell or hold securities and may be subject to revision or withdrawal at any time. There is no assurance that any such credit rating will continue for any given period of time or that it will not be revised or withdrawn entirely by such credit rating agency if, in its judgment, circumstances so warrant. None of the Authority, the City, or the Underwriters has undertaken any responsibility to assure the maintenance of any rating. The City has agreed, in the Continuing Disclosure Agreement, to report actual rating changes on the 2024/25 Bonds. See "CONTINUING DISCLOSURE UNDERTAKING" herein and APPENDIX G hereto. Any downgrade, revision or withdrawal of a rating may have an adverse effect on the market price of or the market for the 2024/25 Bonds.

APPROVAL OF LEGAL MATTERS

The 2024/25 Bonds are offered when, as and if issued by the Authority and accepted by the Underwriters, subject to the receipt of approving opinions with respect to certain legal matters of Cozen O'Connor and Ahmad Zaffarese LLC, Co-Bond Counsel, both of Philadelphia, Pennsylvania. The proposed forms of approving opinions of Co-Bond Counsel are attached hereto as APPENDIX F. Certain legal matters will be passed upon for the Authority by Turner Law, P.C., Philadelphia, Pennsylvania, Special Counsel to the Authority. Certain legal matters will be passed upon for the Underwriters by their counsel, Ballard Spahr LLP, Philadelphia, Pennsylvania. Certain legal matters will be passed upon for the City by the City of Philadelphia Law Department. Hawkins Delafield & Wood LLP and the Law Office of Ann C. Lebowitz, Philadelphia, Pennsylvania, as Co-Disclosure Counsel to the City, will each deliver an opinion to the City and the Underwriters regarding certain matters.

The various legal opinions to be delivered concurrently with the delivery of the 2024/25 Bonds express the professional judgment of the attorney or law firms rendering the opinions as to the legal issues explicitly addressed therein. In rendering a legal opinion, the attorney or law firm does not become an insurer or guarantor of that expression of professional judgment, of the transaction opined upon, or of the future performance of parties to the transaction. Nor does the rendering of an opinion guarantee the outcome of any legal dispute that may arise out of the transaction.

TAX MATTERS

Federal Income Tax Treatment – 2024A Bonds

Interest on the 2024A Bonds is included in gross income for federal income tax purposes pursuant to the Internal Revenue Code of 1986, as amended (the "Code").

Federal Tax Exemption

The Code contains provisions relating to the tax-exempt status of interest on obligations issued by governmental entities which apply to the Tax-Exempt Bonds. These provisions include, but are not limited to, requirements relating to the use and investment of the proceeds of the Tax-Exempt Bonds and the rebate of certain investment earnings derived from such proceeds to the United States Treasury Department on a periodic basis. These and other requirements of the Code must be met by the Authority and the City subsequent to the respective dates of issuance and delivery of the 2024B Bonds and 2025A Bonds in order for interest thereon to be and remain excludable from gross income for purposes of federal income taxation. The Authority and the City have covenanted to comply with such requirements.

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

The opinion of Co-Bond Counsel assumes the accuracy of the representations and certifications of the Authority and the City and is subject to a number of qualifications and limitations, including the condition that the Authority and the City comply with all applicable federal income tax law requirements that must be satisfied subsequent to the respective dates of issuance of the 2024B Bonds and 2025A Bonds in order that interest thereon continues to be excluded from gross income. Failure to comply with certain of such requirements could cause the interest on the Tax-Exempt Bonds to be includable in gross income retroactive to the dates of issuance of the 2024B Bonds and 2025A Bonds, respectively. The Authority and the City have covenanted to comply with all such requirements.

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

Original Issue Premium. The 2024B Bonds and the 2025A Bonds (the "Premium Bonds"), have been sold with original issue premium. An amount equal to the excess of the initial public offering price of a Premium Bond over its stated redemption price at maturity constitutes premium on such Premium Bond. A purchaser of a Premium Bond must amortize any premium over such Premium Bond's term using constant yield principles. The amount of amortized bond premium (i) reduces the holder's basis in the Premium Bond for purposes of determining gain or loss for federal income tax purposes upon the sale or other disposition of the Premium Bond and (ii) is not allowed as a deduction for federal income tax purposes to the holder. **Purchasers of any Premium Bonds, whether at the time of the initial issuance or subsequent thereto, should consult their own tax advisors with respect to the determination and treatment of premium.**

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

State Tax Exemption

In the opinion of Co-Bond Counsel, under the laws of the Commonwealth, as enacted and construed on the date hereof, the interest on the 2024/25 Bonds is exempt from Pennsylvania personal income tax and Pennsylvania corporate net income tax. Co-Bond Counsel expresses no opinion regarding any other tax consequences related to the ownership or disposition of, or the amount, accrual or receipt of interest on, the 2024/25 Bonds.

This summary is based on laws, regulations, rulings and decisions now in effect, all of which may change. Any change could apply retroactively and could affect the continued validity of this summary. **Prospective purchasers should consult their tax advisors about the consequences of purchasing or holding the 2024/25 Bonds.**

VERIFICATION

Terminus Analytics, LLC (the "Verification Agent") will deliver to the City, on or before the date of the delivery of the 2025A Bonds, its report indicating that it has verified the mathematical accuracy of the information provided by the City and its representatives with respect to the refunding requirements of the Refunded Bonds (the "Verification Report"). Included within the scope of its engagement will be a verification of the mathematical accuracy of the computations of the adequacy of the cash and maturing principal of and interest on the Government Obligations to meet the payment of the redemption price of the Refunded Bonds on the date fixed for the redemption, including the accrued interest thereon, as further described in "PLAN OF FINANCE AND REFUNDING AND ESTIMATED SOURCES AND USES OF FUNDS" above.

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

UNDERWRITING

The 2024/25 Bonds are being purchased by the Underwriters named on the cover page of this Official Statement (the "Underwriters"), for whom Morgan Stanley & Co. LLC is acting as the representative (the "Representative"), subject to certain terms and conditions set forth in a Bond Purchase Agreement between the Authority and the Representative, on behalf of the Underwriters.

The 2024A Bonds are being purchased at a purchase price of $127,265,211.06, which reflects the par amount of the 2024A Bonds, less an Underwriters' discount of $509,788.94.

The 2024B Bonds are being purchased at a purchase price of $23,394,916.52, which reflects the par amount of the 2024B Bonds, plus original issue premium of $2,159,502.00, less an Underwriters' discount of $94,585.48.

The 2025A Bonds are being purchased at a purchase price of $74,528,204.76, which reflects the par amount of the 2025A Bonds, plus original issue premium of $5,967,073.75, less an Underwriters' discount of $258,868.99.

The 2024/25 Bonds are offered for sale to the public at prices set forth on the inside front cover page of this Official Statement. The 2024/25 Bonds may be offered and sold to certain dealers (including the Underwriters and other dealers depositing 2024/25 Bonds into investment trusts) at prices lower than such offering prices, and such public offering prices may be changed from time to time by the Underwriters without prior notice.

Morgan Stanley & Co. LLC, one of the Underwriters of the 2024/25 Bonds, has entered into a retail distribution arrangement with its affiliate, Morgan Stanley Smith Barney LLC. As part of the distribution arrangement, Morgan Stanley & Co. LLC may distribute securities to retail investors through the financial network of Morgan Stanley Smith Barney LLC. As part of this arrangement, Morgan Stanley & Co. LLC may compensate Morgan Stanley Smith Barney LLC for its underwriting efforts with respect to the 2024/25 Bonds.

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

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

FINANCIAL ADVISORS

PFM Financial Advisors LLC, of Philadelphia, Pennsylvania, and Phoenix Capital Partners, LLP, of Philadelphia, Pennsylvania, are acting as co-financial advisors (together, the "Financial Advisors") to the City in connection with the issuance of the 2024/25 Bonds. The Financial Advisors have assisted in the preparation of this Official Statement and in other matters relating to the planning, structuring, and issuance of the 2024/25 Bonds. They have received and reviewed but have not independently verified information in this Official Statement for accuracy or completeness (except, as to each Financial Advisor, the information in this section). Investors should not draw any conclusions as to the suitability of the 2024/25 Bonds from, or base any investment decisions upon, the fact that the Financial Advisors have advised the City with respect to the 2024/25 Bonds. The Financial Advisors' fees for this issue are contingent upon the sale and issuance of the 2024/25 Bonds.

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

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CONTINUING DISCLOSURE UNDERTAKING

In order to assist the Underwriters in complying with the requirements of Rule l5c2-12 promulgated by the Securities and Exchange Commission under the Securities Exchange Act of 1934, as amended, the City, as an obligated person, (i) will enter into a Continuing Disclosure Agreement with DAC, as dissemination agent, for the benefit of the Registered Owners (as defined in such agreement) of the 2024/25 Bonds, to be dated the date of original delivery of and payment for the 2024/25 Bonds, the form of which is annexed hereto as APPENDIX G, and (ii) has provided the disclosure in the following paragraphs.

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

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

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

CERTAIN RELATIONSHIPS

Cozen O'Connor has provided certain legal services to the City related to the issuance and sale of the 2024/25 Bonds, and also provides legal services to the City in matters unrelated to the issuance and sale of the 2024/25 Bonds.

Ahmad Zaffarese LLC has provided certain legal services to the City related to the issuance and sale of the 2024/25 Bonds, and also provides legal services to the City in matters unrelated to the issuance and sale of the 2024/25 Bonds.

Turner Law, P.C., counsel to the Authority, provides certain legal services to the City unrelated to the issuance and sale of the 2024/25 Bonds

MISCELLANEOUS

This Official Statement is made available only in connection with the sale of the 2024/25 Bonds and may not be used in whole or in part for any other purpose. This Official Statement is not to be construed as a contract or agreement between the Authority, the City, the Underwriters, and the purchasers or owners of any of the 2024/25 Bonds. Any statements made in this Official Statement involving matters of opinion, whether or not expressly so stated, are intended merely as opinions and not as representations of fact. No representation is made that any opinions or estimates herein will be realized. The information and expressions of opinion herein are subject to change without notice, and neither the delivery of this Official Statement nor any sale made hereunder shall, under any circumstances, create any implication that there has been no change in the affairs of the Authority or the City since the date hereof.

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

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

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

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PHILADELPHIA REDEVELOPMENT AUTHORITY

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

Approved:

THE CITY OF PHILADELPHIA

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

APPENDIX A

GOVERNMENT AND FINANCIAL INFORMATION

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OVERVIEW

The City of Philadelphia (the "City" or "Philadelphia"), located along the southeastern border of the Commonwealth of Pennsylvania (the "Commonwealth" or "Pennsylvania"), is the largest city in the Commonwealth and the sixth-largest city in the United States. The City is also the center of the United States' seventh-largest metropolitan statistical area, which is an 11-county area encompassing the City, Camden, NJ, and Wilmington, DE. In 2022, the City's population was 1.593 million residents, with a slight decrease to 1.55 million residents estimated for 2023 (according to the U.S. Census data).

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

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

Fiscal Health of the City

The City has implemented several strategies to address significant fiscal challenges for Fiscal Year 2024 and over the course of Fiscal Years 2024-2029, which are described in the Fiscal Year 2024 Adopted Budget, the Thirty-Third Five-Year Plan, the FY 2024 AFR (Unaudited), the Fiscal Year 2025 Adopted Budget, and the FY 2025 First Quarter QCMR (each as defined herein), as applicable.

The current estimates for Fiscal Year 2025 are sourced to the FY 2025 First Quarter QCMR throughout this APPENDIX A, unless otherwise noted herein.

COVID-19: In response to increased expenses related to the impact of the novel coronavirus ("COVID-19") pandemic, various federal, state, and local recovery grants became available to the City, including recovery grants under the Coronavirus Aid, Relief, and Economic Security Act (the "CARES Act") and the American Rescue Plan Act of 2021 (the "American Rescue Plan" or "ARPA"). The CARES Act and the American Rescue Plan included substantial federal relief funds for state and local governments, including the City, to address the impact of COVID-19 on the economy, public health, state and local governments, individuals, and businesses. The funds included $276 million in Coronavirus Relief Funds (via the CARES Act) and $1.395 billion in Coronavirus State and Local Fiscal Recovery Funds (via the American Rescue Plan), which represented the two largest allocations made to the City. The American Rescue Plan funds are fully allocated in the Thirty-Third Five-Year Plan and such funds have been obligated.

Fiscal Impact. The COVID-19 pandemic resulted in significant revenue losses and higher costs for service provision due to changes in work patterns, inflation, and a tight labor market. The federal relief funding from the American Rescue Plan (which as described above, totals $1.395 billion) was used to replace lost revenue to support core government services and pandemic response efforts. The City gradually spent the federal relief funding over several years and has made its final draw on these federal funds. While significant, the federal funding from the American Rescue Plan alone was not sufficient to close the budgetary gap projected at the start of COVID-19. Notwithstanding the foregoing, the City projects that it will end Fiscal Years 2024-2029 with positive General Fund balances and cumulative balances in the Budget Stabilization Reserve (as defined herein).

The Fiscal Year 2024 Adopted Budget, the Thirty-Third Five-Year Plan, the FY 2024 AFR (Unaudited), the Fiscal Year 2025 Adopted Budget, and the FY 2025 First Quarter QCMR, as applicable, reflect the ongoing evolution of the pandemic and its impacts on work, consumer, and other social patterns, and the City's associated response. For more information on the foregoing documents, the City's historical financial operations, and the City's projected General Fund balances for Fiscal Years 2024-2029, see "DISCUSSION OF FINANCIAL OPERATIONS" and Tables 1 and 2 (and the text following Table 2) herein.

Revenues. For Fiscal Year 2024, the City is reporting revenues of $6.064 billion (based on the FY 2024 AFR (Unaudited)), a $16.6 million (0.27%) increase compared to Fiscal Year 2023. For Fiscal Year 2025, the City is estimating revenues of $6.26 billion (based on the FY 2025 First Quarter QCMR).

For Fiscal Year 2024, the City is reporting decreases in tax collections, resulting in tax collections of $4.088 billion (based on the FY 2024 AFR (Unaudited), a $66.3 million (1.62%) decrease compared to Fiscal Year 2023. Such amounts include the reassignment of Parking Tax revenue from the General Fund to the Transportation Fund, which totaled approximately $101.9 million in Fiscal Year 2023. For Fiscal Year 2025, the City is estimating tax collections of $4.25 billion (based on the FY 2025 First Quarter QCMR).

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

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

As noted above, the City received $276 million from the CARES Act and $1.395 billion from the American Rescue Plan for COVID-19-related costs. The City received in Fiscal Years 2020 and 2021 certain CARES Act funding in the amounts of $100 million in the General Fund and $176 million in the Grants Revenue Fund, respectively. Such amounts were available to be transferred periodically from the Grants Revenue Fund to the General Fund to reimburse for COVID-19-related costs. In Fiscal Years 2021-2024, the City drew down on approximately $26 million, $250 million, $335 million, and $391 million, respectively, in federal COVID-19 relief funding from the American Rescue Plan.

The American Rescue Plan funds are fully allocated in the Thirty-Third Five-Year Plan and the Fiscal Year 2025 Adopted Budget, as applicable. In Fiscal Year 2025, the City has drawn down on approximately $419 million in federal COVID-19 relief funding from the American Rescue Plan, which represents the last of such relief funding. Such funds have been obligated.

As described above, federal COVID-19 relief funding received by the City from the American Rescue Plan has been included in the Fiscal Year 2024 Adopted Budget, the Thirty-Third Five-Year Plan, and the Fiscal Year 2025 Adopted Budget, as applicable. The City does not include potential federal stimulus funding entitlements or funds from other federal or Commonwealth sources that may be received in its budgetary projections or five-year financial planning.

The Thirty-Third Five-Year Plan specifically highlights two key expense challenges for the City – the exhaustion of the American Rescue Plan funds (as described above) and a balloon payment due on pension obligation bonds in Fiscal Year 2029 (see Table 42 herein). The City has budgeted and planned for both of these fiscal matters.

Budget Measures. In the Fiscal Year 2025 Adopted Budget, budget priorities are centered around investments in six key areas: (i) public safety, (ii) clean and green, (iii) access to economic opportunity, (iv) housing, (v) education, and (vi) core support with a continued focus on the City's long-term fiscal health.

At the start of Mayor Parker's administration, a midyear transfer ordinance was enacted to allow the new administration to start spending on the key priority areas outlined above. A few of the largest investments made possible through the transfer ordinance include funds for equipment purchases for the clean and green initiative, vehicle purchases as part of the public safety pillar, PAYGO financing for the planned forensic lab, and additional contributions tied to workforce development as part of the economic opportunity pillar.

The Mayor has also implemented an initiative to encourage workers across sectors to return to the office, with the goal of reversing remote work trends. Some large private employers in the City have also announced similar initiatives. The Mayor announced that all City workers were required to return to the office five days per week beginning on July 15, 2024. One of the City's largest unions filed for an injunction to block this return to the office initiative. The motion on the injunction was denied on July 13, 2024.

Long-Term Effects of COVID-19. Various economic sectors throughout the City were affected by the COVID-19 pandemic, including higher education, healthcare, commercial real estate, travel, leisure and hospitality, and professional services, among others. Future events may further impact the overall economic conditions in the City.

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

<u>General Fund Balance</u>: As set forth in the City's audited Annual Comprehensive Financial Report for Fiscal Year 2023 (the "Fiscal Year 2023 ACFR"), the City reported that Fiscal Year 2023 ended with a cumulative adjusted year end General Fund balance of $981.6 million.

The City reported that Fiscal Year 2024 ended with a cumulative adjusted year-end General Fund balance of $942.9 million (unaudited), which at 15.6% of projected revenues exceeds the administration's target for the General Fund balance of at least 6-8% of revenues but remains below the Government Finance Officers Association ("GFOA") recommendation of 17% of revenues.

In the FY 2025 First Quarter QCMR, the City estimates that Fiscal Year 2025 will end with a cumulative adjusted year-end General Fund balance of $642.5 million, which at 10.3% of projected revenues exceeds the administration's target for the General Fund balance of at least 6-8% of revenues but remains below the GFOA recommendation of 17% of revenues. In the Fiscal Year 2025 Adopted Budget, the City projected that Fiscal Year 2024 would end with a General Fund balance of $628.1 million. In the FY 2024 AFR (Unaudited), the City reported that Fiscal Year 2024 ended with a General Fund balance of $942.9 million. Such number has been included as the prior year fund balance in the FY 2025 First Quarter QCMR and is reflected in the current estimates described therein.

The cumulative adjusted year-end General Fund balances described in the preceding paragraphs do not include amounts deposited in the Budget Stabilization Reserve.

For more information on the City's historical financial operations and the City's projected General Fund balances for Fiscal Years 2024-2029, see "DISCUSSION OF FINANCIAL OPERATIONS" and Tables 1 and 2 (and the text following Table 2) herein.

Budget Stabilization Reserve: To provide the City with a financial cushion should unexpected costs arise, the City made a deposit of $34.3 million to the Budget Stabilization Reserve, pursuant to the adopted budget for Fiscal Year 2020. Pursuant to the adopted budget for Fiscal Year 2021, the City drew down such funds and redirected them to spending (see "– COVID-19" for more information on fiscal challenges from Fiscal Year 2021).

There were no payments to the Budget Stabilization Reserve in Fiscal Years 2021 or 2022. In Fiscal Year 2023, $65.1 million was deposited into the Budget Stabilization Reserve. In Fiscal Year 2024, $42.3 million was deposited into the Budget Stabilization Reserve. As of June 30, 2024, the total in the Budget Stabilization Reserve was $112.8 million (including interest earnings). In Fiscal Year 2025, $58.3 million was deposited into the Budget Stabilization Reserve.

In the Thirty-Third Five-Year Plan, the City projects payments to the Budget Stabilization Reserve in Fiscal Years 2026 and 2027 in the amounts of $59.7 million and $57.8 million, respectively. There can be no assurance that such payments to the Budget Stabilization Reserve will occur. The Thirty-Third Five-Year Plan does not include any projected payments to the Budget Stabilization Reserve in Fiscal Years 2028 and 2029. The Thirty-Third Five-Year Plan does not include any withdrawals from the Budget Stabilization Reserve. For more information on the Budget Stabilization Reserve, see "DISCUSSION OF FINANCIAL OPERATIONS – Budget Stabilization Reserve" herein.

Budgeted Reserves: The Fiscal Year 2024 Adopted Budget, the Thirty-Third Five-Year Plan, the FY 2024 AFR (Unaudited), the Fiscal Year 2025 Adopted Budget, and the FY 2025 First Quarter QCMR, as applicable, include budgeted reserves, certain of which are described below.

Labor Reserve. The Fiscal Year 2024 Adopted Budget, the Thirty-Third Five-Year Plan, the FY 2024 AFR (Unaudited), the Fiscal Year 2025 Adopted Budget, and the FY 2025 First Quarter QCMR, as applicable, include a labor reserve for potential future labor cost increases (the "Labor Reserve"). For more information on the City's labor contracts, see "EXPENDITURES OF THE CITY – Overview of City Employees" herein.

The City's current projections for the Labor Reserve have been updated to reflect the terms of recent labor agreements and are now estimated to be as follows: (i) $50.9 million in Fiscal Year 2025, (ii) $46.7 million in Fiscal Year 2026, (iii) $54.7 million in Fiscal Year 2027, (iv) $73.7 million in Fiscal Year 2028, and (v) $96.7 million in Fiscal Year 2029.

For the foregoing reserves, any portion of such reserves that is not used to offset the applicable stated costs will increase the General Fund balance at the end of the given Fiscal Year, if not used by the

City for other purposes. Information related to the foregoing reserves can be found in Tables 1 and 2 and the related footnotes in "DISCUSSION OF FINANCIAL OPERATIONS."

Tax Revenues: Based on the data in the FY 2024 AFR (Unaudited), roughly 67% of the City's revenues come from local taxes and approximately 89% of tax revenues come from just four taxes: Wage and Earnings Taxes, Real Estate Taxes, Business Income and Receipts Taxes ("BIRT"), and Real Property Transfer Taxes, with the largest portion of such tax revenues (approximately 45%) coming from the Wage and Earnings Tax (see Table 3 and "REVENUES OF THE CITY – Wage, Earnings, and Net Profits Taxes" herein). Less than 40% of the Wage and Earnings Tax is paid by non-resident workers.

As the City emerges from the pandemic and remote work arrangements continue for certain workers, the City continues to closely monitor Wage and Earnings Taxes. Of the City's workforce, commuters account for less than 40% of all Wage and Earnings Taxes. Non-resident workers are not required to pay this tax when their employer requires them to work from home outside the City. If the region experiences long-term or permanent shifts to required work-from-home policies, changes in consumer preferences, and population shifts, there may be a lasting negative impact on City finances. In the Thirty-Third Five-Year Plan, the City assumes a permanent reduction in the non-resident tax base of 25%, as a result of remote work arrangements. This 25% loss has already been sustained and is assumed throughout the Thirty-Third Five-Year Plan. In Fiscal Year 2024, the non-resident portion of the Wage and Earnings Taxes was approximately 14.6% of General Fund total revenue.

In Fiscal Year 2024, Wage and Earnings Tax collections increased by 6.4% over Fiscal Year 2023. In Fiscal Year 2025, Wage and Earnings Tax collections are projected to increase by 4.8% over Fiscal Year 2024. Wage and Earnings Tax collections for Fiscal Years 2022, 2023 and 2024, and projections for Fiscal Year 2025, exceed the amounts collected in Fiscal Year 2019 (pre-pandemic).

Additionally, the City remains unique among the nation's largest cities in that it imposes a tax on both net income and gross receipts, the Business Income and Receipts Tax, which generated approximately 16.2% of the City's local tax revenue in Fiscal Year 2023 (based on the Fiscal Year 2023 ACFR) and is projected to generate approximately 16.6% of the City's local tax revenue in Fiscal Year 2024 (based on the FY 2024 AFR (Unaudited)). For Fiscal Year 2025, the Business Income and Receipts Tax is projected to generate approximately 14.5% of the City's local tax revenue (based on the FY 2025 First Quarter QCMR). See "REVENUES OF THE CITY" and Table 3 herein.

High Fixed Costs: The City's high fixed costs consume a significant portion of the City's budget. The largest of such costs is the City's payment to the Municipal Pension Fund. In Fiscal Year 2023, the City's contribution to the Municipal Pension Fund was approximately $1,165.0 million, of which the General Fund's share (including the Commonwealth contribution) was $1,023.4 million. See Table 29. Even with such payments, the Municipal Pension Fund is only 62.2% funded on an actuarial basis (as of the July 1, 2023 Valuation (as defined herein)). See "PENSION SYSTEM" and Table 27 herein.

The School District of Philadelphia: While the School District of Philadelphia (the "School District") is an independent governmental entity, the City provides direct financial contributions to the School District. In the Fiscal Year 2023 ACFR, the City reported that its direct contribution to the School District from the General Fund was $270.0 million in Fiscal Year 2023. In the FY 2024 AFR (Unaudited), the City reported that its direct contribution to the School District from the General Fund was $282.1 million. In the Fiscal Year 2025 Adopted Budget, the City's direct contribution to the School District from the General Fund is $284.1 million in Fiscal Year 2025 (which is unchanged as the current estimate in the FY 2025 First Quarter QCMR).

In addition to the direct financial contribution noted above, Real Estate Taxes (as defined herein) are divided into two portions – the City Real Estate Tax and the School District Real Estate Tax. Presently, the portions are 44% for the City Real Estate Tax and 56% for the School District Real Estate Tax (such percentages took effect in Fiscal Year 2025).

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

Investigation of Overspending by the Office of Homeless Services. In Fiscal Year 2021, the City reduced the Office of Homeless Services ("OHS") General Fund appropriations. Some of these reductions were offset by federal CARES Act funds and certain other grant funding. Despite the reduced funding, OHS service demands remained high during this period, which included the height of the COVID-19 pandemic and the emergence of several homeless encampments throughout the City.

From Fiscal Years 2021 through 2024, OHS spent and entered into contractual commitments that exceeded its budgeted authority by an estimated $15 million. Once such overspending was uncovered, the City referred the matter to the Office of the Inspector General ("OIG") in late 2023.

In April 2024, the OIG released a preliminary report on these OHS budget matters. While the report did not present evidence of criminal wrongdoing or self-enrichment, it illustrated that OHS officials knowingly overspent across multiple fiscal years to meet rising service demand. In particular, OHS (i) encumbered partial amounts on contracts, (ii) paid prior year invoices with current year funds, and (iii) encumbered funds across various fiscal and calendar years, all of which obscured the full picture of contractual costs incurred and contributed to a growing budget gap. These practices by OHS are still under review and it is possible that additional budgetary gaps may be identified.

In Fiscal Year 2024, the City addressed the aforementioned overspending by providing OHS with an additional $9.6 million through a transfer ordinance. Any remaining overspending is expected to be covered by unspent funds from the Managing Director's Office, which has oversight responsibility for OHS, or through another City transfer ordinance.

The OIG's report included recommendations for additional financial controls and encumbrance oversight to prevent a similar situation from occurring in the future, including (i) strengthening the budget verification process, (ii) imposing stricter encumbrance rules, (iii) collecting and tracking more data from the Finance Payment Verification Unit (part of the Office of the Director of Finance) in order to intervene in a more timely manner should budgetary problems occur, (iv) evaluating the scope of the non-profit contracting exemption and the ability of OHS to contract with non-profit vendors without a competitive process, and (v) restricting the use of local funds and grant funds on a single contract. In connection with (iv), City Council passed a bill to remove the non-profit contracting exemption for OHS and a number of other departments effective in Fiscal Year 2026. The Mayor took no action on the bill and it became law on September 5, 2024.

The City has also engaged an external accounting firm to supplement the OIG's work with a deeper forensic investigation and the results of this review are pending. The City expects the full investigation to be completed in January 2025.

Additionally, OHS has engaged a financial consultant upon receipt of the results of the investigations described above to temporarily increase capacity, implement recommendations, and train OHS staff.

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

THE GOVERNMENT OF THE CITY OF PHILADELPHIA

Introduction

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

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

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

Additionally, tourism is important to the City and is driven by the City's extraordinary historic and cultural assets. The City's Historic District includes Independence Hall, the Liberty Bell, Carpenters' Hall, the Betsy Ross House, and Elfreth's Alley, the nation's oldest residential street. The Benjamin Franklin Parkway District (referred to as the "Parkway" in APPENDIX B) includes the Philadelphia Museum of Art, the Barnes Foundation, and the Rodin Museum. The Avenue of the Arts, located along a mile-long section of South Broad Street between City Hall and Washington Avenue, includes the Kimmel Center, the Academy of Music, and other performing arts venues. Philadelphia also hosts all four major sports leagues in a stadium district within city limits.

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

History and Organization

The City was incorporated in 1789 by an Act of the General Assembly of the Commonwealth (the "General Assembly") (predecessors of the City under charters granted by William Penn in his capacity as proprietor of the colony of Pennsylvania may date to as early as 1682). In 1854, the General Assembly, by an act commonly referred to as the Consolidation Act: (i) made the City's boundaries coterminous with the boundaries of Philadelphia County (the same boundaries that exist today) (the "County"); (ii) abolished all governments within these boundaries other than the City and the County; and

(iii) consolidated the legislative functions of the City and the County. Article 9, Section 13 of the Pennsylvania Constitution abolished all county offices in the City, provides that the City performs all functions of county government, and states that laws applicable to counties apply to the City.

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

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

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

Elected and Appointed Officials

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

In November 2023, the City held elections for Mayor and City Council, as well as a special election for City Controller.

The City Controller is an independently elected office, with responsibilities derived from the City Charter, various City ordinances, state and federal statutes, and contractual arrangements with auditees. The City Controller must follow Generally Accepted Government Auditing Standards, established by the federal Government Accountability Office (formerly known as the General Accounting Office), and Generally Accepted Auditing Standards, promulgated by the American Institute of Certified Public Accountants (collectively, "Generally Accepted Auditing Standards").

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

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

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

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

The Director of Finance is the chief financial and budget officer of the City and is selected from three names submitted to the Mayor by a Finance Panel, which is established pursuant to the City Charter and is comprised of the President of the Philadelphia Clearing House Association, the Chairman of the Philadelphia Chapter of the Pennsylvania Institute of Certified Public Accountants, and the Dean of the Wharton School of Finance and Commerce of the University of Pennsylvania. Under Mayor Parker's administration, the Director of Finance is responsible for the financial functions of the City, including: (i) development of the annual operating budget, the capital budget, and capital program; (ii) the City's program for temporary and long-term borrowing; (iii) supervision of the operating budget's execution; (iv) the collection of revenues through the Department of Revenue; (v) the oversight of pension administration as Chairperson of the Board of Pensions and Retirement; and (vi) the supervision of the Office of Property Assessment. The Director of Finance is also responsible for the appointment and supervision of the City Treasurer, whose office manages the City's debt program and serves as the disbursing agent for the distribution of checks and electronic payments from the City Treasury and the management of cash resources.

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

Cherelle L. Parker, Mayor. On November 7, 2023, Cherelle L. Parker was elected as the City's 100th Mayor and was sworn into office on January 2, 2024. She is the first woman to lead the City and hold the office in 341 years. Mayor Parker is a lifelong Philadelphia resident and a former public school teacher. Elected to the Pennsylvania House of Representatives in 2005, Mayor Parker represented the 200th legislative district for ten years. In 2015, Mayor Parker was elected to serve as a Democratic Philadelphia City Councilmember representing the 9th District. She championed key legislation on pension reform, workforce training and small business supports, and affordable housing during her time in City Council. Building on those legislative measures, Mayor Parker's administration is also focused on a cleaner, greener, safer Philadelphia with access to economic opportunity for all. Mayor Parker holds a Bachelor of Science in English Education from Lincoln University and a Master of Public Administration from the University of Pennsylvania.

Tiffany W. Thurman, Chief of Staff. Tiffany W. Thurman was appointed Chief of Staff effective January 2, 2024. Previously, she served as Senior Vice President for Government and Community Affairs for the Greater Philadelphia YMCA, the Pennsylvania Local Government Lead at Accenture, and Chief of Staff within the Philadelphia Department of Parks and Recreation. She was also previously appointed Executive Director of the Philadelphia Delegation to the House of Representatives. She has a Master of Public Administration from the University of Pennsylvania and a bachelor's degree from Temple University.

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

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

Government Services

Municipal services provided by the City include: (i) police and fire protection; (ii) health care; (iii) certain welfare programs; (iv) construction and maintenance of local streets, highways, and bridges; (v) trash collection, disposal and recycling; (vi) provision for recreational programs and facilities; (vii) maintenance and operation of the water and wastewater systems (the "Water and Wastewater Systems"); (viii) acquisition and maintenance of City real and personal property, including vehicles; (ix) maintenance of building codes and regulation of licenses and permits; (x) maintenance of records; (xi) collection of taxes and revenues; (xii) purchase of supplies and equipment; (xiii) construction and maintenance of airport facilities (the "Airport System"); and (xiv) maintenance of a prison system. For information on the Water and Wastewater Systems, see APPENDIX B – "KEY CITY-RELATED

SERVICES AND BUSINESSES – Water and Wastewater." For information on the Airport System, see APPENDIX B – "TRANSPORTATION – Airport System."

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

Local Government Agencies

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

Mayoral-Appointed or Nominated Agencies

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

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

Philadelphia Energy Authority. The Philadelphia Energy Authority ("PEA") was established by the City and incorporated in 2011. PEA has all powers necessary or appropriate to carry out and effectuate its energy-related purposes, including, among other things, the powers to acquire, construct, finance, improve, maintain and operate projects. PEA is authorized to participate in projects on behalf of the City, other government agencies, institutions and businesses. PEA is governed by a seven-member board appointed by City Council from five nominations made by the Mayor and two nominations from City Council.

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

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

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

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

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

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

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

Pennsylvania Convention Center Authority. The Pennsylvania Convention Center Authority (the "Convention Center Authority") constructed and maintains, manages, and operates the Pennsylvania Convention Center, which opened on June 25, 1993. The Pennsylvania Convention Center is owned by the Commonwealth and leased to the Convention Center Authority. An expansion of the Pennsylvania Convention Center was completed in March 2011. This expansion enlarged the Pennsylvania Convention

Center to approximately 2,300,000 square feet with the largest contiguous exhibit space in the Northeast, the largest convention center ballroom on the East Coast, and the ability to host large tradeshows or two major conventions simultaneously.

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

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

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

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

In the Fiscal Year 2023 ACFR, the City reported that its direct contribution to the School District from the General Fund was $270.0 million in Fiscal Year 2023. In the FY 2024 AFR (Unaudited), the City reported that its direct contribution to the School District from the General Fund was $282.1 million. In the Fiscal Year 2025 Adopted Budget, the City's direct contribution to the School District from the General Fund is $284.1 million in Fiscal Year 2025 (which is unchanged as the current estimate in the FY 2025 First Quarter QCMR). Such amounts do not include funding from taxes levied by the School District and authorized by City Council. For more information on the City's historical contributions to the School District, see "EXPENDITURES OF THE CITY – City Payments to School District" and Table 21.

Non-Mayoral-Appointed or Nominated Agencies

PICA. PICA was created by the Pennsylvania Intergovernmental Cooperation Authority Act for Cities of the First Class (the "PICA Act") in 1991 to provide financial assistance to cities of the first class. The City is the only city of the first class in the Commonwealth. The Governor of Pennsylvania (the "Governor"), the President pro tempore of the Pennsylvania Senate, the Minority Leader of the Pennsylvania Senate, the Speaker of the Pennsylvania House of Representatives, and the Minority Leader of the Pennsylvania House of Representatives each appoints one voting member of PICA's board. The Secretary of the Budget of the Commonwealth and the Director of Finance of the City serve as ex officio members of PICA's board with no voting rights.

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

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

On July 7, 2022, an amendment to the PICA Act was signed into law by the Governor, which, among other things, (i) extends the term of existence of PICA until the later of January 2, 2047 or one year after all its liabilities are met or, in the case of PICA Bonds, one year after provision for such payment shall have been made or provided for in the applicable bond indenture; (ii) continues all of the financial oversight and reporting requirements of the PICA Act for the life of PICA (regardless of whether PICA Bonds are outstanding); (iii) permits on a limited basis during certain recurring three-year periods on a decennial basis, at the request of the City, the issuance of PICA Bonds for capital projects of the City; and (iv) continues the authorization and dedication of the PICA Tax for so long as PICA remains in existence (regardless of whether any PICA Bonds are outstanding). For more information on PICA Bonds, see "DEBT OF THE CITY – PICA Bonds." In June 2023, City Council passed, and the Mayor signed, an amendment to the PICA Tax ordinance to extend its duration in response to the continued authorization of the PICA Tax pursuant to the amendments to the PICA Act. In addition, the City and PICA approved and entered into a new intergovernmental cooperation agreement (the "2023 PICA Agreement") that reflects and implements the PICA Act as amended, and replaces the expired 1992 PICA Agreement.

The PICA Act and the 2023 PICA Agreement provide PICA with certain financial and oversight functions. PICA has the power to exercise certain advisory and review procedures with respect to the City's financial affairs, including the power to review and approve the five-year financial plans prepared by the City, and to certify non-compliance by the City with the then-existing five-year plan. PICA is also required to certify non-compliance if, among other things, no approved five-year plan is in place or if the City has failed to file mandatory revisions to an approved five-year plan. Under the PICA Act, any such certification of non-compliance would, upon certification by PICA, require the Secretary of the Budget of the Commonwealth to withhold funds due to the City from the Commonwealth or any of its agencies (including, with certain exceptions, all grants, loans, entitlements, and payments payable to the City by the Commonwealth, including payment of the portion of the PICA Tax, as further described under "DEBT OF THE CITY – PICA Bonds" below, otherwise payable to the City). Such withheld funds are held in escrow by the Commonwealth or in the applicable City account until such non-compliance is cured. A majority vote of PICA will determine when the conditions that caused the City to be certified as non-compliant have ceased to exist. Following such vote, PICA notifies the Secretary of the Budget and the withheld funds are released (together with all interest and income earned thereon during the period held in escrow).

Philadelphia Parking Authority. The Philadelphia Parking Authority (the "PPA") is responsible for: (i) the construction and operation of parking facilities in the City and at Philadelphia International Airport ("PHL"); and (ii) enforcement of on-street parking regulations. The members of the PPA's board are appointed by the Governor, with certain nominations from the General Assembly. PPA is not a department or agency of the City. For more information on the PPA, see "REVENUES OF THE CITY – Philadelphia Parking Authority Revenues."

Cybersecurity

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

The City's Office of Innovation and Technology works to protect the City from cyber threats by adopting new technology and ensuring City systems and resident data are protected. The Office of Innovation and Technology follows industry best practices, develops City-wide security policies, provides regular security training to all City employee users, and uses security tools to mitigate, prevent, deter, and respond to incidents if and when they occur. Additionally, to identify potential vulnerabilities and proactively mitigate them, the City organizes (i) ongoing vulnerability and compliance scanning of City systems, (ii) annual, and/or as major changes occur, penetration tests of City systems and supporting infrastructure, and (iii) ongoing audit and log monitoring of systems and users. These tests are performed by both the Office of Innovation and Technology, Departments, and third parties.

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

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

Climate Change

The City's Office of Sustainability ("OOS") works with partners around the City, both public and private, to educate and prepare the City for climate change, among other things. OOS is responsible for implementing "Growing Stronger: Toward a Climate-Ready Philadelphia," the City's first climate adaptation plan, which identifies climate vulnerability and risk and outlines a variety of initiatives to prepare the City for future climate–related challenges.

Planning for the potential impacts of climate change in the City is challenging. The City's climate is variable and projections of future conditions range significantly depending on the emissions scenarios. However, regardless of emissions scenario, the models agree on the direction of change. Climate change impacts include rising temperatures (heat waves); air quality issues; increased heavy precipitation events (rain or snow); rising sea levels (likely ~1.25 feet by 2050 and between three to-four feet by 2100); and storm surges from more intense hurricanes and tropical storms.

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

The sea level rising is a particularly important risk for the City, as rising seas affect water levels in the tidal rivers and creeks bordering the City, such as the Delaware and Schuylkill Rivers and the Darby-Cobbs Creek. Higher sea levels will increase the depth and extent of flooding in and around the City from storm surges and will raise groundwater levels. Low-lying areas already experience localized flooding during heavy storm events, and both municipal infrastructure and private development exist along Philadelphia's tidal rivers and creeks. Because of the City's topography and its location next to tidal rivers, many City facilities and other properties are vulnerable to sea level rise, even under conservative (low) sea level rise scenarios. For example, Philadelphia International Airport (PHL) and at least a dozen other City facilities would be exposed to flooding with two feet of sea level rise, a scenario that is likely to be exceeded this century. At under two feet of sea level rise, only one City facility (Fort Mifflin) is highly vulnerable to permanent inundation (i.e., within the tidal cycle and not considering extreme storms), but at under four feet of sea level rise, 19 facilities are highly vulnerable and another 12 City facilities are moderately vulnerable to permanent inundation. Hundreds of additional facilities (both City and private) are highly vulnerable to both riverine flooding and the combination of sea level rise and storm surge. Many neighborhoods and City-owned assets and infrastructure are also vulnerable to inland flooding (e.g., pluvial, urban or rainfall-driven flooding), which can occur far away from water bodies and is not included in FEMA's flood maps.

As an example of the City's possible susceptibility to flooding from major storms or rising sea levels, on September 1, 2021, remnants of Hurricane Ida passed through the City and surrounding areas causing heavy rainfall, major flooding, and numerous tornadoes. The Schuylkill River rose to record levels, or near record levels, in various areas and caused flooding and damage throughout parts of the City. It was estimated that the damages from that single event are over $1.3 billion for Philadelphia alone. The City received federal relief funding and grants, including $163 million in grant funding from the United States Department of Housing and Urban Development (HUD), and received other aid from the Commonwealth, to offset costs incurred in addressing the damages from the storm.

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

Climate change is increasing the intensity of extreme storms, and just one severe hurricane could cause more than $2 billion in damage across the City. The City expects to see more frequent extreme storms with higher winds and more flooding, due in part to sea level rise combined with heavy rains and tropical cyclones. Depending on severity, each of these storms could cause an estimated $20 million to $900 million in damages in the City. In connection with such damages, the City could seek Commonwealth and federal funding to alleviate the burden of any disaster-related costs if any such funding becomes available. No assurances can be given that the City would receive any such requested funding if available.

In addition to increasing disaster costs, higher heat and more precipitation will increase the everyday cost of doing business for the City's government, businesses, and residents. Increased operating costs from climate change across all sectors would result in a significant economic impact in the City. Much of these costs will be borne by City departments in combination with the Commonwealth and federal government; others will fall directly on the private sector.

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

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

In 2016, OOS, along with a cross-departmental Climate Adaptation Working Group, issued *Growing Stronger: Toward a Climate-Ready Philadelphia* to (i) assess vulnerabilities and preparation opportunities for municipal government; (ii) identify low-barrier and high-impact internal actions that can be taken to reduce risks and decrease stressors on City infrastructure services; and (iii) guide proactive projects with benefits beyond municipal operations. The Office of Sustainability is actively working on an update to the City's Climate Resilience Plan and is developing climate services and tools to empower city staff to plan for the changes the City faces. The City expects to engage in an equitable citywide public process to support the plan, with the completion of the plan slated for summer 2026. Additionally, the City's All-Hazard Mitigation Plan update and the Comprehensive Plan update are both underway and will heavily feature climate change.

In addition to participating in planning efforts, City departments are implementing projects that aim to increase resilience on a broad array of climate issues. The Department of Public Property ensures that emergency generators in City-maintained facilities are well maintained and fueled, which is intended to allow other City departments to continue providing services during emergency situations. During heat emergencies, the Department of Public Health and the Office of Emergency Management ensure communication among City agencies, deploy environmental health teams into the community, and operate cooling centers in coordination with the Philadelphia Free Library and Philadelphia Parks and Recreation. Philadelphia Parks and Recreation also developed and implements the Philly Tree Plan and works with citizen scientists to identify forest restoration practices suitable for the City's changing climate. The Philadelphia Water Department has an award-winning Climate Change Adaptation Program and adopted Climate-Resilient Planning and Design Guidance in 2022. Regarding broader development across the City, the Philadelphia City Planning Commission (the "Planning Commission") requires new facilities located in flood zones to be raised 18 inches above the Federal Emergency Management Agency base flood elevation, and the Philadelphia Water Department (the "Water Department") promotes green storm water infrastructure as a measure to reduce combined sewer overflows which also has a co-benefit of shaving the peak from extreme precipitation events and potentially helping with localized inland flooding.

CITY FINANCES AND FINANCIAL PROCEDURES

Except as otherwise noted, the financial statements, tables, statistics, and other information shown below have been prepared by the Office of the Director of Finance and can be reconciled to the financial statements in the Fiscal Year 2023 ACFR and notes therein. The Fiscal Year 2023 ACFR was prepared by the Office of the Director of Finance in conformance with guidelines adopted by the Governmental Accounting Standards Board and the American Institute of Certified Public Accountants' audit guide, Audits of State and Local Government Units and audited by the City Controller under Generally Accepted Auditing Standards.

General

Governmental funds account for their activities using the current financial resources measurement focus and the modified accrual basis of accounting. Revenues are recognized as soon as they are both measurable and available. Revenues are considered to be available when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the City considers revenues to be available if they are collected within 60 days of the end of the current fiscal period. Expenditures are generally recorded when a liability is incurred, as in the case of full accrual accounting. Debt service expenditures, as well as expenditures related to compensated absences and claims and judgments, are recorded only when payment is due; however, those expenditures may be accrued if they are to be liquidated with available resources.

Imposed non-exchange revenues, such as Real Estate Tax, are recognized when the enforceable legal claim arises and the resources are available. Derived tax revenues, such as Wage, BIRT, Net Profits and Earnings taxes, are recognized when the underlying exchange transaction has occurred and the resources are available. Grant revenues are recognized when all the applicable eligibility requirements have been met and the resources are available. All other revenue items are considered to be measurable and available only when cash is received by the City.

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

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

- The General Fund is the City's primary operating fund. It accounts for all financial resources of the general government, except those required to be accounted for in other funds.
- The Health Choices Behavioral Health Fund accounts for resources received from the Commonwealth. These resources are restricted to providing managed behavioral health care to residents of the City.
- The Grants Revenue Fund accounts for the resources received from various federal, Commonwealth, and private grantor agencies, including those received by the City's Department of Human Services ("DHS"). The resources are restricted to accomplishing the various objectives of the grantor agencies.

The City also reports on permanent funds, which are used to account for resources legally held in trust for use by the park and library systems of the City. There are legal restrictions on the resources of the permanent funds that require the principal to remain intact, while only the earnings may be used for the programs.

The City reports on the following fiduciary funds:

- The Municipal Pension Fund accumulates resources to provide pension benefit payments to qualified employees of the City and certain other quasi-governmental organizations.

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

- The Departmental Custodial Accounts account for funds held in custody by various departments of the City.

The City reports on the following major proprietary funds:

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

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

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

Current City Disclosure Practices

It is the City's practice to file its ACFR, which contains the audited combined financial statements of the City, in addition to certain other information, such as the City's bond ratings and information about upcoming debt issuances, with the Municipal Securities Rulemaking Board ("MSRB") as soon as practicable after delivery of such information. For bonds issued in calendar year 2015 and thereafter, the annual filing deadline is February 28; for bonds issued prior to calendar year 2015, the annual filing deadline is 240 days after the end of the respective Fiscal Year, being February 25. The Fiscal Year 2023 ACFR was filed with the MSRB on February 25, 2024, through the MSRB's Electronic Municipal Market Access ("EMMA") system. The Fiscal Year 2023 ACFR is attached hereto as APPENDIX C.

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

Independent Audit and Opinion of the City Controller

The City Controller has examined and expressed opinions on the basic financial statements of the City contained in the Fiscal Year 2023 ACFR. The City Controller has not participated in the preparation of this Official Statement nor in the preparation of the budget estimates and projections and cash flow statements and forecasts set forth in various tables contained in this Official Statement. Consequently, the City Controller expresses no opinion with respect to any of the data contained in this Official Statement other than what is contained in the basic financial statements of the City in the Fiscal Year 2023 ACFR.

Budgetary Accounting Practices

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

The operating funds of the City, consisting of the General Fund, twelve (12) Special Revenue Funds (County Liquid Fuels Tax, Special Gasoline Tax, Health Choices Behavioral Health, Hotel Room Rental Tax, Grants Revenue, Community Development, Car Rental Tax, Acute Care Hospital Assessment, Budget Stabilization Reserve, Housing Trust, Demolition, and Transportation) and two Enterprise Funds (Water and Aviation Funds), are subject to annual operating budgets adopted by City Council. These budgets appropriate funds for all City departments, boards and commissions by major class of expenditure within each department. Major classes are defined as: (i) personal services; (ii) purchase of services; (iii) materials and supplies; (iv) equipment; (v) contributions, indemnities, and taxes; (vi) debt service; (vii) payments to other funds; and (viii) advances and other miscellaneous payments. The appropriation amounts for each fund are supported by revenue estimates and take into account the elimination of accumulated deficits and the re-appropriation of accumulated surpluses to the extent necessary. All transfers between major classes (except for materials and supplies and equipment, which are appropriated together) must have City Council approval. Appropriations that are not expended or encumbered at Fiscal Year-end are lapsed.

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

Schedules prepared on the legally enacted basis differ from the GAAP basis in that both expenditures and encumbrances are applied against the current budget, adjustments affecting activity budgeted in prior years are accounted for through fund balance or as reduction of expenditures and certain interfund transfers and reimbursements are budgeted as revenues and expenditures. The primary difference between the GAAP and legal (budgetary) fund balance is due to the timing of recognizing the BIRT. The legal basis recognizes BIRT revenues in the Fiscal Year they are collected. The GAAP basis requires the City to recognize the BIRT revenues (which are primarily paid in April) for the calendar year in which the BIRT taxes are due, requiring the City to defer a portion of the April payment into the next Fiscal Year. For more information on BIRT, see "REVENUES OF THE CITY – Business Income and Receipts Tax."

DISCUSSION OF FINANCIAL OPERATIONS

Principal Operations

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

Fund Accounting

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

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

The City maintains 23 individual governmental funds. The City's ACFRs, including the Fiscal Year 2023 ACFR, present data separately for the General Fund, Grants Revenue Fund, and Health Choices Behavioral Health Fund, which are considered to be major funds. Data for the remaining 20 funds are combined into a single aggregated presentation.

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

<u>Fiduciary Funds</u>. The City is the trustee, or fiduciary, for its employees' pension plans. It is also responsible for PGW's employees' retirement reserve assets. Both of these fiduciary activities are reported in the City's ACFRs, including the Fiscal Year 2023 ACFR, as separate financial statements of fiduciary net assets and changes in fiduciary net assets.

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

Budget Procedure

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

The City Charter provides that, at least 30 days before the end of the Fiscal Year, City Council must adopt by ordinance an operating budget and a capital budget for the ensuing Fiscal Year and a capital program for the six ensuing Fiscal Years. If the Mayor disapproves the bills, they must be returned to City Council with the reasons for disapproval at the first meeting thereof held not less than ten days after receipt of such bills. If the Mayor does not return the bills within the time required, they become law without the Mayor's approval. If City Council passes the bills by a vote of two-thirds of all of its members within seven days after the bills have been returned with the Mayor's disapproval, they become law without the Mayor's approval. While the City Charter requires that City Council adopt the ordinances for the operating and capital budgets at least 30 days before the end of the Fiscal Year, in practice, such ordinances are often adopted after such deadline, but before the end of such Fiscal Year. For example, the proposed Fiscal Year 2025 operating budget was submitted by the Mayor to City Council on March 14, 2024, approved by City Council on June 13, 2024, and signed by the Mayor on June 14, 2024. There is no practical consequence to adopting the budget ordinances after the deadline in the City Charter, but before the end of the Fiscal Year.

The capital program is prepared annually by the Planning Commission to present the capital expenditures planned for each of the six ensuing Fiscal Years, including the estimated total cost of each project and the sources of funding (local, state, federal, and private) estimated to be required to finance each project. The capital improvement plans for the Water Department and the Department of Aviation are included in the City's capital program. The capital program is reviewed by the Mayor and transmitted to City Council for adoption with the Mayor's recommendation thereon. The Capital Program ordinance for Fiscal Years 2025-2030 (the "Fiscal Year 2025-2030 Adopted Capital Program") was approved by City Council on June 13, 2024 and signed by the Mayor on June 14, 2024 (see Table 48).

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

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

Budget Stabilization Reserve

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

In February 2023, City Council passed a resolution to amend the City Charter to require larger contributions to the Budget Stabilization Reserve in years where the projected General Fund revenues at the end of the current Fiscal Year equal or exceed certain percentages. The amendment also increases the maximum contribution to the Budget Stabilization Reserve from 5.0% to 17.0%. The proposal was part of a ballot measure that was approved by City voters in May 2023. Under the amendment, the schedule of contributions to the Budget Stabilization Reserve is as follows: (i) less than 3.0% of projected General Fund revenues at the end of the then current Fiscal Year – no required contribution; (ii) 3.0% or more, but less than 5.0% of projected General Fund revenues at the end of the then current Fiscal Year – a contribution of 0.75% of projected unrestricted General Fund revenues for the upcoming Fiscal Year; (iii) 5.0% or more, but less than 8.0% of projected General Fund revenues at the end of the then current Fiscal Year – a contribution of 1.0% of projected unrestricted General Fund revenues for the upcoming Fiscal Year; and (iv) 8.0% or more, but less than 17.0% of projected General Fund revenues at the end of the then current Fiscal Year – the amount that exceeds such 8.0% or 1.0% of projected unrestricted General Fund revenues for the upcoming Fiscal Year, whichever is greater. After 17%, any extra funds in the General Fund are to remain there as unrestricted fund balance. Such amended provisions become effective for Fiscal Year 2025 and are reflected in the projections included in the Thirty-Third Five-Year Plan. For Fiscal Year 2024, the City voluntarily budgeted for the Budget Stabilization Reserve in accordance with the amended provisions.

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

Pursuant to the adopted budget for Fiscal Year 2020, the City made a deposit of $34.3 million to the Budget Stabilization Reserve, which was the first ever deposit to such reserve. Pursuant to the adopted budget for Fiscal Year 2021, the City drew down on such funds and redirected them to spending (see "Fiscal Health of the City – COVID-19" for more information on fiscal challenges from Fiscal Year 2021).

There were no payments to the Budget Stabilization Reserve in Fiscal Years 2021 or 2022. In Fiscal Year 2023, $65.1 million was deposited into the Budget Stabilization Reserve. In Fiscal Year 2024, $42.3 million was deposited into the Budget Stabilization Reserve. As of June 30, 2024, the total in the Budget Stabilization Reserve was $112.8 million (including interest earnings). In Fiscal Year 2025, $58.3 million was deposited into the Budget Stabilization Reserve.

In the Thirty-Third Five-Year Plan, the City projects payments to the Budget Stabilization Reserve in Fiscal Years 2026 and 2027 in the amounts of $59.7 million and $57.8 million, respectively. There can be no assurance that such payments to the Budget Stabilization Reserve will occur. The Thirty-Third Five-Year Plan does not include any projected payments to the Budget Stabilization Reserve in Fiscal Years 2028 and 2029. The Thirty-Third Five-Year Plan does not include any withdrawals from the Budget Stabilization Reserve. The foregoing projections reflect the approval of the ballot measure amending the Budget Stabilization Reserve as described above.

Annual Financial Reports

The City is required by the City Charter to issue, within 120 days after the close of each Fiscal Year, a statement as of the end of the Fiscal Year showing the balances in all funds of the City, the amounts of the City's known liabilities, and such other information as is necessary to furnish a true picture of the City's financial condition (the "Annual Financial Reports"). The Annual Financial Reports, which are released on or about October 28 of each year, are intended to meet these requirements and are unaudited. As described above, the audited financial statements of the City are contained in its ACFR, which is published at a later date. The Annual Financial Reports contain financial statements for all City governmental funds and blended component units presented on the modified accrual basis. The proprietary and fiduciary funds are presented on the full accrual basis. They also contain budgetary comparison schedules for those funds that are subject to an annual budget. The financial statements of the City's discretely presented component units that are available as of the date of the Annual Financial Reports are also presented. Historically, the results for General Fund balance have not materially changed between the Annual Financial Reports and the ACFRs.

The Annual Financial Report for Fiscal Year 2024 was released on October 28, 2024 (the "FY 2024 AFR (Unaudited)"). See "CITY FINANCES AND FINANCIAL PROCEDURES – Current City Disclosure Practices."

Five-Year Plans of the City

The PICA Act requires the City to annually prepare a financial plan that includes projected revenues and expenditures of the principal operating funds of the City for five Fiscal Years consisting of the current Fiscal Year and the subsequent four Fiscal Years. Each five-year plan, which must be approved by PICA, is required, among other things, to eliminate any projected deficits, balance the Fiscal Year budgets, and provide procedures to avoid fiscal emergencies. Under the PICA Act, each five-year plan is required to be submitted at least 100 days prior to the beginning of the next Fiscal Year or on such other date as PICA may approve upon the request of the City. It is the City's practice to submit its five-year plans to PICA after City Council approves, and the Mayor signs, the operating budget ordinance for the next Fiscal Year, which is typically after the 100-day deadline. For example, the Thirty-Third Five-Year Plan was submitted to PICA on June 25, 2024, after City Council approved, and the Mayor signed, the Fiscal Year 2025 Adopted Budget. PICA approved the Thirty-Third Five-Year Plan at a meeting on July 25, 2024. See "– Current Financial Information" and the text following Table 2.

Quarterly Reporting to PICA

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

Under the 2023 PICA Agreement, a "variance" is deemed to have occurred as of the end of a reporting period if (i) a net adverse change in the fund balance of a covered fund (i.e., a principal operating fund) of more than 5% of the revenues budgeted for such fund for that Fiscal Year is reasonably projected to occur, such projection to be calculated from the beginning of the Fiscal Year for the entire

Fiscal Year, or (ii) the actual net cash flows of the City for a covered fund are reasonably projected to be less than 95% of the net cash flows of the City for such covered fund for that Fiscal Year originally forecast at the time of adoption of the budget, such projection to be calculated from the beginning of the Fiscal Year for the entire Fiscal Year.

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

A failure by the City to explain or remedy a variance would, upon certification by PICA, require the Secretary of the Budget of the Commonwealth to withhold funds due to the City from the Commonwealth or any of its agencies (including, with certain exceptions, all grants, loans, entitlements and payments payable to the City by the Commonwealth, including payment of the portion of the PICA Tax, as further described under "DEBT OF THE CITY – PICA Bonds" below, otherwise payable to the City). The City uses its Quarterly City Managers Reports to satisfy the quarterly reporting requirement to PICA. Such reports are released within 45 days following the end of the applicable quarter and the most recent versions of such reports are available on the City's Investor Website. The most recent Quarterly City Managers Report is the report for the period ending September 30, 2024, which was released on November 15, 2024 (the "FY 2025 First Quarter QCMR"). The next Quarterly City Managers Report is the report for the period ending December 31, 2024, and it is expected to be released on or about February 15, 2025.

Summary of Operations

Table 1 presents the summary of operations for the General Fund for Fiscal Years 2021-2024 and budgeted amounts and current estimates for Fiscal Year 2025. For a description of the legally enacted basis on which the City's budgetary process accounts for certain transactions, see "CITY FINANCES AND FINANCIAL PROCEDURES – Budgetary Accounting Practices." "Current Estimate," as used in the tables and text below, refers (except as otherwise indicated) to the most recently revised estimates for Fiscal Year 2025, which were released by the City on November 15, 2024, as part of the FY 2025 First Quarter QCMR, unless otherwise noted herein.

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Table 1
General Fund – Summary of Operations (Legal Basis)
Fiscal Years 2021-2024 (Actual) and 2025 (Adopted Budget and Current Estimate)
(Amounts in Millions of USD)[(1), (2)]

	Actual 2021	Actual 2022	Actual 2023	Unaudited Actual 2024 (June 30, 2024)	Adopted Budget 2025 (June 14, 2024)	Current Estimate 2025 (November 15, 2024)
Revenues						
Real Property Taxes	$723.3	$700.6	$809.6	$838.1	$925.0	$925.0
Wage and Earnings Tax	1,450.7	1,653.9	1,732.8	1,842.9	1,930.6	1,931.9
Net Profits Tax	44.4	27.3	39.0	42.6	45.2	37.7
Business Income and Receipts Tax	541.6	749.9	673.3	679.8	616.7	616.7
Sales Tax[(3)]	230.4	277.7	302.2	300.0	316.9	316.5
Other Taxes[(4)]	363.3	654.6	524.0	315.0	355.0	350.8
Philadelphia Beverage Tax[(5)]	70.2	75.4	73.4	69.6	71.2	70.4
Total Taxes	3,423.9	4,139.4	4,154.3	4,088.0	4,260.5	4,249.0
Locally Generated Non-Tax Revenue	344.2	396.4	415.1	456.3	391.8	384.2
Revenue from Other Governments						
Net PICA Taxes Remitted to the City[(6)]	509.0	555.1	674.3	705.5	739.4	732.5
Other Revenue from Other Governments[(7)]	327.6	376.1	422.3	359.0	398.4	408.5
Total Revenue from Other Governments	836.6	931.2	1,096.6	1,064.5	1,137.8	1,141.0
Receipts from Other City Funds	87.8[(8)]	300.6[(9)]	381.0[(9)]	454.8[(9)]	481.2[(9)]	481.2[(9)]
Total Revenue	4,692.5	5,767.5	6,047.0	6,063.6	6,271.4	6,255.5
Obligations/Appropriations						
Personal Services	1,811.4	1,890.7	1,976.6	2,038.4	2,279.1	2,305.8
Purchase of Services[(10)]	941.4	1,014.4	1,207.3	1,360.4	1,422.3	1,485.9
Materials, Supplies and Equipment	90.9	125.6	167.7	189.6	148.3	189.6
Employee Benefits	1,275.1[(11)]	1,690.0[(11)]	1,625.0[(11)]	1,663.4[(11)]	1,677.1[(11)]	1,678.0[(11)]
Indemnities, Contributions, and Refunds[(12)]	368.0	384.9	480.8	452.5	432.7	482.7
City Debt Service[(13)]	178.5	188.7	190.5	189.1	234.7	234.7
Payments to Other City Funds	52.3	44.1	205.0	198.9	71.5	91.5
Advances & Miscellaneous Payments[(14)]	0.0	0.0	0.0	0.0	43.5[(15)]	65.9[(15)]
Payment to Budget Stabilization Reserve	0.0	0.0	65.1	42.3	58.3	58.3[(16)]
Total Obligations/Appropriations	4,717.8	5,338.5	5,918.4	6,134.7	6,367.5	6,592.4
Operating Surplus (Deficit) for the Year	(25.3)	429.0	128.6	(71.2)	(96.1)	(336.9)
Net Adjustments – Prior Year[(17)]	33.1	51.6	73.8	32.5	36.5	36.5
Cumulative Fund Balance Prior Year	290.7	298.5	779.1	981.6	628.1[(18)]	942.9[(18)]
Cumulative Adjusted Year End Fund Balance (Deficit)	$298.5	$779.1	$981.6	$942.9[(18)]	$568.5	$642.5

(1) Sources: For Fiscal Years 2021-2023, the City's ACFRs for such Fiscal Years. For Fiscal Year 2024, the FY 2024 AFR (Unaudited) and the FY 2025 First Quarter QCMR, as applicable. For Fiscal Year 2025, the Fiscal Year 2025 Adopted Budget and the FY 2025 First Quarter QCMR, as applicable.
(2) Figures may not sum due to rounding.
(3) For more information on the City Sales Tax, see "REVENUES OF THE CITY – Sales and Use Tax."
(4) Includes Amusement Tax, Real Property Transfer Tax, Parking Tax, Smokeless Tobacco Tax and miscellaneous taxes. Starting in Fiscal Year 2024, Parking Tax revenues are no longer part of the General Fund. Such revenues have been reassigned to the Transportation Fund, which is accounted for as a special revenue fund.
(5) The Philadelphia Beverage Tax (as defined herein) taxes the distribution of certain beverages at 1.5 cents per ounce and became effective January 1, 2017.
(6) For a detailed breakdown of "Net PICA Taxes Remitted to the City," see Table 43. Such figures reflect revenues received by the City from the PICA Tax of 1.50%, the proceeds of which are remitted to PICA for payment of debt service on PICA Bonds and PICA expenses. After paying debt service and expenses, net proceeds from the tax are remitted to the City as Revenue from Other Governments. There are no PICA Bonds outstanding as of September 30, 2024 and no current debt service payments. See "DEBT OF THE CITY – PICA Bonds."
(7) For a detailed breakdown of "Other Revenue from Other Governments," see Table 12. "Other Revenue from Other Governments" includes state gaming revenues.
(8) In Fiscal Year 2020, the City made a deposit of $34.3 million to the Budget Stabilization Reserve. In Fiscal Year 2021, the City drew down on such funds and redirected them to spending. For Fiscal Year 2021, such funds are shown as revenue in "Revenues from Other Funds of City."
(9) In Fiscal Year 2022, the City included approximately $250 million in federal COVID-19 relief funding from the American Rescue Plan. In Fiscal Year 2023, the City included approximately $335 million in federal COVID-19 relief funding from the American Rescue Plan. In Fiscal Year 2024 Adopted Budget, the City includes approximately $391 million in federal COVID-19 relief funding from the American Rescue Plan, which amount remains unchanged in the Fiscal Year 2024 Current Estimate. In the Fiscal Year 2025 Adopted Budget, the City includes approximately $419 million in federal COVID-19 relief funding from the American Rescue Plan.
(10) Includes debt service on lease and service agreement financings.
(11) For Fiscal Year 2021, includes $55.2 million from such tax revenues for the Municipal Pension Fund. For Fiscal Year 2022, includes $78.8 million from such tax revenues for the Municipal Pension Fund. For Fiscal Year 2023, includes $92.1 million from such tax revenues for the Municipal Pension Fund. For Fiscal Year 2024 (Unaudited Actual), assumes $90.0 million from such tax revenues for the Municipal Pension Fund. For Fiscal Year 2025 (Adopted Budget), assumes $98.5 million from such tax revenues for the Municipal Pension Fund. For Fiscal Year 2025 (Current Estimate), assumes $98.5 million from such tax revenues for the Municipal Pension Fund. See "REVENUES OF THE CITY – Sales and Use Tax."
(12) Includes contributions to the School District. See also Table 21 and the accompanying text herein.
(13) Includes debt service on General Obligation Debt (as defined herein) and, if issued and outstanding, interest on tax and revenue anticipation notes; excludes debt service on PICA Bonds and lease and service agreement financings.
(14) Advances & Miscellaneous Payments includes certain budgeted reserves for a given Fiscal Year. Any portion of such reserves that is not used to offset the applicable stated costs will increase the General Fund balance at the end of the given Fiscal Year, if not used by the City for other purposes.
(15) For Fiscal Year 2025 (Adopted Budget), includes $43.5 million in the Labor Reserve. For Fiscal Year 2025 (Current Estimate), includes $50.9 million in the Labor Reserve and $15.0 million in certain other grant matching funds.
(16) Deposit made in September 2024.
(17) "Net Adjustments – Prior Year" includes the cancellation of commitments from previous Fiscal Years during the current Fiscal Year. Such figure for Fiscal Year 2021 includes a $22 million contribution to the Municipal Pension Fund and the liquidation of $47 million of pay-as-you-go capital encumbrances, each of which was obligated in Fiscal Year 2020.
(18) In its Fiscal Year 2025 Adopted Budget, the City projected that Fiscal Year 2024 would end with a General Fund balance of $628.1 million. In the FY 2024 AFR (Unaudited), the City reported that Fiscal Year 2024 ended with a General Fund balance of $942.9 million. Such number has been included as the "Cumulative Fund Balance Prior Year" in the FY 2025 First Quarter QCMR.

Current Financial Information

Table 2 below shows General Fund balances for Fiscal Years 2023 and 2024 and budgeted amounts and current estimates for Fiscal Year 2025.

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

	Fiscal Year 2023 Actual[2] (June 30, 2023)	Fiscal Year 2024 Unaudited Actual[2] (June 30, 2024)	Fiscal Year 2025 Adopted Budget[2] (June 14, 2024)	Fiscal Year 2025 Current Estimate[2] (November 15, 2024)
REVENUES				
Taxes	$4,154,299[3]	$4,087,950[3]	$4,260,467[3]	$4,249,030[3]
Locally Generated Non – Tax Revenues	415,117	456,326	391,844	384,236
Revenue from Other Governments	1,096,581	1,064,521	1,137,828	1,141,006
Revenues from Other Funds of City	381,017[4]	454,778[4]	481,223[4]	481,223[4]
Total Revenue	**$6,047,014**	**$6,063,575**	**$6,271,362**	**$6,255,495**
OBLIGATIONS / APPROPRIATIONS				
Personal Services	$1,976,579	$2,038,411	$2,279,091	$2,305,802
Personal Services – Employee Benefits	1,624,963[5]	1,663,428[5]	1,677,121[5]	1,677,971[5]
Purchase of Services[6]	1,207,275	1,360,420	1,422,267	1,485,867
Materials, Supplies, and Equipment	167,744	189,588	148,326	189,626
Contributions, Indemnities, and Taxes	480,792	452,529	432,724	482,724
Debt Service[7]	190,496	189,138	234,667	234,667
Payments to Other Funds	205,404	198,960	71,491	91,491
Advances & Miscellaneous Payments[8]	0	0	43,505[9]	65,944[9]
Payment to Budget Stabilization Reserve	65,128	42,261	58,291	58,291[10]
Total Obligations / Appropriations	**$5,918,381**	**$6,134,735**	**$6,367,483**	**$6,592,383**
Operating Surplus (Deficit)	**128,633**	**(71,160)**	**(96,121)**	**(336,888)**
OPERATIONS IN RESPECT TO PRIOR FISCAL YEARS				
Net Adjustments – Prior Years[11]	73,795	32,488	36,500	36,500
Operating Surplus/(Deficit) & Prior Year Adj.	202,428	(38,672)	(59,621)	(300,388)
Prior Year Fund Balance	779,144	981,572	628,098[12]	942,900[12]
Year End Fund Balance	**$981,572**	**$942,900**[12]	**$568,477**	**$642,512**

(1) Figures may not sum due to rounding.
(2) Sources: For Fiscal Year 2023, the Fiscal Year 2023 ACFR. For Fiscal Year 2024, the FY 2024 AFR. For Fiscal Year 2025, the Fiscal Year 2025 Adopted Budget and the FY 2025 First Quarter QCMR, as applicable.
(3) For Fiscal Year 2023, includes $73.4 million in revenue from the Philadelphia Beverage Tax. For Fiscal Year 2024, includes $69.6 million in revenue from such tax. For Fiscal Year 2025 Adopted Budget, assumes $71.2 million in revenue from such tax. For Fiscal Year 2025 Current Estimate, assumes $70.4 million in revenue from such tax. The Philadelphia Beverage Tax taxes the distribution of certain beverages at 1.5 cents per ounce and became effective January 1, 2017.
(4) In Fiscal Year 2023, the City included approximately $335 million in federal COVID-19 relief funding from the American Rescue Plan. In Fiscal Year 2024, the City includes approximately $391 million in federal COVID-19 relief funding from the American Rescue Plan. In Fiscal Year 2025, the City includes approximately $419 million in federal COVID-19 relief funding from the American Rescue Plan.
(5) For Fiscal Year 2023, includes $92.1 million from such tax revenues for the Municipal Pension Fund. For Fiscal Year 2024, includes $90.0 million from such tax revenues for the Municipal Pension Fund. For Fiscal Year 2025 (Adopted Budget), assumes $98.5 million from such tax revenues for the Municipal Pension Fund. For Fiscal Year 2025 (Current Estimate), includes $98.5 million from such tax revenues for the Municipal Pension Fund. See "REVENUES OF THE CITY – Sales and Use Tax."
(6) Includes debt service on lease and service agreement financings.
(7) Includes debt service on General Obligation Debt (as defined herein) and, if issued and outstanding, interest on tax and revenue anticipation notes; excludes debt service on PICA Bonds and lease and service agreement financings.
(8) Advances & Miscellaneous Payments includes certain budgeted reserves for a given Fiscal Year. Any portion of such reserves that is not used to offset the applicable stated costs will increase the General Fund balance at the end of the given Fiscal Year, if not used by the City for other purposes.
(9) For Fiscal Year 2025 (Adopted Budget), includes $43.5 million in the Labor Reserve. For Fiscal Year 2025 (Current Estimate), includes $50.9 million in the Labor Reserve and $15.0 million in certain other grant matching funds.
(10) Deposit made in September 2024.
(11) "Net Adjustments – Prior Year" includes the cancellation of commitments from previous Fiscal Years during the current Fiscal Year.
(12) In its Fiscal Year 2025 Adopted Budget, the City projected that Fiscal Year 2024 would end with a General Fund balance of $628.1 million. In the FY 2024 AFR (Unaudited), the City reported that Fiscal Year 2024 ended with a General Fund balance of $942.9 million. Such number has been included as the "Prior Year Fund Balance" in the FY 2025 First Quarter QCMR.

The following discussion of the Fiscal Year 2024 Adopted Budget, the Thirty-Second Five-Year Plan, the Fiscal Year 2025 Adopted Budget, the Thirty-Third Five-Year Plan, the FY 2024 AFR (Unaudited), and the FY 2025 First Quarter QCMR, as applicable, is based, in part, on estimates, projections, and forward-looking statements related to Fiscal Year 2024 and Fiscal Year 2025. No assurance can be given that the applicable budget estimates and forward-looking statements will be realized. The accuracy of such budget estimates and forward-looking statements cannot be verified until after the close of the given Fiscal Year and the completion of the related audits.

Fiscal Year 2024 Adopted Budget and Thirty-Second Five-Year Plan. The City's proposed Fiscal Year 2024 operating budget was submitted by the Mayor to City Council on March 2, 2023, along with the City's Proposed Five-Year Plan for Fiscal Years 2024-2028. On June 22, 2023, City Council approved the Fiscal Year 2024 operating budget ordinance, which was signed by the Mayor on June 23, 2023 (the "Fiscal Year 2024 Adopted Budget").

On June 26, 2023, the City submitted to PICA for approval its FY 2024-2028 Five Year Financial Plan (the "Thirty-Second Five-Year Plan"). PICA approved the Thirty-Second Five-Year Plan at a meeting on July 25, 2023.

Fiscal Year 2025 Adopted Budget and Thirty-Third Five-Year Plan. The City's proposed Fiscal Year 2025 operating budget was submitted by the Mayor to City Council on March 14, 2024, along with the City's Proposed Five-Year Plan for Fiscal Years 2025-2029. On June 13, 2024, City Council approved the Fiscal Year 2025 operating budget ordinance, which was signed by the Mayor on June 14, 2024 (the "Fiscal Year 2025 Adopted Budget").

On June 25, 2024, the City submitted to PICA for approval its FY 2025-2029 Five Year Financial Plan (the "Thirty-Third Five-Year Plan"). PICA approved the Thirty-Third Five-Year Plan at a meeting on July 25, 2024. PICA staff, in recommending that PICA approve the Thirty-Third Five-Year Plan, noted that the revenue and expenditure projections presented in the Plan were [quoting from the PICA Act] "based on reasonable and appropriate assumptions and methods of estimation . . . consistently applied."

The PICA staff report concluded that "[a]lthough PICA is confident that the [p]lan is based on reasonable and appropriate assumptions and includes year-end fund balances that are positive throughout the life of the [p]lan, certain factors were identified that may present risks to the [p]lan." In particular, the PICA staff report identified "external factors, internal policy, and operational choices [that] could unbalance the [p]lan and trigger a variance that would require the City to devise and deliver a new [p]lan for PICA approval." The PICA report identified such risks to the Plan and its projections as: (i) future labor costs; (ii) staffing levels; (iii) pension costs; (iv) interest rates and inflation; (v) funding shortfalls for SEPTA and the School District; (vi) unexpected events; and (vii) unplanned expenditures and revenue reductions.

The PICA staff report also provided certain recommendations to the City to address potential financial concerns that could impact the City's financial condition over the course of the Thirty-Third Five-Year Plan: (a) allocate additional resources for expected and unexpected circumstances and increase projected reserve levels; (b) seek structural balance between obligations and revenues (to address structural deficits, which increase the likelihood that the City could struggle to maintain positive fund balances and could undermine fiscal stability); and (c) enhance financial transparency of additional City funds (i.e., uses of funds in the Housing Trust Fund, the Transportation Fund, the Capital Fund, and the Grants Revenue Fund) and expand financial reporting thereon.

FY 2024 AFR (Unaudited). As noted herein, each year, the City is required to prepare its "Annual Financial Report," which is released on or about October 28 of each year, and is unaudited. The FY 2024 AFR (Unaudited) was released on October 28, 2024.

In the Fiscal Year 2025 Adopted Budget, the City projected that Fiscal Year 2024 would end with a General Fund balance of $628.1 million. In the FY 2024 AFR (Unaudited), the City reported that Fiscal Year 2024 ended with a General Fund balance of $942.9 million. Such number has been included as the prior year fund balance in the FY 2025 First Quarter QCMR and is reflected in the current estimates described therein.

The impact of the General Fund balance as reported in the FY 2024 AFR (Unaudited), while higher than the estimate in the Fiscal Year 2025 Adopted Budget, should be viewed in the context of the overall financial position of the City over the course of the Thirty-Third Five-Year Plan, including (i) the end of the one-time federal ARPA funding that helped buoy the City's revenue position, (ii) the City's upcoming pension obligation bond balloon payment in Fiscal Year 2029, (iii) the one-time lump sum payment of $95 million made to the Pension System in Fiscal Year 2024 (an additional payment beyond the RRP payments described in "PENSION SYSTEM" herein), (iv) addressing low staffing levels and filling of vacant positions in the City government, and (v) any uncertainties around a new Presidential Administration in 2025.

Fiscal Year 2025 Current Estimates. The current estimates for Fiscal Year 2025 are derived from information included in the FY 2025 First Quarter QCMR. As such, current estimates are sourced to the FY 2025 First Quarter QCMR throughout this APPENDIX A, unless otherwise noted herein.

In the FY 2025 First Quarter QCMR, the City is estimating (i) $6.26 billion in General Fund revenues for Fiscal Year 2025 (compared to $6.06 billion for Fiscal Year 2024 as set forth in the FY 2024 AFR (Unaudited)) and (ii) $6.59 billion in General Fund obligations for Fiscal Year 2025 (compared to $6.13 billion for Fiscal Year 2024 as set forth in the FY 2024 AFR (Unaudited)).

In the FY 2025 First Quarter QCMR, the City estimates that it will end Fiscal Year 2025 with a General Fund balance (on the legally enacted basis) of approximately $642.5 million (compared to $942.9 million for Fiscal Year 2024 as set forth in the FY 2024 AFR (Unaudited)).

For Fiscal Years 2026-2029, the Thirty-Third Five-Year Plan projects that the City will end such Fiscal Years with General Fund balances (on the legally enacted basis) of approximately (i) $329.9 million (Fiscal Year 2026), (iii) $108.4 million (Fiscal Year 2027), (iv) $78.2 million (Fiscal Year 2028), and (v) $65.8 million (Fiscal Year 2029). The foregoing projections do not reflect the impact of the higher General Fund balance reported for Fiscal Year 2024 in the FY 2024 AFR (Unaudited)).

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

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REVENUES OF THE CITY

General

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

Major Revenue Sources

The City derives its revenues primarily from various taxes, non-tax revenues, and receipts from other governments. See Table 3 for General Fund tax revenues for Fiscal Years 2021-2024 and the budgeted amounts and current estimates for Fiscal Year 2025. The following discussion of the City's revenues does not take into account revenues in the non-debt related funds.

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

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Table 3
General Fund Tax Revenues
Fiscal Years 2021-2024 (Actual) and 2025 (Adopted Budget and Current Estimate)
(Amounts in Millions of USD) [(1), (2), (3)]

	Actual 2021	Actual 2022	Actual 2023	Unaudited Actual 2024 (June 30, 2024)	Adopted Budget 2025 (June 14, 2024)	Current Estimate 2025 (November 15, 2024)
Real Property Taxes						
Current	$693.9	$670.8	$780.3	$803.2	$896.8	$896.8
Prior	29.4	29.9	29.3	34.9	28.1	28.1
Total	$723.3	$700.6	$809.6	$838.1	$925.0	$925.0
Wage and Earnings Tax[(4)]						
Current	$1,447.7	$1,648.1	$1,730.1	$1,840.2	$1,925.2	$1,926.5
Prior	3.0	5.8	2.7	2.7	5.4	5.4
Total	$1,450.7	$1,653.9	$1,732.8	$1,842.9	$1,930.6	$1,931.9
Business Taxes						
Business Income and Receipts Tax Current & Prior	$541.6	$749.9	$673.3	$679.8	$616.7	$616.7
Net Profits Tax						
Current	$42.5	$22.0	$33.9	$31.9	$40.5	$33.0
Prior	1.9	5.3	5.1	10.7	4.7	4.7
Subtotal Net Profits Tax	$44.4	$27.3	$39.0	$42.6	$45.2	$37.7
Total Business and Net Profits Taxes	$586.0	$777.2	$712.2	$722.3	$661.9	$654.4
Other Taxes						
Sales and Use Tax[(5)]	$230.4	$277.7	$302.2	$300.0	$317.0	$316.5
Amusement Tax	2.9	26.1	36.1	40.8	41.7	44.4
Real Property Transfer Tax	304.0	536.9	378.8	265.6	305.8	298.8
Parking Taxes[(6)]	53.2	86.6	101.9	-	-	-
Other Taxes	3.1	5.1	7.1	8.6	7.5	7.7
Subtotal Other Taxes	$593.7	$932.4	$826.2	$615.1	$671.9	$667.4
Philadelphia Beverage Tax[(7)]	70.2	75.4	73.4	69.6	71.2	70.4
TOTAL TAXES	**$3,423.9**	**$4,139.4**	**$4,154.3**	**$4,088.0**	**$4,260.5**	**$4,249.0**

(1) Sources: For Fiscal Years 2020-2023, the City's ACFRs for such Fiscal Years. For Fiscal Year 2024, the FY 2024 AFR (Unaudited). For Fiscal Year 2025, the Fiscal Year 2025 Adopted Budget and the FY 2025 First Quarter QCMR, as applicable.
(2) See Table 7 in the Fiscal Year 2023 ACFR for tax rates.
(3) Figures may not sum due to rounding.
(4) Does not include the PICA Tax of 1.50%, the proceeds of which are remitted to PICA for payment of debt service on PICA Bonds and PICA expenses. After paying debt service and expenses, net proceeds from the tax are remitted to the City as Revenue from Other Governments. There are no PICA Bonds outstanding as of September 30, 2024 and no current debt service payments. See "DEBT OF THE CITY – PICA Bonds" for a description of the PICA Tax.
(5) For more information on the City Sales Tax, see "– Sales and Use Tax" and Table 11.
(6) Starting in Fiscal Year 2024, Parking Tax revenues are no longer part of the General Fund. Such revenues have been reassigned to theTransportation Fund, which utilizes the Parking Tax and certain fees and grants to support transportation activities including traffic, engineering, school crossing guards, right-of-way management, public safety enforcement officers, surveys, and street lighting. The Transportation Fund is accounted for as a special revenue fund.
(7) The Philadelphia Beverage Tax taxes the distribution of certain beverages at 1.5 cents per ounce and became effective January 1, 2017.

Wage, Earnings, and Net Profits Taxes

The largest tax revenue source (comprising approximately 42.6% of all tax revenues in Fiscal Year 2023) is the wage, earnings, and net profits tax (collectively, the "Wage, Earnings, and Net Profits Tax"). The Wage and Earnings Tax is collected from all employees whose employer is within City limits, with the exception of those non-residents who are required to work outside of the City. Wage Tax is also collected from all city residents regardless of work location. The Net Profits Tax is collected on the net profits from the operation of a trade, business, profession, enterprise or other activity conducted by individuals, partnerships, associations or estates and trusts within the City limits. Table 4 sets forth the resident and non-resident Wage, Earnings, and Net Profits Tax rates for Fiscal Years 2021-2024, the annual Wage, Earnings, and Net Profits Tax receipts in Fiscal Years 2021-2024 and the budgeted amount and current estimate of such receipts for Fiscal Year 2025.

Table 4
Summary of Wage, Earnings, and Net Profits Tax Rates and Receipts
Fiscal Years 2021-2024 (Actual) and 2025 (Adopted Budget and Current Estimate)[(1)]

Fiscal Year	Resident Wage, Earnings and Net Profits Tax Rates[(2)]	Non-Resident Wage, Earnings and Net Profits Tax Rates	Annual Wage, Earnings and Net Profits Tax Receipts (including PICA Tax) (Amounts in Millions of USD)[(3)]
2021	3.8712%	3.5019%	$2,019.3 (Actual)
2022	3.8398%	3.4481%	$2,266.8 (Actual)
2023	3.79%	3.44%	$2,469.1 (Actual)
2024	3.75%	3.44%	$2,601.8 (Unaudited Actual)
2025	3.75%	3.44%	$2,715.2 (Adopted Budget)
			$2,702.1 (Current Estimate)

(1) See Table 7 in the Fiscal Year 2023 ACFR for tax rates for Fiscal Years 2021-2023. For tax rates for Fiscal Year 2024, see the Fiscal Year 2024 Adopted Budget. For tax rates for Fiscal Year 2025, see the Fiscal Year 2025 Adopted Budget.
(2) Includes PICA Tax. See "DEBT OF THE CITY – PICA Bonds" for a description of the PICA Tax.
(3) Sources: For Fiscal Years 2021-2023, the City's ACFRs for the City's annual Wage, Earnings, and Net Profits Tax receipts and the City's Quarterly City Managers Reports for gross PICA Tax (see first column in Table 43). For Fiscal Year 2024, the FY 2024 AFR (Unaudited) and the FY 2025 First Quarter QCMR, as applicable. For Fiscal Year 2025, the Fiscal Year 2025 Adopted Budget and the FY 2025 First Quarter QCMR, as applicable.

Commonwealth funding from gaming revenues is mandated by statute to be used to reduce the resident and nonresident Wage, Earnings, and Net Profits Tax rate. Gaming revenues averaged approximately $86.3 million in Fiscal Years 2018-2022. For Fiscal Year 2023, the amount of gaming revenues was $108.8 million. For Fiscal Year 2024, the amount of gaming revenues was $108.8 million (unaudited). For Fiscal Year 2025, the budgeted amount and current estimate of gaming revenues is $130.6 million.

In a 2015 decision the Supreme Court of the United States (*Comptroller of the Treasury of Maryland v. Wynne*, 135 S. Ct. 1787 (2015)), held that Maryland's failure to provide a full credit against its personal income tax for income taxes a resident paid to other states violated the dormant Commerce Clause of the United States Constitution. The Maryland personal income tax was applied to income earned outside of the state of residency, and residents were not given a full credit for income taxes paid to the state where such income was earned, resulting, in the circumstances presented, in income earned interstate being taxed twice. The City provides a credit to resident taxpayers against their respective Wage, Earnings, and Net Profits tax liabilities for similar taxes paid to another locality but does not provide a credit for similar taxes paid to another state. Taxpayers have challenged the City's refusal to grant a credit for taxes paid to other states. The City's position has been upheld by the Tax Review Board, the Philadelphia Court of Common Pleas, the Commonwealth Court, and the Pennsylvania Supreme Court. In February 2024, the taxpayer filed a petition asking the U.S. Supreme Court to hear the case and the City has filed its petition in opposition. As of the date of the Official Statement, the U.S. Supreme Court has not ruled on the parties' petitions. Should the U.S. Supreme Court accept the case and overturn the Pennsylvania Supreme Court's judgment, the City estimates refunds would be approximately $15 million.

On May 3, 2023, the Pennsylvania Senate passed Senate Bill 671 ("SB 671"), which amends the Local Tax Enabling Act by adding a new chapter thereto and repeals the Sterling Act. SB 671 prohibits a city of the first class, such as the City, from imposing a tax on salaries, wages, commissions, or other compensation on a nonresident individual who is employed by an employer whose place of business is located within the City but performs all employment duties or services outside of the City. It clarifies that a city of the first class may only impose a tax on nonresident individuals' wages, or other compensation, on that portion of the nonresident's compensation attributable to duties performed by the individual while they are physically within the City. Had SB 671 become law, it would have reduced the amount of Wage and Earnings Taxes that the City collects and had a significant financial impact on the City. On May 3, 2023, SB 671 moved to the Pennsylvania House of Representatives for consideration. It was referred to the House Finance Committee on May 5, 2023 but did not receive a hearing. With the conclusion of the 2023/2024 legislative session, the bill stalled and any future legislative action will require re-introduction and passage for a second time.

Business Income and Receipts Tax

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

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

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

Table 5 provides a summary of BIRT rates for tax years 2016-2025. Future BIRT rates remain subject to amendment by action of City Council and the Mayor.

Table 5
Summary of Business Income and Receipts Tax Rates

Tax Year	Gross Receipts	Net Income
2016	1.415 mills	6.39%
2017	1.415 mills	6.35%
2018	1.415 mills	6.30%
2019	1.415 mills	6.25%
2020	1.415 mills	6.20%
2021	1.415 mills	6.20%
2022	1.415 mills	6.20%
2023	1.415 mills	5.99%
2024	1.415 mills	5.81%
2025	1.415 mills	5.81%

BIRT Lawsuit. In August 2024, a lawsuit was filed against the City by a taxpayer challenging its BIRT liability, claiming that (i) the City's single sales factor apportionment is not statutorily authorized and (ii) the small business exemption of the first $100,000 of receipts from the BIRT tax (equally applicable to all taxpayers) violates the Uniformity Clause of the Pennsylvania Constitution. The City is evaluating this matter and the possible tax collections at issue, which could be significant.

Real Property Taxes

Assessment and Collection. Taxes are levied on the assessed value of all taxable residential and commercial real property located within the City's boundaries for the City and for the School District (each, a "Real Estate Tax") as assessed by the Office of Property Assessment ("OPA") and collected by the Department of Revenue for both the City and the School District. Real Estate Taxes are authorized by Commonwealth law with the millage split between the City Real Estate Tax and the School District Real Estate Tax changing over the years. Currently, the City Real Estate Tax is equal to 44% of the total authorized millage and the School District Real Estate Tax is equal to 56% of the total authorized millage. Real Estate Taxes are levied on a calendar year basis. By separate ordinances, City Council authorizes and levies the rate of the City Real Estate Tax and authorizes the rate of the School District Real Estate Tax. The Board of Education levies all School District taxes, including the School District Real Estate Tax. Bills are sent in December for the following year and payments are due March 31.

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

In order to mitigate any hardship that could be created by the substantial increases in assessed value, the ordinance imposing the new Real Estate Tax rates included a Homestead Exemption of $30,000 for all primary residential owner-occupants, which was subsequently increased to $40,000 of assessed value in Fiscal Year 2019. In the adopted budget for Fiscal Year 2020, the Homestead Exemption was increased from $40,000 to $45,000 of assessed value. In the Fiscal Year 2023 Adopted Budget, the Homestead Exemption was increased from $45,000 to $80,000 of assessed value. In Fiscal Year 2025, the Homestead Exemption increased from $80,000 to $100,000 of assessed value.

In December 2024, the City Controller released a report examining the ongoing eligibility of certain property owners who are claiming the Homestead Exemption. The City is reviewing the report's findings and recommendations and any potential impact on Real Estate Taxes.

In Fiscal Year 2025, the City also instituted several other property tax relief programs for taxpayers, including, among others, the Low-Income Tax Freeze, which permits a freeze in property tax increases for low-income homeowners. Under the Low-Income Tax Freeze, the dollar amount of property taxes owed is frozen, while the assessment value continues to change. Those enrolled in the Low-Income Tax Freeze program remain enrolled so long as they meet eligibility requirements.

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

The Real Estate Tax rates for tax years 2021-2025 are set forth in Table 6 below:

Table 6
Real Estate Tax Rates and Allocations

Tax Year	City	School District	Total
2021	0.6317%	0.7681%	1.3998%
2022	0.6317%	0.7681%	1.3998%
2023	0.6317%	0.7681%	1.3998%
2024	0.6317%	0.7681%	1.3998%
2025	0.6159%	0.7839%	1.3998%

For Fiscal Year 2023, the actual amount of Real Estate Tax revenue for the City was $780.3 million (excluding delinquent collections). For Fiscal Year 2024, the actual amount of Real Estate Tax revenue for the City is $803.2 million (excluding delinquent collections). For Fiscal Year 2025, the budgeted amount of Real Estate Tax revenue for the City is $896.8 million (excluding delinquent collections). For Fiscal Year 2025, the current estimate of Real Estate Tax revenue for the City is $896.8 million (excluding delinquent collections). See Table 3 above. For information on the process for appealing a property tax assessment, see the text before and after Table 7 below.

Table 7 shows certified property values for tax years 2024 and 2025.

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Table 7
Certified Property Values for Tax Years 2024 and 2025

Tax Year 2024

Category	Market Value[1]	Exempt Assessed Value	Homestead	Taxable Assessed Value	# of Properties
Single Family Residential	$102,589,419,957	$8,736,034,040	$17,661,660,823	$76,191,725,094	464,384
Multi-Family Residential (Apartments)[2]	32,445,423,233	8,030,525,563	653,870,858	23,761,026,812	42,595
Commercial[3]	22,968,017,205	2,793,950,898	3,330,553[4]	20,170,735,754	8,631
Non-Residential[5]	43,086,684,685	27,807,260,760	82,167,781[4]	15,197,256,144	24,866
Vacant Land	6,483,743,971	3,249,548,806	3,752,290	3,230,442,875	43,303
Total	**$207,573,289,051**	**$50,617,320,067**	**$18,404,782,305**	**$138,551,186,679**	**583,779**

1 Assessment data current as of May 25, 2023.
2 Apartments were split from the previous hotels and apartments category and are now reflected as multi-family residential.
3 Includes retail and office.
4 Values are estimated.
5 Includes industrial, store with dwelling, hotels, motels, governmental, and institutional.

Tax Year 2025

Category	Market Value[1]	Exempt Assessed Value	Homestead	Taxable Assessed Value	# of Properties
Single Family Residential	$122,718,187,566	$10,267,003,210	$22,329,404,447	$90,121,779,909	463,981
Multi-Family Residential (Apartments)[2]	26,711,333,970	4,446,836,837	822,813,876	21,441,683,257	40,870
Commercial[3]	22,181,804,365	3,106,631,297	3,841,271	19,071,331,797	8,779
Non-Residential[4]	52,715,955,855	31,587,981,806	105,253,877	21,022,720,172	26,790
Vacant Land	7,177,593,098	3,451,387,978	6,262,699	3,719,942,421	43,934
Total	**$231,504,874,854**	**$52,859,841,128**	**$23,267,576,171**	**$155,377,457,555**	**584,354**

1 Assessment data current as of May 31, 2024.
2 Apartments were split from the previous hotels and apartments category and are now reflected as multi-family residential.
3 Includes retail and office.
4 Includes industrial, store with dwelling, hotels, motels, governmental, and institutional.

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

OPA certifies the market values during the prior year (i.e., for tax year 2024, OPA certified the market values on March 31, 2023). Taxpayers base their appeals on the certified market values, and therefore, the assessed values are adjusted as the appeals are finalized. In some circumstances and for certain tax years, taxpayers are permitted, during the appeals process, to pay their property tax bills based on the certified market value of their properties from the prior assessment. For budgetary purposes, OPA provides updated assessment data to the Office of the Director of Finance each year, from which Real Estate Tax projections are made. Certified values can vary substantially from the amounts included in such data and, as such, Real Estate Tax collections can also vary from the amounts included in the City's proposed annual operating budget.

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

For tax year 2023 (as certified on April 30, 2022), OPA revised the assessed values of over 550,000 parcels throughout the City as part of its first citywide revaluation since tax year 2020. The International Association of Assessing Officers ("IAAO") conducted a ratio study on the 2023 assessments for single-family homes and determined that OPA met industry standards for both uniformity and equity. As of November 6, 2024, OPA has received approximately 19,833 FLRs, with less than 1% that have yet to be decided. As of November 6, 2024, BRT has received 13,582 appeals, with approximately 850 that have yet to be decided.

For tax year 2024 (as certified on March 31, 2023), the City did not conduct a citywide revaluation so that OPA could focus on reviewing FLR applications submitted for tax year 2023. As such, the City carried forward the assessed values from tax year 2023, with the exception of properties that had new construction, expiring abatements, renovations, subdivisions, consolidations, or errors in prior year assessments. As of November 6, 2024, OPA has received approximately 210 FLRs, with less than 10% that have yet to be decided. As of November 6, 2024, BRT has received 3,598 appeals, with approximately 2,350 that have yet to be decided.

For tax year 2025 (as certified on May 31, 2024), OPA revised the assessed values of over 550,000 parcels throughout the City as part of its first citywide revaluation since tax year 2023. OPA retained an outside firm to conduct a ratio study on the 2025 assessments for single-family homes, which determined that OPA met (and improved on) industry standards for uniformity, equity, and accuracy. Property owners had until November 18, 2024, to file an FLR for tax year 2025. Property owners also had the option to file a BRT appeal by October 7, 2024. BRT expects to know the total count of 2025 appeals by December 1, 2024.

Review of Assessment Methodology. OPA continues to review its assessment methodology in order to improve the transparency and accuracy of its assessment activities and the quality of assessments. Such efforts include (i) implementing a computer-assisted mass appraisal system program, (ii) contracting with an outside vendor to improve the quality of OPA's data, (iii) strengthening OPA's modeling team, and (iv) providing more training to the sales validation team, which was created in 2019, to help ensure improved data. Additionally, OPA retained an outside firm to conduct an independent ratio study examining the uniformity, accuracy, and equity of OPA's tax year 2025 assessments for single-family residential properties.

Real Estate Tax Tables. See Table 8 below for data with respect to Real Estate Taxes levied from 2019 to 2023 and collected by the City from January 1, 2019 to June 30, 2023. See Table 9 for the assessed property values of the City's principal taxable assessed parcels in 2025. See Table 10 for the 2025 market and assessed values of the ten highest valued taxable real properties in the City, as well as the amounts and duration of Real Estate Tax abatements with respect to such properties.

Table 8
City of Philadelphia
Real Property Taxes Levied and Collected
For the Calendar Years 2019-2023
(Amounts in Millions of USD)[(1), (2)]

Calendar Year	Taxes Levied Based on Original Assessment[(3)]	Taxes Levied Based on Adjusted Assessment[(4)]	Collections in the Calendar Year of Levy[(6)]	Percentage Collected in the Calendar Year of Levy	Collections in Subsequent Years[(5), (6)]	Total Collections to Date: All Years[(6)]	Percentage Collected to Date: All Years[(6)]
2019	$709.4	$680.4	$660.4	97.1%	$15.6	$676.0	99.4%
2020	$722.7	$701.0	$672.3	95.9%	$24.4	$696.7	99.4%
2021	$729.7	$715.3	$692.2	96.8%	$19.9	$712.1	99.6%
2022	$732.2	$723.2	$705.7	97.6%	$8.5	$714.2	98.8%
2023	$872.8	$852.4	$755.2	N/A	N/A	$755.2	N/A

(1) Source: Fiscal Year 2023 ACFR.
(2) Real Estate Taxes are levied by the City and the School District. While this table reflects City General Fund Real Estate Tax revenues exclusively, the School District Real Estate Tax collection rates are the same.
(3) Taxes are levied on a calendar year basis. They are due on March 31.
(4) Adjustments include assessment appeals, the senior citizen tax discount, and the tax increment financing return of tax paid. For more information on the reassessment appeal process, see "– Real Property Taxes – Assessment and Appeals."
(5) Includes payments from capitalized interest. This capitalization occurs only after the first year of the levy on any amount that remains unpaid at that time.
(6) For calendar year 2023, the data shown reflect collections through June 30, 2023. For earlier calendar years, the data shown reflect collections through December 31 of the respective year.

Table 9
Principal Taxable Assessed Parcels – 2025
(Amounts in Millions of USD)[(1)]

Taxpayer	2025 Assessment[(2)]	2025 Percentage of Total Assessments
EQC Nine Penn Center Prop	$390.5	0.22%
Kim Sub Cira Square LP	370.6	0.21%
Liberty Property Phila[(3)]	357.6	0.20%
Phila Liberty Place LP	310.7	0.17%
PRU 1901 Market LLC	278.0	0.16%
Brandywine Cira LP	260.1	0.15%
NG 1500 Market St LLC	250.7	0.14%
Brandywine Operating	239.8	0.13%
411 N Broad Fee Inter	235.4	0.13%
Philadelphia Market	221.4	0.12%
Total	**$2,914.8**	**1.63%**
Total Taxable Assessments[(4)]	**$178,645.0**	

Source: City of Philadelphia, Office of Property Assessment.

(1) Figures may not sum due to rounding.
(2) Assessment Values rounded to the nearest $100,000 and only include the largest assessed property for each taxpayer, additional properties owned by the same taxpayer are not included.
(3) Acquired by Prologis, Inc. in the first quarter of calendar year 2020.
(4) Total 2025 Taxable Assessment as of May 31, 2024.

Table 10
Ten Largest Certified Market and Assessment Values of Tax-Abated Properties
Certified Values for 2025
(Amounts in Millions of USD)[(1), (2)]

Location	2025 Certified Market Value	Total Assessment	Total Taxable Assessment	Total Exempt Assessment	Exempt Through Tax Year
900 Packer Ave	$440.0	$440.0	$43.8	$396.2	2031
1800 Arch St	$319.8	$319.8	$32.0	$287.8	2027
2201 Park Towne Pl	$276.9	$276.9	$166.0	$110.9	2028
401 N Broad St	$260.3	$260.3	$235.4	$25.0	2025
1001-99 N Delaware Ave	$242.0	$242.0	$129.0	$113.0	2026
170 S Independence W Mall	$186.5	$186.5	$157.3	$29.1	2028
200 N 16th St	$157.9	$157.9	$53.0	$104.9	2029
1441 Chestnut St	$156.5	$156.5	$15.6	$140.8	2031
2400 Market St	$151.8	$151.8	$39.5	$112.2	2028
1112 N Hancock St Unit 1	$150.0	$150.0	$15.0	$135.0	2033

Source: City of Philadelphia, Office of Property Assessment.
(1) Figures may not sum due to rounding.
(2) Certified Values as of 05/31/2024.

Sales and Use Tax

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

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

Table 11 sets forth the City Sales Taxes collected in Fiscal Years 2021-2024 and the budgeted amount and current estimate for Fiscal Year 2025.

Table 11
Summary of City Sales Tax Collections
Fiscal Years 2021-2024 (Actual) and 2025 (Adopted Budget and Current Estimate)
(Amounts in Millions of USD)(1)

Fiscal Year	City Sales Tax Collections
2021 (Actual)	$230.4(2)
2022 (Actual)	$277.7(2)
2023 (Actual)	$302.2(2)
2024 (Unaudited Actual)	$300.0(2)
2025 (Adopted Budget)	$316.9(2)
2025 (Current Estimate)	$316.5(2)

(1) Sources: For Fiscal Years 2021-2023, the City's ACFRs for such Fiscal Years. For Fiscal Year 2024, the FY 2024 AFR (Unaudited). For Fiscal Year 2025, the Fiscal Year 2025 Adopted Budget and the FY 2025 First Quarter QCMR, as applicable.

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

Real Property Transfer Tax

Real Property Transfer Taxes are collected in connection with the sale of real property in the City. The Real Property Transfer Tax rate in the City is 4.278%, 3.278% of which is imposed by the City and 1% of which is charged by the Commonwealth. In the Fiscal Year 2023 ACFR, the City reported that it collected approximately $378.8 million in revenues from the Real Property Transfer Tax in Fiscal Year 2023.

In the FY 2024 AFR (Unaudited) and the FY 2025 First Quarter QCMR, as applicable, the City currently estimates that it will collect approximately (i) $265.6 million (Fiscal Year 2024) and (ii) $298.8 million (Fiscal Year 2025) in revenues from the Real Property Transfer Tax in such Fiscal Years.

Other Taxes

The City also collects a Parking Tax, an Amusement Tax, a Valet Parking Tax, an Outdoor Advertising Tax, a Smokeless Tobacco Tax, the Philadelphia Beverage Tax (see below), and other miscellaneous taxes. Starting in Fiscal Year 2024, the Parking Tax and the Valet Parking Tax revenues are no longer part of the General Fund. As described herein, such revenues have been reassigned to the Transportation Fund.

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

The Philadelphia Beverage Tax is deposited into the General Fund, and with the additional revenue, the City has budgeted for pre-Kindergarten programs, community schools, and debt service for improvements to parks, playgrounds, recreation centers, and libraries, as contemplated by the City's Rebuild program. In the Fiscal Year 2023 ACFR, the City reported that it collected approximately $73.4 million in revenues from the Philadelphia Beverage Tax for Fiscal Year 2023.

In the FY 2024 AFR (Unaudited) and the FY 2025 First Quarter QCMR, as applicable, the City currently estimates that it will collect approximately (i) $69.6 million (Fiscal Year 2024) and (ii) $70.4 million (Fiscal Year 2025) in revenues from the Philadelphia Beverage Tax in such Fiscal Years.

Collection Initiatives

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

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

As a result of economic disruptions from the COVID-19 pandemic, the City modified its regular collection strategies. Throughout the pandemic, the Department of Revenue continued to send bills and notifications and pursue outreach efforts to both businesses and vulnerable residents. Enforcement projects, and placements with collection agencies have resumed as economic conditions have improved, including the revocation of business licenses and performing tax sales. In July 2024, the City resumed the Sheriff's sale of properties with delinquent property tax accounts. The City continues to evaluate and pursue long-time delinquent accounts and place liens on properties for property-based taxes and fees.

Along with existing flexible payment agreements for property tax and water fees, the City also launched new payment agreements for all business taxes to bring businesses affected by COVID-19 closures into compliance. Additionally, the Department of Revenue launched an "Offers in Compromise" program, which allows certain taxpayers to submit a request to settle their tax obligations for a payment of less than the full amount owed. Such requests are determined based on the taxpayer's current and projected financial circumstances. The program is designed to bring long-time delinquent accounts into compliance.

Other Locally Generated Non-Tax Revenues

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

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Revenue from Other Governments

Table 12 presents revenues received from other governmental jurisdictions for Fiscal Years 2021-2024, the budgeted amount and current estimate for Fiscal Year 2025, and the percentage such revenues represent in the General Fund. The table does not reflect substantial amounts of revenues from other governments received by the Grants Revenue Fund, Community Development Fund, and other operating and capital funds of the City.

Table 12
Revenue from Other Governmental Jurisdictions
Fiscal Years 2021-2024 (Actual) and 2025 (Adopted Budget and Current Estimate)
(Dollar Amounts in Millions of USD)[(1), (2), (3)]

Fiscal Year	Commonwealth[(4)]	Federal Government	Other Governments[(5)]	Total	Percentage of General Fund Revenues
2021 (Actual)	$229.8	$62.4[(6)]	$35.4	$327.6	7.0%
2022 (Actual)	$228.9	$84.6[(6)]	$62.6	$376.1	6.5%
2023 (Actual)	$252.7	$42.9	$67.6	$363.2[(7)]	6.0%
2024 (Unaudited Actual)	$261.5	$37.9	$59.6	$359.0	5.9%
2025 (Adopted Budget)	$296.1	$37.3	$65.1	$398.5	6.4%
2025 (Current Estimate)	$306.2	$37.3	$65.1	$408.6	6.5%

(1) Sources: Derived from the applicable adopted budgets and five-year plans for the given Fiscal Year.
(2) Figures may not sum due to rounding.
(3) Does not include the PICA Tax.
(4) Such revenues are for health, welfare, court, and various other specified purposes.
(5) Such revenues primarily consist of payments from PGW, parking fines and fees from PPA, and other authorized adjustments.
(6) Includes federal relief funding from the CARES Act.
(7) Does not include other authorized adjustments of $59.1 million.

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Revenues from City-Owned Systems

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

Water Fund. The revenues of the Water Department are required to be segregated from other funds of the City. Under the City's Restated General Water and Wastewater Revenue Bond Ordinance of 1989 (the "Water Ordinance"), an annual transfer may be made from the Water Fund to the City's General Fund in an amount not to exceed the lesser of (i) all Net Reserve Earnings and (ii) $4,994,000. "Net Reserve Earnings" means the amount of interest earnings during the Fiscal Year on amounts in the Debt Reserve Account and Subordinated Bond Fund, each as defined in the Water Ordinance.

Table 13 shows the amounts transferred from the Water Fund to the General Fund for Fiscal Years 2021-2024 and the budgeted amount and current estimate for Fiscal Year 2025.

Table 13
Transfers from Water Fund to General Fund (Excess Interest on Sinking Fund Reserve)
Fiscal Years 2021-2024 (Actual) and 2025 (Adopted Budget and Current Estimate)[(1), (2)]

Fiscal Year	Amount Transferred
2021 (Actual)	$2,586,100
2022 (Actual)	$575,643
2023 (Actual)	$0
2024 (Unaudited Actual)	$1,687,102
2025 (Adopted Budget)	$1,500,000
2025 (Current Estimate)	$1,500,000

(1) Sources: For Fiscal Years 2021-2023, the City's Supplemental Report of Revenues & Obligations for such Fiscal Years. For Fiscal Year 2024, the FY 2024 AFR (Unaudited) and the FY 2025 First Quarter QCMR, as applicable. For Fiscal Year 2025, the Fiscal Year 2025 Adopted Budget and the FY 2025 First Quarter QCMR.
(2) The Water Department's budgeted amount for such transfers is typically greater than the figure included in the City's operating budget.

The City also budgets for certain transfers from the Water Fund to the General Fund related to services performed and costs borne by the General Fund. For Fiscal Year 2022, the amount of such transfers was approximately $6.5 million. For Fiscal Year 2023, the amount of such transfers was approximately $4.6 million. For Fiscal Year 2024, the amount of such transfers was $11.8 million. For Fiscal Year 2025, the budgeted amount and current estimate of such transfers is approximately $5.7 million.

PGW Annual Payments

The revenues of PGW are required to be segregated from other funds of the City. Payments for debt service on PGW bonds are made directly by PGW. PGW is required to make an annual payment of $18 million to the General Fund. The Fiscal Year 2025 Adopted Budget includes such $18 million annual payment to the General Fund from PGW for such Fiscal Year. For more information on PGW, see "THE GOVERNMENT OF THE CITY OF PHILADELPHIA – Government Services."

Philadelphia Parking Authority Revenues

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

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

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

On-street parking revenues are administered and collected, on behalf of the City, by the PPA. Pursuant to Pennsylvania law, the PPA transmits these revenues to the City, net of any actual expenses incurred in the administration of the on-street parking system in accordance with the PPA's approved budget. If such net revenues exceed a designated threshold, then any excess above that threshold is to be transmitted to the School District by PPA. The current threshold is estimated to be $42.3 million and includes a mandatory escalator to take into account increases in revenues.

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Table 14 presents payments received by the City from PPA for on-street parking and parking at certain off-street parking lots for Fiscal Years 2021-2024 and the budgeted amount and current estimate for Fiscal Year 2025.

Table 14
PPA Payments to the City
Fiscal Years 2021-2024 (Actual) and 2025 (Adopted Budget and Current Estimate)[(1), (2)]
(Amounts in Millions of USD)

Fiscal Year	Payments to the City
2021 (Actual)	$25.6
2022 (Actual)	$44.6
2023 (Actual)	$48.7
2024 (Unaudited Actual)	$40.3
2025 (Adopted Budget)	$46.7
2025 (Current Estimate)	$46.7

(1) Sources: For Fiscal Years 2021-2023, the City's Supplemental Report of Revenues & Obligations for such Fiscal Years. For Fiscal Year 2024, the FY 2024 AFR (Unaudited) and the FY 2025 First Quarter QCMR, as applicable. For Fiscal Year 2025, the Fiscal Year 2025 Adopted Budget and the FY 2025 First Quarter QCMR, as applicable.
(2) Table 14 shows City revenues; none of such payments is transferred to the School District.

Other Tax Rates

The resident and non-resident Wage and Earnings Tax rates for Fiscal Years 2024-2029 are shown in Table 15, which are maintained for the life of the Thirty-Third Five-Year Plan.

Table 15
Wage and Earnings Tax Rates[(1)]

	Thirty-Third Five-Year Plan	
Fiscal Year	Resident Wage and Earnings Tax Rates[(2)]	Non-Resident Wage and Earnings Tax Rates
2024	3.75%	3.44%
2025	3.75%	3.44%
2026	3.75%	3.44%
2027	3.75%	3.44%
2028	3.75%	3.44%
2029	3.75%	3.44%

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

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EXPENDITURES OF THE CITY

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

Personal Services (Personnel)

As of June 30, 2024, the City employed 27,119 full-time employees, representing approximately 3.8% of employees in Philadelphia (approximately 720,237 employees, according to preliminary, non-seasonally adjusted data from the Bureau of Labor Statistics). Of the 27,119 full-time employees, the salaries of 20,865 were paid from the General Fund. Additional sources of funding for full-time City employees include the Grants Revenue Fund, the Water Fund, and the Aviation Fund, as well as grants and contributions from other governments. Activities funded through such grants and contributions are not undertaken if funding is not received. Table 16 sets forth the number of filled, full-time positions of the City as of the dates indicated.

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

	June 30, 2020	June 30, 2021	June 30, 2022	June 30, 2023	June 30, 2024
General Fund					
Police	7,175	6,869	6,651	6,351	6,204
Fire	2,628	2,678	2,667	2,794	2,815
Courts	1,825	1,773	1,686	1,685	1,707
Prisons	1,975	1,620	1,393	1,312	1,266
Streets	1,925	1,941	2,072	2,068	1,495
Public Health	739	716	689	690	730
Human Services[(3)]	437	492	492	535	441
All Other	5,718	5,541	5,405	5,836	6,207
Total – General Fund	22,422	21,630	21,055	21,271	20,865
Other Funds	5,917	5,579	5,377	5,321	6,254
Total – All Funds	28,339	27,209	26,432	26,592	27,119

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

Overview of City Employees

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

As of August 2024, the City had approximately 22,401 unionized employees, representing approximately 81% of the City's employees. Such employees were represented by the City's five municipal unions: (i) Fraternal Order of Police ("FOP") Lodge No. 5; (ii) International Association of Fire Fighters ("IAFF") Local 22; (iii) American Federation of State, County and Municipal Employees District Council 33 ("AFSCME DC 33"); (iv) American Federation of State, County and Municipal Employees District Council 47 ("AFSCME DC 47"); and (v) United Steelworkers Local 286 ("Steelworkers Local 286"). Table 18 describes certain aspects of the collective bargaining agreements ("CBAs") or interest arbitration awards with the City's municipal unions.

In Fiscal Year 2022, the City received arbitration awards with the FOP and IAFF and reached CBAs with AFSCME DC 33 and AFSCME DC 47 covering the period July 1, 2022 through June 30, 2024. In Fiscal Year 2023, the City received an arbitration award with AFSCME DC 33, Local 159 Correctional Officers ("AFSCME DC 33 Local 159"). On August 12, 2022, the economic portion of the CBA with one new bargaining unit, Steelworkers Local 286, was resolved. The negotiations for the non-economic matters remain ongoing. During Fiscal Year 2024, the City reached a one-year extension with the FOP, IAFF, Deputy Sheriffs and Office of the Register of Wills, AFSCME DC 33, Local 159, and Steelworkers, Local 286 as noted in the sections below. During Fiscal Year 2025, the City reached one-year extensions with AFSCME DC 47, Locals 2186, 2187, and 810, and AFSCME DC 33 as noted in the sections below.

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

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

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

On November 15, 2023, the City and the FOP Lodge 5 (Police Department) entered into a one-year extension of the existing CBA, covering Fiscal Year 2025. It provides for (i) wage increases of 5%, (ii) a one-time lump sum bonus of $1,800 upon successful completion of the Police Academy (along with Active Bystandership for Law Enforcement (ABLE) training) (payment was made by August 1, 2024), (iii) a one-time lump sum payment of $4.5 million to the Joint Retiree Trust Fund, and (iv) a $14 increase to current meal allowances, effective July 1, 2024. Such agreement is expected to result in a projected aggregate cost to the City of approximately $51.7 million over the course of Fiscal Year 2025.

On December 19, 2023, the City and IAFF entered into a one-year extension of the existing CBA, covering Fiscal Year 2025. It provides for (i) wage increases of 5%; (ii) a one-time lump sum bonus of $1,800; (iii) a one-time lump sum payment of $3,050,000 to the Joint Retiree Trust Fund; and (iv) reimbursement to the union of reasonable and necessary funeral expenses associated with a line of duty death, up to a maximum of $75,000. The extension was ratified by IAFF members on or about February 1, 2024. Such agreement is expected to result in a projected aggregate cost to the City of approximately $22.2 million over the course of Fiscal Year 2025.

On December 8, 2023, the City and FOP Lodge No. 5 (Sheriff's Office and Register of Wills ("ROW")) entered into a one-year extension of the existing CBA, covering Fiscal Year 2025. It provides for (i) wage increases for Sheriffs of 4.5%; (ii) wage increases for ROW of 5.0%; (iii) a one-time lump sum bonus for members ($1,500 for the Sheriffs and $1,400 for ROW. The agreement with the Sheriff's Office is expected to result in a projected aggregate cost to the City of approximately $1.5 million over the course of Fiscal Year 2025. For ROW, the wage increase and bonus were ratified on December 10, 2024 and are expected to result in a projected aggregate cost to the City of approximately $557,000 over the course of the Thirty-Third Five-Year Plan.

The City and Steelworkers Local 286 agreed to the terms of a one-year extension (a 4.25% salary increase for Fiscal Year 2025, which will increase to 4.4%, and a $1,300 bonus). Effective sixty (60) days after ratification, each permanent part-time employee received a bonus of $650, consistent with the City's practices and policies. Such agreement was ratified by the union members on June 1, 2024.

On June 17, 2024, an arbitration panel issued a one-year extension of the arbitration award for AFSCME DC 33 Local 159, which includes a 4.5% salary increase for Fiscal Year 2025 and a $1,600 bonus.

On August 1, 2024, the City and AFSCME DC 47 agreed to the terms of a one-year extension (a 4.4% salary increase for Fiscal Year 2025 (and the last pay period of Fiscal Year 2024) and a $1,400 bonus), which was ratified by the members on August 9, 2024. Effective thirty (30) days after ratification, the City paid a lump sum of $850,000 to the DC 47 Health and Welfare Fund.

On August 1, 2024, the City and AFSCME DC 47 Local 810 (representing professional rank and file employees at the First Judicial District) and Local 2186 (representing first-level supervisor at the First Judicial District) agreed to the terms of a one-year extension (a 4.4% salary increase for Fiscal Year 2025 (and the last pay period of Fiscal Year 2024) and a $1,400 bonus), which was ratified by the members on August 19, 2024.

On November 22, 2024, the City and AFSCME DC 33 agreed to the terms of a one-year extension (a 5.0% salary increase for Fiscal Year 2025 and a $1,400 bonus), which was submitted to the members for ratification. On December 10, 2024, the agreement was ratified. Such agreement is expected to result in a projected aggregate cost to the City of approximately $80.2 million over the course of the Thirty-Third Five-Year Plan.

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

The costs of the labor agreements discussed above have been included in the City's five-year plans, as applicable. See "DISCUSSION OF FINANCIAL OPERATIONS – Current Financial Information" herein).

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

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

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

Overview of Employee Benefits

The City provides various pension, life insurance, and health benefits for its employees. The benefits offered depend on the employee's union status and bargaining unit, if applicable. Health equity and tackling the social determinants of health are the top priorities for the City's health plans. The City participated in an 18-month project with the Center for Disease Control ("CDC") to evaluate the effectiveness of benefits programming based upon established national standards. The City received the highest rating in this project and its participation created a road map for future health benefit improvements. General Fund employee benefit expenditures for Fiscal Years 2021 through 2025 are shown in Table 17.

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Table 17
General Fund Employee Benefit Expenditures
Fiscal Years 2021-2024 (Actual) and 2025 (Adopted Budget and Current Estimate)
(Amounts in Millions of USD)[(1)]

	Actual 2021	Actual 2022	Actual 2023	Unaudited Actual 2024	Adopted Budget 2025	Current Estimate 2025
Pension Costs[(2)]	$664.4[(5)]	$1,031.4[(6)]	$929.7[(7)]	$958.9[(8)]	$833.1[(9)]	$833.1[(10)]
Health						
Payments under City-administered plan	81.2	91.9	90.3	108.2	152.9	152.9
Payments under union-administered plans	358.8	392.4	409.5	394.0	455.1	455.9
Total Health	440.0	484.3	499.8	502.2	608.0	608.8
Federal Insurance Contributions Act (FICA) Taxes[(3)]	81.5	81.9	89.1	98.0	101.7	101.7
Other[(4)]	84.4	92.4	107.3	104.3	134.3	134.3
Total	$1,270.3	$1,690.0	$1,625.9	$1,663.4	$1,677.1	$1,678.0

(1) Sources: The City's five-year financial plans and the City's Quarterly City Managers Reports. "Payments under City-administered plan" and "Payments under union-administered plans" were provided by the City, Department of Human Resources and the Budget Office. Figures may not sum due to rounding.
(2) Includes debt service on Pension Bonds (as defined herein) and the Commonwealth contributions to the Municipal Pension Fund. See Tables 29 and 30.
(3) Includes payments of social security and Medicare taxes.
(4) Includes payments for unemployment compensation, employee disability, group life, group legal, tool allowance, and flex cash payments (and COVID-19 funeral expenses for Actual 2022 and Current Estimate 2023).
(5) Includes $55.2 million from City Sales Tax revenues for the Municipal Pension Fund. See "REVENUES OF THE CITY – Sales and Use Tax."
(6) Includes $78.8 million from City Sales Tax revenues for the Municipal Pension Fund. See "REVENUES OF THE CITY – Sales and Use Tax."
(7) Includes $92.1 million from City Sales Tax revenues for the Municipal Pension Fund. See "REVENUES OF THE CITY – Sales and Use Tax."
(8) Includes $90.0 million from City Sales Tax revenues for the Municipal Pension Fund. See "REVENUES OF THE CITY – Sales and Use Tax."
(9) Assumes $98.5 million from City Sales Tax revenues for the Municipal Pension Fund. See "REVENUES OF THE CITY – Sales and Use Tax."
(10) Assumes $98.5 million from City Sales Tax revenues for the Municipal Pension Fund. See "REVENUES OF THE CITY – Sales and Use Tax."

Each of the City's four municipal unions sponsors its own health plan that provides medical, prescription, dental and optical benefits to participating employees and eligible retirees through trusts on which the City has varying degrees of minority representation. Exempt and non-represented employees, along with represented employees of the Register of Wills, certain employees represented by AFSCME DC 33, and employees represented by Steelworkers Local 286 who have chosen not to become members of the union's healthcare plan, receive health benefits through a plan sponsored and administered by the City. Each of the plans provides different benefits determined by the plan sponsor or through collective bargaining. To provide health care coverage, the City pays a negotiated monthly premium for employees covered by the union contract for AFSCME DC 33 and is self-insured for all other eligible employees. Aside from AFSCME DC 33, the City is responsible for the actual health care cost that is invoiced to the City's unions by their respective vendors. The actual cost can be a combination of self-insured claim expenses, premiums, ancillary services, and administrative expenses. In addition, employees who satisfy certain eligibility criteria receive five years of health benefits after their retirement. See "OTHER POST-EMPLOYMENT BENEFITS" below. Such benefits are determined and administered by the plan in which the employee participated at the time of his or her retirement. Other employee benefits, including life insurance and paid leave, are similarly determined by the respective CBAs, as well as City policies and Civil Service Regulations. Employees also participate in the Municipal Pension Plan. See "PENSION SYSTEM" below.

Overview of Current Labor Contract Settlements

Table 18 summarizes the current status of the contract settlements reached with the City's major labor organizations, as well as changes that have been made for non-represented employees. It also provides a brief summary of pension reforms that have occurred since 2016, as part of previous labor contract settlements. Table 18 does not include exempt employees or employees from Steelworkers Local 286 (which as of August 31, 2024 totaled 4,043 and 664, respectively).

Table 18
Status of Arbitration Awards and Labor Contract Settlements

Organization	Authorized Number of Full-Time Citywide Employees Represented[1]	Status of Arbitration Award or Contract Settlement	Wage Increases	Pension Reforms[2]
FOP Lodge No. 5 (Police Department)	5,560	One-year contract extension effective July 1, 2024	• 5.00% in Fiscal Year 2025	• Current employees in Plan 87 or Plan 10 will pay an additional .92% of salary effective 7/1/17, increasing by an additional .92% of salary effective 7/1/18 (total increase of 1.84%). These contributions are on top of the current 5% or 6% contribution rates in effect, varies by plan membership • Employees hired on or after 7/1/17 are required to pay an additional 2.5% of salary
FOP Lodge No. 5 (Sheriff's Office and Register of Wills)	293	One-year contract extension effective July 1, 2024	Sheriff's Office employees: • 4.50% in Fiscal Year 2025 Register of Wills employees: • 2.50% in Fiscal Year 2022 • 3.25% in Fiscal Year 2023 • 3.25% in Fiscal Year 2024 • *5.00% in Fiscal Year 2025 (subject to ratification by members)*	• Tiered contribution system for current employees under which employees who have higher salaries pay a higher percent of their salaries as contributions to the pension fund • Mandatory stacked-hybrid plan for new hires under which employees receive a defined benefit pension for their first $65,000 of earnings and a defined contribution pension for earnings above $65,000 • Plan 10 is closed to new enrollment for members of Lodge 5 • DROP (as defined below) interest rate decreases from 4.5% to the rate on the one-year treasury effective January 1 of each year for participants not currently enrolled or eligible to enroll
IAFF Local 22	2,742	One-year contract effective July 1, 2024	• 5.00% in Fiscal Year 2025	• Current employees in Plan 87 or Plan 10 will pay an additional .92% of salary effective 7/1/17, increasing by an additional .92% of salary effective 7/1/18 (total increase of 1.84%). These contributions are on top of the current 5% or 6% contribution rates in effect; varies by plan membership • Employees hired on or after 7/1/17 are required to pay an additional 2.5% of salary
AFSCME DC 33	7,513	One-year contract extension effective July 1, 2024 *(subject to ratification by members)*	• 2.50% in Fiscal Year 2022 • 3.25% in Fiscal Year 2023 • 3.25% in Fiscal Year 2024 • *5.00% in Fiscal Year 2025*	• Tiered contribution system for current employees under which employees who have higher salaries pay a higher percent of their salaries as contributions to the pension fund • Mandatory stacked-hybrid plan for new hires under which employees receive a defined benefit pension for their first $65,000 of earnings and a defined contribution pension for earnings above $65,000 • Plan 10 is closed to new enrollment for members of DC 33 • DROP interest rate decreases from 4.5% to the rate on the one-year treasury effective January 1 of each year for participants not currently enrolled or eligible to enroll

(1) From data provided by the Department of Labor as of August 31, 2024.
(2) "Plan 87," "Plan 10," and "Plan 16" referenced in this column are described in Table 19.

Organization	Authorized Number of Full-Time Citywide Employees Represented[1]	Status of Arbitration Award or Contract Settlement	Wage Increases	Pension Reforms[2]
AFSCME DC 33, Local 159 Correctional Officers	1,335	One-year contract extension effective July 1, 2024	• 2.75% in Fiscal Year 2022 • 3.25% in Fiscal Year 2023 • 3.25% in Fiscal Year 2024 • 4.50% in Fiscal Year 2025	• Tiered contribution system for current employees under which employees who have higher salaries pay a higher percent of their salaries as contributions to the pension fund • Mandatory stacked-hybrid plan for new hires under which employees receive a defined benefit pension for their first $65,000 of earnings and a defined contribution pension for earnings above $65,000 • Plan 10 is closed to new enrollment for members of DC 33 • DROP interest rate decreases from 4.5% to the rate on the one-year treasury effective January 1 of each year for participants not currently enrolled or eligible to enroll
AFSCME DC 47	3,881	One-year contract extension effective July 1, 2024	• 2.50% in Fiscal Year 2022 • 3.25% in Fiscal Year 2023 • 3.25% in Fiscal Year 2024 • 4.40% in Fiscal Year 2025	• Tiered contribution system for current employees under which employees who have higher salaries pay a higher percent of their salaries as contributions to the pension fund (effective January 1, 2019) • Mandatory stacked-hybrid plan for new hires under which employees receive a defined benefit pension for their first $65,000 of earnings and a defined contribution pension for earnings above $65,000 (effective January 1, 2019) • Plan 10 is closed to new enrollment for members of DC 47 (effective January 1, 2019)
AFSCME DC 47 Local 810 Court Employees	385	One-year contract extension effective July 1, 2024	• 2.50% in Fiscal Year 2022 (plus $1,200 bonus) • 3.25% in Fiscal Year 2023 • 3.25% in Fiscal Year 2024 • 4.40% in Fiscal Year 2025	• Tiered contribution system for current employees under which employees who have higher salaries pay a higher percent of their salaries as contribution to the pension fund (effective January 1, 2019) • Mandatory stacked-hybrid plan for new hires under which employees receive a defined benefit pension for their first $65,000 of earnings and a defined contribution pension for earnings above $65,000 (effective January 1, 2019) • Plan 10 is closed to new enrollment for members of DC 47 (effective January 1, 2019)
Non-Represented Employees	1,229	Changes for non-represented employees	• 2.50% in Fiscal Year 2022 • 3.25% in Fiscal Year 2023 • 3.25% in Fiscal Year 2024 • 4.40% in Fiscal Year 2025	• Tiered contribution system for current employees under which employees who have higher salaries pay a higher percent of their salaries as contribution to the pension fund (effective January 1, 2019) • Mandatory stacked-hybrid plan for new hires under which employees receive a defined benefit pension for their first $65,000 of earnings and a defined contribution pension for earnings above $65,000 (effective January 1, 2019) • Previous 2011 reforms to DROP program remain in place; interest rate was decreased from 4.5% to the rate on the one-year treasury effective January 1 of each year for participants not currently enrolled or eligible to enroll and eligibility age remains increased by two years

(1) From data provided by the Department of Labor as of August 31, 2024.
(2) "Plan 87," "Plan 10," and "Plan 16" referenced in this column are described in Table 19.

Certain features of the 1987 Plan ("Plan 87"), the 2010 Plan ("Plan 10"), and the 2016 Plan ("Plan 16") are summarized in Table 19. Plan 87 is solely a defined benefit plan. Plan 10 and Plan 16 are "hybrid" plans that include both defined benefit and defined contribution components. A more comprehensive summary of each plan is included as Appendix D of the July 1, 2022 Valuation (as defined herein). See "PENSION SYSTEM" below.

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

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

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

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

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

Purchase of Services

Table 20 shows the City's major purchase of services, which represents one of the major classes of expenditures from the General Fund. Table 20 shows contracted costs of the City for Fiscal Years 2021-2024 and the budgeted amounts and current estimates for Fiscal Year 2025.

Table 20
Purchase of Services in the General Fund
Fiscal Years 2021-2024 (Actual) and 2025 (Adopted Budget and Current Estimate)
(Amounts in Millions of USD)(1), (7)

	Actual 2021	Actual 2022	Actual 2023	Unaudited Actual 2024	Adopted Budget 2025	Current Estimate 2025
Human Services(2)	$123.4	$138.8	$151.0	$178.6	$182.6	$182.6
Public Health	87.8	86.9	64.9	70.9	73.1	73.1
Public Property(3)	165.0	162.0	215.7	225.4	248.6	248.6
Streets(4)	67.2	60.4	70.7	59.9	62.4	62.4
First Judicial District	9.3	13.4	17.7	21.9	9.1	9.1
Licenses & Inspections	12.1	13.0	14.2	16.4	13.9	13.9
Homeless Services(5)	36.8	45.8	69.8	72.1	77.7	77.7
Prisons	95.2	97.9	108.4	120.1	119.8	119.8
All Other(6)	349.4	396.2	494.9	595.1	635.1	698.7
Total	**$946.2**	**$1,014.4**	**$1,207.3**	**$1,360.4**	**$1,422.3**	**$1,485.9**

(1) Sources: For Fiscal Years 2021-2023, the City's Supplemental Report of Revenues & Obligations for such Fiscal Years. For Fiscal Year 2024, the FY 2024 AFR (Unaudited) and the FY 2025 First Quarter QCMR, as applicable. For Fiscal Year 2025, the Fiscal Year 2025 Adopted Budget and the FY 2025 First Quarter QCMR, as applicable.
(2) Includes payments for care of dependent and delinquent children.
(3) Includes payments for SEPTA, space rentals, and utilities.
(4) Includes solid waste disposal costs.
(5) Includes homeless shelter and boarding home payments.
(6) Includes the Convention Center subsidy, payments for vehicle leasing, and debt service on lease and service agreement financings, among other things.
(7) Figures may not sum due to rounding.

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City Payments to School District

Table 21 presents the City's payments to the School District from the General Fund for Fiscal Years 2021-2024 and the budgeted amount and current estimate for Fiscal Year 2025.

Table 21
City Payments to School District
Fiscal Years 2021-2024 (Actual) and 2025 (Adopted Budget and Current Estimate)
(Amounts in Millions of USD)[1]

	Actual 2021	Actual 2022	Actual 2023	Unaudited Actual 2024	Adopted Budget 2025	Current Estimate 2025
City Payments to School District	$252.6	$256.0	$270.0	$282.1	$284.1	$284.1

(1) Sources: For Fiscal Years 2021-2023, the City's ACFRs for such Fiscal Years. For Fiscal Year 2024, the FY 2024 AFR (Unaudited). For Fiscal Year 2025, the Fiscal Year 2025 Adopted Budget and the FY 2025 First Quarter QCMR.

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

City Payments to Southeastern Pennsylvania Transportation Authority (SEPTA)

SEPTA operates a public transportation system within the City and Bucks, Chester, Delaware, and Montgomery counties. SEPTA's operating budget is supported by federal, Commonwealth, and local subsidies, including payments from the City. Table 22 presents the City's subsidy to SEPTA from the General Fund for Fiscal Years 2021-2024 and the budgeted amount and current estimate for Fiscal Year 2025.

Table 22
City Payments to SEPTA
Fiscal Years 2021-2024 (Actual) and 2025 (Adopted Budget and Current Estimate)
(Amounts in Millions of USD)[1]

	Actual 2021	Actual 2022	Actual 2023	Unaudited Actual 2024	Adopted Budget 2025	Current Estimate 2025
City Payment to SEPTA	$84.6	$91.2	$100.7	$109.6	$133.3	$133.3

(1) Sources: For Fiscal Years 2021-2023, the City's ACFRs for such Fiscal Years. For Fiscal Year 2024, the FY 2024 AFR (Unaudited) and the FY 2025 First Quarter QCMR, as applicable. For Fiscal Year 2025, the Fiscal Year 2025 Adopted Budget and the FY 2025 First Quarter QCMR.

The City budgets operating subsidies each Fiscal Year to match the estimated operating subsidies of the Commonwealth under Act 89. The state operating subsidy is funded through the Pennsylvania Public Transportation Trust Fund as created by Act 44 of 2007, amended by Act 89 of 2013. The local match requirement is calculated to match state operating subsidies. The state operating subsidy is expected to increase in Fiscal Year 2025 based on the Commonwealth's Fiscal Year 2025 budget and the expected draw down of certain federal grant funds. In addition, local matching funds must be appropriated each Fiscal Year in which state funds are received in order for SEPTA to receive the full allocation of state funds. The Thirty-Third Five-Year Plan projects annual operating subsidy payments to SEPTA from the City will increase to approximately $159.9 million by Fiscal Year 2029. For more information on SEPTA, see APPENDIX B – "TRANSPORTATION – Southeastern Pennsylvania Transportation Authority (SEPTA)."

City Payments to Convention Center Authority

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

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

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PENSION SYSTEM

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

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

Overview

The City faces significant ongoing financial challenges in meeting its pension obligations, including an unfunded actuarial liability ("UAL") of approximately $4.84 billion as of July 1, 2023. In Fiscal Year 2023, the City's contribution to the Municipal Pension Fund was approximately $1,165.0 million, of which the General Fund's share (including the Commonwealth contribution) was $1,023.4 million. See Table 29. With respect to the General Fund budget, the City's aggregate pension costs (consisting of payments to the Municipal Pension Fund and debt service on the Pension Bonds (as defined herein)) have ranged from a low of approximately 12.44% to a high of approximately 17.74% in Fiscal Years 2014-2023. See Table 31.

The funded ratio of the Municipal Pension Plan was 76.7% on July 1, 1999 (at which time the UAL was approximately $1.4 billion), and was 62.2% on July 1, 2023 (at which time the UAL was approximately $4.84 billion). These metrics are the product of a number of factors, including the following:

- The City and its actuary monitor declines in the fixed income and equity markets, the potential negative investment returns for the Municipal Pension System's assets, and the related impact on future City contributions to the Municipal Pension System. The actual investment return rate for Fiscal Year 2023 is reflected in the July 1, 2023 Valuation.

- A reduction in the assumed rate of return, from 8.75% as of July 1, 2008, to 7.35% effective July 1, 2023 (i.e., Fiscal Year 2024). The City also approved a further reduction in the assumed rate of return from 7.35% to 7.30% effective July 1, 2024 (Fiscal Year 2025). Although the gradual reductions in the assumed rates of return reflected in Table 24 are considered a prudent response to market conditions and experience studies, by reducing the assumed return in the measurement of the actuarial liabilities, it serves to increase the UAL from what it otherwise would have been.

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

- The Municipal Pension Plan is a mature system, which means the number of members making contributions to the Municipal Pension Plan is less than the number of retirees and other beneficiaries receiving payments from the Municipal Pension Plan, by approximately 11,100. As a result, the aggregate of member contributions and the City's contributions would be less than the amount of benefits and refunds payable in most years, with the result that in such years investment income must be relied upon to meet such difference before such income can contribute to an increase in the Municipal Pension System's assets growth. See Table 26 (which reflects that in Fiscal Years 2019-2023, however, the aggregate of member contributions and the City's contribution exceeded the amount of benefits and refunds payable in such Fiscal Years).

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

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

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

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

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

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

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

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

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

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

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

As a result of (i) pension reforms adopting a defined benefit plan capped at $65,000 for new municipal employees, along with increased employee contributions, (ii) a portion of the sales tax dedicated to paying down the UAL, (iii) the various other reforms mentioned above, and (iv) the City making contributions in excess of MMO and in some years in excess of RRP, the funded ratio of the Municipal Pension Plan increased from 49.7% in Fiscal Year 2019 to 62.2% in Fiscal Year 2023. During Fiscal Years 2021, 2022, and 2023, the UAL decreased by 6.1%, 3.1%, and 8.2%, respectively. The Municipal Pension Fund had a positive cash flow, excluding investment returns, for Fiscal Years 2019-2023 (see "– Rates of Return; Asset Values; Changes in Plan Net Position – Changes in Plan Net Position" and Table 26).

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

Pension System; Pension Board

The City maintains two defined-benefit pension programs: (i) the Municipal Pension Plan, a single employer plan, which provides benefits to police officers, firefighters, non-uniformed employees, and non-represented appointed and elected officials, and (ii) the PGW Pension Plan, a single employer plan, which provides benefits to PGW employees. The Municipal Pension Plan is administered through nine (9) benefit plans with 21 separate contribution rates, the funding for which is accounted for on a consolidated basis by the Municipal Pension Fund.

Such benefit structures establish for their respective members different contribution levels, retirement ages, etc., but all assets are available to pay benefits to all members of the Municipal Pension Plan. The Municipal Pension Plan is a mature plan, initially established in 1915, with net investment assets that totaled approximately $7.8 billion as of June 30, 2023. The Municipal Pension Plan has approximately 26,600 members who make contributions to the plan and provides benefits to approximately 37,700 retirees and other beneficiaries including terminated vested members.

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

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

The City of Philadelphia Board of Pensions and Retirement (the "Pension Board") was established by the City Charter to administer "a comprehensive, fair and actuarially sound pension and retirement system covering all officers and employees of the City." The City Charter provides that the Pension Board "shall consist of the Director of Finance, who shall be its chairman, the Managing Director, the City Controller, the City Solicitor, the Personnel Director and four other persons who shall be elected to serve on the Board by the employees in the civil service in such manner as shall be determined by the Board." In addition, there is one non-voting member on the Pension Board, who is appointed by the President of City Council. An Executive Director, together with a budgeted staff of 72 personnel, administers the day-to-day activities of the retirement system, providing services to approximately 64,400 members.

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

Membership. Table 23 shows the membership totals for the Municipal Pension Plan, as of July 1, 2023 and as compared to July 1, 2022.

Table 23
Municipal Pension Plan – Membership Totals

	July 1, 2023	July 1, 2022	% Change
Actives	26,646	26,723	-0.3%
Terminated Vesteds	781	832	-6.1%
Disabled	3,758	3,757	0.0%
Retirees	22,409	22,392	0.1%
Beneficiaries	8,565	8,523	0.5%
Deferred Retirement Option Plan ("DROP")	2,210	1,921	15.0%
Total City Members	64,369	64,148	0.3%
Annual Salaries	$1,993,014,337	$1,921,141,531	3.7%
Average Salary per Active Member	74,796	71,891	4.0%
Annual Retirement Allowances	$848,128,541	$828,187,638	2.4%
Average Retirement Allowance	$24,419	$23,886	2.2%

Source: July 1, 2023 Valuation.

As shown in Table 23, total membership in the Municipal Pension Plan increased by 0.3%, or from 64,148 to 64,369 members, from July 1, 2022 to July 1, 2023, including a decrease of 0.3% in active members from 26,723 to 26,646 (who were contributing to the Municipal Pension Fund). Of the 64,369 members as of July 1, 2023, 37,723 were retirees, beneficiaries, disabled, and other members (who were withdrawing from, or not contributing to, the Municipal Pension Fund).

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

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

Certain membership information relating to the City's municipal retirement system provided by the Pension Board is set forth in Appendix A to the July 1, 2023 Actuarial Valuation Report (the "July 1, 2023 Valuation") and includes as of July 1, 2023, among other information, active and non-active member data by plan, age/service distribution for active participants and average salary for all plans, and age and benefit distributions for non-active member data.

Funding Requirements; Funding Standards

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

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

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

The City has budgeted and paid at least the full MMO amount since such requirement was established. Prior to Fiscal Year 2005, the City had been contributing to the Municipal Pension Plan the greater amount as calculated pursuant to the City Funding Policy, which was implemented before Act 205 was effective, as described below. Beginning in Fiscal Year 2018, the City is contributing under the

Revenue Recognition Policy (defined below), which requires higher contribution amounts than under the MMO. Payment of the MMO is a condition for receipt of the Commonwealth contribution to the Municipal Pension Fund. See Table 29.

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

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

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

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

The amounts projected by the City in the Thirty-Third Five-Year Plan (or with respect to Fiscal Year 2025, the FY 2025 First Quarter QCMR) to be deposited from Sales Tax revenue into the Municipal Pension Fund, for Fiscal Years 2025-2029, respectively, are as follows: (i) \$98.5 million; (ii) \$107.3 million; (iii) \$115.7 million; (iv) \$124.5 million; and (v) \$133.2 million.

UAL and its Calculation

According to the July 1, 2023 Valuation, the funded ratio (the valuation of assets available for benefits to total actuarial liability) of the Municipal Pension Fund as of July 1, 2023 was 62.2% and the Municipal Pension Fund had an unfunded actuarial liability ("UAL") of \$4.842 billion. The UAL is the difference between total actuarial liability (\$12.821 billion as of July 1, 2023) and the actuarial value of assets (\$7.979 billion as of July 1, 2023).

Key Actuarial Assumptions. In accordance with Act 205, the actuarial assumptions must be, in the judgment of both Cheiron (the independent consulting actuary for the Municipal Pension Fund) and the Pension Board, "the best available estimate of future occurrences in the case of each assumption." The assumed investment return rate used in the July 1, 2023 Valuation was 7.35% a year (which includes an inflation assumption of 2.75%), net of administrative expenses, compounded annually. For the prior actuarial valuation, the assumed investment return rate was 7.40%. See Table 24 for the assumed rates of return for Fiscal Years 2014 to 2023. The 7.40% was used to establish the MMO payment for Fiscal Year 2024 and 7.35% will be used to establish the MMO payment for Fiscal Year 2025.

Other key actuarial assumptions in the July 1, 2023 Valuation include the following: (i) total annual payroll growth of 3.30%, (ii) annual administrative expenses assumed to increase 3.30% per year, (iii) to recognize the expense of the benefits payable under the Pension Adjustment Fund (as described below), actuarial liabilities were increased by 0.54%, based on the statistical average expected value of the benefits, (iv) a vested employee who terminates will elect a pension deferred to service retirement age so long as their age plus years of service at termination are greater than or equal to 55 (45 for police and fire employees in the 1967 Plan), (v) for municipal and elected members, 65% of all disabilities are ordinary and 35% are service-connected, and (vi) for police and fire members, 25% of all disabilities are ordinary and 75% are service-connected.

"Smoothing Methodology". The Municipal Retirement System uses an actuarial value of assets to calculate its annual pension contribution, using an asset "smoothing method" to dampen the volatility in asset values that could occur because of fluctuations in market conditions. The Municipal Retirement System used a five-year smoothing prior to Fiscal Year 2009, and beginning with Fiscal Year 2009 began employing a ten-year smoothing. Using the ten-year smoothing methodology, investment returns in excess of or below the assumed rate are prospectively distributed in equal amounts over a ten-year period, subject to the requirement that the actuarial value of assets will be adjusted, if necessary, to ensure that the actuarial value of assets will never be less than 80% of the market value of the assets, nor greater than 120% of the market value of the assets. The actuarial value of assets as of July 1, 2023, was approximately 102.3% of the market value of the assets, as compared to 103.9% as of July 1, 2022.

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

Act 205 further requires that an experience study be conducted at least every four years, and cover the five-year period ending as of the end of the plan year preceding the plan year for which the actuarial valuation report is filed. An experience study was prepared by Cheiron in March 2022 for the period July 1, 2016 – June 30, 2021 (the "Experience Study"). The actuarial and demographic assumptions that were adopted by the Pension Board in response to such Experience Study were employed for the July 1, 2022 Valuation and remained in effect for the July 1, 2023 Valuation (which was used to determine the June 30, 2025 fiscal year end MMO, City Funding Policy, and Revenue Recognition Policy contributions). Details of the assumption changes and the experience of the Municipal Pension Plan can be found in the *City of Philadelphia Municipal Retirement System Experience Study Results for the period covering July 1, 2016 – June 30, 2021*. Such Experience Study can be found on the City's website under the section for the Board of Pensions and Retirement and the reports included therein.

Pension Adjustment Fund

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

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

The actuary determined that for the Fiscal Year ended June 30, 2023, there were no "excess earnings" as defined to be credited to the PAF. The Pension Board transfers to the PAF the full amount calculated by the actuary as being available in any year for transfer within six months of the Pension Board designating the amount to be transferred.

Transfers to the PAF and the resultant additional distributions to retirees result in removing assets from the Municipal Pension Plan. To account for the possibility of such transfers, and as an alternative to adjusting the assumed investment return rate to reflect such possibility, the actuary applies a load of 0.54% to the calculated actuarial liability as part of the funding requirement and MMO. Such calculation was utilized for the first time in the July 1, 2013 actuarial valuation.

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

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

Rates of Return. Table 24 sets forth for the Fiscal Years 2014-2023 the market value of assets internal rate of return and actuarial value of assets internal rate of return experienced by the Municipal Pension Fund, and the assumed rate of return. The 5-year and 10-year annual average returns as of June 30, 2023, were 6.85% and 6.79% respectively, on a market value basis.

Table 24
Municipal Pension Fund
Annual Rates of Return

Year Ending June 30,	Market Value	Actuarial Value(1)	Assumed Rate of Return
2014	15.7%	4.8%	7.85%
2015	0.3%	5.8%	7.80%
2016	-3.2%	4.5%	7.75%
2017	13.1%	4.4%	7.70%
2018	9.0%	5.1%	7.65%
2019	5.7%	7.6%	7.60%
2020	1.5%	6.5%	7.55%
2021	28.4%	6.3%	7.50%
2022	-6.5%	7.7%	7.45%
2023	8.1%	6.5%	7.40%

Source: July 1, 2023 Valuation.

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

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Asset Values. Table 25 sets forth, as of the July 1 actuarial valuation date for the years 2014-2023, the actuarial and market values of assets in the Municipal Pension Fund and the actuarial value as a percentage of market value.

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

Actuarial Valuation Date (July 1)	Actuarial Value of Assets[(1)]	Market Value of Net Assets[(1)]	Actuarial Value as a Percentage of Market Value
2014	$4,814.9	$4,854.3	99.2%
2015	$4,863.4	$4,636.1	104.9%
2016	$4,936.0	$4,350.8	113.5%
2017	$5,108.6	$4,873.0	104.8%
2018	$5,397.4	$5,340.1	101.1%
2019	$5,852.5	$5,687.2	102.9%
2020	$6,242.7	$5,781.6	108.0%
2021	$6,633.1	$7,348.5	90.3%
2022	$7,176.1	$6,905.5	103.9%
2023	$7,979.2	$7,800.9	102.3%

Source: July 1, 2023 Valuation for Actuarial Value of Assets; 2014-2023 Actuarial Reports for Market Value of Net Assets.

(1) For purposes of this table, the Market Value of Net Assets excludes the PAF, which as of June 30, 2023 equaled $7.2 million. The Actuarial Value of Assets excludes that portion of the Municipal Pension Fund that is allocated to the PAF. The actuarial values reflect a ten-year smoothing.

Changes in Plan Net Position. Table 26 sets forth, for Fiscal Years 2019-2023, the additions, including employee (member) contributions, City contributions (including contributions from the Commonwealth), investment income and miscellaneous income, and deductions, including benefit payments and administration expenses, for the Municipal Pension Fund. Debt service payments on pension funding bonds (as described below at "Annual Contributions – *Annual Debt Service Payments on the Pension Bonds*") are made from the City's General Fund, Water Operating Fund, and Aviation Operating Fund, but are not made from the Municipal Pension Fund, and therefore are not included in Table 26. In those years in which the investment income is less than anticipated, the Municipal Pension Fund may experience negative changes (total deductions greater than total additions). If unrealized gains are excluded from the calculation, resulting in a comparison of cash actually received against actual cash outlays, it could result in a negative cash flow in some Fiscal Years, which is typical of a mature retirement system. However, in Fiscal Years 2019-2023, there was a positive cash flow.

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

Employee (member) contribution amounts reflect contribution rates as a percent of pay, which for the plan year beginning July 1, 2023, vary from 6.00% to 8.50% for police and fire employees, and from 2.60% to 7.00% for municipal employees excluding elected officials. These rates include the increases for police employees effective July 1, 2017, resulting from the FOP Lodge No. 5 and IAFF Local No. 22 Labor Contracts. Such contracts increased member contributions for current police officers in Plan 87 and Plan 10 by 0.92% effective July 1, 2017, and an additional 0.92% effective July 1, 2018. For new police officers and fire fighters hired or rehired on or after July 1, 2017, the member contribution rate is increased by 2.5% over the rate which would otherwise be in effect as of July 1, 2017. The rates also include the increases in contributions for certain municipal employees and elected officials currently in Plans 67, 87 and 87 Prime and elected officials as required by legislation. This legislation called for employees in these groups to pay an additional 0.5% of compensation from January 1, 2015 to December 31, 2015 and an additional 1.0% from January 1, 2016 onwards. New employees in these groups entering Plan 87 Municipal Prime will pay an additional 1.0% of compensation, which is included in Table 26. Finally, these rates do not include the additional tiered contributions paid by current and future municipal employees based on their level of compensation.

Table 26
Changes in Net Position of the Municipal Pension Fund
Fiscal Years 2019-2023
(Amounts in Thousands of USD)

	2019	2020	2021	2022	2023
Beginning Net Assets (Market Value)[1]	$5,341,286	$5,688,383	$5,782,891	$7,424,983	$6,939,834
Additions					
- Member Contributions	99,180	111,825	111,273	110,447	120,691
- City Contributions[2]	797,806	768,721	788,483	859,787	1,164,974
- Investment Income[3]	301,749	85,228	1,642,217	(480,676)	568,995
- Miscellaneous Income[4]	1,987	1,923	1,273	913	1,962
Total	$1,200,721	$967,697	$2,543,246	$490,471	$1,856,622
Deductions					
- Benefits and Refunds	(842,469)	(862,198)	(891,445)	(966,686)	(979,429)
- Administration	(11,155)	(10,991)	(9,709)	(8,933)	(8,938)
Total	$(853,624)	$(873,189)	$(901,154)	$(975,619)	$(988,367)
Ending Net Assets (Market Value)	$5,688,383	$5,782,891	$7,424,983	$6,939,834	$7,808,089

Source: Municipal Pension Fund's audited financial statements.

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

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

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

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

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Funded Status of the Municipal Pension Fund

Tables 27 and 28 set forth, as of the July 1 actuarial valuation date for the years 2014-2023, the asset value, the actuarial liability, the UAL, the funded ratio, covered payroll and UAL, as a percentage of covered payroll for the Municipal Pension Fund on actuarial and market value bases, respectively.

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

Actuarial Valuation Date (July 1)	Actuarial Value of Assets (a)	Actuarial Liability (b)	UAL (Actuarial Value) (b-a)	Funded Ratio (a/b)	Covered Payroll (c)	UAL as a % of Covered Payroll [(b-a)/c]
2014	$4,814.9	$10,521.8	$5,706.9	45.8%	$1,495.4	381.6%
2015	$4,863.4	$10,800.4	$5,937.0	45.0%	$1,597.8	371.6%
2016	$4,936.0	$11,024.8	$6,088.8	44.8%	$1,676.5	363.2%
2017	$5,108.6	$11,275.7	$6,167.1	45.3%	$1,744.7	353.5%
2018	$5,397.4	$11,521.0	$6,123.5	46.8%	$1,805.4	339.2%
2019	$5,852.5	$11,783.1	$5,930.6	49.7%	$1,842.6	321.9%
2020	$6,242.7	$12,038.1	$5,795.4	51.9%	$1,921.2	301.7%
2021	$6,633.1	$12,074.0	$5,441.0	54.9%	$1,886.5	288.4%
2022	$7,176.1	$12,448.4	$5,272.3	57.6%	$1,921.1	274.4%
2023	$7,979.2	$12,821.4	$4,842.2	62.2%	$1,993.0	243.0%

Source: July 1, 2023 Valuation.

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

Actuarial Valuation Date (July 1)	Market Value of Net Assets (a)	Actuarial Liability (b)	UAL (Market Value) (b-a)	Funded Ratio (a/b)	Covered Payroll (c)	UAL as a % of Covered Payroll [(b-a)/c]
2014	$4,854.3	$10,521.8	$5,667.6	46.1%	$1,495.4	379.0%
2015	$4,636.1[(1)]	$10,800.4	$6,164.3	42.9%	$1,597.8	385.8%
2016	$4,350.8[(1)]	$11,024.8	$6,674.0	39.5%	$1,676.5	398.1%
2017	$4,873.0[(1)]	$11,275.7	$6,402.7	43.2%	$1,744.7	367.0%
2018	$5,340.1[(1)]	$11,521.0	$6,180.9	46.4%	$1,805.4	342.4%
2019	$5,687.2[(1)]	$11,783.1	$6,095.9	48.3%	$1,842.6	330.8%
2020	$5,781.6[(1)]	$12,038.1	$6,256.5	48.0%	$1,921.2	325.7%
2021	$7,348.5[(1)]	$12,074.0	$4,725.5	60.9%	$1,886.5	250.5%
2022	$6,905.5[(1)]	$12,448.4	$5,542.9	55.5%	$1,921.1	288.5%
2023	$7,800.9[(1)]	$12,821.4	$5,020.5	60.8%	$1,993.0	251.9%

Source: 2014-2023 Actuarial Valuation Reports.

(1) For purposes of this table, the Market Value of Net Assets excludes the PAF, which as of June 30, 2015 equaled $38,198,762; as of June 30, 2016 equaled $7,222,828; as of June 30, 2017 equaled $1,097,499; as of June 30, 2018 equaled $1,160,247; as of June 30, 2019 equaled $1,225,114; as June 30, 2020 equaled $1,243,871; as June 30, 2021 equaled $76,471,047; as June 30, 2022 equaled $34,340,630; and as June 30, 2023 equaled $7,221,239.

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Annual Contributions

Annual Municipal Pension Contributions

Table 29 shows the components of the City's annual pension contributions to the Municipal Pension Fund for the Fiscal Years 2014-2023.

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

Fiscal Year	General Fund Contribution (A)	Commonwealth Contribution (B)	Aggregate General Fund Contribution (A+B)	Water Fund Contribution	Aviation Fund Contribution	Grants Funding and Other Funds Contribution[1]	Contributions from Quasi-governmental Agencies	Pension Bond Proceeds	Total Contribution (C)	MMO (D)	MMO (Deferred) Makeup Payments	% of MMO Contributed (C/D)
2014	$365.8	$69.6	$435.4	$45.5	$22.5	$30.0	$19.8	$0.0	$553.2	$523.4	-	105.7%
2015	$388.5	$62.0	$450.5	$48.3	$23.9	$33.4	$21.1	$0.0	$577.2	$556.0	-	103.8%
2016	$449.6	$62.6	$512.2	$55.1	$27.1	$34.8	$31.0	$0.0	$660.2	$595.0	-	111.0%
2017	$487.0	$68.7	$555.7	$61.0	$28.8	$33.3	$27.4	$0.0	$706.2	$629.6	-	112.2%
2018	$559.7	$72.4	$632.1	$62.7	$28.8	$32.5	$25.9	$0.0	$782.0	$661.3	-	118.3%
2019	$567.7	$74.8	$642.5	$64.7	$31.6	$33.8	$25.2	$0.0	$797.8	$668.3	-	119.4%
2020	$545.1	$82.0	$627.1	$71.6	$34.0	$14.6	$21.4	$0.0	$768.7	$675.8	-	113.7%
2021	$558.5	$81.3	$639.8	$81.2	$34.7	$12.5	$20.3	$0.0	$788.5	$673.9	-	117.0%
2022	$671.9	$79.3	$751.2	$59.0	$21.8	$12.6	$15.2	$0.0	$859.8	$678.2	-	126.8%
2023	$939.2	$84.2	$1,023.4	$57.8	$22.2	$44.4	$17.2	$0.0	$1,165.0	$664.1	-	175.4%

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

Annual Debt Service Payments on the Pension Bonds

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

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

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

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

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

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Table 30 shows the components of the City's annual debt service payments on the Pension Bonds for the Fiscal Years 2014-2023.

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

Fiscal Year	General Fund Payment	Water Fund Payment	Aviation Fund Payment	Other Funds Payment[1]	Grants Funding	Total Payment
2014[2]	$211.0	$23.6	$11.2	$1.4	$3.7	$250.9
2015	$107.7	$12.6	$5.9	$0.8	$4.0	$131.0
2016	$109.9	$13.7	$6.4	$0.9	$3.8	$134.7
2017	$109.5	$14.5	$6.6	$0.9	$3.3	$134.8
2018	$110.1	$14.3	$6.3	$0.9	$3.1	$134.7
2019	$109.8	$14.2	$6.6	$1.1	$3.0	$134.7
2020	$110.1	$15.7	$7.1	$1.2	$0.6	$134.7
2021[2]	$28.4	$4.5	$1.9	$0.3	$0.5	$35.6
2022[2]	$91.7	$8.5	$3.1	$0.5	$0.9	$104.7
2023	$111.0	$10.8	$4.1	$0.7	$7.5	$134.1

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

(2) For more information on debt service payments on Pension Bonds issued in October 2012, which increased debt service in 2014, and in April 2021, which decreased debt service in 2021 and 2022, see "– *Annual Debt Service Payments on the Pension Bonds*" above.

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Annual Pension Costs of the General Fund

Table 31 shows the annual pension costs of the General Fund for the Fiscal Years 2014-2023, being the sum of the General Fund Contribution to the Municipal Pension Fund (column (A) in Table 29) and the General Fund debt service payments on Pension Bonds (Table 30).

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

Fiscal Year	General Fund Pension Fund Contribution (A)[1]	General Fund Pension Bond Debt Service Payment (B)	Annual Pension Costs (A+B)	Total General Fund Expenditures (C)	General Fund portion of Annual Pension Costs as % of Total General Fund Expenditures (A+B)/C
2014	$365.8	$211.0	$576.8	$3,886.6	14.84%
2015	$388.5	$107.7	$496.2	$3,831.5	12.95%
2016	$449.6	$109.9	$559.5	$4,015.8	13.93%
2017	$487.0	$109.5	$596.5	$4,139.8	14.41%
2018	$559.7	$110.1	$669.8	$4,402.9	15.21%
2019	$567.7	$109.8	$677.5	$4,772.4	14.20%
2020	$545.1	$110.1	$655.2	$5,036.5	13.01%
2021	$558.5	$28.4	$586.9	$4,717.8	12.44%
2022	$671.9	$91.7	$763.6	$5,338.5	14.30%
2023	$939.2	$111.0	$1,050.2	$5,918.4	17.74%

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

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Table 32 shows the annual City contribution to the Municipal Pension Fund as a percentage of the covered employee payroll.

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

Fiscal Year	Annual City Contribution	Fiscal Year Covered Employee Payroll(1)	ACC as % of Payroll
2014	$553,179	$1,495,421	36.99%
2015	$577,195	$1,597,849	36.12%
2016	$660,247	$1,676,549	39.38%
2017	$706,237	$1,744,728	40.48%
2018	$781,984	$1,805,400	43.31%
2019	$797,806	$1,842,555	43.30%
2020	$768,721	$1,921,217	40.01%
2021	$788,483	$1,886,512	41.80%
2022	$859,787	$1,921,142	44.75%
2023	$1,164,974	$2,025,114	57.53%

Source: Municipal Pension Fund Financial Statements, June 30, 2023.

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

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Actuarial Projections of Funded Status

Cautionary Note. The information under this subheading, "Actuarial Projections of Funded Status," was prepared by Cheiron. The table below shows a five-year projection of RRP payments, Actuarial Value of Assets, Actuarial Liability, UAL, and Funded Ratio. The charts below show projections of funded ratios and City contributions based on the RRP through Fiscal Year 2043. All projections, whether for five years or for twenty years, are subject to actual experience deviating from the underlying assumptions and methods, and that is particularly the case for the charts below for the periods beyond the projections in the five-year table. **Projections and actuarial assessments are "forward looking" statements and are based on assumptions which may not be fully realized in the future and are subject to change, including changes based on the future experience of the City's Municipal Pension Fund and Municipal Pension Plan.**

The projections are on the basis that all assumptions as reflected in the July 1, 2023 Valuation are exactly realized and the City makes all future RRP payments on schedule as required by the RRP funding policy, and must be understood in the context of the assumptions, methods and benefits in effect as described in the July 1, 2023 Valuation. Included among such assumptions are: (i) the rates of return for the Municipal Pension Fund over the projection period will equal 7.35% in Fiscal Year 2024 and 7.30% annually thereafter, (ii) RRP contributions will be made each year, (iii) the provisions of Act 205 as amended by Act 44 will remain in force during the projection period, and (iv) the future population changes of the participants in the pension plan will follow the demographic actuarial assumptions with the active population remaining constant in the future.

The July 1, 2023 Valuation includes charts reflecting the contributions based on MMO (Baseline projection set 1), and charts reflecting the additional contributions in accordance with the RRP (Baseline projection set 2). The charts provided below reflect the RRP contributions, which are higher than the MMO required under Pennsylvania law. Using the RRP, the Municipal Retirement System is projected to be 80% funded by 2028 and 100% funded by 2033, three years earlier than under the MMO projections. By the end of the projection period, the Municipal Retirement System is expected to be funded at 130.0% compared to 115.4% when MMO contributions are made. See the July 1, 2023 Valuation for further discussion of the assumptions and methodologies used by the Actuary in preparing the July 1, 2023 Valuation and the following projections, all of which should be carefully considered in reviewing the projections. The July 1, 2023 Valuation is available for review on the website of the City's Board of Pensions. The table and charts below separately set forth estimates of Sales Tax revenues that will be deposited by the City into the Municipal Pension Fund, which were provided by the City to Cheiron based on current estimates or budgeted amounts of such revenues as included in the Thirty-Third Five-Year Plan. Cheiron has not analyzed and makes no representation regarding the validity of the sales tax revenue assumptions and estimates provided by the City. See "REVENUES OF THE CITY – Sales and Use Tax."

Each of the tables and graphs that follow are shown in Appendix E of the July 1, 2023 Valuation and such report should be referenced regarding the underlying benefits, methods, and assumptions utilized in the production of these values.

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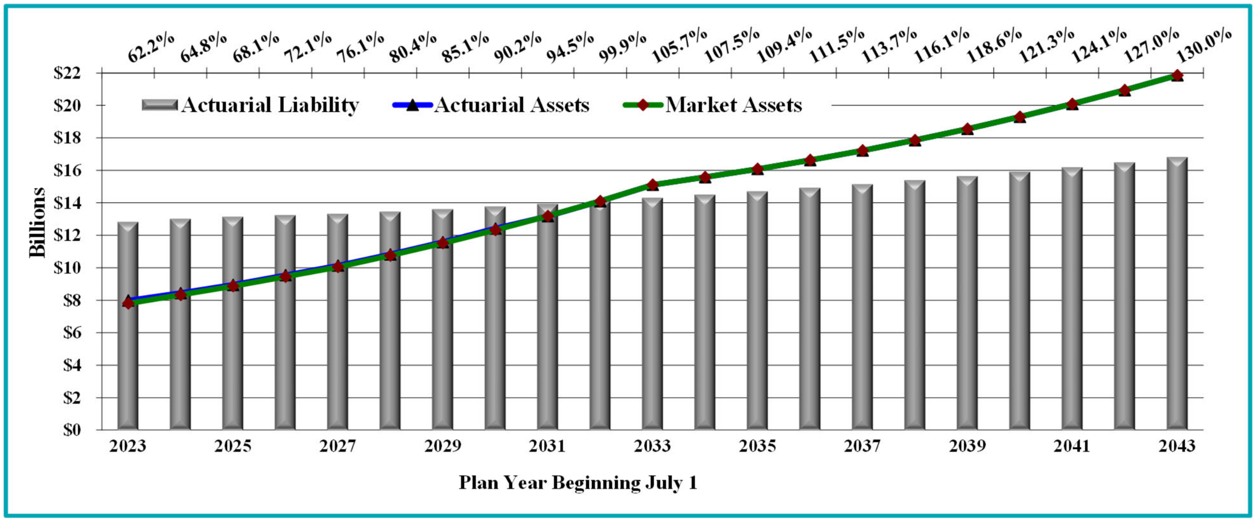
Five-Year Projection. The following chart provides dollar amounts in millions of USD.

Table E-1 ($ millions)						
Fiscal Year End	RRP Contributions	Sales Tax Contributions	Actuarial Value of Assets	Actuarial Liability	Unfunded Actuarial Liability	Funded Ratio
2024	$ 742.8	$ 96.1	$ 7,979.2	$ 12,821.4	$ 4,842.2	62.2%
2025	741.5	104.6	8,439.3	13,020.1	4,580.8	64.8%
2026	760.7	113.7	8,947.8	13,139.4	4,191.6	68.1%
2027	755.5	122.4	9,544.7	13,238.9	3,694.2	72.1%
2028	755.2	131.4	10,134.4	13,317.4	3,183.1	76.1%
2029	750.6	140.4	10,824.5	13,458.5	2,634.0	80.4%

Twenty-Year Projections.

Funded Ratio Chart based on the RRP:



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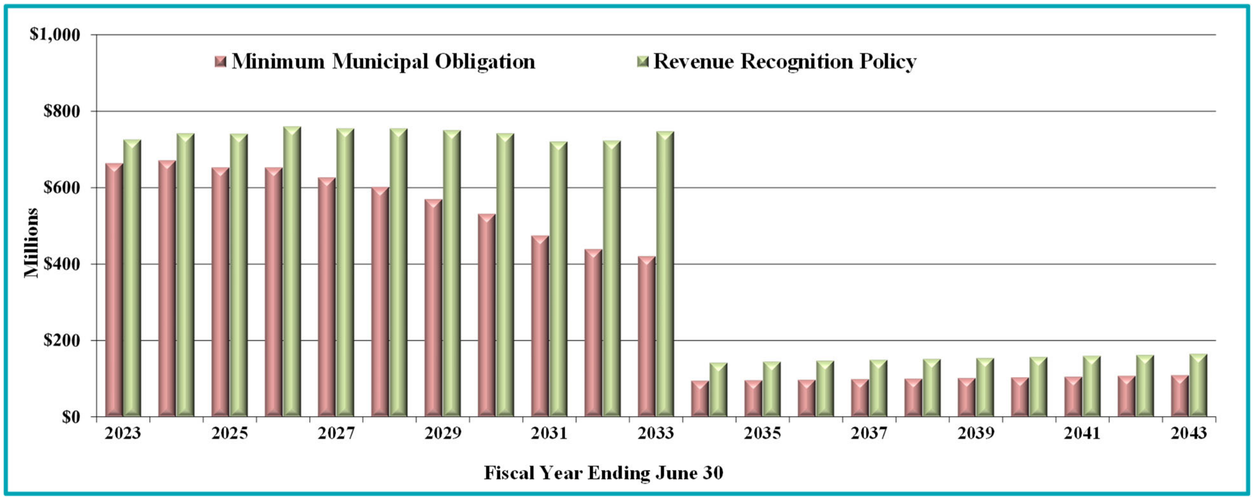
Expected City Contribution Chart based on the RRP:



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OTHER POST-EMPLOYMENT BENEFITS

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

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

The annual payments made by the City for OPEB for Fiscal Years 2019-2023 are shown in Table 33.

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

Fiscal Year ended June 30,	Annual OPEB Payment
2019	$96,900
2020	$104,600
2021	$97,800
2022	$118,300
2023	$101,100

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

For financial reporting purposes, although the City funds OPEB on a pay-as-you-go basis, it is required to include in its financial statements (in accordance with GASB Statement No. 75) a calculation similar to that performed to calculate its pension liability. Pursuant to GASB 75, an annual required contribution is calculated which, if paid on an ongoing basis, is projected to cover normal costs each year and to amortize any unfunded actuarial liability over a period not to exceed 30 years. The City's total OPEB liability reported as of June 30, 2023 of $1.785 billion, was measured as of June 30, 2022 based on an actuarial valuation as of July 1, 2022. See Note IV.3 to the Fiscal Year 2023 ACFR.

PGW PENSION PLAN

General

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

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

The City sponsors the Philadelphia Gas Works Pension Plan (the "PGW Pension Plan"), a single employer defined benefit plan, to provide pension benefits for certain current and former PGW employees and other eligible class employees of PFMC and the Gas Commission. As plan sponsor, the City, through its General Fund, could be responsible for plan liabilities if the PGW Pension Plan does not satisfy its payment obligations to PGW retirees. At June 30, 2024, the PGW Pension Plan membership total was 3,700, comprised of: (i) 2,548 retirees and beneficiaries currently receiving benefits and terminated employees entitled to benefits but not yet receiving them; and (ii) 1,152 participants, of which 816 were vested and 336 were nonvested.

PGW Pension Plan

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

PGW is required by statute to contribute the amounts necessary to fund the PGW Pension Plan. The PGW Pension Plan is funded with (i) contributions by PGW, (ii) contributions from the Sinking Fund Commission of the City (the "Sinking Fund Commission"), (iii) investment earnings, and (iv) employee contributions required for new hires after December 2011 who elect to participate in the PGW Pension Plan. Each month, the Sinking Fund Commission sends, in two separate payments, (i) approximately \$2.5 million and (ii) one-twelfth of PGW's annual contribution to the applicable bank account for processing and payment to PGW pensioners.

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

Pension Costs and Funding

PGW pays an annual amount that is projected to be sufficient to cover its normal cost and an amortization of the PGW Pension Plan's UAL. Table 34 shows the normal cost, the amortization payment, and the resulting annual required contribution as of the last five actuarial valuation dates for the PGW Pension Plan. Prior to fiscal year 2016, PGW had been using a 20-year open amortization period (and the payments in Table 34 are on the basis of a 20-year open amortization). Commencing in PGW's fiscal year 2016, PGW calculated an annual required contribution on the basis of both a 20-year open amortization period and a 30-year closed amortization period and contributed the higher of the two amounts. An open amortization period is one that begins again or is recalculated at each actuarial valuation date. With a closed amortization period, the unfunded liability is amortized over a specific number of years to produce a level annual payment. Because the final amortization date is fixed, if all actuarial assumptions are achieved, the unfunded liability would decline to zero as of the final amortization date. To the extent future experience differs from the assumptions used to establish the 30-year fixed amortization payment schedule, new amortization bases attributable to a particular year's difference would be established and amortized over their own 30-year schedule. Commencing in PGW's fiscal year 2021, PGW's annual contribution is required to be at least $30,000,000 annually unless changed by written directive of the Finance Director. The contribution amount exceeds the suggested level of funding in the Actuarial Valuation Report (Funding) for the Plan Year July 1, 2024 – June 30, 2025 for the PGW Pension Plan and is consistent with the contribution amount in PGW's base rates (i.e., rates PGW charges for services).

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

Calculation of ARC for the 12-month period ended:	Normal Cost[1] (A)	Amortization Payment[1] (B)	ARC[(1), (2)] (A + B)	Payments to Beneficiaries[3]
7/1/2020	$6,161	$16,504	$22,665	$55,061
7/1/2021	$7,892	$17,375	$25,267	$56,647
7/1/2022	$7,732	$17,470	$25,202	$58,502
7/1/2023	$7,754	$17,306	$25,060	$60,312
7/1/2024	$7,772	$16,256	$24,028	$60,928

(1) Source: The Actuarial Valuation Report (Funding) for the Plan Year July 1, 2024 – June 30, 2025 for the PGW Pension Plan.

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

(3) Sources: For 2020, the audited financial statements for PGW for the fiscal years ended August 31, 2020 and 2019. For 2021, the audited financial statements for PGW for fiscal years ended August 31, 2021 and 2020. For 2022, the audited financial statements for PGW for fiscal years ended August 31, 2022 and 2021. For 2023, the audited financial statements for PGW for fiscal years ended August 31, 2023 and 2022. For 2024, the Actuarial Valuation Report (Funding) for the Plan Year July 1, 2024 – June 30, 2025 for the PGW Pension Plan.

Although PGW has paid its annual required contribution each year, the market value of assets for the PGW Pension Plan is less than the actuarial accrued liability, as shown in the next table. Table 35 shows such values as of the applicable actuarial valuation dates (July 1, 2020 through July 1, 2024).

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

Actuarial Valuation Date	Market Value of Assets	Actuarial Liability	UAL (Market Value)	Funded Ratio
7/1/2020	$543,230	$741,279	$198,049	73.28%
7/1/2021	$673,542	$792,325	$118,783	85.01%
7/1/2022	$565,748	$806,257	$240,509	70.17%
7/1/2023	$604,133	$812,231	$208,098	74.38%
7/1/2024	$654,984	$819,095	$164,111	79.96%

(1) Source: The Actuarial Valuation Report (Funding) for the Plan Year July 1, 2024 – June 30, 2025 for the PGW Pension Plan.

The current significant actuarial assumptions for the PGW Pension Plan are: (i) investment return rate of 7.00% compounded annually; (ii) salaries are assumed to increase by an amount based on years of service, see table 3 in The Actuarial Valuation Report (Funding) for the Plan Year July 1, 2024 – June 30, 2025 for the PGW Pension Plan; and (iii) retirements that are assumed to occur at the ages detailed in The Actuarial Valuation Report (Funding) for the Plan Year July 1, 2024 – June 30, 2025 for the PGW Pension Plan.

The Actuarial Valuation Report (Funding) for the Plan Year July 1, 2024 – June 30, 2025 for the PGW Pension Plan includes certain changes to the actuarial assumptions, including (i) modifications to mortality tables, turnover rates, disability rates, retirement rates, and salary scales, (ii) increases to assumed participant compensation in the final year of employment prior to retirement, and (iii) modifications to the optional payment form election percentages and the surviving spouse benefit assumptions.

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

The PGW Pension Plan actuary prepared a separate actuarial valuation report ("GASB 67 Report") for the fiscal year ending June 30, 2024, for purposes of plan reporting information under Governmental Accounting Standards Board Statement No. 67, "Financial Reporting for Pension Plans." The GASB 67 Report shows for the fiscal year ending June 30, 2024, an unfunded liability of approximately $186.7 million (rather than the approximately $164.1 million reflected in Table 35), which results in a funded ratio of 77.82%. In addition, that report provides an interest rate sensitivity, which shows that were the investment rate to be 6.00% (1% lower than the assumed investment rate of 7.00%), the unfunded liability would be approximately $276.4 million.

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Projections of Funded Status

The information under this subheading, "Projections of Funded Status," is extracted from tables prepared by Aon, as actuary to the PGW Pension Plan, which were included in their "Philadelphia Gas Works Pension Plan – Funding Alternative Funding Schedules July 1, 2024-June 30, 2025". The charts show projections, using both the current amortization method (20-year, open) and the alternative amortization method (30-year, fixed). See "– Pension Costs and Funding" above. Projections are subject to actual experience deviating from the underlying assumptions and methods. **Projections and actuarial assessments are "forward looking" statements and are based upon assumptions that may not be fully realized in the future and are subject to change, including changes based upon the future experience of the PGW Pension Plan.**

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

Actuarial Valuation Date (July 1)	Actuarial Value of Assets	Actuarial Accrued Liability	UAL (Actuarial Value)	Calculated Mid-Year Contribution[(1), (2)]	Funded Ratio
2024	$634,818	$819,095	$184,277	$24,841	77.50%
2025	655,153	821,803	166,650	23,221	79.72%
2026	650,523	824,215	173,692	23,866	78.93%
2027	672,073	826,333	154,260	22,129	81.33%
2028	686,690	828,569	141,879	21,079	82.88%
2029	693,104	831,128	138,024	20,820	83.39%
2030	699,788	834,037	134,249	20,561	83.90%
2031	706,373	836,943	130,570	20,285	84.40%
2032	713,191	840,194	127,003	20,048	84.88%
2033	720,395	843,925	123,531	19,765	85.36%

(1) Source: The Actuarial Valuation Report (Funding) for the Plan Year July 1, 2024 – June 30, 2025 for the PGW Pension Plan.

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

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

Actuarial Valuation Date (July 1)	Actuarial Value of Assets	Actuarial Accrued Liability	UAL (Actuarial Value)	Calculated Mid-Year Contribution[(1), (2)]	Funded Ratio
2024	$634,818	$819,095	$184,277	$24,514	77.50%
2025	654,814	821,803	166,989	23,479	79.68%
2026	650,427	824,215	173,788	24,346	78.91%
2027	672,467	826,333	153,866	23,199	81.38%
2028	688,219	828,569	140,350	22,606	83.06%
2029	696,320	831,128	134,808	22,668	83.78%
2030	705,143	834,037	128,895	22,722	84.55%
2031	714,339	836,943	122,604	22,749	85.35%
2032	724,265	840,194	115,929	22,809	86.20%
2033	735,101	843,925	108,824	22,813	87.11%

(1) Source: The Actuarial Valuation Report (Funding) for the Plan Year July 1, 2024 – June 30, 2025 for the PGW Pension Plan.
(2) PGW makes monthly contributions to the PGW Retirement Reserve Fund. The actuary's report assumes contributions at the beginning, middle, and end of the plan year. PGW utilizes the mid-year contribution level to approximate the actual funding methodology.

Additional Information

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

Further information on the PGW Pension Plan, including with respect to its membership, plan description, funding policy, actuarial assumptions and funded status is contained in the Fiscal Year 2023 ACFR.

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PGW OTHER POST-EMPLOYMENT BENEFITS

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

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

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

The current significant actuarial assumptions for the PGW OPEB Plan are: (i) investment return rate of 7.00% compounded annually; (ii) salaries assumed to increase by an amount based on years of service, and (iii) retirements assumed to occur at the ages detailed in The Actuarial Valuation Report – Retiree Health Insurance Program GASB 74 (Valuation Date: December 31, 2023).

PGW uses a September 1 – August 31 fiscal year, while the PGW OPEB Plan uses a January 1 – December 31 calendar year. The last seven actuarial valuation reports for the PGW OPEB Plan utilized a plan year of January 1 – December 31. This is reflected in Table 39 below.

In Table 39, the PGW OPEB Plan shows an unfunded liability of approximately $113.7 million, which results in a funded ratio of 77.6%. In addition, The Actuarial Valuation Report – Retiree Health Insurance Program GASB 74 report provides an interest rate sensitivity, which shows that if the investment rate were to be 6.00% (1% lower than the assumed investment rate of 7.00%), the unfunded liability would be approximately $183.3 million.

Table 38 provides detail of actual PGW OPEB payments for PGW Fiscal Years 2020-2024 and projected PGW OPEB payments for PGW Fiscal Years 2025-2029. **Projections and actuarial assessments are "forward looking" statements and are based upon assumptions that may not be fully realized in the future and are subject to change, including changes based upon the future experience.**

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

	Calculation of OPEB Payment for the 12-month period ended:	Healthcare	Life Insurance	OPEB Trust	Total
Actual[(1)]					
	8/31/2020	$26,944	$1,661	$18,500	$47,105
	8/31/2021	$24,655	$1,725	$18,500	$44,880
	8/31/2022	$21,970	$1,778	$18,500	$42,248
	8/31/2023	$24,746	$1,797	$18,500	$45,043
	8/31/2024	$25,569	$1,737	$18,500	$45,806
Projections[(2)]					
	12/31/2025	$24,785	$1,700	$18,500	$44,985
	12/31/2026	$26,085	$1,700	$18,500	$46,285
	12/31/2027	$27,408	$1,700	$18,500	$47,608
	12/31/2028	$28,836	$1,700	$18,500	$49,036
	12/31/2029	$29,992	$1,700	$18,500	$50,192

(1) Source: PGW audited financial statements for fiscal year ended August 31, 2023 and unaudited statements for fiscal year August 31, 2024.
(2) The Actuarial Valuation Report for the PGW Health and Life Insurance Plan GASB 75 Projected Costs – Discount Rate = 7.0%.

Table 39 is the schedule of PGW OPEB funding progress.

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

Actuarial valuation date	Actuarial value of assets	Actuarial liability	Unfunded actuarial liability	Funded ratio
12/31/2017[(1)]	$180,743	$559,631	$378,888	32.3%
12/31/2018[(1)]	$184,455	$520,533	$336,078	35.4%
12/31/2019[(1)]	$245,361	$493,570	$248,209	49.7%
12/31/2020[(1)]	$306,079	$507,667	$201,588	60.3%
12/31/2021[(1)]	$365,944	$515,175	$149,231	71.0%
12/31/2022[(1)]	$320,635	$529,342	$208,707	60.6%
12/31/2023[(2)]	$393,913	$507,620	$113,707	77.6%

(1) The Actuarial Valuation Report for the PGW Health and Life Insurance Plan for Retired Employees GASB 75 Financial Disclosure Report for the Fiscal Year Ended August 31, 2024.
(2) The Actuarial Valuation Report – Retiree Health Insurance Program GASB 74.

CITY CASH MANAGEMENT AND INVESTMENT POLICIES

General Fund Cash Flow

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

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

From time to time, the City issues, or PICA has issued on behalf of the City, tax and revenue anticipation notes. Each issue was repaid when due, prior to the end of the particular Fiscal Year. The City did not issue tax and revenue anticipation notes in Fiscal Year 2023 or Fiscal Year 2024. The City does not expect to issue tax and revenue anticipation notes in Fiscal Year 2025.

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

Consolidated Cash

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

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

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

The City maintains an ongoing cash reconciliation process, which, in short, reconciles the account balance and activity shown on the records of the bank at which the cash balance of the Consolidated Cash Account is maintained to that shown on the City's records. The City periodically reviews its internal policies to improve the cash reconciliation process and resolve any variances.

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

Investment Practices

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

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

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

U.S. government treasury and agency securities carry no limitation as to the percent of the total portfolio. Commercial paper and corporate bonds are limited to investment of no more than 30% of the total portfolio. Repurchase agreements and money market mutual funds are limited to investment of no more than 25% of the total portfolio. Obligations of the Commonwealth and collateralized banker's acceptances and certificates of deposit are limited to no more than 15% of the total portfolio. Collateralized mortgage obligations and pass-through securities directly issued by a U.S. agency or instrumentality are limited to no more than 5% of the total portfolio.

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

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

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

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

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DEBT OF THE CITY

General

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

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

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

Using the methodology described above, as of September 30, 2024, the Constitutional debt limitation for Tax-Supported Debt was $18,336,884,508. The total amount of authorized debt applicable to the debt limit was $2,399,992,000, including $1,265,981,000 of authorized but unissued debt, leaving a legal debt margin of 15,936,892,508. Based on the foregoing figures, the calculation of the legal debt margin is as follows:

Table 40
General Obligation Debt Limit
As of September 30, 2024
(Amounts in Thousands of USD)

Authorized, issued and outstanding	$1,521,940
Authorized and unissued	1,265,981
Total	$2,787,921
Less: Self-Supporting Debt	($352,614)
Less: Serial bonds maturing within a year	(35,315)
Total amount of authorized debt applicable to debt limit	2,399,992
Legal debt limit	18,336,885
Legal debt margin	$15,936,893

As a result of the implementation of the City's AVI, the assessed value of taxable real estate within the City has increased substantially. See "REVENUES OF THE CITY – Real Property Taxes." The $18.337 billion Constitutional debt limit calculation includes ten years of property values certified under the City's AVI program. Assuming no increase or decrease in property values used to calculate the Constitutional debt limit in Table 40, the Constitutional debt limit is estimated to be $26.357 billion by 2033.

The City is also empowered by statute to issue revenue bonds and, as of September 30, 2024, had outstanding $3.15 billion aggregate principal amount of Water and Wastewater Revenue Bonds ("Water and Wastewater Bonds"), $1.19 billion aggregate principal amount of Gas Works Revenue Bonds, and $1.37 billion aggregate principal amount of Airport Revenue Bonds. As of September 30, 2024, the City has also enacted ordinances authorizing the issuance of (i) up to $500 million aggregate principal amount in Airport Revenue Commercial Paper Notes for the Department of Aviation, (ii) up to $1 billion of Airport Revenue Bonds to finance capital projects for the Department of Aviation (of which approximately $179.6 million has been issued), (iii) up to $270 million of Gas Works Revenue Notes to finance working capital and capital projects for PGW, (iv) up to $300 million of Gas Works Revenue Bonds to finance capital projects for PGW, of which approximately $92.0 million has been issued, (v) up to $400 million of Water and Wastewater Commercial Paper Notes for the Philadelphia Water Department, and (vi) up to $1.9 billion of Water and Wastewater Revenue Bonds for the Philadelphia Water Department, of which approximately $1.0 billion has been issued. The foregoing figures do not reflect the issuance by the City of its $595,780,000 in Water and Wastewater Revenue Bonds, which were issued in November 2024. For information on recent and upcoming financings, see "OTHER FINANCING RELATED MATTERS – Recent and Upcoming Financings."

The PICA Bonds reached final maturity on June 15, 2023, and there are no PICA Bonds outstanding as of September 30, 2024. For more information on PICA Bonds, see "– PICA Bonds" below.

Short-Term Debt

As provided in the PICA Act, the City's tax and revenue anticipation notes are general obligations of the City but do not constitute debt of the City subject to the limitations of the Constitutional debt limit. The City did not issue tax and revenue anticipation notes in Fiscal Year 2023 or Fiscal Year 2024. The City does not expect to issue tax and revenue anticipation notes in Fiscal Year 2025. See "OTHER FINANCING RELATED MATTERS – Recent and Upcoming Financings" and "CITY CASH MANAGEMENT AND INVESTMENT POLICIES – General Fund Cash Flow."

Long-Term Debt

Table 41 presents a synopsis of the bonded debt of the City and its component units as of the date indicated. Of the total balance of the City's General Fund-Supported Debt issued and outstanding as of September 30, 2024, approximately 45% is scheduled to mature within five Fiscal Years and approximately 72% is scheduled to mature within ten Fiscal Years.

Table 41
Bonded Debt
as of September 30, 2024
(Amounts in Thousands of USD)[1], [2]

General Obligation Debt and PICA Bonds				
General Obligation Bonds		$1,521,940		
PICA Bonds		0		
Subtotal: General Obligation Debt and PICA Bonds			**$1,521,940**	
Other General Fund-Supported Debt[3]				
Philadelphia Municipal Authority				
Juvenile Justice Center	$67,225			
Public Safety Campus	54,635			
Energy Conservation	4,160			
		$126,020		
Philadelphia Authority for Industrial Development				
Pension capital appreciation bonds	$52,241			
Pension fixed rate bonds	715,405			
Stadiums	149,430			
Library	795			
Cultural and Commercial Corridor	55,620			
One Parkway	10,455			
Affordable Housing	41,165			
400 N. Broad[4]	214,971			
Art Museum	8,115			
Rebuild	155,600			
		1,403,796		
Philadelphia Redevelopment Authority				
Neighborhood Transformation Initiative	100,900			
Home Repair Program	32,840			
Neighborhood Preservation Initiative	182,575			
		316,315		
Philadelphia Energy Authority				
Streetlight Improvement Project	83,525			
		83,525		
Philadelphia Parking Authority		5,680		
Subtotal: Other General Fund-Supported Debt			**$1,935,336**	
Revenue Bonds				
Water Fund[5]		$3,152,899		
Aviation Fund[5]		1,370,385		
Gas Works[5]		1,188,640		
Subtotal: Revenue Bonds			**$5,711,924**	
Grand Total				**$9,169,200**

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(1) Unaudited; figures may not sum due to rounding.

(2) For tables setting forth a ten-year historical summary of Tax-Supported Debt of the City and the School District and the debt service requirements to maturity of the City's outstanding bonded indebtedness as of June 30, 2023, see the Fiscal Year 2023 ACFR.

(3) The principal amount outstanding relating to the PAID 1999 Pension Obligation Bonds, Series B (capital appreciation bonds) is reflected as the accreted value thereon as of September 30, 2024.

(4) Includes (i) sublease payments of approximately $15.2 million annually for the police headquarters renovation; and (ii) an assumption that the City issues approximately $200 million in bonds in 2026 to acquire the project at an assumed interest rate of 5% over the next 20 years.

(5) Does not include any outstanding commercial paper or short-term note issuances for the Department of Aviation, the Water Department, or PGW, as applicable. Does not reflect the issuance by the City of its $595,780,000 in Water and Wastewater Revenue Bonds, which were issued in November 2024.

Table 42
Annual Debt Service on General Fund-Supported Debt
(as of September 30, 2024)
(Amounts in Millions of USD)[1]

Fiscal Year	General Obligation Debt[2] Principal	Interest[3]	Total	Other General Fund-Supported Debt[4], [5] Principal	Interest[6], [7]	Total	Aggregate General Fund-Supported Debt Principal	Interest	Total
2025	$21.21	$39.77	$60.97	$151.67	$107.47	$259.14	$172.87	$147.24	$320.11
2026	116.58	64.25	180.83	177.19	101.85	279.04	293.77	166.09	459.86
2027	121.81	58.73	180.53	199.28	75.98	275.26	321.09	134.71	455.80
2028	127.90	53.02	180.92	209.76	68.40	278.16	337.66	121.42	459.08
2029	104.04	47.98	152.02	284.78	49.84	334.62	388.82	97.82	486.64
2030	121.06	43.17	164.23	84.89	39.30	124.19	205.95	82.47	288.41
2031	127.22	37.77	164.99	88.99	35.18	124.17	216.21	72.95	289.16
2032	132.98	32.09	165.07	49.93	31.45	81.38	182.91	63.53	246.44
2033	101.58	26.98	128.56	50.09	29.23	79.32	151.67	56.21	207.87
2034	91.43	22.80	114.22	66.79	26.94	93.72	158.21	49.74	207.95
2035	80.37	19.02	99.39	84.42	24.11	108.53	164.79	43.13	207.91
2036	84.03	15.35	99.37	50.31	20.65	70.96	134.34	36.00	170.34
2037	72.71	11.80	84.51	52.74	18.23	70.96	125.45	30.03	155.48
2038	76.04	8.55	84.59	55.28	15.68	70.95	131.32	24.23	155.55
2039	59.09	5.69	64.77	45.93	13.10	59.03	105.02	18.79	123.80
2040	26.83	3.37	30.19	38.26	10.95	49.21	65.09	14.32	79.40
2041	27.95	2.25	30.19	40.10	9.11	49.21	68.05	11.35	79.40
2042	29.16	1.04	30.20	42.02	7.18	49.20	71.18	8.22	79.40
2043	0.00	0.00	0.00	37.08	5.30	42.37	37.08	5.30	42.37
2044	0.00	0.00	0.00	38.94	3.44	42.37	38.94	3.44	42.37
2045	0.00	0.00	0.00	14.04	1.86	15.90	14.04	1.86	15.90
2046	0.00	0.00	0.00	14.76	1.14	15.90	14.76	1.14	15.90
2047	0.00	0.00	0.00	15.52	0.39	15.90	15.52	0.39	15.90
Total	**$1,521.94**	**$493.63**	**$2,015.57**	**$1,892.72**	**$696.77**	**$2,589.48**	**$3,414.66**	**$1,190.40**	**$4,605.05**

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(1) Does not include letter of credit fees. Figures may not sum due to rounding.
(2) Includes both Tax-Supported Debt and Self-Supporting Debt. See "– General." Does not include PICA Bonds (no PICA Bonds are currently outstanding).
(3) Assumes interest rate on hedged variable rate bonds to be the associated fixed swap rate.
(4) Includes PAID, PMA, PPA, PEA, and PRA bonds, which are secured by agreements with the City to appropriate and pay amounts sufficient to pay principal, interest, or redemption price when due on such bonds, with capital appreciation bonds including only actual amounts payable. The original issuance amount of such capital appreciation bonds is included under the "Principal" column in the Fiscal Year such bonds mature and the full accretion amount at maturity less the original issuance amount is included in the "Interest" column in the Fiscal Year such bonds mature.
(5) Includes (i) sublease payments of approximately $15.2 million annually for the police headquarters renovation; and (ii) an assumption that the City issues approximately $200 million in bonds in 2026 to acquire the project at an assumed interest rate of 5% over the next 20 years.
(6) Assumes interest rate on hedged variable rate bonds to be the associated fixed swap rate.
(7) Net of capitalized interest, if any.

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Other Long-Term Debt Related Obligations

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

The Hospitals Authority and the State Public School Building Authority have issued bonds on behalf of the Community College of Philadelphia ("CCP"). Under the Community College Act (Pa. P.L. 103, No. 31 (1985)), each community college must have a local sponsor, which for CCP is the City. As the local sponsor, the City is obligated to pay up to 50% of the annual capital expenses of CCP, which includes debt service. The remaining 50% is paid by the Commonwealth. Additionally, the City annually appropriates funds for a portion of CCP's operating costs (less tuition and less the Commonwealth's payment), as well as certain scholarship programs. The amount paid by the City in Fiscal Year 2023 was $67.1 million. The amount paid by the City in Fiscal Year 2024 was $59.0 million (unaudited). The budgeted amount and current estimate for Fiscal Year 2025 is $56.0 million.

PICA Bonds

PICA issued several series of bonds at the request of, or for the benefit of, the City (the "PICA Bonds"). Under the PICA Act (both before and after the recent amendments thereto), PICA no longer has authority to issue bonds to finance cash flow deficits but may refund bonds previously issued. The proceeds of the PICA Bonds were used to: (i) make grants to the City to fund its General Fund deficits, to fund all or a portion of the costs of certain City capital projects, to provide other financial assistance to the City to enhance operational productivity, and to defease certain of the City's general obligation bonds; (ii) refund other PICA Bonds; and (iii) pay costs of issuance. The PICA Bonds reached final maturity on June 15, 2023, and there are no PICA Bonds outstanding as of September 30, 2024.

The PICA Act authorizes the City to impose a tax for the sole and exclusive purposes of PICA. In connection with the adoption of the Fiscal Year 1992 budget and the execution of the PICA Agreement, as so authorized by the PICA Act, the City reduced the wage, earnings, and net profits taxes on City residents by 1.5% and enacted a new tax of 1.5% on wages, earnings, and net profits of City residents (the "PICA Tax"), which continues in effect. When outstanding, the PICA Tax secures the PICA Bonds. There are currently no PICA Bonds outstanding.

Pursuant to amendments to the PICA Act in 2022, PICA may, at the request of the City, issue bonds to finance capital projects from time to time in accordance with the timelines set forth therein. Further, the amendments to the PICA Act provide that the PICA Tax will continue to be authorized and dedicated for so long as PICA remains in existence (regardless of whether any PICA Bonds are outstanding). As amended, the PICA Act provides that PICA will remain in existence until the later of January 2, 2047 or one year after all its liabilities are met or, in the case of PICA Bonds, one year after provision for such payment shall have been made or provided for in the applicable bond indenture. In June 2023, City Council passed, and the Mayor signed, an amendment to the PICA Tax ordinance to extend its duration in response to the continued authorization of the PICA Tax pursuant to the amendments to the PICA Act. In addition, the City and PICA approved and entered into the 2023 PICA Agreement that reflects and implements the PICA Act as amended, and replaces the expired 1992 PICA Agreement.

At any time, the City is authorized to increase for its own use its various taxes, including its wage, earnings, and net profits taxes on City residents and could do so upon the expiration of the PICA

Tax. Certain taxes, such as sales, liquor, and hotel taxes, among others, cannot be increased by the City without Commonwealth approval.

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

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

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

The total amount of PICA Tax remitted by the State Treasurer to PICA (which is net of the costs of the State Treasurer in collecting the PICA Tax), PICA annual debt service and investment expenses, and net PICA tax revenue remitted to the City for Fiscal Years 2021-2024 and the budgeted amounts and current estimates for Fiscal Year 2025 are set forth in Table 43.

Table 43
Summary of PICA Tax Remitted by the State Treasurer to PICA
and Net Taxes Remitted by PICA to the City
(Amounts in Millions of USD)[(1), (2)]

Fiscal Year	PICA Tax[(3)]	PICA Annual Debt Service and Expenses[(3)]	Net taxes remitted to the City[(3)]
2021 (Actual)	$524.2	$15.2	$509.0
2022 (Actual)	$585.6	$30.5	$555.1
2023 (Actual)	$674.3	$0.0	$674.3
2024 (Unaudited Actual)	$716.3	$10.8	$705.5
2025 (Adopted Budget)	$739.4	$0.0	$739.4
2025 (Current Estimate)	$732.5	$0.0	$732.5

(1) Figures may not sum due to rounding.
(2) As of the date of this Official Statement, there are no PICA Bonds outstanding.
(3) Source: For Fiscal Years 2021-2023, the ACFRs for the applicable Fiscal Year. For Fiscal Year 2024, the FY 2025 First Quarter QCMR. For Fiscal Year 2025, the Fiscal Year 2025 Adopted Budget and the FY 2025 First Quarter QCMR, as applicable.

OTHER FINANCING RELATED MATTERS

Swap Information

The City is a party to various swaps related to its outstanding General Fund-Supported Debt as detailed in Table 44.

Table 44
Summary of Swap Information
for General Fund-Supported Debt (as of September 30, 2024)

City Entity	City GO	City Lease PAID	City Lease PAID
Related Bond Series	2009B[1]	2007B-2 (Stadium)[3]	2007B-2 (Stadium)[4]
Initial Notional Amount	$313,505,000	$217,275,000	$72,400,000
Current Notional Amount	$100,000,000	$34,934,341	$11,640,659
Termination Date	8/1/2031	10/1/2030	10/1/2030
Product	Fixed Payer Swap	Fixed Payer Swap	Fixed Payer Swap
Rate Paid by Dealer	SIFMA	SIFMA	SIFMA
Rate Paid by City Entity	3.829%	3.9713%	3.9713%
Dealer	Royal Bank of Canada	JPMorgan Chase Bank, N.A.	Merrill Lynch Capital Services, Inc.
Fair Value[2]	($5,984,998)	($2,110,642)	($703,337)
Additional Termination Events	For Dealer: Rating change below BBB- or Baa3 For City: Rating change below BBB- or Baa3 upon insurer event (includes insurer being rated below A- or A3)	For Dealer: Rating change below BBB- or Baa3 For PAID: Rating change below BBB- or Baa3 upon insurer event (includes insurer being rated below A- or A3)	For Dealer: Rating change below BBB- or Baa3 For PAID: Rating change below BBB- or Baa3 upon insurer event (includes insurer being rated below A- or A3)

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

(2) Fair values are as of September 30, 2024, and are shown from the City's perspective and include accrued interest.

(3) On July 15, 2014, PAID terminated a portion of the swap in the amount of $41,555,000 in conjunction with the refunding of a portion of its Series 2007B bonds with the Series 2014B fixed rate bonds. PAID made a termination payment of $4,171,000 to JPMorgan. On September 11, 2019, PAID terminated a portion of the swap in the amount of $33,455,654 in conjunction with the refunding of a portion of its Series 2007B bonds with the Series 2019 fixed rate bonds. PAID made a termination payment of $6,051,000 to JPMorgan.

(4) On July 15, 2014, PAID terminated a portion of the swap in the amount of $13,840,000 in conjunction with the refunding of a portion of its Series 2007B bonds with the Series 2014B fixed rate bonds. PAID made a termination payment of $1,391,800 to Merrill Lynch. On September 11, 2019, PAID terminated a portion of the swap in the amount of $11,149,346 in conjunction with the refunding of a portion of its Series 2007B bonds with the Series 2019 fixed rate bonds. PAID made a termination payment of $1,998,000 to Merrill Lynch.

While the City is party to several interest rate swap agreements, for which there is General Fund exposure and on which the swaps currently have a negative mark against the City, the City has no obligation to post collateral on these swaps while the City's underlying ratings are investment grade.

For more information related to certain swaps entered into in connection with revenue bonds issued for PGW, the Water Department, and the Department of Aviation, see the Fiscal Year 2023 ACFR.

Swap Policy

The City has adopted a swap policy for the use of swaps, caps, floors, collars and other derivative financial products (collectively, "swaps") in conjunction with the City's debt management. The swap program managed by the City includes swaps related to the City's general obligation bonds, tax-supported service contract debt issued by related authorities, debt of the Water Department, Department of Aviation, and debt of PGW. When outstanding, swaps related to debt of PICA, the School District, and the PPA are managed by those governmental entities, respectively.

The Director of Finance has overall responsibility for entering into swaps. Day-to-day management of swaps is the responsibility of the City Treasurer, and the Executive Director of the Sinking Fund Commission is responsible for making swap payments. The Office of the City Treasurer and the Law Department coordinate their activities to ensure that all swaps that are entered into are in compliance with applicable federal, state, and local laws.

The swap policy addresses the circumstances when swaps can be used, the risks that need to be evaluated prior to entering into swaps and on an ongoing basis after swaps have been executed, the guidelines to be employed when swaps are used, and how swap counterparties will be chosen. The swap policy is used in conjunction with the City's Debt Management Policy, reviewed annually, and updated as needed.

Under the swap policy, permitted uses of swaps include: (i) managing the City's exposure to floating interest rates through interest rate swaps, caps, floors and collars; (ii) locking in fixed rates in current markets for use at a later date through the use of forward starting swaps and rate locks; (iii) reducing the cost of fixed or floating rate debt through swaps and related products to create "synthetic" fixed or floating rate debt; and (iv) managing the City's credit exposure to financial institutions and other entities through the use of offsetting swaps.

Since swaps can create exposure to the creditworthiness of financial institutions that serve as the City's counterparties on swap transactions, the City has established standards for swap counterparties. As a general rule, the City enters into transactions with counterparties whose obligations are rated in the A rated category or better from two nationally recognized rating agencies. If the counterparty's credit rating is below the double-A rating category, the swap policy requires that the City's exposure be collateralized. If a counterparty's credit is downgraded below the A category, even with collateralization, the swap policy requires a provision in the swap permitting the City to exercise a right to terminate the transaction prior to its scheduled termination date.

LIBOR Phase-Out

Since June 30, 2023, the 1-month, 3-month, and 6-month US dollar LIBOR settings have permanently ceased. The City does not have any outstanding bonds or notes with interest rates determined by any tenor of LIBOR.

Letter of Credit Agreements

The City has entered into various letter of credit agreements related to its General Fund-Supported Debt as detailed in Table 45. Under the terms of such letter of credit agreements, following a purchase of the applicable bonds, the City may be required to amortize such bonds more quickly than as originally scheduled at issuance.

Table 45
Summary of Letter of Credit Agreements for General Fund-Supported Debt as of September 30, 2024

Variable Rate Bond Series	Amount Outstanding	Bond Maturity Date	Provider	Expiration Date	Rating Thresholds (1)
General Obligation Multi-Modal Refunding Bonds, Series 2009B	$100,000,000	August 1, 2031	Barclays Bank PLC	May 23, 2025	The long-term rating assigned by any one of the rating agencies to any unenhanced long-term parity debt of the City is (i) withdrawn or suspended for credit-related reasons or (ii) reduced below investment grade.
PAID Multi-Modal Lease Revenue Refunding Bonds, Series 2007B-2	$46,575,000	October 1, 2030	TD Bank	October 1, 2030 (2)	The long-term ratings assigned by at least two of the rating agencies to any unenhanced general obligation bonds of the City is (i) withdrawn or suspended for credit-related reasons, or (ii) reduced below investment grade.

(1) The occurrence of a Rating Threshold event would result in an event of default under the reimbursement agreement with the related bank.
(2) The stated Expiration Date may be advanced at the option of the Provider to a date that is one hundred eighty days after the date the Provider gives notice of its exercise of such option (the "Option Notification Date"). Such Option Notification Date may occur between February 26, 2027 and August 26, 2027.

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Recent and Upcoming Financings

Recent Financings. The following is a list of financings that the City has entered into in calendar year 2024.

- In June 2024, PAID issued $91,750,000 in City Service Agreement Revenue Bonds for the benefit of the City.
- In September 2024, the City issued $424,250,000 in Gas Works Revenue Bonds.
- In November 2024, the City issued $595,780,000 in Water and Wastewater Revenue Bonds.

Upcoming Financings. Other than the financing contemplated by this Official Statement, the City does not expect, at this time, to enter into any other financings in Fiscal Year 2025. In calendar year 2025, the City expects to issue approximately $519 million in General Obligation Bonds.

CITY CAPITAL PROGRAM

As part of the annual budget process, the Mayor submits for approval a six-year capital program to City Council, together with the proposed operating budget. For more information on the City's budget process, see "DISCUSSION OF FINANCIAL OPERATIONS – Budget Procedure."

Certain Historical Capital Expenditures

Table 46 shows the City's historical expenditures for Fiscal Years 2020-2024 for certain capital purposes, including expenditures for projects related to transit, streets and sanitation, municipal buildings, recreation, parks, museums, and stadia, and economic and community development. The source of funds used for such expenditures are primarily general obligation bond proceeds, but also include federal, state, private, and other government funds and operating revenue. Figures in Table 46 are generated after the Fiscal Year closes and may not sum due to rounding.

Table 46
Historical Expenditures for Certain Capital Purposes
Fiscal Years 2020-2024

Purpose Category	2020	2021	2022	2023	2024
Transit	$ 2,118,190	$ 275,524	$ 7,391,397	$ 2,252,818	$ 1,403,503
Streets & Sanitation	55,819,152	74,069,852	49,505,218	79,721,589	94,759,334
Municipal Buildings	113,997,857	88,706,617	89,560,752	75,369,416	80,029,033
Recreation, Parks, Museums & Stadia	23,488,384	28,727,639	26,443,401	44,565,539	141,339,977
Economic & Community Development	19,160,053	10,219,384	12,952,262	15,135,822	11,408,633
Total	**$214,583,636**	**$201,999,016**	**$185,853,030**	**$217,045,184**	**$328,940,480**

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Table 47 shows the City's historical expenditures for Fiscal Years 2020-2024 for certain capital purposes from general obligation bond proceeds only and the percentage of the total costs covered by such proceeds in such Fiscal Years. Figures in Table 47 are generated after the Fiscal Year closes and may not sum due to rounding.

Table 47
Historical Expenditures for Certain Capital Purposes
(General Obligation Bond Proceeds Only)
Fiscal Years 2020-2024

Purpose Category	2020	2021	2022	2023	2024
Transit	$ 2,115,963	$ 274,336	$ 7,391,397	$ 2,252,818	$ 1,403,503
Streets & Sanitation	30,392,324	27,389,047	20,984,230	26,035,836	38,118,666
Municipal Buildings	86,218,008	60,609,517	62,468,532	60,607,214	64,204,573
Recreation, Parks, Museums & Stadia	10,870,133	23,396,808	21,981,840	42,672,209	85,038,878
Economic & Community Development	19,160,053	9,934,028	11,301,908	12,392,809	11,040,070
Total	**$148,756,480**	**$121,603,736**	**$124,127,907**	**$143,960,886**	**$199,805,690**
Percentage of Total Costs	**69%**	**60%**	**67%**	**66%**	**61%**

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Fiscal Year 2025-2030 Adopted Capital Program

The Fiscal Year 2025-2030 Adopted Capital Program contemplates a total budget of $16.21 billion (compared to $13.3 billion as budgeted in the Fiscal Year 2024-2029 Adopted Capital Program). In the Fiscal Year 2025-2030 Adopted Capital Program, approximately $5.86 billion is expected to be provided from federal, Commonwealth, and other sources and approximately $10.36 billion through City funding. For Fiscal Year 2025, the City has budgeted $6.09 billion for capital projects (compared to $4.75 billion in Fiscal Year 2024). Table 48 shows the amounts budgeted each year from various sources of funds for capital projects in the Fiscal Year 2025-2030 Adopted Capital Program.

Table 48
Fiscal Year 2025-2030 Adopted Capital Program
(Amounts in Thousands of USD)

Funding Source	2025	2026	2027	2028	2029	2030	2025-2030
City Funds--Tax Supported							
Carried-Forward Loans	587,332	-	-	-	-	-	587,332
Operating Revenue	496,052	7,250	7,250	7,250	7,250	7,250	532,302
New Loans	328,472	214,785	224,953	224,848	229,867	220,011	1,442,936
Prefinanced Loans	13,597	-	-	-	-	-	13,597
PICA Prefinanced Loans	557	-	-	-	-	-	557
Tax Supported Subtotal	**$1,426,010**	**$222,035**	**$232,203**	**$232,098**	**$237,117**	**$227,261**	**$2,576,724**
City Funds--Self Sustaining							
Self-Sustaining Carried Forward Loans	1,201,542	-	-	-	-	-	1,201,542
Self-Sustaining Operating Revenue	146,945	61,642	86,376	102,049	116,412	117,000	630,424
Self-Sustaining New Loans	1,096,055	1,139,278	964,364	795,111	946,258	774,634	5,715,700
Self-Sustaining Subtotal	**$2,444,542**	**$1,200,920**	**$1,050,740**	**$897,160**	**$1,062,670**	**$891,634**	**$7,547,666**
Other City Funds							
Revolving Funds	55,000	55,000	32,000	32,000	32,000	22,000	228,000
Other Than City Funds							
Carried-Forward Other Government	36,459	-	-	-	-	-	36,459
Other Government Off Budget	173,353	76,193	155,942	117,716	222,743	196,376	942,323
Other Governments/Agencies	1,600	100	100	100	100	100	2,100
Carried-Forward State	336,765	-	-	-	-	-	336,765
State Off Budget	265,936	333,479	335,353	296,147	267,912	220,715	1,719,542
State	71,904	68,354	66,354	57,104	56,854	52,254	372,824
Carried-Forward Private	139,017	-	-	-	-	-	139,017
Private	14,995	10,220	9,220	9,220	9,220	9,020	61,895
Carried-Forward Federal	672,295	-	-	-	-	-	672,295
Federal Off-Budget	186,393	143,369	116,419	98,734	73,879	77,217	696,011
Federal	263,216	172,516	128,516	108,516	103,516	99,916	876,196
Other Than City Funds Subtotal	**$2,161,933**	**$804,231**	**$811,904**	**$687,537**	**$734,224**	**$655,598**	**$5,855,427**
TOTAL	**$6,087,485**	**$2,282,186**	**$2,126,847**	**$1,848,795**	**$2,066,011**	**$1,796,493**	**$16,207,817**

LITIGATION

Generally, judgments and settlements on claims against the City are payable from the General Fund, except for claims against the Water Department, the Department of Aviation, and PGW, which are paid out of their respective funds or revenues and only secondarily out of the General Fund.

The Act of October 5, 1980, P.L. 693, No. 142, known as the "Political Subdivision Tort Claims Act," (the "Tort Claims Act") established a $500,000 aggregate limitation on damages for injury to a person or property arising from the same cause of action or transaction or occurrence or series of causes of action, transactions or occurrences with respect to governmental units in the Commonwealth such as the City. The constitutionality of that aggregate limitation on damages was upheld by the Pennsylvania Supreme Court in *Zauflik v. Pennsbury School District*, 104 A.3d 1096 (Pa. 2014). Under Pennsylvania Rule of Civil Procedure 238, delay damages are not subject to the $500,000 limitation. The limit on damages is inapplicable to any suit against the City that does not arise under state tort law, such as claims made against the City under federal civil rights laws. The state constitutionality of the limitation on damages is again before the Pennsylvania Supreme Court in *Freilich v. SEPTA* (review granted on March 11, 2024). Legislation to amend the limitation on damages has also been introduced in the Pennsylvania legislature.

General Fund

Table 49 presents the City's aggregate losses from settlements and judgments paid out of the General Fund for Fiscal Years 2021-2024 and the budgeted amount for Fiscal Year 2025.

Table 49
Aggregate Losses – General and Special Litigation Claims (General Fund)
Fiscal Years 2021-2024 (Actual) and 2025 (Budget)
(Amounts in Millions of USD)

	Actual 2021	Actual 2022	Actual 2023	Unaudited Actual 2024	Budget 2025
Aggregate Losses	$47.7	$48.0	$68.9	$56.5	$61.2

Sources: The City, Budget Office, Indemnity Account, Status Reports.

The current estimate of settlements and judgments from the General Fund for Fiscal Year 2025 is $111.2 million. This estimate is based on internal calculations using (i) the "Probable Costs" listed in its Quarterly Litigation Reports, (ii) the 3-year average cost for closed cases, and (iii) current year-to-date spending reports. Current year spending includes payments made for settled cases pursuant to payment plans over multiple years. Such payments are generally made at the start of a Fiscal Year, which can result in the current estimate being skewed higher during the early part of such Fiscal Year.

In budgeting for settlements and judgments in the annual operating budget and projecting settlements and judgments for each five-year plan, the City bases its estimates on past experience and on an analysis of estimated potential liabilities and the timing of outcomes, to the extent a proceeding is sufficiently advanced to permit a projection of the timing of a result. General and special litigation claims are budgeted separately from back-pay awards and similar settlements relating to labor disputes. Usually, some of the costs arising from labor litigation are reported as part of current payroll expenses.

In addition to routine litigation incidental to performance of the City's governmental functions and litigation arising in the ordinary course relating to contract and tort claims and alleged violations of law, certain special litigation matters are currently being litigated and/or appealed and adverse final outcomes of such litigation could have a substantial or long-term adverse effect on the General Fund. These proceedings involve: (i) environmental-related actions and proceedings in which it has been or may be alleged that the City is liable for damages, including but not limited to property damage and bodily injury, or that the City should pay fines or penalties or the costs of response or remediation, because of the alleged generation, transport, or disposal of toxic or otherwise hazardous substances by the City, or the alleged disposal of such substances on or to City-owned property; (ii) contract disputes and other commercial litigation; (iii) union arbitrations and other employment-related litigation; (iv) potential and certified class action suits; and (v) civil rights litigation. The ultimate outcome and fiscal impact, if any, on the General Fund of the claims and proceedings described in this paragraph are not currently predictable.

In August 2024, there was a notable development in one of the City's litigation matters. The case involves a class action arising out of the conditions of confinement at the Philadelphia Department of Prisons ("PDP"). In April 2022, the City entered into a settlement agreement, which was approved by the U.S. District Court for the Eastern District of Pennsylvania and entered as a court order in July 2022. The plaintiffs in this case filed a motion requesting the court find the City in contempt because of its alleged failure to meet the provisions of the settlement agreement. In August 2024, the U.S. District Court issued the contempt order, pursuant to which the City is ordered to spend $25 million, approximately equal to the amount of unspent money from the PDP budget over each of the four years of the litigation, on specific remediation measures at the prisons as set forth in the settlement agreement. The $25 million was paid out of the City's Indemnity Account in October 2024.

For more information on City litigation, see Note IV.8 to the Fiscal Year 2023 ACFR, "Contingencies – Primary Government – Claims and Litigation." In addition, see "REVENUES OF THE CITY – Real Property Taxes" for a discussion of litigation relating to the reassessment of commercial property in tax year 2018.

Water Fund

Various claims have been asserted against the Water Department and in some cases lawsuits have been instituted. Many of these Water Department claims have been reduced to judgment or otherwise settled in a manner requiring payment by the Water Department. Table 50 presents the Water Department's aggregate losses from settlements and judgments paid out of the Water Fund for Fiscal Years 2021-2024 and the budgeted amount for Fiscal Year 2025. The current estimate for Fiscal Year 2025 is $6.5 million. The Water Fund is the first source of payment for any of the claims against the Water Department.

Table 50
Aggregate Losses – General and Special Litigation Claims (Water Fund)
Fiscal Years 2021-2024 (Actual) and 2025 (Budget)
(Amounts in Millions of USD)

	Actual 2021	Actual 2022	Actual 2023	Unaudited Actual 2024	Budget 2025
Aggregate Losses	$2.5	$5.8	$5.9	$6.1	$6.5

Sources: The City, Budget Office, Indemnity Account, Status Reports.

Aviation Fund

Various claims have been asserted against the Department of Aviation and in some cases lawsuits have been instituted. Many of these Department of Aviation claims have been reduced to judgment or otherwise settled in a manner requiring payment by the Department of Aviation. Table 51 presents the Department of Aviation's aggregate losses from settlements and judgments paid out of the Aviation Fund for Fiscal Years 2021-2024 and the budgeted amount for Fiscal Year 2025. The current estimate for Fiscal Year 2025 is $2.5 million. The Aviation Fund is the first source of payment for any of the claims against the Department of Aviation.

Table 51
Aggregate Losses – General and Special Litigation Claims (Aviation Fund)
Fiscal Years 2021-2024 (Actual) and 2025 (Budget)
(Amounts in Millions of USD)

	Actual 2021	Actual 2022	Actual 2023	Unaudited Actual 2024	Budget 2025
Aggregate Losses	$1.2	$1.0	$1.8	$1.1	$2.5

Sources: The City, Budget Office, Indemnity Account, Status Reports.

PGW

Various claims have been asserted against PGW and in some cases lawsuits have been instituted. Many of these PGW claims have been reduced to judgment or otherwise settled in a manner requiring payment by PGW. Table 52 presents PGW's settlements and judgments paid out of PGW revenues, with accompanying reserve information, in PGW Fiscal Years 2019 through 2024. PGW revenues are the first source of payment for any of the claims against PGW. PGW currently estimates approximately $2.8 million and $2.4 million in settlements and judgments for PGW Fiscal Years 2025 and 2026, respectively.

Table 52
Claims and Settlement Activity (PGW)
PGW Fiscal Years 2019-2024
(Amounts in Thousands of USD)

Fiscal Year (ending August 31)	Beginning of Year Reserve	Current Year Claims and Adjustments	Claims Settled	End of Year Reserve	Current Liability Amount (due within one year)
2019	$14,064	($1,582)	($2,922)	$9,560	$3,925
2020	$9,560	$1,973	($2,091)	$9,442	$5,435
2021	$9,442	$2,384	($1,845)	$9,981	$4,584
2022	$9,981	$808	($2,535)	$8,253	$3,917
2023	$8,253	$1,207	($2,671)	$6,789	$3,769
2024[1]	$6,789	$5,285	($3,300)	$8,774	$3,318

Sources: For fiscal years ended August 31, 2019, through August 31, 2023, PGW's audited financial statements.

[1] Unaudited Period – September 1, 2023, through August 31, 2024.

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APPENDIX B

CITY SOCIOECONOMIC INFORMATION

TABLE OF CONTENTS

This APPENDIX B includes historical demographic and socioeconomic information regarding the City of Philadelphia (the "City" or "Philadelphia"), some of which describes periods of time prior to the outbreak of the COVID-19 pandemic in early 2020. The reader is cautioned that this APPENDIX B may not fully reflect the impact of COVID-19 on the City's demographic and socioeconomic conditions. Historical data points included under this caption should be viewed in the proper context. For more information on the City's response to COVID-19 and the related financial impact on the City, see the forepart of this Official Statement and "INTRODUCTION – COVID-19 Response" and APPENDIX A – "OVERVIEW – Fiscal Health of the City – COVID-19."

INTRODUCTION

The City is the sixth largest city in the nation, second largest on the East Coast, and located at the center of the United States' seventh largest metropolitan statistical area. The Philadelphia MSA (further described below) includes a substantial retail sales market, as well as a diverse network of business suppliers and complementary industries. Some of the City's top priorities include growing quality jobs, increasing educational attainment and employment skills among Philadelphians, equitable neighborhood revitalization, promoting Philadelphia as a desirable location for business, and fostering inclusive growth.

According to the U.S. Census data, the City increased its population by 5.2% to 1.593 million residents from 2011 to 2022. While longer-term population growth trends have been positive, single year population estimates have shown modest decreases in City population figures (with a slight decrease to 1.55 million residents estimated for 2023).

Given the City's strategic geographical location, relative affordability, diversified economy, cultural and recreational amenities, and its growing strength in key industries, such as health care, life sciences, and higher education, among others, Philadelphia is well-positioned to attract new businesses and investment over the coming years. For more information on the fiscal strategies of the City and related challenges, see APPENDIX A – "OVERVIEW – Fiscal Health of the City."

Geography

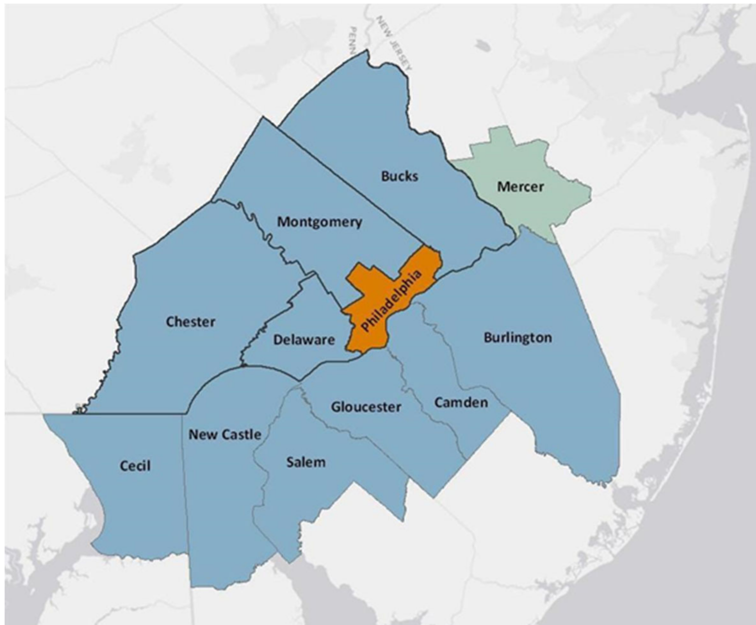
The City has an area of approximately 134 square miles and is located along the southeastern border of the Commonwealth of Pennsylvania (the "Commonwealth"), at the confluence of the Delaware and Schuylkill Rivers. The City, highlighted in orange in Figure 1, lies at the geographical and economic center of the MSA and PMSA (described below). Philadelphia is both the largest city and the only city of the first class in the Commonwealth, and is coterminous with the County of Philadelphia.

Philadelphia Metropolitan Statistical Area (the "MSA"), highlighted in blue in Figure 1, is the eleven-county area named the Philadelphia-Camden-Wilmington metropolitan statistical area, representing an area of over 5,100 square miles with approximately 6.2 million residents.[1]

Philadelphia Primary Metropolitan Statistical Area (the "PMSA"), highlighted with bold black outlines, in Figure 1, is a five-county area within the MSA that lies in the Commonwealth and is sometimes called the Philadelphia Metropolitan Division. The counties of Bucks, Chester, Delaware, and Montgomery are referred to as the Suburban PMSA herein.

[1] Due to its close proximity and impact on the region's economy, Mercer County, New Jersey, highlighted in green in Figure 1, is included in the MSA by many regional agencies, although it is not officially part of the MSA.

Figure 1
Map of Philadelphia Region including the MSA, PMSA, and Mercer County, NJ



Source: 2009 TIGER County Shapefiles

Several key areas across the City have been instrumental to the economic and commercial development of Philadelphia over the past 25 years. In particular, concentrated development has occurred in key commercial districts such as Philadelphia's Historic District, Center City, University City, North Broad Street, Avenue of the Arts, Benjamin Franklin Parkway, and the Navy Yard. Center City is Philadelphia's central business and office region, as well as the strongest employment center within the City, with access to retail, dining, arts and culture, entertainment, and mass transportation services. Opened in 1929, the Benjamin Franklin Parkway (also called the "Parkway" or the "Museum Mile") runs from City Hall to the Philadelphia Museum of Art and serves as a central public space for art, museums, and other tourist attractions. West of Center City is University City – a hub for the health care, life sciences, and higher education sectors. East of Center City is Philadelphia's Historic District in Old City, which remains a major tourist destination year-round. The North Broad Street corridor is the City's main thoroughfare, spanning four miles from City Hall to Germantown Avenue. In South Philadelphia, the Navy Yard is a 1,200-acre former military facility that has been redeveloped into a mixed-use campus with over 150 companies in office, retail, research and development (R&D), life sciences, and industrial/manufacturing sectors. Many industry observers, including the Urban Land Institute, have recognized the Navy Yard as a leading model for repurposing military and industrial assets for a diversified modern economy.

Strategic Location

Philadelphia is at the center of the third largest MSA on the East Coast, and is served by a robust transportation infrastructure, including: the Philadelphia International Airport, Amtrak's Northeast Corridor rail service, major interstate highway access, regional train service provided by Southeastern Pennsylvania Transportation Authority ("SEPTA") and New Jersey's PATCO (as defined herein), and the Port of Philadelphia. Due to the transportation infrastructure centered in the City, Philadelphia is accessible to regional and international markets, and is within a day's drive of 50% of the nation's population. Philadelphia's central location along the East Coast, an hour from New York City and less than two hours from Washington, D.C. by high-speed rail, also allows for convenient access to these significant economic centers.

Population and Demographics

As the sixth largest city in the nation, Philadelphia has seen population growth over the last 15 years. While the City's population reached its nadir in 2006 with 1.45 million residents, the City has increased its population by 5.2% to 1.593 million residents from 2011 to 2022. Longer-term population growth trends have been positive. Recent, single year population estimates have shown modest decreases in City population figures.

Compared to the rest of the region and the state, Philadelphia's population is both younger and more diverse. In 2022, 26% of Philadelphia's population was comprised of "millennials," or those within the 25- to 39-year-old age bracket. This demographic group tends to be better educated than the City's and the nation's adult population as a whole. In 2022, 49.7% of 25- to 34-year-olds in Philadelphia held a bachelor's degree or higher, while only 38.1% of 25- to 34-year-olds in the United States held a bachelor's degree or higher. The City's many universities, diverse employment opportunities, and relative affordability are likely reasons for Philadelphia's large millennial population.

Philadelphia is also a highly diverse city in terms of race and ethnicity. In 2022, 40.1% of the population identified as Black or African American, 37.1% identified as white, 7.6% identified as Asian, and 6.7% identified as some other race. Additionally, 15.7% of the population identified as Hispanic or Latino.

Table 1
Population: City, MSA, Pennsylvania & Nation

	2011	2022	Percent Change 2011 - 2022
Philadelphia	1,514,456	1,593,208	5.2%
Philadelphia-Camden-Wilmington MSA	5,938,918	6,232,894	5.0%
Pennsylvania	12,660,739	12,989,208	2.6%
United States	306,603,772	331,097,593	8.0%

Source: U.S. Census Bureau, Population Estimates, Census 2022, Census 2011

Table 2
Population: Millennials, Non-White, and Foreign-Born

	2013	2020	2022	2-Year Change	Change 2013-2022
Millennials (age 25-39)	23.0%	20.5%	27.0%	6.5%	4.0%
Foreign-Born	12.2%	14.3%	14.6%	0.3%	2.4%
Minority (non-white)	58.5%	60.7%	62.9%	2.2%	4.4%

Source: 2013, 2020, and 2022 American Community Survey, 5-Year Estimates.

Family and Household Income

Table 3 shows median family income, which includes related people living together, and Table 4 shows median household income, which includes unrelated individuals living together, for Philadelphia, the MSA, the Commonwealth and the United States. Over the period 2013-2022, median family income for Philadelphia increased by 50.6% (see Table 3), while median household income increased by 56.3% over the period 2013-2022 as a result of an influx of higher income households (see Table 4).

Table 3
Median Family Income* for Selected Geographical Areas, 2013-2022
(Dollar Amounts in Thousands)

Year	Philadelphia	Philadelphia-Camden-Wilmington MSA	Pennsylvania	United States	Philadelphia as a percentage of the US
2013	$44.60	$78.20	$66.50	$64.00	69.7%
2014	$47.00	$80.60	$67.90	$65.90	71.3%
2015	$49.30	$83.00	$70.20	$68.30	72.2%
2016	$50.30	$84.80	$72.30	$71.10	70.7%
2017	$50.40	$86.20	$72.70	$70.90	71.1%
2018	$55.10	$90.43	$77.49	$76.40	72.1%
2019	$54.78	$94.79	$81.08	$80.94	67.7%
2020	$58.09	$95.37	$81.00	$80.07	72.5%
2021	$61.65	$100.85	$86.14	$85.28	72.3%
2022	$67.17	$108.97	$93.03	$92.64	72.5%
Change 2013-2022	50.6%	39.3%	39.9%	44.8%	

* Includes related people living together.
Source: 2022 American Community Survey 5-Year Estimates.

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Table 4

Median Household Income* for Selected Geographical Areas, 2013-2022

(Dollar Amounts in Thousands)

Year	Philadelphia	Philadelphia-Camden-Wilmington MSA	Pennsylvania	United States	Philadelphia as a percentage of the US
2013	$36.80	$60.50	$52.00	$52.30	70.4%
2014	$39.00	$62.20	$53.20	$53.70	72.6%
2015	$41.20	$65.10	$55.70	$55.80	73.8%
2016	$41.40	$66.00	$56.90	$57.60	71.9%
2017	$41.00	$66.30	$57.00	$57.70	71.1%
2018	$46.12	$70.75	$60.91	$61.94	74.5%
2019	$47.47	$74.53	$63.46	$65.71	72.2%
2020	$49.13	$74.83	$63.63	$64.99	75.6%
2021	$52.65	$79.07	$67.58	$69.02	76.3%
2022	$57.53	$85.55	$73.17	$75.14	76.6%
Change 2013-2022	56.3%	41.4%	40.7%	43.7%	

* Includes unrelated people living together.
Source: 2022 American Community Survey 5-Year Estimates.

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Cost of Living and Affordability

Philadelphia has a lower cost of living compared to other major urban areas in the Northeast, as shown in Table 5 below. For example, approximately $5,845 per month in Philadelphia maintains the same standard of living as $9,100 per month in New York City. Additionally, the City's Wage, Earnings, and Net Profits Tax rates have decreased in recent Fiscal Years. See "REVENUES OF THE CITY – Wages, Earnings, and Net Profits Taxes" in APPENDIX A for this Official Statement.

<u>Table 5</u>

Cost of Living Index, 2023
(Other cities compared to Philadelphia)

Urban Area	Cost of Living Index
Detroit	87.21
Pittsburgh	90.60
Baltimore	96.92
Atlanta	96.92
Philadelphia	**100.00**
Dallas	100.92
Denver	106.32
Chicago	106.47
Austin	107.70
Los Angeles	117.87
Washington, D.C.	118.18
Boston	123.73
Seattle	124.81
San Francisco	148.07
New York- Manhattan	154.08
Average of Listed Locations	**111.99**

Source: Numbeo.com 2023

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ECONOMIC BASE AND EMPLOYMENT

The Philadelphia Economy

The City's economy is composed of diverse industries, with virtually all classes of industrial and commercial businesses represented. The City is a major regional business and personal services center with strengths in insurance, law, finance, health, education, utilities, and the arts. Philadelphia's anchor institutions – including the City's renowned universities, hospitals, and Fortune 500 companies – play an integral role in boosting the City's quality of life and investing in the local economy. The City also provides a destination for entertainment, arts, dining and sports for residents of the suburban counties, as well as for those residents of the counties comprising the MSA plus Mercer County, New Jersey.

As shown in Table 5, the cost of living in the City is relatively moderate and affordable compared to other major metropolitan areas along the East Coast. The City, as the commercial center of an MSA of approximately 6.2 million people, offers its business community access to a large, diverse, and industrious labor pool. As one of the country's education centers, these businesses also enjoy access to a large pool of recent graduates from the institutions of higher education in the MSA.

Key Industries

Table 6 provides location quotients for Philadelphia's most concentrated industry sectors. Location quotients quantify how concentrated a particular industry is in a region as compared to a base reference area, usually the nation. A location quotient greater than 1.00 indicates an industry with a greater share of the local area employment than is the case in the reference area.

As shown in Table 6, compared to the nation, Philadelphia County has higher concentrations in six sectors: 1. Educational Services; 2. Health Care and Social Assistance; 3. Professional and Technical Services; 4. Other Services, Except Public Administration; 5. Management of Companies and Enterprises; and 6. Arts, Entertainment, and Recreation.[2] Of these six sectors, the City has a higher concentration of employment than the Commonwealth in three sectors: Educational Services; Health Care and Social Assistance; Professional and Technical Services.

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[2] The Bureau of Labor Statistics ("BLS") defines the "Other Services" (except Public Administration) sector as establishments engaged in providing services not specifically provided for elsewhere in the BLS classification system, such as equipment and machinery repairing, promoting or administering religious activities, grant making, advocacy, providing dry cleaning and laundry services, personal care services, death care services, pet care services, photofinishing services, temporary parking services, and dating services.

Table 6
Ratio of Philadelphia County and Pennsylvania Industry Concentrations Compared to the United States

Industry	Philadelphia County to the US	Pennsylvania to the US
Educational Services	4.03	1.52
Health Care and Social Assistance	1.87	1.29
Professional and Technical Services	1.22	0.94
Other Services, Except Public Administration	1.14	1.14
Management of Companies and Enterprises	1.13	1.48
Arts, Entertainment, and Recreation	1.12	1.12
Finance and Insurance	0.94	1.11
Transportation and Warehousing	0.80	1.18

Source: Bureau of Labor Statistics - June 2023 Employment Location Quotient, Quarterly Census of Employment and Wages

The concentration of Educational Services not only provides stable support to the local economy, but also generates a steady and educated workforce, fueling the City's professional services and healthcare industries. Data from the Bureau of Labor Statistics show that in 2023, the Education and Health Services; Professional and Business Services; and Trade, Transportation and Utilities sectors collectively represented 54.9% of total employment in the City for the year. From 2014 to 2023, Philadelphia gained 171,700 private sector jobs.

Educational Institutions

The Philadelphia region has one of the largest concentrations of undergraduate and graduate students on the East Coast, with approximately 100 degree-granting institutions. Included among these institutions are the University of Pennsylvania, Temple University, Drexel University, St. Joseph's University, LaSalle University, and the Community College of Philadelphia. Within a short drive from the city center are schools that include Princeton University, Villanova University, Bryn Mawr College, Haverford College, Swarthmore College, Lincoln University, and the Camden Campus of Rutgers University.

University of Pennsylvania ("Penn"). Founded in 1740, Penn is the first university in the United States and a prominent Ivy League institution located in West Philadelphia. Combined with its health system, Penn is the largest private sector employer in Philadelphia. Penn is also consistently one of the largest annual recipients of funding from the National Institutes of Health (NIH).

Penn has undergone a significant expansion in the last decade. In 2016, Penn opened Pennovation Works, a 55,000 square foot business incubator and laboratory that houses researchers, innovators, and entrepreneurs for the commercialization of research discoveries. In 2022, Penn selected Longfellow Real Estate Partners, the nation's largest private developer of life sciences buildings, to lead construction worth $365 million for three new buildings covering 484,000 square feet. The new life sciences facility will be segmented into 387,000 square feet of research and development space and 68,000 square feet of biomanufacturing space, with rooftop terraces offering views of Philadelphia's skyline. The main complex will have two adjoining six-story buildings with flexible lab and office space for tenants. The facilities are the latest piece of the university's master plan for Pennovation Works, which saw the completion of the Inventor Office Building in 2018 and Pennovation Lab in 2021.

Currently, Penn has $1.3 billion in construction underway and $440 million more in the pipeline. The projects under construction include $772 million of new development, $388 million of reinvestment and renovations, and $133 million in projects underway by third-party developers. Projects include a $36 million expansion for the Graduate School of Education, a new $173 million Vagelos Laboratory for Energy Science and Technology, $69 million for a new Ott Center for Track and Field, $363 million to add seven floors to the Perelman School of Medicine.

Drexel University ("Drexel"). Founded in 1891, Drexel is one of Philadelphia's largest employers, and a major engine for economic development in the region. Drexel is known for its technical innovation and civic engagement. Drexel is unique in that it provides its students with a co-op work experience every six months throughout the four-year college experience. Over the last decade, Drexel has undergone significant expansion and has major plans for future development. Most recently in 2022, Drexel opened a new 460,000-square-foot, 12-story building that will bring together the College of Nursing and Health Professions, College of Medicine, and Graduate School of Biomedical Sciences and Professional Studies in University City, enhancing collaboration, research, and practice opportunities.

Temple University ("Temple"). Founded in 1884, Temple has undergone a significant transformation over the past three decades from a university with a mostly commuter-based enrollment to one in which on and near-campus housing is now in high demand. As the largest university and fourth largest employer in Philadelphia, Temple features 17 schools and colleges, nine campuses, and hundreds of degree programs. Temple continues to implement key elements of "Visualize Temple," the university's master plan by renovating its current buildings, adding new amenities, and new constructions. In 2019, Temple opened the new Charles Library, a four-story, 225,000-square-foot facility on main campus. In 2023, Temple broke ground on a 160,000-square-foot expansion and 150,000-square-foot renovation of Paley Hall. Formerly known as Paley Library, the building will become the new home of Temple's College of Public Health (CPH) upon completion. The project is budgeted at almost $130 million. In March 2024, Temple opened the Innovation Nest, which provides office, work, and collaboration spaces for start-up businesses.

Thomas Jefferson University ("Jefferson"). In 2017, Thomas Jefferson University and Philadelphia University merged to create the fourth largest university in the City. With this merger, Jefferson creates a national comprehensive university designed to deliver high-impact education and value for students in medicine, science, architecture, design, fashion, textiles, health, business, engineering, and other disciplines. In addition to ten colleges and three schools from both universities, the formation of the Philadelphia University Honors Institute and the Philadelphia University Design Institute are key components of the combined university's educational ecosystem. Jefferson has campuses in the Center City and the East Falls neighborhood of Philadelphia, Montgomery County, Bucks County, and Atlantic County, New Jersey.

Community College of Philadelphia ("CCP" or the "College"). Founded in 1964, CCP serves over 19,000 students in Associate's degree and certificate programs. The College operates four campuses: its main Campus in Center City Philadelphia and three regional campuses in West Philadelphia, Northeast Philadelphia, and Northwest Philadelphia. The College offers a total of more than 100 Associate degrees, academic and proficiency certificates, and workforce programs. The College has several transfer agreements and partnerships with other higher education institutions, which assist students who seek a seamless transition to a bachelor's degree program.

In August 2022, the College opened a new $40 million Advanced Technology Center in West Philadelphia to offer short-term certificate and associate degree programs in the Automotive, Advanced Manufacturing, Health Care, and Transportation Technology fields. It will also serve as a hub supporting the region's small businesses and as a resource connecting the community to technology-rich spaces. The

College is one of 30 community colleges in the nation to undertake a new Career Pathways model under which it has expanded its dual enrollment programs, including establishing the first Middle College in the Commonwealth, with the School District of Philadelphia. Upon completion of high school, enrolled students will receive both a high school degree and an Associate's degree. In 2021, the College launched the Octavius Catto Scholarship (the "Catto Scholarship"), which is a new anti-poverty initiative funded by the City of Philadelphia designed to make education available to students by providing funding and support for tuition and fees, costs associated with books, food, transportation, benefits, childcare, and housing. The Catto Scholarship is available to Philadelphia residents who also meet income eligibility.

Saint Joseph's University ("St. Joe's"). Saint Joseph's University (also called St. Joe's) was established in 1821. It is a private Jesuit university in Philadelphia and Lower Merion, Pennsylvania. In 2022, it merged with the University of the Sciences ("USciences") another well-established Philadelphia college with an emphasis on science oriented higher education. USciences was originally founded as the Philadelphia College of Pharmacy in 1821. The combined school is now the fifth largest university in Philadelphia and will serve over 9,000 students between two campuses. With the acquisition of additional academic programs, St. Joe's now offers hundreds of programs to undergraduate, graduate, and adult learners. The merger allows St. Joe's to add former USciences programs in areas such as pharmacy, neuroscience, and occupational therapy, in addition to established business and education offerings.

Hospitals and Medical Centers

The City is a center for health, education, research, and science facilities with the nation's largest concentration of healthcare resources within a 100-mile radius. Philadelphia is home to several world-class medical systems and the first FDA-approved cell and gene therapies. There are presently more than 30 hospitals, five medical schools, two dental schools, two pharmacy schools, as well as schools of optometry, podiatry, and veterinary medicine located in the City. The City is one of the largest health care and health care education centers in the world, and several of the nation's largest pharmaceutical companies are located in the Philadelphia area. Major research facilities are also located in the City, including those located at its universities and medical schools: Children's Hospital of Philadelphia ("CHOP"), the Hospital of the University of Pennsylvania, The Wistar Institute, the Fox Chase Cancer Center, and the University City Science Center. Philadelphia is home to two of the nation's 71 National Cancer Institute ("NCI")-designated Comprehensive Cancer Centers: the Abramson Cancer Center at the University of Pennsylvania and Fox Chase Cancer Center, which is part of the Temple University Health System. Additionally, Philadelphia is also home to two NCI-designated Cancer Centers: Kimmel Cancer Center and The Wistar Institute Cancer Center.

Penn Medicine University of Pennsylvania Health System ("Penn Medicine"). Penn Medicine includes Pennsylvania Hospital, the nation's first hospital and the nation's first medical school, the University of Pennsylvania School of Medicine. In addition, the Hospital of the University of Pennsylvania was established in 1874 as the nation's first teaching hospital. Penn Medicine's hospitals are consistently ranked among the top ten hospitals in the country with the combined University of Pennsylvania and Penn Presbyterian Medical Center among the top-ranked in the region by *U.S. News and World Report*. In 2021, Penn Medicine completed construction on a new 1.5 million square foot Patient Pavilion, one of the largest hospital projects in the nation and the largest capital project in Penn's history. Combined, the University of Pennsylvania and its health system is the largest private sector employer in Philadelphia. Recently, Penn Medicine entered into a non-binding letter of intent with Doylestown Hospital in Bucks County in the first quarter of 2024 to pursue an integration of Doylestown Hospital as part of Penn Medicine

Children's Hospital of Philadelphia Expansion ("CHOP"). CHOP is the oldest children's hospital in the nation and one of the largest in the world. Beyond its pediatric medical care, it is known for its research and innovative medical breakthroughs. Over the past two decades, CHOP has invested billions in its expansion in Philadelphia. In late 2022, CHOP opened a new Center for Advanced Behavioral Healthcare in West Philadelphia, with 47,000 square feet dedicated to patient care, including consultation rooms, group therapy rooms, and calming areas.

Temple University Health System (“TUS”). Temple Health comprises the health, education and research activities carried out by the affiliates of Temple University Health System and the Lewis Katz School of Medicine at Temple University. TUS is one of the region’s most respected academic medical centers. The 732-bed Philadelphia hospital is also the chief clinical training site for the Lewis Katz School of Medicine at Temple University. TUS is regularly ranked among the “Best Regional Hospitals” in various specialties by *U.S. News & World Report* regional rankings. A $30 million project to turn the former Cancer Treatment Center of America’s Philadelphia campus into the Women & Families campus was completed in the spring of 2023.

Thomas Jefferson University and Jefferson Health (“TJUH”). TJUH is consistently at the top of the list of hospitals in Pennsylvania and the Philadelphia metro area in *U.S. News & World Report*’s annual listing of the best hospitals and specialties. Jefferson Health has recently participated in several significant mergers, integrating Magee Hospital, Kennedy Health System (located in New Jersey), the Aria Health system, and Abington Hospital into its system. In 2017, Thomas Jefferson University acquired Philadelphia University and is now the ninth largest educational institution in Philadelphia. In 2021, Einstein Healthcare Network merged with Thomas Jefferson University, creating an integrated 18-hospital health system. Einstein Healthcare Network’s facilities and outpatient centers have been in existence for over 150 years.

In August 2024, TJUH and Lehigh Valley Health Network merged. The combined system is now among the top 15 not-for-profit health systems in the U.S. with 32 hospitals, more than 700 sites of care, and approximately 65,000 employees, along with a health plan and further clinical research programs.

Life Sciences

The City has capitalized on the region’s assets to become a leader in life science research and development generated by the City’s healthcare and educational institutions. The Greater Philadelphia region is recognized worldwide as a leader in cell therapy, gene therapy, and gene editing. More than 50 cell and gene therapy development firms have been established in the Philadelphia region and investment is at an all-time high. Approximately 80% of all pharmaceutical and biotech companies in the U.S. have offices in Greater Philadelphia. The City has over 2,000 medical technology companies and numerous research labs. In 2022, Philadelphia received over $1.2 billion in NIH funding.

Several sites now foster life science incubator facilities, including the Cambridge Innovation Center (CIC); Biolabs in the Curtis Center; B+ Labs in the Cira Center; University of Pennsylvania’s Pennovation Works; and Temple University’s Innovation Nest (I-Nest). Developers at Wexford and Brandywine Realty Trust have several million square feet of laboratory space in various stages of development in Philadelphia. Other developers, such as Gattuso Development Partners, are actively developing research facilities including 500,000 square feet of laboratory space at 3201 Cuthbert Street.

Over the last few years, there has been a significant geographic shift in laboratory development. Prior to 2020, lab space was almost exclusively relegated to University City and the Navy Yard. Presently, there are completed and planned developments in the Gray’s Ferry, Allegheny West, Kensington, and South Philadelphia neighborhoods. Significant developments are also planned in the traditional Navy Yard and University City hubs, including 40 acres of the Lower Schuylkill Biotech

Campus. These developments accommodate all stages of life science company growth. With several million square feet of lab space in development and an approximate vacancy rate of 14% (compared to 1.4% in 2019), there is tremendous room for continued growth.

Technology and Innovation

With over 5,100 tech businesses, Philadelphia's Tech and Innovation industry is growing and evolving in the post pandemic world. From 2020-2021, the City's share of the nation's startups rose 1.7% according to the Brooking Institute. The City is poised to continue to expand its share of both startups and maturing tech firms as companies search for more affordable locales. Philadelphia's tech ecosystem will continue to benefit from the diffusion of firms in known traditional tech hubs. In addition to growing attraction efforts, Philadelphia's "eds and meds" along with media communications companies like Comcast/ NBC Universal have created sizable opportunities for investment in technology, robotics, and automation startups.

The traditional technology industry was once centered in the Old City section of Philadelphia. However, as the industry continues to evolve, co-working and lab spaces housing emerging tech startups have gone through a geographic shift. Biotech and robotics companies such as Ghost Robotics are more likely to be found in University City, on North Broad Street, or Spring Garden sections of the City.

The City's Most Diverse Tech Hub paired with The Enterprise Center's Innovate Capital, Benjamin Franklin Technology Partners, Comcast Lift Labs, Philly Startup Leaders, Coded by Kid's 1Philadelphia, and Venture Café, encourage growth and investment across the tech ecosystem. The Most Diverse Tech Hub manages a fund of $750,000 to support tech pipelines. Innovate Capital is growing an equity fund valued at $19 million to encourage participation by black, indigenous, and people of color (BIPOC) in the industry.

Hospitality and Leisure

Prior to the pandemic, the hospitality and leisure sector historically demonstrated consistent growth, setting a record-high for room revenue generated for lodging in 2019 until contracting in 2020. The City is regularly listed as a top domestic and international destination in tourism publications and was one of only three U.S. destinations to make Condé Nast Traveler's 2021 Gold List. Tourism Economics projects that it will take until 2023-2024 for Philadelphia's tourism and hospitality sector to fully rebound. In fact, Visit Philadelphia and the Philadelphia Convention and Visitors Bureau (PHLCVB) hosted the Philadelphia 2024 Tourism Outlook. During this event, it was announced that nearly 43 million people visited the 5-County Philadelphia region in 2023, a 6% increase over 2022. Those visitors spent $7.6 billion in the greater Philadelphia market, and as those funds cycled through the regional economy, they generated an economic impact of $12.4 billion. Across all tourism industry Key Performance Indicators (KPIs), year-over-year gains were achieved showing continued post-pandemic recovery, either meeting or beating 2019 benchmarks in all categories except visitation.

Philadelphia has seen an influx in hotel development in recent years, with numerous new developments recently completed and underway, including the Four Seasons, Pod Philly, LIVE Hotel & Casino, Element Hotel, Hyatt Centric, W Hotel, Guild House, and Delta Hotel. These hotels added 777 rooms and bringing the total downtown room inventory to 13,375. Additional projects are under construction, including Mainstay Suites/Ascend Hotel Collection and Comfort Inn. Proposed downtown hotels include AC Hotel by Marriott and Blue Ivy Hotel. Three downtown hotels – Rittenhouse Hotel, Four Seasons Philadelphia at the Comcast Center, and Kimpton Hotel Monaco – are rated by U.S. News and World Report as among the best in the nation.

Looking at recent statistics for the County of Philadelphia, all key metrics show growth in the hotel industry. Hotels reached 62.3% occupancy in 2023, a 7.0% increase over 2022. Average daily rate was $202.05, a 2.0% increase over 2022. Revenue per available room was $125.95, a 9.0% increase over 2022. Hotel supply was 6.8 million room nights available, a 2.0% increase over 2022. Hotel demand was 4.25 million room nights sold, a 9.0% increase over 2022. Hotel revenue was $859 million, an 11% increase over 2022. Hotel supply and average daily rate both surpassed 2019 levels.

In recent years, Philadelphia's global tourism has also had a strong recovery with more visitors choosing to travel to the City from overseas. The top overseas markets for Philadelphia were United Kingdom, India, Germany, France, and Ireland.

Visitation to Philadelphia (and the greater metropolitan area) is projected to exceed prior levels as the City commemorates the nation's 250th birthday in 2026. The City has recently hosted, or will host, several major sporting events, including six NCAA Championships, WrestleMania 40, the PGA Championship, and Major League Baseball All-Star Game. In 2022, Philadelphia was named one of 11 cities chosen to host the 2026 FIFA World Cup, an event expected to bring thousands of soccer fans and hundreds of millions of dollars in spending to the region. Philadelphia has also been a regular host of medical conferences and the Army-Navy Game, which will return in 2027.

Creative Economy

The Creative Economy is one of the most dynamic areas of economic development. The sector stimulates innovation and promotes Philadelphia cultural diversity. The creative sector includes the people and the products that make up the for-profit and nonprofit arts-related creative industries, such as visual and performing arts, graphic design, music, fashion, public relations, and architecture.

The Arts, Culture, and Creative Economy's impact is profound, generating a total of $4.1 billion in total economic impact, 55,000 full-time equivalent jobs, $1.3 billion in household income, and $224.3 million in state and local taxes. Annual visitors who attend craft events in the City spend approximately $10.2 million. According to Forbes, the fashion and garment industry is a growing market with a global valuation of over $2 trillion dollars annually. The Philadelphia Fashion Week attracts over 10,000 industry leaders and consumers to the City.

Looking forward, Philadelphia is well-positioned as a national leader in the craft and maker sector. The City has a wide array of craft organizations, maker spaces, cultural non-profits, and art schools. It is home to some of the nation's leading gallerists, artists, and collectors of craft. Furthermore, in 2024, the Mayor added a cabinet position, the Director of Arts and Culture, which is expected to focus on the creative sector of the economy in the City, among other artistic and cultural endeavors.

Manufacturing

The manufacturing industry has been a major contributor to Philadelphia's economy, particularly after the COVID-19 pandemic. Philadelphia's strategic location, skilled workforce, and diverse manufacturing base in various fields such as chemicals, pharmaceuticals, food and beverage, machinery, eCommerce, transportation equipment, 3D printing, and artisanal manufacturing have made it a hub for manufacturing and production. The industry has been a significant driver of job creation, innovation, and economic growth, providing employment to thousands of workers in the City and contributing significantly to the City's tax base. Additionally, Philadelphia's industrial research and development centers have been at the forefront of innovation and technological advancements in various fields, such as biotechnology, energy, and materials science. Overall, manufacturing remains a crucial industry for the growth and prosperity of Philadelphia's economy.

Principal Private Sector Employers in the City

Table 7 lists the 20 largest private employers that are based in Philadelphia. Penn and Thomas Jefferson University and Jefferson Health top this list.

Table 7
Largest Private Employers Based in Philadelphia
Ranked by Number of Local Employees, 2023

Employer	Local Employees
University of Pennsylvania and Health System	51,309
Thomas Jefferson University and Jefferson Health	42,000
Children's Hospital of Philadelphia	29,103
Temple University Health System	18,991
Comcast Corp	16,264
Independence Health Group	8,642
Drexel University	5,177
Wells Fargo Bank	4,593
Deloitte	2,175
Ernst & Young LLP	1,610
KPMG	1,362
Rivers Casino	1,125
AON	1,100
Burns' Family Neighborhood Markets	997
American Heritage Credit Union	720
Fox Rothschild LLP	694
Cozen O'Connor	673
Duane Morris LLP	661
Pennoni	652
Aecom	648
Total	**188,496**

Source: Philadelphia Business Journal, 2021 Book of Lists (Revised in November 2023)

Office Market

In the fourth quarter of 2023, most commercial leasing activity followed common patterns, including renewals or moves to higher-quality spaces, impacting certain properties positively while increasing vacancies in other properties. There were no major deals that significantly changed occupancy rates in specific buildings. However, there is noticeable investment in the Central Business District ("CBD"), with construction projects, new residential openings, and restaurant announcements. Economic indicators, like foot traffic, are showing positive trends. The CBD has 438,000 square feet under construction according to Jones Lang LaSalle's ("JLL") statistics for the fourth quarter of 2023.

The average direct asking rental rates in the City's CBD rose to $34.09 per square foot in the fourth quarter of 2023, with a vacancy rate of 19.1%.

Table 8 shows comparative overall fourth quarter 2022 office vacancy rates for selected office markets.

<u>Table 8</u>

Total Office Vacancy Rates of Selected Office Markets

Fourth Quarter 2022

Market	**Vacancy Rate**
Houston	25.7%
San Francisco	25.1%
Dallas	24.6%
Phoenix	23.1%
Los Angeles	22.5%
Chicago	22.5%
Atlanta	21.4%
Washington, DC	20.7%
United States CBD, All Markets	19.6%
Detroit	19.2%
Charlotte	18.9%
San Antonio	18.8%
Philadelphia	**18.5%**
Boston	18.1%
Austin	18.1%
Baltimore	18.0%
Seattle	16.7%
Cleveland	16.0%
New York	15.9%
San Diego	12.1%

Source: JLL, National CBD Data, Fourth Quarter 2022

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Major Projects

Over the last two decades, the City's economic development agencies and others have spurred significant economic revitalization throughout the City. In particular, a number of geographic areas have experienced concentrated developments: Center City, University City, Philadelphia's Historic District, Avenue of the Arts, North Broad Street, the Navy Yard, and the Benjamin Franklin Parkway. Many of these developments, such as a significant increase to Philadelphia's hotel room inventory in Center City and expansion of the Pennsylvania Convention Center, have been key to the growth of Philadelphia's leisure and hospitality sector. Several key areas within the City have been instrumental in the economic and commercial development of Philadelphia over the past 25 years.

Taking advantage of the City's major waterways, the Schuylkill and the Delaware Rivers, the City is redeveloping its waterfronts to accommodate a variety of developments, including mixed-use projects, housing, parks, recreational trails, and hotels. These projects improve quality of life for residents and enhance the visitor experience. In addition, they serve as the impetus for environmental remediation, job creation and private development of former industrial properties within the City.

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Table 9
Projects Under Construction in the Key Commercial Districts

Project Name, by Neighborhood	Project Type	Cost in Millions	Est. Completion Date
CENTER CITY			
Jefferson Health Specialty Care Pavilion (1100 Chestnut Street)	Medical	$762	2024
204 S. 12th Street	Residential	$180	2024
123 S. 12th Street	Residential	$225	2024
Toll Brothers Apartments (Broad & Noble St)	Residential	$150	2024
1001 South Broad Street	Retail/Residential	$500	2024
OLD CITY			
I-95 Overcap Park (Penn's Landing)	Public	$329	2026
702 Samson St	Retail/Residential	$100	2027
OTHER NEIGHBORHOODS			
650 Fairmount Avenue	Retail/Residential	$100	2025
200 Spring Garden	Retail/Residential	$76	2024
300 N. Christopher Columbus Ave	Retail/Residential	$200	2024
Festival Pier (501 N. Christopher Columbus)	Retail/Residential	$250	2024
418 Spring Garden Street	Retail/Residential	$200	2024
1130 N Delaware Avenue	Residential	$55	2024
1001 S Broad Street	Mixed	$306	2024 (First building) 2026 (Fully completed)
918-80 N Delaware Avenue	Mixed	$30	2024
Reading Viaduct Expansion	Public	$30	2025
1000 Spring Garden Avenue	Mixed	$225	2024
817-21 N 3rd Street	Mixed	$105	2024
1705-41 N American Street (The Luxe Fishtown)	Residential	$15	2024
1518-28 N Broad Street (Legacy on Broad)	Mixed	$20	2027
UNIVERSITY CITY			
3151 Market St (Schuylkill Yards)	Office/Medical	$3,500	2024
CHOP Schuylkill Ave Expansion (Phase 2)	Medical	$600	2024
TOTAL		**$7,958**	

Source: Philadelphia Department of Planning and Development.

Housing

Philadelphia's housing market has undergone a significant revitalization over the last two decades. The period between the 2000 and 2010 censuses was the first wherein Philadelphia experienced a net population increase since 1940 to 1950, due both to rapid growth in the number of higher income households in these core neighborhoods and to a significant influx in the foreign-born population in more peripheral neighborhoods of the City.

The City's population growth has driven significant new construction and investment in many of its neighborhoods resulting in increases in the value of the City's housing stock. Most housing indicators for Philadelphia indicate an upward outlook, in terms of prices and construction, for the near future. Nevertheless, the City continues to face significant challenges caused by the persistent problems of poverty, crime, underperforming schools, and lack of employment opportunities in some sectors.

The total housing stock, measured by the number of units, increased by 13.5% from 2012-2022, for a total of 757,656 in 2022.[3] This increase of 89,410 units is the result of a net increase of 48,832

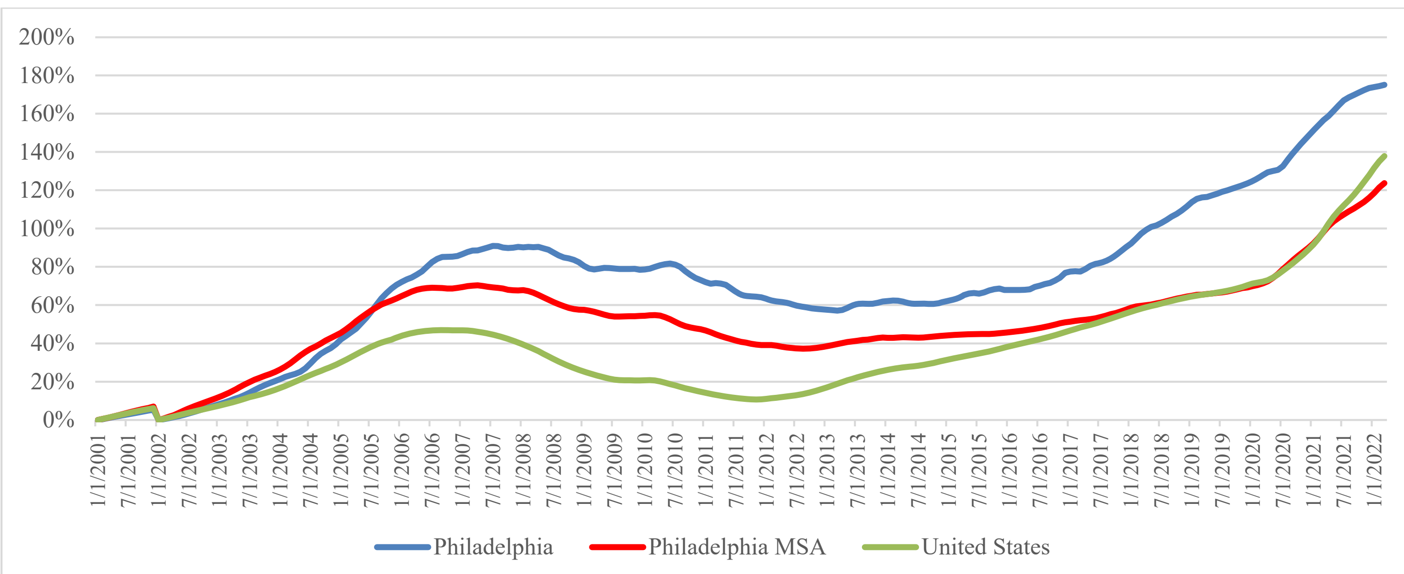
[3] US Census Bureau, American Communities Survey, 1-Year Survey

multifamily units, 38,999 single-family homes, and 1,578 "other" units (such as mobile homes and boats). The homeownership rate in the City in 2022 was 50.8%, which represents a decline from 52.2% in 2012.[3] Accordingly, properties in the City have continued to command higher rents, with the median monthly rent in April 2024 equal to $1,788, representing a 21.0% increase over the prior five-year period.[4]

Home Prices

As shown in the chart below, after eight years of moderate house price deflation following the peak of the 2007 recession, Philadelphia's housing market began posting rapid increases in prices, citywide, starting in 2013. In late 2017, home values in Philadelphia recovered to their pre-recession peak and have continued to climb to 43% above that peak as of March 2022. The following chart uses the Home Value Index to chart changes in home values in Philadelphia, the Philadelphia region, and the U.S. as a whole over the 20-year period from January 2001 through March 2022.[5]

Percent Change in Median Nominal Home Value (Zillow Home Value Index), 2001-2021



Source: Zillow Research, ZHVI Time Series

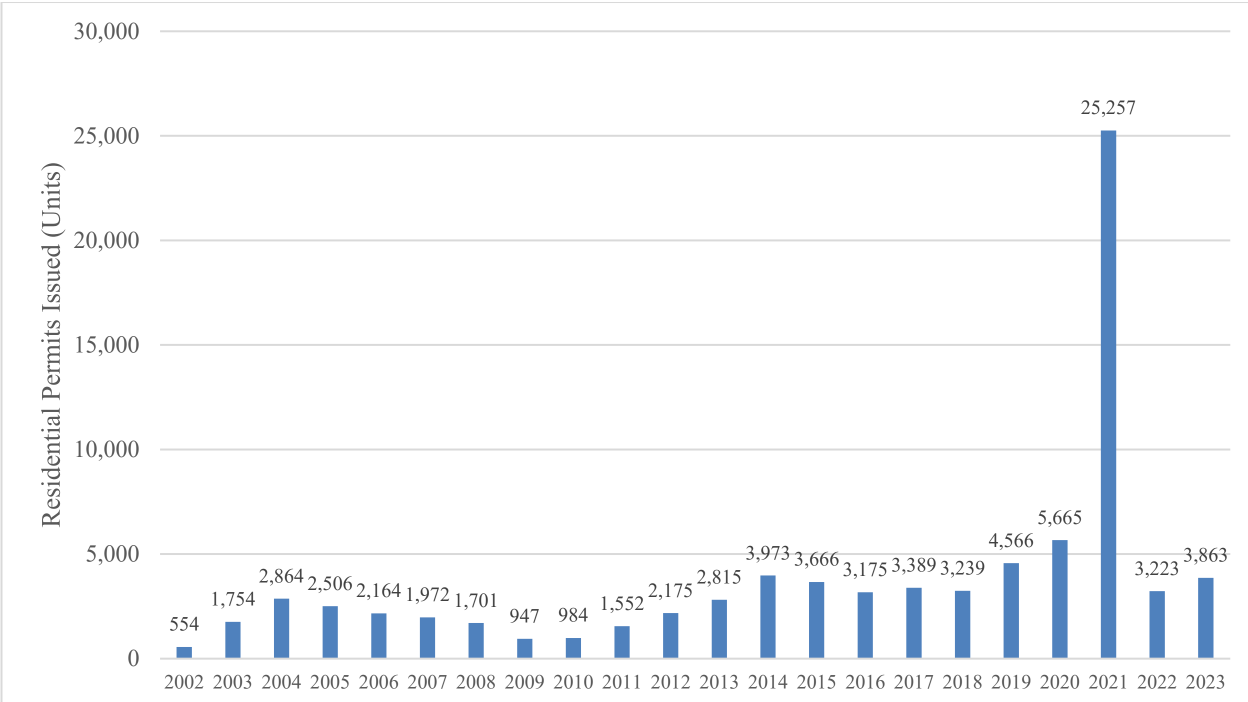
Over this entire period, Philadelphia's median home prices have been lower than that of the region or the country as a whole. However, because the rate of growth in the City's home values matched or outpaced these comparison regions and the housing market in Philadelphia retained a much greater share of its pre-recession gains, it has significantly closed that gap. Whereas the median home value in Philadelphia was 56% that of the US in 2002, it was 71% of the national average by 2021.

Home Construction

Home building activity in Philadelphia has also made significant progress since hitting its recessionary low in 2009. The following chart shows the number of newly constructed units being added to Philadelphia's housing stock, as represented by the number of building permits issued for such units, from 2002 through 2023.

[4] Zillow Research, ZORI Time Series
[5] Zillow Research, ZHVI Time Series

Building Permits Issued in Philadelphia, New Construction Only (Number of Units), 2002-2023



Source: US Census, Building Permits Survey

The number of building permits for new residential units issued significantly increased in 2021, with a 361% increase over the previous calendar year. The large increase coincided with changes to the City's 10-year tax abatement, which had been set to expire at the end of 2020, to be replaced by a modified version. The original abatement was extended by a year because of the pandemic. The City's new tax-abatement program went into effect in January 2022. For more information on the new tax-abatement program, see APPENDIX A – "REVENUES OF THE CITY – Real Property Taxes."

Historically, construction of new housing units in Philadelphia was low by both absolute and relative measures, averaging only 507 units per year in the decade from 1990 through 1999. However, since 2003, permits for new construction have not been for less than 947 units in any single year, including during the nadir of the 2007 recession. Notably, these data do not include additions or substantial alterations to existing buildings, which together account for nearly a third of all new housing units in Philadelphia.

Despite rising income levels and the relative affordability of home prices in Philadelphia, the City seeks to address housing inequities that can be exacerbated by a strong real estate market. To further increase the supply of affordable housing, the City launched the Neighborhood Preservation Initiative ("NPI") in 2021. NPI supports the production and preservation of affordable housing units, home repair and tangled title programs, eviction diversion services, and other innovative programs relating to neighborhood and small business corridor investments. In October 2021 and May 2023, the Philadelphia Redevelopment Authority ("PRA") issued \$98,560,000 and \$99,455,000 in City Service Agreement Revenue Bonds, respectively, to finance certain costs of the NPI program. Data on all NPI funded programs, including funds expended by program and households served, is available on the City's website through the NPI dashboard, which is updated quarterly. NPI funds leverage federal and state Low Income Housing Tax Credit projects and local, long term funding through the Housing Trust Fund.

Additionally, the City used its American Rescue Plan Act of 2021 funding to operate rental assistance programs during the COVID-19 pandemic. Along with multiple rounds of funding from both the Commonwealth and federal direct allocation, the City released over $299 million in over 46,000 payments to landlords and tenants to secure their housing needs. Data on this program is also available on the City's website through the PHLRentAssist dashboard, which shows rental and utility assistance for residents affected by COVID-19 and funds dispersed and the households served.

TALENT AND HUMAN CAPITAL

Workforce Development

Higher Education

According to Campus Philly, over the last twenty years, the young adult population in Greater Philadelphia has experienced significant growth, surpassing national demographic trends and driving overall population expansion in the region. Notably, the increase in young adults with bachelor's degrees in Philadelphia has outpaced similar growth in comparable peer cities. This trend reflects the effectiveness of Greater Philadelphia's colleges and universities. The City retains 50% of the graduates of local colleges and universities. In 2022, 32.5% of Philadelphia's population age 25+ had an Associate Degree or higher. Because the Philadelphia region has one of the largest concentrations of students and degree-granting institutions, the City consistently produces an abundant workforce of highly qualified workers for tech and life science companies.

In 2022, Philadelphia exceeded many selected peer cities in its share of students who are enrolled in an undergraduate, graduate or professional education program. Selected peer cities (as shown in Table 10) reflect characteristics consistent with Philadelphia, such as geography, socio-economic statistics, industrial legacies, or port facilities.

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Table 10

2022 Total Number of Students - Percent of Total Population of Selected Cities, Ranked by Total Number of Students Enrolled in Higher Education

	Total Number of Students Enrolled in School (all years)	Total Number of Students Enrolled in Higher Education	Percent of All Students Enrolled in Higher Education	Percent of Total Population Enrolled in Higher Education
United States	**80,425,705**	**21,985,950**	27.3%	**6.9%**
Los Angeles, CA	934,487	324,054	34.7%	8.6%
Chicago, IL	632,447	204,284	32.3%	7.8%
Houston, TX	579,933	155,383	26.8%	7.1%
San Diego, CA	346,859	141,150	40.7%	10.5%
Philadelphia, PA	**397,505**	**132,204**	**33.3%**	**8.6%**
San Antonio, TX	379,156	103,402	27.3%	7.4%
Boston, MA	183,215	100,326	54.8%	15.5%
Phoenix, AZ	398,394	95,939	24.1%	6.2%
Washington, D.C.	156,326	58,937	37.7%	9.1%
Baltimore, MD	141,438	51,798	36.6%	9.2%
Milwaukee, WI	159,144	43,425	27.3%	7.9%
Memphis, TN	151,808	36,419	24.0%	6.0%
Detroit, MI	152,587	33,355	21.9%	5.5%
Cleveland, OH	87,096	24,379	28.0%	6.8%

Source: 2022 American Community Survey, 5-Year Estimates.

Workforce Professionals Alliance ("WPA")

The WPA is a partnership of 30+ (and counting) workforce development organizations committed to increasing access to career readiness programs for Philadelphians. The WPA works to connect, advocate, and drive the impact of workforce development services in Philadelphia. The WPA works collaboratively amongst its members and City government to lead strategy and vision for how partners can work together to bridge programs, industries and respond to the demands of employers and residents. WPA member organizations are used as a first point of contact to connect employers that are looking for talent in the region to hire directly from the workforce ecosystem.

Fair Chance Hiring Initiative ("FCHI")

FCHI supports local businesses by referring Philadelphia job seekers returning from incarceration as well as those that are on probation or parole for open positions and providing financial incentives to businesses in the form of wage reimbursements and employment retention grants. About 300,000 Philadelphians have had contact with the criminal justice system. Integrating these individuals into the workforce is a priority. This program was introduced as an alternative to the Philadelphia Re-Entry Program (PREP) Tax Credit. Since the program's inception in 2017, FCHI has distributed over $69,000 in grant money to residents, and over $400,000 to FCHI small business employers.

PHL Taking Care of Business Clean Corridors Program ("TCB")

TCB is a $10 million program that funds community-based nonprofits to sweep sidewalks and remove litter across low-moderate income neighborhood commercial corridors. PHL TCB invests in people and small businesses by creating employment opportunities for residents and keeping Philadelphia's neighborhood commercial corridors clean. TCB cleaning is carried out by small crews of uniformed Cleaning Ambassadors. TCB currently funds 39 organizations to clean 116 total commercial corridors, employing approximately 240 Cleaning Ambassadors.

Participating organizations are encouraged to hire neighborhood residents, including formerly incarcerated individuals. Cleaning Ambassadors earn a minimum of $15.71 per hour and are offered paid workforce training opportunities to equip them to perform their jobs and help them advance in their careers. Trainings include an OHSA 10 certification course for basic workplace safety, as well as digital literacy, workplace readiness, tree-tending and landscaping trainings and Mental Health First Aid trainings. Previous work experience and a high school diploma are not required.

Career Connected Learning ("C2L")

Career Connected Learning (C2L-PHL) is the system of connections that is currently being built between youth-serving partners such as the School District of Philadelphia, City of Philadelphia, Philadelphia Works, and JEVS Human Services, among many others. The premise is to embed career awareness and exposure into City schools, curriculum and programming offered to all students. C2L-PHL offers year-round work-based learning opportunities, during the summer and school year, for Philadelphia residents ages 12-24 to explore different career paths, gain hands-on experience, and develop essential skills. Paid summer and school year work and learning experiences are part of C2L-PHL. JEVS Human Services is contracted to oversee a network of organizations to provide this service. The programs under the C2L currently aim to engage roughly 10,000 students a year, and this system aims to expand programmatic opportunities to be available to any student in the School District.

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Employment

Table 11 shows non-farm payroll employment in the City over the last decade by industry sectors. In the past 10 years, growth has occurred in several sectors including Mining, Logging, and Construction; Professional and Business Services; Education and Health Services; Financial Activities; and Information. These sectors continue to provide stability to the City's overall economy. As of March 2023, employer demand remains strong, with City employers creating more new job postings than ever before. Regional employers in the Professional Services, Education and Health Services and Transportation sectors have added more than 36,700 jobs since 2020. Overall, total employment in the City is at an all-time high.

Table 11
Philadelphia Non-Farm Payroll Employment[1]
(Amounts in Thousands)

Sector	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023	Change 2014-23	% Change 2014-23
Leisure and hospitality	66.9	68.5	70.8	73.1	74.3	76.2	47.2	55.0	68.7	73.5	6.6	9.87%
Mining, logging, and construction	11.0	11.5	12.0	12.1	12.6	12.4	10.8	11.7	12.5	12.7	1.7	15.45%
Professional and business services	88.6	91.2	95.2	97.4	99.6	104.2	98.8	102.2	110.3	115.6	27.0	30.47%
Education and health services	213.2	217.3	223.8	230.2	238.2	242.8	232.7	234.1	247.0	258.0	44.8	21.01%
Other services	26.8	27.1	27.8	27.8	28.3	28.6	24.1	25.4	27.9	29.0	2.2	8.21%
Trade, transportation, and utilities	90.9	92.1	92.5	92.3	92.8	93.8	85.6	88.4	90.3	87.5	-3.4	-3.74%
Financial activities	41.7	42.3	42.4	41.6	42.5	43.1	41.8	42.5	46.9	49.8	8.1	19.42%
Information	11.5	11.8	11.8	12.5	13.4	14.9	15.3	12.3	16.5	16.0	4.5	39.13%
Manufacturing	21.5	21.0	20.5	20.2	19.9	19.4	17.4	18.2	19.1	19.4	-2.1	-9.77%
Private Sector Total	*572.1*	*582.8*	*596.8*	*607.2*	*621.6*	*635.4*	*573.7*	*589.8*	*639.2*	*661.5*	89.4	15.63%
Government	102.2	101.6	101.3	102.2	103.7	105.2	105.5	103.4	102.6	104.0	1.8	1.76%
Total	***674.3***	***684.4***	***698.1***	***709.4***	***725.3***	***740.6***	***679.2***	***693.2***	***741.8***	***765.5***	***91.2***	**13.53%**

Source: Bureau of Labor Statistics, 2023 annual average totals may not sum due to rounding.

[1] Includes person employed within the City, without regard to residency.

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Table 12

Philadelphia Change in Share of Employment Sectors(1)

Sector	Share of Total Employment 2014	Share of Total Employment 2023	Change 2014-2023
Leisure and hospitality	9.9%	9.9%	0.0%
Mining, logging, and construction	1.6	1.7	0.1
Professional and business services	13.1	14.6	1.5
Education and health services	31.6	34.0	2.4
Other services	4.0	3.8	-0.2
Trade, transportation, and utilities	13.5	11.8	-1.7
Financial activities	6.2	6.2	0.0
Information	1.7	2.2	0.5
Manufacturing	3.2	2.5	-0.7
Government	15.2	13.3	-1.8
Total	100.0%	100.0%	0.0%

Source: Bureau of Labor Statistics, 2023 annual average; totals may not sum due to rounding.

(1) Includes persons employed within the City, without regard to residency.

Unemployment

Philadelphia has recently narrowed the gap between its unemployment levels and the national unemployment levels. As shown in Table 13, with the exception of the COVID-19 pandemic, employment gains in 2014 through 2023 resulted in a decline in Philadelphia's unemployment rate from an annual average high of 8.2% in 2013 to 4.5% in 2023.

Table 13 below shows unemployment information for Philadelphia, the MSA, the Commonwealth, and the United States.

Table 13
Unemployment Rate in Selected Geographical Areas
(Annual Average 2014-2023)

Geographical Area	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023	Change in rate from 2014-2023
United States	6.20	5.30	4.90	4.40	3.90	3.70	8.10	5.40	3.60	3.70	-2.5
Pennsylvania	5.90	5.30	5.40	5.00	4.50	4.50	9.10	6.60	4.40	3.80	-2.1
Philadelphia-Camden-Wilmington MSA	6.30	5.50	5.00	4.70	4.30	4.10	9.20	6.30	4.10	3.70	-2.6
Philadelphia	8.20	7.20	6.70	6.40	5.70	5.60	12.30	8.90	5.90	4.50	-3.7

Source: Local Area Unemployment Statistics, Bureau of Labor Statistics, 2023.

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ECONOMIC DEVELOPMENT STRATEGIES AND IMPLEMENTATION

City of Philadelphia Economic Development Mission and Goals

The City's economic development strategy is to (i) grow quality jobs by fostering an improved business environment; (ii) increase the City's population and visitation; (iii) boost Philadelphia's competitiveness through strategic and sectoral investments; and (iv) enable inclusive growth and neighborhood revitalization. The City partners with numerous quasi-city and private agencies to accomplish these objectives.

Economic Competitiveness

In addition to the Mayor's initiatives of a safer, cleaner, and greener Philadelphia, which are part of a broader economic development strategy, the City utilizes several place-based economic development strategies to spur development in Philadelphia. These strategies include: (i) a 10-year real estate tax abatement on all new construction, as well as on improvements to existing properties (legislative changes to this program are described in APPENDIX A – "REVENUES OF THE CITY – Real Property Taxes – Assessment and Collection"); (ii) Commonwealth-designated Keystone Opportunity Zones in which eligible businesses may be exempt from all Commonwealth and local business taxes until a specified date; (iii) Commonwealth-designated Keystone Innovation Zones in which energy, defense, technology, and life-sciences companies may be eligible for saleable tax credits worth up to $100,000 annually for the first eight years of operations; (iv) tax increment financing; and (v) neighborhood revitalization investments including staffing and physical improvements to facilitate commercial corridors that are attractive places for people to work, shop, and live.

The City and its partners work to attract and retain businesses through business resources, strategic investments, and marketing. Philadelphia offers a suite of additional incentives to businesses, including, but not limited to, the Quality Jobs Grant, Job Creation Tax Credit, Fair Chance Hiring Initiative, Boost Your Business! Fund, and Philadelphia Business Lending Network Incentive Grant. The City provides financial support to a number of nonprofit partners to provide business planning, technical assistance, and access to capital. The City also convenes workforce development organizations and provides financial support for workforce solutions initiatives to train and connect the City's population to career opportunities in the business community.

International Business & Global Strategy

The City actively works to raise its profile in the international business community. In pre-COVID years, the City hosted delegations of business leaders and officials on trade missions to the United States, reaching a high of 156 delegations in 2019, and participated in business missions to Germany, France, Portugal, China, South Korea, Canada, Denmark, Sweden, Chile, and Israel. These efforts have resulted in new business attraction leads, enhanced cooperation, support to international air route development, and opening of foreign government offices (Quebec Office, South Korean Consulate, Canada Trade Commissioner, Chilean trade and investment office).

Despite the pandemic and closing of the U.S. borders to most foreign markets until late 2021, the City continues to engage with foreign businesses and partners to strengthen exchanges, resulting in delegations and visits for new business attraction projects in 2022 and 2023 (189 foreign businesses engaged within calendar year 2022 and over 235 in calendar year 2023). In particular, primarily out of European markets, several life sciences projects came to fruition in 2021 and 2022, as well as tech companies opening operations in 2022 and 2023 once borders reopened. As most Asian countries lifted travel restrictions at the end of 2022, the City has seen the beginning of a rebound in delegations and business visits from those markets in 2023, and expects this trend to continue. Foreign companies increasingly leverage Philadelphia's assets of talent availability, academics, hospitals, relatively low costs, and connectivity, along with City and State support.

A definite rebound of foreign visitors has been observed in the City. European tourists have been returning to the City since 2022, which has helped rebuild international flight routes between PHL International Airport and Europe – along with increased domestic tourism. PHL has consequently seen an increase in passengers of 12.6% over 2023, which includes a 20% increase for international passengers. The City, Visit Philadelphia, PHLCVB, PHL and other partners closely collaborate on messaging and marketing efforts to support those trends. Asian markets show signs of potential growth and rebound, but partially remain hampered by lengthy visa timelines, and limited flight timeslots between China and the U.S.

The City also started to support trade opportunities considering the global supply chain shifts, centered around export initiatives, to connect Philadelphia businesses, particularly minority-owned businesses, with market intelligence, and export-readiness programs and service providers. In 2023, Philadelphia was designated as "Certified Welcoming" by the nonprofit organization Welcoming America, a formal designation given to cities that have policies and programs in place that reflect their values and commitment to immigrant inclusion. Beyond the recognition of the City's efforts to support immigrants coming to Philadelphia, the designation helps solidify the policies around immigrant inclusion with positive economic impacts on the City (population growth, business creation, etc.) and the messaging that Philadelphia is a globally welcoming city. The City also supported local universities gathering a coalition to identify shared efforts to improve Philadelphia's perception as a global education hub, in an attempt to counter COVID impacts on international student recruitment and the negative perception of the U.S. in terms of safety.

Industry Partnerships

Industry partnerships bring together multiple employers in the same industry, along with workforce development and community partners. These public-private partnerships convene to align workforce planning with the needs of employers in order to create industry-specific solutions. The Philadelphia region has several industry partnerships in the following industries: Advanced Manufacturing; Logistics, Transportation, and Distribution; Hospitality and Entertainment; Technology; and Life Sciences/Cell and Gene Therapy.

Neighborhood Revitalization

The City drives inclusive growth and neighborhood revitalization through strategic investments and place-based economic development strategies. These strategies include (i) providing direct support and investing in businesses and entrepreneurs; (ii) investing in the capacity of community organizations and business associations; and (iii) investing in physical environment and infrastructure of neighborhood commercial districts.

The Planning Commission has identified approximately 300 commercial corridors in the City. While the City's Department of Commerce supports all businesses throughout the City, there are approximately 80 corridors that are targeted for support and investment. These 80 areas are neighborhood based, pedestrian and transit oriented, and have a high density of commercial spaces (average 100 businesses in a 3-4 block area). Examples of vibrant commercial corridors include 2nd Street in Old City,

52^{nd} Street in West Philadelphia, Main Street in Manayunk, North 5^{th} Street in Olney, and Woodland Avenue in Southwest Philadelphia.

The City's Commerce Department employs a three-prong corridor strategy. First, it provides direct support to the businesses through its Business Services Managers, through grant programs like the InStore Forgivable Loan and Storefront Improvement Program, and through referrals to partner agencies funded to provide technical assistance, training, and lending, such as The Enterprise Center and PIDC. Commerce also funds two firms as Business Coaches to be matched with individual minority businesses with an assessment and one-on-one help to position such businesses for a grant or loan. Commerce also supports the Philadelphia Business Lending Network (PBLN), which simplifies the process for businesses applying for loans. This service provides access to nonprofit and for-profit lenders with one form.

Second, the City drives commercial corridor revitalization through support of local management organizations such as business improvement districts (BIDs), community development corporations (CDCs), and business associations. More information about BIDs and CDCs can be found in the following section. The City currently provides funding to 48 organizations through corridor management, a CDC Tax Credit Program, and/or CDC Economic Development Support Grants. These community-based staff help neighborhood businesses take advantage of programs and resources, as well as attract new businesses to vacant properties and storefronts. For the targeted corridors that do not have a caretaker, the Commerce Department provides Business Services Managers that perform that role and work to build local capacity so the City has a partner to support businesses. The City also provides funding to neighborhood nonprofits for acquisition and construction of commercial and mixed-use properties to remove blight and encourage commercial development.

Third, the City invests in the public environment. It supports Business Improvement Districts (BIDs) and manages the $10 million PHL Taking Care of Business (PHL TCB) Clean Corridors Program, which provides sidewalk cleaning on 85 corridors around the City. The City provides funding and design support to reimburse businesses for improvements to their storefronts, including lighting, signage, windows, and for installation of security camera systems. Lastly, the City manages streetscape improvement projects and funds other capital investments like bus shelters, Bigbelly waste control, and police cameras.

City and Quasi-City Economic Development Agencies

City of Philadelphia - Department of Commerce ("Commerce")

The mission of the Department of Commerce is to help all businesses thrive by growing quality jobs, building capacity in under-resourced communities, and making it easier to start and run a successful business in Philadelphia. Commerce focuses on the following strategic priorities and investments:

- Provide trusted guidance and a simplified process to establish, grow, and operate a business;
- Drive equitable neighborhood revitalization that contributes to vibrant commercial corridors;
- Attract and retain businesses through business resources and strategic investments;
- Connect talent to growth industries and to jobs that pay family-sustaining wages;
- Bolster equitable access to capital and contracting opportunities for people who have been historically underserved; and

- Leverage partnerships and research to drive policy and strategy.

City of Philadelphia - Department of Planning and Development ("DPD")

The Department of Planning and Development aligns the City's agencies whose missions relate to regulating the built environment and allocating resources to support the development of housing and investment into communities. DPD works in collaboration with communities to promote, plan, preserve, and develop successful neighborhoods. DPD includes the Division of Housing and Community Development (DHCD); Division of Planning and Zoning (DPZ); and Division of Development Services (DS). DPD works closely with the Philadelphia Housing Development Corporation (PHDC), the City's full-service community development organization. DS guides ambitious development projects from concept to completion. DPZ promotes development of healthy, equitable, and resilient communities through its boards and commissions: Philadelphia City Planning Commission (PCPC), Philadelphia Historical Commission (PHC), Philadelphia Art Commission (AC), and Zoning Board of Adjustment (ZBA). DHCD leads the City's efforts to address the ongoing national housing crisis in Philadelphia by financing and facilitating housing construction and housing renovation, improving and adapting individual homes and advancing neighborhood quality of life improvements. DHCD, formerly known as the Office of Housing and Community Development and now part of DPD, manages planning, policy, and investment in low-income housing through several assistance programs. Most significantly, the DHCD creates and manages implementation of the Consolidated Plan, a federally-mandated plan and budget that must be updated yearly in order to receive federal Community Development Block Grant funding.

Philadelphia Housing Authority ("PHA")

PHA is funded primarily by the federal government and is the largest landlord in Pennsylvania. PHA develops, acquires, leases, and operates affordable housing for City residents with limited incomes. PHA works in partnership with the City and Commonwealth governments, as well as private investors. Over 93% of PHA's annual budget is funded directly or indirectly by the U.S. Department of Housing and Urban Development, and most of the balance of PHA's budget is derived from resident rent payments. Neither PHA's funds nor its assets are available to pay City expenses, debts, or other obligations, and the City has no power to tax PHA or its property. Neither the City's funds nor its assets are subject to claims for the expenses, debts, or other obligations of PHA.

Philadelphia Housing Development Corporation ("PHDC")

PHDC is a 30-year-old, full-service community, and economic development entity with an annual program budget of more than $60 million and $23 million for operations. It works to build stronger communities by creating and preserving affordable housing, supporting economic development projects, and redeveloping vacant land and properties throughout the City.

PHDC staffs the PLB (as defined herein) and the PRA boards and functions. All land management, community investment functions, and housing improvement programs now operate under one leadership team at PHDC. PHDC's Home Improvement programs serve approximately 5,000 people annually and help to stabilize over 100 small businesses. Under a contract with the DPD, from Fiscal Years 2020 through 2022, $65.5 million in PHDC financing leveraged funding for 1,313 units at 26 developments.

PHDC also supports the Philly First Home Program, providing grants of up to $10,000 to low and middle-income first-time home buyers. To date, such program has supported over 3,700 residents in home purchases and has led to approximately $600 million in mortgages from banking institutions.

PHDC is continuing to expand homeownership opportunities by leveraging the land acquired by the PLB to support private developers to build 100 new homes on these parcels. In Fiscal Year 2022, PLB disposed of 70 parcels, on which 203 housing units were built and title to 27 side yards/gardens was transferred. Such parcels also support four economic development projects.

Philadelphia Land Bank ("PLB")

Established in 2013, the PLB is an institutional partner in land use. The aim of the PLB is to consolidate many of the land acquisition and disposition processes of the City under one umbrella, making it easier for private individuals and organizations to acquire properties that otherwise contribute to neighborhood disinvestment and turn them into assets for the community in which they are located. The PLB can: (i) consolidate properties owned by multiple public agencies into single ownership to speed property transfers to new, private owners; (ii) acquire tax-delinquent properties through purchase or by bidding the City's lien interests at a tax foreclosure; (iii) with consent of the City, clear the title to those properties so new owners are not burdened by old liens; and (iv) assist in the assemblage and disposition of land for community, non-profit, and for-profit uses.

Another PLB responsibility is to develop a strategic plan for vacant land in Philadelphia. In the PLB's 2019 update to its strategic plan, certain key achievements were highlighted, including, among other things, (i) an increase in acquisitions (up from 21 in Fiscal Year 2017 to 276 in Fiscal Year 2018 and 463 through the second quarter of Fiscal Year 2019); (ii) an increase in dispositions (up from 18 properties conveyed in Fiscal Year 2017 to 78 conveyed in Fiscal Year 2018 and 132 properties conveyed through the second quarter of Fiscal Year 2019); and (iii) formalizing the process for executing license agreements.

Philadelphia Industrial Development Corporation ("PIDC")

Established as a public-private partnership in 1958 by the City and the business community, PIDC is a non-profit organization that offers flexible financing tools, a targeted portfolio of industrial and commercial real estate, and expertise to help clients invest, develop, and grow in Philadelphia. PIDC also structures and invests in public-private partnerships for key City policy areas and development priorities. Over the past 65+ years, PIDC and its affiliates have settled over 13,000 transactions, including more than $19 billion in financing that has leveraged tens of billions of dollars of total investment and assisted in creating and retaining hundreds of thousands of jobs in Philadelphia. Its direct loan and managed third-party portfolio at year-end 2023 were more than $407 million, representing 598 loans.

PIDC is in the process of selecting a development partner to shape the next phase of growth and development on Philadelphia's Schuylkill River with a landmark development opportunity for up to one million square feet of state-of-the-art cell and gene therapy manufacturing. The development opportunity, marketed as the Lower Schuylkill Biotech Campus, is offering exclusive development rights across approximately 40 riverfront acres between two riverfront sites. The Lower Schuylkill Biotech Campus will be an integral component of the Lower Schuylkill Innovation District, which was an outcome of a City-led master planning process to transform a deteriorating 3,700-acre industrial corridor into modern business campuses for innovation. The district consists of a total of 75 acres of sites suitable for biotech companies at every stage of development. The district also provides streamlined connections to I-95, I-76 and the Philadelphia International Airport. Once completed, the Lower Schuylkill Biotech Campus development is poised to create up to 2,800 jobs, including positions across the economic ladder accessible to area residents and offering family-sustaining wages.

In 2023 (and continuing in 2024), PIDC and its developer partners continued to implement the updated Navy Yard master plan released in summer 2022, which details a comprehensive vision for the

Navy Yard that incorporates development that has occurred to date, integrates and refines future development plans, and charts an innovative course for public realm, transportation, infrastructure, and sustainability in the Navy Yard's next stage of growth. The plan calls for a total of over 4.3 million square feet of new construction and adaptive reuse supporting commercial and life sciences development, complemented with retail, hospitality, additional welcoming open spaces, expanded transit options, and – for the first time since the military base closure – residential units. In fall 2023, PIDC broke ground on the $285 million Chapel Block residential project which will bring 614 units (including 91 affordable units) and residents to the Navy Yard for the first time in decades. This project includes a $100 million MBE-led equity investment by Basis Investment Group. Also, the Navy Yard Skills Initiative, a workforce training and development partnership between PIDC and the West Philadelphia Skills Initiative, marked a milestone in 2023 by connecting the 100th Philadelphian to full-time employment. This program continues to create equitable access to meaningful career opportunities in one of the region's fastest growing sectors by lowering the barrier of entry.

After a $22 million reconstruction project to rebuild Broad Street at the Navy Yard, improvements will continue throughout 2024 with enhancements to a two-way bike lane, a new scenic pedestrian plaza overlooking the Reserve Basin, and new street landscaping to beautify the space. This project was a critical step in restoring safe, multimodal access to the Navy Yard for its 150 companies, more than 15,000 employees, and thousands of annual visitors, while also advancing PIDC's $6 billion equitable redevelopment partnership that, at full buildout, is expected to generate over 12,000 additional quality jobs over the next 20 years. PIDC continues to work on this long-term plan for the Navy Yard, which has a comprehensive approach to equity in all aspects of the plan.

Philadelphia Redevelopment Authority ("PRA")

In 1945, the Commonwealth enacted the Urban Renewal Law and created the PRA as the City's urban renewal agency. Today, the PRA continues its role as a key financer, project manager, leader, and expert of developing and maintaining land in the City. The PRA is one of five municipal land holding agencies. Its Real Estate Division facilitates the redevelopment of PRA assets, and it provides project management and analysis for real estate sales, acquisitions, redeveloper agreements, developer submissions, and required approvals. PHDC leads the underwriting and loan closing process for all affordable housing projects within the City and works primarily with non-profit and for-profit developers as a lender.

Philadelphia Works, Inc. ("PhilaWorks")

PhilaWorks is the City of Philadelphia's designated workforce development board and a 501(c)(3) non-profit organization. PhilaWorks invests in solutions and services that support the growth of Philadelphia's economy by connecting employers to workforce talent and career seekers to employment and training opportunities. Additionally, PhilaWorks influences the public policies that support economic growth throughout the region and optimizes funding and resources to invest in solutions that build a skilled and thriving workforce.

PhilaWorks manages the City's public workforce system, PA CareerLink® Philadelphia, and a network of youth workforce providers. The system offers skills gap training/upskilling, long-term career planning, and tech talent solutions for career seekers and talent pipeline development, subsidized wage programs, and tax incentives for employers. Annually, PhilaWorks engages approximately 60,000 local career seekers through in-person and online services, another 200,000 via direct outreach, and more than 2,000 businesses. PhilaWorks receives approximately $70 million in state and federal investments to administer these services. This money is divided between WIOA (Workforce Innovation and Opportunity Act) and TANF (Temporary Assistance for Needy Families) funds.

In 2022, PhilaWorks secured $22.7 million from the Economic Development Administration's (EDA) Good Jobs Challenge to accelerate equitable recovery and targeted growth in Healthcare & Life Sciences, Energy, and Infrastructure over the next 24-36 months.

Rebuilding Community Infrastructure Program ("Rebuild")

The Rebuild program, using funds from the Philadelphia Beverage Tax (see "REVENUES OF THE CITY – Other Taxes"), will invest hundreds of millions of dollars in Philadelphia's parks, recreation centers, and libraries over a seven-year period. Rebuild prioritizes sites in high-need neighborhoods, as well as sites that are in extremely poor condition. This program is intended to catalyze economic development in some of Philadelphia's most impoverished communities and neighborhoods. Rebuild is not only committed to making transformative capital improvements in neighborhood public and shared spaces but will also strive to build capacity and opportunities for minority and women-owned businesses and job opportunities for local residents. The Rebuild initiative will complete 72 playground and rec center projects. In 2024, the Rebuild program will have $100 million of construction underway, with over 20 groundbreakings and ribbon cuttings planned.

Private and Nonprofit Economic Development Agencies

Local Chambers of Commerce ("Chambers")

The City of Philadelphia partners with multiple chambers representing the county and region. In 2021, a collective of local diverse chambers of commerce announced the Diverse Chambers Coalition of Philadelphia as a formal partnership to collaboratively facilitate entrepreneurship and growth, advocate on shared issues, and increase each member's organizational efficiency. The Diverse Chambers Coalition comprises the African American Chamber of Commerce of Pennsylvania, New Jersey, and Delaware; the Asian American Chamber of Commerce of Greater Philadelphia; the Greater Philadelphia Hispanic Chamber of Commerce; and the Independence Business Alliance (Greater Philadelphia's LGBTQ+ chamber of commerce). A similar partnership, called the Inclusive Growth Coalition, comprises these organizations as well as the Greater Philadelphia Chamber of Commerce. The Greater Philadelphia Chamber of Commerce leads the region's business advocacy and business and talent attraction efforts, which include Select Greater Philadelphia.

Additional chambers in Philadelphia include the Greater Northeast Philadelphia Chamber of Commerce, British American Business Council, French American Chamber of Commerce, German American Chamber of Commerce, Irish American Business Chamber & Network, Philadelphia Israel Chamber of Commerce, and the Center City Business Association.

Business Improvement Districts ("BIDs")

Since the founding of the Center City District (CCD) in 1990, BIDs have been important partners in the economic development of Philadelphia. BIDs are local organizations that are organized by property owners and businesses to cooperatively fund services within their local area. BIDs are formed when these stakeholders create a plan and secure approval through City Council which enables BIDs to collect a mandatory annual BID assessment from property owners in the area receiving the BID services. Philadelphia has 15 BIDs, including the North Broad Business Improvement District which was approved in November 2022. BIDs typically provide cleaning and beautification services, and market their districts and host special events to attract shoppers to the area. BIDs are important advocates for the businesses located in their areas. BID staff are important partners to the City in making sure that neighborhood businesses are aware of local programs and other business development resources.

The Philadelphia BID Alliance, formed in 2020, is a citywide association of the15 BIDs and aligned organizations. It is a venue for sharing best practices among BID staff and advocates for BIDs and the interests of the businesses their organizations support.

Community Development Corporations ("CDCs")

Philadelphia has more than 40 non-profit CDCs, that invest resources in managing a neighborhood commercial corridor. CDCs work to keep commercial areas safe, free of litter, and attractive. They strive to bring visitors and shoppers to support local economies and create opportunities for local entrepreneurs and small businesses that seek a brick-and-mortar space from which to operate. CDC staff, including the position of "commercial corridor manager" or "business district manager," are often the most visible faces working to build trust with business owners, respond to their concerns, and help them grow and succeed in business.

Philadelphia offers various grant and partnership programs to support the work of these important community partners, including the CDC Tax Credit and Economic Development Support grants, the Targeted Commercial Corridor Management Program, and partnership with the Philadelphia Association of CDCs and Local Initiatives Support Corporation (LISC) Philadelphia for capacity-building and staff training programs. The City also has a CDC Tax Credit program that allows businesses to support local CDCs in exchange for a one-to-one tax credit. Through this program and its accompanying CDC Economic Development Support Grant, the City provides operating support to 47 community based nonprofit organizations that perform economic development activities.

Within these programs, economic development activities are defined as business support services such as assistance in navigating City business processes, accessing grants and financing, connecting to technical assistance providers, and supporting business associations, as well as undertaking planning and commercial development projects that improve access to high-quality, culturally relevant goods and services in all neighborhoods of the City.

Visit Philadelphia

Established in 1996, Visit Philadelphia markets Philadelphia domestically, as well as in Canada and Mexico, to promote leisure travel. The organization utilizes robust campaigns, media relations, advertising, websites, and social media to promote tourism. According to the Visit Philly 2021 Annual Report, of the 2 million rooms consumed, demand was greatest among leisure visitors, who were projected to lead the travel industry's recovery. Center City hotels saw actuals above projections in all key metrics: occupancy, average daily rate, RevPAR, supply and demand, and revenue, putting them on track to make an even greater recovery in 2023. Tourism Economics projects that both Center City and Philadelphia County broadly are expected to surpass pre-pandemic hotel revenue in 2023.

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Philadelphia Convention & Visitors Bureau ("PHLCVB")

Established in 1941, the Philadelphia Convention and Visitors Bureau (PHLCVB) is a private, nonprofit corporation that serves as the official tourism promotion agency for the City to overseas markets, as well as the primary sales and marketing agency for the Pennsylvania Convention Center. PHLCVB also books domestic group tours. PHLCVB markets Philadelphia broadly to attract overnight visitors through innovative content such as advertising, marketing, public relations, and digital campaigns. In 2023, PHLCVB had 20 citywide events on the books – gatherings that generate 2,000 or more hotel room stays on its peak night.

The Philadelphia Convention Center (the "Convention Center") was completed in 1993, providing a total of 624,000 square feet of saleable space across its four exhibit halls, ballroom and banquet spaces. In 2023, the Pennsylvania Convention Center held 264 events with 550,136 attendees.

Pennsylvania Community Development Financial Institution Network ("PA CDFI Network")

Founded in 1997, the PA CDFI Network is a statewide collective of mission-driven community development financial institutions (CDFI) that provide affordable loans and technical advisory services to companies unable to access financing through traditional channels. Most financing services are directed to small businesses serving lower-income neighborhoods. The network seeks to build the capacity and expand the reach of its CDFI members, individually and collectively, to serve all people and places across Pennsylvania. In order to do this, the Network educates Pennsylvania residents, businesses and legislators about the purpose and function of CDFIs in promoting equitable community development. In 2022, local CDFIs also secured a $100 million commitment through an emerging bank-led Greater Philadelphia Financial Services Leadership Coalition to further support Philadelphia's Black and Latino(a)-owned businesses. These collaborations present a promising model to create systematic supports for the City's small businesses and showcase the potential for future collaborations across the entrepreneurship ecosystem.

CDFIs are certified by the Community Development Financial Institutions Fund at the U.S. Department of the Treasury, which provides funds to CDFIs through a variety of programs.

Entrepreneurship Ecosystem

Philadelphia has a legacy of community and small business development supported by many nonprofit organizations and government-supported endeavors. The City was the original headquarters of the Opportunity Finance Network and is home to unique public-private partnerships like PIDC and Ben Franklin Technology Partners. In 2021, United Way of Greater Philadelphia and Southern New Jersey, in partnership with the City and PIDC, issued an Equitable Entrepreneurship Ecosystem Assessment and Strategy that is guiding future investments. The strategy reflects the multitude of nonprofits actively supporting entrepreneurs in Philadelphia. These organizations continue to convene and collaborate in quarterly meetings. The Business Resource Convening brings together business service nonprofit organizations to network and tackle barriers to equitable entrepreneurship. The Philadelphia Business Lending Network also convenes private banks and nonprofit lenders that collaborate around improved access to capital.

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CULTURE, TOURISM, AND AMENITIES

Museum and Attractions

Crucial to tourism is the City's robust arts and culture sector. One in three tourists who come to Center City cites museums and cultural events as the primary reason for their visit. Top attractions include Independence National Park, the Philadelphia Museum of Art, the Philadelphia Zoo, Reading Terminal Market, the Franklin Institute, Eastern State Penitentiary, and Franklin Square, among others.

Philadelphia is considered the "mural capital of the world" and provides the largest collection of public art in the U.S. The Benjamin Franklin Parkway (also called the "Parkway" or the "Museum Mile") alone comprises renowned art and cultural sites, such as Love Park, the Philadelphia Museum of Art, the Rodin Museum, the Franklin Institute, The Barnes Foundation, the Free Library of Philadelphia, the Academy of Natural Sciences, and numerous pieces of public art. In 2021, over $230 million in renovations were completed at the Philadelphia Museum of Art, opening 90,000 square feet of new public space. The Franklin Institute's space exhibit is currently under construction to expand to about 7,000 square feet, which is almost three times its current size. The $8 million project was opened in November 2023. In addition, a new $70 million museum, Calder Gardens, is being constructed and is scheduled to open in 2025. Over the next several years, the African American Museum in Philadelphia is also expected to move to a new location on the Parkway.

Organizations like the Philadelphia Museum of Art, the Kimmel Center, Pennsylvania Academy of the Fine Arts, Fringe Arts, and more than 490 smaller cultural organizations throughout the City help improve the quality of life for residents and visitors. Philadelphia's downtown arts and cultural organizations, the second largest concentration in the country, were challenged by the pandemic, but adapted with virtual programming and outdoor performances, and are now rapidly recovering. Philadelphia was recently named one of 11 cities around the world that are home to "Must-See Public Art," per Travel + Leisure's 2022 list, which cites iconic sculptures such as LOVE and Rocky, as well as the work done by Mural Arts Philadelphia and the Association for Public Art.

Sports

Another key element of Philadelphia's hospitality industry is professional sports. Philadelphia is the only city to have a professional hockey, basketball, baseball, and football team playing in a single district, the Sports Complex Special Services District, created by the City in 2000. Over the next five years, Philadelphia will host several of the world's biggest sporting events, including six NCAA Championships and WrestleMania 40 in 2024, as well as the PGA Championship (to be held within the greater metropolitan area), Major League Baseball All-Star Game, FIFA World Cup in 2026, the Penn Relays, and Big 5 Basketball (University of Pennsylvania, La Salle University, Saint Joseph's University, Temple University, Villanova University, and Drexel University (added 2023-2024)). The Army-Navy Game will return in 2027.

Within the greater metropolitan area, the Philadelphia Union of Major League Soccer play their home games (at Subaru Park in Chester, Pennsylvania, next to the Commodore Barry Bridge on the waterfront along the Delaware River).

The South Philadelphia Sports Complex houses three professional sports facilities: The Wells Fargo Center opened in 1996 and is home to the Philadelphia Flyers (National Hockey League) and Philadelphia 76ers (National Basketball Association); Lincoln Financial Field opened in 2003 and is home to the Philadelphia Eagles (National Football League); and Citizens Bank Park opened in 2004 and is home to the Philadelphia Phillies (Major League Baseball). The Phillies and the Eagles are contractually obligated to play in Philadelphia until 2033 and 2034, respectively. The 76ers have announced plans for a new arena in Center City on the site of Fashion District Philadelphia. Early plans indicate that the arena is expected to be privately funded by team owners and development partners and open in 2031 (assuming timely receipt of all necessary zoning and any other approvals). Within the South Philadelphia Sports Complex is Xfinity Live!, a sports entertainment and dining complex. For information on casino development in the City and in the area near Xfinity Live!, see "ECONOMIC DEVELOPMENT STRATEGIES AND IMPLEMENTATION – Casinos" herein.

The Phillies and Comcast Spectacor, which owns the Philadelphia Flyers, have announced joint efforts to transform the South Philadelphia Sports Complex. The plans include two phases – (i) phase one would include upgrades to Xfinity Live!, and the addition of a mid-sized concert venue, a hotel, new retail shops, and an outdoor plaza to the South Philadelphia Sports Complex between Pattison Avenue and the Wells Fargo Center, and (ii) phase two would include additional development around the Wells Fargo Center, expand the outdoor plaza to Citizens Bank Park, and add another hotel, residential units, an office space, and additional restaurants, retail shops, and green space.

In 2021, Philadelphia opened The Block, the nation's first esports campus spanning 40,000 square feet. Located in Center City, The Block is also home to Localhost, a dedicated esports arena, which is accessible to the public for hourly gameplay and hosts local and national, amateur and professional esports events.

Music, Theater, and Dance

Considered to be one of the top theater cities in the U.S. with the oldest theater in America built in 1809, Philadelphia continues to entertain audiences centuries later with theatre, musicals, shows, orchestras and operas. Theaters and performing arts institutions include the Philadelphia Orchestra, Opera Philadelphia, Kimmel Center for Performing Arts, Walnut Street Theater, Philadelphia Ballet, Penn Live Arts, Philadelphia Theater Company, Curtis Institute of Music, Academy of Music, and more.

As aforementioned, music is key to Philadelphia's creative economy. Prominent concert venues include the Met, the Fillmore, Theater of the Living Arts (TLA), Wells Fargo Center, Union Transfer, Franklin Music Hall, World Café Live, the Pennsylvania Convention Center, in addition to numerous local music bars, clubs, coffee houses, and smaller live music venues. Philadelphia has hosted multiple annual music festivals such as Jay Z's Made in America, the Roots Picnic, the Philadelphia Folk Festival, and HiJinx. Millennials cite the Philadelphia music scene as one of their primary reasons for permanently moving into the City and making it their home.

Philadelphia Ballet broke ground in September 2022 to expand its home on North Broad Street, the Philadelphia Ballet Center for Dance. The five-story center will feature, among other things, new rehearsal studios, administrative offices, a black box performance space, innovation and rehearsal space, new spaces for community programs and events. The transformative renovation and expansion will add 43,000 square feet to the company's existing building.

Historic District

Key to the City's leisure and hospitality growth is the maintenance and investment in the City's extraordinary historic assets. Philadelphia has 67 National Historical Landmarks in what's called the nation's "most historic square mile." As the birthplace of the country, Philadelphia remains a major tourist destination year-round, particularly the City's Historic District in Old City, which includes various museums and cultural centers, as well as such national treasures as the Liberty Bell, Independence Hall, Carpenters' Hall, the Betsy Ross House and Elfreth's Alley, the oldest residential street in the U.S. The City continues to invest in the maintenance and expansion of the Historic District's tourist experience.

Old City is home to some of the country's oldest historical assets. Independence National Historical Park is an international destination, attracting 4.8 million visitors annually. Important culturally and economically, Old City is also home to world-class museums, theaters and art galleries. The neighborhood offers excellent hotels, a wide range of dining and nightlife establishments, independent retailers, public parks, and a diverse mix of technology, media, professional, and service organizations. Some 5,200 residents live in Old City's historic townhouses, industrial loft apartments, and new condominium properties. Old City is located within a Keystone Innovation Zone, meaning that technology, energy, and life sciences businesses may be eligible for up to $100,000 in Commonwealth tax credits.

Old City District ("OCD") is a business improvement district that promotes the area and fosters economic development locally. OCD helps companies find suitable real estate and actively promotes the sector to attract businesses. Over the last few years, technology and creative businesses have established an increasingly important presence in the area.

Retail Market

For two decades, Philadelphia has steadily diversified downtown land use creating a broad retail customer base that includes workers, tourists, regional customers and a downtown population that is the third largest in the U.S. Staple downtown shopping destinations include Rittenhouse Square, Shops at Liberty Place, University Square, and Fashion District in Market East. During the winter holidays, Center City also opens Christmas Village and the Made in Philadelphia Holiday Market.

Center City's vibrant sidewalks offer customers the ability to discover a mix of local and regional retailers and restaurants. Downtown foot traffic recovery also outpaced other large cities including New York, Boston, and San Francisco. Downtown retail has proven resilient, with vacancy declining and brokers reporting an uptick in tenant interest and leasing activity. More than 235 new retailers, restaurants and service-oriented businesses have opened in Center City since 2020, with 80 signed leases in 2023. In 2023, Center City's occupancy rate was 84.5%, nearing the pre-pandemic level of 89%. Retail brokers have also reported continued tenant inquiries, tours, and active lease negotiations.

Market East, an important commercial area between City Hall and the City's Historic District is experiencing significant development. In late 2019, Fashion District Philadelphia (formerly the Gallery mall) opened to the public. A $420 million redevelopment project, the Fashion District is a unique retail development offering fashion, dining, entertainment, and arts and culture. The revitalization of this section of the City, also considered a major transport hub, is expected to be transformative. As of 2023, the Philadelphia 76ers propose to build a brand-new basketball arena in the Fashion District after the lease of the current South Philadelphia location expires in 2031. The new arena, to be called 76 Place at Market East, would also host concerts. It is being developed by 76 Devcorp and Mosaic Development Partners, a Philadelphia-based real estate development company and certified MBE (Minority Business Enterprise). The team launched a website (76place.com) explaining the proposal.

Philadelphia's more than 300 commercial corridors are vibrant retail hubs in neighborhoods like Old City, the Gayborhood, Midtown Village, Fishtown, Northern Liberties, Germantown, Manayunk, Chinatown, as well as throughout Philadelphia. The City's retail market generates more than $1 billion in annual retail demand, and such figure is expected to increase as more retail space is currently under construction.

Restaurants and Nightlife

Complementing the rise of retail, the City has experienced a revival of restaurant establishments downtown and in neighborhoods, indicating an improved quality of life and cultural vibrancy in those areas. Center City alone has 422 full-service restaurants and almost a thousand food establishments concentrated downtown. Philadelphia has a nationally recognized dining scene known for international cuisine, over 300 bring-your-own-bottle (BYOB) restaurants, and famous food destinations like Chinatown, the Italian Market, the Southeast Asian Market at FDR Park, and Reading Terminal Market. The latter recently completed a $1 million “festival street” leveraging 15,000 square feet of public space to add outdoor dining, pop-up retail kiosks, and capacity to hold events. The market is currently open for indoor dining and shopping. In 2023, Philadelphia received the designation of being the city with the most James Beard Award-winning restaurants, including Friday/Saturday/Sunday, Kayla, and Fork.

One of the silver linings of the COVID-19 pandemic was the growth of “streeteries” that added new vitality to Center City and neighborhood commercial districts, keeping many restaurants active during the most challenging months. During the COVID-19 pandemic, the City offered emergency outdoor dining permits and implemented an open streets initiative in Center City. Parts of certain streets were closed off to traffic and parking to allow restaurants to expand outdoor seating options. In 2022, the City established a permanent outdoor dining program where eligible businesses can apply for a Streetery or Sidewalk Café license. In 2023, there was a 14% increase in sidewalk café seating, as compared to 2022.

Philadelphia also has a vibrant bar and nightlife scene, known for world class bars and clubs. In 2022, recognizing the need to build Philadelphia’s after dark economy, the City hired a full time Director of the Nighttime Economy. This role is tasked with building Philadelphia into a 24-hour city. The Director of Nighttime Economy conducted a citywide listening tour, resulting in a year in review report on Philadelphia’s night economy. The year in review report assisted in designing programs and provided guidance for opportunities to engage the business community to create a stronger night economy in the City. The Department of Commerce will commission an impact study to provide data of the overall economic impact the City’s night economy has on the City and regional landscape.

Casinos

Rivers Casino

Philadelphia’s first casino, Rivers (formerly SugarHouse), originally opened in September 2010 and underwent a $15 million rebrand in 2019. One of Philadelphia’s largest employers, Rivers Casino sits on the Delaware River waterfront offering an array of slot machines, table games and dining options. Its operations also include a multi-purpose event space with waterfront views, restaurants, live entertainment, and a parking garage.

Cordish Live! Casino

Live! Casino & Hotel Philadelphia, which opened in January 2021, is a $700 million world-class hotel, gaming, dining and entertainment destination featuring 2,000+ slot machines and 150+ live action table games, an upscale 200+ room hotel, a new 2,700-space parking garage, locally and nationally-recognized restaurants and live entertainment venues. The project is located in the heart of the Stadium District in South Philadelphia, immediately proximate to Xfinity Live!, The Cordish Companies’ premier dining and entertainment district. The project creates the first comprehensive gaming, resort, entertainment, and sports destination in the United States, making it a true regional destination.

Waterfront Developments

Taking advantage of the City's geographic assets, the Schuylkill River and the Delaware River, the City is redeveloping its waterfront to accommodate a variety of developments, including mixed-use projects and housing, parks and recreational trails, and hotels. These projects improve quality of life for residents and improve the visitor experience, but also are an impetus for environmental remediation and private development of former industrial property within the City.

Delaware River Waterfront Corporation ("DRWC")

The Delaware River has historically been a center of activity, industry, and commerce, bounded at its north and south ends by active port facilities. The City adopted a Master Plan for the central Delaware River in 2011. DRWC, in partnership with the City, is a nonprofit corporation that works to transform the central Delaware River waterfront into a vibrant destination for recreational, cultural, and commercial activities. Over the last 10 years, DRWC has successfully opened four adaptive reuse park projects built on former pier structures, including the expansive Delaware River Trail in 2022 and the newly renovated Cherry Street Pier in 2018. DRWC has several development projects underway, such as Graffiti Pier, the South Wetlands Park, and the Park at Penn's Landing, which will include the creation of a cap over I-95 and connect Old City Philadelphia with the Delaware River. The proposed 11-acre, multimillion-dollar park project is in the planning stages. Construction of the park began in early 2023 and is scheduled to be completed in 2028. DRWC, the City, and the Commonwealth have also partnered to redevelop Penn's Landing, a major public space along the Delaware River waterfront. The resulting civic space will leverage investment from private sources for the redevelopment of the adjoining parcels. The City's contribution to this project is $80 million ($60 million toward the park/topside amenities and $20 million toward the Schuylkill River Trail). The project is expected to generate approximately $1.6 billion of new revenues benefiting the City, School District, and Commonwealth. Potential future development includes two parcels that could bring 1,500 new housing units, 500 hotel rooms, and over 100,000 square feet of retail, dining, and entertainment to the waterfront.

Schuylkill River Development Corporation ("SRDC")

Redevelopment along the Schuylkill River is managed by a partnership among SRDC, the Department of Parks & Recreation, and the Department of Commerce. SRDC works with federal, Commonwealth, City, and private agencies to coordinate, plan and implement economic, recreational, environmental and cultural improvements, and tourism initiatives on the Schuylkill River. From 1992 to 2017, $70 million was invested by SRDC, the City, and partners along the tidal Schuylkill to create 3.65 miles of riverfront trails within 30 acres of premiere park space in the heart of the City, and has added amenities to the Schuylkill River Park such as floating docks, fishing piers, a composting toilet, and architectural bridge lighting. SRDC continues to work towards meeting its goal of creating and maintaining trails and green space along the tidal Schuylkill River in Philadelphia, such as the Christian to Crescent Connection. This trail section will connect neighborhoods on both sides of the Schuylkill River to a vast existing network of parks and trails, including the Schuylkill River trail, Fairmount Park, and the regional network of recreational trails and related facilities known as the Circuit. It will also provide those neighborhoods with a direct pedestrian and bicycle route to Center City's jobs and services. In addition, it will help complete Philadelphia's segment of the East Coast Greenway.

SRDC also worked with the City to extend Schuylkill Banks to 61st Street. The project included the construction of approximately 1,800 feet of trail, shoreline stabilization, constructing stormwater infiltration basins, planting approximately 125 trees, restoring approximately 1.6 acres of degraded industrial land, as well as constructing an overlook, and a fishing plaza. This project is the first phase of a larger trail extension project. Bartram's to 61st Street was completed in 2021. Bartram's Mile Fishing

Pier was also rehabilitated in 2022. Work is underway on the Schuylkill Crossing at Grays Ferry and the Christian to Crescent Connector trail segment. Plans continue for the 61st Street to Passyunk trail segment, bringing the City closer to installing a trail and greenway with vital riverfront access along the entire tidal Schuylkill. Since 2005, Philadelphia has benefitted from more than $1 billion in development along the Schuylkill River, with more planned by private developers, universities, and healthcare institutions.

TRANSPORTATION

Public Transportation

COVID. The COVID-19 pandemic has had an unprecedented impact on the City's transit system. On an average day before COVID-19, people in the Philadelphia region made over a million trips on public transit to access jobs, shopping, medical appointments, school, and many other destinations. During the pandemic, transit ridership hit historically low levels in the City.

Transit ridership in Philadelphia is recovering, with ridership back to approximately 55% of its pre-COVID-19 levels. Investment in transit has recovered since the pandemic and the Bipartisan Infrastructure Law (described below) is expected to also increase spending on transit and transportation.

Bipartisan Infrastructure Law. The federal Bipartisan Infrastructure Law, as enacted in the Infrastructure Investment and Jobs Act, provides unprecedented funding levels for infrastructure upgrades to not only the City, but also SEPTA, PennDOT, AMTRAK, and the Port of Philadelphia. The City estimates over $700 million in federal funding to be available through this program, in addition to approximately $180 million in State funds for infrastructure projects. The City has already been awarded over $300 million in formula and discretionary funding as of April of 2024.

General. The residents of the City and surrounding counties are served by a commuter transportation system operated by SEPTA. This system includes two subway lines, a network of buses and trolleys, and a commuter rail network joining Center City and other areas of the City to PHL (as defined herein) and to the surrounding counties. For more information on SEPTA, see "– Southeastern Pennsylvania Transportation Authority" and APPENDIX A – "EXPENDITURES OF THE CITY – City Payments to Southeastern Pennsylvania Transportation Authority (SEPTA)."

A high-speed train line runs from southern New Jersey to Center City and is operated by the Port Authority Transit Corporation ("PATCO"), a subsidiary of the Delaware River Port Authority. On the average pre-COVID-19 weekday, PATCO brings approximately 30,000 riders to Philadelphia.

New Jersey Transit operates 16 different bus routes that serve Philadelphia, as well as the Atlantic City Train Line, which terminates in Philadelphia. In Fiscal Year 2023, there were almost 3 million passenger trips on these bus lines. There were also 500,000 passenger trips on the Atlantic City Line in the same period.

AMTRAK, SEPTA, Norfolk Southern, CSX Transportation, Conrail and the Canadian Pacific provide inter-city commuter and freight rail services connecting the City to other major cities and markets in the United States. According to Amtrak, Philadelphia's 30th Street Station is the third busiest station in the United States. Amtrak provides direct service along the Northeast corridor to destinations such as New York, Trenton, Wilmington, Baltimore, and DC, as well as service along the Keystone line to Harrisburg and Lancaster, plus several long-distance routes to other national locations.

Philadelphia's 30th Street Station is undergoing a large-scale restoration and renovation project, which is expected to enhance the station's functionality and improve the customer experience for Amtrak, SEPTA, and NJ TRANSIT customers. Improvements at the Market Street Plaza, with expanded retail offerings and other benefits to the local community, are part of the project. The project is also part of a larger development project and part of the Philadelphia 30th Street Station District Plan.

Center City, the City's downtown core, is one of the most accessible downtown areas in the nation with respect to highway transportation by virtue of Interstate 95 ("I-95"); Interstate 676 (the "Vine Street Expressway"), running east-to-west through the CBD between Interstate 76 (the "Schuylkill Expressway") and I-95; and Interstate 476 (the "Blue Route") in suburban Delaware and Montgomery Counties, which connects the Pennsylvania Turnpike and I-95 and connects to the Schuylkill Expressway, which runs to Center City. In addition, more than 100 truck lines serve the Philadelphia area.

The City is served within City limits by numerous private buses and shuttles. These buses and shuttles are operated by apartment complexes, universities, and private companies. These buses and shuttles connect Philadelphians to transit hubs, employment, and residences. A rail line reaches PHL in less than 20 minutes from the City's central business district and connects directly with the commuter rail network and the Pennsylvania Convention Center.

Philadelphia launched the Indego bike share program, sponsored by Independence Blue Cross, in April 2015. The system launched with 600 bicycles and 70 stations in central Philadelphia and the surrounding neighborhoods. Since that time, it has more than doubled in size to a network of 200 stations spanning from East Falls to the Navy Yard, and from the Delaware River to 53rd street. Indego was launched with racial and economic equity as a core value. The program has led the nation in a number of key metrics on social equity – first system with an integrated low-income pass option, first to develop connections with communities through its Indego Community Ambassador program, and as a core member of the Better Bike Share Partnership, a national initiative aimed at understanding and eliminating barriers to use of bike share by underserved populations.

Ridership continues to grow and, as of March 2024, ridership was at 80,000 trips made (a 30% year-over-year increase in ridership over March 2023). This growth is an effect of the concession contract for the operations of Indego. Bicycle Transit Systems, a Philadelphia-based company, which began a 10-year agreement in January 2021 and will fund significant expansion over the coming years. When complete, the system will include more than 350 stations and 3,500 bicycles with a fleet of approximately 50% electric assist bicycles. In 2024, the Indego system has expanded to over 250 stations and 2,000 bikes.

Southeastern Pennsylvania Transportation Authority

SEPTA operates facilities across the PMSA, encompassing approximately 2,200 square miles and serving approximately 4.1 million inhabitants. SEPTA operates service 24 hours a day, seven days a week, 365 days a year. A significant segment of the region relies on SEPTA for public transportation and annual SEPTA ridership totaled more than 292.9 million in Fiscal Year 2019, which dropped to 146.9 million in Fiscal Year 2022.

SEPTA's operations are accounted for in three separate divisions: City Transit; Regional Rail; and Suburban Transit. The City Transit Division serves the City with a network of 89 subway-elevated, light rail, trackless trolley and bus routes, providing approximately 852,000 pre-COVID-19 unlinked passengers trips per weekday. The Regional Rail Division serves the City and the local counties with a network of 13 commuter rail lines providing approximately 120,000 pre-COVID-19 passenger trips per weekday.

SEPTA continues to rehabilitate and replace critical infrastructure and systems, such as substations, bridges, and stations. Its long-term capital program includes (i) safety and security enhancements, (ii) modernization of communication, signal equipment, and fare collection systems, (iii) replacement of rail vehicles that have exceeded their useful life, (iv) enhancing accessibility, (v) expanding capacity to address ridership growth on applicable lines, (vi) expanding its fleet of hybrid buses, and (vii) performing vehicle overhauls to optimize vehicle performance. SEPTA's capital budget for Fiscal Year 2023 is the largest in its history at over $1 billion dollars. The coordinated SEPTA Forward initiative is guiding the capital spending to ensure strategic alignment, along with bus and regional rail planning initiatives to increase ridership. SEPTA has been aggressive at pursuing federal and State funding for state-of-good-repair and strategic investments.

As part of a two-year pilot program, the City has partnered with SEPTA to provide free SEPTA passes to eligible City employees through the SEPTA Key Advantage Program. All permanent full-time, part-time and provisional City employees are eligible to participate in this program, which gives them access to travel on all modes of SEPTA transit at no cost.

For more information on SEPTA funding, see APPENDIX A – EXPENDITURES OF THE CITY – City Payments to Southeastern Pennsylvania Transportation Authority (SEPTA)."

Airport System

The Airport System serves residents and visitors from a broad geographic area that includes 11 counties within four states: Pennsylvania, New Jersey, Delaware, and Maryland. The Airport System consists of the Philadelphia International Airport ("PHL" or the "Airport") and Northeast Philadelphia Airport ("PNE").

Philadelphia International Airport

PHL is classified by the Federal Aviation Administration as a large air traffic hub (enplaning 1.0% or more of the total passengers enplaned in the United States). According to data reported by Airports Council International – North America, PHL was ranked the twenty-second busiest airport in the United States, serving 25.2 million passengers in calendar year 2022. The Airport serves as a primary hub in American Airlines' route system. PHL is located approximately seven miles from Center City on approximately 2,598 acres.

PHL has four runways, consisting of two parallel runways, a crosswind runway, and a commuter runway, as well as interconnecting taxiways. PHL also has six active cargo facilities, various support buildings, training areas, an air traffic control tower, a fixed-base operator, corporate hangars, a fueling supply facility, and two American Airlines aircraft maintenance hangars.

PHL's terminal facilities consist of seven terminal units, totaling approximately 3.2 million square feet, which include ticketing areas, passenger and baggage screening areas, passenger hold rooms, baggage claim areas, a variety of food, retail and service establishments, and other support areas. PHL has a 14-story hotel, seven rental car facilities, a cell-phone lot, employee parking lots, five public parking garages, and a first-class office complex.

PHL's three-year Airport-Airline Use and Lease Agreement (the "Airline Agreement") with its signatory airlines took effect on July 1, 2023, and includes options for two one-year extensions. The Airline Agreement includes pre-approval of $935 million in new capital funding to support operations at both PHL and PNE during its term. Funding is expected to be used for state of good repair work, upgrades throughout PHL's terminals, cargo program projects, as well as initial funding to support aviation-related development within the former economy parking lot.

Capital Development. The Airport System's long-term capital program includes (i) terminal and landside improvements, (ii) airfield improvements, (iii) security and information technology improvements, and (iv) land acquisition and ground transportation improvements, among other things.

PHL Passenger and Other Traffic Activity. The total number of passengers served by the Airport in Calendar Year 2023 was 28.1 million, which is an increase of approximately 13% from Calendar Year 2022 passengers of 25.0 million. Domestic passenger traffic increased to 85% of 2019 levels in 2023, a 12% increase from 2022. International passenger traffic continued its steady return as 2023 activity increased by 20% when compared to 2022, bringing international passengers to 89% of 2019 levels. The table below provides key metrics for activity at PHL for Calendar Year 2023 versus Calendar Year 2022.

	Calendar Year		
Activity	through December 2023	through December 2022	% Change
Landed Weight - Revenue (000 lbs.)	18,905,908	17,887,233	5.7%
Operations	294,716	284,141	3.7%
Enplaned Passengers	14,018,006	12,517,464	12.0%
Cargo (Mail + Freight) (Tons)	523,915	625,261	(16.2%)[(1)]

(1) Global cargo tonnage continues to decrease. PHL also recently had two cargo operators either reduce service or leave PHL entirely. The United States Postal Service has also announced its reduction in the use of air mail, opting for truck use instead.

Northeast Philadelphia Airport

PNE is located approximately ten miles northeast of Center City on approximately 1,118 acres. PNE serves as a reliever airport for PHL and provides for general aviation, air taxi, corporate, and occasional military use. PNE currently has no scheduled commercial service. There are a variety of hangars (corporate and general aviation) at PNE. The Airport System's long-term capital program includes PNE improvement projects.

Port of Philadelphia

The Port of Philadelphia (the "Port") is located on the Delaware River within the City limits. The Philadelphia Regional Port Authority, recently rebranded as PhilaPort, is an independent Commonwealth of Pennsylvania agency that manages port infrastructure. The Port's facilities are serviced by two Class I railroads (CSX and Norfolk Southern) and provide service to major eastern Canadian points, as well as Midwestern, southern and southeastern U.S. destinations. Over 1,600 local general freight trucking companies operate in the MSA.

The Port has 11 marine terminal leases and 14 deep water berths. The Port's facilities encompass four million square feet of warehousing capacity and are located in close proximity to Interstate 95 and Interstate 76.

From 2020 to 2023, the Port has seen vessel and barge traffic increase 15%. During the same period, total cargo has increased 8% to $6.9 million metric tons. Breakbulk tonnage (cocoa bean bags, paper rolls) has increased 4% to 1.1 million metric tons. Container volumes have increased 16% to 743,891 TEUs (Twenty Foot Equivalent Units).

In recent years, PhilaPort, along with the U.S. Army Corps of Engineers, completed the Delaware River Main Channel Deepening Project, a long-term project to deepen the main channel of the Delaware River from 40 to 45 feet. To take advantage of the channel deepening project PhilaPort programmed over $500 million in capital funding to increase port capacity and competitiveness for containers, automobiles and breakbulk cargo.

KEY CITY-RELATED SERVICES AND BUSINESSES

Municipal services provided by the City include: (i) police and fire protection; (ii) health care; (iii) certain welfare programs; (iv) construction and maintenance of local streets, highways, and bridges; (v) trash collection, disposal, and recycling; (vi) provision for recreational programs and facilities; (vii) maintenance and operation of the Water and Wastewater Systems; (viii) acquisition and maintenance of City real and personal property, including vehicles; (ix) maintenance of building codes and regulation of licenses and permits; (x) maintenance of records; (xi) collection of taxes and revenues; (xii) purchase of supplies and equipment; (xiii) construction and maintenance of the Airport System (see "TRANSPORTATION – Airport System"); and (xiv) maintenance of a prison system. Certain of these services are described in more detail below.

Water and Wastewater

The water and wastewater systems of the City are owned by the City and operated by the City's Water Department (the "Water Department"). The water and wastewater systems are referred to herein individually as the "Water System" and "Wastewater System", respectively.

The Water System service area includes the City and has one wholesale water service contract. Based on the 2022 U.S. Census Bureau estimate, the Water System served 1,567,258 individuals. As of June 30, 2023, the Water System served approximately 511,000 active customer accounts using approximately 3,200 miles of mains and approximately 25,000 fire hydrants.

The City obtains approximately 56.8% of its water from the Delaware River and the balance from the Schuylkill River. The City is authorized by the Pennsylvania Department of Environmental Protection (the "PaDEP") to withdraw up to 423 million gallons per day ("MGD") from the Delaware River and up to 258 MGD from the Schuylkill River.

Water treatment is provided by the Samuel S. Baxter Water Treatment Plant on the Delaware River and by the Belmont and Queen Lane Water Treatment Plants on the Schuylkill River. The combined rated treatment capacity of these plants under the Water Department's Partnership for Safe Water procedures is 546 MGD. The combined maximum source water withdrawal capacity from the two rivers that supply these plants is 680 MGD. The excess source water capacity enables higher than normal withdrawal from either river should conditions limit withdrawals from one.

The Wastewater System's service area includes the City and ten wholesale wastewater service contracts. Based on the 2022 U.S. Census Bureau estimate, the Wastewater System served 1,567,258 individuals that live in the City and ten wholesale contracts.

As of June 30, 2023, the Wastewater System served approximately 542,000 accounts, including approximately 46,000 stormwater-only accounts and ten wholesale contracts with neighboring municipalities, authorities and one corporation.

The Wastewater System consists of three water pollution control plants, the Northeast, Southwest and Southeast water pollution control plants (the "WPCPs"), 29 wastewater pumping stations, approximately 3,700 miles of sewers, and a privately managed centralized biosolids handling facility. It includes approximately 1,850 miles of combined sewers, 770 miles of sanitary sewers, 750 miles of stormwater sewers, 16 miles of force mains (sanitary and storm), and 330 miles of appurtenant piping. The three WPCPs processed a combined average of 522 MGD of wastewater in Fiscal Year 2022, have a 783 MGD combined average daily design capacity and a peak capacity of 1,059 MGD.

Gas Works

The City owns the assets that comprise the Philadelphia Gas Works ("PGW" or the "Gas Works"). PGW is (i) the largest municipally-owned gas utility in the nation, (ii) responsible for the acquisition and storage of natural gas, and (iii) the sole distributer of natural gas within the limits of the City. Such limits also define the service area of PGW which, being the corporate limits of the City, is a mostly dense urban area of 143 square miles located in southeast Pennsylvania along the Delaware River and within the smallest county of the Commonwealth.

PGW is principally a gas distribution utility, with a distribution system of approximately 3,041 miles of gas mains and 476,605 service lines. In addition, PGW operates facilities for the liquefaction, storage, and vaporization of natural gas to supplement gas supply taken directly from interstate pipeline and storage companies. The principal PGW natural gas supply facilities include nine City gate stations, owned in large part by the interstate natural gas pipeline companies serving PGW, and two liquefied natural gas plants owned by the City and operated by PGW.

The City Charter provides for a Gas Commission (the "Gas Commission") to be constituted and appointed in accordance with the provisions of contracts between the City and the operator of PGW as may from time to time be in effect, or, in the absence of a contract, as may be provided by ordinance. The Gas Commission consists of the City Controller, two members appointed by City Council and two members appointed by the Mayor.

PGW's operations are managed by the Philadelphia Facilities Management Corporation ("PFMC"), a Pennsylvania non-profit corporation specifically organized to manage and operate PGW for the benefit of the City. PFMC's responsibilities are set forth in a Management Agreement between the City and PFMC dated December 29, 1972, as subsequently amended ("Management Agreement"), which delegates responsibility for PGW's operation to an executive management team provided by PFMC. Under the Management Agreement, those responsibilities that are not specifically granted to PFMC are the responsibilities of the Gas Commission, except to the extent preempted by the Pennsylvania Public Utility Commission (the "PUC") pursuant to the Pennsylvania Natural Gas Choice and Competition Act (the "Gas Choice Act"). The Gas Choice Act made PGW subject to regulation by the PUC effective July 1, 2000, and provides that choice among natural gas suppliers will be provided to PGW's customers.

For more information on PGW, see APPENDIX A – "THE GOVERNMENT OF THE CITY OF PHILADELPHIA – Government Services, "REVENUES OF THE CITY – PGW Annual Payments," "PGW PENSION PLAN," "PGW OTHER POST-EMPLOYMENT BENEFITS," and "LITIGATION – PGW."

Libraries

The Free Library of Philadelphia, the City's public library system, comprises 54 branches (with a variety of digital, computer-based services at certain locations) and an extensive online resource system.

Streets and Sanitation

The Philadelphia Streets Department (the "Streets Department") and the divisions within it are responsible for the City's large network of streets and roadways. The City's pavement condition is considered to be in "Fair" pavement condition. In order for the City to maintain its pavement in a state of good repair, local streets should be repaved once every 20 years and arterials should be repaved once every 10 years. This requires approximately 131 miles of paving every year, but, over the years, this pavement program has accumulated a backlog. The Streets Department has invested in critical equipment replacements and implemented a strategy to address recurring state of good repair needs. The Streets Department is also emphasizing an objective, data-oriented approach towards strategically addressing roadway conditions throughout the City. New geographical information system (GIS) and global position system (GPS) technology and systems are being used, along with objective assessment tools, to rate and monitor the quality and condition of streets and roadways to prioritize paving plans.

The Streets Department is also responsible for the ongoing collection and disposal of residential trash and recyclables, the overall cleanliness of City streets, the construction and maintenance of City streets roadways, bridges and street lighting system and management and engineering of the City's local traffic network. The streets system in Philadelphia totals 2,575 miles – 2,180 miles of City streets, 35 miles of Fairmount Park roads, and 360 miles of state highways. The Sanitation Division annually collects and disposes of over 620,000 tons of rubbish and 80,000 tons of recycling and works to combat illegal dumping.

Sustainability and Green Initiatives

Mayor Parker has committed to make Philadelphia the safest, cleanest, and greenest big city in the nation with economic opportunity for everyone. To aid in achieving this goal, the Philadelphia Energy Authority has been tasked with improving energy sustainability and affordability in the City and with educating consumers on their energy choices. Certain energy savings financing has also been undertaken by the Philadelphia Energy Authority, Philadelphia Municipal Authority, and the Philadelphia Authority for Industrial Development. The City is investing in and evaluating additional options and investing in both green and traditional infrastructure to better manage storm water reclamation and reduce pollution of the City's public waters. There has been extensive investment in creating more and better public spaces, such as Love Park in Center City, as well as green spaces along both the Delaware and Schuylkill Rivers. Finally, the City has been taking steps to further reduce automobile traffic, congestion and pollution by making Philadelphia's streets increasingly friendly to bicyclists. The City introduced its bicycle sharing system, Indego, in 2015, as further described in "TRANSPORTATION."

In furtherance of sustainability and environmental issues that affect the health and wellbeing of Philadelphians, in 2022, the City launched Philadelphia's first Environmental Justice Advisory Commission (PEJAC), a historic step in the City's commitment to supporting the leadership of frontline communities in addressing environmental harms. Alongside the launch, the City announced the establishment of a community resilience and environmental justice grant fund and interagency Environmental Justice and Climate Resilience Committee (EJCRC) to affirm the City's commitment to pursuing environmental justice and climate resilience for all Philadelphians. The City has begun looking beyond risks posed to municipal government and is in the process of updating its citywide resilience plan. Collaboration and coordination through the EJCRC will ensure climate resilience is incorporated throughout City operations and planning. The Office of Sustainability, in coordination with the EJCRC is updating citywide vulnerability assessments and developing tools to better understand neighborhood-level vulnerability to climate change. Another inter-agency working group, the Flood Risk Management Task Force, focuses specifically on flood mitigation. The Office of Sustainability also runs a Place-Based resilience initiative that engages regional, state, and federal partners to address flood risk along the Lower Schuylkill, in concert with the Eastwick community and other stakeholders. This group will collaborate to define short-, medium- and long-term solutions to flooding that center community input. Other planning activities are underway that will identify strategic actions and funding sources to advance resilience citywide. The City is developing a strategy to pursue benefits from the Biden Administration's Justice40 commitment and Inflation Reduction Act grants, with the potential to secure significant federal funding for climate resilience and mitigation efforts. Upon its successful completion of a strategic planning process for the urban forest, Philadelphia Parks and Recreation is increasing tree canopy in neighborhoods vulnerable to the effects of extreme heat since trees cool the air and reduce heat islands. Parks and Recreation and partners are also working to implement the City's Urban Agriculture Plan which will play an important role in increasing local food production and climate resilience and addressing hunger and food apartheid, biodiversity loss, soil degradation and waste. The Philadelphia Office of Emergency Management is integrating climate change and climate adaptation strategies in the update of the Hazard Mitigation Plan, which will assist with both local and statewide planning aimed at increasing community resilience. The Philadelphia Energy Authority's Philly Streetlight Improvement Project will convert approximately 130,000 high pressure sodium streetlights into a network of more efficient, longer-lasting LED lights. By upgrading to higher performing streetlights with a new lighting management system, the project is expected to: (i) foster public safety improvements for pedestrians, cyclists, and motorists; (ii) reduce energy consumption and operating costs associated with such system; and (iii) benefit local, diverse businesses.

For more information on climate change in the City, see APPENDIX A – "THE GOVERNMENT OF THE CITY OF PHILADELPHIA – Climate Change."

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APPENDIX C

ANNUAL COMPREHENSIVE FINANCIAL REPORT OF THE CITY OF PHILADELPHIA FOR THE YEAR ENDED JUNE 30, 2023

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City of Philadelphia

PENNSYLVANIA

Founded 1682

Annual Comprehensive Financial Report

Fiscal Year Ended June 30, 2023

SEAL OF THE CITY OF PHILADELPHIA

City of Philadelphia
PENNSYLVANIA

Annual Comprehensive Financial Report

Fiscal Year Ended June 30, 2023

Cherelle Parker
Mayor

Prepared by:

Office of the Director of Finance

Rob Dubow
Director of Finance

Josefine Arevalo
Chief Accounting Officer

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Victoria Heads	Mary Powell-Civera	Edward Wiler

SEAL OF THE CITY OF PHILADELPHIA

PHILADELPHIA MANETO

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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 24, 2024

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, 2023. 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, 2023. 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 complete an annual audit of all City accounts. This independent auditor's report is located at the front of the financial section of this report.

Management's discussion and analysis (MD&A) immediately follows the independent auditor's report and provides a narrative introduction, overview, and analysis of the basic financial statements. The MD&A complements this letter of transmittal and should be read in conjunction with it.

PROFILE OF THE GOVERNMENT

The City of Philadelphia was founded in 1682, incorporated in 1789, and merged with the County of Philadelphia in 1854. The city occupies an area of 135 square miles of land along the Delaware River, serves a population of nearly 1.6 million and is the hub of a five-county metropolitan area including Bucks, Chester, Delaware and Montgomery Counties in Southeast Pennsylvania.

The City is governed largely under the City Charter, which was adopted by the Electors of the City of Philadelphia on April 17, 1951 and became effective on the first Monday of January 1952. However, in some matters, including the issuance of short-term and long-term debt, the City is governed by the laws of the Commonwealth of Pennsylvania.

Under the City Charter, there are two principal governmental entities in the City: (i) the City, which performs municipal and county functions; and (ii) the School District, which has boundaries coterminous with the City and responsibility for all public primary and secondary education. Under Article XII of the City Charter, the School District of Philadelphia operates as a separate and independent home rule school district. The Board of Education, which governs the District, has nine members, each of whom is appointed by the Mayor with the approval of City Council.

The Charter provides for a strong mayoral form of government with the Mayor and the seventeen members of the City Council, ten from districts and seven from the city at-large, elected every four years. Minority representation is assured by the requirement that no more than five candidates may be elected for Council-at-large by any one party or political body. The Mayor is prohibited from serving more than two consecutive terms. The District Attorney and the City Controller are elected at the mid-point of the terms of the Mayor and City Council. The court system in the City, consisting of Common

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

The City of Philadelphia provides a full range of services, including police and fire protection, emergency medical services, sanitation services, streets maintenance, recreational activities and cultural events, and traditional county functions such as health and human services and prisons. The City operates water and wastewater systems that service the residents of Philadelphia; and two airports: Philadelphia International Airport, which handles passengers and cargo; and Northeast Philadelphia Airport, which handles private aircraft and some cargo.

This report includes the financial statements of the primary government, as well as its component units, which are legally separate organizations in which the primary government is financially accountable. In addition, when a component unit functions as an integral part of the primary government, its financial data is blended with the primary government, and treated just as though it were funds of the primary government. Otherwise, the component unit is presented discretely from the primary government. Blended component units included in this report are the Philadelphia Municipal Authority and Pennsylvania Intergovernmental Cooperation Authority; discretely presented component units included in this report are the Philadelphia Gas Works, Philadelphia Redevelopment Authority, Philadelphia Parking Authority, School District of Philadelphia, Community College of Philadelphia, Community Behavioral Health, Inc., Philadelphia Housing Authority, and the Philadelphia Authority for Industrial Development. The relationship between the City and its component units is explained further in the *Notes to the Financial Statements*.

The City maintains budgetary controls to ensure compliance with legal provisions embodied in the annual appropriated budget proposed by the Mayor and approved by City Council for the fiscal year beginning July 1st. Activities of the General Fund, City Related Special Revenue Funds and the City Capital Improvement Funds are budgeted annually. The level of budgetary control (that is, the level at which expenditures cannot legally exceed the appropriated amount) is established by major class within an individual department and fund for the operating funds and by project within department and fund for the Capital Improvement Funds. The City also maintains an encumbrance accounting system for control purposes. Encumbered amounts that have not been expended at year-end are carried forward into the succeeding year but appropriations that have not been expended or encumbered at year-end are lapsed.

FACTORS AFFECTING ECONOMIC CONDITION

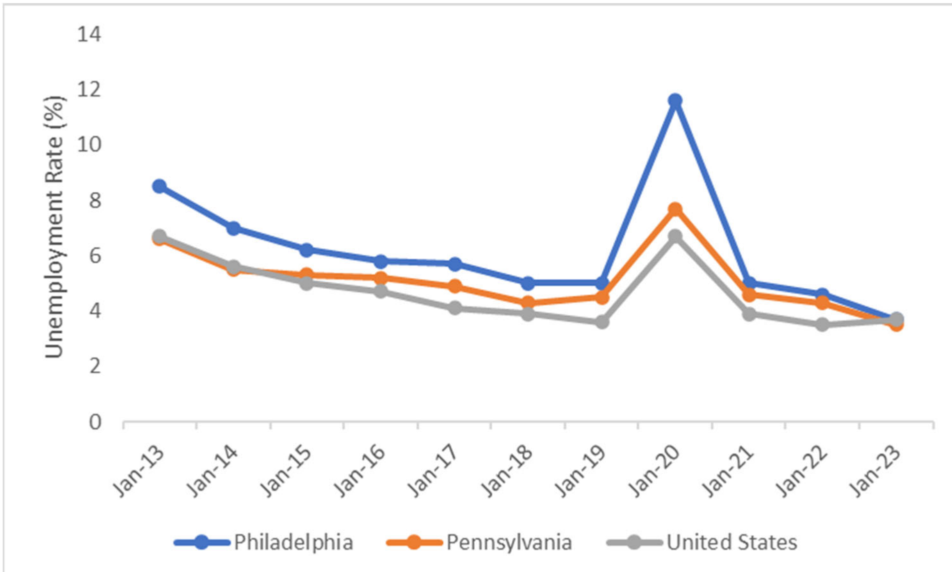
The information presented in this report is best understood in the context of the environment in which the City of Philadelphia operates. A more comprehensive analysis of these factors is available in the City's Five-Year Plan, which is presented by the Mayor each year pursuant to the Pennsylvania Intergovernmental Cooperation Authority Act and can be obtained online at www.phila.gov/finance.

Local Economy

The city benefits from its strategic geographical location, relative affordability, cultural and recreational amenities, and its growing strength in key industries. As a hub for education and medicine, the city is home to several institutions of higher education, medical and research facilities, and hospitals. The city also has a strong business and personal services economy with strengths in insurance, law, finance, and leisure and hospitality. Tourism is driven by the city's attractive historic district and array of cultural assets, including museums, theaters and entertainment venues, a vast park system, and a dynamic restaurant scene.

Philadelphia's economy was performing well in the decade before the pandemic – matching and in some years outperforming the nation in job generation. But COVID-19 halted that progress, and the city's recovery continues to lag behind that of the national economy. The U.S. Bureau of Labor Statistics' monthly employment data for November 2023 showed a modest increase of 5,400 jobs in the city over the preceding month. The education and health services sector continued showing gains by adding another 2,700 jobs over the preceding month. The sector now has more than recovered its pandemic-era job losses.

As of December 2023, Philadelphia's unemployment rate has dropped to 3.7 percent. The following chart shows the trend in Philadelphia's unemployment rate as compared to Pennsylvania's and the U.S. overall from 2013 to 2023. While Philadelphia's unemployment rate has returned to pre-pandemic levels, it continues to be high relative to the rest of Pennsylvania. As of December 2023, the non-seasonally adjusted rate shows Philadelphia with an unemployment rate of 3.7 percent, Pennsylvania with an unemployment rate of 3.5 percent, and the U.S. with an unemployment rate of 3.7 percent. Higher unemployment means that more individuals are without wages, impacting their household stability and purchasing power in the local economy.



The estimated 2022 median household income in Philadelphia was $57,537, which is a $13,793 (or 32 percent) increase since 2018, outpacing state (23 percent) and national (25 percent) growth rates. Despite the improvement, poverty and resident hardship within Philadelphia is persistent. The City's median household income remains lower than the estimated 2022 national median income of $75,149 and the statewide figure of $73,170. Philadelphia has the lowest median household income of the top 10 largest U.S. cities by population. Median owner-occupied home values increased by 34 percent from $142,300 in 2012 to $215,500 in 2022, with median rent rising 43 percent from $872 in 2012 to $1,250 in 2022. Philadelphia continues to have high levels of homeownership, with homeowners occupying 52.2 percent of the housing stock.

Calendar Year	Population[1]	Per Capita Personal Income[2]	Unemployment Rate[2]
2022	1,567,258	56,764	5.4%
2021	1,576,251	60,869	9.2%
2020	1,578,487	58,941	12.4%
2019	1,584,064	57,265	5.5%
2018	1,584,138	55,747	5.5%

[1] *US Census Bureau*

[2] *US Department of Labor, Bureau of Labor Statistics*

The consistent efforts of Philadelphia's economic development agencies and others have spurred significant economic changes throughout the city. Development in the Navy Yard has, over time, transitioned a former naval property and active military base to a growing hub for business. Over the last two decades, the efforts of Philadelphia's economic development agencies and others have spurred significant economic revitalization throughout the city. Adopted FY24 General Fund expenditures are projected to total $6.195 billion, a $277.0 million increase (4.7%) from FY23 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 $2.17 billion in FY24, a 9.7% increase over FY23's level, reflecting salary increases and new positions. Additional investments are discussed in greater detail in the major initiatives section below.

The City has been rated in the 'A' category by all three rating agencies since 2013. In July 2022, Fitch Ratings upgraded the City's rating from 'A-' to 'A'. Then, in April 2023, Standard & Poor's improved the City's Outlook to Positive, and in May 2023, Moody's upgraded the City's rating from A2 to A1, making the City's General Obligation (GO) ratings the highest combination they have been in more than four decades.

City of Philadelphia's General Obligation Bond Ratings

Fiscal Year End	Moody's	Standard & Poor's	Fitch
2023	A1	A	A
2022	A2	A	A-
2021	A2	A	A-
2020	A2	A	A-
2019	A2	A	A-

The FY24 Approved Capital Budget provides approximately $214 million in new, City-supported general obligation borrowing (identified as CN funds) and $611 million of prior year, tax-supported City loans. This City commitment will help leverage $3.92 billion from federal, state, private, City self-sustaining enterprise, operating, and revolving fund sources for a total FY24 budget of $4.75 billion. Over six years, the FY24-29 Capital Program includes a commitment of nearly $1.20 billion in new CN borrowing as part of a proposed $13.30 billion in total capital investment.

Roughly four years after the onset of the COVID-19 pandemic, the City's General Fund revenues, primarily originating from local and regional taxpayers, continue to exhibit a mix of growth and decline. For the General Fund, the City is estimated to receive a total of $6.0 billion in FY24, a decrease of 0.5% over FY23 actuals. The largest portion of General Fund revenue comes from local taxes, with an estimated $4.1 billion, or nearly 70% of the total, coming from tax receipts in FY24.

Long-term Financial Planning and Major Initiatives

Unrestricted fund balance (the total of the committed, assigned, and unassigned components of fund balance) in the General Fund at year-end was 16.2% of total General Fund revenues. This amount was above the City's goal of at least 6-8% and just below the Government Finance Officers Association (GFOA) recommendation of two months of general fund revenues, or approximately 16.7%. The fund balance is higher than the amount included for FY23 in the adopted FY24-28 Five Year Financial and Strategic Plan due to two main factors. The first is underspending, as the City, like many other employers, has struggled to attract and retain staff amid a complicated landscape in the labor market in the wake of the pandemic; funds had been budgeted for salaries for positions that have stayed vacant as well as for programs whose ramp-up has been delayed. The second significant factor was higher-than-anticipated tax collections, notably from three taxes: the volatile Business Income and Receipts Tax (BIRT), the Wage Tax, and Revenue from Other Governments (Medicaid drawdowns).

The table below illustrates the City's General Fund year-end balance (legal basis) for the past five years, along with the projected FY24 year-end balance as noted in the City's Quarterly City Managers Report (for the period ending December 31, 2023).

General Fund

Year End Fund Balance (Legal Basis)

Fiscal Year End	Fund Balance (in thousands)	Projection/Actual
2024	504,349	Projection
2023	981,572	Actual
2022	779,144	Actual
2021	298,542	Actual
2020	290,672	Actual

Source: Quarterly City Managers Report dated December 31, 2023

Relevant Financial Policies

PICA Act and Requirements: The Pennsylvania Intergovernmental Cooperation Authority (PICA) was created in 1991 by the Pennsylvania Intergovernmental Cooperation Authority Act for Cities of the First Class (the PICA Act) to provide financial assistance for the City of Philadelphia. Under this Act and for as long as PICA remains in place, the City is required to submit to PICA: (i) a five-year financial plan on an annual basis; and (ii) quarterly financial reports. The five-year financial plan includes projected revenues and expenditures of the principal operating funds of the City, beginning with the current fiscal year. Each five-year plan, which must be approved by PICA, is required to, among other things, eliminate any projected deficits, balance the fiscal year budget and provide procedures to avoid fiscal emergencies. The quarterly reports must be submitted to PICA so that PICA may determine whether the City is following the then-current five-year plan. The PICA Act was renewed in 2022 and PICA will remain in place until the later of when its bonds are retired or 2047.

Fund Balance Target: Recognizing the importance of maintaining adequate fund balances, the City developed a target fund balance of at least 6% to 8% of the budget. The GFOA recommends that general-purpose governments maintain unrestricted budgetary fund balance in the general fund of no less than two months of regular general fund operating revenues or regular general fund operating expenditures. At a projected $504.3 million for FY24 (as of the City's second-quarter Quarterly City Managers Report), the City's fund balance is 8.5% of revenues, well short of the two months of regular government spending (16.7%) as recommended by the GFOA.

Wage and Business Tax Changes: The City's largest portion of tax revenue comes from the City's Wage and Earnings Tax. This tax is collected from all employees who work within the city limits but live elsewhere, as well as all residents regardless of work location. The Business Income and Receipts Tax (BIRT) is the third-largest source of General Fund revenue and is based on both gross receipts (sales) and net income (profits). The adopted FY24-28 Five Year Financial and Strategic Plan includes wage and business tax relief. The wage tax relief reduces the resident rate to 3.75% in FY24 (from 3.79% in FY23), while the non-resident rate remains at 3.44%. The business tax relief reduces the net profit portion of the Business Income Receipts Tax (BIRT) from 5.99% to 5.81%.

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. In Fiscal Year 2013, the City completed the Actual Value Initiative (AVI), which involved a comprehensive revaluation of all properties in the City – approximately 579,000 parcels – to correct outdated and partial assessments. The intent of AVI was to ensure that properties are examined annually to ensure that values reflect the market.

For Tax Year 2023, the Office of Property Assessment (OPA) conducted a comprehensive revaluation, which resulted an average residential increase of 31%. Following the Tax Year 2023 revaluation, roughly 11,500 appeals and over 19,000 first-level reviews were filed with the Board of Revision of Taxes and OPA, respectively.

Improving the Health of the Pension Fund: The City will not attain fiscal stability until it has solidified the financial condition of the Pension Fund. To address this challenge, the City, working with municipal employees, the Pension Board, and City Council, launched a three-pronged approach to improve the health of the Pension Fund to 80% funded by Fiscal Year 2029 and 100% funded by Fiscal Year 2033.

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 adopted FY24-FY28 Five Year Plan, the Sales Tax revenues due to the Pension Fund are projected to be worth about $553.5 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 by $81 million from FY15 through FY23, 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 7.35% from 8.75% since 2008. Partially as a result of this change in assumed rate of return, the MMO has increased in recent years. Moreover, the City follows the Revenue Recognition Policy (RRP) to finance the unfunded actuarial liability. Under the RRP, the City provides contributions to the Pension Fund that are in excess of the MMO.

Managing Health Benefit Costs: Health benefit program costs are one of the largest items in the City's budget. In order to address the challenges these costs present, the City has made cost-saving changes in the City-administered health benefit programs for exempt and non-represented employees and sought changes to its labor contracts in the area of health benefits. These changes include moving to self-insurance, increasing copays, and implementing wellness and disease management programs.

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

Violence Prevention and Public Safety: The City continues to work tirelessly in response to the national public health emergency that gun violence presents. On this front, the City has acted swiftly, investing in anti-violence initiatives that both address the immediate crisis and tackle the systemic, root causes of violence. In FY24, more than $233 million is dedicated to anti-violence investments.

Pre-Kindergarten, Community Schools, and Improvements to Recreation Centers and Libraries: In June 2016, City Council passed and the Mayor signed the Philadelphia Beverage Tax (PBT) into law. The PBT taxes the distribution of sweetened drinks at 1.5 cents per ounce and became effective January 1, 2017. The PBT provides funding for pre-kindergarten (Pre-K), community schools, and improvements to recreation centers and libraries. Pre-K and Community Schools will expand in FY24 to $66.0 million for Pre-K and $10.6 million for community schools. The City is adding 1,250 new PHLpreK slots in FY24, for a total of 5,250; and funding 20 Community Schools, bringing quality learning and resources to Philadelphians across the city. Through the Rebuild Initiative, the City is making investments to improve parks, recreation centers, playgrounds, and libraries for the next generation of Philadelphians.

COVID-19 Recovery and Grants: Since 2020, the City received several large grants to support its response to, and recovery from the COVID-19 pandemic. These funding sources include Coronavirus Aid, Relief, and Economic Security (CARES) Act grants, Federal Emergency Management Agency (FEMA) Public Assistance, and American Rescue Plan Act (ARPA) relief funds. Relief from federal and state funding enables the City to continue to provide core services and pandemic responses, avoid layoffs, build back up reserves along with the fund balance to help with future disruptions, and to make strategic investments as described above to help lift Philadelphians out of poverty. The ARPA funds are programmed through the end of calendar year 2024, as required by US Treasury.

Education: Education continues to be a key area of focus and investment. In addition to the investments in pre-K and community schools enabled by the PBT, the City is making significant investments in K-12 education and the Community College of Philadelphia (CCP). These investments include $1.4 billion over the life of the FY24-28 Five Year Plan for the School District of Philadelphia, in addition to local tax revenues that support the District. Following a $270.0 million contribution in FY23, FY24 includes $282.1 million in funding for the District. The City is also investing $255.0 million in CCP over the FY24-28 Five Year Plan. This includes funding for the Octavius Catto Scholarship, through which eligible Scholars receive tuition-free enrollment through a "last-dollar" tuition model that closes the gap between other financial aid and students' remaining tuition balance; enhanced staff supports; and funding for basic needs, such as books, transportation, and food.

AWARDS AND ACKNOWLEDGEMENTS

The Government Finance Officers Association of the United States and Canada (GFOA) awarded a Certificate of Achievement for Excellence in Financial Reporting to the City of Philadelphia for its Annual Comprehensive Financial Report (ACFR) for the fiscal year ended June 30, 2022. This was the forty-third consecutive year that the government has achieved this prestigious award. In order to be awarded a Certificate of Achievement, the government has to publish an easily readable and efficiently organized ACFR that satisfied both generally accepted accounting principles and applicable program requirements.

A Certificate of Achievement for Excellence in Financial Reporting is valid for a period of one year only. However, we believe that our current ACFR continues to meet the Certificate of Achievement for Excellence in Financial Reporting Program's requirements and we are submitting our current ACFR to the GFOA to determine its eligibility for another certificate.

The City also received the GFOA's Distinguished Budget Presentation Award for its annual budget document for the fiscal year beginning July 1, 2022. 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,

Rob Dubow, Director of Finance

Government Finance Officers Association

Certificate of Achievement for Excellence in Financial Reporting

Presented to

City of Philadelphia
Pennsylvania

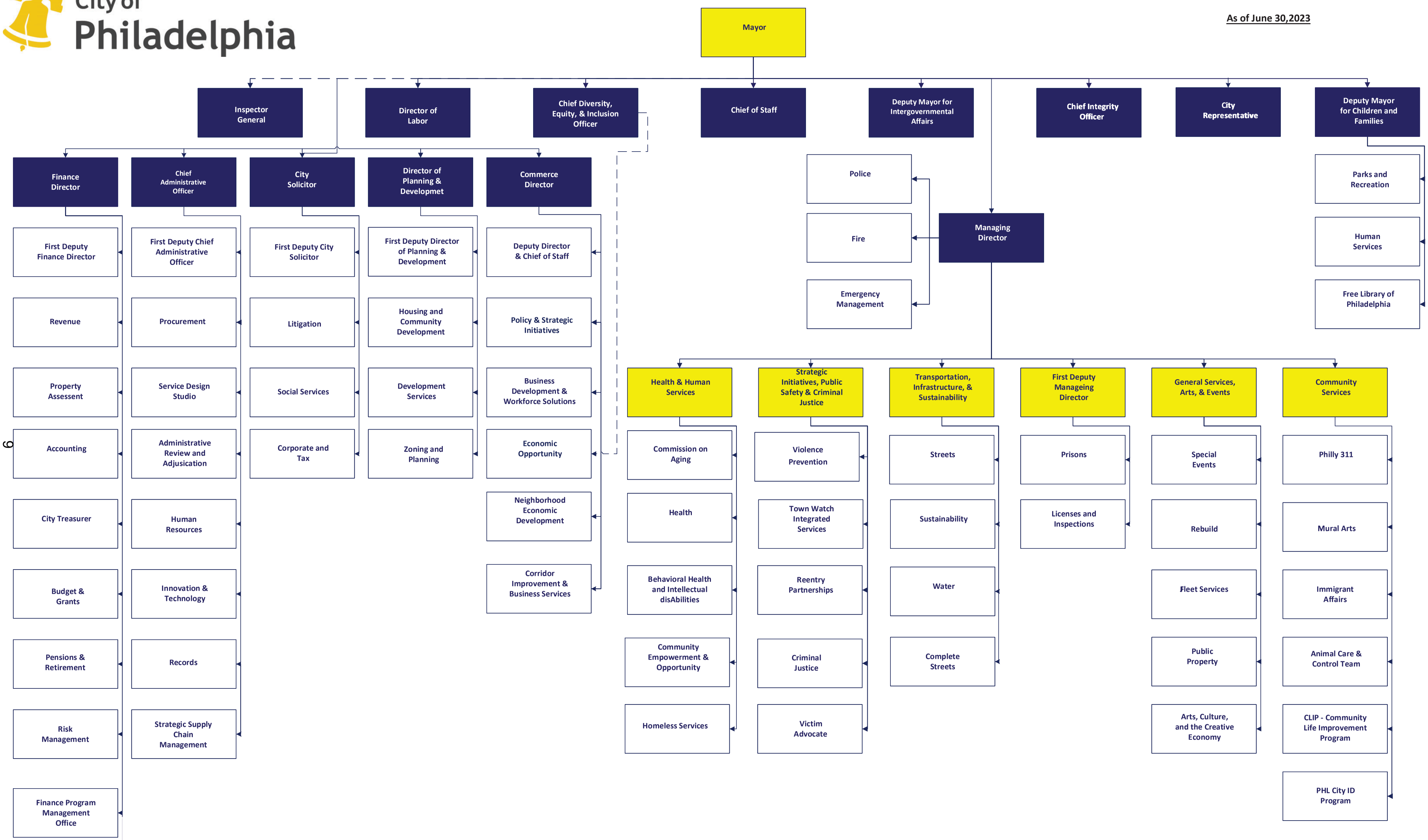
For its Annual Comprehensive
Financial Report
For the Fiscal Year Ended

June 30, 2022

Christopher P. Morrill

Executive Director/CEO

As of June 30,2023



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 .... Jeffrey 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 Planning & Strategic Initiatives .... Aren Platt
Managing Director.. Adam K. Thiel
Finance Director... Rob Dubow
Budget Director .... Robert McDermott
Police Commissioner.. Kevin J. Bethel
City Solicitor... Renee Garcia
Commerce Director... Alba Martinez
Acting Fire Commissioner .... Craig Murphy
Chief Public Safety Director .... Adam N. Geer
Director, Clean & Green Initiative... Carlton Williams
Director of Minority Business Success .... Rachel Branson
Chief Integrity Officer.. Danielle Gardner Wright
Chief Legal Counsel-Office of the Mayor .... Kristin Bray

C I T Y O F P H I L A D E L P H I A

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, 2023, 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, 2023, 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%	2%	8%
Business-Type Activities	0%	0%	0%
Aggregate Discretely Presented Component Units	59%	45%	40%
Major Funds	0%	0%	0%
Aggregate Remaining Fund Information	89%	91%	76%

Basis for Opinions

We conducted our audit in accordance with auditing standards generally accepted in the United States of America (GAAS). Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the City of Philadelphia, Pennsylvania, and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Emphasis of Matter - Change in Accounting Principle

As discussed in Notes I.15 and III.9 to the financial statements, in the year ended June 30, 2023, the City of Philadelphia, Pennsylvania adopted Governmental Accounting Standards Board (GASB) Statement No. 96, *Subscription-Based Information Technology Arrangements*, which represents a change in accounting principle. Our opinion is not modified with respect to this matter.

Responsibilities of Management for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with accounting principles generally accepted in the United States of America, and for the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the City of Philadelphia, Pennsylvania's ability to continue as a going concern for twelve months beyond the financial statement date, including any currently known information that may raise substantial doubt shortly thereafter.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinions. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with GAAS will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with GAAS, we

- Exercise professional judgment and maintain professional skepticism throughout the audit.

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the City of Philadelphia, Pennsylvania's internal control. Accordingly, no such opinion is expressed.

- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.

- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the City of Philadelphia, Pennsylvania’s ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control-related matters that we identified during the audit.

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis on pages 18 through 33, and the required supplementary information other than management's discussion and analysis as listed in the table of contents be presented to supplement the basic financial statements. Such information is the responsibility of management and, although not a part of the basic financial statements, is required by the GASB who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We and other auditors have applied certain limited procedures to the required supplementary information in accordance with GAAS, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Other Supplementary Information

Our audit for the year ended June 30, 2023, 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, 2023, as listed in the table of contents, is presented for purposes of additional analysis and is not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. The Other Supplementary Information has been subjected to the auditing procedures applied in the audit of the basic financial statements for the year ended June 30, 2023, 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, 2023.

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, 2022 (not presented herein), and have issued our report thereon dated February 25, 2023, 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 2022 amounts included in the individual fund schedules of Budgetary Actual and Estimated Revenues and Obligations for the year ended June 30, 2022, 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 2022 financial statements. The 2022 amounts included in the individual fund schedules of Budgetary Actual and Estimated Revenues and Obligations were subjected to the audit procedures applied in the audit of the 2022 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 2022 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, 2022.

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 24, 2024

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, 2023. 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 liabilities plus deferred inflows of the City exceeded its total assets plus deferred outflows at the close of the fiscal year by $2.3 billion (net position), which represents an increase of 1.41 billion, or 37.5% as compared to fiscal year 2022. The Governmental Activities of the City had an increase of 1.13 billion, while the Business-type activities had an increase of $0.28 billion.

- On the Government-Wide Financial Statements, the City's unrestricted net position reported a deficit of $7.03 billion. The major underlying causes of this deficit are the net pension liability of $4.8 billion, the net OPEB liability of $1.79 billion, and the outstanding pension obligation bonds of $0.87 billion. This deficiency will have to be funded from resources generated in future years.

- The governmental funds reported a combined ending fund balance of $1.8 billion, an increase of $44.0 million as compared to fiscal year 2022. The unassigned fund balance of the governmental funds ended the fiscal year with a surplus of 74.1 million, an increase of $93.3 million.

- The unrestricted fund balance (the total of the committed, assigned, and unassigned component of fund balance) for the General Fund was $1.2 billion, of which, $668.2 million was unassigned which represents the residual amounts that have not been assigned to other funds. The unassigned fund balance increased by $257.5 million as 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 $981.6 million, as compared to $779.1 last year. The City's General Fund reported total revenues of $6.05 billion, which is a $279.5 million increase from prior years. The increase in revenues was primarily the result of an increase in tax receipts from the Pennsylvania Intergovernmental Cooperation Authority of $119.2 million and an increase of $85.0 million of revenue replacement funds provided by the American Rescue Plan. General Fund expenditures totaled $5.92 billion, which is a $579.9 million increase from prior years. Within this, contributions to the Capital Fund, Housing Trust Fund, and Budget Stabilization Fund increased by $137.6 million, $22.2 million, and $65.1 million, respectively. Expenditures for the purchases of good and services increased by $235.0 million, reflecting an increase in demand for governmental services as well as rising costs due to inflation.

Overview of the Financial Statements

This discussion and analysis are intended to serve as an introduction and overview of the City of Philadelphia's basic financial statements. The City's basic financial statements are comprised of:

- Government-wide financial statements which provide both long-term and short-term information about the City's overall financial condition.
- Fund financial statements which provide a more detailed look at major individual portions, or funds, of the City.
- Notes to the financial statements which explain some of the information contained in the financial statements and provide more detailed data.
- Other supplementary information which further explains and supports the information in the financial statements.

Government-wide financial statements. The government-wide financial statements report information about the City as a whole using accounting methods similar to those used by a private-sector business. The two statements presented are:

The *statement of net position* which includes all of the City's assets, liabilities, and deferred inflows/outflows of resources, with the difference reported as net position. Over time, increases or decreases in net position are an indicator of the City's financial position.

The *statement of activities* presents revenues and expenses and their effect on the change in the City's net position during the current fiscal year. These changes in net position are recorded as soon as the underlying event giving rise to the change occurs, regardless of when cash is received or paid.

The government-wide financial statements of the City are reflected in three distinct categories:

1. ***Governmental activities*** are primarily supported by taxes and state and federal grants. The governmental activities include general government; economic and neighborhood development; public health, welfare and safety; cultural and recreational activities; streets, highways and sanitation; and the financing activities of the City's two blended component units - the Pennsylvania Intergovernmental Cooperation Authority (PICA) and Philadelphia Municipal Authority (PMA).

2. ***Business-type activities*** are supported by user fees and charges which are intended to recover all or a significant portion of their costs. The City's water and wastewater systems, airport and industrial land bank are all included as business type activities.

   These two types of activities comprise the primary government of Philadelphia.

3. ***Component units*** are legally separate entities for which the City of Philadelphia is financially accountable or has oversight responsibility. Financial information for these component units is reported separately from the financial information presented for the primary government. The City's government-wide financial statements contain eight distinct component units, the School District of Philadelphia, Community College of Philadelphia, Community Behavioral Health, Philadelphia Gas Works, Philadelphia Parking Authority, Philadelphia Housing Authority, Philadelphia Authority for Industrial Development, and the Philadelphia Redevelopment Authority.

Fund financial statements: The fund financial statements provide detailed information about the City's most significant funds, not the City as a whole. Funds are groupings of activities that enable the City to maintain control over resources that have been segregated for particular purposes or objectives. All of the funds of the City of Philadelphia can be divided into three categories: governmental funds, proprietary funds and fiduciary funds.

1. ***Governmental funds***: The governmental funds are used to account for the financial activity of the City's basic services, similar to those described for the governmental activities in the government-wide financial statements. However, unlike the government-wide statements which provide a long-term focus of the City, the fund financial statements focus on a short-term view of the inflows and outflows of expendable resources, as well as on the balances of expendable resources available at the end of the fiscal year. The financial information presented for the governmental funds are useful in evaluating the City's short-term financing requirements.

   To help the readers of the financial statements better understand the relationships and differences between the long-term view of the government-wide financial statements from the short-term view of the fund financial statements, reconciliations are presented between the fund financial statements and the government-wide statements.

   The City maintains twenty-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, 2023, the City of Philadelphia's liabilities and deferred inflows exceeded its assets and deferred outflows by $2.3 billion.

Capital assets (land, buildings, roads, bridges, and equipment), less any outstanding debt issued to acquire these assets, comprise a large portion of the City of Philadelphia's net position, at $2.4 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, $2.4 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 $7.0 billion. The governmental activities reported a negative *unrestricted net position* of $7.0 billion, and the business type activities reported an unrestricted net position surplus of $1.1 million. Any deficits will have to be funded from future revenues.

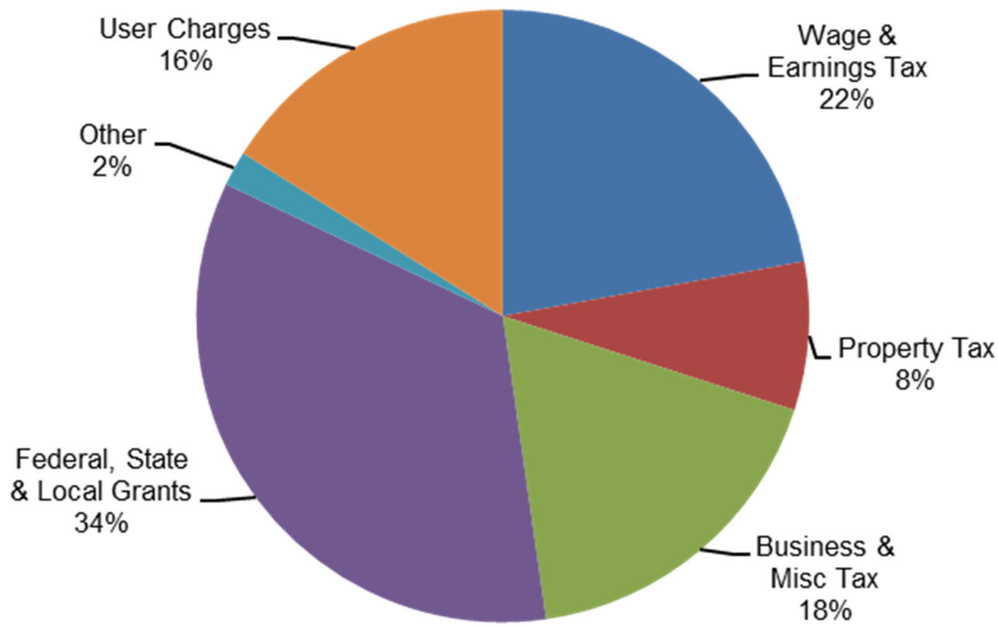
Following is a comparative summary of the City's assets, liabilities, and net position:

City of Philadelphia's Net Position
(millions of USD)

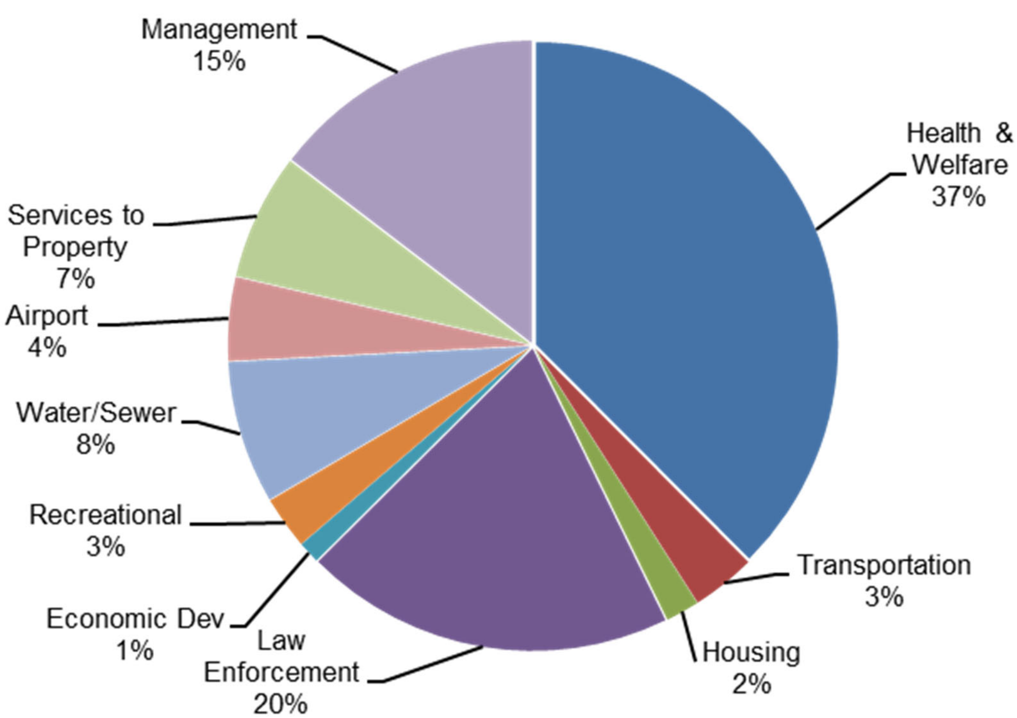
	Governmental Activities		%	Business-type Activities		%	Total Primary Government		%
	2023	2022	Change	2023	2022	Change	2023	2022	Change
Current and other assets	6,119.5	5,797.2	5.56%	3,034.2	2,643.4	14.78%	9,153.7	8,440.6	8.45%
Capital assets	3,203.3	3,098.7	3.38%	5,489.2	5,293.4	3.70%	8,692.5	8,392.1	3.58%
Total assets	**9,322.8**	**8,895.9**	4.80%	**8,523.4**	**7,936.8**	7.39%	**17,846.2**	**16,832.7**	6.02%
Deferred Outflows	679.8	802.7	-15.31%	115.4	133.1	-13.30%	795.2	935.8	-15.02%
Long-term liabilities	5,220.3	5,418.5	-3.66%	4,751.3	4,531.0	4.86%	9,971.6	9,949.5	0.22%
Other liabilities	8,892.8	9,847.7	-9.70%	1,209.7	1,228.2	-1.51%	10,102.5	11,075.9	-8.79%
Total liabilities	**14,113.1**	**15,266.2**	-7.55%	**5,961.0**	**5,759.2**	3.50%	**20,074.1**	**21,025.4**	-4.52%
Deferred Inflows	614.1	286.5	114.35%	231.4	140.0	65.29%	845.5	426.5	98.24%
Net Position:									
Net Investment in capital assets	837.7	622.6	34.55%	1,559.9	1,516.6	2.86%	2,397.6	2,139.2	12.08%
Restricted	1,465.0	1,115.4	31.34%	885.4	816.8	8.40%	2,350.4	1,932.2	21.64%
Unrestricted	(7,027.2)	(7,592.3)	7.44%	1.1	(162.6)	-100.68%	(7,026.1)	(7,754.9)	9.40%
Total Net Position	**(4,724.5)**	**(5,854.3)**	19.30%	**2,446.4**	**2,170.8**	12.70%	**(2,278.1)**	**(3,683.5)**	38.15%

Changes in net position: The City's total revenues for the fiscal year ended June 30, 2023, at $10.8 billion, exceeded the City's total costs of $9.5 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 34%, and the remaining 18% 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 the 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):

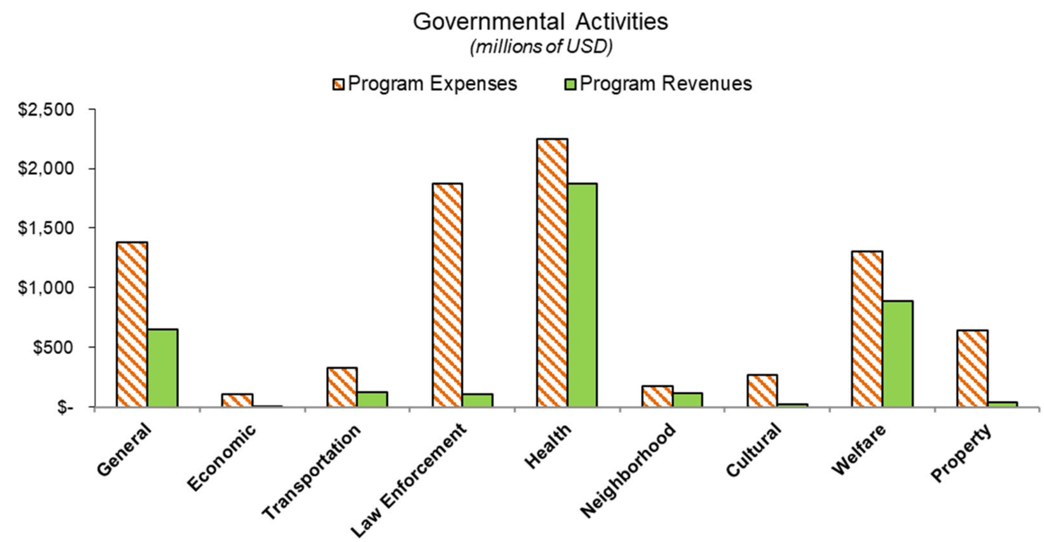
Increases (Decreases) in Revenues	
Charges for Services	$209.6
Operating Grants & Contributions	(33.9)
Capital Grants & Contributions	27.5
Wage & Earnings Taxes	169.3
Property Taxes	145.2
Other Taxes	(80.5)
Unrestricted Grants	50.5
Unrestricted Interest and Misc.	147.6
Total Revenues	$635.3

Increases (Decreases) in Expenses	
Economic Development	$9.6
Transportation	61.8
Judicial & Law Enforcement	(6.9)
Conservation of Health	65.4
Housing & Neighborhoods	(62.0)
Cultural & Recreational	45.8
General Welfare	175.6
Services to Taxpayer Property	(19.3)
General Management	237.0
Interest on Long Term Debt	(5.4)
Water and Waste Water	31.1
Airport	22.4
Total Expenses	$555.1

- Total revenues increased by $635.3 million, and total expenses increased by $555.1 million over last year. This resulted in the Change in Net Position, before prior period adjustments, of $1,405.4 million more than in the previous year.
- The City's Wage and Earning Tax revenue increased by $169.3 million primarily due to a continued tight labor market and rising labor costs. Property Tax revenue increased by $145.2 million as a result of property reassessments of residential, commercial, industrial, and institutional properties that were effective for tax year 2023, and better than expected collections.
- The City's charges for goods and services increased by $209.6 million as compared to last year. Governmental Activities charges for services increased by $71.7 million primarily due to $200.1 million in revenue recognized from the Opioid Settlement offset by decreases of $101.9 million and $21.9 million in charges related to general management and health services, respectively. Additionally, Business Type Activities charges for service increased by $138.3 million with an increase of $50.4 million in charges for services in the Water & Sewer Enterprise fund, and an increase of $87.9 million in rental, concession, customer and facility fees in the Aviation Enterprise fund.
- Unrestricted Interest and Investment Earnings and Miscellaneous Revenue increased by 147.6 million due to favorable market conditions and higher savings interest rates.
- The City's General Management and Support expenses increased by $237.0 million, primarily as a result of increased employer pension contributions and other fringe benefit increases.
- Expenses related to improvement of General Welfare of residents were increased by $175.6 million. General Welfare expenses related to education increased primarily due to increased contributions to the School District of Philadelphia and Community College of Philadelphia of 14.0 million and $15.0 million, respectively. General Welfare payments related to social services increased primarily due to increased expenditures related to the City's Neighborhood Preservation Initiative and Children and Youth state grant programs.
- The Conservation of Health expenses increased by $65.4 million primarily due to increased payments to providers of children's social services and behavioral health services. Transportation expenses increased by $61.8 million primarily due to increased payroll and fringe benefit charges. Housing and Neighborhoods expenses decreased by $62.0 million primarily due to the end of the Emergency Rental Assistance Program funded under the American Rescue Plan.

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 2023	Program Costs 2022	% Change	Program Revenues 2023	Program Revenues 2022	% Change	Net Cost 2023	Net Cost 2022
General Welfare	$ 1,306.4	$ 1,130.8	15.5%	$ 886.3	$ 643.2	37.8%	$ 420.1	$ 487.6
Judiciary & Law Enforcement	1,874.9	1,881.8	-0.4%	104.8	91.4	14.7%	1,770.1	1,790.4
Public Health	2,246.9	2,181.4	3.0%	1,876.8	1,956.5	-4.1%	370.1	224.9
General Governmental	1,354.0	1,122.3	20.6%	654.3	671.6	-2.6%	699.7	450.7
Services to Property	638.8	658.1	-2.9%	41.3	35.1	17.7%	597.5	623.0
Housing, Economic & Cultural	872.3	817.1	6.8%	265.0	339.4	-21.9%	607.3	477.7
	$ 8,293.3	**$ 7,791.5**	6.4%	**$ 3,828.5**	**$ 3,737.2**	2.4%	**$ 4,464.8**	**$ 4,054.3**

The cost of all governmental activities this year was $8.3 billion; the amount that taxpayers paid for these programs through tax payments was $5.2 billion. The federal and state governments and other charitable organizations subsidized certain programs with grants and contributions in the amount of $3.1 billion while those who benefited from the programs paid $637.6 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 $414.4 million. The difference of $1.1 billion represents an increase in net position, as shown in the City of Philadelphia - Net Position table below.

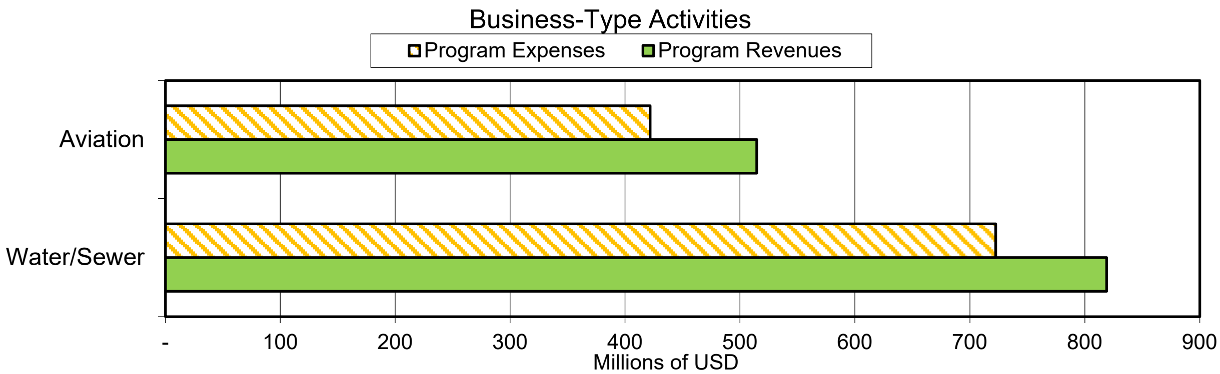
The following table shows a more detailed breakdown of program costs and related revenues for both the governmental and business-type activities of the City:

City of Philadelphia-Net Position
For the Year Ended June 30, 2023 (in millions)

	Governmental Activities		Business Type Activities		Total Government		%
	2023	2022	2023	2022	2023	2022	Change
Revenues:							
Program revenues:							
Charges for services	$ 637.6	$ 565.9	$ 1,286.3	$ 1,148.4	$ 1,923.9	$ 1,714.3	12.2%
Grants and Contributions							
Operating	3,101.9	3,136.1	0.8	0.5	3,102.7	3,136.6	-1.1%
Capital	89.0	35.1	46.5	72.9	135.5	108.0	25.5%
General revenues:							
Wage and earnings taxes	2,402.7	2,233.4	-	-	2,402.7	2,233.4	7.6%
Property taxes	848.5	703.3	-	-	848.5	703.3	20.6%
Other taxes	1,929.0	2,009.5	-	-	1,929.0	2,009.5	-4.0%
Unrestricted grants and contributions	231.5	202.7	76.3	54.6	307.8	257.3	19.6%
Unrestricted Interest and Misc.	125.5	36.0	74.1	16.0	199.6	52.0	283.8%
Total revenues	**9,365.7**	**8,922.0**	**1,484.0**	**1,292.4**	**10,849.7**	**10,214.4**	6.2%
Expenses:							
Economic development	110.4	100.8	-	-	110.4	100.8	9.5%
Transportation	324.2	262.4	-	-	324.2	262.4	23.6%
Judiciary & law enforcement	1,874.9	1,881.8	-	-	1,874.9	1,881.8	-0.4%
Conservation of health	2,246.9	2,181.5	-	-	2,246.9	2,181.5	3.0%
Housing & neighborhood development	170.9	232.9	-	-	170.9	232.9	-26.6%
Cultural & recreational	266.8	221.0	-	-	266.8	221.0	20.7%
Improvement of the general welfare	1,306.4	1,130.8	-	-	1,306.4	1,130.8	15.5%
Services to taxpayer property	638.8	658.1	-	-	638.8	658.1	-2.9%
General management	1,232.2	995.2	-	-	1,232.2	995.2	23.8%
Interest on long term debt	121.7	127.1	-	-	121.7	127.1	-4.2%
Water & waste water	-	-	729.2	698.1	729.2	698.1	4.5%
Airport	-	-	421.8	399.4	421.8	399.4	5.6%
Total expenses	**8,293.2**	**7,791.6**	**1,151.0**	**1,097.5**	**9,444.2**	**8,889.1**	6.2%
Increase in net position before transfers & special items	1,072.5	1,130.4	333.0	194.9	1,405.5	1,325.3	6.1%
Transfers & Special Items	57.4	48.4	(57.4)	(48.4)	-	-	
Increase in Net Position	**1,129.9**	**1,178.8**	**275.6**	**146.5**	**1,405.5**	**1,325.3**	6.1%
Net Position - July 1	(5,854.3)	(7,057.8)	2,170.8	2,024.3	(3,683.5)	(5,033.5)	-26.8%
Adjustment	-	24.7	-	-	-	24.7	
Net Position - June 30	**$ (4,724.4)**	**$ (5,854.3)**	**$ 2,446.4**	**$ 2,170.8**	**$ (2,278.0)**	**$ (3,683.5)**	-38.2%

Business-type Activities

Business-type activities resulted in a $275.6 million increase in net position before prior period adjustments. This increase was comprised of an increase in net position for Water/Sewer of $67.8 million, an increase for Aviation of $209.0 million, and a decrease for Industrial and Commercial Development operations of $1.2 million. The increase was primarily due to an increase of $50.4 million in charges for services in the Water & Sewer Enterprise fund, and an increase of $87.9 million in rental, concession, customer and facility fees in the Aviation Enterprise fund. Additionally, interest income increased by $41.5 million and $45.9 million in the Water & Sewer and Aviation funds, respectively.



Financial Analysis of the Government's Funds

Governmental funds: The purpose of the City's governmental funds is to provide financial information on the *short-term inflow, outflow, and balance* of resources. This information is useful in assessing the City's ability to meet its near-term financing requirements. *Unassigned fund balance* serves as a useful measure of the City's net resources available for spending at the end of the fiscal year.

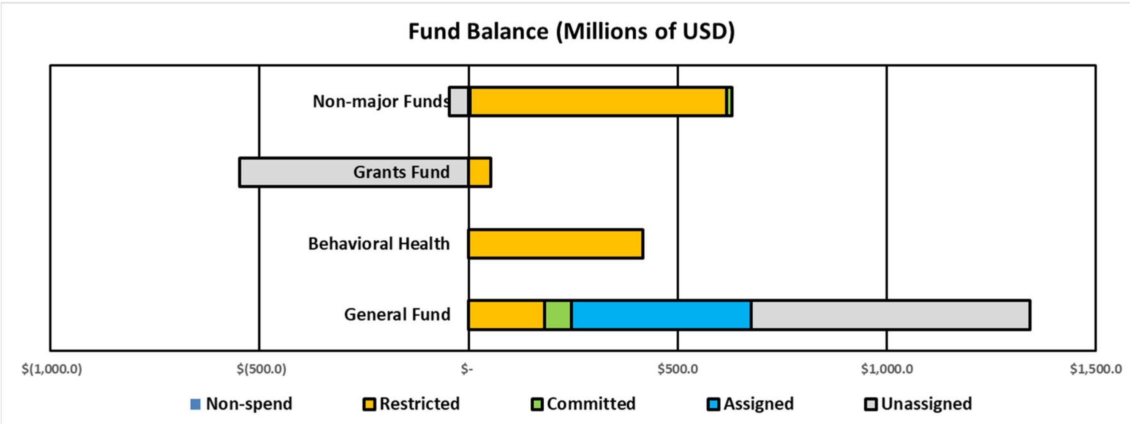
At the end of the fiscal year, the City's governmental funds reported a *combined fund balance* of $1,848.6 million, an increase of $44.0 million over last year. Of the total fund balance, $4.2 million represents *non-spendable fund balance*.

In addition, $1,264.8 million represents *restricted fund balance* due to externally imposed constraints by outside parties, or law, for the following purposes:

Neighborhood Revitalization	$	139.5
Economic Development		17.0
Public Safety Emergency Phone System		38.5
Streets & Highways		70.1
Housing and Neighborhood Development		82.0
Health Services		20.9
Behavioral Health		416.7
Libraries & Museums		2.5
Intergovernmental Financing		19.3
Opioid Abatement		14.0
Demolition		0.3
Stadium Financing		8.5
Cultural & Commercial Corridor Project		0.4
Pension Obligation Bonds		0.1
Debt Service Reserve		0.6
Capital Projects		377.5
Rebuild		4.7
Home Repair Program		37.3
Trust Purposes		14.9
Total Restricted Fund Balance	$	1,264.8

The fund balance is further broken down as *committed fund balance* for the Budget Stabilization Reserve of $65.1 million, Prisons of $5.8 million, and Parks and Recreation of $5.9 million. The difference between the non-spendable, restricted, committed, assigned and combined fund balance is surplus of $74.1 million which constitutes *unassigned fund balance.*

The general fund, the primary operating fund of the City, reported an *assigned fund balance* of $428.6 million and *unassigned fund balance* of $668.2 million at the end of the fiscal year.



Overall, the total fund balance of the General Fund increased by $97.5 million in FY 2023, compared to an increase of $689.0 million in FY 2022. Some of the key factors contributing to this change are:

Revenues:

- Total FY 2023 General Fund revenue was $5,064.3 million. This marks a $172.5 million (3.5%) increase from the prior fiscal year, which had $4,891.8 million in revenue.
- This increase was due primarily to a $109.1 million increase in Tax Revenue. The increase in Tax Revenue was due to increases in Real Estate Tax, and Wage and Earnings Tax of $108.9 million and $78.9 million, respectively. The increases were partially offset by a decrease in Real Estate Transfer Tax of $158.1 million. The recognition of previously unearned business taxes (BIRT) increased by $94.1 million.

Expenditures and Other Financing Sources (Uses):

- Total current year Expenditures and Other Financing Sources (Uses) total $4,966.8 million, a $763.9 million (18.2%) increase from the prior fiscal year $4,202.9 million.
- This increase was primarily due to $377.1 million increase in expenditures related to General Management and Support, partly due to increased employer pension payments. Additionally, there was a $101.3 million increase in expenditures related to General Welfare (Social Services, Education, and Inspections and Demolitions); a $98.9 million increase in expenditures related to Judiciary and Law Enforcement; and a $59.9 million increase in in expenditures related to Cultural and Recreational.

The Health Choices Behavioral Health Fund ended the fiscal year with a total fund balance of $416.8 million; the entire amount is reserved for a contractually required equity reserve and reinvestment initiatives. The total fund balance increased during the fiscal year by $25.9 million compared to a 53.8 increase in fiscal year 2022, mainly as a result of the City's increase in Revenue from Other Governments due to additional support from the State offset by increases to expenditures for payments to behavioral health and children's social services providers.

The Grants Revenue Fund has a total fund balance deficit of $495.0 million which is comprised of a positive restricted fund balance of $38.5 million for emergency telephone system programs, a positive restricted fund balance of $14.0 million for Opioid Abatement, a positive restricted fund balance of $0.3 million for Neighborhood Revitalization Programs and a deficit unassigned fund balance of $547.8 million. Because most programs accounted for in the Grants Revenue Fund are reimbursement-based, it is not unusual for the Grants Revenue Fund to end the fiscal year with a deficit unassigned fund balance. The overall fund balance of the Grants Revenue fund experienced a decrease of $120.8 million during the current fiscal year. Both Revenue from Other Governments and Transfers Out increased primarily due to a $85.0 million increase in the ARPA drawdown for revenue replacement funds.

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 $275.6 million during the current fiscal year. This increase is attributable to the water/wastewater system, which had an increase of $67.8 million; airport operations, which had an increase of $209.0 million; industrial and commercial land bank operations net position decreased by $1.2 million.

The proprietary funds reported an *unrestricted net position* of $1.1 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		
	2023	2022	Change
Water and Waste Water	($270.7)	($284.5)	$13.8
Aviation	$159.1	$8.0	$151.1
Land Bank	$112.7	$114.0	($1.3)
	$1.1	($162.5)	$163.6

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)
2023	$ 981.6	$ 202.5
2022	779.1	480.6
2021	298.5	7.8
2020	290.7	(148.0)
2019	438.7	69.9

The General Fund's budgetary fund balance surplus of $981.6 million differs from the General Fund's fund financial statement unassigned fund balance of $668.2 million by $313.4 million, which represents the following:

- The unearned portion of the Business Income and Receipts Tax (BIRT prepays) of $147.5 million is received prior to being earned but has no effect on budgeted cash receipts.
- The Philadelphia Beverage Tax – Unobligated amount of $168.1 is classified as assigned in the governmental fund.
- Lease Related Activities of $2.2 million is not reported in budgetary fund balance.

The charts below illustrate:

A. The reconciliation of Total Fund Balance - Budget Basis versus GAAP (Modified Accrual)
B. The components of Fund Balance for GAAP (Modified Accrual) basis
C. The reconciliation of Unassigned Fund Balance – Budget Basis versus GAAP (Modified Accrual)

(Millions of USD)

A. Budget to GAAP Basis Reconcilation	6/30/2023	6/30/2022	6/30/2021	6/30/2020	6/30/2019
Budget Basis Fund Balance	$ 981.6	$ 779.1	$ 298.5	$ 290.7	$ 438.7
1. Less: BIRT six (6) months pre-pays	(147.5)	(204.5)	(167.3)	(166.4)	(192.0)
2. Add: Encumbrances	260.5	493.9	311.5	255.9	201.4
3. Add: Reserves & Budget Stabilization Fund	246.8	176.4	114.4	165.3	167.7
4. Add: Lease Related Activities	2.2	1.2	-	-	-
Modified Accrual Basis Fund Balance	$ 1,343.6	$ 1,246.1	$ 557.1	$ 545.5	$ 615.8

B. Modified Accrual Basis Fund Balance	6/30/2023	6/30/2022	6/30/2021	6/30/2020	6/30/2019
Restricted & Committed	$ 246.8	$ 176.4	$ 114.4	$ 165.3	$ 167.7
Assigned					
Encumbrances	260.5	493.9	311.5	255.9	201.4
Phila. Beverage Tax - Unobligated	168.1	165.1	154.1	138.4	120.9
Reclassification of Unassigned	-	-	(22.9)	(14.1)	-
Assigned	428.6	659.0	442.7	380.2	322.3
Unassigned	668.2	410.7	-	-	125.8
Modified Accrual Basis Fund Balance	$ 1,343.6	$ 1,246.1	$ 557.1	$ 545.5	$ 615.8

C. Budget to GAAP Basis Reconcilation	6/30/2023	6/30/2022	6/30/2021	6/30/2020	6/30/2019
Budget Basis Fund Balance	$ 981.6	$ 779.1	$ 298.5	$ 290.7	$ 438.7
1. Less: BIRT six (6) months pre-pays	(147.5)	(204.5)	(167.3)	(166.4)	(192.0)
2. Less: Reclass to Assigned Fund Balance	-	-	22.9	14.1	-
3. Less: Phila Beverage Tax - Unobligated	(168.1)	(165.1)	(154.1)	(138.4)	(120.9)
4. Add: Lease Related Activities	2.2	1.2	-	-	-
Unassigned Fund Balance	$ 668.2	$ 410.7	$ (0.0)	$ 0.0	$ 125.8

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 $263.3 million from an original budget of $5,842.5 million to a final amended budget of $6,105.8 million. The largest increases were required to support the following activities:

- $136.0 million for Capital projects
- $41.1 million for Police operations
- $35.7 million for Prisons operations
- $18.5 million for Streets operations
- $15.8 million for Fire 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 $8.7 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 2023	FY 2022	FY 2021	FY 2020	FY 2019
Airport Terminal & Airfield Improvements	$ 142.9	$ 161.3	$ 138.0	$ 109.7	$ 107.9
Water & Wastewater Improvements	285.4	237.2	268.0	271.1	314.9
Streets, Highways & Bridges Improvements	71.1	46.9	71.7	55.8	51.7
Transit System Improvements	10.9	11.4	2.9	5.6	7.3
Parks, Playgrounds, Museums & Recreational Facilities	46.0	26.4	27.9	25.2	42.6
Libraries Improvements	1.5	0.5	0.3	2.1	1.1
Police & Fire Facilities	16.3	17.0	23.3	17.7	16.7
City Hall & Municipal Buildings Improvements	10.5	9.2	10.8	8.4	7.2
Computers, Servers, Software & IT Infrastructure	24.4	21.8	18.7	43.0	18.4
Economic Development	15.0	13.0	10.4	19.2	17.4
Other and Non-Enterprise Vehicles	22.3	43.3	36.7	39.8	38.2
	$ 646.3	$ 588.0	$ 608.7	$ 597.6	$ 623.4

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		
	2023	2022	Inc/(Dec)	2023	2022	Inc/(Dec)	2023	2022	Inc/(Dec)
Land	$ 1,014.7	$ 979.3	$ 35.4	$ 243.7	$ 242.8	$ 0.9	$ 1,258.4	$ 1,222.1	$ 36.3
Lease Asset - Land	-	-	-	11.3	11.3	-	11.3	11.3	-
Fine Arts	1.0	1.0	-	-	-	-	1.0	1.0	-
Buildings	622.3	631.0	(8.7)	1,679.4	1,739.2	(59.8)	2,301.7	2,370.2	(68.5)
Lease Asset - Buildings	591.0	561.0	30.0	15.4	17.2	(1.8)	606.4	578.2	28.2
Improvements other than buildings	103.2	101.0	2.2	284.0	313.2	(29.2)	387.2	414.2	(27.0)
Machinery & equipment	215.8	206.2	9.6	45.8	35.1	10.7	261.6	241.3	20.3
Lease Asset - Equipment	2.0	2.0	-	0.1	0.4	(0.3)	2.1	2.4	(0.3)
Infrastructure	557.5	513.1	44.4	1,913.4	1,922.9	(9.5)	2,470.9	2,436.0	34.9
Construction in progress	15.5	21.0	(5.5)	1,286.8	1,002.9	283.9	1,302.3	1,023.9	278.4
Transit	27.6	32.0	(4.4)	-	-	-	27.6	32.0	(4.4)
Intangible Assets	50.7	51.0	(0.3)	9.3	10.0	(0.7)	60.0	61.0	(1.0)
Subscription Assets	2.0	-	2.0	-	-	-	2.0	-	2.0
Total	**$ 3,203.3**	**$ 3,098.6**	**$ 104.7**	**$ 5,489.2**	**$ 5,295.0**	**$ 194.2**	**$ 8,692.5**	**$ 8,393.6**	**$ 298.9**

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 $10.0 billion in long-term debt outstanding. Of this amount, $6.7 billion represents bonds outstanding (comprised of $2.0 billion of debt backed by the full faith and credit of the City, and $4.7 billion of debt secured solely by specific revenue sources) while $3.3 billion represents other long-term obligations.

The following schedule shows a summary of all long-term debt outstanding:

City of Philadelphia's Long Term Debt Outstanding

(millions of USD)

	Governmental activities		Business-type activities		Total	
	2023	2022	2023	2022	2023	2022
Bonds Outstanding:						
General obligation bonds	2,016.1	2,166.4	-	-	2,016.1	2,166.4
Revenue bonds	-	-	4,637.7	4,423.1	4,637.7	4,423.1
Total Bonds Outstanding	**2,016.1**	**2,166.4**	**4,637.7**	**4,423.1**	**6,653.8**	**6,589.5**
Other Long Term Obligations:						
Service agreements	1,615.5	1,661.7	-	-	1,615.5	1,661.7
Employee related obligations	876.3	866.0	74.7	74.1	951.0	940.1
Indemnities	99.1	143.8	9.4	4.8	108.5	148.6
Arbitrage	-	-	2.4	-	2.4	-
Leases	611.0	580.6	27.1	29.0	638.1	609.6
Subscriptions	2.3	2.9	-	-	2.3	2.9
Total Other Long Term Obligations	**3,204.2**	**3,255.0**	**113.6**	**107.9**	**3,317.8**	**3,362.9**
Total Long Term Debt Outstanding	**5,220.3**	**5,421.4**	**4,751.3**	**4,531.0**	**9,971.6**	**9,952.4**

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

- The City has statutory authorizations to negotiate temporary loans for periods not to extend beyond the fiscal year. The City may borrow temporary loan funds to smooth out unevenness in the City's cash flow created by the receipt of two major sources of tax revenue, the Property Tax and the Business Income and Receipts Tax, in the second half of the year. The City did not borrow Tax Revenue Anticipation Notes in Fiscal Year 2023. In accordance with statute, there are no temporary loans outstanding at year end.
- In August 2022, the City issued $294.8 million of Water and Wastewater Revenue Bonds Series 2022C. The total proceeds were $338.5 million (which includes a premium of $43.7 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 Ratings, Inc.
General Obligation Bonds	A1	A	A
Water Revenue Bonds	A1	A+	A+
Aviation Revenue Bonds	A2	A+	A

The City is subject to a statutory limitation established by the Commonwealth of Pennsylvania as to the amount of tax supported general obligation debt it may issue. The limitation is equal to 13.50% of the average assessed valuations of properties over the past ten years. As of June 30, 2023, the legal debt limit was $16.2 billion. The City has $2.4 billion of outstanding tax supported debt leaving a legal debt margin of $13.8 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 2023 fiscal year:

- *Fund Balance:* In FY23, the General Fund ended with a fund balance of $981.6 million, a $202.4 million increase from FY22. The $981.6 million is higher than the amount included in the approved FY24-FY28 Five Year Plan primarily for two reasons. The first is underspending, as the City, like many other employers, has struggled to attract and retain staff amid a complicated landscape in the labor market in the wake of the pandemic; funds had been budgeted for salaries for positions that have stayed vacant. The second significant factor was higher than anticipated tax collections, notably from two taxes—the volatile Business Income and Receipts Tax (BIRT) and the Wage Tax.
- *Budgeted Revenue Projections for FY24:* Compared to FY23 unaudited actuals, as of the FY24 Q2 Quarterly City Managers Report (QCMR), FY24 Wage and Earnings Tax revenue is projected to increase by 6.4%, Sales Tax revenue is projected to increase by 3.3%, Real Property revenue is projected to increase by 3.3%, while Real Estate Transfer Tax revenue is projected to decline by 26.4% and Business Income and Receipts Tax revenue is projected to decrease by 7.4%. Under the federal American Rescue Plan Act, the City was awarded $1.4 billion in Coronavirus State and Local Fiscal Recovery Funds. The City will use the entirety of these funds to replace a portion of lost revenues through the end of calendar year 2024 to support critical core services and policy priorities.
- *Tax Relief*: The Approved FY24-28 Five Year Plan includes Wage Tax reductions that will reduce the residential rate to 3.75% in FY24 (from 3.79% in FY23) and business tax relief by reducing the net income portion of the Business Income Receipts Tax (BIRT) from 5.99% in FY23 to 5.81% in FY24.
- *Investments in Education*: Since July 1, 2018, the School District of Philadelphia has been governed by a Board of Education, with all of its members appointed by the Mayor. In the FY24 Adopted Budget, the City's direct contribution to the School District from the General Fund is $282 million, which is $12 million higher than the unaudited actual amount for Fiscal Year 2023 ($270 million).
- *Pre-Kindergarten, Community Schools and Rebuild*: In 2016, the Philadelphia Beverage Tax (PBT) was enacted to fund free, quality pre-Kindergarten (pre-K) education for children; expand community schools in high-needs neighborhoods; and launch Rebuild, a capital improvement program for the City's parks, recreation centers, and libraries. In FY23, the City collected approximately $73.4 million in revenues from the PBT. The FY24 Q2 Quarterly City Manager's Report estimates FY24 collections of $72.3 million.

• *Contract Negotiations.* More than 81% of City employees are represented by one of the City's municipal unions.

The City works with its union partners to reach agreements that are fair to employees while also maintaining the City's fiscal health. Contracts with District Council 33 and District Council 47 cover the term of July 1, 2021 through June 30, 2024. Contracts covering the term of July 1, 2021 through June 30, 2024 with the Fraternal Order of Police Lodge 5, Sheriff's Office and Register of Wills (FOP Lodge 5), and the International Association of Firefighters have each been extended an additional year through June 30, 2025. Uniformed employees bargain under Pennsylvania Act 111 of 1968, which provides for final and binding interest arbitration to resolve collective bargaining impasses. Uniformed employees are not permitted to strike under state law. Non-uniformed employees bargain under Act 195 of 1970, which allows for the right to strike over collective bargaining impasses. Certain employees, including employees of the Sheriff's Office and the Register of Wills, Correctional Officers (represented by DC33), and employees of the First Judicial District (represented by DC47), are not permitted to strike but may proceed to interest arbitration under Act 195.

The table below presents employee wage increases from FY20 to FY24 (plus FY25, if applicable) for each bargaining unit.

Fiscal Year	FOP Lodge 5	Sheriff's Office & Register of Wills (FOP Lodge 5)	IAFF LOCAL22	AFSCME DC33 (1)	Correctional Officers (DC33 LOCAL 159)	AFSCME DC47 (Local 2187)	AFSCME DC47 (Local 2186)	Local 810 Court Employees (DC47)
FY20	2.5%	2.25% - Sheriff 2% (ROW)	2.50%	2.0%	2.25%	2.0%	2.0%	2.0%
FY21 (2)	2.5% + $750 Bonus	2.25% + $400 Bonus (Sheriff) 2% (ROW)	2.5%	2% + $750/$475 Bonus	2% + $750/$475 Bonus	2% + $750/$475 Bonus	2% + $750/$475 Bonus	2.0%
FY22	2.75% + $1,500 Bonus	2.75% + $1,300 Bonus (Sheriff) 2.5% + $1,200 Bonus (ROW)	2.75% + $1,500 Bonus	2.5% + $1,200 Bonus	2.75% + $1,300/$2,000 Bonus (3)	2.5% + $1,200 Bonus	2.5% + $1,200 Bonus	2.5% + $1,200 Bonus
FY23	3.5%	3.25%	3.5%	3.25%	3.25%	3.25%	3.25%	3.25%
FY24	3.5%	3.25%	3.5%	3.25%	3.25%	3.25%	3.25%	3.25%
FY25 (4)	5.0% + $1800 Bonus	4.5% + $1,500 Bonus (Sheriff) TBD ROW	5.0% + $1800 Bonus	TBD	TBD	TBD	TBD	TBD

1. District Council 33 includes school crossing guard.
2. One-year extension agreements were reached in Spring 2020 with all the City's unions and included wage increases effective May 2020.
3. Two $1,300 retention bonuses to all employees hired as April 20, 2022 and remain employed when bonus is paid, first payment 30 days after ratification and second on June 30, 2023. A $2,000 hiring bonus for employees hired as Correctional Officer Trainees and Juvenile Detention Counselor Trainee.
4. One-year extension agreements were reached in fall 2023 with the Fraternal Order of Police Lodge 5, Sheriff's Office and Register of Wills (FOP Lodge 5), and the International Association of Firefighters, effective July 1, 2024.

• *Pension Fund Challenges:* In FY24, pension costs are projected to represent 14% 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 62% 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 2033.

In FY24, General Fund pension payments are projected to total $868.2 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

Exhibit I

Amounts in thousands of USD

	Primary Government			
	Governmental Activities	Business Type Activities	Total	Component Units
Assets				
Cash on Deposit and on Hand	63,821	30	63,851	610,749
Equity in Pooled Cash and Investments	-	-	-	889,059
Equity in Treasurer's Account	4,061,419	674,990	4,736,409	-
Investments	9,225	-	9,225	60,976
Due from Component Units	50,018	-	50,018	-
Due from Primary Government	-	-	-	287,497
Internal Balances	16,296	(16,296)	-	-
Amounts Held by Fiscal Agent	181,659	-	181,659	204,542
Notes Receivable - Net	-	-	-	86,724
Accounts Receivable - Net	505,326	203,245	708,571	484,445
Lease Receivable	75,677	-	75,677	-
Interest and Dividends Receivable	13,046	-	13,046	37,085
Due from Other Governments - Net	1,045,835	30,283	1,076,118	639,260
Inventories	46,584	100,520	147,104	216,777
Other Assets	50,600	31,925	82,525	199,015
Restricted Assets:				
Cash and Cash Equivalents	-	1,498,084	1,498,084	383,059
Other Assets	-	511,461	511,461	262,324
Capital Assets:				
Land and Other Non-Depreciated Assets	1,031,202	1,541,835	2,573,037	1,099,663
Other Capital Assets (Net of Depreciation)	2,172,110	3,947,348	6,119,458	4,870,140
Total Capital Assets, Net	3,203,312	5,489,183	8,692,495	5,969,803
Total Assets	9,322,818	8,523,425	17,846,243	10,331,315
Deferred Outflows of Resources	679,789	115,375	795,164	906,531
Liabilities				
Notes Payable	47,507	201,683	249,190	7,931
Vouchers Payable	119,422	26,951	146,373	13,064
Accounts Payable	530,746	116,945	647,691	309,906
Salaries and Payroll Deductions Payable	79,569	7,969	87,538	387,638
Accrued Expenses	45,451	60,190	105,641	286,335
Due to Fiduciary	214,565	-	214,565	-
Due to Primary Government	-	-	-	16,516
Due to Component Units	106,204	836	107,040	-
Funds Held in Escrow	45,628	1,637	47,265	9,334
Due to Other Governments	5,993	-	5,993	20,109
Unearned Revenue	1,488,937	81,031	1,569,968	347,819
Overpayment of Taxes	324,691	-	324,691	85,686
Other Current Liabilities	-	6,356	6,356	265,118
Derivative Instrument Liability	6,978	-	6,978	-
Long-term Liabilities:				
Due within one year				
Bonds Payable & Other Long-term Liabilities	399,573	141,103	540,676	441,892
Due in more than one year				
Bonds Payable & Other Long-term Liabilities	4,820,707	4,603,777	9,424,484	8,602,172
Net OPEB Liability	1,588,082	196,941	1,785,023	388,271
Net Pension Liability	4,289,001	515,625	4,804,626	353,644
Total Liabilities	14,113,054	5,961,044	20,074,098	11,535,435
Deferred Inflows of Resources	614,076	231,360	845,436	340,490
Net Position				
Net Investment in Capital Assets	837,691	1,559,908	2,397,599	1,370,966
Restricted For:				
Capital Projects	377,504	364,051	741,555	12,643
Debt Service	570	387,322	387,892	335,077
Pension Oblig Bond Refunding Reserve	72	-	72	-
Behavioral Health	416,754	-	416,754	-
Neighborhood Revitalization	139,508	-	139,508	-
Cultural & Commercial Corridor Project	406	-	406	-
Rebuild Project	4,681	-	4,681	-
Home Repair Program	37,307	-	37,307	-
Grant Programs	369,159	-	369,159	105,615
Rate Stabilization	-	133,985	133,985	-
Educational Programs	-	-	-	23,013
Other	119,025	-	119,025	34,977
Unrestricted(Deficit)	(7,027,200)	1,130	(7,026,070)	(2,520,370)
Total Net Position	(4,724,523)	2,446,396	(2,278,127)	(638,079)

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

Amounts in thousands of USD

		Program Revenues			Net (Expense) Revenue and Changes in Net Position			
					Primary Government			
Functions	Expenses	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Governmental Activities	Business Type Activities	Total	Component Units
Primary Government:								
Governmental Activities:								
Economic Development	110,359	-	1,960	144	(108,255)		(108,255)	
Transportation:								
Streets & Highways	218,755	12,479	50,955	58,534	(96,787)		(96,787)	
Mass Transit	105,588	3,318	501	-	(101,769)		(101,769)	
Judiciary and Law Enforcement:								
Police	1,175,035	11,138	7,596	-	(1,156,301)		(1,156,301)	
Prisons	322,692	32	-	-	(322,660)		(322,660)	
Courts	377,216	29,749	56,265	-	(291,202)		(291,202)	
Conservation of Health:								
Emergency Medical Services	89,672	26,333	768	-	(62,571)		(62,571)	
Health Services	2,157,156	55,305	1,794,394	-	(307,457)		(307,457)	
Housing and Neighborhood Development	170,862	20,631	93,397	-	(56,834)		(56,834)	
Cultural and Recreational:								
Recreation	162,737	3,365	6,692	(1,535)	(154,215)		(154,215)	
Parks	4,685	2,003	-	2,510	(172)		(172)	
Libraries and Museums	99,333	527	9,518	-	(89,288)		(89,288)	
Improvements to General Welfare:								
Social Services	919,967	201,977	604,696	-	(113,294)		(113,294)	
Education	330,965	-	-	-	(330,965)		(330,965)	
Inspections and Demolitions	55,457	79,638	-	-	24,181		24,181	
Service to Property:								
Sanitation	193,775	20,905	1,086	-	(171,784)		(171,784)	
Fire	445,062	12,369	6,947	-	(425,746)		(425,746)	
General Management and Support	1,232,226	157,871	467,082	29,362	(577,911)		(577,911)	
Interest on Long Term Debt	121,725	-	-	-	(121,725)		(121,725)	
Total Governmental Activities	8,293,267	637,640	3,101,857	89,015	(4,464,755)		(4,464,755)	
Business Type Activities:								
Water and Sewer	729,249	816,304	792	1,877	-	89,724	89,724	
Aviation	421,825	469,879	-	44,637	-	92,691	92,691	
Industrial and Commercial Development	-	114	-	-	-	114	114	
Total Business Type Activities	1,151,074	1,286,297	792	46,514	-	182,529	182,529	
Total Primary Government	9,444,341	1,923,937	3,102,649	135,529	(4,464,755)	182,529	(4,282,226)	
Component Units:								
Gas Operations	621,093	670,493	54,533	-				103,933
Housing	510,202	58,034	503,210	11,652				62,694
Parking	292,040	304,488	-	-				12,448
Education	4,427,673	30,654	1,624,456	50,342				(2,722,221)
Health	1,283,542	-	1,283,304	-				(238)
Economic Development	154,651	991	65,365	-				(88,295)
Total Component Units	7,289,201	1,064,660	3,530,868	61,994				(2,631,679)
General Revenues:								
Taxes:								
Property Taxes					848,466	-	848,466	1,017,290
Wage & Earnings Taxes					2,402,664	-	2,402,664	-
Business Taxes					760,676	-	760,676	-
Other Taxes					1,168,307	-	1,168,307	511,676
Grants & Contributions Not Restricted to Specific Programs					231,494	76,412	307,906	1,746,435
Unrestricted Interest & Investment Earnings					124,464	70,449	194,913	59,911
Miscellaneous					1,002	3,673	4,675	11,506
Special Items - Gain on Sale of Capital Asset					-	-	-	525
Transfers					57,440	(57,440)	-	86,214
Total General Revenues, Special Items and Transfers					5,594,513	93,094	5,687,607	3,433,557
Change in Net Position					1,129,758	275,623	1,405,381	801,878
Net Position - July 1, 2022					(5,854,281)	2,170,773	(3,683,508)	(1,435,689)
Adjustment					-	-	-	(4,268)
Net Position Adjusted - July 1, 2022					(5,854,281)	2,170,773	(3,683,508)	(1,439,957)
Net Position - June 30, 2023					(4,724,523)	2,446,396	(2,278,127)	(638,079)

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

City of Philadelphia **Exhibit III**
Balance Sheet
Governmental Funds
June 30, 2023

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	28,113	-	328	35,380	63,821
Equity in Treasurer's Account	1,906,676	416,922	1,044,863	692,958	4,061,419
Investments	-	-	-	9,225	9,225
Due from Other Funds	39,833	-	-	19,420	59,253
Due from Component Units	50,018	-	-	-	50,018
Amounts Held by Fiscal Agent	181,659	-	-	-	181,659
Taxes Receivable	662,354	-	-	47,357	709,711
Accounts Receivable	400,085	-	181,389	5,726	587,200
Lease Receivable	33,275	-	-	58,698	91,973
Due from Other Governmental Units	2,264	100,639	631,827	131,509	866,239
Allowance for Doubtful Accounts	(611,152)	-	-	(20,256)	(631,408)
Interest and Dividends Receivable	9,860	1,074	-	73	11,007
Other Assets	-	-	-	597	597
Total Assets	2,702,985	518,635	1,858,407	980,687	6,060,714
Liabilities					
Vouchers Payable	41,054	39	37,531	40,798	119,422
Accounts Payable	224,693	7,587	201,947	96,519	530,746
Salaries and Payroll Deductions Payable	75,028	1	4,150	228	79,407
Payroll Taxes Payable	-	-	-	162	162
Due to Other Funds	214,555	-	-	39,833	254,388
Due to Component Units	6,796	94,254	3,760	1,394	106,204
Funds Held in Escrow	39,898	-	203	5,527	45,628
Due to Other Governmental Units	5,993	-	-	-	5,993
Unearned Revenue	153,408	-	1,322,695	12,834	1,488,937
Overpayment of Taxes	324,691	-	-	-	324,691
Total Liabilities	1,086,116	101,881	1,570,286	197,295	2,955,578
Deferred Inflows of Resources	273,273	-	783,096	200,194	1,256,563
Fund Balances					
Nonspendable	-	-	-	4,239	4,239
Restricted	181,659	416,754	52,807	613,532	1,264,752
Committed	65,128	-	-	11,751	76,879
Assigned	428,615	-	-	-	428,615
Unassigned	668,194	-	(547,782)	(46,324)	74,088
Total Fund Balances	1,343,596	416,754	(494,975)	583,198	1,848,573
Total Liabilities, Deferred Inflows of Resources, and Fund Balances	2,702,985	518,635	1,858,407	980,687	

Amounts reported for governmental activities in the statement of net position are different because:

a. Capital Assets used in governmental activities are not reported in the funds	3,203,312
b. Unavailable Revenue are reported as Deferred Inflows of Resources in the funds	1,148,539
c. Long Term Liabilities, including bonds payable are not reported in the funds	(5,220,280)
d. Derivatives and Deferred Outflows of Resources are not reported in the funds	672,811
e. Other	5,657
f. Net Pension & OPEB Liabilities are not reported in the funds	(5,877,083)
g. Deferred Inflows (with the excpetion of Unavailable Revenue) are not reported in the funds	(506,052)
Net Position of Governmental Activities	(4,724,523)

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, 2023

Amounts in thousands of USD

	General Fund	HealthChoices Behavioral Health Fund	Grants Revenue Fund	Other Governmental Funds	Total Governmental Funds
Revenues					
Tax Revenue	4,211,293	-	-	949,281	5,160,574
Locally Generated Non-Tax Revenue	410,614	15,345	70,866	28,901	525,726
Revenue from Other Governments	430,017	1,280,955	1,437,239	174,555	3,322,766
Other Revenues	12,409	-		6,077	18,486
Total Revenues	5,064,333	1,296,300	1,508,105	1,158,814	9,027,552
Expenditures					
Current Operating:					
Economic Development	43,605	-	1,960	69,748	115,313
Transportation:					
Streets & Highways	121,988	-	5,498	42,454	169,940
Mass Transit	100,699	-	501	-	101,200
Judiciary and Law Enforcement:					
Police	1,352,968	-	5,627	-	1,358,595
Prisons	339,555	-	-	1,154	340,709
Courts	385,812	-	35,284	-	421,096
Conservation of Health:					
Emergency Medical Services	102,226	-	753	-	102,979
Health Services	210,489	1,270,395	502,684	187,911	2,171,479
Housing and Neighborhood Development	26,595	-	31,278	112,987	170,860
Cultural and Recreational:					
Recreation	159,507	-	6,902	-	166,409
Parks	-	-	-	2,055	2,055
Libraries and Museums	99,410	-	8,948	165	108,523
Improvements to General Welfare:					
Social Services	316,426	-	612,462	-	928,888
Education	330,965	-	-	-	330,965
Inspections and Demolitions	64,190	-	-	627	64,817
Service to Property:					
Sanitation	205,877	-	1,086	3,159	210,122
Fire	525,596	-	5,013	-	530,609
General Management and Support	1,231,376	-	36,048	97,182	1,364,606
Capital Outlay				300,488	300,488
Debt Service:					
Principal	43,306	-	528	125,017	168,851
Interest	12,270	-	19	88,289	100,578
Bond Issuance Cost	1,362	-	-	-	1,362
Total Expenditures	5,674,222	1,270,395	1,254,591	1,031,236	9,230,444
Excess (Deficiency) of Revenues Over (Under) Expenditures	(609,889)	25,905	253,514	127,578	(202,892)
Other Financing Sources (Uses)					
Issuance of Debt	99,455	-	-	-	99,455
Issuance of Refunding Debt	24,625	-	-	-	24,625
Bond Issuance Premium	2,531	-	-	-	2,531
Leases (as lesse)	1,144		-	61,622	62,766
Transfers In	1,043,345	-	-	540,473	1,583,818
Transfers Out	(463,722)	-	(374,310)	(688,346)	(1,526,378)
			-		
Total Other Financing Sources (Uses)	707,378	-	(374,310)	(86,251)	246,817
Net Change in Fund Balance	97,489	25,905	(120,796)	41,327	43,925
Fund Balance - July 1, 2022	1,246,107	390,849	(374,179)	541,871	1,804,648
Fund Balance - June 30, 2023	1,343,596	416,754	(494,975)	583,198	1,848,573

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

Amounts in thousands of USD

Net Change in Fund Balances - Total Governmental Funds..	43,925
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 (328,503) exceeded depreciation (220,542), ...	107,961
b. Revenues in the statement of activities that do not provide current financial resources are not reported as revenues in the funds..	336,173
c. Proceeds from debt obligations and lease 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 (188,233) were exceeded by repayments (326,121)	137,888
d. The increase in the Net Pension Liability and Net OPEB Liability reported in the statement of activities does not require the use of current financial resources and therefore is not reported as an expenditure in governmental funds...	488,365
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..........	15,446
Change in Net Position of governmental activities...	1,129,758

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, 2023

Amounts in thousands of USD

	Business Type Activities - Enterprise Funds			
			Other Non-Major	
Assets	Water and Sewer	Aviation	Industrial & Commercial Development	Total
Current Assets:				
Cash on Deposit and on Hand	30	-	-	30
Equity in Treasurer's Account	175,235	489,175	10,580	674,990
Due from Other Governments	554	822	28,907	30,283
Accounts Receivable	194,725	28,845	-	223,570
Allowance for Doubtful Accounts	(20,314)	(11)	-	(20,325)
Inventories	22,605	4,660	73,255	100,520
Other Assets	676	31,249	-	31,925
Total Current Assets	373,511	554,740	112,742	1,040,993
Non-Current Assets:				
Restricted Assets:				
Equity in Treasurer's Account	859,794	638,290	-	1,498,084
Sinking Funds and Reserves	217,807	136,927	-	354,734
Grants for Capital Purposes	-	20,065	-	20,065
Receivables	2,615	134,047	-	136,662
Total Restricted Assets	1,080,216	929,329	-	2,009,545
Capital Assets:				
Land	5,969	249,111	-	255,080
Infrastructure	3,030,562	1,369,947	-	4,400,509
Construction in Progress	801,783	484,972	-	1,286,755
Buildings and Equipment	2,216,760	2,945,023	-	5,161,783
Less: Accumulated Depreciation	(2,884,201)	(2,730,743)	-	(5,614,944)
Total Capital Assets, Net	3,170,873	2,318,310	-	5,489,183
Total Non-Current Assets	4,251,089	3,247,639	-	7,498,728
Total Assets	4,624,600	3,802,379	112,742	8,539,721
Deferred Outflows of Resources	92,249	23,126	-	115,375
Liabilities				
Current Liabilities:				
Vouchers Payable	5,206	21,745	-	26,951
Accounts Payable	24,039	-	-	24,039
Salaries and Payroll Deductions Payable	6,226	1,743	-	7,969
Construction Contracts Payable	54,358	38,548	-	92,906
Due to Other Funds	16,296	-	-	16,296
Due to Component Units	719	117	-	836
Accrued Expenses	28,854	31,336	-	60,190
Funds Held in Escrow	1,637	-	-	1,637
Unearned Revenue	16,529	64,502	-	81,031
Commercial Paper Notes	36,340	165,343	-	201,683
Bonds Payable-Current	83,783	57,320	-	141,103
Other Current Liabilities	4,138	2,218	-	6,356
Total Current Liabilities	278,125	382,872	-	660,997
Net OPEB Liability	132,912	64,029	-	196,941
Net Pension Liability	340,523	175,102	-	515,625
Non-Current Liabilities:				
Bonds Payable, net of Unamortized Premiums/Discounts	2,889,759	1,606,818	-	4,496,577
Other Non-Current Liabilities	70,927	36,273	-	107,200
Total Non-Current Liabilities	2,960,686	1,643,091	-	4,603,777
Total Liabilities	3,712,246	2,265,094	-	5,977,340
Deferred Inflows of Resources	45,813	185,547	-	231,360
Net Position				
Net Investment in Capital Assets	644,628	915,280	-	1,559,908
Restricted For:				
Capital Projects	232,267	131,784	-	364,051
Debt Service	218,631	168,691	-	387,322
Rate Stabilization	133,985	-	-	133,985
Unrestricted	(270,721)	159,109	112,742	1,130
Total Net Position	958,790	1,374,864	112,742	2,446,396

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, 2023

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	803,020	114,963	-	917,983
Rentals and Concessions	-	272,731	-	272,731
Operating Grants	792	-	-	792
Miscellaneous Operating Revenues	13,284	8,294	114	21,692
Total Operating Revenues	817,096	395,988	114	1,213,198
Operating Expenses:				
Personal Services	166,016	77,026	-	243,042
Purchase of Services	152,876	125,459	-	278,335
Materials and Supplies	58,233	6,991	-	65,224
Employee Benefits	90,597	30,883	-	121,480
Indemnities and Taxes	11,557	5,720	-	17,277
Depreciation	148,296	121,462	-	269,758
Total Operating Expenses	627,575	367,541	-	995,116
Operating Income (Loss)	189,521	28,447	114	218,082
Non-Operating Revenues (Expenses):				
Federal, State and Local Grants	589	75,823	-	76,412
Passenger and Customer Facility Charges	-	73,891	-	73,891
Investment Earnings	34,912	37,194	(1,657)	70,449
Debt Service - Interest	(100,338)	(54,284)	-	(154,622)
Other Revenue (Expenses)	(1,336)	3,358	315	2,337
Total Non-Operating Revenues (Expenses)	(66,173)	135,982	(1,342)	68,467
Income (Loss) Before Contributions & Transfers	123,348	164,429	(1,228)	286,549
Transfers In/(Out)	(57,440)	-	-	(57,440)
Capital Contributions	1,877	44,637	-	46,514
Change in Net Position	67,785	209,066	(1,228)	275,623
Net Position - July 1, 2022	891,005	1,165,798	113,970	2,170,773
Net Position Adjusted - July 1, 2022	891,005	1,165,798	113,970	2,170,773
Net Position - June 30, 2023	958,790	1,374,864	112,742	2,446,396

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

Amounts in thousands of USD

	Business Type Activities - Enterprise Funds			
	Water and Sewer	Aviation	Other Non-Major Industrial & Commercial Development	Totals
CASH FLOWS FROM OPERATING ACTIVITIES				
Receipts from Customers	805,700	388,667	-	1,194,367
Payments to Suppliers	(215,017)	(137,388)	-	(352,405)
Payments to Employees	(293,792)	(126,721)	-	(420,513)
Internal Activity-Payments to Other Funds	-	(5,978)	-	(5,978)
Claims Paid	(11,557)	-	-	(11,557)
Other Receipts (Payments)	-	1,242	-	1,242
Net Cash Provided (Used)	285,334	119,822	-	405,156
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES				
Operating Grants Received	1,380	75,792	-	77,172
Operating Subsidies and Transfers from/(to) Other Funds	(65,940)	-	-	(65,940)
Net Cash Provided (Used)	(64,560)	75,792	-	11,232
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES				
Proceeds from Debt Issuance	413,027	1,073,580	-	1,486,607
Capital Grants & Contributions Received	-	34,383	-	34,383
Acquisition and Construction of Capital Assets	(289,112)	(138,118)	-	(427,230)
Interest Paid on Debt Instruments	(111,930)	(76,023)	-	(187,953)
Principal Paid on Debt Instruments	(87,363)	(1,088,425)	-	(1,175,788)
Passenger Facility Charges	-	72,138	-	72,138
Other Capital Receipts (Payments)	923	3,258	-	4,181
Net Cash Provided (Used)	(74,455)	(119,207)	-	(193,662)
CASH FLOWS FROM INVESTING ACTIVITIES				
Proceeds from Sale and Maturities of Investments	-	5,117	-	5,117
Interest,Dividends and Losses on Investments	29,861	36,422	315	66,598
Net Cash Provided (Used)	29,861	41,539	315	71,715
Net Increase (Decrease) in Cash and Cash Equivalents	176,180	117,946	315	294,441
Cash and Cash Equivalents, July 1 (including $687.4 mil for Water & Sewer and $630.3 mil for Aviation reported in restricted accounts)	858,879	1,009,519	10,265	1,878,663
Cash and Cash Equivalents, June 30 (including $859.8 mil for Water & Sewer and $638.3 mil for Aviation reported in restricted accounts)	1,035,059	1,127,465	10,580	2,173,104
Reconciliation of Operating Income (Loss) to Net Cash Provided (Used) by Operating Activities:				
Operating Income (Loss)	189,521	28,447	114	218,082
Adjustments to Reconcile Operating Income to Net Cash Provided (Used) by Operating Activities:				
Depreciation Expense	148,296	121,462	-	269,758
Changes in Assets and Liabilities:				
Receivables, Net	(12,899)	(62,670)	(631)	(76,200)
Unearned Revenue	1,504	56,590	-	58,094
Inventories	(407)	(96)	517	14
Accounts and Other Payables	(3,150)	(23,911)	-	(27,061)
Accrued Expenses	(37,531)	-	-	(37,531)
Net Cash Provided by Operating Activities	285,334	119,822	-	405,156
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, 2023

Amounts in thousands of USD

	Pension Trust Funds (Fiduciary Component Units)	Custodial Funds
Assets		
Cash on Deposit and on Hand	23,847	124,525
Equity in Treasurer's Account	8,147,249	1,117
Investments	-	2,562
Securities Lending Collective Investment Pool	398,878	-
Accounts Receivable	3,611	-
Due from Brokers for Securities Sold	286,322	-
Interest and Dividends Receivable	2,002	-
Due from Other Governmental Units	4,943	-
Due from Other Funds	210,732	699
Total Assets	9,077,584	128,903
Liabilities		
Vouchers Payable	22	51
Accounts Payable	70	-
Salaries and Wages Payable	85	-
Funds Held in Escrow	-	4,594
Due on Return of Securities Loaned	398,878	-
Due to Brokers for Securities Purchased	261,409	-
Accrued Expenses	4,403	-
Other Liabilities	495	-
Total Liabilities	665,362	4,645
Net Position		
Net Position Restricted for Pensions	8,412,222	-
Restricted for Individuals, Organizations & Other Governments	-	124,258
Total Net Position	8,412,222	124,258

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

Statement of Changes in Fiduciary Net Position
Fiduciary Funds
For the Fiscal Year Ended June 30, 2023

Amounts in thousands of USD

	Pension Trust Funds (Fiduciary Component Units)	Custodial Funds
Additions:		
Contributions:		
Employers' Contributions	1,194,974	-
Employees' Contributions	122,906	-
Total Contributions	1,317,880	-
Investment Income:		
Interest and Dividends	211,596	-
Net Gain in Fair Value of Investments	440,204	-
(Less) Investments Expenses	(16,124)	-
Securities Lending Revenue	3,930	-
(Less) Securities Lending Expenses	(2,167)	-
Net Investment Gain	637,439	-
Other Income:		
Collection of Human Services fees, contributions, and holdings	-	980
Collection of Judicial charges, fees, and holdings	-	40,699
Collection of prisoner holdings	-	6,460
Collection of recording fees for other governments	-	5,037
Collection of Sheriff and Police forfeitures, seizures, and holdings	-	132,479
Collection of unclaimed monies	-	7,846
Miscellaneous Operating Revenues	361	-
Total Other Income	361	193,501
Total Additions	1,955,680	193,501
Deductions		
Personal Services	4,151	-
Purchase of Services	1,709	-
Materials and Supplies	67	-
Employee Benefits	2,950	-
Pension Benefits	1,023,717	-
Refunds of Members' Contributions	16,025	-
Administrative Expenses Paid	361	-
Other Operating Expenses	60	-
Distribution of Human Service fees, contributions and holdings	-	980
Distribution of Judicial charges, fees, and holdings	-	42,521
Distribution of prisoner holdings	-	6,460
Distribution of recording fees for other governments	-	5,037
Distribution of Sheriff and Police forfeitures, seizures, and holdings	-	144,929
Distribution of unclaimed monies	-	7,846
Total Deductions	1,049,040	207,773
Change in Net Position	906,640	(14,272)
Net Position - July 1, 2022	7,505,582	138,530
Net Position - June 30, 2023	8,412,222	124,258

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, 2023

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	139,302	238,930	54,139	38,816	-	60,539	11,129	67,894	610,749
Equity in Pooled Cash and Investments	-	-	-	-	889,059	-	-	-	889,059
Investments	-	-	-	16,341	-	44,635	-	-	60,976
Due from Primary Government	-	-	33,710	-	49	4,081	249,657	-	287,497
Amounts Held by Fiscal Agent	-	-	-	-	204,542	-	-	-	204,542
Notes Receivable	-	84,449	2,275	-	-	-	-	-	86,724
Taxes Receivable	-	-	-	-	190,530	-	-	-	190,530
Accounts Receivable-Net	91,957	32,906	4,176	84,583	21,570	41,624	859	18,146	295,821
Allowance for Doubtful Accounts	-	-	-	-	-	(1,906)	-	-	(1,906)
Interest and Dividends Receivable	-	901	34,178	39	1,967	-	-	-	37,085
Due from Other Governments	-	277,408	-	-	353,797	4,812	-	3,243	639,260
Inventories	79,454	3,886	132,507	-	930	-	-	-	216,777
Other Assets	73,826	9,962	36,141	9,579	4,712	1,369	53,145	10,281	199,015
Restricted Assets:									
Cash and Cash Equivalents	-	98,205	19,767	58,005	109,776	-	-	97,306	383,059
Other Assets	156,089	5,744	17,483	-	56,534	21,178	-	5,296	262,324
Capital Assets:									
Land and Other Non-Depreciated Assets	167,346	205,555	170	21,225	653,877	40,487	-	11,003	1,099,663
Other Capital Assets (Net of Depreciation)	1,648,123	1,033,934	57	118,570	1,783,061	164,385	5,931	116,079	4,870,140
Total Capital Assets	1,815,469	1,239,489	227	139,795	2,436,938	204,872	5,931	127,082	5,969,803
Total Assets	2,356,097	1,991,880	334,603	347,158	4,270,404	381,204	320,721	329,248	10,331,315
Deferred Outflows of Resources	148,891	43,321	-	39,452	659,239	15,083	545	-	906,531
Liabilities									
Notes Payable	-	-	7,897	-	-	34	-	-	7,931
Vouchers Payable	-	-	-	-	-	13,064	-	-	13,064
Accounts Payable	80,632	16,581	18,280	22,333	74,460	-	78,054	19,566	309,906
Salaries and Wages Payable	6,978	3,208	-	-	366,937	10,515	-	-	387,638
Accrued Expenses	81,304	14,016	15,165	152	-	5,022	170,676	-	286,335
Funds Held in Escrow	-	2,519	5,653	-	-	527	-	635	9,334
Due to Other Governments	-	178	-	19,463	247	221	-	-	20,109
Due to Primary Government	-	-	-	13,415	-	-	-	3,101	16,516
Unearned Revenue	9,528	6,106	83,836	-	38,655	19,119	-	190,575	347,819
Overpayment of Taxes	-	-	-	-	85,686	-	-	-	85,686
Other Current Liabilities	-	13,188	-	1,604	188,637	-	61,689	-	265,118
Non-Current Liabilities:	-	-	-	-	-	-	-	-	
Due within one year	60,255	39,453	3,794	3,382	327,556	6,497	-	955	441,892
Due in more than one year	1,054,138	212,011	47,367	92,511	7,093,446	81,575	-	21,124	8,602,172
Net OPEB Liability	208,706	1,447	-	18,194	-	154,214	5,710	-	388,271
Net Pension Liability	229,433	82,910	-	41,301	-	-	-	-	353,644
Total Liabilities	1,730,974	391,617	181,992	212,355	8,175,624	290,788	316,129	235,956	11,535,435
Deferred Inflows of Resources	45,732	22,892	3,302	57,504	139,229	60,751	1,482	9,598	340,490
Net Position									
Net Investment in Capital Assets	828,274	738,651	56	55,731	(457,213)	94,532	5,931	105,004	1,370,966
Restricted For:									
Capital Projects	-	-	-	-	-	12,643	-	-	12,643
Debt Service	109,581	-	14,636	4,289	206,571	-	-	-	335,077
Educational Programs	-	-	-	-	6,677	16,336	-	-	23,013
Grant Programs	-	3,014	-	-	-	-	-	102,601	105,615
Other	2,778	18,231	-	-	13,968	-	-	-	34,977
Unrestricted	(212,351)	860,796	134,617	56,731	(3,155,213)	(78,763)	(2,276)	(123,911)	(2,520,370)
Total Net Position	728,282	1,620,692	149,309	116,751	(3,385,210)	44,748	3,655	83,694	(638,079)

* The Philadelphia Gas Works is presented as of the close of their fiscal year, August 31, 2023. Community Behavioral Health and the Philadelphia Authority for Industrial Development are presented as of the close of their fiscal year, December 31, 2022. The Philadelphia Parking Authority and Philadelphia Housing Authority are presented as of the close of their fiscal year, March 31, 2023.

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, 2023

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	621,093	670,493	54,533	-	103,933								103,933
Housing													
Housing Authority	482,802	56,392	478,619	11,652		63,861							63,861
Redevelopment Authority	27,400	1,642	24,591	-			(1,167)						(1,167)
	510,202	58,034	503,210	11,652									
Parking													
Parking Authority	292,040	304,488	-	-				12,448					12,448
Education													
School District	4,278,035	6,579	1,574,279	50,342					(2,646,835)				(2,646,835)
Community College	149,638	24,075	50,177	-						(75,386)			(75,386)
Total	4,427,673	30,654	1,624,456	50,342									
Health													
Community Behavioral Health	1,283,542	-	1,283,304	-							(238)		(238)
Economic Development													
Authority for Ind. Development	154,651	991	65,365	-								(88,295)	(88,295)
Total	154,651	991	65,365	-									
Total Component Units	7,289,201	1,064,660	3,530,868	61,994									(2,631,679)
General Revenues:													
Property Taxes					-	-	-	-	1,017,290	-	-	-	1,017,290
Other Taxes					-	-	-	-	511,676	-	-	-	511,676
Grants & Contributions Not Restricted to Specific Programs					-	27,511	-	-	1,627,145	91,779	-	-	1,746,435
Unrestricted Interest & Investment Earnings					-	2,726	1,787	2,548	45,163	5,331	182	2,174	59,911
Miscellaneous					-	6,318	627	-	-	4,561	-	-	11,506
Special Item-Gain (Loss) on Sale of Capital Assets					-	-	-	-	-	-	-	525	525
Transfers					-	-	-	-	-	-	-	86,214	86,214
Total General Revenue ,Special items and Transfers					-	36,555	2,414	2,548	3,201,274	101,671	182	88,913	3,433,557
Change in Net Position					103,933	100,416	1,247	14,996	554,439	26,285	(56)	618	801,878
Net Position - July 1, 2022					624,039	1,520,276	148,062	101,755	(3,934,785)	18,463	3,711	82,790	(1,435,689)
Adjustment					310	-	-	-	(4,864)	-	-	286	(4,268)
Net Position Adjusted - July 1, 2022					624,349	1,520,276	148,062	101,755	(3,939,649)	18,463	3,711	83,076	(1,439,957)
Net Position - June 30, 2023					728,282	1,620,692	149,309	116,751	(3,385,210)	44,748	3,655	83,694	(638,079)

* The Philadelphia Gas Works is presented as of the close of their fiscal year, August 31, 2023. Community Behavioral Health and the Philadelphia Authority for Industrial Development are presented as of the close of their fiscal year, December 31, 2022. The Philadelphia Parking Authority and the Philadelphia Housing Authority are presented as of the close of their fiscal year, March 31, 2023.

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

Notes to the Financial Statements
FYE 06/30/2023

Table of Contents

I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The financial statements of the City of Philadelphia have been prepared in conformity with generally accepted accounting principles (GAAP) as applied to governmental units. The Governmental Accounting Standards Board (GASB) is the accepted standard setting body for establishing governmental accounting and financial reporting principles. The more significant of the City's accounting policies are described below.

1. REPORTING ENTITY

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

As required by GAAP, the financial statements of the City of Philadelphia include those of the primary government and its component units. The component units discussed below are included in the City's reporting entity because of the significance of their operational or financial relationships with the City. The financial statements of these component units have been included in the City's reporting entity either as blended component units or as discretely presented component units. The criteria to determine an entity as a component unit is established by Governmental Accounting Standards Board Statement (GASB) No. 14 which has been amended by GASB Statements No. 39, No. 61, No. 80, No. 84, No. 85, No. 90, and No. 97. Certain other organizations also met the criteria for inclusion; however, they are not included in the City's financial statements because they are not significant to a fair representation of the City's reporting entity. Individual financial statements can be obtained directly from their administrative offices by writing to the addresses provided.

As used, both on the face of the financial statements and in the footnotes, the term "Primary Government" includes both City funds and Blended Component Units while the term "Component Units" includes only Discretely Presented Component Units. A Related Organization is an entity which the City appoints board members but for which the city has no significant financial responsibility.

A. BLENDED COMPONENT UNITS

Pennsylvania Intergovernmental Cooperation Authority (PICA) – 1500 Walnut St., Philadelphia, PA 19102
PICA was established by act of the Commonwealth of Pennsylvania to provide financial assistance to cities of the first class and is governed by a five-member board appointed by the Commonwealth. Currently, the City of Philadelphia is the only city of the first class. The activities of PICA are reflected in two of the governmental fund types (Special Revenue and Debt Service).

Philadelphia Municipal Authority (PMA) – 1515 Arch St., Philadelphia, PA 19102
PMA is governed by a five-member board appointed by the City and was established to issue tax exempt bonds for the acquisition and use of certain equipment and facilities for the City. The activities of PMA are reflected in three of the governmental fund types (Special Revenue, Debt Service and Capital Improvement).

B. DISCRETELY PRESENTED COMPONENT UNITS

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

Philadelphia Gas Works (PGW) – 800 W. Montgomery Ave., Philadelphia, PA 19122
PGW was established by the City to provide gas service to residential and commercial customers within the city of Philadelphia. The City appoints a voting majority of PGW's board and has the ability to modify or approve their budget. PGW meets the criteria for inclusion as a discretely presented component unit in accordance with GASB.

Philadelphia Housing Authority (PHA) – 2013 Ridge Ave., Philadelphia, PA 19121
PHA was established to provide low-cost housing and other social services to the residents of the City. PHA is governed by a nine-member board with all members appointed by the City. In addition, the Mayor of Philadelphia has the ability to remove a majority of PHA's board without cause during any calendar year. Since the City appoints a voting majority of PHA's board and can impose its will, due to the Mayor's ability to remove

a majority of the board at will, PHA meets the criteria for inclusion as a discretely presented component unit in accordance with GASB.

Philadelphia Redevelopment Authority (PRA) – 1234 Market St., Philadelphia, PA 19107
PRA was established to rehabilitate blighted sections of the City. It is governed by a five-member board appointed by the City and must submit its budgets to the City for review and approval. PRA's reported amounts include the financial activity of the Head House Retail Associates, L.P., which is PRA's discretely presented component unit whose fiscal year ended December 31, 2022. 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 would present a financial burden to the City. CBH meets the criteria for inclusion as a discretely presented component unit in accordance with GASB.

Philadelphia Authority for Industrial Development (PAID) – 1500 Market St., Philadelphia, PA 19102
PAID was formed under the Industrial Development Authority Law to issue debt to finance eligible industrial and commercial development projects. PAID is the delegate agency responsible for administration of certain state grants and acts 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 of the non-fiduciary activities of the primary government and its component units. *Governmental activities* which are normally supported by taxes and intergovernmental revenues are reported separately from *business type activities*, which rely to a significant extent on fees and charges for support. Likewise, the *primary government* is reported separately from certain legally separate *component units* for which the primary government is financially accountable. Interfund activity and balances have been eliminated from the statements to avoid duplication.

The Statement of Activities demonstrates the degree to which the direct expenses of a given program are offset by program revenues. Direct expenses are those that are clearly identifiable with a specific program. Program revenues include: (1) charges to customers or applicants who purchase, use or directly benefit from services or privileges provided by a given program and (2) grants and contributions that are restricted to meeting operational or capital requirements of a program. Taxes and other items not properly included among program revenues are reported instead as general revenues.

Separate fund financial statements are provided for governmental funds, proprietary funds, and fiduciary funds, even though the latter are excluded from the *government wide* financial statements. Major individual governmental funds and major individual enterprise funds are reported as separate columns in the *fund* financial statements.

3. BASIS OF ACCOUNTING, MEASUREMENT FOCUS AND FINANCIAL STATEMENTS

A. PRIMARY GOVERNMENT

The government wide financial statements are reported using the economic resources measurement focus and the accrual basis of accounting, as are the proprietary fund and fiduciary fund financial statements. Revenues are recorded when earned and expenses are recorded when a liability is incurred regardless of the timing of related cash flows. Real estate taxes are recognized as revenues in the year for which they are levied. Derived tax revenues such as wage, business income and receipts, and net profits and earnings taxes are recognized when the underlying exchange transaction has taken place. 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 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 HealthChoices Behavioral Health Fund accounts for resources received from the Commonwealth of Pennsylvania. These resources are restricted to providing managed behavioral health care to Philadelphia residents.
- The Grants Revenue Fund accounts for the resources received from various federal, state, and private grantor agencies. The resources are restricted to accomplishing the various objectives of the grantor agencies.

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

The City reports on the following fiduciary funds:

- The Municipal Pension Fund accumulates resources to provide pension benefit payments to qualified employees of the City and certain other quasi-governmental organizations.
- The Philadelphia Gas Works Retirement Reserve Fund accumulates resources to provide pension benefit payments to qualified employees of the Philadelphia Gas Works.
- The Departmental Custodial Accounts account for funds held in custody by various City Departments.

The City reports the following major proprietary funds:

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

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

B. COMPONENT UNITS

The component units of the City prepare their financial statements in a manner similar to that of proprietary funds, with the exception of the following:

The **SDP** prepares their financial statements in a manner similar to the City and utilizes the full range of governmental and proprietary fund types.

The financial statements of the **CCP** have been prepared in accordance with GASB No. 35 - Basic Financial Statements - and Management’s Discussion and Analysis - for Public Colleges and Universities.

4. DEPOSITS AND INVESTMENTS

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

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

Statutes authorize the City to invest in obligations of the U.S. Treasury, agencies, and instruments of the United States, repurchase agreements, collateralized certificates of deposit, bank acceptance or mortgage obligations, certain corporate bonds, and money market funds. The Pension Trust Fund is also authorized to invest in corporate bonds, common stocks, private markets, hedge funds, and real estate.

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

5. INVENTORIES

A. PRIMARY GOVERNMENT

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

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

B. COMPONENT UNITS

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

- **PGW** inventory consists primarily of fuel stock and gases which are stated at average cost.
- The **SDP** Food Services Fund inventories include food donated by the Federal Government which was valued at government cost or estimated value. All other food or supply inventories were valued at last unit cost and will be expensed when used.
- **PRA** inventory represents real estate held for resale and is recorded based on the estimated appraisal of values and cost basis for land inventories acquired.

6. CAPITAL ASSETS

A. PRIMARY GOVERNMENT

Capital Assets, which include property, plant, equipment, and infrastructure assets (e.g., bridges, curbs and gutters, streets and sidewalks and lighting systems), are reported in the applicable governmental or business-type activities columns in the government wide financial statements. Capital assets are defined by the City as assets with an initial individual cost of more than $5,000 and an estimated useful life more than three years (except for the Aviation and Water Funds which use $10,000 for personal property and $100,000 for fixed assets). Capital assets are recorded at cost. Costs recorded do not include interest incurred as a result of financing asset acquisition or construction. Assets acquired by gift or bequest are recorded at their acquisition price at the date of gift. Upon sale or retirement, the cost of the assets and the related accumulated depreciation, if any, are removed from the accounts. Maintenance and repair costs are charged to operations.

The City transfers Construction In Process to one or more of the major asset classes: (1) when project expenditures are equal to or have exceeded 90% of the estimated cost on new facilities (except for the Aviation and Water Funds which use “substantially complete” as their determining basis for transferring construction in process to one or more of the major asset classes), (2) when the expenditures are for existing facilities or (3) when they relate to specific identifiable items completed during the year which were part of a larger project.

Cost of construction for proprietary fund capital assets includes all direct contract costs plus overhead costs. Overhead costs include direct and indirect engineering costs and interest incurred during the construction period for projects financed with bond proceeds. After adoption of GASB No.89, interest cost incurred before the end of a construction period is recognized as an expense in the period in which the cost is incurred. As a result, interest cost incurred before the end of a construction period will not be included in the historical cost of a capital asset.

Depreciation on the capital assets for all City funds is provided on the straight-line method over their estimated useful lives: buildings 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 (SBITAs) are amortized over the shorter of the lease or subscription term or the useful life of the underlying asset.

Collections of art and historical treasures meet the definition of a capital asset and normally should be reported in the financial statements. However, the requirement for capitalization is waived for collections that meet certain criteria. The City has collections of art, historical treasures and statuary that are not capitalized as they meet all of the waiver requirements which are: (1) the collections are held solely for public exhibition, (2) the collections are protected, preserved and cared for and (3) should any items be sold, the proceeds are used only to acquire other items for the collections. Among the City’s collections are historical artifacts at the Ryers

Museum & Library, Loudoun Mansion, Fort Mifflin, 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 and storage facilities - 3 to 50 years; and leased and software subscription (SBITAs) 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 payables 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, 2023 and 2022. 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 28.12% of outstanding real estate taxes at June 30. Property taxes are levied on a calendar year basis. The City's property taxes levied on assessed valuation as of January 1, are due and payable on or before March 31. Taxes levied are intended to finance the fiscal year in which they become due. The City of Philadelphia and the School District of Philadelphia both impose a tax on all real estate in the City. Current real estate rates are $1.3998 on each $100 assessment; $0.6317 for the City and $0.7681 for the School District of Philadelphia. Delinquent charges are assessed at 1.5% per month on all unpaid balances as of April 1. Real estate tax delinquents are subject to lien as of the following January 1. The City has established real estate improvement programs that abate, for limited periods, tax increases that result from higher assessments for improved properties. Certain incremental tax assessments are earmarked to repay loans from the City to developers who improve properties under Tax Increment Financing agreements.

10. DEFERRED OUTFLOWS / INFLOWS OF RESOURCES AND NET POSITION

In accordance with Government Accounting Standards Board Statement No. 63, *Financial Reporting of Deferred Outflows of Resources, Deferred Inflows of Resources, and Net Position*, the City reports deferred outflows of resources in the Statement of Financial of 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 pension transactions are recognized as an expense or revenue in a future period.
- Deferred outflows of resources and deferred inflows of resources are related to the City's OPEB.
- Deferred inflows of resources are related to the City's leasing activities as a lessor.

Eight component units, including **PGW, PRA**, **PPA**, **SDP**, **CCP**, **CBH**, **PAID** and **PHA** have items that qualify in some of the categories, which are deferred derivatives, deferred refunding, lease related, pension related, and OPEB related categories. These items have been reported as deferred outflows or deferred inflows on both the City's and the component unit's Statement of Net Position.

(Amounts in Thousands of USD)

Deferred Outflows of Resources	Governmental Activities	Business Type Activities	Component Units
Derivative Instrument	6,978	-	-
Deferred Charge on Refunding	82,116	43,777	44,987
Deferred Outflows - Pension	390,155	46,925	699,135
Deferred Outflows - OPEB	200,540	24,673	162,409
Total	679,789	115,375	906,531

(Amounts in Thousands of USD)

Deferred Inflows of Resources	Governmental Activities	Business Type Activities	Component Units
Derivative Instrument	-	665	5,204
Deferred Gain on Refunding	3,023	12,201	10,000
Deferred Inflows - Leases	108,023	157,995	41,758
Deferred Inflows - Pension	104,226	11,241	157,850
Deferred Inflows - OPEB	398,804	49,258	125,678
Total	614,076	231,360	340,490

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	31,109	-	76,914
Unavailable Tax Revenue	148,250	-	2,244
Unavailable Agency Revenue	57,764	-	-
Unavailable Government Revenue	36,150	783,096	121,036
Total	273,273	783,096	200,194

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

GASB Statement No.65 prohibits the usage of the term "deferred" on any line items other than deferred inflows or outflows. Therefore, the term "Deferred Revenue" has been replaced by "Unearned Revenue". Unearned Revenue as reported in all the City's fund financial statements represents revenue received in advance with the exception of the General Fund. The General Fund reports two types of unearned revenue, Revenue Received in Advance ($5.9 million) and Business Income and Receipts Tax (BIRT) ($147.5 million).

14. LEASES AND SUBSCRIPTION-BASED INFORMATION TECHNOLOGY AGREEMENTS

The City is a lessee for various leases of land, buildings, and equipment. The City has noncancellable subscription arrangements (similar to a lease) for the right to use various information technology hardware and software (SBITAs). 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 receivables and deferred inflows of resources if certain changes occur that are expected to significantly affect the amount of the lease receivable.

15. NEW ACCOUNTING STANDARDS - ADOPTED

In May 2019, **GASB issued Statement No. 91, Conduit Debt Obligations**. The primary objectives of this Statement are to provide a single method of reporting conduit debt obligations by issuers and eliminate diversity in practice associated with (1) commitments extended by issuers, (2) arrangements associated with conduit debt obligations, and (3) related note disclosures. The adoption of this statement had no effect on previously reported amounts.

In March 2020, **GASB issued Statement No. 94, Public-Private and Public-Public Partnerships and Availability Payment Arrangements**. The primary objective of this Statement is to address and improve financial reporting issues related to public-private and public-public partnership arrangements (PPPs). The adoption of this statement had no effect on previously reported amounts.

In May 2020, **GASB issued Statement No. 96, Subscription-Based Information Technology Arrangements**. This Statement provides guidance on the accounting and financial reporting for subscription-based information technology arrangements (SBITAs) for government end users (governments). The adoption of this statement had no material impact on the City's financial statements.

In April 2022, **GASB issued Statement No. 99, Omnibus 2022**. The objectives of this Statement are to enhance comparability in accounting and financial reporting and to improve the consistency of authoritative literature by addressing (1) practice issues that have been identified during implementation and application of certain GASB Statements and (2) accounting and financial reporting for financial guarantees. The statement has been partially adopted for requirements effective for the reporting period. All the applicable changes have been made to the financial statements.

New Accounting Standards – To Be Adopted:

In April 2022, **GASB issued Statement No. 99, Omnibus 2022.** The objectives of this Statement are to enhance comparability in accounting and financial reporting and to improve the consistency of authoritative literature by addressing (1) practice issues that have been identified during implementation and application of certain GASB Statements and (2) accounting and financial reporting for financial guarantees.

In June 2022, **GASB issued Statement No. 100, Accounting Changes and Error Corrections-an amendment of GASB Statement No. 62**. The primary objective of this Statement is to enhance accounting and financial reporting requirements for accounting changes and error corrections to provide more understandable, reliable, relevant, consistent, and comparable information for making decisions or assessing accountability.

In June 2022, **GASB issued Statement No. 101, Compensated Absences**. The objective of this Statement is to better meet the information needs of financial statement users by updating the recognition and measurement guidance for compensated absences. That objective is achieved by aligning the recognition and measurement guidance under a unified model and by amending certain previously required disclosures.

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 new standards must be adopted as follows:

GASB Statement No. 99 – Requirements in paragraphs 4-10 are effective July 1, 2023 for financial statements for fiscal year ending June 30, 2024.
GASB Statement No. 100 - Effective July 1, 2023 for financial statements for fiscal year ending June 30, 2024.
GASB Statement No. 101 - Effective July 1, 2024 for financial statements for fiscal year ending June 30, 2025.
GASB Statement No. 102 - Effective July 1, 2024 for financial statements for fiscal year ending June 30, 2025.

The effect of these statements has not yet been determined.

II. LEGAL COMPLIANCE

1. BUDGETARY INFORMATION

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

The operating funds of the City, consisting of the General Fund, ten 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, and County Demolition 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. As part of the amendment process, budget estimates of City related revenues are adjusted and submitted to City Council for review. Changes in revenue estimates are submitted in support of testimony with regard to the appropriation adjustments and do not need City Council approval. Revenue estimates are presented as originally passed and as amended.

III. DETAILED NOTES ON ALL FUNDS AND ACCOUNTS

1. DEPOSITS AND INVESTMENTS

A. City

City Deposits
State statutes require banks to collateralize City deposits at amounts equal to or in excess of the City’s balance. Such collateral is to be held by the Federal Reserve Bank or the trust department of a commercial bank other than the pledging bank. At year-end, the bank balance for City deposits was $456.5 million.

City Investments
The City has established a comprehensive investment policy that covers all funds other than the Municipal Pension Fund, Philadelphia Gas Works Retirement Reserve (PGW Pension Fund), and the Fairmount Park and Free Library Trust Funds. Those funds have separate investment policies designed to meet the long-term goals of the fund.

As of June 30, 2023, the total investments of the City, as well as both Pension Funds and the Fairmount Park and Free Library Trust Funds, consisted of:

(Amount in Thousands)

Classification	City (1)	City Trust Funds	PGW Pension Fund	Municipal Pension Fund	Grand Total
Short-Term Investment Pools	$ 564,861	$ 1,064	$ 22,045	$ 404,848	$ 992,818
Commercial Paper	1,261,943	-	-	-	1,261,943
U.S. Government Securities	3,702,244	131	42,301	2,896	3,747,572
U.S. Government Agency Securities	945,505	207	49,626	25,332	1,020,670
Municipal/Other Debt	6,855	451	260	11,412	18,978
Foreign Debt	-	-	9,004	1,083	10,087
Corporate Bonds	263,577	216	58,158	319,536	641,487
Government Bonds	-	-	-	374,031	374,031
Asset Backed Securities	-	-	-	22,513	22,513
Mortgage Backed Securities	-	-	-	267,484	267,484
Other Bonds and Investments	-	2,644	987	6,557	10,188
Corporate Equities	-	4,247	423,383	4,532,751	4,960,381
Limited Partnerships	-	-	-	18,552	18,552
Hedge Funds	-	-	-	26,074	26,074
Real Estate	-	-	-	498,303	498,303
Private Equity	-	-	-	1,039,404	1,039,404
Grand Total	$ 6,744,985	$ 8,960	$ 605,764	$ 7,550,776	$ 14,910,485

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

The City’s investments include all operating, capital, debt service and debt service reserve accounts of the City’s General Fund, Water Department and Aviation 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
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 (54.89%) or US Government Agency obligations (14.02%) are allowable investments up to 100% of the portfolio.

The City’s investment in commercial paper (18.71%) is limited to 25% of the portfolio and must be rated A1+ by S&P or P1 by Moody’s Investor’s Services, Inc. (Moody’s) and the senior long-term debt of the issuer must not be rated lower than A by S&P or A2 by Moody’s. All commercial paper investments meet the criteria.

The City’s investment in corporate bonds (3.91%) is limited to 25% 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).

The City limits its foreign currency risk by investing in certificates of deposit and banker’s acceptances issued or endorsed by non-domestic banks that are denominated in US dollars, providing that the banking institution has assets of not less than $100 million and has a Thompson’s Bank Watch Service “Peer Group Rating” not lower than II. At the end of the fiscal year, the City did not have any investments of that nature.

To minimize custodial credit risk, the City’s policy is to select custodian banks that are members of the Federal Reserve System to hold its investments. Delivery of the applicable investment documents to the City’s custodian is required for all investments.

City Investments - Interest Rate Risk
The City’s investment portfolio is managed to accomplish preservation of principal, maintenance of liquidity and maximize the return on the investments. To limit its exposure to fair value losses from rising interest rates, the

City's investment policy limits fixed income investments to maturities of no longer than two years, except in Sinking Fund Reserve Portfolios.

In accordance with the PICA Trust Indenture, the City received a transfer of remaining funds from the PICA Debt Service Reserve Fund due to bond maturity. Since these funds were currently invested, the securities were transferred to the City rather than liquidated. The transferred holdings include securities that exceed the two-year maturity limitation of the City's Investment Policy. If the securities were liquidated at the time of transfer, the City would incur a loss. These securities will be held until they can be sold without incurring a loss or otherwise held until maturity.

(Amounts in thousands of USD)

Classifications	Less than 6 months	7 to 12 months	13 to 18 months	19 to 24 months	Greater than 24 months	Total
Commercial Paper	$ 996,319	$ 265,624	$ -	$ -	$ -	$ 1,261,943
U.S. Government Security	1,805,353	1,531,931	259,078	105,208	674	3,702,244
U.S. Government Agency Securities	570,071	239,400	81,536	50,236	4,262	945,505
Municipal Debt	4,298	263	1,845	449	-	6,855
Corporate Bonds	68,997	96,465	50,756	47,359	-	263,577
Grand Total	$ 3,445,038	$ 2,133,683	$ 393,215	$ 203,252	$ 4,936.00	$ 6,180,124

City Investments – Fair Value Measurement
The City measures and records its investments using fair value measurement guidelines established by generally accepted accounting principles. These guidelines recognize a three-tiered fair value hierarchy, as follows:

- Level 1: Observable inputs that reflect quoted prices (unadjusted) for identical assets or liabilities in active markets.
- Level 2: Inputs other than quoted prices included in Level 1 that are observable for the asset or liability.
- Level 3: Unobservable inputs for assets or liabilities.

The City has the following recurring fair value measurements as of June 30, 2023:

- Commercial paper securities of $1,261.9 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 $3,702.2 million are valued using quoted prices from active markets (Level 1).
- U.S Agency securities of $945.5 million are valued using quoted prices for identical securities traded in active markets when sufficient activity exists (Level 2).
- Municipal Debt/Other securities of $6.9 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 $263.6 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 $564.9 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, 2023:

- Equity Stock securities of $1.5 million are valued using quoted prices from active markets (Level 1).
- ETF and Mutual funds of $4.3 million are valued using quoted prices from active markets (Level 1).
- U.S Treasury securities of $0.1 million, U.S. Agency securities of $0.2 million, and Corporate bond securities of $0.2 million are valued using quoted prices for identical securities traded in active markets when sufficient activity exists (Level 2).

For FY 2023, the Free Library Trust Fund's mutual funds of $2.6 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. To the extent that such deposits exceed federal insurance, the depositories must deposit (with their trust department or other custodians) obligations of the United States, the Commonwealth, or any other political subdivision of the Commonwealth to eliminate the risk of uninsured funds. Under Act 72 of 1971 Session of the Pennsylvania General Assembly (Act 72), as amended, the depositories may meet this requirement by pooling appropriate securities to cover all public funds on deposit with their institution.

At June 30, 2023, PICA's deposits consist of the following:

Cash	$ 3,986,833
Certificates of Deposit	490,000
Total	$ 4,476,833

PICA's deposits include bank certificates of deposit that have a remaining maturity, at the time of purchase, of one year or less. Money market funds with a remaining maturity of one year or less are classified as short-term investments.

Custodial Credit Risk
Custodial credit risk is the risk that in the event of a bank failure, PICA's deposits may not be returned to it. PICA has no policy, other than as noted above, that further limits its custodial credit risk. As of June 30, 2023, PICA's book balance was $4,476,833 and the bank balance was $4,477,540. Of the bank balance, $740,000 was covered by federal depository insurance.

Investments:

As of June 30, 2023, PICA had the following investments:

	Fair Value	Cost	Maturity Date
Money Market Funds	$ 14,986,413	$ 14,986,413	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 statues 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
Investments and derivatives are recorded at fair value as of June 30, 2023. GASB Statement No. 72 – Fair Value Measurement and Application, defines fair value as the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. This statement establishes a hierarchy of 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 classified as Level 3 have unobservable inputs for an asset (or liability) and may require a degree of professional judgment.

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

The Philadelphia Municipal Authority does not have a formally adopted investment policy; however, the terms of their bond indentures limit the investments in which the trustee can deposit funds. 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, 2023 is as follows:

	Fair Value	Cost	Maturity Date
Money Market Funds*	$ 83,901	$ 83,901	N/A
Total	$ 83,901	$ 83,901	

** 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
Custodial credit risk is the risk that in the event of a bank or counterparty failure, PMA's deposits or investments may not be returned to it. PMA does not have a formal policy for custodial credit risk. However, it generally follows the practices of the City.

PMA's depository cash accounts consisted of $5,717,884 on deposit with two local banks as of June 30, 2023. Amounts are insured up to $250,000 per bank by the Federal Deposit Insurance Corporation (FDIC). Deposits in excess of the FDIC limit are collateralized with securities held by the pledging financial institution's trust department or agent in PMA's name. As of June 30, 2023, PMA was not exposed to custodial credit risk.

Interest Rate Risk
Interest rate risk is the risk that an investment's value will change due to a change in the absolute level of interest rates, in the spread between two rates, in the shape of the yield curve or in any other interest rate relationship. Such changes usually affect securities inversely and can be reduced by diversifying or hedging. PMA does not have a formal policy for interest rate risk. However, it generally follows the practices of the City.

Fair Value Measurement
Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. Fair value is a market-based measurement, not an entity-specific measurement. For some assets and liabilities, observable market transactions or market information might be available; for others, it might not be available. However, the objective of a fair value measurement in both cases is the same that is, to determine the price at which an orderly transaction to sell the asset or to transfer the liability would take place between market participants at the measurement date under current market conditions. Fair value is an exit price at the measurement date from the perspective of a market participant that controls the asset or is obligated for the liability.

The fair value hierarchy categorizes the inputs to valuation techniques used to measure fair value into three levels. Level 1 inputs are quoted prices (unadjusted) for identical assets or liabilities in active markets that a government can access at the measurement date. Level 2 inputs are inputs other than quoted prices included within Level 1 that are observable for an asset or liability, either directly or indirectly. Level 3 inputs are unobservable inputs for an asset or liability. The fair value hierarchy gives the highest priority to Level 1 inputs and the lowest priority to Level 3 inputs.

PMA's investments qualify as Level 1 investments.

2. SECURITIES LENDING

A. GOVERNMENTAL FUNDS:

The City Treasurer is prohibited from lending or selling city-owned securities with an agreement to buy them back after a stated period of time (City of Philadelphia - Investment Policy Section VI. Investment Restrictions)

B. PENSION TRUST FUNDS

1. City Plan (Municipal Pension Fund):
   - The Board of Directors of the Municipal Pension Fund has authorized management of the Fund to participate in securities lending transactions.
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

Two of the City's component units (**PAID** and **PRA**) have issued debt that, in accordance with GASB 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 PAID's Cultural and Commercial Corridor Lease Revenue Bonds Series 2006, PAID's Rebuild Project City Service Agreement Revenue Bonds Series 2018, PRA's Home Repair City Service Agreement Revenue Bonds Series 2018, PAID's City Service Agreement Refunding Revenue Bonds Series 2021, and PRA's Neighborhood Preservation Initiative City Service Agreement Revenue Bonds Series 2021A & 2023A&B.

4. INTERFUND RECEIVABLES AND PAYABLES

A. PRIMARY GOVERNMENT

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

(Amounts in Thousands)

	Interfund Receivables Due to:				
	General	Non major Special Revenue	Pension Fund	Other Funds	Total
Interfund Payables Due From:					
General	$ -	$ 3,124	$ 210,732	$ 699	$ 214,555
Water & Sew er Fund	-	16,296	-	-	16,296
Non major Special Revenue Funds	39,833	-	-	-	39,833
Total	$ 39,833	$ 19,420	$ 210,732	$ 699	$ 270,684

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	PPA	PHA	CCP	Timing Difference	Total
Payables Due From:											
General Fund	$ -	$ 108	$ 1,024	$ 3,161	$ 292	$ -	$ 3	$ 188	$ 2,020	$ -	$ 6,796
Behavioral Health	-	94,254	-	-	-	-	-	-	-	-	94,254
Grants Revenue	-	1,507	-	-	-	2,253	-	-	-	-	3,760
Capital Improvement	-	-	1,244	-	-	-	-	-	-	-	1,244
Housing Trust	-	-	150	-	-	-	-	-	-	-	150
Water Fund	-	-	613	47	59	-	-	-	-	-	719
Aviation Fund	-	-	-	-	117	-	-	-	-	-	117
PPA	14,246	-	-	-	-	-	-	-	-	(831)	13,415
PAID	35,772	-	-	-	-	-	-	-	-	(32,671)	3,101
Timing Difference	-	153,788	30,679	(3,208)	(468)	(2,204)	(3)	(188)	2,061	-	180,457
Total	$ 50,018	$ 249,657	$ 33,710	$ -	$ -	$ 49	$ -	$ -	$ 4,081	$ (33,502)	$ 304,013

5. CAPITAL ASSET ACTIVITY

A. PRIMARY GOVERNMENT

Capital Asset activity of the primary government for the year ended June 30, 2023 was as follows:

(Amounts In Millions of USD)

Governmental Activities:	Beginning Balance	Increases	Decreases	Ending Balance
Capital assets not being depreciated:				
Land	979.3	35.4	-	1,014.7
Fine Arts	1.0	-	-	1.0
Construction In Progress	21.0	15.6	(21.1)	15.5
Total capital assets not being depreciated	1,001.3	51.0	(21.1)	1,031.2
Capital assets being depreciated:				
Buildings	2,457.0	43.3	-	2,500.3
Lease Asset - Building	612.0	82.0	(3.0)	691.0
Other Improvements	411.0	11.2	-	422.2
Equipment	678.0	56.8	(40.0)	694.8
Lease Asset - Equipment*	3.0	-	-	3.0
Infrastructure	1,955.0	94.0	-	2,049.0
Intangibles	89.0	13.6	(5.0)	97.6
Transit	292.0	-	-	292.0
Subscription Assets*	3.0	-	-	3.0
Total capital assets being depreciated	6,500.0	300.9	(48.0)	6,752.9
Less accumulated depreciation for:				
Buildings	(1,826.0)	(52.0)	-	(1,878.0)
Lease Asset - Building	(51.0)	(51.0)	2.0	(100.0)
Other Improvements	(310.0)	(9.0)	-	(319.0)
Equipment	(471.8)	(45.2)	38.0	(479.0)
Lease Asset - Equipment	(1.0)	(1.0)	1.0	(1.0)
Infrastructure	(1,441.9)	(49.6)	-	(1,491.5)
Intangibles	(38.0)	(9.9)	1.0	(46.9)
Transit	(260.0)	(4.4)	-	(264.4)
Subscription Assets	-	(1.0)	-	(1.0)
Total accumulated depreciation	(4,399.7)	(223.1)	42.0	(4,580.8)
Total capital assets being depreciated, net	2,100.3	77.8	(6.0)	2,172.1
Governmental activities capital assets, net	3,101.6	128.8	(27.1)	3,203.3

*With the implementation of GASB 96 in the current fiscal year, it was required to restate the prior fiscal year ending balance for the subscription assets.

(Amounts In Millions of USD)

Business-Type Activities - Enterprise Funds	**Beginning Balance**	**Increases**	**Decreases**		**Ending Balance**
Capital assets not being depreciated:					
Land	242.8	0.9	-		243.7
Right to use Lease Assets -Land	11.3	-	-		11.3
Construction In Progress	1,002.9	444.1	(160.2)		1,286.8
Total capital assets not being depreciated	1,257.0	445.0	(160.2)		1,541.8
Capital assets being depreciated:					
Buildings	4,059.8	63.7	(10.5)		4,113.0
Right to use Lease Assets - Building	19.0	-	-		19.0
Other Improvements	830.9	3.3	-		834.2
Equipment	185.1	23.3	(8.3)		200.1
Right to use Lease Assets - Equipment	0.5	-	(0.2)		0.3
Intangible Assets	28.5	1.1	-		29.6
Infrastructure	4,279.7	89.0	(2.6)		4,366.1
Total capital assets being depreciated	9,403.5	180.4	(21.6)		9,562.3
Less accumulated depreciation for:					
Buildings	(2,320.6)	(121.5)	8.5		(2,433.6)
Right to use Lease Assets - Building	(1.8)	(1.8)	-		(3.6)
Other Improvements	(517.7)	(32.5)	-		(550.2)
Equipment	(150.0)	(14.7)	10.4		(154.3)
Right to use Lease Assets - Equipment	(0.1)	(0.1)	-		(0.2)
Intangible Assets	(18.5)	(1.8)	-		(20.3)
Infrastructure	(2,356.8)	(97.4)	1.5		(2,452.7)
Total accumulated depreciation	(5,365.5)	(269.8)	20.4	-	(5,614.9)
Total capital assets being depreciated, net	4,038.0	(89.4)	(1.2)	-	3,947.4
Business-type activities capital assets, net	5,295.0	355.6	(161.4)	-	5,489.2

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

(Amounts in Millions of USD)

Governmental Activities:	
Economic Development	2.0
Transportation:	
Streets & Highways	57.0
Mass Transit	4.0
Judiciary and Law Enforcement:	
Police	15.0
Prisons	5.0
Courts	1.0
Conservation of Health:	
Health Services	4.0
Cultural and Recreational:	
Recreation	14.0
Parks	12.0
Libraries and Museums	6.0
Improvements to General Welfare:	
Social Services	2.0
Inspections and Demolitions	1.0
Service to Property:	
Fire	14.0
General Management & Support	86.1
Total Governmental Activities	223.1

Business-Type Activities:	
Water and Sewer	148.3
Aviation	121.5
Total Business Type Activities	269.8

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, 2023:

(Amounts In Millions of USD)

Governmental Activities:	Beginning Balance	Increases	Deletions	Transfers	Ending Balance
Capital assets not being depreciated:					
Land	130.6	11.7	-	-	142.3
Construction In Progress	342.6	192.8	-	(55.1)	480.3
Development In Progress	31.3	-	-	-	31.3
Total capital assets not being depreciated	504.5	204.5	-	(55.1)	653.9
Capital assets being depreciated:					
Buildings	1,845.4	5.4	-	12.1	1,862.9
Right to Use-Buildings	4.4	1.2	(0.9)	-	4.7
Other Improvements	1,759.8	5.3	-	43.0	1,808.1
Intangible Assets (1)	89.7	1.6	(0.2)	-	91.1
Personal Property	117.8	12.5	(4.3)	-	126.0
Right to Use - Personal Property	16.5	5.1	(6.5)	-	15.1
Subscription Assets (2)	67.0	3.8	-	-	70.8
Total capital assets - Depreciated	3,900.6	34.9	(11.9)	55.1	3,978.7
Less accumulated depreciation for:					
Buildings	(831.8)	(30.4)	-	-	(862.2)
Right to Use-Buildings	(1.7)	(1.3)	0.9	-	(2.1)
Other Improvements	(1,077.3)	(56.0)	-	-	(1,133.3)
Intangible Assets	(76.4)	(2.6)	0.1	-	(78.9)
Personal Property	(74.1)	(11.7)	4.0	-	(81.8)
Right to Use - Personal Property	(9.0)	(1.1)	6.5	-	(3.6)
Subscription Assets (2)	(27.8)	(9.7)	-	-	(37.5)
Total accumulated depreciation	(2,098.1)	(112.8)	11.5	-	(2,199.4)
Total capital assets being depreciated, net	1,802.5	(77.9)	(0.4)	55.1	1,779.3
Governmental Activity - Capital Assets, Net	2,307.0	126.6	(0.4)	-	2,433.2

(1) The beginning balance for Intangible Assets was adjusted by ($3.4) million to reflect Prior period adjustments. SDP determined assets did not meet criteria under GASB 51 to be capitalized.

(2) The beginning balance for Subscription Assets was adjusted by $67.0 million and Accumulated Depreciation – Subscription Assets by ($27.8) million due to implementation of GASB 96.

(Amounts In Millions of USD)

Business-type Activities:	**Beginning Balance**	**Adjustment**	**Increases**	**Decreases**	**Ending Balance**
Capital assets not being depreciated:					
Land	102.2	-	9.1	(0.3)	111.0
Fine Arts	0.9	-	-	-	0.9
Construction In Progress	294.4	-	210.5	(171.0)	333.9
Total capital assets not being depreciated	397.5	-	219.6	(171.3)	445.8
Capital assets being depreciated:					
Buildings	2,809.8	-	96.5	(39.5)	2,866.8
Other Improvements (1)	81.0	(3.4)	6.5	-	84.1
Equipment (1)	661.8	(41.2)	31.7	(34.3)	618.0
Infrastructure	2,368.9	-	106.1	(1.9)	2,473.1
Lease Assets (1)	1.5	44.6	163.0	(0.9)	208.2
Subscription Assets (2)	-	13.5	0.6	(0.9)	13.2
Total capital assets being depreciated	5,923.0	13.5	404.4	(77.5)	6,263.4
Less accumulated depreciation for:					
Buildings	(1,612.4)	-	(62.5)	10.9	(1,664.0)
Other Improvements	(34.5)	-	(3.4)	-	(37.9)
Equipment (1)	(299.6)	29.6	(19.3)	21.9	(267.4)
Infrastructure	(1,109.3)	-	(49.0)	1.3	(1,157.0)
Lease Assets (1)	(1.2)	(29.6)	(10.4)	1.0	(40.2)
Subscription Assets (2)	-	(4.1)	(2.9)	0.9	(6.1)
Total accumulated depreciation	(3,057.0)	(4.1)	(147.5)	36.0	(3,172.6)
Total capital assets being depreciated, net	2,866.0	9.4	256.9	(41.5)	3,090.8
Capital assets, net	3,263.5	9.4	476.5	(212.8)	3,536.6

(1) CCP and PAID re-classed their beginning balances for Other Improvements and Equipment, including accumulated depreciation, as Lease Assets.
(2) CCP and PGW adjusted their beginning balance for Subscription Assets and Accumulated Depreciation – Subscription Assets due to implementation of GASB 96.

6. NOTES PAYABLE

The Aviation Fund established a commercial paper (CP) program, which closed on August 22, 2019, in the amount of $350 million to provide funding for capital projects currently approved by airlines. CP is a short-term financing tool with a maximum maturity of 270 days. The Philadelphia International Airport's CP Program 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. CP Notes will be "rolled over" until long-term bonds are issued to refund the outstanding commercial paper. There were $165.3 million in notes outstanding at June 30, 2023.

The Water Fund established a commercial paper (CP) program, which closed on July 29, 2021, in the amount of $250 million, and expanded to $400 million on July 28, 2022 to provide funding for capital projects. CP is a short-term financing tool with a maximum maturity of 270 days. The Philadelphia Water Department's CP Program is primarily used to provide up-front cash to take advantage of below market rate of federal and state loan programs that work on a reimbursement basis. 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. CP Notes will be "rolled over" until loan reimbursements are received from the federal and state programs to pay off the outstanding commercial paper, or long-term bonds are issued to refund the outstanding commercial paper. There were $36.3 million notes outstanding at June 30, 2023.

	Beginning Balance	Additions	Reductions	Ending Balance
Airport Commercial Paper Notes	$ 125,343,000	$ 40,000,000	$ -	$ 165,343,000
Water Commercial Paper Notes	$ 3,000,000	$ 63,000,000	$ 29,660,000	$ 36,340,000

Pursuant to a contract between the City and the United States Department of Housing and Urban Development (HUD), the City borrows funds through the HUD Section 108 loan program for the purpose of establishing loan pools to finance qualifying businesses and specific development projects. These funds are placed in custodial accounts established by the Philadelphia Industrial Development Corporation (PIDC), as designee of the City, and are being administered on behalf of the City by PIDC. While the City is the primary borrower, PIDC, acting as the City's designee, makes the repayments on the City's HUD Section 108 Notes Payable. Loan repayments and investment proceeds from un-loaned funds are used to repay the Notes Payable. If there is a deficiency in these resources, the City authorizes PIDC to use Community Development Block Grant (CDBG) program income funds on hand at PIDC to repay the Notes Payable. From fiscal year 2006 through 2023, $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, 2023, HUD had disbursed $150.0 million in loans to PIDC and the amount of outstanding HUD Section 108 Notes Payable was $47.5 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, 2023 are as follows:

HUD Section 108 Notes Payable, 5 Years and Thereafter

Fiscal Year Ending June 30,	
2024	$ 5,409,000
2025	3,635,000
2026	3,778,000
2027	4,073,000
2028	4,227,000
Thereafter	26,385,000
Total	$ 47,507,000

PGW, Pursuant to the provisions of the City of Philadelphia Note Ordinances, PGW may issue short-term notes to either support working capital requirements or pay the costs of certain capital projects and other project costs. PGW may issue short-term notes in a principal amount, which, together with interest, may not exceed $150.0 million outstanding to support working capital requirements. PGW may also sell additional short-term notes in an aggregate principal amount, which may not exceed $120.0 million outstanding at any time to pay the costs of certain capital projects and other project costs. All notes are supported by a Note Purchase and Credit Agreement and a security interest in PGW's revenues. Prior to that, all notes were supported by two irrevocable letters of credit and a security interest in PGW's revenues. The Note Purchase and Credit Agreement supporting PGW's combined commercial paper programs set the maximum level of outstanding notes plus interest at $120.0 million in FY 2023 and FY 2022. The commitment amount is $120.0 million under the current credit agreement. The expiration date of the credit agreements is June 16, 2026. There were no Gas Works Revenue Capital Project Commercial Paper Notes (Capital Project Notes) or Gas Works Revenue Notes outstanding at August 31, 2023 and 2022.

PPA, On January 29, 2015, The Authority borrowed $6,000,000 for the Philadelphia Airport Parking Garage Project in anticipation of a future bond financing. The structure of the loan is a tax-exempt bond anticipation note to be paid over a two-year period at a fixed interest rate of 3.07% and matured September 1, 2021, as a result of an extension. During the year ended March 31, 2022, the note payable was fully refunded with the issuance of the series 2021B Revenue Bonds.

On January 29, 2015, The Authority borrowed $15,000,000 for the Philadelphia Airport Parking Garage in anticipation of a future bond financing. The structure of the loan is a tax-exempt bond anticipation note to be paid over a two-year period at a fixed interest rate of 3.07% and matures September 1, 2021, as a result of an extension. During the year ended March 31, 2022, the note payable was fully refunded with the issuance of the series 2021B Revenue Bonds.

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, 2023, the statutory limit for the City is $16.2 billion, the General Obligation Debt, net of deductions authorized by law, is $2.4 billion; leaving a legal debt borrowing capacity of $13.8 billion. Termination Compensation costs and Worker's Compensation claims are paid by whichever governmental fund incurs them. Indemnity claims are typically paid by the General Fund. The following schedule reflects the changes in long-term liabilities for the fiscal year:

Long Term Debt Governmental Changes - Primary Government *(Amounts In Millions of USD)*

	Beginning Balance	Additions	Reductions	Ending Balance	Due Within One Year
Governmental Activity					
Bonds Payable - General Obligation Bonds					
Term Bonds	28.6	-	-	28.6	-
Refunding Bonds	913.7	-	(72.4)	841.3	75.5
Serial Bonds	898.9	-	(36.1)	862.8	37.9
Add: Bond Premium	175.3	-	(24.5)	150.8	-
Total Bonds Payable - General Obligation Bonds	2,016.5	-	(133.0)	1,883.5	113.4
Bonds Payable - Blended Component Units					
Term Bonds - PMA	137.6	-	(5.7)	131.9	5.9
Term Bonds - PICA	10.8	-	(10.8)	-	-
Add: Bond Premium	1.5	-	(0.8)	0.7	-
Total Bonds Payable - Blended Component Units	149.9	-	(17.3)	132.6	5.9
Total Bonds Payable	2,166.4	-	(150.3)	2,016.1	119.3
Obligations Under Lease & Service Agreements					
Pension Service Agreement	961.3	6.7	(94.7)	873.3	111.5
Sports Stadium	184.0	-	(16.9)	167.1	17.7
Neighborhood Transformation	124.4	24.6	(36.9)	112.1	11.2
Cultural Corridor	66.4	-	(5.3)	61.1	5.5
Central Library	2.3	-	(0.7)	1.6	0.8
Affordable Housing Preservation	45.4	-	(2.0)	43.4	2.2
Home Repair	35.8	-	(1.5)	34.3	1.5
Rebuild Project	70.5	-	(3.2)	67.3	3.4
Museum of Art	8.9	-	(0.4)	8.5	0.4
One Parkway	16.6	-	(3.0)	13.6	3.2
Neighborhood Preservation	98.6	99.5	(3.7)	194.4	4.3
Add: Bond Premium	47.5	2.5	(11.2)	38.8	-
Total Obligations Under Lease & Service Agreements	1,661.7	133.3	(179.5)	1,615.5	161.7
Other Long-term Liabilities					
Legal Claims	117.2	26.7	(68.9)	75.0	-
Worker's Compensation Claims	270.6	89.0	(88.1)	271.5	-
Medical Claims	26.6	111.2	(113.7)	24.1	24.1
Termination Compensation Payable - Vacation Leave	282.8	36.3	(28.3)	290.8	29.1
Termination Compensation Payable - Sick Leave	312.6	32.7	(31.3)	314.0	31.4
Leases	580.6	62.8	(32.4)	611.0	33.5
Subscriptions*	2.9	-	(0.6)	2.3	0.5
Total Other Long-term Liabilities	1,593.3	358.7	(363.3)	1,588.7	118.6
Total Bonds Payable, Obligations Under Lease & Svc Agreements, and OLTL	5,421.4	492.0	(693.1)	5,220.3	399.6
Net Pension and OPEB Liability					
Net Pension Liability	4,806.2	46.3	(563.5)	4,289.0	-
OPEB Liability	1,918.5	-	(330.4)	1,588.1	-
Total Net Pension and OPEB Liability	6,724.7	46.3	(893.9)	5,877.1	-
Governmental Activity Long-term Liabilities	12,146.1	538.3	(1,587.0)	11,097.4	399.6

*With the implementation of GASB 96 in the current fiscal year, it was required to restate the prior fiscal year ending balance for the subscription liabilities.

In addition, **PMA**, a blended component unit of the City, has debt that is classified on its balance sheet as General Obligation debt payable. **PICA** did not have any outstanding debt at fiscal year ended on June 30, 2023. 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	0.482	%	to	5.000	%	1,732.7	Fiscal	2024	to	2042
PMA	3.250	%	to	5.087	%	131.9	Fiscal	2024	to	2044
						1,864.6				

- The City has General Obligation Bonds authorized and unissued at year-end of $690.4 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
2024	113.4	75.2	5.9	6.1
2025	118.6	69.7	6.2	5.8
2026	116.6	64.3	6.5	5.5
2027	121.8	58.7	6.9	5.2
2028	127.9	53.0	7.2	4.9
2029-2033	586.9	188.1	29.4	20.6
2034-2038	404.5	77.5	42.1	12.3
2039-2043	143.0	12.3	23.8	3.4
2044-2048	-	-	3.9	0.2
Totals	1,732.7	598.8	131.9	64.0

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

(Amounts in Millions of USD)

Fiscal Year	Pension Service Agreement		Sports Stadium		Neighborhood Transformation		Cultural Corridors	
	Principal	Interest	Principal	Interest	Principal	Interest	Principal	Interest
2024	109.8	42.4	17.7	7.4	11.2	5.5	5.5	2.9
2025	110.3	41.9	18.5	6.6	11.6	5.0	5.8	2.6
2026	113.4	38.7	19.4	5.7	12.2	4.5	6.1	2.4
2027	121.9	31.4	20.3	4.7	13.9	3.9	6.4	2.0
2028	129.1	24.3	21.2	3.8	14.6	3.2	6.7	1.7
2029-2033	231.4	17.4	70.0	5.0	48.6	4.8	30.6	3.2
2034-2038	57.4	3.0	-	-	-	-	-	-
Totals	873.3	199.1	167.1	33.2	112.1	26.9	61.1	14.8

(Amounts in Millions of USD)

Fiscal Year	Central Library		Affordable Housing		Home Repair		Rebuild Project	
	Principal	Interest	Principal	Interest	Principal	Interest	Principal	Interest
2024	0.8	0.1	2.2	2.1	1.5	1.5	3.4	3.4
2025	0.8	-	2.3	2.0	1.6	1.4	3.6	3.2
2026	-	-	2.4	1.9	1.7	1.4	3.8	3.0
2027	-	-	2.6	1.8	1.7	1.3	4.0	2.8
2028	-	-	2.7	1.6	1.8	1.2	4.2	2.6
2029-2033	-	-	12.2	6.6	10.2	4.9	18.9	10.7
2034-2038	-	-	19.0	2.5	12.9	2.2	29.4	4.6
2039-2043	-	-	-	-	2.9	0.1	-	-
Totals	1.6	0.1	43.4	18.5	34.3	14.0	67.3	30.3

(Amounts in Millions of USD)

Fiscal Year	Museum of Art		One Parkway		Neighborhood Preservation	
	Principal	Interest	Principal	Interest	Principal	Interest
2024	0.4	0.4	3.2	0.7	4.3	6.6
2025	0.4	0.4	3.3	0.5	7.5	7.7
2026	0.4	0.4	3.5	0.3	7.7	7.4
2027	0.5	0.4	3.6	0.2	8.0	7.2
2028	0.5	0.3	-	-	8.2	7.0
2029-2033	2.8	1.3	-	-	36.1	31.2
2034-2038	3.5	0.6	-	-	54.3	21.2
2039-2043	-	-	-	-	60.2	8.4
2044-2048	-	-	-	-	8.1	0.2
Totals	8.5	3.8	13.6	1.7	194.4	96.9

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 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 2023 Pension Service Agreement liability of $873.3 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 2023 Sports Stadium Service Agreement liability of $167.1 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 City of Philadelphia 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 City of Philadelphia Neighborhood Transformation Initiative 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. The fiscal year 2023 NTI Service Agreement liability of $112.1 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 2023 Cultural and Commercial Corridors Program Service Agreement liability of $61.1 million is reflected in the City's financial statements as Other Long-Term Liabilities.

Central Library Project
In February 2016, **PAID** issued City Agreement Revenue Refunding Bonds Series 2016B in the amount of $6.2 million. The proceeds of the bonds were used to finance the current refunding of the Central Library Project Lease Revenue Bonds Series 2005 and pay the cost of issuance related to the bonds. Interest on the bonds range from 3.000% to 4.000% and is payable on June 1 and December 1 each year until maturity in 2024. The fiscal year 2023 Central Library Project Service Agreement liability of $1.6 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 2023 Affordable Housing Preservation Programs Project Service Agreement liability of $43.4 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 2023 Home Repair Service Agreement liability of $34.3 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. The fiscal year 2023 Rebuild Project Service Agreement liability of $67.3 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 2023 Museum of Art Energy Savings Project Service Agreement liability of $8.5 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 2023 One Benjamin Franklin Parkway Project Service Agreement liability of $13.6 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. The fiscal year 2023 NPI Service Agreement liability of $194.4 million is reflected in the City's financial statements as Other Long-Term Liabilities.

Net Pension Liability
Net Pension Liabilities at June 30, 2023 were $4.3 billion and $515.6 million for the Governmental and Business Type Activities, respectively. During FY 2023, Governmental and Business Type Net Pension Liabilities decreased overall by $517.2 million and $64.6 million, respectively.

(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	3,867.3	352.8	(139.6)	4,080.5	138.4
Notes from Direct Placement & Direct Borrowing	115.5	-	(2.6)	112.9	2.7
Add: Bond Premium	440.3	43.7	(39.7)	444.3	-
Total Bonds Payable	4,423.1	396.5	(181.9)	4,637.7	141.1
Other Long Term Liabilities					
Legal Claims	4.8	12.3	(7.7)	9.4	-
Worker's Compensation Claims	30.1	7.3	(7.2)	30.2	-
Termination Compensation Payable - Vacation Leave	26.5	3.0	(2.7)	26.8	2.7
Termination Compensation Payable - Sick Leave	17.5	1.9	(1.7)	17.7	1.8
Arbitrage	-	2.4	-	2.4	-
Leases	29.0	-	(1.9)	27.1	1.9
Total Other Long Term Liabilities	107.9	26.9	(21.2)	113.6	6.4
Total Bonds Payable & Other Long Term Liabilities	4,531.0	423.4	(203.1)	4,751.3	147.5
Net Pension and OPEB Liability					
Net Pension Liability	580.2	5.6	(70.2)	515.6	-
Net OPEB Liability	238.2	-	(41.3)	196.9	-
Total Net Pension and OPEB Liability	818.4	5.6	(111.5)	712.5	-
Business-Type Activity Long-term Liabilities	5,349.4	429.0	(314.6)	5,463.8	147.5

The City has Business Type Debt - General Obligation Bonds authorized and un-issued at fiscal year-end of $352.6 million. This includes $211.6 million for the Enterprise Funds and $92 million for **PGW;** and $49.0 million related to the City's Primary Government – G.O. Bonds.

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

(Amounts in Millions of USD)

	Interest Rates					Principal	Due Dates			
Water Fund	0.447	%	to	5.500	%	2,700.6	Fiscal	2024	to	2055
Aviation Fund	1.513	%	to	5.000	%	1,492.8	Fiscal	2024	to	2052
Total Revenue Debt Payable						4,193.4				

- In August 2022, the City issued $294.8 million of Water and Wastewater Revenue Bonds Series 2022C. The total proceeds were $338.5 million (which includes a premium of $43.7 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 and pay the cost of issuance related to the bonds. Interest on the bonds ranges from 5.000% to 5.500%.

- 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 $476.4 million. During fiscal year 2023, PENNVEST drawdowns totaled $58.0 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 1.727% 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 6/30/2023	Current Balance Outstanding 6/30/2023	Purpose
Oct 2009	2009B	42.9	31.2	13.3	Water Plant Improvements
Oct 2009	2009C	57.3	49.2	22.7	Water Main Replacements
Mar 2010	2009D	84.8	75.7	35.0	Sew er Projects
Jul 2010	2010B	30.0	30.0	16.8	Green Infrastructure Project
Apr 2021	2021A	80.8	24.7	24.7	Torresdale Pump Station
Nov 2021	2021D	5.8	4.3	4.3	Law ncrest SW Stormw ater
Apr 2022	2022A	16.3	7.1	7.1	Flat Rock Dam Manayunk Canal
Jul 2022	2022B	35.9	15.8	15.7	Linear Assets Line Replacement
Sep 2022	2022D	106.9	13.8	13.8	Pretreatment Facility
Oct 2022	2022E	8.2	4.0	4.0	GSI Packer Park
Oct 2022	2022F	7.5	0.8	0.8	GSI Saunders Park
	Totals	476.4	256.6	158.2	

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
2024	83.8	115.2	54.6	64.1	2.7	1.7
2025	88.4	111.5	82.7	61.1	2.8	1.6
2026	98.9	107.6	77.6	57.2	2.9	1.6
2027	104.6	103.6	82.5	53.2	3.1	1.5
2028	89.0	99.8	86.7	49.0	3.2	1.5
2029-2033	411.6	452.8	270.6	196.9	17.9	6.7
2034-2038	416.2	365.6	248.2	137.9	21.7	5.1
2039-2043	503.9	268.7	197.9	86.5	26.4	3.3
2044-2048	461.9	159.9	222.9	40.3	32.2	1.0
2049-2053	383.0	60.9	56.2	5.1	-	-
2054-2058	59.3	2.5	-	-	-	-
Totals	2,700.6	1,848.1	1,379.9	751.3	112.9	24.0

(3) Defeased Debt
As of the current fiscal year-end, the City defeased certain bonds by placing the proceeds of new bonds in irrevocable trusts to provide for all future debt service payments on the old bonds. Accordingly, the trust account assets and the liability for the defeased bonds are not included in the City's financial statements. At year end, bonds outstanding pertaining to the following funds are considered defeased:

(Amounts In Millions of USD)

Governmental Funds:	
General Obligation Bonds	116.7
Enterprise Funds:	
Water Fund Revenue Bonds	315.8
	432.5

(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 2023. 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, 2023, the City had an arbitrage liability of $2.4 million attributable to the Water Fund.

(6) Derivative Instruments
Beginning in FY 2010, the City of Philadelphia adopted the provisions of Governmental Accounting Standards Board (GASB) Statement No. 53, *Accounting and Financial Reporting for Derivative Instruments*. The fair value balances and notional amounts of derivative instruments outstanding as of June 30, 2023, classified by type, and the changes in fair value of such derivatives are as follows:

(Amounts in thousands)

	Changes in Fair Value		Fair Value at June 30, 2023		
Governmental Activities	**Classification**	**Amount**	**Classification**	**Amount**	**Notional**
Cash Flow Hedges:					
Pay fixed interest rate swaps	Deferred Outflow	(4,327)	Debt	(5,111)	100,000
	Deferred Outflow	(1,632)	Debt	(1,400)	39,139
	Deferred Outflow	(544)	Debt	(466)	13,041
Business Type Activities:					
Cash Flow Hedges:					
Pay fixed interest rate swaps	Deferred Outflow	(465)	Debt	665	31,200

The following table displays the objective and terms of the City's hedging derivative instruments outstanding on June 30, 2023, along with the credit rating of the associated counterparty.

City Entity:	City GO	Airport
Related Bond Series	2009B [1]	2005C Refunding
Initial Notional Amount	$313,505,000	$189,500,000
Current Notional Amount	$100,000,000	$31,200,000
Termination Date	8/1/2031	6/15/2025
Product	Fixed Payer Swap	Fixed Payer Swap [2]
Rate Paid by Dealer	SIFMA	SIFMA
Rate Paid by City Entity	3.829%	Multiple Fixed Rates
Dealer	Royal Bank of Canada	JP Morgan Chase Bank, N.A.
Dealer Rating (M/S)	Aa2/AA-	Aa2/A+
Fair Value [3]	($5,111,018)	$665,429

1. *On 7/28/2009, the City terminated a portion of the swap in the amount of $213,505,000 in conjunction with the refunding of its Series 2007B bond with the Series 2009A fixed rate bonds. The City made a termination payment of $15,450,000 to RBC.*
2. *The City received an upfront payment of $6,536,800 for the related swaption. JPM exercised its option to enter into the swap on 6/15/2005. The swap includes a knock-out option whereby JPM has the right to terminate the swap if the 180-day SIFMA average exceeds 7.00%.*
3. *Fair values are shown from the City's perspective and include accrued interest.*

a. City of Philadelphia 2009B General Obligation Bond Swap

Objective: In December 2007, the City entered into a swap to synthetically refund all or a portion of several series of outstanding bonds. The swap structure was used as a means to increase the City's savings when compared with fixed-rate bonds at the time of issuance. The intention of the swap was to create a synthetic fixed-rate structure. On July 28, 2009, the City terminated approximately $213.5 million of the swap, fixed out the bonds related to that portion and kept the remaining portion of the swap, as well as the related bonds as variable rate bonds backed with a letter of credit. The City paid a swap termination payment of $15.5 million to 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, 2023, 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, 2023, the swap had a negative fair value of $5.111 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, 2023, 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, 2023, 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	-3.48967%
Net interest rate swap payments		0.33933%
Variable rate bond coupon payments	Weekly reset	3.95000%
Synthetic interest rate on bonds		4.28933%

Swap payments and associated debt: As of June 30, 2023, 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
2024	-	3,950,000	339,330	4,289,330
2025	-	3,950,000	339,330	4,289,330
2026	-	3,950,000	339,330	4,289,330
2027	-	3,950,000	339,330	4,289,330
2028	30,535,000	3,950,000	339,330	4,289,330
2029-2033	69,465,000	6,996,240	601,021	7,597,261
Total:	100,000,000	26,746,240	2,297,671	29,043,911

b. Philadelphia Airport Swap

Objective: In April 2002, the City entered into a swaption that provided the City's Aviation Department (the Philadelphia Airport) with an up-front payment of $6.5 million. As a synthetic refunding of its 1995 Bonds, this payment approximated the present-value savings as of April, 2002, of refunding on June 15, 2005, based upon interest rates in effect at the time. The swaption gave JP Morgan Chase Bank the option to enter into an interest rate swap with the Airport whereby JP Morgan would receive fixed amounts and pay variable amounts.

Terms: JP Morgan exercised its option to enter into a swap on June 15, 2005, and the swap commenced on that date. Under the swap, the Airport pays multiple fixed swap rates (starting at 6.466% and decreasing over the life of the swap to 1.654%). The payments are based on an amortizing notional schedule (with an initial notional amount of $189.5 million) and when added to an assumption for remarketing, liquidity costs and cost of issuance were expected to approximate the debt service of the refunded bonds at the time the swaption was entered into. The swap's variable payments are based on the SIFMA Municipal Swap Index. If the rolling 180-day average of the SIFMA Municipal Swap Index exceeds 7.00%, JP Morgan Chase has the option to terminate the swap.

As of June 30, 2023, the swap had a notional amount of $31.2 million and the associated variable-rate bonds had a $31.2 million principal amount. The bonds' variable-rate coupons are based on SIFMA-based index. The bonds mature on June 15, 2025. The swap will terminate on June 15, 2025 if not previously terminated by JP Morgan Chase.

Fair Value: As of June 30, 2023, the swap had a fair value of $0.665 million. A positive value (mark-to-market) means that the City would be owed 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, 2023, the Airport was exposed to counterparty credit risk in the amount of the swap's mark-to-market value. Because the bonds and swap both reset at a rate linked to SIFMA, the Airport is not subject to basis risk. The swap includes an additional termination event based on downgrades in credit ratings. The swap may be terminated by the Airport if JP Morgan's ratings fall below A- or A3, or by JP Morgan Chase if the Airport's ratings fall below BBB or Baa2.

As of June 30, 2023, the rates were:

Terms	Rates	
Interest Rate Swap		
Fixed payment to JP Morgan under swap	Fixed	2.29270%
Variable rate payment from JP Morgan under swap	SIFMA	-3.17097%
Net interest rate swap payments		-0.87827%
Variable rate bond coupon payments	Weekly resets	4.31000%
Synthetic interest rate on bonds		3.43173%

Swap payments and associated debt: As of June 30, 2023, debt service requirements of the variable-rate debt and net swap payments for their term, assuming the above current interest rates remain the same, were as follows.

Fiscal Year Ending	Variable Rate Bonds		Interest Rate	
June 30	Principal	Interest	Swaps Net	Total Interest
2024	15,400,000	1,344,720	(378,432)	966,288
2025	15,800,000	680,980	(239,723)	441,257
Total:	31,200,000	2,025,700	(618,154.82)	1,407,545

c. Philadelphia Authority for Industrial Development (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	$39,138,863	$13,041,137
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	Aa2/A+	A2/A-
Fair Value [(3)]	($1,399,985)	($466,517)

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 pays a fixed rate of 3.62% and 3.632% (to JPMorgan and Merrill Lynch, respectively), and receives 70% of 1-month LIBOR. The payments are based on an amortizing notional schedule.

In July 2014, PAID refunded the 2007B-4 bonds, and terminated the allocable portions of the SIFMA-based swaps. PAID terminated $41.56 million of notional of the JP Morgan SIFMA-based swap and $13.84 million of notional of the Merrill Lynch SIFMA-based swap, representing the 2015-2018 maturities of each, and paid a total termination payment of $5.56 million. Costs to finance this termination payment were more than offset by refunding savings generated on the bonds, so, the City will receive positive cashflow savings from the transaction in every fiscal year that the bonds are outstanding.

In September 2019, the 2014A swaps were fully terminated in connection with the refunding of the associated bonds. PAID made termination payments of $14.493 million to JPM and $4.774 million to MLCS. The 2007B swaps were partially terminated with JPM in the amount of $33,455,654 in conjunction with the refunding of a portion of its Series 2007B bonds with the 2019 bonds. PAID made a termination payment of $6,051,000 to JPM. PAID terminated a portion of the swap with MLCS in the amount of $11,149,346 in conjunction with the refunding of a portion of its Series 2007B bonds with the 2019 bonds. PAID made a termination payment of $1,998,000 to MLCS.

As of June 30, 2023, the swaps together had a notional amount of $52.180 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, 2023, the SIFMA-based swap with JP Morgan Chase Bank had a negative fair value of $1.400 million, and the SIFMA-based swap with Merrill Lynch Capital Services, Inc. had a negative fair value of $0.466 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, 2023, 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, 2023, 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	-3.52219%
Net interest rate swap payments		0.44911%
Variable rate bond coupon payments	Weekly resets	3.95000%
Synthetic interest rate on bonds		4.39911%

As of June 30, 2023, 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	-3.48967%
Net interest rate swap payments		0.48163%
Variable rate bond coupon payments	Weekly resets	3.95000%
Synthetic interest rate on bonds		4.43163%

Swap payments and associated debt: As of June 30, 2023, 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:

JPMorgan

Fiscal Year Ending June 30	Variable Rate Bonds Principal	Variable Rate Bonds Interest	Interest Rate Swaps Net	Total Interest
2024	$ 4,204,522	1,545,985	175,777	1,721,762
2025	4,384,136	1,379,906	156,894	1,536,800
2026	4,575,773	1,206,733	137,204	1,343,937
2027	4,770,773	1,025,990	116,654	1,142,644
2028	4,972,886	837,545	95,228	932,772
2029-2033	16,230,773	1,300,021	147,811	1,447,832
Total:	39,138,863	7,296,181	829,566	8,125,747

Merrill Lynch

Fiscal Year Ending June 30	Variable Rate Bonds Principal	Variable Rate Bonds Interest	Interest Rate Swaps Net	Total Interest
2024	$ 1,400,478	515,125	62,810	577,935
2025	1,460,864	459,806	56,065	515,871
2026	1,524,227	402,102	49,029	451,131
2027	1,589,227	341,895	41,688	383,583
2028	1,657,114	279,120	34,034	313,154
2029-2033	5,409,227	433,239	52,826	486,064
Total:	13,041,137	2,431,287	296,451	2,727,738

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 $3,089.6 million in principal, with interest rates from 2.716% to 6.765% and have due dates from 2025 to 2047. The following schedule reflects the changes in long-term liabilities for the **SDP**:

LONG-TERM OBLIGATIONS (1)

(Dollars in Millions)

	Balance July 1, 2022	Additions	Reductions	Balance June 30, 2023	Due Within One Year
Governmental Activities:					
General Obligation Bonds/Lease Rental					
General Obligation Bonds	$ 2,398.1	$ -	$ (171.4)	$ 2,226.7	$ 117.1
SPSBA-Lease Rental	890.0	-	(27.1)	862.9	49.6
Bond Premium					
General Obligation Bonds	173.5	-	(22.8)	150.7	20.0
SPSBA-Lease Rental	47.1	-	(6.8)	40.3	6.6
Unamortized Bond Discounts	(0.6)	-	0.0	(0.6)	-
Total Bonded Debt	3,508.1	-	(228.1)	3,280.0	193.3
Compensated Absences	202.7	24.6	(18.4)	208.9	14.6
Lease Obligations	10.6	6.0	(2.2)	14.4	5.1
SBITA Obligations (4)	40.7	3.8	(8.7)	35.8	8.9
Due to Other Governments					
-Deferred Reimbursement	45.3	-	-	45.3	45.3
Other Liabilities (2)	113.0	36.8	(31.6)	118.2	38.8
Incurred but Not Received (IBNR) Payable (3)	24.9	-	(3.5)	21.4	21.4
OPEB Life Insurance Liability	20.1	0.6	(3.9)	16.8	-
PSERS OPEB Liability	185.2	-	(40.8)	144.4	-
PSERS Pension Liability	3,205.9	662.5	(389.3)	3,479.1	-
Governmental Activity-Long-Term Liabilities	$ 7,356.5	$ 734.3	$ (726.5)	$ 7,364.3	$ 327.4
Business-Type Activities:					
Compensated Absences	2.0	-	(0.1)	1.9	-
Lease Obligations	-	0.7	-	0.7	0.1
PSERS OPEB Liability	3.0	-	(0.7)	2.3	-
PSERS Pension Liability	47.2	11.2	(6.6)	51.8	-
Business-Type Activity-Long-Term Liabilities	$ 52.2	$ 11.9	$ (7.4)	$ 56.7	$ 0.1

Notes:

1. Long-term obligations include compensated absences, unemployment, workers' compensation and claims and judgments liabilities are accrued to the governmental funds to which the individual fund is charged. These liabilities are then liquidated by the General Fund. In addition, OPEB and Arbitrage liabilities are fully liquidated by the General Fund.
2. Other liabilities reported on the financial statements under long-term obligations include workers' compensation, unemployment liabilities, claims & judgments, and arbitrage liabilities.
3. IBNR is included with the Self Insurance Health Care Internal Service Fund.
4. The beginning balance for SBITA Obligations was adjusted by $40.7 million due to the implementation of GASB 96.

The **SDP** Debt service to maturity on general obligation bonds at June 30, 2023 is summarized as follows: (Excludes debt issued through the State Public School Building Authority)

Governmental Activities
(Dollars in Thousands)

Year Ending June 30	Interest Rates	Principal	Interest	Total
2024	3.000 - 6.059	$ 117,085	$ 109,234	$ 226,319
2025	3.000 - 6.209	114,015	103,464	217,479
2026	3.000 - 6.615	120,260	97,603	217,863
2027	3.000 - 6.615	114,330	92,102	206,432
2028	3.000 - 6.765	114,670	85,486	200,156
2029 -2033	3.000 - 6.765	584,940	327,167	912,107
2034- 2038	3.000 - 6.765	439,855	194,858	634,713
2039 - 2043	3.000 - 6.765	469,185	100,845	570,030
2044 - 2048	3.000 - 6.765	152,400	9,410	161,810
Total		$ 2,226,740	$ 1,120,169	$ 3,346,909

Debt service to maturity on debt issued through the State Public School Building Authority on June 30, 2023, is summarized as follows:

Governmental Activities
(Dollars in Thousands)

Year Ending June 30	Interest Rates	Principal	Interest	Total
2024	2.716 - 5.500	$ 49,630	$ 40,034	$ 89,664
2025	2.754 - 5.500	52,580	37,928	90,508
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 -2033	3.096 - 5.500	520,065	94,089	614,154
2034- 2038	5.000	46,745	4,585	51,330
Total		$ 862,870	$ 276,062	$ 1,138,932

(2) Business Type Debt Payable

Several of the City's Proprietary Type Component Units have issued debt payable from the revenues of their particular entity. The following schedule summarizes the Revenue Bonds outstanding at year end:

(Amounts In Thousands of USD)

Entity	Interest Rates	Principal	Due Dates
PGW	2.00% to 5.00%	943,250	Fiscal 2028 to 2050
PPA	2.58% to 5.25%	30,064	Fiscal 2024 to 2029
CCP	2.00% to 5.00%	61,505	Fiscal 2024 to 2040
PHA	3.00% to 5.00%	26,715	Fiscal 2024 to 2047
	Total Revenue Debt Payable	1,061,534	

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
2024	60.3	44.1	3.4	1.0	6.2	2.7	0.6	1.2
2025	56.5	41.2	3.4	0.9	6.5	2.4	0.6	1.2
2026	59.0	38.6	3.5	0.8	6.0	2.0	0.7	1.2
2027	59.9	35.9	3.6	0.6	6.3	1.7	0.7	1.1
2028	62.6	33.2	2.9	0.5	7.6	1.4	0.7	1.1
2029-2033	186.5	132.8	13.3	0.7	11.6	4.5	4.2	4.8
2034-2038	197.7	86.0	-	-	14.0	2.0	5.0	4.0
2039-2043	122.7	49.7	-	-	3.3	0.2	6.2	2.8
2044-2048	113.5	21.8	-	-	-	-	8.0	1.0
2049-2053	24.6	1.9	-	-	-	-	-	-
Totals	943.3	485.2	30.1	4.5	61.5	16.9	26.7	18.4

† - Gas Works amounts are presented as of its fiscal year ended August 31, 2023.

‡ - PHA amounts are presented as of March 31, 2023.

* 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, 2023, $0.9 million of bonds outstanding are defeased and the liability has been removed from long-term liabilities related to Sale of District property.

(4) Derivative Instruments

a. PGW Interest Rate Swap Agreement

Objective – In January 2006, the City entered into a fixed rate pay or floating rate receiver interest rate swap to create a synthetic fixed rate for the Sixth Series Bonds. The interest rate swap was used to hedge interest rate risk.

Terms – The swap had an original termination date of August 1, 2031, which was subsequently amended to August 1, 2028. The swaps require the City to pay a fixed rate of 3.6745% and receive a variable rate equal to 70.0% of one-month LIBOR until maturity.

In August 2016, the underlying variable rate bonds maturing in FY2017 through FY2023 were refunded with fixed rate bonds and the related portions of the swaps, totaling $102.7 million in notional amount, were terminated. PGW made a termination payment of 13.9 million to fund this partial termination of the swaps which is included in unamortized loss on bond refunding on the Company's balance sheet.

As of August 31, 2023, the swaps had a notional amount of $122.8 million and the associated variable rate debt had a $122.8 million principal amount, broken down by series as follows:

- The Series B swap had a notional amount of $27.4 million and the associated variable rate bonds had a $27.4 million principal amount.
- The Series C swap had a notional amount of $27.2 million and the associated variable rate bonds had a $27.2 million principal amount.
- The Series D swap had a notional amount of $40.8 million and the associated variable rate bonds had a $40.8 million principal amount.
- The Series E swap had a notional amount of $27.4 million and the associated variable rate bonds had a $27.4 million principal amount.

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

Fair value – As of August 31, 2023, the swaps had a combined negative fair value of approximately $1.9 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, 2023, the City is not exposed to credit risk because the swaps had a negative fair value. Should interest rates change and the fair value of the swaps become positive, the City would be exposed to credit risk in the amount of the swaps' fair value. The swaps include a termination event additional to those in the standard ISDA master agreement based on credit ratings. The swaps may be terminated by the City if the rating of the counterparty falls below A3 or A- (Moody's/S&P), unless the counterparty has: (i) assigned or transferred the swap to a party acceptable to the City; (ii) provided a credit support provider acceptable to the City whose obligations are pursuant to a credit support document acceptable to the City; or (iii) executed a credit support annex, in form and substance acceptable to the City, providing for the collateralization by the counterparty of its obligations under the swaps.

The swaps may be terminated by the counterparty if the rating on the City of Philadelphia Gas Works Revenue Bonds falls below Baa2 or BBB (Moody's/S&P). However, because the City's swap payments are insured by

Assured Guaranty Municipal Corporation, as long as Assured Guaranty Municipal Corporation is rated at or above A2 or A (Moody's/S&P), the termination event based on the City's ratings is stayed. At the present time, the rating for Assured Guaranty Municipal Corporation is at A2/AA (Moody's/S&P).

The City is exposed to (i) basis risk, as reflected by the relationship between the rate payable on the bonds and 70.0% of one month 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 in 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, 2023 is as follows (thousands of U.S. dollars):

	Interest Rate Swap Liability	Deferred ouflows of resources	Deferred inflows of resources
Balance at August 31, 2022	(6,044)	-	(2,477)
Change in fair value through August 31, 2023	4,147	-	(4,147)
Amortization of terminated hedge	-	-	1,420
Balance at August 31, 2023	(1,897)	-	(5,204)

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. The interest rate swap liability is included in other non-current liabilities on the balance sheet. There are no collateral posting requirements associated with the swap agreements.

8. LEASES

A. CITY AS LESSEE

A lease is defined as a contractual agreement that conveys control of the right to use another entity's nonfinancial asset, for a minimum contractual period of greater than one year, in an exchange or exchange-like transaction. The City leases and subleases a significant amount of nonfinancial assets such as land, buildings, equipment and infrastructure. The related obligations are presented in the amounts equal to the present value of lease payments, payable during the remaining lease term. As the lessee, a lease liability and associated lease asset is recognized on the government-wide Statement of Net Position.

The City has a variety of variable payment clauses, within its lease arrangements, which include payments dependent on indexes and rates (such as the Consumer Price Index and a market interest rates), including variable payments based on future performance and usage of the underlying asset. Components of variable payments that are fixed in substance, are included in the measurement of the lease liability presented in the table below. The City did not incur expenses related to its leasing activities related to residual value guarantees, lease termination penalties or losses due to impairment. As a lessee, there are currently no agreements that include sale-leaseback and lease-leaseback transactions.

The City also enters into lease arrangements with third parties in which the City is a sublessee.

As of June 30, 2023, 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
2024	$ 33,371	$ 14,554	$ 47,925
2025	31,842	13,823	45,665
2026	30,848	13,126	43,974
2027	41,667	12,374	54,041
2028	46,041	11,388	57,429
2029 - 2033	214,220	42,098	256,318
2034 - 2038	137,489	20,745	158,234
2039 - 2043	42,426	10,270	52,696
2044 - 2048	33,041	3,156	36,197
Total	$ 610,945	$ 141,534	$ 752,479

Business-Type Activities

Fiscal Year Ending June 30	Principal	Interest	Total
2024	$ 1,899	$ 558	$ 2,457
2025	1,838	518	2,356
2026	1,719	480	2,199
2027	1,749	443	2,192
2028	1,835	405	2,240
2029 - 2033	8,769	1,402	10,171
2034 - 2038	1,033	932	1,965
2039 - 2043	1,149	816	1,965
2044 - 2048	1,277	687	1,964
2049 - 2053	1,421	543	1,964
2054 - 2058	1,580	384	1,964
2059 - 2063	1,758	206	1,964
2064 - 2066	1,032	31	1,063
Total	$ 27,059	$ 7,405	$ 34,464

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, 2023 was $3.6 and $54.2 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, 2023 (in thousands):

Governmental Activities

Fiscal Year Ending June 30	Principal	Interest	Total
2024	$ 2,850	$ 3,771	$ 6,621
2025	3,081	3,680	6,761
2026	3,265	3,582	6,847
2027	3,347	3,481	6,828
2028	3,617	3,374	6,991
2029 - 2033	23,415	14,877	38,292
2034 - 2038	16,618	11,063	27,681
2039 - 2043	15,611	7,516	23,127
2044 - 2048	20,169	2,648	22,817
Total	$ 91,973	$ 53,992	$ 145,965

Business-Type Activities

Fiscal Year Ending June 30	Principal	Interest	Total
2024	$ 31,249	$ 4,189	$ 35,438
2025	26,479	3,307	29,786
2026	22,306	2,594	24,900
2027	18,655	1,988	20,643
2028	15,452	1,473	16,925
2029 - 2033	20,683	4,005	24,688
2034 - 2038	8,043	2,488	10,531
2039 - 2043	8,039	1,298	9,337
2044 - 2048	4,409	267	4,676
2049 - 2053	287	17	304
2054	20	-	20
Total	$ 155,622	$ 21,626	$ 177,248

As of June 30, 2023 the City reported lease receivable of $92.0 million and $155.6 million for its Governmental and Business-type Activities, respectively. The City also reported a deferred inflow of resources in the amount of $108.0 million and $158.0 million for its Governmental and Business-type Activities, respectively, at June 30, 2023.

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:
On July 1, 2015, the Aviation Department entered into an Airport-Airline Use and Lease Agreements (Agreements) with 15 airlines operating at PHL. These Agreements while regulated by the FAA are not within the disclosures, since they expired on June 30, 2022 and are considered short term as defined in GASB 87.

Fixed Base Operators:
The Aviation Department has entered into a contract with 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 lease. The agreement is scheduled to expire in April 2028. Revenues for FBOs were $4.5 million in Fiscal Year 2023.

Hangers Ground Rentals:
The Aviation Department 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, 2023. Revenue recognized for these leases was $2.7 million in Fiscal Year 2023.

Other Regulated Leases:
The Aviation Department 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 $2.0 million in Fiscal Year 2023.

Expected future minimum lease payments from Regulated Leases at June 30, 2023 are as follows (in thousands):

Business-Type Activities		
Fiscal Year Ending June 30	Future Minimum Expected Receipts	
2024	$	5,498
2025		5,518
2026		5,449
2027		5,442
2028		5,047
2029 - 2033		14,550
2034 - 2038		11,623
2039 - 2043		13,743
2044 - 2048		12,247
2049 - 2053		657
2054 - 2058		632
2059 - 2063		632
2064 - 2068		632
2069		32
Total	$	81,702

9. SUBSCRIPTION-BASED INFOMRATOIN TECHNOLOGY ARRANGEMENTS (SBITA)

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, 2023, 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
2024	$ 543	$ 81	$ 624
2025	571	59	630
2026	601	36	637
2027	633	12	645
Total	$ 2,348	$ 188	$ 2,536

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 2023, the City contributed $0.7 million to the plan, net of any forfeitures.

B. COMPONENT UNITS

PGW offers its employees a deferred compensation plan created in accordance with Internal Revenue Service Code Section 457. The Plan is available to all **PGW** employees with at least 30 days of service, permits them to defer a portion of their salary until future years. PGW provides an annual 50.0% matching contribution of applicable wages, up to a maximum of $1000, that immediately vests to the employee. PGW contributed 1.1 million in FY 2023. PGW’s contributions are accounted for as part of administrative and general expenses on the statements of revenues and expenses and changes in net positions.

The School District of Philadelphia (**SDP**) offers its employees a 403 (b) Plan and a 457 (b) Deferred Compensation Plan. Termination pay is the accrued and unpaid amounts of vacation, personal and sick leave for a resigning or retiring employee. For employees resigning or retiring during or after the calendar year in which they attain age 55, the SDP makes an automatic and mandatory employer contribution of termination pay to the Plans up to the annual contribution limits for such Plans. Under the 403(b) Plan, termination pay contributions are treated as employer contributions to a retirement plan, and the contributions are not included in employee wages nor subject to FICA. While contributions under the 457(b) Plan are considered wages for FICA purposes. Under both plans, contributions are not subject 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 54 provides more clearly defined fund balance categories to make the nature and extent of the constraints placed on a government's fund balance more transparent. The following classifications describe the relative strength of the spending constraints placed on the purpose for which resources can be used:

- Non-Spendable Fund Balance ─ Includes amounts that cannot be spent because they are either (a) not in spendable form, or (b) legally or contractually required to be maintained intact. The Permanent Funds had a non-spendable fund balance of $4.2 million at June 30, 2023.

- Restricted Fund Balance ─ Includes amounts for which constraints have been placed on the use of resources which are either (a) externally imposed by creditors, grantors, contributors or laws or regulations of other governments, or (b) imposed by law through constitutional provisions or enabling legislation. The General Fund had a restricted fund balance of $181.7 million at June 30, 2023. The fund balances in the following Special Revenue Funds were restricted: Health-Choices Behavioral Health $416.7 million; Grants Revenue $52.8 million; County Liquid Fuels Tax $14.6 million; Special Gasoline Tax $55.5 million; Hotel Room Rental Tax $17.0 million; Car Rental Tax $8.5 million; Housing Trust $82.0 million; Acute Care Hospital Assessment $20.9 million; County Demolition fund $0.3 million; Arbitration Appeals $0.2 million; Departmental $13.4 million; PICA Administrative $19.3 million. The Debt Service Fund had a Restricted Fund Balance of $0.6 million and the entire fund balance of the Capital Improvement $377.5 million funds was restricted. The Permanent Fund had a restricted fund balance of $3.8 million at June 30, 2023.

- Committed Fund Balance – Includes amounts that can only be used for specific purposes pursuant to constraints imposed by an ordinance passed by Philadelphia's City Council. These amounts cannot be used for any other purpose unless the City Council removes or changes the ordinance that was employed when the funds were initially committed. The General Fund had a committed fund balance of $65.1 million at June 30, 2023. The fund balances in the following Special Revenue Funds were committed: Riverview Residents $.03 million, Philadelphia Prisons $5.8 million, and Departmental $5.8 million. The Permanent Fund had a committed fund balance of $0.2 million at June 30, 2023.

- Assigned Fund Balance ─ Includes amounts that are constrained by a government's intent to be used for a specific purpose but are neither restricted nor committed. The intent may be expressed by the Budget Director, other authorized department heads or their designees, to which the Finance Director has granted the authority to assign amounts to be used for specific purposes. There is no prescriptive action to be taken by the authorized officials in removing or modifying the constraints imposed on the use of the assigned amounts. The General Fund reported an assigned fund balance of $428.6 million at June 30, 2023, which represents $260.5 million of encumbrance balances and $168.1 million of the unobligated Philadelphia Beverage Tax revenue at the end of the reporting period.

- Unassigned Fund Balance – This classification is the residual fund balance for the General Fund. It also represents fund balance that has not been classified as assigned, committed, restricted or non-spendable. The General Fund had a $668.2 million unassigned fund balance at June 30, 2023. Within the Special Revenue Funds, the Grants Revenue Fund had a negative unassigned fund balance of ($547.8 million), the Community Development Fund had a negative unassigned fund balance of ($28.3 million), and Municipal Authority Administrative Fund had a negative unassigned balance of ($18.0 million) at June 30, 2023.

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, 2023 the Budget Stabilization Reserve fund had a balance of $65.1 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 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, 2023:

Amounts in Thousands

	General Fund	HealthChoices Behavioral Health Fund	Grants Revenue Fund	Other Governmental Funds	Total Governmental Funds
Nonspendable:					
Inventory	-	-	-	13	13
Permanent Fund (Principal)	-	-	-	4,226	4,226
Subtotal Nonspendable	**-**	**-**	**-**	**4,239**	**4,239**
Restricted for:					
Neighborhood Revitalization	139,193	-	315	-	139,508
Economic Development	-	-	-	16,972	16,972
Public Safety Emergency Phone System	-	-	38,479	-	38,479
Streets & Highw ays	-	-	-	70,126	70,126
Housing and Neighborhood Dev	-	-	-	81,967	81,967
Health Services	-	-	-	20,867	20,867
Behavioral Health	-	416,754	-	-	416,754
Libraries & Museums	-	-	-	2,483	2,483
Intergovernmental Financing	-	-	-	19,288	19,288
Opioid Abatement	-	-	14,013	-	14,013
Demolition	-	-	-	296	296
Stadium Financing	-	-	-	8,518	8,518
Cultural & Commercial Corridor Project	406	-	-	-	406
Pension Obligation Bonds	72	-	-	-	72
Debt Service Reserve	-	-	-	570	570
Capital Projects	-	-	-	377,511	377,511
Rebuild	4,681	-	-	-	4,681
Home Repair Program	37,307	-	-	-	37,307
Trust Purposes	-	-	-	14,934	14,934
Subtotal Restricted	**181,659**	**416,754**	**52,807**	**613,532**	**1,264,752**
Committed, Reported in:					
Budget Stabilization Reserve	65,128	-	-	-	65,128
Social Services	-	-	-	30	30
Prisons	-	-	-	5,797	5,797
Parks & Recreation	-	-	-	5,924	5,924
Subtotal Committed	**65,128**	**-**	**-**	**11,751**	**76,879**
Assigned to:					
General Management & Support	107,412	-	-	-	107,412
Social Services	37,385	-	-	-	37,385
Economic Development	7,167	-	-	-	7,167
Libraries & Museums	5,655	-	-	-	5,655
Prisons	24,481	-	-	-	24,481
Health Services	22,156	-	-	-	22,156
Other	56,298	-	-	-	56,298
Phila. Beverage Tax - Unobligated	168,061	-	-	-	168,061
Subtotal Assigned	**428,615**	**-**	**-**	**-**	**428,615**
Unassigned Fund Balances:	668,194	-	(547,782)	(46,324)	74,088
Subtotal Unassigned	**668,194**	**-**	**(547,782)**	**(46,324)**	**74,088**
Total Fund Balances	**1,343,596**	**416,754**	**(494,975)**	**583,198**	**1,848,573**

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. Some of the more significant transfers are the PICA administrative fund collection of a portion of the wage tax paid by City residents and the transfer of funds that are not needed for debt service and administrative costs to the general fund. Additionally, the general fund and the PICA administrative fund make transfers to the debt service funds for principal and interest payments.

Transfers between fund types during the year were:

(Amounts in Thousands of USD)

	Transfers To:				
	Governmental	Non Major Governmental			
		Special	Debt	Capital	
Transfers From:	General	Revenue	Service	Improvement	Total
General Fund	$ -	$ 56,653	$ 198,667	$ 208,402	$ 463,722
Grants Revenue Fund	369,608	1,307	3,395	-	374,310
Non major Special Rev. Fds	664,660	-	9,021	5,457	679,138
Permanent Funds	-	131	-	-	131
Capital Improvements	9,077	-	-	-	9,077
Water Fund	-	57,440	-	-	57,440
Total	$ 1,043,345	$ 115,531	$ 211,083	$ 213,859	$ 1,583,818

13. TAX ABATEMENTS

Pursuant to Governmental Accounting Standards Board (GASB) Statement No. 77, *Tax Abatement Disclosures,* the City is required to disclose certain information about tax abatements as defined in the Statement. For the purposes of GASB Statement No. 77, a tax abatement is a reduction in tax revenues that results from an agreement between one or more governments and an individual, or entity, in which (a) one or more governments promise to forgo tax revenues to which they are otherwise entitled and (b) the individual or entity promises to take a specific action after the agreement has been entered into that contributes to the economic development or otherwise benefits the City or the citizens of the City. The City has entered into such agreements. The quantitative threshold set by the City for disclosing its tax abatement programs is currently $500,000 or more. A description of each of the City's tax abatement programs where the City has promised to forgo taxes are as follows:

TAX CREDIT AGREEMENTS ENTERED INTO BY THE CITY OF PHILADELPHIA

Community Development Corporation (CDC) Tax Credit:
The Program rewards local businesses that contribute to economic development efforts as sponsors in distressed parts of the city. A sponsor will receive a tax credit of $100,000 per year against its Business Income and Receipts Tax liability for each year the sponsor contributes $100,000 in cash to a qualifying organization.

The Philadelphia Code under Chapter § 19-2604 (6) defines the implementation of the Community Development Corporation (CDC) Tax Credit. Section 501 of the Business Income and Receipts Tax regulations provides a full description of the CDC Tax Credit, including definitions of qualifying CDCs.

The CDC tax credit is available to a maximum of 42 businesses in any given tax year. Applications are reviewed and accepted on a first-come, first-served basis. The sponsor must contribute $100,000 in cash to a qualifying organization under the terms and conditions of the Business Income and Receipts Tax regulations and the contribution agreement. Contributions exceeding $100,000 will not be entitled to any additional tax credit and no tax credit will be available if contributions are less than $100,000. Sponsors must make the full contribution by December 31st of each year. A sponsor must take the credit on the tax year for which the contribution is made. Any tax credit not used in the period the contribution was made may not be carried forward or carried backward. Tax credits are non-transferable and may be used only by the sponsor.

A business as a sponsor that pledges and contributes $100,000 annually to a currently non-participating qualifying organization for 10 consecutive years; obtains a tax credit of $100,000 or actual BIRT tax liability per year, whichever is lower.

Under the CDC tax credit program there are currently no provisions for recapturing the past abated tax monies.

Gross dollar amount, on an accrual basis, by which the City's tax revenues were reduced as a result of the CDC Tax Credit program for fiscal year 2023 totaled **$1,952,407.**

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 of 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 2023 totaled, **$706,953.**

For the above Tax Credit Agreements entered into by the City of Philadelphia;

- There were no forgone revenues received, or receivable from other governments.
- There were no other commitments, other than to reduce taxes.
- No tax abatement agreement has been disclosed individually.
- No required information has been omitted.

REAL ESTATE TAX ABATEMENT AGREEMENTS ENTERED INTO BY THE CITY OF PHILADELPHIA

- Development Abatement for New or Improved Residential Properties (State Act 175)
- Rehab Construction for Residential Properties (Ordinance 961)
- Rehab & New Construction for Commercial & Industrial Properties (Ordinance 1130)
- New Construction for Residential Properties (Ordinance 1456-A)

Specific taxes being abated are Real Estate taxes.

The purpose of these programs is to encourage new construction or rehabilitation of properties, to help revitalize communities, retain residents, attract home and business owners to the City of Philadelphia, and reduce development costs for commercial and residential projects.

To be eligible to receive these tax abatements; owners / developers rehabbing or building residential properties, and/or owners/developers rehabbing or building property to be sold or leased for commercial, industrial or business purposes that make improvements, under City issued permits, that affect the assessed value of the property.

For the State Act 175, Real Estate Taxes are abated for the first 30 months or until property is leased or sold, whichever occurs first.

For the Ordinance 961, Ordinance 1130, & Ordinance 1456-A; Real Estate Taxes are abated for 10 years, beginning January 1st, after the improvement is certified by the owner.

The amount of tax abatement is determined, such as dollar amount or percentage of taxes owed, based on the change in value due to the improvements.

There are no provisions to recapture abated taxes.

Gross dollar amounts, on an accrual basis, by which the City's tax revenues were reduced as a result of the Real Estate tax abatement programs for fiscal year 2023 were:

- **State Act 175: $2,147,307**
- **Ord. 961: $12,062,846**
- **Ord. 1130: $51,682,595**
- **Ord. 1456-A: $39,907,408**

For the above Real Estate Tax Agreements entered into by the City of Philadelphia;

- There were no forgone revenues received, or receivable from other governments.
- There were no other commitments other than to reduce taxes.
- No tax abatement agreement has been disclosed individually.

- No required information has been omitted.

TAX ABATEMENT AGREEMENTS ENTERED INTO BY OTHER GOVERNMENTS

Keystone Opportunity Zone (KOZ)

For properties in the areas designated by the Pennsylvania Department of Community and Economic Development. A KOZ property is a legislatively designated parcel where little to no development has taken place. Philadelphia offers tax abatements to businesses that invest in these areas.

The specific taxes being abated are Business Income and Receipt Tax, Net Profit Tax, & Real Estate Tax.

The Philadelphia Code, Chapter § 19-3200 defines the implementation of the Keystone Opportunity Zone, Economic Development District, and Strategic Development Area Tax Credit.

To qualify for Keystone Opportunity Zone Tax Credits, a business must:

- Own or lease property in one of the designated zones; and actively conduct a trade, business, or profession in that same designated zone.
- The qualified business must receive initial certification from the Pennsylvania Department of Community and Economic Development (DCED).

Waived or reduced taxes will apply when filing the tax forms/returns listed below:

- Tax credits are applied to recipients
- State Corporate Net Income Tax
- Capital Stock & Foreign Franchise Tax
- Personal Income Tax (Partners or Sole Proprietors)
- Sales & Use Tax
- Mutual Thrift Institutions Tax
- Insurance Premiums Tax and/or to their respective
- City Business Income & Receipt Tax
- Net Profit Tax
- Real Estate Tax filings

Abatement / credit amounts are based on the recipients' tax return filings and real estate tax valuations.

If any qualified business located within the zone has received an exemption, abatement or credit under this Chapter and subsequently relocates outside of the zone before agreement period ends; that business will refund to the City or School District, the exemptions, abatements or credits attributed in accordance to the Philadelphia Codes.

Commitments made by recipients include;

- Must be up to date on all City and State taxes and in compliance with City and State laws and regulations.
- Must file KOZ application annually.
- If presently a PA business and relocated to a KOZ, they must,
  - increase employment by 20% in the first year
  - or invest the equivalent of 10% of the previous year’s gross revenues in capital improvements to the KOZ Property.
  - or enter into a lease agreement for property within a KOZ for a term at least equivalent to the duration of the KOZ property and with an aggregate payment under the lease at least equivalent to 5% of the gross revenues of that business in the immediately preceding calendar or fiscal year.

Gross dollar amounts, on accrual basis, by which the City’s tax revenues were reduced as a result of the KOZ Real Estate tax abatement programs for fiscal year 2023 were:

Keystone Opportunity Zone (KOZ) Real Estate Tax Credits	$ 5,975,958
Business Income and Receipt Tax (KOZ Credit)	48,688,727
	$ 54,664,685

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 2023 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	$ 1,952,407
Job Creation Tax Credit	706,953
	$ 2,659,360
Real Estate Tax Abatement Agreements entered into by the City of Philadelphia	
DEVELOPMENT STATE ACT 205/175	$ 2,147,307
ORD 961 UNCAPPED	12,062,846
ORD 1130 AS AMENDED 10 YRS	51,682,595
ORD 1456-A/983 AS AMENDED - 10 YEARS RESIDENTIAL	39,907,408
	$ 105,800,156
Tax Abatement Agreements entered into by Other Governments	
Keystone Opportunity Zone (KOZ) Real Estate Tax Credits	$ 5,975,958
Business Income & Receipt Tax (KOZ Credit)	48,688,727
	$ 54,664,685
As of June 30, 2023, the grand total of forgone revenues as a result of all the tax abatement programs was:	$ 163,124,201

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 2023 tax revenues were redirected as result of the TIF program was **$399,818**.

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 that "Long Term Liabilities, including bonds payable, are not reported in the funds". The details of this difference are as follows:

	(Amounts in Millions)	
Bonds Payable	$	2,016.1
Service Agreements	$	1,615.5
Indemnity Claims	$	99.1
Employee Related Obligations	$	876.3
Leases	$	611.0
Subscriptions	$	2.3
Total Adjustment:	$	5,220.3

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

A. COMPONENT UNIT

1. Philadelphia Gas Works
For the fiscal year ending August 31, 2022, PGW's net position was increased by $310,000 as a result of the implementation of GASB 96 SBITA.

2. Philadelphia Housing Authority
During the fiscal year ended March 31, 2023, a PHA solely owned entity purchased the 99.99% investor limited partner interest Cambridge III, L.P. With the acquisition of the 99.99% investor limited partnership interest, Cambridge III, L.P. is now considered a blended component unit of PHA. The consideration paid by CPLP3 LLC for the partnership interests is recognized as a capital investment. It was determined as of March 31, 2023, that a loss of $31,109 should be recognized. The following tables are summaries of the acquisition:

Acquisition Details

Entity Acquired	Acquired Date	PHA Owned Acquiring Entity	Former Investor Limited Partner
Cambridge III, L.P.	5/25/2022	CPLP 3 LLC	TCIG Guaranteed Tax Credit Fund VI, LLC

Acquisition Costs

Entity Acquired	Sales Price	Related Settlement Costs	Total Consideration
Cambridge III, L.P.	$ 100	$ 31,009	$ 31,109
	$ 100	$ 31,009	$ 31,109

3. The School District of Philadelphia
The District determined that certain costs that were capitalized in Fiscal Year 2022 did not meet the intangible asset capitalization criteria as determined under GASB 51. Therefore, the District reduced its intangible asset value and reduced its net position by $3,424,002. This adjustment had no impact on the Governmental Fund Statements.

The District implemented GASB Statement 96, subscription-based information technology arrangements. The District identified nineteen (19) subscriptions that meet the criteria of a right-to-use asset based on GABS 96 guidance. The impact of this standard on the governmental activities was an increase in right-to-use assets of $67,041,917, an increase in accumulated depreciation of $27,763,801, and increase in other non-current liabilities of $40,717,961 and a decrease in net investment in capital assets of $1,439,845. This adjustment had no impact on the Governmental Fund Statements.

4. Philadelphia Authority for Industrial Development (PAID)
For the fiscal year ending December 31, 2021, PAID's net position was increased by $286,000 as a result of the implementation of GASB 87, Leases.

16. NET POSITION RESTRICTED BY ENABLING LEGISLATION

The government-wide statement of net position reports $2,350.3 million of restricted net position, of which $201.0 million is restricted by enabling legislation as follows:

(Amounts in Thousands of USD)

	Restricted Net Position	Restricted by Enabling Legislation
Capital Projects	741,555	-
Debt Service	387,892	-
Pension Oblig Bond Refunding Reserve	72	-
Behavioral Health	416,754	-
Neighborhood Revitalization	139,508	-
Cultural & Commercial Corridor Project	406	-
Rebuild Project	4,681	-
Home Repair Program	37,307	-
Grant Programs	369,159	81,967
Rate Stabilization	133,985	-
Other	119,025	119,025
Total	2,350,344	200,992

17. FUND DEFICITS

- The Grants Revenue fund, which is a Special Revenue Fund, has a Fund Balance Deficit at year-end of $495.0 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 of billing and receiving reimbursements from the state.

- The Community Development Fund, which is a Special Revenue fund, has a Fund Balance Deficit at year-end of $28.3 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 of 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 participate in the City Plan were determined to be component units of the City. Therefore, the City Plan meets the definition of a single employer plan.

The note disclosures and Required Supplementary Information required by GASB Statement No. 67, *Financial Reporting for Pension Plans – an amendment of GASB No. 25*, are presented in the separately issued audited financial statements of the City Plan and PGW Plan. Copies of these financial statements may be obtained by contacting the Director of Finance of the City of Philadelphia.

A. PRIMARY GOVERNMENT

(1) City Plan

a. PENSION FUND DESCRIPTION

Plan Administration
The Philadelphia Board of Pensions (the Pension Board) administers the City of Philadelphia Municipal Pension Fund (the Fund), a single employer defined benefit pension plan with a defined contribution component, which provides pensions for all officers and employees of the City of Philadelphia (the City), as well as those of three quasi-governmental agencies (per applicable enabling legislation and contractual agreements). The Board was established by section 2- 308 of the 1952 Philadelphia Home Rule Charter. Its actions in administering the Retirement System are governed by Title 22 of the Philadelphia Code.

The Board consists of nine voting members - four elected by the active members within the civil service, and the City's Controller, Solicitor, Managing Director, Personnel Director, and Director of Finance, who serves as the Chair.

Plan Membership
At July 1, 2022, the date of the most recent actuarial valuation, pension plan membership consisted of the following:

Actives	26,723
Terminated Vested	832
Disabled	3,757
Retirees	22,392
Beneficiaries	8,523
DROP	1,921
Total City Members	64,148
Annual Salaries	$ 1,921,141,531
Average Salary per Active Member	$ 71,891
Annual Retirement Allowances	$ 828,187,638
Average Retirement Allowance	$ 23,886

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, 2022, members contributed at one of the following rates:

Employee Contribution Rates
For the Period of July 1, 2022 to June 30, 2023

	Municipal (1)	Elected (2)	Police	Fire
Plan 67	7.00%	N/A	6.00%	6.00%
Plan 87	3.63%	12.01%	6.84%	6.84%
Plan 87 - 50% of Aggregate Normal Cost (3)	4.38%	N/A	N/A	N/A
Plan 87 - Accelerated Vesting (4)	4.61%	13.46%	N/A	N/A
Plan 87 Prime (5)	4.63%	13.01%	7.84%	7.84%
Plan 10	2.44%	N/A	7.34%	7.34%
Plan 10 - Accelerated Vesting	2.93%	N/A	N/A	N/A
Plan 16 (6)	4.14%	N/A	N/A	N/A
Plan 16 - Accelerated Vesting (7)	4.52%	N/A	N/A	N/A

1- For the Municipal Plan 67 members w ho participate in the Social Security System, employee contributions are 4.75% of compensation up to the social security w age base and 7% above it.
2- The employee contribution rate is based upon the normal cost of $589,721 under plan 87 Elected, normal cost or $338,869 under Plan 87 Municpal and annual payroll of $3,200,320.
3- This represents 50% of aggregate Normal Cost for all members in Plan Y and applies to Deputy Sheriffs hired betw een 1/1/2012 and 6/20/2018.
4- Member rates for Municipal Plan 87 (Y5) members eligible to vest in five years and Elected Officials (L8) eligible to be vested in eight years instead of 10.
5- Plan 87 Prime refers to new hires w ho have the option to elect Plan 10 but have elected to stay in Plan 87. New hires after 7/1/2017 in Police and Fire Plan 87 Prime pay 8.50% and are not reflected above.
6- All Municipal groups (except elected officials) hired after January 1, 2019 participate in Plan 16.
7- Member rate for Municipal Plan 16 members eligible to vest in 7 years instead of 10 years.

Employer contributions are made by the City throughout each fiscal year (which ends June 30) and by three (3) quasi-governmental agencies on a quarterly basis. These contributions, determined by an annual actuarial valuation report (AVR), when combined with plan member contributions, are expected to finance the costs of benefits earned by plan members during the year, with an additional amount to finance any unfunded accrued liability.

Within the AVR, three contribution amounts are determined based upon three different sets of rules for determining the way the unfunded actuarial liability is funded.

The first method is defined in accordance with Act 205 and defines the Minimum Municipal Obligation (MMO), which is the City's minimum required contribution under Pennsylvania state law.

The second method is in accordance with the City's Funding Policy, which predates the Act 205 rules and calls for contributions that are greater than the MMO until the initial unfunded liability determined in 1984 is fully funded.

The third method, which is 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 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 2023, the City and other employers' contributions of $1.2 billion was more than the actuarially determined employer contribution (ADEC) of $801.7 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 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 2023, the City and other employers' contributions of $1.2 billion exceeded the Minimum Municipal Obligation of $664.1 million.

The Schedule of Employer Contributions (based on the MMO Funding Policy) is included as Required Supplementary Information and provides a 10-year presentation of the employer contributions.

Revenue Recognition Policy (RRP)
Revenue Recognition Policy is similar to the MMO except that the assets used to determine the unfunded liability do not include the portion of sales tax revenue, tiered member contributions from the municipal employees, and additional uniform members' contributions. These sources of income are contributed over and above the City's contribution of the MMO and will be in addition to the MMO. Therefore, under this funding method the additional revenue amounts are separately tracked and accumulated in a notional account which is then subtracted from the assets before calculating the contribution amounts due under the MMO methodology. The Fund accumulates these amounts in a notional account and deducts them from the Actuarial Asset Value before the MMO is determined. These amounts are accumulated at the Actuarial Asset Value return rates to preserve the new funding methodology objective.

In fiscal year 2023, the City and other employers' contributions of $1.2 billion exceeded the contribution under Revenue Recognition Policy of $726.5 million.

The Schedule of Employer Contributions (based on the RRP Funding Policy) is included as Required Supplementary Information and provides a 10-year presentation of the employer contributions.

b. BENEFITS

The Fund provides retirement, disability, and death benefits according to the provisions of Title 22 of the Philadelphia Code. These provisions prescribe retirement benefit calculations, vesting thresholds, and minimum retirement ages that vary based on bargaining unit, uniform/non-uniform status, and entry date into the System.

Non-uniform employees may retire at either age 55 with up to 80% of average final compensation (AFC) or age 60 with up to either 100% or 25% of AFC, depending on entry date into the Fund. 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%);

2. if no surviving spouse/life partner, up to 3 children under age 18 at 25% each of final rate of pay (maximum payout 75%); or
3. if no surviving spouse/life partner or children under age 18, up to 2 surviving parents at 15% each of final rate of pay (maximum payout 30%).

Non-service-connected deaths are payable as a lump sum payment, unless the deceased was either vested or had reached minimum retirement age for their plan, in which case the beneficiary(ies) may instead select a lifetime monthly benefit, payable immediately with an actuarial reduction.

A Pension Adjustment Fund (PAF) is funded with 50% of the excess earnings that are between 1% and 6% above the actuarial assumed earnings rate. Each year within 60 days of the end of the fiscal year, by majority vote of its members, the Board of Directors of the Fund (the Board) shall consider whether sufficient funds have accumulated in the PAF to support an enhanced benefit distribution (which may include, but is not limited to, a lump sum bonus payment, monthly pension payment increases, ad-hoc cost of living adjustments, continuous cost-of-living adjustments, or some other form of increase in benefits as determined by the Board) to retirees, their beneficiaries and their survivors. As of July 1, 2022, the date of the most recent actuarial valuation, there was $34.3 million in the PAF and the Board voted to make PAF distributions of $29.7 million during the fiscal year ended June 30, 2023.

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, 2023, is $173.2 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 7.35% 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 7.35% over a market cycle. The investment return assumption was reduced by the Board from 7.40% to 7.35% 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 Staff and approval by a majority of the Pension Board. In order to document and communicate the objectives, restrictions, and guidelines for the Fund’s investment staff and investments, a continuously updated Investment Policy Statement is maintained. The Investment Policy Statement is updated (and re-affirmed) each year at the January Board meeting. The following was the Board’s approved asset allocation policy as of April 22, 2021:

(see pension plan’s investment policy: http://www.phila.gov/pensions/PDF/ips.pdf)

Asset Class	Target Allocation
Broad Fixed Income	13.0 %
High Yield	1.0 %
Global Aggregate	1.0 %
Emerging Market Debt	2.0 %
U.S. Large Cap Core Equity	20.0 %
U.S. Mid Cap Core Equity	4.0 %
U.S. Small Cap Core Equity	4.0 %
Global Low Volatility Equity	10.0 %
International Developed Large Cap Equity	10.0 %
International Small Cap Equity	3.0 %
Emerging Market Equity	3.0 %
Core Real Estate	10.0 %
Public REITs	1.0 %
Opportunistic Real Estate	1.0 %
Global Infrastructure	5.0 %
Private Equity	12.0 %
Total	100.0 %

Money-Weighted Rate of Return
For the year ended June 30, 2023, the annual money-weighted rate of return on pension plan investments, net of pension plan investment expense, was 8.52%. 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, investment grade corporate bonds, common stock, real estate, private market, etc. City ordinances contain provisions which preclude the Fund from investing in organizations that conduct business in certain countries and impose limitations on the amounts invested in certain types of securities.

Custodial Credit Risk
Custodial credit risk for Deposits is the risk that in the event of a bank failure, the Fund's deposits may not be returned to them. The Fund's cash deposits are held in two banks as of June 30, 2023. 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 risk for Investments is the risk that in the event of counter-party failure, the Fund may not be able to recover the value of its investment or collateral securities that are in the possession of an outside party. Investment securities are exposed to custodial credit risk if the securities held by the counterparty or counterparty's trust department are uninsured and are not registered in the name of the Fund. The Fund requires that all investments be clearly marked as to ownership, and to the extent possible, be registered in the name of the Fund. Certain investments may be held by the managers in the Fund's name.

Interest Rate Risk
Interest rate risk is the largest risk faced by an investor in the fixed income market. The price of a fixed income security generally moves in the opposite direction of the change in interest rates. Securities with long maturities are highly sensitive to interest rate changes.

Duration is a measure of the approximate sensitivity of a bond's value to interest rate changes. The higher the duration, the greater the changes in fair value when interest rates change. The Fund measures interest rate risk using segmented time distribution, which shows the total fair value of investments maturing during a given period.

The table below details the exposure to interest rate changes based upon maturity dates of the fixed income securities at June 30, 2023:

2023 (in Thousands)	Total Fair Value	Less Than 1 Year	1-5 Years	6-10 Years	More than 10 Years
Asset Backed Securities	$ 22,513	$ 1	$ 10,170	$ 4,010	$ 8,332
Commercial Mortgage Backed Securities	17,799	-	656	2,577	14,566
Corporate Bonds	319,536	3,739	118,640	137,525	59,632
Fixed Income ETF	6,557	6,557	-	-	-
Government Agencies	25,332	391	9,454	7,390	8,097
Government Bonds	374,031	8,427	132,389	134,174	99,041
Government Mortgage Backed Securities	244,517	3,753	454	3,994	236,316
Gov't-issued Commercial Mortgage Backed	4,651	-	4,542	42	67
Municipal Bonds	11,412	-	1,249	2,729	7,434
Non-Gov't Baked C.M.O.s	517	-	-	-	517
Sukuk	1,083	-	767	316	-
Total Interest Rate Risk of Debt Securities	$ 1,027,948	$ 22,868	$ 278,321	$ 292,757	$ 434,002

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, 2023, the Fund has no single issuer that exceeds 5% of total investments. Investments issued or explicitly guaranteed by the U.S. government and investments in mutual funds, external investment pools, and other pooled investments are excluded.

Credit Risk
Credit Risk is the risk that an issuer or other counterparty to an investment will not fulfill its obligation. The fund is subject to credit risk on $716.2 million of directly owned fixed income securities. The Fund's directly owned rated debt investments as of June 30, 2023, were rated by Standard & Poor's, a nationally recognized statistical rating agency and are presented below using Standard and Poor's rating scale:

2023 (in Thousands)	Total Fair Value	Credit Rating AAA	AA	A	BBB	BB	B	CCC	CC	D	NR
Asset Backed Securities	$ 22,136	$ 9,986	$ 3,747	$ 422	$ 1,406	$ -	$ -	$ -	$ -	$ -	$ 6,575
Commercial Mortgage Backed Securities	17,799	4,948	904	-	625	-	-	-	-	-	11,322
Corporate Bonds	319,536	3,076	6,520	53,439	73,649	78,225	68,447	10,032	145	61	25,942
Fixed Income ETF	6,557	-	-	-	-	-	-	-	-	-	6,557
Government Agencies	19,520	1,815	9,575	-	2,769	859	205	196	-	-	4,101
Government Bonds	96,325	2,975	97	1,344	28,769	13,813	3,229	1,708	-	1,027	43,363
Government Mortgage Backed Securities	216,775	-	216,012	-	-	-	-	-	-	-	763
Gov't-issued Commercial Mortgage Backed	4,584	-	4,584	-	-	-	-	-	-	-	-
Municipal Bonds	11,412	-	6,406	2,235	70	655	-	-	-	-	2,046
Non-Gov't Baked C.M.O.s	517	104	-	12	-	-	11	-	-	-	390
Sukuk	1,083	-	-	-	767	-	-	-	-	-	316
Total Credit Risk of Debt Securities	$ 716,244	$ 22,904	$ 247,845	$ 57,452	$ 108,055	$ 93,552	$ 71,892	$ 11,936	$ 145	$ 1,088	$ 101,375
U.S. Gov't Guaranteed*	311,704										
	$1,027,948										

* 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 40.51% of the total investment in equities. The Fund's exposure to foreign currency risk on June 30, 2023 was as follows (expressed in thousands):

Currency	Cash	Fixed Income	Equities	Derivatives	Total
Euro	$ 1,057	$ 5,769	$ 508,493	$ (1,217)	$ 514,102
Japanese yen	854		331,331	(950)	331,235
British pound sterling	337	17,295	238,797	(479)	255,950
Canadian dollar	399	1,700	185,154	(1,473)	185,780
Swiss franc	1,338		121,098	-	122,436
Hong Kong dollar	348		114,029	(120)	114,257
Australian dollar	261		105,601	(477)	105,385
Danish krone	174		41,796	-	41,970
South Korean won			40,393	-	40,393
Swedish krona	302		38,510	-	38,812
Mexican peso	106	21,303	7,411	-	28,820
Singapore dollar	221		25,421	-	25,642
Brazilian real	8	9,017	13,610	-	22,635
South African rand		6,146	7,051	-	13,197
Norwegian krone	211		12,136	-	12,347
Indonesian rupiah	8	2,713	6,722	-	9,443
Thai baht		1,159	7,516	-	8,675
New Israeli shekel	154		8,163	-	8,317
Colombian peso	60	7,452	92	-	7,604
Malaysian ringgit	5	1,042	5,067	-	6,114
New Zealand dollar	186	1,009	4,409	-	5,604
Philippine peso	212		4,791	-	5,003
Polish zloty	2	1,074	3,306		4,382
New Taiwan dollar	2,461		573	-	3,034
All Others	659	5,563	4,724	-	10,946
	$ 9,363	$ 81,242	$ 1,836,194	$ (4,716)	$ 1,922,083

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, 2023 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, 2023		Notional
Investment Derivatives					
Forwards Currency Contracts	Net Appreciation (Depreciation) in Investments	$ 1,514	Investments	$ (2,703)	$ 234,750
Futures	Net Appreciation (Depreciation) in Investments	-	Investments	-	21,097
Grand Totals		$ 1,514		$ (2,703)	$ 255,847

A Derivatives Policy Statement identifies and allows common derivative investments and strategies, which are consistent with the Investment Policy Statement of the City of Philadelphia Municipal Pension Fund. The guidelines identify transaction-level and portfolio-level risk control procedures and documentation requirements. Managers are required to measure and monitor exposure to counterparty credit risk. All counterparties must have credit ratings available from nationally recognized rating institutions such as Moody, 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 2023. On its pay-variable, received-fixed interest rate swap, as LIBOR increases, the Fund's net payment on the swap increases. Alternatively, on its pay-fixed, receive-variable interest rate swap, as LIBOR or the SIFMA swap index decreases, the Fund's net payment on the swap increases.

Futures contracts:
These derivative instruments are types of contracts in which the buyer agrees to purchase, and the seller agrees to make delivery of a specific financial instrument at a predetermined date and price. Gains and losses on futures contracts are settled daily based on a notional (underlying) principal value and do not involve an actual transfer of the specific instrument. Futures contracts are standardized and are traded on exchanges. The exchange assumes the risk that the counterparty will not pay and generally requires margin payments to minimize such risk. In addition, the Fund enters into short sales, sales of securities it does not presently own, to neutralize the market risk of certain equity positions. Initial margin requirements on futures contracts and collateral for short sales are provided by investment securities pledged as collateral and by cash held by various brokers. Although the Fund has the right to access individual pledged securities, it must maintain the amount pledged by substituting other securities for those accessed. The realized gain from Futures contracts was $666,852 and is included in the net change in fair value of investments in the statement of changes in fiduciary net position.

Forward contracts:
The Fund is exposed to basis risk on its forward contracts because of a possible mismatch between the price of the asset being hedged and the price at which the forward contract is expected to settle. The realized loss from forward contracts was ($7,656,474) 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, 2023 (expressed in thousands):

		Fair Value Measurements Using		
	June 30, 2023	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	$ 22,513	$ -	$ 22,513	$ -
Commercial Mortgage Backed	17,799	-	17,154	645
Corporate Bonds	319,536	-	319,381	155
Fixed Income ETF	6,557	6,557	-	-
Government Agencies	25,332	-	25,332	-
Government Bonds	374,031	-	366,628	7,403
Government Mortgage Backed Securities	244,517	-	244,517	-
Gov't-issued Commercial Mortgage Backed	4,651	-	4,651	-
Municipal Bonds	11,412	-	11,412	-
Non-Government Backed C.M.O.s	517	-	218	299
Sukuk	1,083	-	1,083	-
Equity	4,532,751	4,529,325	29	3,397
Total Investments by Fair Value Level	5,560,699	4,535,882	1,012,918	11,899
Investments Measured at the Net Asset Value (NAV)				
Fixed Income Hedge Funds	$ 18,552			
Private Market	1,039,404			
Real Estate	498,303			
Equity Long/Short Hedge funds	26,074			
Total Investments Measured at the NAV	1,582,333			
Total Investments Measured at Fair Value	$ 7,143,032			
Investment Derivative Instruments				
Forward Currency Contracts (Assets)	1,121	-	1,121	
Forward Currency Contracts (Liabilities)	(3,824)	-	(3,824)	
Total Investment Derivative instruments	$ (2,703)	$ -	$ (2,703)	

Level 1 – Inputs to the valuation methodology are unadjusted quoted prices for identical assets or liabilities in active markets that the Plan has the ability to access. Such inputs include quoted prices in active markets for identical assets or liabilities.

Level 2 - Observable inputs other than Level 1 prices, such as quoted prices for similar assets or liabilities; or other inputs that are observable or can be corroborated by observable market data substantially for the full term of the assets or liabilities.

Level 3 - Unobservable inputs that are supported by little or no market activity and that are financial instruments whose values are determined using pricing models, discounted cash flow methodologies, or similar techniques, as well as instruments for which the determination of fair value requires significant judgment or estimation.

The valuation method for investments measured at the net asset value (NAV) per share (or its equivalent) is presented on the following table (expressed in thousands).

Investment Measured at the Net Asset Value (NAV)		Unfunded Commitments	Redemption Frequency (If Currently Eligible)	Redemption Notice Period
Fixed Income Hedge Funds	$ 18,552	$ -	Quarterly	90-120 days
Private Market	1,039,404	278,781	N/A	N/A
Real Estate	498,303	23,097	N/A	N/A
Equity Long/Short Hedge funds	26,074	-	Quarterly	90 days' notice
Total Investments Measured at the NAV	$ 1,582,333			

1. 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.

2. 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 five to 10 years. The fair values of the investments in this type have been determined using recent observable transaction information for similar investments and nonbinding bids received from potential buyers of the investments. Once a buyer has been identified, the investee fund's management is required to approve of the buyer before the sale of the investments can be completed.

3. Real estate funds: This type includes funds that invest in U.S. and Non-U.S. commercial and residential real estate. The fair values of the investments in this type have been determined using the NAV per share (or its equivalent) of the Plan's ownership interest in partners' capital. These investments can never be redeemed with the funds. Distributions from each fund will be received as the underlying investments of the funds are liquidated. However, the individual investments that will be sold have not yet been determined. Because it is not probable that any individual investment will be sold, the fair value of each individual investment has been determined using the NAV per share (or its equivalent) of the Plan's ownership interest in partners' capital. Once it has been determined which investments will be sold and whether those investments will be sold individually or in a group, the investments will be sold in an auction process. The investee fund's management is required to approve of the buyer before the sale of the investments can be completed. It is expected that the underlying assets of the funds will be liquidated over the next seven to 10 years.

4. 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.

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, 2023.

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, 2023, the fair value of securities on loan was $334.7 million. Associated collateral totaling $341.2 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, 2023, the invested cash collateral was $341.2 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, 2023 were as follows (in thousands):

Total Pension Liability	$	12,650,397
Plan Fiduciary Net Position		7,808,089
Collective Net Pension Liability	$	4,842,308

Plan Fiduciary Net Position as a Percentage of the Total Pension Liability: 61.7%

Actuarial assumptions:

The total pension liability was determined by an actuarial valuation as of June 30, 2022 and was rolled forward to June 30, 2023. The June 30, 2022 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:	7.35% compounded annually, net of expenses
Salary Increases:	Age based table

The investment return assumption was changed from 7.40% from the prior year valuation to 7.35% 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 Healthy Annuitant 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 Healthy Annuitant 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, 2023. Measurements are based on the fair value of assets as of June 30, 2023 and the total pension liability (TPL) as of the valuation date, July 1, 2022, updated to June 30, 2023. 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, 2023, there was an assumption change, approved by the Board, reducing the expected long-term return on assets from 7.40% to 7.35% which increased the TPL by approximately $59 million.

During the measurement year, the collective NPL decreased by approximately $592 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 $1.8 billion. Additionally, there was an actuarial experience loss during the year of approximately $74 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. During the measurement year, PAF distributions increased the collective NPL by approximately $30 million.

Long-term expected rate of return:
The long-term expected rate of return on pension plan investments was determined using the software simulations developed by the Fund's investment consultant, Marquette Associates, in which best-estimate ranges of expected future real rates of return (expected returns, net of pension plan investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation.

Best estimates of geometric real rates of return for each major asset class included in the pension plan's target asset allocation as of June 30, 2023, are summarized in the following table:

Asset Class	Long-Term Expected Rate of Return
Broad Fixed Income	4.8 %
High Yield	8.4 %
Global Aggregate	3.8 %
Emerging Market Debt	7.5 %
U.S. Large Cap Core Equity	6.9 %
U.S. Mid Cap Core Equity	7.4 %
U.S. Small Cap Core Equity	8.0 %
Global Low Volatility Equity	6.5 %
International Developed Large Cap Equity	7.6 %
International Small Cap Equity	8.1 %
Emerging Market Equity	7.8 %
Hedge Funds	5.3 %
Core Real Estate	6.5 %
Public REITs	5.8 %
Opportunistic Real Estate	11.0 %
Global Infrastructure	6.9 %
Private Market	11.1 %

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 7.35%. 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 7.35%, 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 6.35%	Discount Rate 7.35%	1% Increase 8.35%
Total Pension Liability	$ 13,939,721	$ 12,650,397	$ 11,550,772
Plan Fiduciary Net Position	7,808,089	7,808,089	7,808,089
Collective Net Pension Liability	$ 6,131,632	$ 4,842,308	$ 3,742,683
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	56.0%	61.7%	67.6%

h. GUARANTEE OF BENEFITS
Benefits under the Fund are guaranteed by statute. In the event if employee contributions do not equal required benefits, the City's General Fund must provide any shortfall.

i. PARTICIPATION IN THE PENSION FUND

The trustees for the Fund are also members of the Fund and as such, are subject to the provisions of the Fund as described in the notes to these financial statements.

j. REPORTING INFORMATION FOR PARTICIPATING EMPLOYERS

Changes in Collective Net Pension Liability: The following table shows the changes in total pension liability (TPL), the plan fiduciary net position (i.e., fair value of the System assets) (FNP), and the net pension liability (NPL) during the measurement period ending on June 30, 2023.

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 6/30/2022	$ 12,374,126	$ 6,939,834	$ 5,434,292
Changes for the year:			
Service cost	191,726		191,726
Interest	900,854		900,854
Changes of benefits	-		-
Differences between expected and actual experience	74,248		74,248
Changes of assumptions	59,179		59,179
Contributions - employer		1,164,974	(1,164,974)
Contributions - member		120,691	(120,691)
Net investment income		570,957	(570,957)
Benefit payments	(949,736)	(949,736)	-
Administrative expense		(8,938)	8,938
PAF Distributions		(29,693)	29,693
Net Changes	276,271	868,255	(591,984)
Balances at 6/30/2023	$ 12,650,397	$ 7,808,089	$ 4,842,308

Employer's Proportionate Shares: GASB 68 requires that the proportionate share for each employer be determined based upon the "employer's projected long-term contribution effort to the pension as compared to the total long-term contribution effort to all employers". In addition to the City, three governmental agencies currently participate in the system, PHDC, PPA, and PMA. The method of allocation is based on the ratio of quasi-agency contributions in proportion to total contributions by plan.

Pension Amounts by Employer: The following schedule presents the pension amounts for each participating employer: Philadelphia Parking Authority (PPA), Philadelphia Municipal Authority (PMA), Philadelphia Housing Development Corporation (PHDC), and the City of Philadelphia (City).

Schedule of Pension Amounts by Employer

(Amounts in thousands of USD)

	For the year ended	PPA	PMA	PHDC	City	Total
Collective pension expenses		$ 3,763	$ 294	$ 1,000	$ 582,940	$ 587,997
Change in proportion		(18,540)	64	(356)	18,832	-
Contribution difference		6,853	149	849	(7,850)	-
Employer pension expense		(7,924)	507	1,493	593,922	587,997
Net pension liability	6/30/22	41,301	2,174	7,608	5,383,212	5,434,295
Net pension liability	6/30/23	30,991	2,421	8,232	4,800,664	4,842,308
Change in net pension liablility		(10,310)	247	624	(582,548)	(591,987)
Deferred outflow s	6/30/22	16,462	931	2,204	514,827	534,424
Deferred outflow s	6/30/23	14,542	1,153	3,662	435,356	454,713
Change in deferred outflow s		(1,920)	222	1,458	(79,471)	(79,711)
Deferred inflow s	6/30/22	(44,177)	(879)	(1,965)	(165,243)	(212,264)
Deferred inflow s	6/30/23	(31,265)	(596)	(1,263)	(114,437)	(147,561)
Change in deferred inflow s		12,912	283	702	50,806	64,703
Employer contributions		13,379	764	3,030	1,147,801	1,164,974
Employer pension expense		(7,924)	507	1,493	593,922	587,997

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	4,800,664	-	4,800,664
PPA	30,991	30,991	-
PMA	2,421	-	2,421
PHDC (1)	8,232	8,232	-
Collective Net Pension Liability	4,842,308	39,223	4,803,085
State Pension Fund			
PICA			1,541
City's Primary Government Net Pension Liability (Exhibit I)			4,804,626

(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	0.64%	0.05%	0.17%	99.14%	100%
Experience	$ 392	$ 31	$ 104	$ 60,768	$ 61,295
Assumption changes	1,154	90	306	178,700	180,250
Investment return	1,068	83	284	165,506	166,941
Proportion change	-	643	1,227	30,382	32,252
Contribution difference	11,928	306	1,741	-	13,975
	$ 14,542	$ 1,153	$ 3,662	$ 435,356	$ 454,713

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	0.64%	0.05%	0.17%	99.14%	100%
Experience	$ 649	$ 51	$ 172	$ 100,462	$ 101,334
Assumption changes	-	-	-	-	-
Investment return	-	-	-	-	-
Proportion change	30,616	545	1,091	-	32,252
Contribution difference	-	-	-	13,975	13,975
	$ 31,265	$ 596	$ 1,263	$ 114,437	$ 147,561

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
2024	$ (10,862)	$ 109	$ 606	$ 78,294	$ 68,147
2025	(7,319)	50	350	4,651	(2,268)
2026	1,391	251	897	221,371	223,910
2027	69	147	546	16,602	17,364
2028	-	-	-	-	-
Thereafter	-	-	-	-	-
Total	$ (16,721)	$ 557	$ 2,399	$ 320,918	$ 307,153

(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, 2023), the Plan's membership consisted of:

Active participants	1,119
Retired participants	2,217
Vested terminated participants	311
Total plan participants	3,647
Total payroll	$ 102,708,631
Average pay	91,786

The Plan is currently open to all employees of PGW.

b. BENEFITS PROVIDED

Normal Retirement Benefits: The Plan provides retirement benefits as well as death and disability benefits. Retirement benefits are vested after 5 years of credited service. Employees who retire at or after age 65 are entitled to receive an annual retirement benefit, payable monthly, in an amount equal to the greater of:

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

- 2 percent of total earnings received during the period of credited service plus 22.5 percent of the first $1,200 of such amount, applicable only to participants who were employees on or prior to March 24, 1967.

Final Average Earnings are the employees' average pay, over the highest five years of the last ten years of credited service. Employees with 15 years of credited service may retire at or after age 55 and receive a reduced retirement benefit. In addition, employees with 30 years of credited service are eligible to select early retirement with no reduction in benefits.

Contributions

In December 2011, the City of Philadelphia City Council approved Bill No. 110830 An Ordinance effecting PGW workers hired on or after May 21, 2011. The ordinance states, in part, that employees commencing employment on or after May 21, 2011 shall become a participant in the Plan only upon completion of an irrevocable written election to participate in the Plan. Such election must be made within thirty days after their employment commencement date, or if later, thirty days after the effective date of the ordinance. All such employees who elect to participate in the Plan are deemed contributing participants.

Contributing participants (Non-covered employees) in the Plan are required to make annual contributions totaling 6% of their compensation. Such contributions are made by means of periodic payroll deductions determined by the Company. Contributing participants are 100% vested in their employee contributions. All participants in the Plan, including contributing participants, have no vested interest in their accrued benefit from the Plan sponsor until they have 5 years of credited service, at which time they become 100% vested in their accrued benefit. Contributions from contributing participants for the Plan year ended June 30, 2023 totaled $2,214,748.

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, 2023 and the contribution rate as a percentage of payroll was 29.21%.

Benefit and contribution provisions are established by City ordinance and may be amended only as allowed by City ordinance. Benefits under the Plan are guaranteed by statute. In the event employer contributions are not sufficient to pay required benefits, the City's General fund must provide any shortfall.

Investments

The Commission maintains a Statement of Investment Guidelines ("Policy") consistent with the needs of the Plan. The latest Policy was approved by the Commission at its meeting on November 25, 2019. The Policy serves as the chief communication tool of the Commission with vendors and investment managers. The Policy defines the need for the Policy, the investment goals of the Plan, the asset allocation, the investment guidelines, including prohibited investments, as well as the objectives for each manager and benchmarks for each type of investment. Additionally, it defines the necessary communication and responsibilities of each party, including the Commission, the investment managers, the custodian, and any consultants. The Policy can only be revised or changed by a vote by the Commission.

For a more complete description of the Policy, see the online version at:
http://www.phila.gov/Treasurer/Documents/PGWPP.pdf.

The Pension Plan utilizes both equity and fixed-income investments consistent with the Policy as described above. As of June 30, 2023, the Plan had investments of approximately $581.9 million, comprised of $424.4 million in equities and $157.5 million in fixed-income investments. The ratio of equities to fixed income is 73% to 27%, which is in line with the Policy guidelines of 45-75% equities and 25-45% fixed income.

For the year ended June 30, 2023, the annual money-weighted rate of return on pension plan investments, net of investment expense was 12.56%.

The Commission employs third-party vendors to manage the assets of the Plan as well as perform other needed services. As of June 30, 2023, the Commission employed the following investment managers and vendors:

Manager	Mandate	Balance (Millions
Equity Managers		
RhumbLine Asset Management	Domestic Large Cap Index	$ 114.7
RhumbLine International	International Markets	29.8
PineBridge Investments	Domestic Large Cap Index	89.1
Northern Trust Company	Domestic Large Cap Index	37.6
Acadian Asset Management	International Markets	47.9
Earnest Partners, LLC	International Markets	44.0
Copeland Capital Management	Domestic and International	33.6
Rhumbline Small CAP	Domestic Small Cap Index	27.7
		424.4
Bond Managers		
Weaver Barksdale	Core	44.1
Met Life Inc	Investment Grade	16.8
Met Life Inc	Core	44.4
Garcia Hamilton	Intermediate	38.1
Sky Harbor Capital Management	High Yield	14.1
		157.5
Total		$ 581.9

At its quarterly meetings, the Commission, with the assistance of PFM Asset Management LLC, monitors the performance of the investment managers over various periods of time and will change a manager when the Commission deems it necessary. Each of the managers and other vendors (except for those marked 'fund') are contracted for a period of one year, with one-year extensions at the discretion of the Commission.

c. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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 the Governmental Accounting Standards Board (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 $4,719,325 for the year ended June 30, 2023. Net unrealized gain for the year ended June 30, 2023 totaled $47,612,527.

Purchases and sales of securities are recorded on a trade-date basis. Interest income is recorded on the accrual basis. Dividends are recorded on the ex-dividend date.

Due From and To Brokers
Due from brokers represents the value of investments sold by brokers prior to year-end, for which the settlement date of the sale occurred after year end. Similarly, due to brokers represents the value of investments purchased by brokers prior to year-end, for which the settlement date of the purchase occurred after year end.

Fair Value of Financial Instruments
The carrying values of financial instruments including interest and dividends receivable, due from brokers, accounts payable, and amounts due to PGW and brokers approximate their fair market value due to the relatively short maturity of these instruments.

Investment Advisors
The Fund utilizes numerous investment advisors to manage debt and equity portfolios. The Sinking Fund Commission must approve all investment advisors.

Income Taxes
The Plan is not subject to Federal, state, or local income taxes.

Trend Information
Historical trend information related to the Plan is presented in the Supplemental Information section. The information is presented to enable the reader to assess the progress made by the Plan in accumulating sufficient assets to pay pension benefits as they become due.

Related Parties
The Sinking Fund Commission is the trustee of the Plan. The City of Philadelphia Department of Finance provides 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 $60,312,348 and $361,088, respectively for the year ended June 30, 2023.

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, 2023, and the reported amounts of revenues and expenses during the year then ended. Actual results could differ from those estimates. Significant estimates include the valuation of investments without quoted prices in an active market for identical assets and the actuarial estimates for Plan future benefit obligations.

Risks and Uncertainties
The Plan invests in various investment securities. Investment securities are exposed to various risks such as interest rate, market, and credit risks. Due to the level of risk associated with certain investment securities, it is at least reasonably possible that changes in the values of investment securities will occur in the near term and those changes could materially affect the amounts reported in the statement of fiduciary net position.

Plan contributions are made, and the actuarial present value of accumulated plan benefits are reported based on certain assumptions pertaining to interest rates, inflation rates and employee demographics, all of which are subject to change. Due to uncertainties inherent in the estimations and assumptions process, it is at least reasonably possible that changes in these estimates and assumptions in the near-term would-be material to the financial statements.

Cash Deposits, Investments, and Securities Lending
The Plan is authorized to maintain a diversified portfolio in the following types of investments: U.S. Treasury and agency obligations, corporate debt and equity securities, and foreign debt and equity securities. City ordinances and sinking fund policies contain provisions which preclude the Plan from investing in organizations that conduct business in certain countries and industries and impose limitations on the amounts invested in certain types of securities.

Interest Rate Risk
Interest rate risk is the largest risk faced by an investor in the fixed income market. The price of a fixed income security generally moves in the opposite direction of the change in interest rates. Securities with long maturities are highly sensitive to interest rate changes. The Plan's fixed income investments are as follows:

	Total Fair Value	Below 1 Year	1 to 5 years	5 to 10 years	10 years and over
U.S. Govt. Treasuries	$ 40,498,447	$ 142,973	$ 26,500,923	$ 5,550,582	$ 8,303,969
U.S. Govt. Agencies	49,626,265	-	662,792	1,408,601	47,554,872
Municipal Bonds	260,228	-	-	-	260,228
Corporate Bonds	58,157,569	2,601,843	29,397,142	15,464,532	10,694,052
Foreign Bonds	9,004,332	230,680	4,963,157	1,936,228	1,874,267
	$ 157,546,841	$ 2,975,496	$ 61,524,014	$ 24,359,943	$ 68,687,388

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, 2023 were rated by Standard and Poor's ("S&P"), a nationally recognized statistical rating agency, and are presented below using S&P's rating scale:

S&P Credit Rating	U.S. Government Treasuries	U.S. Government Agency Securities	Municipal Obligations	Corporate Bonds	Foreign Bonds	Total Fair Value
AAA	$ -	$ -	$ -	$ 2,300,835	$ 400,887	$ 2,701,722
AA+	-	47,982,637	-	825,229	-	48,807,866
AA	-	-	-	579,490	-	579,490
AA-	-	-	-	1,217,328	69,667	1,286,995
A+	-	-	-	2,922,386	202,505	3,124,891
A	-	-	260,228	2,251,765	447,851	2,959,844
A-	-	-	-	8,798,229	1,571,990	10,370,219
BBB+	-	-	-	8,999,253	1,329,645	10,328,898
BBB	-	-	-	7,397,141	1,149,073	8,546,214
BBB-	-	-	-	5,748,187	779,663	6,527,850
BB+	-	-	-	2,959,679	149,058	3,108,737
BB	-	-	-	1,791,430	143,679	1,935,109
BB-	-	-	-	2,467,303	1,051,286	3,518,589
B+	-	-	-	1,829,251	474,579	2,303,830
B	-	-	-	2,300,679	318,885	2,619,564
B-	-	-	-	994,479	316,036	1,310,515
CCC+	-	-	-	466,692	-	466,692
CCC	-	-	-	253,966	-	253,966
CCC-	-	-	-	118,900	-	118,900
C	-	-	-	2,068	-	2,068
NR/NA	-	-	-	3,933,279	599,528	4,532,807
	$ -	$ 47,982,637	$ 260,228	$ 58,157,569	$ 9,004,332	$ 115,404,766
U.S. Govt. Guaranteed	40,498,447	1,643,628				42,142,075
	$ 40,498,447	$ 49,626,265	$ 260,228	$ 58,157,569	$ 9,004,332	$ 157,546,841

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, 2023, 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, 2023, the weighted average maturity was 4 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, 2023, the Fund had no credit risk exposure to borrowers because all borrowers were required to deliver collateral for each loan.

As of June 30, 2023, the fair value of securities on loan was $56.6 million. Associated collateral totaling $57.7 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, 2023, the invested cash collateral was $57.7 million and is valued at amortized cost.

d. DISCLOSURE ABOUT FAIR VALUE OF FINANCIAL INSTRUMENTS

The accounting pronouncement on fair value measurements establishes a framework for measuring fair value. That framework provides a fair value hierarchy that prioritizes the inputs to valuation techniques used to measure fair value. The hierarchy gives highest priority to unadjusted quoted prices in active markets for identical assets or liabilities (Level 1 measurements) and the lowest priority to unobservable inputs (Level 3 measurements). The three levels of the fair value hierarchy are described below:

Level 1 – Inputs to the valuation methodology are unadjusted quoted prices for identical assets or liabilities in active markets that the Plan has the ability to access. Such inputs include quoted prices in active markets for identical assets or liabilities.

Level 2 - Observable inputs other than Level 1 prices, such as quoted prices for similar assets or liabilities; or other inputs that are observable or can be corroborated by observable market data for substantially the full term of the assets or liabilities.

Level 3 - Unobservable inputs that are supported by little or no market activity and that are financial instruments whose values are determined using pricing models, discounted cash flow methodologies, or similar techniques, as well as instruments for which the determination of fair value requires significant judgment or estimation.

The asset or liability's fair value measurement level within the fair value hierarchy is based on the lowest level of any input that is significant to the fair value measurement. Valuation techniques used need to maximize the use of observable inputs and minimize the use of unobservable inputs.

Fair value is the amount that the Fund can reasonably expect to receive for an investment in a current sale between a willing buyer and a willing seller, that is, other than in a forced or liquidation sale. Fixed income securities and common and preferred stocks are generally valued based on published market prices and quotations from national security exchanges or securities pricing services. Securities which are not traded on a national security exchange are valued by the respective fund manager or other third parties based on similar sales.

For private market investments where no readily ascertainable market value exists, management, in consultation with the general partner and investment advisors, has determined the fair values for the individual investments based upon the partnership's most recent available financial information. Some of the investment values provided in the report are estimates due to a lag in reporting for private market investments.

The following table sets forth by level, within the fair value hierarchy, the Plan's assets at fair value as of June 30, 2023:

	Level 1	Level 2	Level 3	Total
Corporate bonds	$ -	$ 58,157,569	$ -	$ 58,157,569
Common and preferred stock	423,380,582	-	2,480	423,383,062
U.S. government securities	40,498,447	49,626,265	-	90,124,712
Foreign bonds	-	9,004,332	-	9,004,332
Municipal obligations	-	260,228	-	260,228
Mutual funds	987,079	-	-	987,079
	$ 464,866,108	$ 117,048,394	$ 2,480	$ 581,916,982

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, 2023 of $361,088 represents the cumulative excess of payments made to the retirees and administrative expenses incurred by PGW, over the sum of the Company's required contribution, and reimbursements received from the Plan. Such amount will be settled in the subsequent Plan year.

f. NET PENSION LIABILITY

The components of the net pension liability of the City of Philadelphia Gas Works Retirement Reserve Fund on June 30, 2023, were as follows (dollar amounts in thousands):

Total pension liability	$ 833,566
Plan fiduciary net position	604,133
Net pension liability	$ 229,433
Plan fiduciary net position as a percentage of of the total pension liability	72.48%

Actuarial Assumptions
The total pension liability was determined by an actuarial valuation as of June 30, 2023 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 $6.7 million because of changes in actuarial assumptions for the Plan year ended June 30, 2023. The increase is primarily driven from the demographic changes, which is approximately $4.5 million higher than expected based on the prior year's actuarial valuation. 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 a building-block method in which best-estimate ranges of expected future real rates of return (expected returns, net of pension plan investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. Best estimates of geometric real rates of return for each major asset class included in the pension plan's target asset allocation as of June 30, 2023 are summarized in the following table:

Asset Class	Long-Term Expected Real Rate of Return
Domestic Equity	7.7 %
International Equity	7.5 %
Fixed Income	4.0 %

Discount Rate
The discount rate used to measure the total pension liability was 7.00% for June 30, 2023. 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, 2023 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	$ 922,312	$ 833,566	$ 758,461
Plan Fiduciary Net Position	604,133	604,133	604,133
Net Pension Liability	$ 318,179	$ 229,433	$ 154,328

Subsequent Events
The Plan has evaluated subsequent events occurring after the statement of fiduciary net position through the date of December 19, 2023, 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, 2023 was measured as of June 30, 2023 and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of June 30, 2023.

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

	2023
Inflation	2.00 %
Investment rate of return	7.00 %
Salary increases:	
Years of service	
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 2023 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 tables show the changes in total pension liability (TPL), the plan fiduciary net position (FNP), and the net pension liability (NPL) as of August 31, 2023 (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, 2022	$	826,830	565,748	261,082
Changes for the year:				
Service cost		8,713	—	8,713
Interest		56,413	—	56,413
Differences between expected and actual experience		1,923	—	1,923
Contributions – employer	$	—	30,000	(30,000)
Contributions – employee		—	2,215	(2,215)
Net investment income		—	66,844	(66,844)
Benefit payments, including refunds of employee contributions		(60,313)	(60,313)	—
Administrative expenses		—	(361)	361
Net changes		6,736	38,385	(31,649)
Balances at August 31, 2023	$	833,566	604,133	229,433

Pension Plan's fiduciary net position
Detailed information about the Pension Plan's fiduciary net position is available in the separately issued Pension Plan financial report. Requests for additional information should be addressed to Chief Investment Officer, Philadelphia Board of Pensions and Retirements, 1500 J.F.K. Blvd, 17th floor, Philadelphia, PA 19102.

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

For the year ended August 31, 2023, PGW recognized pension expense of $31.5 million. At August 31, 2023, PGW reported deferred outflows of resources and deferred inflows of resources related to the pensions from the following sources (thousands of U.S. dollars):

		August 31, 2023	
		Deferred outflows of resources	Deferred inflows of resources
Differences between expected and actual experience	$	6,003	—
Changes of assumptions		4,734	—
Net difference between projected and actual earnings on pension plan investments		11,927	—
Contributions made after measurement date		6,396	—
Total	$	29,060	—

The $6.4 million reported as deferred outflows of resources related to employer contributions made after the measurement date as of June 30, 2023 will be recognized as a reduction of the net pension liability in PGW's FY 2024. 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:		
2024	$	9,520
2025		(1,314)
2026		20,103
2027		(5,647)

(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 age 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's Contributions:

Member Contribution Rates				
Membership Class	**Continuous Employment Since**	**Defined Benefit (DB) Contribution Rate**	**DC Contribution Rate**	**Total Contribution Rate**
T-C	Prior to July 22, 1983	5.25%	N/A	5.25% 6.25%
T-C	On or after July 22, 1983	6.25%	N/A	6.25%
T-D	Prior to July 22, 1983	6.50%	N/A	6.50%
T-D	On or after July 22, 1983	7.50%	N/A	7.50%
T-E	On or after July 01, 2011	7.50% base rate with shared risk provision	N/A	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 School District of Philadelphia' contractually required contribution rate for fiscal year ended June 30, 2023 was 34.31% of covered payroll, actuarially determined as an amount that, when combined with employee contributions, is expected to finance the costs of benefits earned by employees during the year, with an additional amount to finance any unfunded accrued liability. The District made a combined total of $422.7 million to PSERS and VOYA (the sponsor of the Defined Contribution vendor) for the year ended June 30, 2023.

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) 2022-2023 was 71.36%.

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

(a) At June 30, 2023, the District reported a liability of $3,530.9 million for its proportionate share of the net pension liability of which $3,479.1 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, 2022, 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, 2021 to June 30, 2022. The District's proportion of the net pension liability was calculated using the employer's one-year covered payroll as it relates to the System's total one-year reported covered payroll. At June 30, 2023, the District's proportion was 7.9420 percent, which was an increase of .0186 percent from its proportion measured as of June 30, 2022.

(b) For the year ended June 30, 2023, the District recognized net pension expense of $145,342.8 thousand of which $142,966.0 thousand was under the Governmental Activity section of the Government-wide Statements while the remaining amount of $2,376.8 thousand was under the Business-type Activity section of the Government-wide Statements.

(c) At June 30, 2023, the District reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	(Dollars in Thousands)	
	Deferred Outflows of Resources	Deferred Inflows of Resources
Difference between expected and actual experience	$ 1,601.0	$ (30,540.0)
Change in assumption	105,437.0	-
Net difference between projected and actual investment earnings		(59,902.0)
Change in proportions	68,252.0	-
Difference between employer contributions and proportionate share of total contributions	1,492.4	-
Contributions subsequent to the measurement date	422,721.2	-
	$ 599,503.6	$ (90,442.0)

Deferred outflows of resources for contributions subsequent to the measurement date was $422,721.2 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
2024	$ 102,580.5	$ (52,517.3)	$ 50,063.2
2025	86,813.6	(44,564.4)	42,249.2
2026	(185,370.9)	95,775.9	(89,595.0)
2027	172,759.2	(89,136.2)	83,623.0
Total	$ 176,782.4	$ (90,442.0)	$ 86,340.4

Of the $86,340.4 thousand reported as net deferred outflows, $85,569.6 thousand was under the Governmental-Activities column of the Government-wide statements while the remaining amount was under the Business-type Activities column (Food Service and Print Shop) at $729.7 thousand and $41.1 thousand, respectively.

Changes in Actuarial assumptions

The total pension liability as of June 30, 2022 was determined by rolling forward the System's total pension liability as of June 30, 2021 actuarial valuation to June 30, 2022 using the following actuarial assumptions, applied to all periods included in the measurement:

- Valuation Date – June 30, 2021.
- 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, 2021 and as of June 30, 2022.
- 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, 2022 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	28.0%	5.3%
Private equity	12.0%	8.0%
Fixed income	33.0%	2.3%
Commodities	9.0%	2.3%
Absolute return	6.0%	3.5%
Infrastructure/ MLPs	9.0%	5.4%
Real estate	11.0%	4.6%
Cash	3.0%	0.5%
Financing (LIBOR)	-11.0%	0.5%
	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, 2022.

For the year ended June 30, 2022, the annual money-weighted rate of return on pension plan investments, net of pension plan investment expense, was 2.40%. 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. <u>Sensitivity of the District's proportionate share of the net pension to changes in the discount rate</u>:

The following presents the net liability, calculated using the discount rate of 7.00%, as well as what the net pension liability would be if it were calculated using a discount rate that is 1-percentage point lower (6.00%) or 1-percentage 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	$ 4,566,993	$ 3,530,912	$ 2,657,370

f. Pension plan fiduciary net position:

Detailed information about PSERS' fiduciary net position is available in PSERS Annual Comprehensive Financial Report which can be found on the System's website at www.psers.pa.gov.

2. ACCUMULATED UNPAID SICK LEAVE

City and certain component unit employees are credited with varying amounts of sick leave according to type of employee and/or length of service. City employees may accumulate unused sick leave to predetermined balances. **SDP** employees have an unlimited maximum accumulation, and Gas Works' employees' sick leave is non-cumulative. Non-uniformed employees (upon retirement only) and uniformed employees (upon retirement or in case of death while on active duty) are paid varying amounts ranging from 25% to 60% of unused sick time, not to exceed predetermined amounts. Employees, who separate for any reason other than indicated above, forfeit their entire sick leave.

3. OTHER POST EMPLOYMENT BENEFITS (OPEB)

A. PRIMARY GOVERNMENT

Plan description
The City of Philadelphia self-administers a single-employer defined benefit plan that provides OPEB for all eligible retirees. No assets are accumulated in a trust that meets the criteria in paragraph 4 of Statement 75.

Benefits provided
The City of Philadelphia subsidizes health care for five years from the time of coverage election for eligible retirees. Certain union represented employees may defer their coverage until a later date, but the amount that the City pays for their health care is limited to the amount that the City would have paid at the date of their retirement. The City continues to provide medical coverage after five years, at full cost to the retirees. Firefighters are entitled to $7,500 coverage and all other employees receive $6,000 in coverage. The plan does not issue stand-alone financial statements, and the accounting for the plan is reported within the financial statements of the City of Philadelphia.

Funding Policy
The City's funding policy is to pay the net expected benefits for the current retirees. To provide health care coverage, the City pays a negotiated monthly premium for retirees covered by union contracts and is self-insured for non-union employees. The City's contributions are estimated to be about $101.1 million for fiscal year ending June 30, 2023.

Employees covered by benefit terms:
As of July 1, 2022, the date of the latest actuarial valuation, the following employees were covered by the benefit terms:

Medical Coverage:	
Retired and inactive eployees deferring medical coverage	3,960
DROP employees with medical coverage	1,917
Active employees	26,715
Total	32,592
Life Insurance Coverage	
Inactive employees or beneficiaries currently receiving life insurance coverage	27,769
Active employees	26,715
Total	54,484

Total OPEB Liability
The City's total OPEB liability reported as of June 30, 2023 of $1,784,500,000, was measured as of June 30, 2022 based on an actuarial valuation as of July 1, 2022.

Actuarial assumptions and other inputs
The total OPEB liability in the July 1, 2022 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, 2022, for reporting date June 30, 2023
- June 30, 2021, for reporting date June 30, 2022

Discount rate
- 3.54% per annum for the valuation measured as of June 30, 2022
- 2.16% per annum for the valuation measured as of June 30, 2021

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.

To Year Beginning July 1	Medical - Uniformed		Rx		Medical /Rx Combined - City Administered	
	Pre Medicare	Medicare Eligible	Pre Medicare	Medicare Eligible	Pre Medicare	Medicare Eligible
2023	8.00%	8.00%	9.00%	9.00%	8.20%	7.80%
2024	7.75%	7.75%	8.75%	8.75%	7.95%	7.55%
2025	7.50%	7.50%	8.50%	8.50%	7.70%	7.30%
2026	7.00%	7.00%	8.25%	8.25%	7.25%	7.05%
2027	6.66%	6.66%	7.70%	7.70%	6.87%	6.70%
2028	6.32%	6.32%	7.16%	7.16%	6.49%	6.36%
2029	5.99%	5.99%	6.61%	6.61%	6.11%	6.01%
2030	5.65%	5.65%	6.06%	6.06%	5.73%	5.66%
2031	5.31%	5.31%	5.52%	5.52%	5.35%	5.32%
2032	4.97%	4.97%	4.97%	4.97%	4.97%	4.97%
2033	4.80%	4.80%	4.80%	4.80%	4.80%	4.80%
2034	4.57%	4.57%	4.57%	4.57%	4.57%	4.57%
2035	4.46%	4.46%	4.46%	4.46%	4.46%	4.46%
2036	4.39%	4.39%	4.39%	4.39%	4.39%	4.39%
2037	4.35%	4.35%	4.35%	4.35%	4.35%	4.35%
2038	4.32%	4.32%	4.32%	4.32%	4.32%	4.32%
2039	4.29%	4.29%	4.29%	4.29%	4.29%	4.29%
2040	4.28%	4.28%	4.28%	4.28%	4.28%	4.28%
2041	4.26%	4.26%	4.26%	4.26%	4.26%	4.26%
2042	4.20%	4.20%	4.20%	4.20%	4.20%	4.20%
2043	4.14%	4.14%	4.14%	4.14%	4.14%	4.14%
2044	4.14%	4.14%	4.14%	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 members: 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 members: 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 members: 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 members: 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 members: 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 members: 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, 2022.

	Increase (Decrease)		
	Total OPEB Liability (a)	Plan Fiduciary Net Position (b)	Net OPEB Liability (a) - (b)
Balances at 6/30/2021	**$ 2,156,100,000**	**$ -**	**$ 2,156,100,000**
Changes for the year:			
Service cost	118,100,000		118,100,000
Interest	47,900,000		47,900,000
Changes of benefits	-		-
Differences between expected/actual	(65,000,000)		(65,000,000)
Changes of assumptions	(354,300,000)		(354,300,000)
Contributions - employer		118,300,000	(118,300,000)
Contributions - non employer		-	-
Contributions - member		-	-
Net investment income		-	-
Benefit payments	(118,300,000)	(118,300,000)	-
Administrative expense			-
Net changes	(371,600,000)	-	(371,600,000)
Balances at 6/30/2022	**$ 1,784,500,000**	**$ -**	**$ 1,784,500,000**

The employer contribution of $118.3 million is based on a blend of actual contributions provided by the City of Philadelphia and estimated contributions based on the prior report.

There was a gain of $65.0 million due to experience. This is due to the change in population between the June 30, 2020 valuation and the June 30, 2022 valuation and updated valuation data as of the valuation date.

There was a net gain in the liability of $354.3 million related to changes in the assumptions. This net gain is primarily due to the experience study assumption updates, the increase in the discount rate from 2.16% to 3.54%, and changes to the medical claims and trend assumptions.

There were no benefit changes during the measurement period.

Sensitivity of the total OPEB liability to changes in the discount rate
The following represents the total OPEB liability (TOL) of the City, calculated using the discount rate of 3.54%, 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.

	1/% Decrease 2.54%	Discount Rate 3.54%	1/% Increase 4.54%
Total OPEB Liability	$ 1,931,800,000	$ 1,784,500,000	$ 1,651,000,000
Plan Fiduciary Net Position	-	-	-
Net OPEB Liability	$ 1,931,800,000	$ 1,784,500,000	$ 1,651,000,000
Plan Fiduciary Net Position as a Percentage of the Total OPEB Liability	0.0%	0.0%	0.0%

A 1% decrease in the discount rate increases the TOL and NOL by approximately 8%. A 1% increase in the discount rate decreases the TOL and NOL by approximately 7%.

Sensitivity of the total OPEB liability to changes in the healthcare cost trend rates
The following represents the total OPEB liability of the City, as well as what the City's total liability would be if it were calculated using healthcare cost trend rates that 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.

	1/% Decrease	Healthcare Trend	1/% Increase
Total OPEB Liability	$ 1,625,700,000	$ 1,784,500,000	$ 1,970,600,000
Plan Fiduciary Net Position	-	-	-
Net OPEB Liability	$ 1,625,700,000	$ 1,784,500,000	$ 1,970,600,000
Plan Fiduciary Net Position as a Percentage of the Total OPEB Liability	0.0%	0.0%	0.0%

A 1% decrease in the healthcare trends decreases the TOL and NOL by approximately 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, 2023, the City recognized OPEB expense of $105,700,000. The table below shows the development of OPEB expense.

Calculation of OPEB Expense

Fiscal Year Ending		**June 30, 2023**
Measurement Year Ending		**June 30, 2022**
Change in Net OPEB Liability	$	(371,600,000)
Change in Deferred Outflows		23,600,000
Change in Deferred Inflows		335,400,000
Non Employer Contributions		-
Employer Contributions		118,300,000
OPEB Expense	**$**	**105,700,000**
OPEB Expense as % of Payroll		**5.50%**
Operating Expenses		
Service cost	$	118,100,000
Employee contributions		-
Administrative expenses		-
Total	$	118,100,000
Financing Expenses		
Interest cost	$	47,900,000
Expected return on assets		-
Total	$	47,900,000
Changes		
Benefit changes	$	-
Recognition of assumption changes		(60,500,000)
Recognition of liability gains and losses		200,000
Recognition of investment gains and losses		-
Total	$	(60,300,000)
OPEB Expense	**$**	**105,700,000**

At June 30, 2023, the City reported deferred outflows of resources and deferred inflow of resources related to OPEB from the following sources:

Schedule of Deferred Inflows and Outflows of Resources as of
June 30, 2023 Projected Fiscal Year End
June 30, 2022 Measurement Date

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	$ 37,400,000	$ 56,900,000
Changes in assumptions	86,600,000	390,800,000
Net differences between projected and actual earnings on OPEB plan investments	-	-
Contributions subsequent to measurement date	101,100,000	-
Total	**$ 225,100,000**	**$ 447,700,000**

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

Year Ended in June 30:	
2024	(60,200,000)
2025	(45,200,000)
2026	(45,200,000)
2027	(45,300,000)
2028	(35,100,000)
Thereafter	$ (92,700,000)

The subsequent contributions after the measurement date are reflected as a deferred outflow, but this is not subject to a deferred recognition period in the OPEB expense. Instead, this will be fully recognized in the OPEB expense for the Fiscal Year ending June 30, 2024.

The Plan is not currently being pre-funded, so, there is no actuarially determined contribution shown below. The actuarially determined contribution is a target or recommended contribution to the OPEB plan for the reporting period, determined in conformity with Actuarial Standards of Practice based on the most recent measurement available when the contributions for the reporting period was adopted. If the Plan decides to pre-fund the liabilities, we will provide an appropriate actuarially determined contribution.

B. COMPONENT UNITS

1) School District of Philadelphia OPEB

The **SDP** recognized and recorded (1) the actuarially determined total OPEB liability for unfunded plans and (2) the net OPEB liability or, for multi-employer cost sharing plans, the entity's share of the net OPEB liability in the entity's financial statements. Currently, the District has two OPEB benefits (1) Life Insurance Benefits and (2) PSERS OPEB. The following schedule presents the aggregate of OPEB liabilities, deferred outflows and inflows of resources, and the current year OPEB expense for the District during Fiscal Year 2023:

	Governmental Activities	Business-type Activities	Total
OPEB Liabilities	$ (161,224,988)	$ (2,273,415)	$ (163,498,403)
Deferred Outflows of Resources	37,394,398	579,671	37,974,069
Deferred Inflows of Resources	(38,349,668)	(593,758)	(38,943,426)
Current Year Expenses	(1,753,946)	(30,054)	(1,784,000)

<u>Life Insurance Benefits:</u>

Plan Description:
The **SDP** provides up to $2,000 of life insurance coverage for retired and disabled employees. A retired employee is eligible for this benefit if covered for 10 years as an active employee and retired at age 60 with 30 years of

service or age 62 with 10 years of service or 35 years of service regardless of age. Effective November 1, 2013, active employees who become disabled (total and permanent) prior to satisfying the retirement eligibility conditions for postretirement life insurance benefits are no longer eligible for postretirement benefits provided by the District. Employees who were granted disability retirement from PSERS and were approved by the insurance company providing the coverage prior to November 1, 2013 continue to be eligible for postretirement life insurance benefits. An unaudited copy of the single-employer life insurance benefit plan can be obtained by writing to the School District of Philadelphia, 440 North Broad Street, Philadelphia, PA 19130; Attention: Employee Benefits Management.

Funding Policy:
The **SDP** is not required by law or contractual agreement to provide funding for the life insurance benefits other than the pay-as-you-go amount necessary to provide current benefits to retirees and eligible disabled employees. Since the District is not prefunding these benefits, no actuarially determined contribution is determined.

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

The numbers of eligible participants enrolled to receive such benefits as of June 30, 2022, the effective date of the biennial OPEB valuation, follows.

	Number of Employees
Active	15,176
Retirees	10,429
Total	25,605

Total OPEB Life Insurance liability:

On June 30, 2023, the District reported a liability of $16.8 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, 2023 reporting date (which is the plan's and/or employer's fiscal year ending date), the "Valuation Date is June 30, 2022." This is the date as of which the actuarial valuation is performed. The Measurement Date is June 30, 2022. This is the date as of which the total OPEB Life Insurance liability was determined.

The District's actuary determined the total OPEB Life Insurance liability for the fiscal year ending June 30, 2022 by an actuarial valuation as of the valuation date, calculated based on the discount rate and actuarial assumptions below and then was projected forward to the measurement date, if applicable. Covered payroll equals the annualized base pay for active members as of the valuation date.

Actuarial Methods and Assumptions:

Discount Rate: 2.16% per annum as of June 30, 2021 and 3.54% as of June 30, 2022 (Bond Buyer General Obligation 20 year-Tax Exempt Municipal Bond Index, selected by the District).

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

Mortality: A 50/50 blend of the headcount-weighted Pub-2010 Mortality Tables for teachers (PubT.H-2010) and general employees (PubG.H-2010), projected on a generational basis with Scale MP-2020, with employee rates before retirement and healthy retiree rates after retirement. As a generational table, it reflects mortality improvements both before and after the measurement date. This blend of standard tables published by the Society of Actuaries (SOA) was selected based on the population covered.

Termination: Withdrawal rates vary by age and years of service. Illustrative rates are shown below:

If less than 5 Years of Service		If 5 or more Years of Service	
Years of Service	Rate	Age	Rate
<1	24.49%	25	24.75%
1-2	25.23%	30	18.01%
2-3	16.54%	35	10.98%
3-4	14.07%	40	7.91%
4-5	10.88%	45	6.71%
		50	4.03%
		55	3.81%
		60	6.40%

Retirement: Retirement rates are the rates utilized in the June 30, 2021 Actuarial Valuation for the Pennsylvania Public School Employees' Retirement System and vary by age, service, and gender. Members are eligible for early retirement at age 55 (age 57 for Class T-G members) with 25 years of service. Class T-C and T-D members are eligible for superannuation retirement at the earlier of (1) age 62 with 3 years of service, (2) age 60 with 30 years of service, or (3) any age with 35 years of service. Class T-E and T-F members are eligible for superannuation retirement at the earlier of (1) age 65 with 3 years of service or (2) any combination of age and service that totals 92 with at least 35 years of service. Class T-G members are eligible for superannuation retirement at the earlier of (1) age 67 with 3 years of service or (2) any combination of age and service that totals 97 with at least 35 years of service. Class T-H members are eligible for superannuation retirement at the earlier of age 67 with 3 years of service. For purposes of this valuation, Class DC members were assumed to have the same retirement eligibility as Class T-H members. Sample rates are shown below.

Sample Early Retirement Rates

	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 District.

Life Insurance Coverage while Employed: Only active employees who have life insurance coverage as of the valuation date are included in this valuation. This valuation assumes they will continue to have life insurance coverage until retirement or disability and be eligible for the postretirement life insurance coverage upon retirement or disability. Any current active employee without life insurance coverage is assumed not to elect to have life insurance coverage prior to retirement or disability.

Benefits Not Valued: The accelerated death benefit was not valued as the estimated liability impact was de minimis as only disabled retirees prior to age 65 can elect this benefit.

Special Data Adjustments: PSERS membership class was determined based on the provided date of hire with the District. Service was determined as the elapsed time from the provided date of hire with the District until the date of determination.

Actuarial Cost Method:

The Entry Age Normal cost method was used for determining service costs and the actuarial accrued liability. Costs are determined as a level percent of pay.

Changes since Prior Valuation:

The discount rate has been changed from 2.16% as of June 30, 2021, to 3.54% as of June 30, 2022.

Total OPEB Life Insurance Liability

Most Recent Measurement Date	Total OPEB Liability	Covered Payroll	Total OPEB Liability as a % of Covered Payroll
6/30/2022	$ 16,824,403	$ 945,795,239	1.78%

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

Changes in the Total OPEB Life Insurance Liability:

		Increase/(Decrease) Total OPEB Life Insurance Liability
Beginning of Year Balance	$	20,164,273
Changes for the year (2022-2023):		
Service Cost		130,073
Interest on total OPEB Life insurance Liability		432,545
Effect of economic/demographic gains or losses		(129,739)
Effect of Assumption changes or inputs		(3,231,571)
Benefit Payments		(541,178)
End of Year Balance	$	16,824,403

Sensitivity of the District's Total OPEB Life Insurance Liability to changes in the discount rate:

The following presents the total liability, calculated using the discount rate of 3.54%, as well as what the total OPEB liability would be if it were calculated using a discount rate that is 1-percentage point lower (2.54%) or 1-percentage point higher (4.54%) than the current rate:

2021-22 Measurement Period
(Dollars in Thousands)

	1% Decrease 2.54%	Discount Rate 3.54%	1% Increase 4.54%
District's Total OPEB Life Insurance Liability	$ 19,081.3	$ 16,824.4	$ 14,999.3

At June 30, 2023, the District reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

(Dollars in Thousands)

	Deferred Outflows of Resources	Deferred Inflows of Resources
Contributions subsequent to the measurement date	$ 547.2	$ -
Differences between expected and actual experience	-	(234.1)
Effect of assumptions changes or inputs	1,361.0	(2,585.2)
	$ 1,908.2	$ (2,819.3)

$547.2 thousand reported as deferred outflows of resources related to OPEB resulting from District contributions subsequent to the measurement date will be recognized as a reduction of net OPEB liability in the next fiscal period. Other amounts of ($1,458.3) thousand reported as deferred outflows of resources and deferred inflows of resources related to OPEB Life Insurance will be recognized in OPEB expense per the schedule below.

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

- For the year ended June 30, 2023, the District recognized net OPEB expense of $573.9 thousand which was all under the Governmental Activity section of the Government-wide Statements.

- The other $1,458.3 thousand reported as net deferred outflows was under the Governmental Activities column of the Government-wide statements. Amounts currently reported as deferred outflows and inflows of resources related to other postemployment benefits will be recognized in OPEB expense as follows:

(Dollars in Thousands)

Year Ended June 30	Deferred Outflows of Resources	Deferred Inflows of Resources	Net Deferred Outflows of Resources
2023	$ 0.8	$ (1.6)	$ (0.8)
2024	128.4	(265.9)	(137.5)
2025	604.5	(1,252.2)	(647.7)
2026	627.3	(1,299.6)	(672.3)
Total	$ 1,361.0	$ (2,819.3)	$ (1,458.3)

PSERS Other Postemployment Benefits
Other OPEB Liabilities, OPEB Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to OPEB.

- At June 30, 2023, the District reported a liability of $146.7 million for its proportionate share of the net OPEB liability of which $144.4 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, 2022 and the total OPEB liability used to calculate the net OPEB liability was determined by rolling forward the Public-School Employees' Retirement System (System's) total pension liability as of June 30, 2021 to June 30, 2022. The District's proportion of the net pension liability was calculated using the employer's one-year covered payroll as it relates to the total one-year reported covered payroll. At June 30, 2023, the District's proportion was 7.9681 percent, which was an increase of 0.0274 percent from its proportion measured as of June 30, 2022.

- For the year ended June 30, 2023, the District recognized net OPEB expense of ($1,810.7) thousand of which ($1,780.6) thousand was under the Governmental Activity section of the Government-wide Statements while the remaining amount of ($30.1) thousand was under the Business-type Activity section of the Government-wide Statements.

- At June 30, 2023, the District reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

	(Dollars in Thousands) Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	$ 1,351.0	$ (786.0)
Change in assumption	16,285.0	(34,641.0)
Net difference between projected and actual investment earnings	398.0	-
Change in proportions	8,722.0	(643.0)
Difference between employer contributions and proportionate share of total contributions	38.0	(54.1)
Contributions subsequent to the measurement date	9,271.8	-
	$ 36,065.8	$ (36,124.1)

$9,271.8 thousand reported as deferred outflows of resources related to OPEB resulting from District contributions subsequent to the measurement date will be recognized as a reduction of net OPEB liability in the next fiscal period. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to OPEB will be recognized in OPEB expense as follows:

(Dollars in Thousands)

Year Ended June 30	Deferred Outflows of Resources	Deferred Inflows of Resources	Net Deferred Inflows of Resources
2023	$ 1,431.1	$ (1,930.2)	$ (499.1)
2024	691.6	(934.6)	(243.0)
2025	6,657.1	(8,976.7)	(2,319.6)
2026	7,873.5	(10,611.1)	(2,737.6)
2027	10,140.7	(13,671.5)	(3,530.8)
Total	$ 26,794.0	$ (36,124.1)	$ (9,330.1)

Of the ($9,330.1) thousands reported as net deferred inflows, ($9,308.6) thousand was under the Governmental-Activities column of the Government-wide statements and ($21.5) thousand was under the Business-type Activities column.

Actuarial assumptions: The total OPEB liability as of June 30, 2022 was determined by rolling forward the System's total OPEB liability as of June 30, 2021 to June 30, 2022 using the following actuarial assumptions, applied to all periods included in the measurement:

- Valuation Date – June 30, 2021
- Actuarial cost method – Entry Age Normal – level % of pay.
- Investment return from 4.09% - 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, 2021 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, 2020 determined the employer contribution rate for fiscal year 2022.
- 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%	0.5%
	100.00%	

Discount rate & Changes in Actuarial Assumptions:

The discount rate used to measure the Total OPEB Liability was 4.09%. 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.

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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 4.09% which represents the S&P 20-year Municipal Bond Rate at June 30, 2022, 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, 2022, 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 2022, 93,293 retirees were receiving the maximum amount allowed of $1,200 per year and 582 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, 2022, calculated using current Healthcare cost trends as well as what the System net OPEB liability would be if its health cost trends were 1-percentage point lower or 1-percentage point higher than the current rate:

		(Dollars in Thousands)	
	1% Decrease	Current Trend Rate	1% Increase
System net OPEB liability	146,660	146,674	146,686

Sensitivity of the District's proportionate share of net OPEB liability to changes in the discount rate:

The following presents the net liability, calculated using the discount rate of 4.09%, as well as what the net OPEB liability would be if it were calculated using a discount rate that is 1-percentage point lower (3.09%) or 1-percentage point higher (5.09%) than the current rate:

		(Dollars in Thousands)	
	1% Decrease 3.09%	Current Discount Rate 4.09%	1% Increase 5.09%
District's proportionate share of the net OPEB liability	165,871	146,674	130,611

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 2.18% as of June 30, 2021 to 4.09% as of June 30, 2022.
- 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 medical plans is offered through Independence Blue Cross including Personal Choice, Blue Cross Blue Shield with Major Medical, or Keystone HMO's. Employees who retire after December 1, 2001 are provided the Keystone 5 Plan at PGW's expense and they can buy up to a more expensive plan. Employees who retire on or after September 1, 2007 are provided the Keystone 10 Plan at PGW's expense, and they can buy up to a more expensive plan. Union employees who retired between January1, 2023 and August 31, 2023 are provided the Keystone10 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.

Reinsurance provides specific stop-loss coverage of $0.3 million on pre-65 Medical and Prescription Drug claims.

Eligible pre-65 retirees who relocate outside of the Keystone coverage area may elect to participate in the PGW Retiree Health Reimbursement Arrangement (HRA). Under the HRA, the Keystone base plan premium-equivalent will be credited to a participant's HRA account and will be available to reimburse the participant for eligible medical insurance premiums. Medicare eligible retirees are provided a fully insured Medicare Supplement Plan through Independence Blue Cross.

Opt-out benefits of $1,500 per year for single coverage and $3,000 per year for married coverage are available to eligible retirees. This benefit is not available to a married couple who both retired from PGW and who are eligible for Medicare benefits. Retirees can maintain prescription drug and dental coverage even if they opt out of medical coverage.

Prescription Drug Benefits: Employees who retired on or after April 15, 1976 and prior to December 1, 2001, are offered a Prescription Drug Plan that has been established specifically for retirees and is separate from the plan that is offered to active employees. The retiree Prescription plan consists of a $2 copay for generic drugs, a $2 copay for brand name drugs when no generic drugs are available, and a $15 copay for brand name drugs when generic drugs are available. There are no deductibles and no lifetime maximums. Employees who retired prior to April 15, 1976 or on or after December 1, 2001 but before September 1, 2007 have a $5 copay for generics and a $10 copay for brand drugs. Employees who retire on or after September 1, 2007 have a $5 copay for generics and a $15 copay for brand drugs.

Effective, January 1, 2012, PGW moved Medicare eligible retirees into an Employee Group Waiver Plan arrangement. Covered drugs and copays remain the same. Prescription drug benefits are self-funded for all retirees.

Dental Benefits: For employees who retired after April 15, 1978, a basic dental plan is offered at no cost to the retiree. For employees who retired after June 1, 1984, an enhanced dental plan is offered. For eligible retirees who enroll in the enhanced dental plan, the retiree must pay the difference between the basic and enhanced plans. The dental plans were fully insured through August 31, 2016. Effective September 1, 2016, the dental benefits are self-funded.

Death Benefits: Nonunion employees are offered voluntary life insurance equal to two times their salary at retirement. At age 65, the life insurance benefit decreases by 5.0% per year for 15 years until the benefit equals 25.0% of the original life insurance benefit at age 65. PGW pays the cost of the first $75,000 of coverage. Retirees in this category pay $0.35 per $1,000 per month for coverage in excess of $75,000.

Union employees are offered voluntary life insurance equal to one times their salary at retirement. At retirement, the life insurance benefit decreases by 10.0% per year for 5 years until the benefit equals 50.0% of the original life insurance benefit at retirement. Retirees in this category pay $0.35 per $1,000 of coverage per month, PGW pays the balance.

Upon the death of an active employee prior to satisfying the requirements for Preretirement Spouse's Death Benefits, surviving spouses and dependents are entitled to receive 2 years of health coverage paid by PGW. Upon the death of an active employee on or after satisfying the requirements for Preretirement Spouse's Death Benefits, surviving spouses and dependents are entitled to receive health coverage for life (or for 5 years if hired on or after May 21, 2011 if Union or hired on or after December 21, 2011 if Nonunion) paid by PGW. 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, 2022, the date of the latest actuarial valuation, the OPEB Plan's combined membership consisted of the following:

	Number
Retirees	1,480
Beneficiaries	369
Active employees – Union	1,021
Active employees – Management	494
Total number of participants	3,364

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, 2022, PGW contributed $25.7 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, 2023 was measured as of December 31, 2022, and the total OPEB liability used to calculate the net OPEB liability was determined by an actuarial valuation as of December 31, 2022. The valuation and measurement date were December 31, 2022.

Actuarial valuations involve estimates of the value of reported amounts and assumptions about the probability of events far into the future and are subject to continual revision as actual amounts are compared to past expectations and new estimates are made about the future. The actuarial methods and assumptions used include techniques that are designed to reduce the effects of short-term volatility in actuarial accrued liabilities and the actuarial value of assets, consistent with the long-term perspective of the calculations.

The total OPEB liability was determined using the entry age, level percent of pay actuarial method and the following actuarial assumptions used to value the postemployment medical liabilities can be categorized into the following three groups:

- *Benefit assumptions*: the initial per capita cost rates for medical coverage, and the face amount of employer-paid life insurance.
- *Demographic assumptions*: including the probabilities of retiring, dying, terminating (without a benefit), becoming disabled, recovery from disability, election (participation rates) and coverage levels. The demographic assumptions were based on a review of plan experience during the period December 31, 2021 to December 31, 2022.
- *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):

Age		Medical	Medical Prescription drug	Dental
50	$	6,876	2,328	180
55		8,760	2,976	180
60		10,992	3,732	180
64		13,260	4,500	180
65		2,700	4,956	180
70		2,592	4,764	180
75		2,772	5,088	180

Life insurance: The claims cost for life insurance is based on the actuarial present value of projected life insurance claims.

Morbidity: The below healthcare cost for prescription drug coverage and pre-65 medical coverage reflects the following changes due to increased or decreased usage as a result of aging:

Ages	Blended Medical/Rx
50–54	5.03 %
55–59	4.84
60–64	4.68
65–69	(1.01)
70–74	1.09
75–79	1.70
80–84	1.87
85+	—

Demographic assumptions:

Mortality rates: Mortality rates for FY2023 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.

- Disabled Retirement Mortality – Pri-2012 Total Disabled 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	57 increase
0	8.86 %	11	5.84 %
1	8.59	12	5.57
2	8.31	13	5.29
3	8.04	14	5.02
4	7.77	15	4.74
5	7.49	16	4.54
6	7.22	17	4.33
7	6.94	18	4.12
8	6.67	19	3.91
9	6.39	20 or more	3.71
10	6.12		

Retirement rates: Retirement rates applicable once an employee is eligible for retirement benefits vary by age and service with rates as follows:

Age	Service < 30	Service > 30	Age	Service < 30	Service > 30
50	— %	15.00 %	61	10.00 %	15.00 %
51	—	15.00	62	10.00	40.00
52	—	15.00	63	10.00	25.00
53	—	15.00	64	10.00	25.00
54	—	15.00	65	20.00	25.00
55	5.00	15.00	66	20.00	40.00
56	5.00	15.00	67	20.00	40.00
57	10.00	15.00	68	20.00	40.00
58	10.00	15.00	69	20.00	40.00
59	10.00	15.00	70+	100.00	100.00
60	10.00	15.00			

Withdrawal rates: Turnover rates applicable before an employee is eligible for retirement benefits vary by age and service with illustrative rates as follows:

Age	Service < 1 year	1 year of service	2 years of service	3 years of service	4 years of service	Service > 4 years
18–37	25.00 %	15.00 %	12.00 %	10.00 %	7.00 %	3.00 %
38	23.00	15.00	12.00	9.00	6.60	2.80
39	21.00	15.00	12.00	8.00	6.20	2.60
40	19.00	15.00	12.00	7.00	5.80	2.40
41	17.00	15.00	12.00	6.00	5.40	2.20
42	15.00	15.00	12.00	5.00	5.00	2.00
43	14.00	14.00	10.60	4.60	4.60	3.00
44	13.00	13.00	9.20	4.20	4.20	3.00
45	12.00	12.00	7.80	3.80	3.80	3.00
46	11.00	11.00	6.40	3.40	3.40	3.00
47	10.00	10.00	5.00	3.00	3.00	3.00
48	10.00	10.00	5.00	2.80	2.80	3.00
49	10.00	10.00	5.00	2.60	2.60	3.00
50	10.00	10.00	5.00	2.40	2.40	3.00
51	10.00	10.00	5.00	2.20	2.20	3.00
52+	10.00	10.00	5.00	2.00	2.00	3.00

Participation Rate: Participation assumes 100% of future retirees who meet the eligibility requirements will participate in the postemployment welfare 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 12-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, 2022 is summarized in the following table:

Asset class	Minimum	Maximum	Target	Expected annual return
Domestic equity large cap	27.5 %	37.5 %	32.5 %	8.1 %
Domestic equity small cap	10.0	15.0	12.5	8.4
Emerging market equity	5.0	10.0	7.5	10.4
International equity	15.0	20.0	17.5	10.0
Fixed income	10.0	45.0	30.0	5.0
Commodities/real assets	—	10.0	—	3.4
Cash equivalents	—	5.0	—	2.6
			100.0 %	

Inflation Rate: 2.5%

Healthcare cost trend:

Year	Medical (Pre-65)	Medical (Post-65)	Prescription drugs	Dental
2023	6.25 %	4.50 %	7.25 %	4.00 %
2024	5.75	4.50	6.75	4.00
2025–2029	5.25	4.50	6.50	4.00
2030–2039	5.00	4.00	6.25	4.00
2040–2049	4.75	4.00	5.75	4.00
2050–2069	4.50	4.00	5.25	4.00
2070+	4.00	4.00	4.50	4.00

Discount rate: The discount rate used for determining the total OPEB Liability is the long-term expected rate of return on plan investments of 7.0% as of December 31, 2022, which represents the long-term expected rate of return on Plan investments at the applicable measurement date.

Changes in Net OPEB Liability

(Thousands of U.S. dollars)

		Increase (decrease)		
		Total OPEB liability (a)	Plan fiduciary net position (b)	Net OPEB liability (a)-(b)
Balances at September 1, 2022	$	515,175	365,944	149,231
Changes for the year:				
Service cost		6,597	—	6,597
Interest		35,641	—	35,641
Differences between expected and actual experience		695	—	695
Assumption changes		(3,089)	—	(3,089)
Benefit payments		(25,677)	—	(25,677)
Contributions-employer		—	44,177	(44,177)
Project investment return on year		—	(63,740)	63,740
Benefit payments		—	(25,677)	25,677
Administrative expenses and bank fees		—	(68)	68
Net changes		14,167	(45,308)	59,475
Balances at August 31, 2023	$	529,342	320,636	208,706

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, 2022, as well as what the Net OPEB liability would be if it were calculated using a discount rate that is 1% lower or 1% higher than the current discount rate:

		1% Decrease 6.00%	Current discount rate 7.00%	1% Increase 8.00%
Net OPEB liability	$	280,881	208,706	149,770

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, 2022, 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	$	150,328	208,706	280,737

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, 2023, PGW recognized OPEB expense of $4.8 million. At August 31, 2023, 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, 2023	
		Deferred outflows of resources	Deferred inflows of resources
Differences between expected and actual experience	$	580	32,875
Changes of assumptions		23,481	7,497
Difference between projected and actual earnings on OPEB plan investments		45,824	—
Contributions made after measurement date		30,183	—
Total	$	100,068	40,372

The $30.2 million reported as deferred outflows of resources related to employer contributions made after the measurement date as of December 31, 2022, will be recognized as a reduction of the net OPEB liability in FY 2023. 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:		
2024	$	(6,002)
2025		7,931
2026		12,397
2027		16,077
2028		(851)
Thereafter		(39)

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, 2022, (thousands of U.S. Dollars):

		Level 1	Level 2	Level 3	Total
Domestic equity mutual funds	$	151,110	—	—	151,110
International equity mutual funds		74,856	—	—	74,856
Corporate bonds		—	431	—	431
U.S. treasuries		7,778	—	—	7,778
U.S. government agency		—	1,138	—	1,138
Bond mutual funds		67,204	—	—	67,204
Municipal bonds – mutual funds		17,980	—	—	17,980
	$	318,928	1,569	—	320,497

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 %	32.5 %
Domestic equity small cap	12.5	14.4
Emerging market international equity	7.5	5.8
Developed market international equity	17.5	17.4
Fixed income	30.0	29.3
Cash and cash equivalents	—	0.6

Rate of Return
For the year ended December 31, 2022, the annual money-weighted rate of return on investments, net of investment expense, was (16.97%). 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, 2022 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, 2022, the Trust held the following investments in excess of 5.0% of the fair value of the Trust's net position: DFA US Small Cap Fund, American Funds Europac Growth R6 Fund, Vanguard Total Stock Market Index Fund, Vanguard Total Bond Market Index Fund, Baird Core Bond 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. In Fiscal 2023 this transfer amounted to $674.3 million.

5. RELATED PARTY TRANSACTIONS

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

A. SOUTHEASTERN PENNSYLVANIA TRANSPORTATION AUTHORITY (SEPTA)

During the year the City provided an operating subsidy of $100.7 million to SEPTA.

B. OTHER ORGANIZATIONS

The City provides varying levels of subsidy and other support payments which totaled $135.1 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, 2023 the amount of these liabilities was $410.1 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, 2021 resulted from the following:

(Amounts in Millions of USD)

	Beginning Liability	Current Year Claims & Changes In Estimates	Claim Payments	Ending Liability
Fiscal 2021	$ 391.8	$ 321.2	$ (222.6)	$ 490.4
Fiscal 2022	490.4	194.1	(235.2)	449.3
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 $2.1 million for Unemployment Compensation claims and $95.3 million for Workers' Compensation claims.

The City's estimated outstanding workers' compensation liabilities are $301.6 million discounted at 3.5%. On an undiscounted basis, these liabilities total $393.7 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 $268.5 million (discounted) and $353.1 million (undiscounted).

During the last five (5) fiscal years, no claim settlements have exceeded the level of insurance coverage for operations using third party carriers. None of the City's insured losses have been settled with the purchase of annuity contracts.

B. COMPONENT UNITS

The School District is exposed to various risks related to torts, theft of, damage to, and destruction of assets, errors and omissions, injuries to employees, and natural disasters. As previously noted, the School District is self-insured for casualty losses, public liability, Workers' Compensation, Unemployment Compensation, Weekly Indemnity (salary continuation during employee illness), and employee medical benefits.

The School District maintains property (real and personal, valuable papers and records, fine arts, vehicles on premises and property under construction) insurance to cover losses with a deductible of $500,000. The perils of Windstorm, Flood & Earthquake are subject to a $1.0 million deductible and a limit of $500.0 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 $139.6 million in the district-wide Statement of Net Position. Self-Insured Medical Benefits and Workers' Compensation coverage is funded by a pro-rata charge to the various funds while both the School District and covered employees share the cost of Weekly Indemnity and Unemployment Compensation coverage.

Claims expenditures and liabilities are reported when it is probable that a loss has occurred and when the amount of the loss can be reasonably estimated. Losses include an estimate of claims that have been incurred but not reported, the effects of specific incremental claims adjustment expenditures, salvage and subrogation, and unallocated claims adjustment expenditures.

Additionally, **PGW** and **PPA** are self-insured for various risks. At June 30, 2023, the amount of these liabilities totaled $154.4 million, which includes $139.6 million for **SDP**, $6.8 million for **PGW**, and $8.0 million for **PPA**.

Changes in the balances of claims and liabilities during the past two (2) years are as follows:

(Amounts in Millions)

Fiscal Year	Beginning Liability	Current Year Claims and Changes In Estimates	Claim Payments	Ending Liability
2022	$ 146.8	$ 237.8	$ (230.4)	$ 154.2
2023	$ 154.2	$ 240.1	$ (239.9)	$ 154.4

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	$	383,391
Grants Revenue Fund		416,982
Community Behavioral Health Fund		97,222
Water Enterprise Fund		946,947
Aviation Enterprise Fund		300,346
Non-Major Governmental Funds		476,133
Total	$	2,621,021

B. COMPONENT UNITS

SDP

Capital Projects Fund Construction and Equipment Purchase Commitments:

The School District's outstanding contractual commitments at June 30, 2023 are summarized as follows:

New Buildings and Additions	$	26,815,948
Environmental Management		478,986
Alterations and Improvements		27,074,302
Major/Building Renovations		12,018,100
Technology and Operations Projects		9,392,854
Total	$	75,780,189

Operating Fund Services and Supplies Commitments:

Outstanding contractual commitments in the School District's operating funds at June 30, 2023 are as follows:

	General Fund	Intermediate Unit Fund
Services and Supplies	$15,305,216	$1,902,208

Categorical Fund Commitments:

Categorical Funds encumbrances totaled $195.9 million at June 30, 2023.

PGW

Commitments for major construction and maintenance contracts were approximately $70.9 million as of August 31, 2023.

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 $5.8 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 2024 Capital Budget was approved by City Council in the amount of $192.4 million. Within this approval, funding was provided to continue the implementation of an 18-mile CIMR Program. The cost for this program in FY 2024 is expected to be $31.5 million. The total six-year cost of the CIMR Program is forecasted to be $193.9 million. In addition to the 18-mile CIMR Program, the FY 2024 Capital Budget includes funding for an accelerated CIMR Program which PGW will include in its DSIC surcharge. This incremental program in FY 2024 is expected to cost $41.0 million. The total six-year cost of this incremental program is forecasted to be $246.0 million. The FY 2024 Capital Budget also includes $1.2 million for the purchase of smartpoint devices for the Automatic Meter

Infrastructure (AMI) units, which will replace the Automatic Meter Reading (AMR) devices. The total six-year cost of this program to replace AMR units is approximately $1.8 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 $386.0 million. Of this amount, $39.6 million is charged to the current operations of Enterprise Funds. The remaining $346.4 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 $102.6 million from the General Fund, $2.0 million from the Water Fund, and $4.4 million from the Aviation Fund. This represents the best estimate of the entire current inventory of such litigation and pre-suits as of February 16, 2024.

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

City of Philadelphia v. Sugarhouse HSP Gaming, L.P., et al., No. 230400812 (C.P. Phila. Co.)
The City filed suit against the owners of Rivers Casino, alleging that the casino had breached the parties' 2011 settlement agreement by failing to make certain payments totaling more than $11 million. In their Answer, Defendants raise several counterclaims, including (a) for restitution of certain past payments (totaling approximately $13.5 million) on the theory that the payment provisions are void as against public policy and (b) for breach of contract based on the City's enactment of the Actual Value Initiative in 2013 and the City's COVID-19 business restrictions. Defendants seek approximately $20 million in damages for the breach of contract. The City and Defendants have reached an agreement in principal and are in the process of negotiating the final settlement agreement which will result in a dismissal of this Action.

Henderson Condemnation
In early September 2016, a Petition for the Appointment of a Board of View pursuant to the Pennsylvania Eminent Domain Code 26 Pa. C. Section 502(c) was filed in Delaware County, Pennsylvania, against the City by numerous Henderson related entities and trusts (the "Hendersons"). The Petition alleged that the City effected a de facto taking of the Hendersons properties (the "Property"), which Property is proximate to the Philadelphia International Airport and located in Tinicum Township, Delaware County. The City desired to acquire the Property for Airport purposes and had numerous discussions with representatives for the Hendersons over time.

The City filed Preliminary Objections to the Petition and there was a hearing on the Petition and the Preliminary Objections scheduled for January 2018. Prior to the hearing, the City filed its own Declaration of Taking in September 2017 and made an offer of just compensation. The City and the Hendersons then settled the foregoing matters. The City obtained possession of the Property and paid the Hendersons estimated just compensation of $54.5 million. The Hendersons' de facto taking case was dismissed with prejudice.

The Board of View, which was appointed by the Court of Common Pleas in Delaware County (the "Trial Court"), issued its Report, which was filed on October 19, 2020, awarding damages to the Hendersons in the amount of $139,120,000 as "just compensation" for the taking of the Property. The amount of $54,500,000 referenced above is to be deducted from this amount. On November 12, 2020, the City filed an appeal to the damage award to the Trial Court raising objections, as a matter of law, to the Report. The Trial Court then asked the parties to brief the issue respecting the preliminary determination of whether the Report issued by the Board was legally erroneous.

On November 9, 2021, after multiple rounds of briefing, the Trial Court issued an order overruling the City's objections. The City filed a timely notice of appeal to the Commonwealth Court, and the Hendersons filed a Motion to Quash the appeal as interlocutory. The Commonwealth Court has 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. In December, the Commonwealth Court quashed the City's appeal. The City has petitioned the Supreme Court of Pennsylvania for allocatur and that petition remains pending. A payout of 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. There has been no communication on this matter for over six years (last communication was in July of 2018).

James Dennis v. City of Philadelphia
Mr. Dennis has filed suit in federal court alleging that he was wrongfully incarcerated for 25 years due to the withholding and fabrication of evidence by the Philadelphia Police Department. Mr. Dennis received a new trial after his conviction, but in 2016 pled no contest to murder rather than going to trial again. Mr. Dennis is represented by Paul Messing, an experienced civil rights attorney, and if the case goes forward and liability is established, the City could potentially face an $8 million verdict.

Garcia v. City of Philadelphia, No. 21-2884
Plaintiff alleges that he was wrongfully convicted and imprisoned for six years because Detective Nordo, who allegedly groomed him for sexual encounters, fabricated evidence against him. Mr. Garcia was a key witness in the criminal prosecution of Mr. Nordo, who was recently found guilty by a local jury. The City has calculated Garcia's time of incarceration based on the homicide prosecution at 14 months. Plaintiff is currently incarcerated as a result of an aggravated assault conviction. Given Plaintiff has not agreed to this calculation, the circumstances surrounding his arrest and prosecution, and damages are difficult to calculate at this stage of the case, damages could exceed $8 million.

Simmons v. City of Philadelphia, No. 19-1648
Plaintiff alleges that he was wrongfully convicted and imprisoned for almost ten years because Detectives Norma Serrano and Philip Nordo fabricated evidence against him. Mr. Nordo has been convicted, and the case is now reopening. Given damages are difficult to calculate at this stage of the case, length of time Plaintiff was incarcerated, and the circumstances surrounding his arrest and prosecution, damages could exceed $8 million.

Frazier v. City of Philadelphia, No. 19-1692
Plaintiff alleges that he was wrongfully convicted and imprisoned for seven years due to former police detective Philip Nordo's misconduct. The case was in suspense because criminal charges were pending against Mr. Nordo. Mr. Nordo has now been convicted, and the case is now reopening. Frazier has been subsequently convicted for a second shooting incident following his release for the overturned homicide conviction. Given damages are difficult to calculate at this stage of the case, length of time Plaintiff was incarcerated, and the circumstances surrounding his arrest and prosecution, damages could exceed $8 million.

Bennett v. City of Philadelphia, No. 19-2988
Mr. Bennett was convicted of murder and spent 12.5 years in prison before his conviction was vacated and, upon being re-tried by the Philadelphia District Attorney's Office, was acquitted. Represented by Ross Feller Casey, he has filed suit in federal court, naming individual detectives and the City of Philadelphia as defendants. The case is in discovery. Given the length of time Mr. Bennett spent in custody, damages, while difficult to calculate at this stage, could exceed $8 million.

Oniyah v. City of Philadelphia, No. 22-1556
Mr. Oniyah was convicted of murder and spent nearly ten years in prison before his conviction was vacated and nolle prosequi. He alleges that Detective James Pitts coerced his confession to that murder, and his allegations form the basis of criminal charges that issued against Detective Pitts in late February 2022. The case will likely be stayed pending the criminal proceedings. Given the length of time Mr. Oniyah spent in custody, damages, while difficult to calculate at this early stage, could exceed $8 million.

Hicks v. City of Philadelphia (22-977)
Termaine Hicks was convicted of rape and spent 18 years in prison before his conviction was vacated. A complaint was filed in mid-March 2022. Though the case is in its early stages, given the length of time Mr. Hicks spent in custody, damages, while difficult to calculate at this early stage, could exceed $8 million.

Swainson v. City of Philadelphia (22-2163)
Andrew Swainson was convicted of murder and spent 32 years in prison before his conviction was vacated. A complaint was filed recently, in June 2022. Given the length of time Mr. Swainson spent in custody, damages, while difficult to calculate at this early stage, could exceed $8 million.

Martinez v. City of Philadelphia 22-3437
Antonio Martinez (a.k.a. Pedro Alicia) was convicted of murder and spent 31 years in prison before his conviction was vacated. Plaintiff has filed suit in federal court and is represented by experienced civil rights attorneys. Given the length of time Mr. Martinez spent in custody, damages, while difficult to calculate at this early stage, could exceed $8 million.

Crosland v. City of Philadelphia 22-2416
Curtis Crosland was convicted of murder and spent 32 years in prison before his conviction was vacated. Plaintiff has filed suit in federal court and is represented by experienced civil rights attorneys. Given the length of time Mr. Crosland spent in custody, damages, while difficult to calculate at this early stage, could exceed $8 million.

India Spellman v. City, No. 23-2163
India Spellman was convicted of murder and spent roughly 13 years in prison before her conviction was vacated. A complaint was filed recently, in September of 2023 where Plaintiff claims Detectives fabricated evidence against her. Given the length of time Ms. Spellman spent in custody, damages, while difficult to calculate at this early stage, could exceed $8 million.

John In v. Officer Roger Birch: No. 24-0021
John In was convicted of a home-invasion burglary and robbery and spent roughly 15 years in prison before his conviction was vacated. A complaint was filed recently, in November of 2023 where Plaintiff claims that evidence was fabricated against him. Given the length of time Mr. In spent in custody, damages, while difficult to calculate at this early stage, could exceed $8 million.

Satterfield v. Thomas, No. 24-0484
Mr. Satterfield was convicted of murder and spent 38 years in prison. He alleges Detectives deliberately withheld evidence and the District Attorney's Office used unconstitutional jury selection practices. He filed suit in February 2024. While difficult to assess the merits of this claim or calculate damages at this early stage, given the length of time Mr. Satterfield spent in custody, damages could exceed $8 million.

Coulston v. City of Philadelphia, et al., No. 23-4077
Troy Coulston was convicted of murder and served just over 30 years in prison before his conviction was vacated. Plaintiff has filed suit in federal court and is represented by experienced civil rights attorneys. Given the length of time Mr. Coulston spent in custody, damages, while difficult to calculate at this early stage, could exceed $8 million.

Bowman v. City of Philadelphia, et al., No. 24-637
Kevin Bowman was convicted of murder and served approximately 34 years in prison before his conviction was vacated. Plaintiff filed suit in state court, and the Defendants removed to federal court. Given the length of time Mr. Bowman spent in custody, damages, while difficult to calculate at this early stage, could exceed $8 million.

Johnson v. City of Philadelphia, et al., No. 24-36
William Johnson was convicted of murder and served approximately 15 years in prison before his conviction was vacated. Plaintiff has filed suit in federal court and is represented by experienced civil rights attorneys. Given the length of time Mr. Johnson spent in custody, damages, while difficult to calculate at this early stage, could exceed $8 million.

Zilka Wage Tax Refund Exposure

In a 2015 decision by the Supreme Court of the United States (Comptroller of the Treasury of Maryland v. Wynne, 575 U.S. 542 (2015)), a state's failure to provide certain credits against its personal income tax was held to have violated the dormant Commerce Clause of the United States Constitution. Such personal income tax was applied to income earned outside of the state of residency, and residents were not given a credit for income taxes paid to the state where such income was earned, resulting, in the circumstances presented, in taxing income earned interstate at a rate higher than income earned intrastate. The City provides a credit to resident taxpayers against their respective Wage, Earnings, and Net Profits Tax liabilities for similar taxes paid to another locality but does not provide a credit for similar taxes paid to another state. Taxpayers have challenged the City's refusal to grant a credit for taxes paid to other states. The City's position was upheld by the Tax Review Board, the Court of Common Pleas, the Commonwealth Court, and the Pennsylvania Supreme Court, which decided the case 3-2 in our favor in November 2023. We anticipate that the taxpayer will soon file a petition for a writ of certiorari with the United States Supreme Court. The City estimates the cost of current appeals to be approximately $10 million.

2) Guaranteed Debt

During Fiscal Year 2014, the City implemented GASB Statement No. 70, *Accounting and Financial Reporting for Nonexchange Financial Guarantees*. The objective of this statement is to improve the recognition, measurement, and disclosure guidance for state and local governments that have extended or received financial guarantees that are nonexchange transactions. The implementation of GASB Statement No. 70 had no significant effect on the City's financial statements. The City has guaranteed certain debt payments of one component unit (PPA). Under a contract with PPA authorized by City Council Ordinance, the City agreed to annually pay such amounts as necessary to restore any deficiency in the debt service reserve fund for PPA's Parking System Revenue Bonds Series 1999A. During fiscal year 2020, the 1999A indenture (i.e., the parking lot at 8th & Chestnut Streets) did operate at a deficit. The City was not required to cover the debt service this fiscal year due to contingent payments from a third party. As of March 31, 2021, the City of Philadelphia has provided approximately $13.4 million in funds in its role as guarantor of these bonds. The 1999A Indenture provides for the Authority to repay the City for any funds paid by the City as a result of its guarantee. In the event of a sale of the parking lot, any funds received in excess of the bond principal and accrued interest will be used to repay the City. The current portion is $985,000 as of March 31, 2023. The 1999A bonds, which mature in fiscal year 2029, had an outstanding principal balance of $6.67 million at March 31, 2023.

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, 2023, which accounted for $897.33 million for all open programs as of November 30, 2023. Of this amount, $727.51 million represents unresolved costs due to the inability to obtain audit reports from sub-recipients for the year ended June 30, 2023. $165.5 million represents unresolved costs due to the inability to obtain audit reports from sub-recipients for the years ended June 30, 2022 and prior, and $4.3 million represents questioned costs related to specific compliance requirements which have yet to be resolved.

In addition to the Single Audit contingencies noted above, Uniform Guidance §200.512 requires that the audit must be completed, and the data collection form and reporting package must be submitted within, the earlier of 30 calendar days after receipt of the auditor's report(s), or nine months after the end of the audit period. The City has regularly failed to meet this filing requirement. As a result of the City's continued failure to meet this filing requirement, there is a chance that future funding could be affected.

4) HUD Section 108 Loans

As detailed in Note III. 6., collateral for repayment of the City's HUD Section 108 loans includes future Community Development Block Grant entitlements due to the City from HUD.

5) Act 148 Children and Youth and Other Major Programs

In previous fiscal years the Act 148 and all of the Children and Youth Programs reimbursed by the Commonwealth of Pennsylvania, was accounted for in the General Fund. Starting in fiscal year 2012, the reimbursable portion of this program was accounted for in the Grants Revenue Fund, and the non-reimbursable portion continues to be accounted for in the General Fund. At June 30, 2022, the Grants Revenue Fund had $101.7 million receivable for the Children and Youth Programs. In FY 2023, the Grants Revenue Fund had expenditures totaling $539.9 million and revenue totaling $478.4 million. At June 30, 2023, the Grants Revenue Fund had $181.5 million receivable for the Children and Youth Programs. Due to the nature of the programs' billing polices, the city has 24 months after the current fiscal year-end date to submit a final reimbursement request. If receivables for program costs submitted for reimbursement are subsequently deemed ineligible, such non-reimbursable costs will be charged to the General Fund.

B. COMPONENT UNITS

1) Claims and Litigation

SDP

The following information represents the opinion and disclosures of the General Counsel of the School District concerning litigation and contingencies:

Special Education and Civil Rights Claims
There are estimated seven hundred one (701) 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 seven hundred one (701) 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 seven hundred one (701) 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 $22.3 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 pending commercial lawsuits against the School District which are deemed reasonably possible in the aggregate amount of $2.0 million. In addition, there are compromised settlements or unfavorable outcomes deemed reasonably possible in the amount of $1.7 million in connection with disputed contracts and labor and employment matters. Likewise, compromised settlements or unfavorable verdicts are deemed reasonably possible in the aggregate amounts of $7.7 million, respectively, arising from personal injury and property damage claims and lawsuits.

Administrative Appeals in Pennsylvania Department of Education - Federal Funds Deduction Administrative Actions
Currently, there are two sets of administrative actions pending before the Pennsylvania Department of Education (PDE) or on appeal to the Commonwealth Court. Between these two sets of actions, originally 15 brick and mortar and cyber charter schools claimed that PDE impermissibly permits the School District (and all school districts) to deduct amounts constituting expenditures of federal funds, prekindergarten expenses, and certain portions of the Ready to Learn grant funds from total expenditures when calculating per-pupil rates and those deductions are not expressly permitted under the Charter School Law. Some of the administrative matters had originated in actions brought by the charter schools against the School District and PDE in the Commonwealth Court. The Commonwealth Court in Antonia Pantoja Charter School, et al. v. Pa. Dept. of Educ., et al., 289 M.D. 2017, related to the 2015-16 school year, ordered the matter to proceed at PDE, and the charter schools moved their claims for the 2016-17 (Antonia Pantoja Charter School, et al. v. Pa. Dept. of Educ., et al., 167 M.D. 2019) and 2017-18 (Antonia Pantoja Charter School, et al. v. Pa. Dept. of Educ., et al, 431 M.D. 2019) school years to PDE.

For the charter schools involved in Set 1, there were 12 docketed matters before PDE related to the 2015-2016 school year, there were 12 docketed matters before PDE related to the 2015-2016 school year, and 13 docketed matters related to the 2016-2017 school year. After a 7-day hearing and briefing, in November 2022, the Secretary issued a decision in favor of the School District in Set 1 regarding the rates used for the 2015-2016 and 2016-2017 school years, a significant win for the School District and all districts in Pennsylvania. Five of the eight charter schools in Set 1 appealed the Secretary's decision to Commonwealth Court ("Commonwealth Court Appeals"), although two of the five charter schools have since withdrawn their appeals as a result of a Release and Settlement Agreement with the School District, as discussed below, which did not result in the School District paying any funds related to the claims being litigated in the Commonwealth Court Appeal. The Commonwealth Court Appeals filed by the remaining three charter schools have been consolidated and remain pending with the charter schools' briefs filed on October 25, 2023, and the School District's brief yet to be submitted.

PDE has stayed the remaining administrative actions in Set 2 ("PDE Appeals") while the Commonwealth Court Appeals move forward. The amounts at issue are: (i) in excess of $10.7 million for the 2015-16 school year; (ii) in excess of $8.5 million for the 2016-17 school year; and in excess of $6.4 million for the 2017-18 school year.

As mentioned above, a few of these charter schools have also, more recently, unsuccessfully sought withholdings for subsequent school years on the same basis, and those matters would also be included within the pending PDE Appeals. Although it is impossible to determine with any degree of certainty, the likelihood of an unfavorable outcome on the federal funds deduction issue in the amounts detailed above is reasonably possible.

The School District entered into a global settlement agreement with two of the charter schools which recently withdrew from the Commonwealth Court Appeals and the PDE Appeals discussed above, and with their management company on or about September 21, 2023. In addition, the School District also entered into a global settlement agreement with a cyber charter school which is involved with the Commonwealth Court Appeals and PDE Appeals discussed above. This cyber charter school has not yet withdrawn from the cases but is expected to once the settlement agreement has been fully executed.

PGW

PGW's material legal proceedings are as described below. PGW believes that it has valid defenses to these legal proceedings and intends to defend them vigorously. PGW records reserves for estimated losses from contingencies when information available indicates that a loss is probable and the amount of the loss, or range of loss, can be reasonably estimated. Management has assessed the following matters based on current information and made a judgment concerning their potential outcomes, considering the nature of the claim, the amount and nature of damages sought, and the probability of success. PGW is unable to predict the outcome of these legal proceedings or reasonably estimate the scope or amount of any associated costs and potential liabilities.

Philadelphia Gas Works, Petitioner v. Pennsylvania Public Utility Commission and SBG Management Services, et. al., Respondents, Pennsylvania Commonwealth Court Docket Nos. 1291 CD 2018, 1405 CD 2018 and 1404 CD 2018. These are an appeal by PGW dated October 19, 2018 from the Orders of the PUC issued (a) December 8, 2016, and the related Opinions and Orders denying reconsideration that were issued on May 18, 2018 and on August 23, 2018; (b) September 20, 2018; and (c) October 4, 2018.

Eight complaints were filed by landlords and by SBG Management Services, Inc. (collectively, SBG), the property management company that manages the day-to-day operations of certain residential properties owned by the landlords. The complaints which challenged amounts owned by SBG to PGW that, inter alia, were subject to late payment charges by PGW were divided into three groups by the Commission. The Commission's Regulations and PGW's Commission approved tariff authorizes PGW to charge interest (in the form of a late payment charge) at the rate of 1.5% per month on the overdue balance of a utility bill. In addition, if a customer does not pay for natural gas services provided by PGW, a municipal lien (which is created by operation of the Pennsylvania Municipal Claim and Tax Lien Law, 53 P.S. §§ 7101, et. seq. (MCTLL)) may be docketed with the appropriate local court. The Commission held that it lacks jurisdiction over unpaid amounts for natural gas service provided by PGW when a municipal lien is docketed under the MCTLL. Based upon that conclusion, the Commission determined that once a lien is docketed, PGW may not apply rules set forth in its Commission approved tariff to the arrearage amount giving rise to the lien and may not show that arrearage amount on its monthly bills to nonpaying customers. The PUC assessed civil penalties in the total amount of approximately $0.1 million against PGW, ordered PGW to refund sums totaling approximately $1.0 million to the complainants, correct its practices in the assessment of late payment charges on unpaid balances, and modify the payment application sequence associated with partial payments. This would require PGW to make changes to PGW's billing system.

In response to the PUC's determination, PGW filed timely appeals with the Pennsylvania Commonwealth Court from the PUC's decision in each group of complaints. Oral argument took place on November 12, 2019.

On December 9, 2019, the Pennsylvania Commonwealth Court reversed the orders of the PUC related to amounts owed by SBG Management Services, Inc. to PGW that, inter alia, were subject to late payment charges by PGW. The Commonwealth Court found that (i) the PUC committed an error of law in holding that it lacked jurisdiction over gas charges subject to docketed liens, (ii) the PUC committed an error of law in holding that PGW could not continue to impose late fees of 1.5% per month on delinquent accounts once the City dockets a lien, and (iii) the PUC erred in imposing penalties, ordering refunds of previously imposed late fees, and directing billing changes relating to charges subject to docketed liens.

On January 8, 2020, SBG petitioned the Pennsylvania Supreme Court ("PA Supreme Court") to reverse the decision of the Commonwealth Court. On June 23, 2020, the PA Supreme Court granted SBG's petition for appeal. On December 1, 2020, the parties presented oral arguments before the PA Supreme Court. On April 29, 2021, the PA Supreme Court reversed the order of the Commonwealth Court, and held that liens filed of record under Section 7106(b) of the Municipal Claims and Tax Lien Law (53 P.S. § 7106(b)) have the effect of judgments, and accordingly accrue interest at the "lawful rate" of post-judgment interest of 6% per annum. (See 42 Pa.C.S. §8101; 41 P.S. § 202).

On May 13, 2021, PGW filed an "Application for Reargument" with the PA Supreme Court. In its Application, PGW requested that the PA Supreme Court grant reargument on a number of grounds, including due to PGW's assertion that the determination of the interest rate on liens was not properly the subject of the appeal before the PA Supreme Court.

On June 15, 2021, Philadelphia Gas Works' Application for Reargument was granted in part by the PA Supreme Court. The case was remanded to the Commonwealth Court for consideration of any outstanding issues. (PGW's Application for Relief (including the request for reargument) was denied in all other respects.) On August 3, 2021, the Commonwealth Court issued an order establishing a Supplemental Briefing Schedule for the matter on remand, and also fixed the questions on remand. The parties' briefs were filed in September/October of 2021. Oral argument took place on February 7, 2022 before the Commonwealth Court, and on March 16, 2022 the Commonwealth Court held that PGW II applies retroactively only to the parties of PGW II as well as other proceeding pending at the time PGW II was decided on April 28, 2021. The Commonwealth Court remanded the proceeding to the Commission for a determination of the correct amounts.

Upon remand to the Commission, PGW filed a motion to dismiss the issue related to the amounts due on docketed liens. PGW argued that the amount due on docketed liens (which are judgments according to PGW II) are outside of the Commission's jurisdiction. In response, SBG argued that it is proper for the Commission to determine how much SBG was overcharged. The motion was argued before the Administrative Law Judge (the "ALJ") on November 8, 2022. An evidentiary hearing was scheduled for January 19, 2023.

SBG Management Services, Inc. Et Al. v. City of Philadelphia c/o Philadelphia Gas Works. In a separate, but related matter to the SBG matter described above, various and several new SBG entities filed a Praecipe for Writ of Summons against "the City of Philadelphia c/o PGW" in the Philadelphia Court of Common Pleas on April 29, 2021 and docketed a complaint on August 24, 2021. The complaint sets forth a cause of action for "recoupment" (Count I), a claim for unjust enrichment (Count II), a cause of action for fraud (Count III), and a claim for violation of the UTPCPL (Count IV). Under SBG's view of the decision of the Pennsylvania Supreme Court (PGW v. PUC, 249 A.3d 963 (Pa. 2021)) in the above-described litigation, SBG is entitled to damages based on the amounts paid by them to satisfy the judgments (docketed municipal liens) against them for unpaid gas service. In their complaint, Plaintiffs allege they have incurred hundreds of millions of dollars in damages from PGW's billing practices since at least 2004 and are seeking a refund of late payment charges paid to PGW in excess of $10.2 million, as well as other substantial (including punitive and treble) damages, interest, costs, fees and penalties based upon allegations of unjust enrichment, fraud, and unfair trade practices arising from PGW's late payment charges. PGW filed its response to the complaint in September 2021, wherein it raised objections and defenses to all the causes of action raised in the complaint. On January 20, 2022, the Court issued an order in response to PGW's Preliminary Objections, dismissing two of SBG's claim with prejudice (fraud and unfair trade practices), and dismissing a third claim (breach of contract) without prejudice, and leave to SBG to amend its complaint. SBG has subsequently filed multiple amended complaints including a Third Amended Complaint ("TAC"). The TAC asserts claim of breach of contract (Count 1) and unjust enrichment (Count II). PGW responded by filing preliminary objections to the TAC. On August 10, 2022, the Court sustained one of PGW's preliminary objections and dismissed the nine other property owners. PGW's other preliminary objections were overruled. PGW filed an answer with new matter on August 30, 2022. SBG's reply was filed on September 23, 2022.

Pennsylvania Public Utility Commission, Bureau of Investigation and Enforcement v. Philadelphia Gas Works. Docket No. C-2019-3013933. On December 19, 2019, an explosion occurred on the 1400 Block of South Eighth Street in Philadelphia that resulted in two fatalities. The Commission's Bureau of Investigation and Enforcement ("BI&E) conducted an investigation, Part of the investigation is to gather physical evidence at the scene as described in 49 CFR 190.203

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On July 15, 2022, BI&E filed a formal complaint against PGW alleging violations of the Public Utility Code arising from the incident. The formal complaint seeks corrective actions and civil penalties of $1,311,882. PGW responded to the complaint on August 23, 2022, denying the allegations.

9. SUBSEQUENT EVENTS

In preparing the accompanying financial statements, the City has reviewed events that occurred subsequent to June 30, 2023 through February 24, 2024. The following events are described below:

A. PRIMARY GOVERNMENT

a. In August 2023, Philadelphia Energy Authority (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 Streetlight 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.

b. In September 2023, the City issued $564.8 million in Water and Wastewater Revenue Bonds Series 2023B. The total proceeds were $601.9 million (which includes a premium of $37.1 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 advanced refunding of Water and Wastewater Revenue Bonds Series 2019A and 2020B and pay the cost of issuance related to the bonds. Interest on the bonds range from 4.500% to 5.500% and is payable on March 1 and September 1 each year until maturity in 2053. The aggregate difference in debt service between the refunding debt and the refunded debt is $4.51 million resulting in a net economic gain of $3.25 million.

B. COMPONENT UNITS

1. **PGW** Subsequent Event:

a. Rate Case

On November 9, 2023, the PUC entered its Order and Opinion in the case, which approved an annual operating revenue increase of $26.2 million, or 3.15% over present rates. The Order and Opinion granted, in part, exceptions filed by the Office of Consumer Advocate (OCA), the Grays Ferry Cogeneration Partnership and Vicinity Energy Philadelphia, the Philadelphia Industrial and Commercial Gas Users Group (PICGUG), and PGW filed the new tariff November 28, 2023 with rate increase for service rendered on or after November 29, 2023. The Commission will review PGW's request to reconsider points from the Order. PGW is expecting a final Order at the December 21, 2023 public meeting.

b. WNA Order

PGW filed a Petition with the commission on August 2, 2022, to become effective October 1, 2022. On December 6, 2022, PGW voluntarily agreed to move the suspension deadline to October 5, 2023. In the Petition, PGW requested: (1) approval of tariff modifications on less than the statutorily established notice of sixty (60) days; and (2) to revise its Gas Services Tariff by adding a control cap to its WNA, to prevent customers from being billed a WNA charge or credit that is greater than 25% of total delivery charges excluding the WNA, on any given bill. In the Order dated September 21, 2023, the Administrative Law Judge (ALJ) found that the elimination of May from the WNA calculation is just and reasonable. This means that the new applicable period for the WNA to be applied will be October 1 through April 30. The ALJ affirmed that removing May from the WNA formula will help eliminate rate shock resulting from abnormal weather patterns, Additionally, the ALJ found that although the removal of May from the WNA calculation is an effective fix to the issues with the WNA in the short-term, a more in-depth review of the WNA mechanism, as it functions for PGW's customers, should be undertaken in the future. Accordingly, the ALJ recommended that the Commission direct PGW to address issues with the WNA when it files its next Base Rate Case after 2023.

c. Retirees

Effective, September 1, 2023, PGW provides its Medicare eligible retirees a Blue Medicare Advantage Secure Preferred (PPO) Medical plan. The new plan will replace PGW's Medicare supplemental insurance called Medigap Plan F. The change was estimated to save PGW almost $2.4 million over a two-year period.

2. **PHA** Subsequent Events:

Vehicle Lease - On April 7, 2017, PHA and Enterprise executed a contract whereby PHA will commence leasing vehicles from Enterprise for a term of 5 years. In fiscal 2024, PHA will lease replacement vehicles for vehicles that have reached a term of 5 years. Therefore, for 2024 (Phase VIII), PHA will be replacing 2019 vehicles (Phase III) with an estimated budget of $2.3 million.

3. **PPA** Subsequent Event:

   On August 16, 2023, the City of Philadelphia – Aviation Department extended the Authority's Provider agreement that continues Authority parking operations at the Philadelphia International Airport. The extension is valid through June 30, 2024.

4. **SDP** Subsequent Events

   a. *Tax Revenue Anticipation Notes (TRAN)*

   In October 2023, as part of the annual process to obtain short term financing (in anticipation of the receipt of taxes and revenues) through the issuance of tax and revenue anticipation notes (TRANS), the Board of Education, through a resolution, authorized the issuance and sale of TRAN which was issued as fixed rate notes in the aggregate principal amount of $399.0 million with a maturity date of June 28, 2024.

   On October 19, 2023, the Board of Education authorized the issuance and sale of TRAN Notes Series A of 2023-2024 in the amount of $399,040,000 through a negotiated sale. The purchase was issued as fixed rate notes at a rate of 5.000% per annum to yield 4.200% calculated on the basis of actual days elapsed in a 365/366-day year. Notes proceeds were received on the closing date of October 26, 2023. The Notes were issued for the purpose of financing the current operating expenses incurred during Fiscal Year 2023.

   b. *General Obligation Bonds Series A of 2023 and Series B of 2023*

   On October 19, 2023, the Board of Education, through a resolution, authorized the issuance of General Obligation Bonds (GOB) Series A and Series B in the amount of $342.7 million. On November 16, 2023 the District closed on Series A of 2023 issued in the aggregate amount of $292.9 million and Series B of 2023 issued as "Green Bonds" in the aggregate amount of $49.8 million. Both series of bonds will fund the Capital Improvement Program.

City of Philadelphia

PENNSYLVANIA

Required Supplementary Information

(Other than Management's Discussion and Analysis)

Budgetary Comparison Schedule
General Fund
For the Fiscal Year Ended June 30, 2023

Amounts in thousands of USD

	Budgeted Amounts			Final Budget to Actual
	Original	Final	Actual*	Positive (Negative)
Revenues				
Tax Revenue	4,015,653	4,166,315	4,154,299	(12,016)
Locally Generated Non-Tax Revenue	372,765	379,831	415,117	35,286
Revenue from Other Governments	913,380	986,821	1,096,581	109,760
Revenue from Other Funds	400,959	394,584	381,017	(13,567)
Total Revenues	5,702,757	5,927,551	6,047,014	119,463
Expenditures and Encumbrances				
Personal Services	2,057,006	2,074,397	1,976,579	97,818
Pension Contributions	842,532	929,580	929,580	-
Other Employee Benefits	760,978	673,496	695,383	(21,887)
Sub-Total Employee Compensation	3,660,516	3,677,473	3,601,542	75,931
Purchase of Services	1,236,034	1,278,633	1,207,275	71,358
Materials and Supplies	92,412	100,680	95,261	5,419
Equipment	51,117	86,060	72,483	13,577
Contributions, Indemnities and Taxes	408,158	470,733	480,792	(10,059)
Debt Service	193,710	193,710	190,496	3,214
Payments to Other Funds	114,532	270,532	270,532	-
Advances, Subsidies, Miscellaneous	86,000	28,012	-	28,012
Total Expenditures and Encumbrances	5,842,479	6,105,833	5,918,381	187,452
Operating Surplus (Deficit) for the Year	(139,722)	(178,282)	128,633	306,915
Fund Balance Available for Appropriation, July 1, 2022	492,417	779,145	779,144	(1)
Operations in Respect to Prior Fiscal Years				
Commitments Cancelled - Net	24,000	37,532	73,795	36,263
Funding for Future Obligations	(4,500)	(4,500)	-	4,500
Adjusted Fund Balance, July 1, 2022	511,917	812,177	852,939	40,762
Fund Balance Available for Appropriation, June 30, 2023	372,195	633,895	981,572	347,677

* Refer to the notes to required supplementary information.

City of Philadelphia
Required Supplementary Information
Budgetary Comparison Schedule
HealthChoices Behavioral Health Fund
For the Fiscal Year Ended June 30, 2023

Exhibit XV

Amounts in thousands of USD

	Budgeted Amounts			Final Budget to Actual Positive
	Original	Final	Actual*	(Negative)
Revenues				
Locally Generated Non-Tax Revenue	246	10,070	15,345	5,275
Revenue from Other Governments	1,338,932	1,329,108	1,280,955	(48,153)
Total Revenues	1,339,178	1,339,178	1,296,300	(42,878)
Other Sources				
Decrease in Unreimbursed Committments	-	-	(38,283)	(38,283)
Increase in Financed Reserves	-	-	(100,829)	(100,829)
Total Revenues and Other Sources	1,339,178	1,339,178	1,157,188	(181,990)
Expenditures and Encumbrances				
Personal Services	1,261	1,261	304	957
Purchase of Services	1,337,817	1,337,817	1,271,266	66,551
Payments to Other Funds	100	100	40	60
Total Expenditures and Encumbrances	1,339,178	1,339,178	1,271,610	67,568
Operating Surplus (Deficit) for the Year	-	-	(114,422)	(114,422)
Fund Balance Available for Appropriation, July 1, 2022	-	201,015	201,015	-
Operations in Respect to Prior Fiscal Years				
Commitments Cancelled - Net	-	(201,015)	39,497	240,512
Adjusted Fund Balance, July 1, 2022	-	-	240,512	240,512
Fund Balance Available for Appropriation, June 30, 2023	-	-	126,090	126,090

* 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, 2023

Amounts in thousands of USD

	Budgeted Amounts			Final Budget to Actual
	Original	Final	Actual*	Positive (Negative)
Revenues				
Locally Generated Non-Tax Revenue	93,942	101,323	70,866	(30,457)
Revenue from Other Governments	3,199,946	2,065,868	1,415,149	(650,719)
Total Revenues	3,293,888	2,167,191	1,486,015	(681,176)
Other Sources				
Decrease in Unreimbursed Committments	-	-	(18,424)	(18,424)
Increase in Financed Reserves	-	-	(16,362)	(16,362)
Total Revenues and Other Sources	3,293,888	2,167,191	1,451,229	(715,962)
Expenditures and Encumbrances				
Personal Services	247,269	255,447	160,029	95,418
Pension Contributions	20,405	56,585	47,752	8,833
Other Employee Benefits	81,115	51,718	32,478	19,240
Sub-Total Employee Compensation	348,789	363,750	240,259	123,491
Purchase of Services	1,456,220	1,455,913	992,230	463,683
Materials and Supplies	52,858	46,981	23,153	23,828
Equipment	40,108	45,555	5,792	39,763
Contributions, Indemnities and Taxes	1	1	955	(954)
Payments to Other Funds	395,912	395,899	371,071	24,828
Advances, Subsidies, Miscellaneous	1,000,000	672,312	-	672,312
Total Expenditures and Encumbrances	3,293,888	2,980,411	1,633,460	1,346,951
Operating Surplus (Deficit) for the Year	-	(813,220)	(182,231)	630,989
Fund Balance Available for Appropriation, July 1, 2022	-	(410,623)	(410,623)	-
Operations in Respect to Prior Fiscal Years				
Commitments Cancelled - Net	-	-	71,697	71,697
Revenue Adjustments - Net	-	-	(29,839)	(29,839)
Prior Period Adjustments	-	410,623	3,214	(407,409)
Adjusted Fund Balance, July 1, 2022	-	-	(365,551)	(365,551)
Fund Balance Available for Appropriation, June 30, 2023	-	(813,220)	(547,782)	265,438

* Refer to the notes to required supplementary information.

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

	FYE 2022	FYE 2021	FYE 2020	FYE 2019	FYE 2018	FYE 2017
Total OPEB Liability						
Service Cost (BOY)	118,100	110,900	93,900	82,400	81,800	89,300
Interest (includes interest on service cost)	47,900	47,500	69,200	71,900	67,900	56,100
Changes of benefit terms	-	-	-	-	-	-
Differences between expected and actual experience	(65,000)	-	18,100	-	56,800	-
Changes of assumptions	(354,300)	8,300	75,300	54,000	(147,800)	(105,600)
Benefit payments, including refunds of member contributions	(118,300)	(97,800)	(104,600)	(96,900)	(96,400)	(114,800)
Net change in total OPEB liability	**(371,600)**	**68,900**	**151,900**	**111,400**	**(37,700)**	**(75,000)**
Total OPEB liability - beginning	2,156,100	2,087,200	1,935,300	1,823,900	1,861,600	1,936,600
Total OPEB liability - ending	**1,784,500**	**2,156,100**	**2,087,200**	**1,935,300**	**1,823,900**	**1,861,600**
Plan fiduciary net position						
Contributions - employer	118,300	97,800	104,600	96,900	96,400	114,800
Contributions - non-employer	-	-	-	-	-	-
Contributions - member	-	-	-	-	-	-
Net investment income	-	-	-	-	-	-
Benefit payments, including refunds of member contributions	(118,300)	(97,800)	(104,600)	(96,900)	(96,400)	(114,800)
Administrative expense	-	-	-	-	-	-
Net change in plan fiduciary net position	-	-	-	-	-	-
Plan fiduciary net position - beginning	-	-	-	-	-	-
Plan fiduciary net position - ending	**-**	**-**	**-**	**-**	**-**	**-**
Net OPEB liability - ending	**1,784,500**	**2,156,100**	**2,087,200**	**1,935,300**	**1,823,900**	**1,861,600**
Plan fiduciary net position as a percentage of the total OPEB liability	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%
Covered-employee payroll	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	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 2023	FYE 2022	FYE 2021	FYE 2020	FYE 2019	FYE 2018	FYE 2017	FYE 2016	FYE 2015
Total Pension Liability									
Service Cost (MOY)	191,726	186,294	187,598	190,457	183,756	164,137	157,607	148,370	143,556
Interest (includes interest on service cost)	900,854	879,400	884,099	871,381	857,349	843,172	823,959	802,450	791,299
Changes of benefit terms	-	-	-	-	378	4,065	-	-	-
Differences between expected and actual experience	74,248	(200,733)	(2,417)	9,483	11,098	28,937	103,879	151,919	34,910
Changes of assumptions	59,179	220,153	57,076	-	53,489	106,022	51,441	85,148	48,146
Benefit payments, including refunds of member contributions	(949,736)	(929,291)	(891,445)	(862,198)	(842,469)	(828,266)	(821,495)	(889,343)	(881,465)
Net change in total pension liability	**276,271**	**155,823**	**234,911**	**209,123**	**263,601**	**318,067**	**315,391**	**298,544**	**136,446**
Total Pension liability - beginning	12,374,126	12,218,303	11,983,392	11,774,269	11,510,668	11,192,601	10,877,210	10,578,666	**10,442,220**
Total Pension liability - ending	**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**
Plan fiduciary net position									
Contributions - employer	1,164,974	859,786	788,483	768,720	797,806	781,984	706,237	660,247	577,195
Contributions - member	120,691	110,447	111,273	111,825	99,180	83,289	73,607	67,055	58,658
Net investment income	570,957	(479,763)	1,643,490	87,151	303,736	440,327	566,625	(145,682)	13,838
Benefit payments, including refunds of member contributions	(949,736)	(929,291)	(891,445)	(862,198)	(842,469)	(828,266)	(821,495)	(889,343)	(881,666)
Administrative expense	(8,938)	(8,933)	(9,709)	(10,991)	(11,155)	(10,123)	(8,874)	(8,554)	(10,478)
PAF Distributions	(29,693)	(37,395)	-	-	-	-	-	-	-
Net change in plan fiduciary net position	868,255	(485,149)	1,642,092	94,507	347,098	467,211	516,100	**(316,277)**	**(242,453)**
Plan fiduciary net position - beginning	6,939,834	7,424,983	5,782,891	5,688,384	5,341,286	4,874,075	4,357,975	4,674,252	**4,916,705**
Plan fiduciary net position - ending	**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**
Net pension liability - ending	**4,842,308**	**5,434,292**	**4,793,320**	**6,200,501**	**6,085,885**	**6,169,382**	**6,318,526**	**6,519,235**	**5,904,414**
Plan fiduciary net position as a percentage of the total pension liability	61.72%	56.08%	60.77%	48.26%	48.31%	46.40%	43.55%	40.07%	44.19%
Covered payroll	2,025,114	1,921,142	1,886,512	1,921,217	1,842,555	1,805,400	1,744,728	1,676,549	1,597,849
Net pension liability as a percentage of covered payroll	239.11%	282.87%	254.08%	322.74%	330.30%	341.72%	362.15%	388.85%	369.52%

Note: The schedules of changes in net Pension liability and related ratios are intended to show information for 10 years. Additional years will be displayed as they become available.

City of Philadelphia Schedule of Collective Contributions (Based on Minimum Municipal Obligations)
Last 10 Fiscal Years
Amounts in Thousands

	FYE2023	FYE 2022	FYE 2021	FYE 2020	FYE 2019	FYE 2018	FYE 2017	FYE 2016	FYE 2015	FYE 2014
Actuarially determined Contribution	664,067	678,192	673,884	675,751	668,281	661,257	629,620	594,975	556,030	523,368
Contributions in Relation to the Actuarially Determined Contribution	1,164,974	859,787	788,483	768,721	797,806	781,984	706,237	660,247	577,195	553,179
Contribution Deficiency/(Excess)	(500,907)	(181,595)	(114,599)	(92,970)	(129,525)	(120,727)	(76,617)	(65,272)	(21,165)	(29,811)
Covered Payroll	2,025,114	1,921,142	1,886,512	1,921,217	1,842,555	1,805,400	1,744,728	1,676,549	1,597,849	1,495,421
Contributions as a Percentage of Covered Payroll	57.53%	44.75%	41.80%	40.01%	43.30%	43.31%	40.48%	39.38%	36.12%	36.99%

City of Philadelphia Schedule of Collective Contributions (Based on Revenue Recognition Policy)
Last 10 Fiscal Years
Amounts in Thousands

	FY2023	FYE 2022	FYE 2021	FYE 2020	FYE 2019	FYE 2018	FYE 2017	FYE 2016	FYE 2015	FYE 2014
Actuarially determined Contribution	726,501	727,430	712,978	704,589	680,808	662,139	629,620	594,975	556,030	523,368
Contributions in Relation to the Actuarially Determined Contribution	1,164,974	859,787	788,483	768,721	797,806	781,984	706,237	660,247	577,195	553,179
Contribution Deficiency/(Excess)	(438,473)	(132,357)	(75,505)	(64,132)	(116,998)	(119,845)	(76,617)	(65,272)	(21,165)	(29,811)
Covered Payroll	2,025,114	1,921,142	1,886,512	1,921,217	1,842,555	1,805,400	1,744,728	1,676,549	1,597,849	1,495,421
Contributions as a Percentage of Covered Payroll	57.53%	44.75%	41.80%	40.01%	43.30%	43.31%	40.48%	39.38%	36.12%	36.99%

City of Philadelphia Schedule of Collective Contributions (Based on Funding Policy)
Last 10 Fiscal Years
Amounts in Thousands

	FY2023	FYE 2022	FYE 2021	FYE 2020	FYE 2019	FYE 2018	FYE 2017	FYE 2016	FYE 2015	FYE 2014
Actuarially determined Contribution	801,674	826,407	856,456	839,691	874,706	871,802	881,356	846,283	798,043	823,885
Contributions in Relation to the Actuarially Determined Contribution	1,164,974	859,787	788,483	768,721	797,806	781,984	706,237	660,247	577,195	553,179
Contribution Deficiency/(Excess)	(363,300)	(33,380)	67,973	70,970	76,900	89,818	175,119	186,036	220,847	270,706
Covered Payroll	2,025,114	1,921,142	1,886,512	1,921,217	1,842,555	1,805,400	1,744,728	1,676,549	1,597,849	1,495,421
Contributions as a Percentage of Covered Payroll	57.53%	44.75%	41.80%	40.01%	43.30%	43.31%	40.48%	39.38%	36.12%	36.99%

Notes to Schedule

Valuation Date	July 1, 2021
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	7.45%
Amortization growth rate	3.30%
Salary increases	Age based salary scale separated by employee classification
Mortality	RP-2014 Mortality Tables projected from base year of 2006 to 2021 using mortality improvement scale MP-2017

A complete description of the methods and assumptions used to determine contribution rates for the year ending June 30, 2023 can be found in the July 1, 2021 actuarial valuation report.

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

	FYE 2023	FYE 2022	FYE 2021	FYE 2020	FYE 2019	FYE 2018	FYE 2017	FYE 2016
Total Pension Liability								
Service Cost	8,713	7,152	7,178	6,400	6,554	6,103	5,823	5,400
Interest Cost	56,413	55,276	55,454	56,893	57,240	55,718	55,443	55,903
Changes in Benefit Terms		-	-	-	-	-	-	-
Differences between expected and actual experience	1,923	9,665	2,057	(3,034)	(12,089)	15,706	2,182	(8,841)
Changes in assumptions	-	1,481	22,923	(24,891)	(1,834)	(3,864)	(7,952)	26,748
Benefit Payments	(60,312)	(58,502)	(56,646)	(55,061)	(53,893)	(52,627)	(51,376)	(50,447)
Net Change in Total Pension Liability	**6,737**	**15,072**	**30,966**	**(19,693)**	**(4,022)**	**21,036**	**4,120**	**28,763**
Total Pension Liability (Beginning)	**826,830**	**811,758**	**780,792**	**800,485**	**804,507**	**783,471**	**779,351**	**750,588**
Total Pension Liability (Ending)	**833,567**	**826,830**	**811,758**	**780,792**	**800,485**	**804,507**	**783,471**	**779,351**
Plan Fiduciary Net Position								
Contributions-Employer	30,000	30,042	29,728	29,414	28,570	29,143	27,918	21,123
Contributions - Member	2,215	1,854	1,607	1,519	1,249	1,078	852	602
Net Investment Income	66,844	(80,988)	155,840	14,286	34,260	44,310	61,002	2,872
Benefit Payments	(60,312)	(58,502)	(56,646)	(55,061)	(53,893)	(52,627)	(51,376)	(50,446)
Administrative Expense	(361)	(200)	(217)	(168)	(192)	(184)	(129)	(1,611)
Other	-	-	-	-	-	-	-	-
Net Change in Fiduciary Net Position	**38,386**	**(107,794)**	**130,312**	**(10,010)**	**9,994**	**21,720**	**38,267**	**(27,460)**
Plan Fiduciary Net Position (Beginning)	**565,748**	**673,542**	**543,230**	**553,240**	**543,246**	**521,526**	**483,259**	**510,719**
Plan Fiduciary Net Position (Ending)	**604,134**	**565,748**	**673,542**	**543,230**	**553,240**	**543,246**	**521,526**	**483,259**
Net Pension Liability (Ending)	**229,433**	**261,082**	**138,216**	**237,562**	**247,245**	**261,261**	**261,945**	**296,092**
Total Pension Liability	833,567	826,830	811,758	780,792	800,485	804,507	783,471	779,351
Plan Fiduciary Net Position	604,134	565,748	673,542	543,230	553,240	543,246	521,526	483,259
Net Pension Liability (Ending)	**229,433**	**261,082**	**138,216**	**237,562**	**247,245**	**261,261**	**261,945**	**296,092**
Net Position as a percentage of Pension Liability	72.48%	68.42%	82.97%	69.57%	69.11%	67.53%	66.57%	62.01%
Covered Payroll	102,709	97,435	97,959	95,934	98,454	101,271	94,768	90,860
Net Pension Liability as a percentage of Payroll	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.

Note: The schedule of changes in net pension liability and related ratios are intended to show information for 10 years. Additional years will be displayed as they become available

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

	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	26,844	28,797	28,395	29,260	26,476
Contributions in Relation to the Actuarially Determined Contribution	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	102,709	97,435	97,959	95,934	98,454	101,271	94,768	90,860
Contributions as a percent of covered payroll	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, 2023
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%
Cost of Living	N/A
Mortality rates	Pri-2012 mortality table projected generationally from the central year using Scale MP-2021.
Discount Rate	7.00%

Amounts in thousands of USD

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	6,047,014	1,296,300	1,486,015
Transfers	(1,043,345)	-	-
Program Income	-	-	51,928
Adjustments applicable to Prior Years Activity	-	-	(6,913)
Change in Amount Held by Fiscal Agent	2,668	-	-
Change in BIRT Adjustment	56,994	-	-
Return of Loan	-	-	
Other	1,002	-	(22,925)
Statement of Revenues, Expenditures & Changes in Fund Balance	5,064,333	1,296,300	1,508,105
Expenditures and Encumbrances			
Budgetary Comparison Schedule	5,918,381	1,271,610	1,633,460
Transfers	(463,723)	-	(374,310)
Transfer to Budget Stabilization Fund	(65,128)	-	-
Debt Service Principal and Interest	25,249	-	-
Bond Issuance Costs	1,362	-	-
Expenditures applicable to Prior Years Budgets	350,792	1,400	33,771
Program Income	-	-	51,929
Lease Activity	1,144	-	-
Change in Amount Held by Fiscal Agent	97,430	-	-
Current Year Encumbrances	(191,285)	(2,615)	(90,259)
Statement of Revenues, Expenditures & Changes in Fund Balance	5,674,222	1,270,395	1,254,591

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.

RIVERVIEW RESIDENTS - Established to maintain a commissary and provide other benefits for the residents.

PHILADELPHIA PRISONS - Established to operate a workshop and to provide benefits for the prison inmates.

ARBITRATION APPEALS - Established to account for certain court fees and provide funds for the arbitration board.

DEPARTMENTAL - Established to account for various activities of the Free Library and Parks and Recreation.

MUNICIPAL AUTHORITY ADMINISTRATIVE - Established to account for all financial transactions of the Municipal Authority not accounted for in other funds.

PENNSYLVANIA INTERGOVERNMENTAL COOPERATION AUTHORITY ADMINISTRATIVE - Established to account for PICA revenues from taxes and deficit financing transactions.

NON-MAJOR GOVERNMENTAL FUNDS (Cont'd)

DEBT SERVICE FUNDS

Debt Service Funds are used to account for and report financial resources that are restricted, committed, or assigned to expenditure for principal and interest.

CITY - Established to account for the debt service activities of the City not reflected in proprietary funds operations.

MUNICIPAL AUTHORITY - Established to account for the debt service activities related to the equipment and facilities financed through the Philadelphia Municipal Authority.

PENNSYLVANIA INTERGOVERNMENTAL COOPERATION AUTHORITY DEBT SERVICE - Established to account for the debt service activities related to the deficit financing provided by PICA.

CAPITAL IMPROVEMENT FUNDS

Capital Improvement Funds are used to account for and report financial resources that are restricted, committed, or assigned to expenditure for capital outlays, including the acquisition or construction of capital facilities and other capital assets .

CITY - Established to account for capital additions and improvements to the City's facilities and infrastructure and financed through general obligation bond issues and grants from federal, state and local agencies.

MUNICIPAL AUTHORITY - Established to account for the acquisition of vehicles and the construction of major facilities for the city.

PERMANENT FUNDS

Permanent Funds are used to account for and report resources that are restricted to the extent that only earnings, and not principal, may be used for purposes that support the government's programs.

LIBRARIES & PARKS - Established to account for trust of the Free Library and Parks and Recreation.

City of Philadelphia
Combining Balance Sheet
Non-Major Governmental Funds
June 30, 2023

Schedule I

Amounts in thousands of USD

	Special Revenue														
	County Liquid Fuels Tax	Special Gasoline Tax	Hotel Room Rental Tax	Community Development	Car Rental Tax	Housing Trust	Acute Care Hospital Assessment	County Demolition	Riverview Residents	Philadelphia Prisons	Arbitration Appeals	Departmental	Municipal Authority Administrative	PICA Administrative	Total
Assets															
Cash on Deposit and on Hand												9,807	5,718	19,463	34,988
Equity in Treasurer's Account	15,577	59,509	10,233	-	7,773	88,353	43,795	296	30	6,339	221	11,024	-	-	243,150
Investments	-	-	-	-	-	-	-	-	-	-	-	1,233	-	-	1,233
Due from Other Funds	-	-	-	-	-	-	-	-	-	-	-	-	19,420	-	19,420
Taxes Receivable	-	-	9,878	-	771	-	21,083	-	-	-	-	-	-	15,625	47,357
Accounts Receivable	-	-	-	2,518	-	-	-	-	-	-	-	88	3,120	-	5,726
Lease Receivable	-	-	-	-	-	-	-	-	-	-	-	-	58,698	-	58,698
Due from Other Governmental Units	-	-	-	31,421	-	-	-	-	-	-	-	-	-	-	31,421
Allowance for Doubtful Accounts	-	-	(1,238)	-	(43)	-	(18,975)	-	-	-	-	-	-	-	(20,256)
Interest and Dividends Receivable	-	-	-	-	22	-	-	-	-	-	-	-		49	71
Other Assets	-	-	-	-	-	-	-	-	-	-	-	-	584	13	597
Total Assets	15,577	59,509	18,873	33,939	8,523	88,353	45,903	296	30	6,339	221	22,152	87,540	35,150	422,405
Liabilities															
Vouchers Payable	102	1,327	-	494	-	1,258	22,088	-	-	69	-	112	-	-	25,450
Accounts Payable	820	2,706	1,770	9,724	-	4,978	739	-	-	25	-	604	25,939	62	47,367
Salaries and Wages Payable	5	-	-	120	-	-	101	-	-	-	-	-	-	-	226
Payroll Taxes Payable	-	-	-	-	-	-	-	-	-	-	-	-	-	162	162
Due to Other Funds	-	-	-	24,208	-	-	-	-	-	-	-	-	-	15,625	39,833
Due to Component Units	-	-	-	-	-	150	-	-	-	-	-	-	-	-	150
Funds Held in Escrow	-	-	-	8	-	-	-	-	-	448	-	2,315	2,714	-	5,485
Unearned Revenue	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Total Liabilities	927	4,033	1,770	34,554	-	6,386	22,928	-	-	542	-	3,031	28,653	15,849	118,673
Deferred Inflows of Resources	-	-	131	27,682	5	-	2,108	-	-	-	-	-	76,914	-	106,840
Fund Balances															
Nonspendable	-	-	-	-	-	-	-	-	-	-	-	-	-	13	13
Restricted	14,650	55,476	16,972	-	8,518	81,967	20,867	296	-	-	221	13,366	-	19,288	231,621
Committed	-	-	-	-	-	-	-	-	30	5,797	-	5,755	-	-	11,582
Unassigned	-	-	-	(28,297)	-	-	-	-	-	-	-	-	(18,027)	-	(46,324)
Total Fund Balances	14,650	55,476	16,972	(28,297)	8,518	81,967	20,867	296	30	5,797	221	19,121	(18,027)	19,301	196,892
Total Liabilities, Deferred Inflows of Resources, and Fund Balances	15,577	59,509	18,873	33,939	8,523	88,353	45,903	296	30	6,339	221	22,152	87,540	35,150	422,405

City of Philadelphia **Schedule I**
Combining Balance Sheet
Non-Major Governmental Funds(Continued)
June 30, 2023

Amounts in thousands of USD

	Debt Service				Capital Improvement			Permanent	Total
	City	Municipal Authority	PICA	Total	City	Municipal Authority	Total	Libraries & Parks	Non-Major Governmental Funds
Assets									
Cash on Deposit and on Hand	-	-	-	-	-	-	-	392	35,380
Equity in Treasurer's Account	492	-	-	492	449,316	-	449,316	-	692,958
Investments	-	76	-	76	-	8	8	7,908	9,225
Due from Other Funds	-	-	-	-	-	-	-	-	19,420
Taxes Receivable	-	-	-	-	-	-	-	-	47,357
Accounts Receivable	-	-	-	-	-	-	-	-	5,726
Lease Receivable	-	-	-	-	-	-	-	-	58,698
Due from Other Governmental Units	-	-	-	-	100,088	-	100,088	-	131,509
Allowance for Doubtful Accounts	-	-	-	-		-	-	-	(20,256)
Interest and Dividends Receivable	2	-	-	2	-	-	-	-	73
Other Assets	-	-	-	-	-	-	-	-	597
Total Assets	494	76	-	570	549,404	8	549,412	8,300	980,687
Liabilities									
Vouchers Payable	-	-	-	-	15,348	-	15,348	-	40,798
Accounts Payable	-	-	-	-	49,077	-	49,077	75	96,519
Salaries and Wages Payable	-	-	-	-	2	-	2	-	228
Payroll Taxes Payable	-	-	-	-	-	-	-	-	162
Due to Other Funds	-	-	-	-	-	-	-	-	39,833
Due to Component Units	-	-	-	-	1,244	-	1,244	-	1,394
Funds Held in Escrow	-	-	-	-	42	-	42	-	5,527
Unearned Revenue	-	-	-	-	12,834	-	12,834	-	12,834
Total Liabilities	-	-	-	-	78,547	-	78,547	75	197,295
Deferred Inflows of Resources	-	-	-	-	93,354	-	93,354	-	200,194
Fund Balances									
Nonspendable	-	-	-	-	-	-	-	4,226	4,239
Restricted	494	76	-	570	377,503	8	377,511	3,830	613,532
Committed	-	-	-	-	-	-	-	169	11,751
Unassigned	-	-	-	-	-	-	-	-	(46,324)
Total Fund Balances	494	76	-	570	377,503	8	377,511	8,225	583,198
Total Liabilities, Deferred Inflows of Resources, and Fund Balances	494	76	-	570	549,404	8	549,412	8,300	980,687

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, 2023

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	Riverview Residents	Philadelphia Prisons	Arbitration Appeals	Departmental	Municipal Authority Administrative	PICA Administrative	Total
Revenues															
Tax Revenue	-	-	77,379	-	7,082	-	191,230	-	-	-	-	-	-	673,590	949,281
Locally Generated Non-Tax Revenue	520	654	298	1	178	15,020	-	923	-	2,131	223	5,583	74	1,252	26,857
Revenue from Other Governments	6,434	36,101	-	61,616	-	-	-	-	-	-	-	-	-	-	104,151
Other Revenues	-	-	-	-	-	-	-	-	-	-	-	38	2,360	-	2,398
Total Revenues	6,954	36,755	77,677	61,617	7,260	15,020	191,230	923	-	2,131	223	5,621	2,434	674,842	1,082,687
Expenditures															
Current Operating:															
Economic Development	-	-	69,748	-	-	-	-	-	-	-	-	-	-	-	69,748
Transportation:															
Streets & Highways	10,047	32,407	-	-	-	-	-	-	-	-	-	-	-	-	42,454
Judiciary and Law Enforcement:															
Prisons	-	-	-	-	-	-	-	-	-	1,154	-	-	-	-	1,154
Conservation of Health:															
Health Services	-	-	-	-	-	-	187,911	-	-	-	-	-	-	-	187,911
Housing and Neighborhood Development	-	-	-	70,473	-	42,514	-	-	-	-	-	-	-	-	112,987
Cultural and Recreational:															
Parks & Recreation	-	-	-	-	-	-	-	-	-	-	-	1,972	-	-	1,972
Libraries and Museums	-	-	-	-	-	-	-	-	-	-	-	159	-	-	159
Improvements to General Welfare:															
Inspections and Demolitions	-	-	-	-	-	-	-	627	-	-	-	-	-	-	627
Service to Property:															
Sanitation	-	3,159	-	-	-	-	-	-	-	-	-	-	-	-	3,159
General Management and Support		500		118	7,000	-	-	-	-	512	74	3,968	84,003	1,000	97,175
Capital Outlay	-	-	-	-	-	-	-	-	-	-	-	-	80,606	-	80,606
Debt Service:															
Principal	-	-	-	-	-	-	-	-	-	42	-	-	-	-	42
Interest	-	-	-	-	-	-	-	-	-	1	-	-	-	-	1
Bond Issuance Cost	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Total Expenditures	10,047	36,066	69,748	70,591	7,000	42,514	187,911	627	-	1,709	74	6,099	164,609	1,000	597,995
Excess (Deficiency) of Revenues Over (Under) Expenditures	(3,093)	689	7,929	(8,974)	260	(27,494)	3,319	296	-	422	149	(478)	(162,175)	673,842	484,692
Other Financing Sources (Uses)															
Issuance of Debt	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Issuance of Refunding Bonds	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Bond Issuance Premium	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Bond Issuance Discountor or payment	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Proceeds from Lease & Service Agreements	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Payment to Refunded Bonds Escrow Agent	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Leases (as lessee)	-	-	-	-	-	-	-	-	-	-	-	-	61,622	-	61,622
Transfers In	-	-	-	-	-	29,066	-	-	-	-	-	4,281	82,184	-	115,531
Transfers Out	-	-	-	-	-	-	(4,500)	-	-	-	-	-	-	(674,638)	(679,138)
Total Other Financing Sources (Uses)	-	-	-	-	-	29,066	(4,500)	-	-	-	-	4,281	143,806	(674,638)	(501,985)
Net Change in Fund Balances	(3,093)	689	7,929	(8,974)	260	1,572	(1,181)	296	-	422	149	3,803	(18,369)	(796)	(17,293)
Fund Balance - July 1, 2022	17,743	54,787	9,043	(19,323)	8,258	80,395	22,048	-	30	5,375	72	15,318	342	20,097	214,185
Adjustment	-	-	-	-	-	-	-	-	-	-	-	-			-
Fund Balance Adjusted - July 1, 2022	17,743	54,787	9,043	(19,323)	8,258	80,395	22,048	-	30	5,375	72	15,318	342	20,097	214,185
Fund Balance - June 30, 2023	14,650	55,476	16,972	(28,297)	8,518	81,967	20,867	296	30	5,797	221	19,121	(18,027)	19,301	196,892

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, 2023

Amounts in thousands of USD

	Debt Service				Capital Improvement			Permanent	Total
	City	Municipal Authority	PICA	Total	City	Municipal Authority	Total	Libraries & Parks	Non-Major Governmental Funds
Revenues									
Tax Revenue	-	-	-	-	-	-	-	-	949,281
Locally Generated Non-Tax Revenue	28	3	401	432	532	-	532	1,080	28,901
Revenue from Other Governments	-	-	-	-	70,404	-	70,404	-	174,555
Other Revenues	-	-	1	1	3,678	-	3,678	-	6,077
Total Revenues	28	3	402	433	74,614	-	74,614	1,080	1,158,814
Expenditures									
Current Operating:									
Economic Development	-	-	-	-	-	-	-	-	69,748
Transportation:									
Streets & Highways	-	-	-	-	-	-	-	-	42,454
Judiciary and Law Enforcement:									
Prisons	-	-	-	-	-	-	-	-	1,154
Conservation of Health:									
Health Services	-	-	-	-	-	-	-	-	187,911
Housing and Neighborhood Development	-	-	-	-	-	-	-	-	112,987
Cultural and Recreational:									
Parks & Recreation	-	-	-	-	-	-	-	83	2,055
Libraries and Museums	-	-	-	-	-	-	-	6	165
Improvements to General Welfare:									
Inspections and Demolitions	-	-	-	-	-	-	-	-	627
Service to Property:									
Sanitation	-	-	-	-	-	-	-	-	3,159
General Management and Support	-	-	7	7	-	-	-	-	97,182
Capital Outlay	-	-	-	-	219,882	-	219,882	-	300,488
Debt Service:									
Principal	108,470	5,635	10,870	124,975	-	-	-	-	125,017
Interest	81,342	6,402	544	88,288	-	-	-	-	88,289
Bond Issuance Cost	-			-	-	-	-	-	-
Total Expenditures	189,812	12,037	11,421	213,270	219,882	-	219,882	89	1,031,236
Excess (Deficiency) of Revenues Over (Under) Expenditures	(189,784)	(12,034)	(11,019)	(212,837)	(145,268)	-	(145,268)	991	127,578
Other Financing Sources (Uses)									
Issuance of Debt	-	-	-	-	-	-	-	-	-
Issuance of Refunding Bonds	-	-	-	-	-	-	-	-	-
Bond Issuance Premium	-	-	-	-	-	-	-	-	-
Bond Issuance Discountor or payment	-	-	-	-	-	-	-	-	-
Proceeds from Lease & Service Agreements	-	-	-	-	-	-	-	-	-
Payment to Refunded Bonds Escrow Agent	-			-			-	-	-
Leases (as lessee)	-	-	-	-	-	-	-	-	61,622
Transfers In	190,025	12,037	9,021	211,083	213,859	-	213,859	-	540,473
Transfers Out	-	-	(9,077)	(9,077)	-	-	-	(131)	(688,346)
Total Other Financing Sources (Uses)	190,025	12,037	(56)	202,006	213,859	-	213,859	(131)	(86,251)
Net Change in Fund Balances	241	3	(11,075)	(10,831)	68,591	-	68,591	860	41,327
Fund Balance - July 1, 2022	253	73	11,075	11,401	308,912	8	308,920	7,365	541,871
Adjustment	-	-	-	-	-	-	-	-	-
Fund Balance Adjusted - July 1, 2022	253	73	11,075	11,401	308,912	8	308,920	7,365	541,871
Fund Balance - June 30, 2023	494	76	-	570	377,503	8	377,511	8,225	583,198

City of Philadelphia

Schedule III

Combining Statement of Fiduciary Net Position
Pension Trust Funds
June 30, 2023

Amounts in thousands of USD

	Gas Works Retirement Reserve Fund	Municipal Pension Fund	Total
Assets			
Cash on Deposit and on Hand	23,847	-	23,847
Equity in Treasurer's Account	581,917	7,565,332	8,147,249
Securities Lending Collective Investment Pool	57,668	341,210	398,878
Accounts Receivable	-	3,611	3,611
Due from Brokers for Securities Sold	757	285,565	286,322
Interest and Dividends Receivable	2,002	-	2,002
Due from Other Governmental Units	-	4,943	4,943
Due from Other Funds	-	210,732	210,732
Total Assets	666,191	8,411,393	9,077,584
Liabilities			
Vouchers Payable	-	22	22
Accounts Payable	70	-	70
Salaries and Wages Payable	-	85	85
Due on Return of Securities Loaned	57,668	341,210	398,878
Due to Brokers for Securities Purchased	4,033	257,376	261,409
Accrued Expenses	-	4,403	4,403
Other Liabilities	287	208	495
Total Liabilities	62,058	603,304	665,362
Net Position Restricted for Pensions	604,133	7,808,089	8,412,222

City of Philadelphia

Schedule IV

Combining Statement of Changes in Fiduciary Net Position
Pension Trust Funds
For the Fiscal Year Ended June 30, 2023

Amounts in thousands of USD

	Gas Works Retirement Reserve Fund	Municipal Pension Fund	Total
Additions			
Contributions:			
Employer's Contributions	30,000	1,164,974	1,194,974
Employees' Contributions	2,215	120,691	122,906
Total Contributions	32,215	1,285,665	1,317,880
Investment Income:			
Interest and Dividends	16,003	195,593	211,596
Net Gain in Fair Value of Investments	52,332	387,872	440,204
(Less) Investments Expenses	(1,654)	(14,470)	(16,124)
Securities Lending Revenue	1,855	2,075	3,930
(Less) Securities Lending Expenses	(1,753)	(414)	(2,167)
Net Investment Gain	66,783	570,656	637,439
Miscellaneous Operating Revenues	60	301	361
Total Additions	99,058	1,856,622	1,955,680
Deductions			
Personal Services	-	4,151	4,151
Purchase of Services	-	1,709	1,709
Materials and Supplies	-	67	67
Employee Benefits	-	2,950	2,950
Pension Benefits	60,312	963,405	1,023,717
Refunds of Members' Contributions	-	16,025	16,025
Administrative Expenses Paid	361	-	361
Other Operating Expenses	-	60	60
Total Deductions	60,673	988,367	1,049,040
Change in Net Position	38,385	868,255	906,640
Net Position - July 1, 2022	565,748	6,939,834	7,505,582
Net Position - June 30, 2023	604,133	7,808,089	8,412,222

City of Philadelphia
Combining Statement of Fiduciary Net Position
Custodial Funds
June 30, 2023

Schedule V

	Police	Human Services	Prisons	Homeless Services	Records	Finance	District Attorney	Sheriff	1st Judicial District	Total
Assets										
Cash on Deposit and on Hand	12,171	61	1,629	15	441	304	1,646	32,059	76,199	124,525
Equity in Treasurer's Account	-	-	-	-	-	1,117	-	-	-	1,117
Investments	2,562	-	-	-	-	-	-	-	-	2,562
Due from Other Funds	-	-	-	-	-	699	-	-	-	699
Total Assets	14,733	61	1,629	15	441	2,120	1,646	32,059	76,199	128,903
Liabilities										
Vouchers Payable	-	-	-	-	-	51	-	-	-	51
Funds Held in Escrow	3	61	1,629	15	441	2,069	-	67	309	4,594
Total Liabilities	3	61	1,629	15	441	2,120	-	67	309	4,645
Net Position Restricted for Individuals, Organizations & Other Governments	14,730	-	-	-	-	-	1,646	31,992	75,890	124,258

City of Philadelphia
Combining Statement of Changes in Fiduciary Net Position
Custodial Funds
For the Fiscal Year Ended June 30, 2023

	Police	Human Services	Prisons	Homeless Services	Records	Finance	District Attorney	Sheriff	1st Judicial District	Total
Additions:										
Collection of Human Services fees, contributions, and holdings	137	841	-	2	-	-	-	-	-	980
Collection of Judicial charges, fees, and holdings	-	-	-	-	-	-	-	-	40,699	40,699
Collection of prisoner holdings	-	-	6,460	-	-	-	-	-	-	6,460
Collection of recording fees for other governments	-	-	-	-	5,037	-	-	-	-	5,037
Collection of Sheriff and Police forfeitures, seizures, and holdings	2,520	-	-	-	-	-	471	129,488	-	132,479
Collection of unclaimed monies	-	-	-	-	-	7,846	-	-	-	7,846
Total Additions	2,657	841	6,460	2	5,037	7,846	471	129,488	40,699	193,501
Deductions:										
Distribution of Human Service fees, contributions and holdings	137	841	-	2	-	-	-	-	-	980
Distribution of Judicial charges, fees, and holdings	-	-	-	-	-	-	-	-	42,521	42,521
Distribution of prisoner holdings	-	-	6,460	-	-	-	-	-	-	6,460
Distribution of recording fees for other governments	-	-	-	-	5,037	-	-	-	-	5,037
Distribution of Sheriff and Police forfeitures, seizures, and holdings	3,071	-	-	-	-	-	845	141,013	-	144,929
Distribution of unclaimed monies	-	-	-	-	-	7,846	-	-	-	7,846
Total Deduction	3,208	841	6,460	2	5,037	7,846	845	141,013	42,521	207,773
Change in net position	(551)	-	-	-	-	-	(374)	(11,525)	(1,822)	(14,272)
Net Position - July 1, 2022	15,281	-	-	-	-	-	2,020	43,517	77,712	138,530
Net Position - June 30, 2023	14,730	-	-	-	-	-	1,646	31,992	75,890	124,258

City of Philadelphia **Schedule VII**

City Related Schedule of Bonded Debt Outstanding

June 30, 2023

Amounts in USD

	Date of Issuance	Issued	Fiscal 2023 Outstanding	Maturities	Interest Rates	FY 2024 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	3,839,027	-
Series 2014A (Refunding)	2/6/2014	154,275,000	10,815,000	7/2023 to 7/2024	5.00	409,000	5,270,000
Series 2015A (Refunding)	7/8/2015	138,795,000	87,835,000	8/2023 to 8/2031	5.00	4,155,375	9,455,000
Series 2015B	9/30/2015	191,585,000	144,725,000	8/2023 to 8/2035	4.00 to 5.00	6,747,450	8,120,000
Series 2017 (Refunding)	2/2/2017	262,865,000	208,100,000	8/2023 to 8/2041	4.00 to 5.00	9,789,600	14,660,000
Series 2017A	8/2/2017	250,845,000	209,320,000	8/2023 to 8/2037	5.00	10,225,875	9,605,000
Series 2017A (Refunding)	8/2/2017	80,770,000	76,470,000	8/2023 to 8/2036	5.00	3,740,875	3,305,000
Series 2019A (Refunding)	5/14/2019	188,660,000	123,995,000	8/2023 to 8/2031	5.00	5,447,125	30,105,000
Series 2019B	8/8/2019	293,360,000	263,080,000	2/2024 to 2/2039	5.00	13,154,000	11,120,000
Series 2020A (Refunding)	1/16/2020	118,030,000	105,020,000	7/2023 to 7/2033	1.72 to 3.01	2,702,960	10,420,000
Series 2021A	8/11/2021	294,715,000	274,240,000	5/2024 to 5/2042	4.00 to 5.00	12,576,950	9,075,000
Series 2021B (Refunding)	8/11/2021	132,085,000	129,090,000	7/2023 to 7/2038	0.38 to 2.52	2,381,364	2,245,000
Total New Money Bonds		1,030,505,000	891,365,000			42,704,275	37,920,000
Total Refunding Bonds		1,175,480,000	841,325,000			32,465,326	75,460,000
Total General Obligation Bonds		2,205,985,000	1,732,690,000			75,169,601	113,380,000
Business Type Activities							
Revenue Bonds							
Water and Sewer Revenue Bonds:							
Series 2009B (Pennvest)	10/14/2009	31,216,779	13,251,400	7/2023 to 6/2033	2.107	266,591	1,311,381
Series 2009C (Pennvest)	10/14/2009	49,157,776	22,735,326	7/2023 to 6/2033	2.107	456,726	2,318,713
Series 2009D (Pennvest)	3/31/2010	75,744,096	34,972,923	7/2023 to 6/2033	2.107	700,737	3,756,884
Series 2010B (Pennvest)	6/17/2010	30,000,000	16,764,028	7/2023 to 6/2033	2.107	338,971	1,480,935
Series 2021A (Pennvest)	2/10/2021	24,700,701	24,700,701	2/2024 to 1/2044	1.000 to 1.727	243,458	1,758,468
Series 2021D (Pennvest)	10/21/2021	4,281,920	4,281,920	5/2024 to 4/2044	1.000 to 1.727	42,767	46,180
Series 2022D (Pennvest)	9/19/2022	13,839,667	13,839,667	10/2025 to 9/2045	1.000 to 1.727	137,227	-
Series 2022A (Pennvest)	4/14/2022	7,133,220	7,133,220	4/2025 to 3/2045	1.000 to 1.743	70,669	-
Series 2022B (Pennvest)	7/26/2022	15,750,708	15,750,708	2/2025 to 1/2045	1.000 to 1.743	156,370	-
Series 2022E (Pennvest)	10/12/2022	3,978,371	3,978,371	10/2025 to 9/2045	1.000 to 1.743	39,596	-
Series 2022F (Pennvest)	10/12/2022	808,307	808,307	10/2025 to 9/2045	1.000 to 1.743	7,987	-
Series 2014 (Refunding)	1/23/2014	93,170,000	35,285,000	7/2023 to 7/2027	3.00 to 5.00	1,543,200	8,200,000
Series 2015B (Refunding)	4/16/2015	141,740,000	96,970,000	7/2023 to 7/2033	4.00 to 5.00	4,571,600	-
Series 2016 (Refunding)	11/3/2016	192,680,000	161,865,000	10/2023 to 10/2035	3.00 to 5.00	7,068,063	20,805,000
Series 2017A	4/13/2017	279,865,000	239,865,000	10/2023 to 10/2052	5.00 to 5.25	12,116,125	-
Series 2017B (Refunding)	8/10/2017	174,110,000	155,495,000	11/2023 to 10/2034	5.00	7,577,375	7,895,000
Series 2018A	11/28/2018	276,935,000	241,935,000	10/2023 to 10/2053	5.00	12,096,750	-
Series 2019A (Refunding)	2/27/2019	68,335,000	67,280,000	10/2023 to 10/2040	2.83 to 4.29	2,637,408	2,320,000
Series 2019B	8/14/2019	250,660,000	250,660,000	11/2023 to 11/2054	5.00	12,293,125	9,595,000
Series 2020 (Refunding)	10/07/2020	127,740,000	127,740,000	10/2032 to 10/2040	5.00	6,387,000	-

City of Philadelphia
City Related Schedule of Bonded Debt Outstanding
June 30, 2023

Schedule VII

Amounts in USD

	Date of Issuance	Issued	Fiscal 2023 Outstanding	Maturities	Interest Rates	FY 2024 Debt Service Requirements Interest	FY 2024 Debt Service Requirements Principal
Series 2020A (Refunding)	8/06/2020	201,530,000	200,880,000	11/2023 to 10/2050	5.00	9,925,000	4,760,000
Series 2020B (Refunding)	8/06/2020	95,025,000	84,605,000	10/2023 to 10/2035	0.693 to 2.434	1,472,862	4,250,000
Series 2021B (Refunding)	6/30/2021	368,720,000	356,060,000	7/2023 to 07/2045	0.247 to 2.926	10,027,877	260,000
Series 2021C	10/07/2021	231,930,000	231,930,000	10/2023 to 10/2051	2.75 to 5.00	9,800,250	4,170,000
Series 2022C	8/16/2022	294,810,000	291,790,000	6/2024 to 6/2052	5 to 5.5	15,220,250	10,855,000
Total New Money Bonds		1,590,811,545	1,414,396,571			63,987,599	35,292,561
Total Refunding Bonds		1,463,050,000	1,286,180,000			51,210,384	48,490,000
Total Water Revenue Bonds		3,053,861,545	2,700,576,571			115,197,983	83,782,561
Aviation Revenue Bonds:							
Series 2005C (Refunding)	6/2/2005 [1]	189,500,000	31,200,000	6/2024 to 6/2025	variable	636,756	15,400,000
Series 2015A (Refunding)	9/3/2015	97,780,000	68,545,000	6/2024 to 6/2035	4.00 to 5.00	3,341,700	4,325,000
Series 2017	4/27/2017	125,000,000	112,930,000	7/2023 to 6/2025	1.513	1,671,045	2,710,000
Series 2017A (Refunding)	12/20/2017	138,630,000	118,625,000	7/2023 to 7/2047	3.00 to 5.00	5,382,794	4,980,000
Series 2017B (Refunding)	12/20/2017	553,900,000	496,795,000	7/2023 to 7/2047	5.00	24,427,125	16,505,000
Series 2020A (Refunding)	10/08/2020	187,140,000	187,140,000	7/2024 to 7/2040	4.00 to 5.00	8,415,950	-
Series 2020B (Refunding)	10/08/2020	43,140,000	43,130,000	7/2023 to 7/2050	3.00 to 5.00	1,609,575	5,000
Series 2020C (Refunding)	10/08/2020	158,935,000	132,465,000	7/2023 to 7/2050	4.00 to 5.00	5,917,400	13,390,000
Series 2021 (Refunding)	7/07/2021	122,405,000	122,405,000	7/2023 to 7/2031	5.00	6,120,250	-
Series 2021	7/07/2021	179,635,000	179,630,000	7/2023 to 7/2051	4.00 to 5.00	8,244,750	5,000
Total New Money Bonds		304,635,000	292,560,000			9,915,795	2,715,000
Total Refunding Bonds		1,491,430,000	1,200,305,000			55,851,550	54,605,000
Total Aviation Revenue Bonds		1,796,065,000	1,492,865,000			65,767,345	57,320,000
Total Revenue Bonds		4,849,926,545	4,193,441,571			180,965,328	141,102,561
Total All Bonds		7,055,911,545	5,926,131,571			256,134,928	254,482,561

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, 2023

Amounts in thousands of USD

	Budgeted Amounts			Final Budget to Actual
	Original	Final	Actual	Positive (Negative)
Revenues				
Locally Generated Non-Tax Revenue	778,676	778,681	775,864	(2,817)
Revenue from Other Governments	500	792	792	-
Revenue from Other Funds	64,722	82,890	40,220	(42,670)
Total Revenues	843,898	862,363	816,876	(45,487)
Expenditures and Encumbrances				
Personal Services	185,992	185,992	164,532	21,460
Pension Contributions	67,002	72,266	68,614	3,652
Other Employee Benefits	71,760	71,496	65,209	6,287
Sub-Total Employee Compensation	324,754	329,754	298,355	31,399
Purchase of Services	229,532	236,880	219,833	17,047
Materials and Supplies	62,089	68,634	66,258	2,376
Equipment	8,950	8,922	7,290	1,632
Contributions, Indemnities and Taxes	6,510	6,510	7,505	(995)
Debt Service	200,992	200,992	199,767	1,225
Payments to Other Funds	51,071	51,071	47,103	3,968
Total Expenditures and Encumbrances	883,898	902,763	846,111	56,652
Operating Surplus (Deficit) for the Year	(40,000)	(40,400)	(29,235)	11,165
Fund Balance Available for Appropriation, July 1, 2022	-	-	-	-
Operations in Respect to Prior Fiscal Years				
Commitments Cancelled - Net	40,000	40,400	29,235	(11,165)
Adjusted Fund Balance, July 1, 2022	40,000	40,400	29,235	(11,165)
Fund Balance Available for Appropriation, June 30, 2023	-	-	-	-

Budgetary Comparison Schedule
Water Residual Fund
For the Fiscal Year Ended June 30, 2023

Amounts in thousands of USD

	Budgeted Amounts			Final Budget to Actual
	Original	Final	Actual	Positive (Negative)
Revenues				
Locally Generated Non-Tax Revenue	-	-	416	416
Revenue from Other Funds	28,905	28,905	12,433	(16,472)
Total Revenues	28,905	28,905	12,849	(16,056)
Expenditures and Encumbrances				
Purchase of Services	8,000	8,000	-	8,000
Materials and Supplies	8,000	8,000	-	8,000
Payments to Other Funds	16,994	16,994	12,433	4,561
Total Expenditures and Encumbrances	32,994	32,994	12,433	20,561
Operating Surplus (Deficit) for the Year	(4,089)	(4,089)	416	4,505
Fund Balance Available for Appropriation, July 1, 2022	12,232	16,108	16,108	-
Fund Balance Available for Appropriation, June 30, 2023	8,143	12,019	16,524	4,505

City of Philadelphia
Budgetary Comparison Schedule
County Liquid Fuels Tax Fund
For the Fiscal Year Ended June 30, 2023

Schedule X

Amounts in thousands of USD

	Budgeted Amounts			Final Budget to Actual
	Original	Final	Actual	Positive (Negative)
Revenues				
Locally Generated Non-Tax Revenue	-	133	520	387
Revenue from Other Governments	9,024	10,524	6,434	(4,090)
Total Revenues	9,024	10,657	6,954	(3,703)
Expenditures and Encumbrances				
Personal Services	3,734	3,539	2,848	691
Purchase of Services	6,720	6,335	6,332	3
Materials and Supplies	400	980	934	46
Payments to Other Funds	19	19	14	5
Total Expenditures and Encumbrances	10,873	10,873	10,128	745
Operating Surplus (Deficit) for the Year	(1,849)	(216)	(3,174)	(2,958)
Fund Balance Available for Appropriation, July 1, 2022	11,618	16,463	16,463	-
Operations in Respect to Prior Fiscal Years				
Commitments Cancelled - Net	25	25	-	(25)
Adjusted Fund Balance, July 1, 2022	11,643	16,488	16,463	(25)
Fund Balance Available for Appropriation, June 30, 2023	9,794	16,272	13,289	(2,983)

Budgetary Comparison Schedule
Special Gasoline Tax Fund
For the Fiscal Year Ended June 30, 2023

Amounts in thousands of USD

	Budgeted Amounts			Final Budget to Actual
	Original	Final	Actual	Positive (Negative)
Revenues				
Locally Generated Non-Tax Revenue	40	550	654	104
Revenue from Other Governments	30,000	36,100	36,101	1
Total Revenues	30,040	36,650	36,755	105
Expenditures and Encumbrances				
Personal Services	11,294	11,294	11,086	208
Pension Contributions	500	500	500	-
Other Employee Benefits	500	500	500	-
Sub-Total Employee Compensation	12,294	12,294	12,086	208
Purchase of Services	16,689	17,951	17,898	53
Materials and Supplies	5,463	5,973	4,900	1,073
Equipment	6,424	4,652	4,566	86
Payments to Other Funds	30	30	30	-
Total Expenditures and Encumbrances	40,900	40,900	39,480	1,420
Operating Surplus (Deficit) for the Year	(10,860)	(4,250)	(2,725)	1,525
Fund Balance Available for Appropriation, July 1, 2022	38,262	49,488	49,488	-
Operations in Respect to Prior Fiscal Years				
Commitments Cancelled - Net	500	500	1,902	1,402
Adjusted Fund Balance, July 1, 2022	38,762	49,988	51,390	1,402
Fund Balance Available for Appropriation, June 30, 2023	27,902	45,738	48,665	2,927

City of Philadelphia

Schedule XII

Budgetary Comparison Schedule
Hotel Room Rental Tax Fund
For the Fiscal Year Ended June 30, 2023

Amounts in thousands of USD

	Budgeted Amounts			Final Budget to Actual Positive
	Original	Final	Actual	(Negative)
Revenues				
Taxes	60,000	75,000	77,379	2,379
Locally Generated Non-Tax Revenue	-	257	298	41
Total Revenues	60,000	75,257	77,677	2,420
Expenditures and Encumbrances				
Contributions, Indemnities and Taxes	60,000	75,000	75,000	-
Total Expenditures and Encumbrances	60,000	75,000	75,000	-
Operating Surplus (Deficit) for the Year	-	257	2,677	2,420
Fund Balance Available for Appropriation, July 1, 2022	-	(19,974)	(19,974)	-
Operations in Respect to Prior Fiscal Years				
Commitments Cancelled - Net	-	19,717	-	(19,717)
Adjusted Fund Balance, July 1, 2022	-	(257)	(19,974)	(19,717)
Fund Balance Available for Appropriation, June 30, 2023	-	-	(17,297)	(17,297)

Amounts in thousands of USD

	Budgeted Amounts			Final Budget to Actual Positive (Negative)
	Original	Final	Actual	
Revenues				
Locally Generated Non-Tax Revenue	357,319	361,301	425,524	64,223
Revenue from Other Governments	83,006	92,600	75,792	(16,808)
Revenue from Other Funds	1,304	1,304	1,299	(5)
Total Revenues	441,629	455,205	502,615	47,410
Expenditures and Encumbrances				
Personal Services	81,731	81,731	77,724	4,007
Pension Contributions	27,253	27,253	26,227	1,026
Other Employee Benefits	29,816	29,816	21,392	8,424
Sub-Total Employee Compensation	138,800	138,800	125,343	13,457
Purchase of Services	120,979	134,990	134,652	338
Materials and Supplies	6,870	7,536	5,901	1,635
Equipment	12,369	14,192	12,061	2,131
Contributions, Indemnities and Taxes	8,812	8,812	5,723	3,089
Debt Service	119,361	119,361	116,338	3,023
Payments to Other Funds	20,019	20,019	17,583	2,436
Total Expenditures and Encumbrances	427,210	443,710	417,601	26,109
Operating Surplus (Deficit) for the Year	14,419	11,495	85,014	73,519
Fund Balance Available for Appropriation, July 1, 2022	265,479	330,794	330,794	-
Operations in Respect to Prior Fiscal Years				
Commitments Cancelled - Net	15,000	15,000	10,594	(4,406)
Prior Period Adjustments	-	-	28	28
Adjusted Fund Balance, July 1, 2022	280,479	345,794	341,416	(4,378)
Fund Balance Available for Appropriation, June 30, 2023	294,898	357,289	426,430	69,141

City of Philadelphia

Schedule XIV

Budgetary Comparison Schedule
Community Development Fund
For the Fiscal Year Ended June 30, 2023

Amounts in thousands of USD

	Budgeted Amounts			Final Budget to Actual
	Original	Final	Actual	Positive (Negative)
Revenues				
Locally Generated Non-Tax Revenue	500	500	1	(499)
Revenue from Other Governments	111,828	91,827	53,117	(38,710)
Total Revenues	112,328	92,327	53,118	(39,209)
Other Sources				
Decrease in Unreimbursed Committments	-	-	(13,533)	(13,533)
Total Revenues and Other Sources	112,328	92,327	39,585	(52,742)
Expenditures and Encumbrances				
Personal Services	7,932	8,399	4,856	3,543
Pension Contributions	3,319	3,511	2,411	1,100
Other Employee Benefits	2,234	2,076	1,554	522
Sub-Total Employee Compensation	13,485	13,986	8,821	5,165
Purchase of Services	78,562	78,062	54,020	24,042
Materials and Supplies	256	198	30	168
Equipment	-	58	28	30
Payments to Other Funds	20,000	20,000	-	20,000
Advances, Subsidies, Miscellaneous	25	25	24	1
Total Expenditures and Encumbrances	112,328	112,329	62,923	49,406
Operating Surplus (Deficit) for the Year	-	(20,002)	(23,338)	(3,336)
Fund Balance Available for Appropriation, July 1, 2022	-	(19,323)	(19,323)	-
Operations in Respect to Prior Fiscal Years				
Commitments Cancelled - Net	-	19,323	14,364	(4,959)
Adjusted Fund Balance, July 1, 2022	-	-	(4,959)	(4,959)
Fund Balance Available for Appropriation, June 30, 2023	-	(20,002)	(28,297)	(8,295)

City of Philadelphia **Schedule XV**
Budgetary Comparison Schedule
Car Rental Tax Fund
For the Fiscal Year Ended June 30, 2023

Amounts in thousands of USD

	Budgeted Amounts			Final Budget to Actual
	Original	Final	Actual	Positive (Negative)
Revenues				
Taxes	6,504	7,000	7,082	82
Locally Generated Non-Tax Revenue	25	125	178	53
Total Revenues	6,529	7,125	7,260	135
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	(471)	125	260	135
Fund Balance Available for Appropriation, July 1, 2022	7,737	8,258	8,258	-
Fund Balance Available for Appropriation, June 30, 2023	7,266	8,383	8,518	135

City of Philadelphia

Schedule XVI

Budgetary Comparison Schedule
Housing Trust Fund
For the Fiscal Year Ended June 30, 2023

Amounts in thousands of USD

	Budgeted Amounts			Final Budget to Actual
	Original	Final	Actual	Positive (Negative)
Revenues				
Locally Generated Non-Tax Revenue	16,434	14,600	15,020	420
Revenue from Other Funds	29,066	29,066	29,066	-
Total Revenues	45,500	43,666	44,086	420
Expenditures and Encumbrances				
Personal Services	3,251	3,251	2,191	1,060
Purchase of Services	80,491	80,491	56,293	24,198
Materials and Supplies	-	-	-	-
Equipment	150	150	-	150
Total Expenditures and Encumbrances	83,892	83,892	58,484	25,408
Operating Surplus (Deficit) for the Year	(38,392)	(40,226)	(14,398)	25,828
Fund Balance Available for Appropriation, July 1, 2022	24,787	32,450	32,450	-
Operations in Respect to Prior Fiscal Years				
Commitments Cancelled - Net	13,605	37,243	2,188	(35,055)
Revenue Adjustments - Net	-	-	-	-
Prior Period Adjustments	-	-	-	-
Other Adjustments	-	-	-	-
Adjusted Fund Balance, July 1, 2022	38,392	69,693	34,638	(35,055)
Fund Balance Available for Appropriation, June 30, 2023	-	29,467	20,240	(9,227)

City of Philadelphia

Schedule XVII

Budgetary Comparison Schedule
General Capital Improvement Funds
For the Fiscal Year Ended June 30, 2023

Amounts in thousands of USD

	Budgeted Amounts			Final Budget to Actual Positive (Negative)
	Original	Final	Actual	
Revenues				
Locally Generated Non-Tax Revenue	2,124,251	1,811,602	532	(1,811,070)
Revenue from Other Governments	-	-	64,932	64,932
Revenue from Other Funds	-	-	212,903	212,903
Total Revenues	2,124,251	1,811,602	278,367	(1,533,235)
Total Revenues and Other Sources	2,124,251	1,811,602	278,367	(1,533,235)
Expenditures and Encumbrances				
Capital Outlay	2,124,251	1,811,602	256,650	1,554,952
Operating Surplus (Deficit) for the Year	-	-	21,717	21,717
Fund Balance Available for Appropriation, July 1, 2022	-	-	10,308	10,308
Operations in Respect to Prior Fiscal Years				
Commitments Cancelled - Net	-	-	24,369	24,369
Adjusted Fund Balance, July 1, 2022	-	-	34,677	34,677
Fund Balance Available for Appropriation, June 30, 2023	-	-	56,394	56,394

City of Philadelphia

Schedule XVIII

Budgetary Comparison Schedule
Acute Care Hospital Assessment Fund
For the Fiscal Year Ended June 30, 2023

Amounts in thousands of USD

	Budgeted Amounts			Final Budget to Actual Positive
	Original	Final	Actual	(Negative)
Revenues				
Tax Revenue	250,000	250,000	191,230	(58,770)
Total Revenues	250,000	250,000	191,230	(58,770)
Other Sources				
Decrease in Unreimbursed Committments	-	-	(45)	(45)
Total Revenues and Other Sources	250,000	250,000	191,185	(58,815)
Expenditures and Encumbrances				
Personal Services	11,039	11,039	5,233	5,806
Pension Contributions	42	-	-	-
Other Employee Benefits	227	269	269	-
Sub-Total Employee Compensation	11,308	11,308	5,502	5,806
Purchase of Services	242,448	242,448	182,812	59,636
Materials and Supplies	1,490	730	153	577
Equipment	-	760	37	723
Payments to Other Funds	4,500	4,500	4,500	-
Total Expenditures and Encumbrances	259,746	259,746	193,004	66,742
Operating Surplus (Deficit) for the Year	(9,746)	(9,746)	(1,819)	7,927
Fund Balance Available for Appropriation, July 1, 2022	17,483	22,048	22,048	-
Operations in Respect to Prior Fiscal Years				
Commitments Cancelled - Net	2,000	2,000	638	(1,362)
Adjusted Fund Balance, July 1, 2022	19,483	24,048	22,686	(1,362)
Fund Balance Available for Appropriation, June 30, 2023	9,737	14,302	20,867	6,565

Schedule of Budgetary Actual and Estimated Revenues and Obligations
General Fund
Amounts in thousands of USD
For the Fiscal Year Ended June 30, 2023 (with comparative actual amounts for the Fiscal Year Ended June 30, 2022)

	Budgeted Amounts			Final Budget to Actual		
	Original	Final	FY 2023 Actual	Positive (Negative)	FY 2022 Actual	Increase (Decrease)
Revenue						
Taxes						
Real Property Tax:						
Current	785,242	793,928	780,285	(13,643)	670,754	109,531
Prior Years	28,164	29,284	29,283	(1)	29,882	(599)
Total Real Property Tax	813,406	823,212	809,568	(13,644)	700,636	108,932
Wage and Earnings Taxes:						
Current	1,619,811	1,714,354	1,730,139	15,785	1,648,128	82,011
Prior Years	5,400	5,400	2,703	(2,697)	5,750	(3,047)
Total Wage and Earnings Taxes	1,625,211	1,719,754	1,732,842	13,088	1,653,878	78,964
Business Taxes:						
Business Income & Receipts Taxes:						
Current	596,530	667,754	650,774	(16,980)	727,175	(76,401)
Prior Years	35,000	23,000	22,482	(518)	22,690	(208)
Total Business Income & Receipts Taxes	631,530	690,754	673,256	(17,498)	749,865	(76,609)
Net Profits Tax:						
Current	31,726	40,909	33,868	(7,041)	21,963	11,905
Prior Years	4,700	4,700	5,122	422	5,323	(201)
Total Net Profits Tax	36,426	45,609	38,990	(6,619)	27,286	11,704
Total Business Taxes	667,956	736,363	712,246	(24,117)	777,151	(64,905)
Other Taxes:						
Sales Tax	277,642	290,853	302,201	11,348	277,690	24,511
Amusement Tax	22,701	32,315	36,144	3,829	26,055	10,089
Beverage Tax	77,894	72,594	73,444	850	75,367	(1,923)
Real Property Transfer Tax	418,307	381,304	378,782	(2,522)	536,894	(158,112)
Parking Lot Tax	93,140	101,589	101,941	352	86,621	15,320
Smokeless Tobacco	1,175	1,106	574	(532)	737	(163)
Miscellaneous Taxes	18,221	7,225	6,557	(668)	4,361	2,196
Total Other Taxes	909,080	886,986	899,643	12,657	1,007,725	(108,082)
Total Taxes	4,015,653	4,166,315	4,154,299	(12,016)	4,139,390	14,909
Locally Generated Non-Tax Revenue						
Rentals from Leased City Properties	3,481	3,481	3,851	370	3,696	155
Licenses and Permits	75,248	74,313	76,756	2,443	85,660	(8,904)
Fines, Forfeits, Penalties, Confiscated Money and Property	27,812	12,955	12,138	(817)	13,377	(1,239)
Interest Income	5,415	33,380	72,990	39,610	(3,048)	76,038
Service Charges and Fees	185,517	164,442	160,160	(4,282)	190,609	(30,449)
Other	75,292	91,260	89,222	(2,038)	106,070	(16,848)
Total Locally Generated Non-Tax Revenue	372,765	379,831	415,117	35,286	396,364	18,753
Revenue from Other Governments						
United States Government:						
Grants and Reimbursements	64,410	36,508	92,345	55,837	22,751	69,594
Commonwealth of Pennsylvania:						
Grants and Other Payments	222,983	249,680	253,053	3,373	235,158	17,895
Other Governmental Units	625,987	700,633	751,183	50,550	673,283	77,900
Total Revenue from Other Governments	913,380	986,821	1,096,581	109,760	931,192	165,389
Revenue from Other Funds	400,959	394,584	381,017	(13,567)	300,567	80,450
Total Revenues	5,702,757	5,927,551	6,047,014	119,463	5,767,513	279,501

Schedule of Budgetary Actual and Estimated Revenues and Obligations
General Fund
For the Fiscal Year Ended June 30, 2023 (with comparative actual amounts for the Fiscal Year Ended June 30, 2022)

Amounts in thousands of USD

	Budgeted Amounts			Final Budget to Actual		
	Original	Final	FY 2023 Actual	Positive (Negative)	FY 2022 Actual	Increase (Decrease)
Obligations						
General Government						
City Council	21,876	21,876	17,642	4,234	17,070	572
Mayor's Office:						
Mayor's Office	7,149	7,214	6,757	457	6,333	424
Scholarships	100	100	76	24	200	(124)
Mural Arts Program	3,282	3,282	3,199	83	2,470	729
Labor Relations	4,004	4,214	3,390	824	2,700	690
Chief Administrative Office	14,878	15,591	13,745	1,846	7,162	6,583
Community Schools & Pre-K	464	503	503	-	378	125
Community Services	1,895	1,940	1,704	236	1,509	195
Inspector General	2,296	2,296	1,625	671	1,515	110
Sustainability	1,664	2,169	2,169	-	1,549	620
Office of Information Technology	121,264	122,382	107,096	15,286	99,558	7,538
Office of Property Assessment	17,858	17,858	15,366	2,492	14,953	413
Law	21,876	24,626	24,888	(262)	21,424	3,464
Board of Ethics	1,182	1,182	1,009	173	859	150
Commission on Human Relations	2,574	2,579	2,388	191	2,313	75
Board of Revision of Taxes	1,113	1,138	1,092	46	1,041	51
Department of Planning & Development	30,213	35,760	34,759	1,001	13,401	21,358
Total General Government	253,688	264,710	237,408	27,302	194,435	42,973
Operation of Service Departments						
Managing Director	194,884	199,022	165,757	33,265	132,468	33,289
Police	788,044	829,179	829,211	(32)	774,948	54,263
Streets	217,840	236,343	223,507	12,836	189,739	33,768
Fire	380,890	396,682	395,727	955	370,064	25,663
Public Health	161,210	161,329	132,075	29,254	153,934	(21,859)
Office-Behavioral Health	27,314	28,414	27,986	428	22,325	5,661
Parks and Recreation	73,136	77,207	75,227	1,980	66,049	9,178
Atwater Kent Museum	-	-	-	-	-	-
Public Property	245,161	256,594	259,727	(3,133)	218,817	40,910
Department of Human Services	189,225	190,017	184,753	5,264	172,562	12,191
Philadelphia Prisons	246,111	281,781	235,170	46,611	224,170	11,000
Office of Homeless Services	68,947	70,436	78,342	(7,906)	55,281	23,061
Office of Fleet Management	70,749	78,757	78,311	446	57,722	20,589
Licenses and Inspections	41,626	41,626	38,917	2,709	38,135	782
Board of L & I Review	181	181	180	1	145	35
Board of Building Standards	84	84	84	-	77	7
Records	4,277	4,277	4,113	164	4,056	57
Art Museum	2,040	2,040	2,040	-	2,040	-
Philadelphia Free Library	58,450	61,968	50,534	11,434	41,822	8,712
Total Operations of Service Departments	2,770,169	2,915,937	2,781,661	134,276	2,524,354	257,307
Financial Management						
Office of Director of Finance	24,457	18,360	21,668	(3,308)	37,693	(16,025)
Department of Revenue	27,809	27,811	25,543	2,268	22,677	2,866
Sinking Fund Commission	308,798	308,798	292,885	15,913	284,469	8,416
Procurement	6,875	7,850	6,349	1,501	5,003	1,346
City Treasurer	4,718	4,718	4,797	(79)	2,617	2,180
Audit of City Operations	10,808	10,808	9,734	1,074	10,005	(271)
Total Financial Management	383,465	378,345	360,976	17,369	362,464	(1,488)

Schedule of Budgetary Actual and Estimated Revenues and Obligations
General Fund
Amounts in thousands of USD
For the Fiscal Year Ended June 30, 2023 (with comparative actual amounts for the Fiscal Year Ended June 30, 2022)

	Budgeted Amounts Original	Budgeted Amounts Final	FY 2023 Actual	Final Budget to Actual Positive (Negative)	FY 2022 Actual	Increase (Decrease)
Obligations (Continued)						
City-Wide Appropriations Under the Director of Finance						
Fringe Benefits	1,603,508	1,603,075	1,626,169	(23,094)	1,686,521	(60,352)
Community College of Philadelphia	39,309	54,309	56,329	(2,020)	48,128	8,201
Hero Award	50	50	24	26	54	(30)
Refunds	250	250	124	126	52	72
Indemnities	49,246	-	-	-	-	-
Office of Risk Management	4,677	4,604	4,087	517	3,861	226
Witness Fees	172	172	90	82	138	(48)
Payments to Capital	62,188	198,188	198,188	-	153	198,035
Payments to Housing Trust	69,194	69,194	29,066	40,128	6,860	22,206
Payments to Budget Stabilization	-	25,000	65,128	(40,128)	-	65,128
Contribution to School District	269,953	269,953	269,953	-	255,953	14,000
Total City-Wide Under Director of Finance	2,098,547	2,224,795	2,249,158	(24,363)	2,001,720	247,438
Promotion and Public Relations						
Commerce	43,843	45,871	44,120	1,751	33,995	10,125
Total Promotion and Public Relations	43,843	45,871	44,120	1,751	33,995	10,125
Personnel						
Civic Service Commission	54,212	28,223	183	28,040	171	12
Personnel Director	7,418	8,913	7,658	1,255	6,132	1,526
Total Personnel	61,630	37,136	7,841	29,295	6,303	1,538
Administration of Justice						
Register of Wills	4,857	5,002	4,734	268	4,519	215
District Attorney	44,344	50,125	50,124	1	43,732	6,392
Sheriff	30,854	32,389	31,658	731	28,897	2,761
First Judicial District	120,653	121,324	121,636	(312)	116,997	4,639
Total Administration of Justice	200,708	208,840	208,152	688	194,145	14,007
City-Wide Appropriations Under the First Judicial District						
Juror Fees	1,367	845	845	-	606	239
Conduct of Elections						
City Commissioners	29,062	29,354	28,220	1,134	20,505	7,715
Total Obligations	5,842,479	6,105,833	5,918,381	187,452	5,338,527	579,854
Operating Surplus (Deficit) for the Year	(139,722)	(178,282)	128,633	306,915	428,986	(300,353)

City of Philadelphia

Schedule XX

Schedule of Budgetary Actual and Estimated Revenues and Obligations
Water Operating Fund
For the Fiscal Year Ended June 30, 2023 (with comparative actual amounts for the Fiscal Year Ended June 30, 2022)

Amounts in thousands of USD

	Budgeted Amounts			Final Budget to Actual		
	Original	Final	FY 2023 Actual	Positive (Negative)	FY 2022 Actual	Increase (Decrease)
Revenue						
Locally Generated Non-Tax Revenue						
Sales and Charges - Current	666,939	672,026	646,903	(25,123)	610,011	36,892
Sales and Charges - Prior Years	51,184	47,596	59,573	11,977	51,184	8,389
Fire Service Connections	3,661	3,558	3,818	260	3,661	157
Surcharges	6,043	4,647	5,136	489	6,043	(907)
Fines and Penalties	200	200	751	551	589	162
Miscellaneous Charges	1,243	1,243	3,764	2,521	3,367	397
Charges to Other Municipalities	39,785	39,785	42,280	2,495	36,339	5,941
Licenses and Permits	6,640	6,640	7,934	1,294	7,230	704
Interest Income	1,000	1,000	1,473	473	(832)	2,305
Fleet Management - Sale of Vehicles & Equipment	520	525	46	(479)	458	(412)
Reimbursement of Expenditures	501	501	186	(315)	112	74
Repair Loan Program	-	-	3,998	3,998	4,370	(372)
Other	960	960	2	(958)	-	2
Total Locally Generated Non-Tax Revenue	778,676	778,681	775,864	(2,817)	722,532	53,332
Revenue from Other Governments						
State	500	792	792	-	464	328
Total Revenue from Other Governments	500	792	792	-	464	328
Revenue from Other Funds	64,722	82,890	40,220	(42,670)	30,585	9,635
Total Revenues	843,898	862,363	816,876	(45,487)	753,581	63,295
Obligations						
Office of Innovation and Technology	35,235	35,235	27,629	7,606	24,329	3,300
Managing Director's Office	139	139	-	139	-	-
Public Property	4,612	4,612	4,612	-	4,490	122
Department of Fleet Management	9,237	9,237	8,206	1,031	7,763	443
Water Department	466,548	486,163	452,543	33,620	430,982	21,561
City-Wide Appropriation Under the Director of Finance:						
Pension Contributions	66,962	72,226	68,614	3,612	67,511	1,103
Other Employee Benefits	71,800	71,536	65,209	6,327	63,161	2,048
Contributions, Indemnities and Taxes	6,000	250	1,011	(761)	-	1,011
Department of Revenue	17,237	17,237	13,780	3,457	10,613	3,167
Sinking Fund Commission	200,992	200,992	199,767	1,225	176,993	22,774
Procurement Department	114	114	84	30	114	(30)
Law	4,131	4,131	4,053	78	3,924	129
Mayor's Office of Sustainability	133	133	133	-	133	-
Water, Sewer and Stormwater Rate Board	758	758	470	288	373	97
Total Obligations	883,898	902,763	846,111	56,652	790,386	55,725
Operating Surplus (Deficit) for the Year	(40,000)	(40,400)	(29,235)	11,165	(36,805)	7,570

City of Philadelphia

Schedule XXI

Schedule of Budgetary Actual and Estimated Revenues and Obligations
Aviation Operating Fund
For the Fiscal Year Ended June 30, 2023 (with comparative actual amounts for the Fiscal Year Ended June 30, 2022)

Amounts in thousands of USD

	Budgeted Amounts			Final Budget to Actual		
	Original	Final	FY 2023 Actual	Positive (Negative)	FY 2022 Actual	Increase (Decrease)
Revenue						
Locally Generated Non-Tax Revenue						
Concessions	43,920	43,920	60,545	16,625	37,478	23,067
Space Rentals	130,812	130,812	131,568	756	140,251	(8,683)
Landing Fees	73,869	73,869	72,058	(1,811)	85,676	(13,618)
Parking	20,343	20,343	66,452	46,109	21,851	44,601
Car Rentals	15,713	15,713	21,655	5,942	21,542	113
Interest Earnings	4,000	8,000	15,452	7,452	(1,304)	16,756
Sale of Utilities	2,594	2,594	5,998	3,404	2,811	3,187
Passenger Facility Charge	32,125	32,125	16,890	(15,235)	18,350	(1,460)
Overseas Terminal Facility Charges	72	72	12	(60)	33	(21)
International Terminal Charge	26,769	26,769	28,844	2,075	22,365	6,479
Other	7,102	7,084	6,050	(1,034)	4,836	1,214
Total Locally Generated Non-Tax Revenue	357,319	361,301	425,524	64,223	353,889	71,635
Revenue from Other Governments						
Federal	83,006	92,600	75,792	(16,808)	54,081	21,711
Total Revenue from Other Governments	83,006	92,600	75,792	(16,808)	54,081	21,711
Revenue from Other Funds	1,304	1,304	1,299	(5)	1,357	(58)
Total Revenue	441,629	455,205	502,615	47,410	409,327	93,288
Obligations						
Office of Innovation and Technology	2,720	2,720	2,187	533	1,780	407
Police	16,144	17,871	17,871	-	18,153	(282)
Fire	9,904	9,904	9,829	75	9,740	89
Public Property	14,000	14,000	16,264	(2,264)	14,000	2,264
Department of Fleet Management	13,256	13,256	12,749	507	3,193	9,556
City-Wide Appropriation Under the Director of Finance:						
Pension Contributions	27,238	27,238	26,227	1,011	24,966	1,261
Other Employee Benefits	29,831	29,831	21,392	8,439	22,342	(950)
Purchase of Services	4,800	4,800	3,942	858	3,631	311
Contributions, Indemnities and Taxes	2,512	684	-	684	-	-
Sinking Fund Commission	119,362	119,361	116,337	3,024	114,814	1,523
Procurement	-	-	-	-	-	-
Commerce	185,701	202,303	189,107	13,196	142,104	47,003
Law	1,631	1,631	1,585	46	1,540	45
Mayor's Office of Sustainability	111	111	111	-	111	-
Total Obligations	427,210	443,710	417,601	26,109	356,374	61,227
Operating Surplus (Deficit) for the Year	14,419	11,495	85,014	73,519	52,953	32,061

City of Philadelphia

Schedule XXII

Budgetary Comparison Schedule
Budget Stabilization Fund
For the Fiscal Year Ended June 30, 2023

Amounts in thousands of USD

	Budgeted Amounts			Final Budget to Actual Positive
	Original	Final	Actual	(Negative)
Revenues				
Revenue from Other Funds	40,128	65,128	65,128	-
Total Revenues	40,128	65,128	65,128	-
Expenditures and Encumbrances				
Total Expenditures and Encumbrances	-	-	-	-
Operating Surplus (Deficit) for the Year	40,128	65,128	65,128	-
Fund Balance Available for Appropriation, July 1, 2022	-	-	-	-
Adjusted Fund Balance, July 1, 2022	-	-	-	-
Fund Balance Available for Appropriation, June 30, 2023	40,128	65,128	65,128	-

City of Philadelphia **Schedule XXIII**
Budgetary Comparison Schedule
County Demolition Fund
For the Fiscal Year Ended June 30, 2023

Amounts in thousands of USD

	Budgeted Amounts			Final Budget to Actual
	Original	Final	Actual	Positive (Negative)
Revenues				
Locally Generated Non-Tax Revenue	2,250	1,000	923	(77)
Total Revenues	2,250	1,000	923	(77)
Expenditures and Encumbrances				
Purchase of Services	2,250	1,000	627	373
Total Expenditures and Encumbrances	2,250	1,000	627	373
Operating Surplus (Deficit) for the Year	-	-	296	296
Fund Balance Available for Appropriation, July 1, 2022	-	-	-	-
Operations in Respect to Prior Fiscal Years				
Adjusted Fund Balance, July 1, 2022	-	-	-	-
Fund Balance Available for Appropriation, June 30, 2023	-	-	296	296

Statistical Section

Financial Trends

These tables contain trend information to help the reader understand how the City's financial performance and well-being have changed over time.

Revenue Capacity

These tables contain information to help the reader assess the City's most significant local revenue source, the wage and earnings tax. Property tax information is also presented.

Debt Capacity

These tables present information to help the reader assess the affordability of the City's current levels of outstanding debt and the City's ability to issue additional debt.

Demographic & Economic Information

These tables offer demographic and economic indicators to help the reader understand the environment within which the City's financial activities take place.

Operating Information

These tables contain service and infrastructure information data to help the reader understand how the information in the City's financial report relates to the services the city provides and the activities it performs.

City of Philadelphia
Net Position by Component
For the Fiscal Years 2014 Through 2023

Table 1

Amounts in millions of USD

(full accrual basis of accounting)

	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023
Governmental Activities										
Net Investment in Capital Assets	176.8	1,040.8	955.2	1,006.6	645.2	738.6	538.6	655.4	622.6	837.7
Restricted	630.3	576.5	625.1	553.8	793.2	867.9	955.0	842.7	1,115.4	1,465.0
Unrestricted	(2,771.8)	(7,880.6)	(7,904.4)	(7,767.3)	(8,709.9)	(8,516.9)	(8,803.6)	(8,555.8)	(7,592.3)	(7,027.2)
Total Governmental Activities Net Position	(1,964.7)	(6,263.3)	(6,324.1)	(6,206.9)	(7,271.5)	(6,910.4)	(7,310.0)	(7,057.7)	(5,854.3)	(4,724.5)
Business-Type Activities										
Net Investment in Capital Assets	1,007.4	1,088.1	1,323.7	1,330.5	1,402.0	1,437.6	1,492.8	1,509.0	1,516.6	1,559.9
Restricted	685.5	766.0	650.5	692.5	762.6	835.5	825.7	749.2	816.8	885.4
Unrestricted	200.7	(278.5)	(279.3)	(251.9)	(423.0)	(391.6)	(391.6)	(234.0)	(162.6)	1.1
Total Business-Type Activities Net Position	1,893.6	1,575.6	1,694.9	1,771.1	1,741.6	1,881.5	1,926.9	2,024.2	2,170.8	2,446.4
Primary Government										
Net Investment in Capital Assets	1,184.2	2,128.9	2,278.9	2,337.1	2,047.2	2,176.2	2,031.4	2,164.4	2,139.2	2,397.6
Restricted	1,315.8	1,342.5	1,275.6	1,246.3	1,555.8	1,703.4	1,780.7	1,591.9	1,932.2	2,350.4
Unrestricted	(2,571.1)	(8,159.1)	(8,183.7)	(8,019.2)	(9,132.9)	(8,908.5)	(9,195.2)	(8,789.8)	(7,754.9)	(7,026.1)
Total Primary Government Net Position	(71.1)	(4,687.7)	(4,629.2)	(4,435.8)	(5,529.9)	(5,028.9)	(5,383.1)	(5,033.5)	(3,683.5)	(2,278.1)

City of Philadelphia
Changes in Net Positions
For the Fiscal Years 2014 Through 2023

Table 2
Amounts in millions of USD

(full accrual basis of accounting)

	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023
Expenses										
Governmental Activities:										
Economic Development	95.1	97.4	115.3	111.4	113.7	109.7	118.0	70.1	100.8	110.3
Transportation:										
Streets & Highways	143.9	122.4	136.8	122.8	148.1	159.1	175.7	167.2	166.3	218.8
Mass Transit	72.1	76.2	76.1	84.3	86.4	89.3	91.0	89.5	96.1	105.6
Judiciary and Law Enforcement:										
Police	1,262.7	1,098.7	1,232.4	1,198.8	1,282.0	1,277.3	1,350.3	1,140.7	1,219.8	1,175.0
Prisons	371.2	353.0	381.6	387.6	386.4	349.2	369.8	289.1	313.4	322.7
Courts	338.5	323.4	339.6	349.7	344.8	357.8	363.0	321.7	348.6	377.2
Conservation of Health:										
Emergency Medical Services	69.3	66.4	66.3	77.2	69.7	70.0	74.2	71.0	95.5	89.7
Health Services	1,519.1	1,420.5	1,579.1	1,613.6	1,661.9	1,650.4	1,842.0	1,978.7	2,085.9	2,157.2
Housing and Neighborhood Development	80.3	80.9	80.1	81.1	94.3	106.6	132.0	124.0	232.9	170.9
Cultural and Recreational										
Recreation	113.1	113.1	116.6	120.3	125.7	131.4	122.5	117.3	129.8	162.7
Parks	8.2	10.6	8.4	9.5	6.9	5.5	10.6	10.4	7.0	4.7
Libraries and Museums	84.5	84.3	88.8	90.4	96.4	109.4	111.4	89.7	84.2	99.3
Improvements to General Welfare:										
Social Services	657.5	687.8	688.7	733.8	732.0	727.4	739.7	726.8	774.5	920.0
Education	167.5	126.0	134.5	134.2	134.7	213.3	263.2	294.2	297.9	331.0
Inspections and Demolitions	43.3	41.7	65.3	45.4	54.3	56.7	57.2	51.3	58.4	55.4
Service to Property:										
Sanitation	153.1	151.1	157.0	161.1	160.0	153.7	163.5	150.2	186.6	193.8
Fire	386.6	350.8	370.7	373.4	410.6	469.2	470.1	411.6	471.5	445.1
General Management and Support	538.0	605.3	648.1	693.3	729.1	788.5	946.5	1,162.4	995.2	1,232.2
Interest on Long Term Debt	159.0	166.2	158.2	151.1	155.7	148.3	158.6	121.9	127.1	121.7
Total Governmental Activities Expenses	6,263.0	5,975.8	6,443.6	6,539.0	6,792.7	6,972.8	7,559.3	7,387.8	7,791.5	8,293.3
Business-Type Activities:										
Water and Sewer	543.5	550.2	569.0	601.8	631.1	685.8	711.4	636.4	698.1	729.2
Aviation	376.5	374.3	400.2	419.9	442.9	430.7	437.2	378.3	399.4	421.8
Industrial and Commercial Development	-	-	-	16.5	0.5	2.3	4.4	5.9	-	-
Total Business-Type Activities Expenses	920.0	924.5	969.2	1,038.2	1,074.5	1,118.8	1,153.0	1,020.6	1,097.5	1,151.0
Total Primary Government Expenses	7,183.0	6,900.3	7,412.8	7,577.2	7,880.1	8,091.6	8,712.3	8,408.4	8,889.0	9,444.3
Program Revenues										
Governmental Activities:										
Charges for Services:										
Economic Development	0.1	0.1	0.1	-	-	-	-	0.1	0.1	-
Transportation:										
Streets & Highways	5.2	7.3	5.8	7.1	6.6	10.0	9.8	9.9	11.6	12.5
Mass Transit	1.9	2.1	2.2	2.2	2.5	2.7	2.3	1.7	3.0	3.3
Judiciary and Law Enforcement:										
Police	4.5	5.2	5.1	8.2	6.8	7.2	7.2	5.6	8.2	11.1
Prisons	0.4	0.4	0.3	0.3	0.5	1.7	1.3	0.4	0.1	-
Courts	50.3	51.6	50.3	53.6	56.5	55.6	39.3	31.7	30.7	29.7
Conservation of Health:										
Emergency Medical Services	36.3	36.2	45.7	65.0	51.9	16.8	11.2	-	25.6	26.3
Health Services	18.9	14.4	14.1	30.3	27.6	46.4	63.5	67.6	77.3	55.3
Housing and Neighborhood Development	16.7	20.1	18.1	27.2	21.0	23.2	18.1	25.3	24.4	20.6
Cultural and Recreational:										
Recreation	2.8	3.7	4.6	3.4	5.8	4.9	3.1	1.6	3.1	3.4
Parks	2.2	1.1	1.0	3.6	1.8	1.0	0.8	3.0	(0.6)	2.0
Libraries and Museums	2.0	1.1	1.2	1.4	1.9	1.5	1.1	1.5	0.7	0.5

City of Philadelphia
Changes in Net Positions
For the Fiscal Years 2014 Through 2023

Table 2
Amounts in millions of USD

(full accrual basis of accounting)

	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023
Improvements to General Welfare:										
Social Services	5.6	4.4	1.2	1.4	7.3	6.2	7.0	5.7	5.6	202.0
Education	-	-	-	-	-	-	-	-	-	-
Inspections and Demolitions	50.1	52.4	54.1	59.4	64.8	72.8	64.7	76.2	86.5	79.6
Service to Property:										
Sanitation	35.5	24.9	16.5	13.8	14.1	14.0	14.5	17.1	23.6	20.9
Fire	0.3	2.9	0.3	0.6	0.4	40.8	44.5	3.5	5.5	12.5
General Management and Support	177.7	150.2	158.3	159.5	160.1	151.0	147.8	153.4	260.5	157.9
Interest on Long Term Debt	0.2	0.2	0.2	-	-	0.2	-	-	-	-
Operating Grants and Contributions	1,967.3	2,011.2	2,090.9	2,199.5	2,262.9	2,215.2	2,337.0	2,713.8	3,136.1	3,101.9
Capital Grants and Contributions	35.3	60.1	61.8	22.2	27.3	20.5	44.9	49.7	35.1	89.0
Total Governmental Activities Program Revenues	2,413.3	2,449.6	2,531.8	2,658.7	2,719.8	2,691.7	2,818.1	3,167.8	3,737.1	3,828.5
Business-Type Activities:										
Charges for Services:										
Water and Sewer	638.6	675.9	670.0	714.7	726.4	745.3	732.4	715.8	765.9	816.4
Aviation	315.4	322.4	433.7	431.9	471.1	486.2	366.8	329.0	382.0	469.9
Industrial and Commercial Development	0.4	0.5	0.5	19.9	0.1	2.2	7.2	5.6	0.4	-
Operating Grants and Contributions	1.4	0.9	0.9	1.3	0.6	0.7	0.9	2.7	0.5	0.8
Capital Grants and Contributions	93.6	161.3	26.8	10.6	29.0	22.7	34.3	40.6	72.9	46.5
Total Business-Type Activities Program Revenues	1,049.4	1,161.0	1,131.9	1,178.4	1,227.2	1,257.1	1,141.6	1,093.7	1,221.7	1,333.6
Total Primary Government Revenues	3,462.7	3,610.6	3,663.7	3,837.1	3,947.0	3,948.8	3,959.7	4,261.5	4,958.8	5,162.1
Net (Expense)/Revenue										
Governmental Activities	(3,849.7)	(3,526.2)	(3,911.8)	(3,880.3)	(4,072.9)	(4,281.1)	(4,741.2)	(4,220.0)	(4,054.4)	(4,464.8)
Business-Type Activities	129.4	236.5	162.7	140.2	152.7	138.3	(11.4)	73.1	124.2	182.6
Total Primary Government Net Expense	(3,720.3)	(3,289.7)	(3,749.1)	(3,740.1)	(3,920.2)	(4,142.8)	(4,752.6)	(4,146.9)	(3,930.2)	(4,282.2)
General Revenues and Other Changes in Net Position										
Governmental Activities:										
Taxes:										
Property Taxes	530.2	551.3	550.2	578.7	649.0	691.9	695.8	720.2	703.2	848.4
Wage & Earnings Taxes	1,639.8	1,737.2	1,816.8	1,920.7	2,027.8	2,114.7	2,115.6	1,991.2	2,233.4	2,402.7
Business Taxes	469.2	453.4	505.6	440.2	456.1	556.1	590.4	589.8	746.2	760.7
Other Taxes	735.8	666.7	733.5	817.6	947.7	984.1	942.8	883.9	1,263.3	1,168.3
Unrestricted Grants & Contributions	229.5	185.1	185.4	184.5	191.6	190.8	197.3	197.8	202.7	232.5
Interest & Investment Earnings	21.7	24.1	28.0	27.4	49.6	64.7	69.2	52.1	36.0	124.5
Special Items	-	-	-	-	(38.4)	-	-	-	-	-
Transfers	28.3	30.2	31.6	28.5	33.3	39.9	34.7	37.2	48.4	57.4
Total Governmental Activities	3,654.5	3,648.0	3,851.1	3,997.6	4,316.7	4,642.2	4,645.8	4,472.2	5,233.2	5,594.5
Business-Type Activities:										
Interest & Investment Earnings	5.3	4.1	8.3	11.4	23.6	47.8	48.7	2.7	(15.2)	70.4
Unrestricted Grants & Contributions	2.5	1.9	1.9	2.5	3.3	3.9	58.2	64.6	85.9	80.1
Transfers	(28.3)	(30.3)	(31.6)	(28.5)	(33.3)	(39.9)	(34.7)	(37.2)	(48.4)	(57.4)
Total Business-Type Activities	(20.5)	(24.3)	(21.4)	(14.6)	(6.2)	11.8	72.2	30.1	22.3	93.1
Total Primary Government	3,634.0	3,623.7	3,829.7	3,983.0	4,310.5	4,654.0	4,718.0	4,502.3	5,255.5	5,687.6
Change in Net Position										
Governmental Activities	(195.2)	121.8	(60.7)	117.3	243.8	361.1	(95.4)	252.2	1,178.8	1,129.7
Business-Type Activities	108.9	212.2	141.3	125.6	146.5	150.1	60.8	103.2	146.5	275.7
Total Primary Government	(86.3)	334.0	80.6	242.9	390.3	511.2	(34.6)	355.4	1,325.3	1,405.4

City of Philadelphia **Table 3**

Fund Balances
Governmental Funds
For the Fiscal Years 2014 Through 2023

Amounts in millions of USD

(modified accrual basis of accounting)

	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023
General Fund										
Non-spendable:	-	-	-	-	-	-	-	-	-	-
Restricted for:										
Central Library Project	2.0	2.0	1.7	1.7	-	-	-	-	-	-
Stadium Financing	3.8	4.3	0.6	0.6	-	-	-	-	-	-
Cultural & Commercial Corridor Project	11.6	10.6	7.4	2.7	1.5	1.2	1.1	0.9	0.9	0.4
Long Term Loan	68.2	56.7	44.8	33.1	21.8	10.8	-	6.5	3.2	0.1
Affordable Housing Project	-	-	-	-	44.3	27.3	11.0	0.0	-	-
Art Museum Project	-	-	-	-	11.4	6.3	1.8	0.4	-	-
Rebuild Project	-	-	-	-	-	82.9	77.7	66.8	44.6	4.7
Home Repair Program	-	-	-	-	-	39.2	39.5	39.8	127.7	37.3
Neighborhood Revitalization	-	-	-	-	-	-	-	-	-	139.2
Committed to:										
General Fund	-	-	-	-	-	-	34.3	-	-	65.1
Assigned to:	103.1	81.9	78.0	128.4	127.0	322.3	-	442.7	659.0	428.6
Unassigned:	23.0	-	-	23.7	195.0	125.8	380.2	-	410.7	668.2
Total General Fund:	211.7	155.5	132.5	190.1	401.0	615.8	545.5	557.1	1,246.1	1,343.6
All Other Governmental Funds										
Non-spendable:										
Permanent Fund (Principal)	3.2	3.5	3.1	3.4	3.5	3.5	3.8	4.0	4.0	4.3
Restricted for:										
Behavioral Health	188.6	199.6	220.1	262.3	279.4	314.3	291.1	337.1	390.9	416.8
Neighborhood Revitalization	30.6	29.6	0.0	0.1	0.2	0.2	0.3	0.3	0.3	0.3
Public Safety Emergency Phone System	27.5	35.2	40.8	31.5	31.2	34.1	33.1	35.0	36.2	38.5
Economic Development	6.8	11.8	12.3	13.7	13.9	15.2	3.1	5.8	9.1	17.0
Intergovernmental Financing	34.0	28.3	25.5	25.2	24.9	24.3	24.1	20.9	20.1	19.3
Intergovernmentally Financed Pgms	-	-	-	-	-	-	-	-	-	14.0
Streets & Highways	26.2	31.9	37.1	46.0	57.1	59.2	63.2	59.7	72.5	70.1
Housing & Neighborhood Development	16.6	18.5	20.8	30.6	33.3	65.7	66.3	79.0	80.4	82.0
Health Services	10.1	11.0	11.2	13.4	17.4	20.6	22.7	23.3	22.1	20.9
Debt Service	83.1	81.5	81.6	72.4	62.9	54.7	16.0	13.0	11.4	0.6
Capital Improvements	191.6	70.2	133.1	24.8	161.0	88.1	278.5	112.7	308.9	377.5
Trust Purposes	11.8	12.3	10.2	10.2	9.4	10.0	9.7	9.5	14.8	14.9
Parks & Recreation	0.4	0.6	0.8	0.9	1.2	1.4	1.2	2.5	-	-
Libraries & Museums	0.1	0.0	3.0	3.3	3.1	2.5	2.5	3.0	2.0	2.5
Stadium Financing	7.3	6.7	6.4	6.0	5.8	5.0	10.5	8.4	8.3	8.5
Demolition	-	-	-	-	-	-	-	-	-	0.2
Committed to:										
Prisons	3.5	3.2	2.9	3.4	3.5	3.4	3.3	4.7	5.4	5.8
Parks & Recreation	0.8	0.9	1.7	1.3	1.1	1.4	1.5	1.5	2.0	5.9
Assigned to:										
Behavioral Health	-	-	-	-	-	-	-	-	-	-
PICA Rebate Fund	-	-	-	-	-	-	-	-	-	-
PMA	-	-	-	-	-	-	-	-	-	-
Unassigned:										
Housing & Neighborhood Dev	(7.9)	(7.1)	(5.3)	(8.4)	(8.7)	(9.3)	(16.2)	(10.0)	(19.3)	(28.3)
Grants Revenue Fund	(273.3)	(213.0)	(322.5)	(294.3)	(288.5)	(317.7)	(314.2)	(366.8)	(410.6)	(547.8)
General Mgmt & Support	-	-	-	-	-	(0.3)	(0.2)	-	-	(18.0)
Total All Other Governmental Funds	360.7	324.7	282.7	245.9	411.6	376.2	500.4	343.7	558.5	504.9

City of Philadelphia
Changes in Fund Balances
Governmental Funds
For the Fiscal Years 2014 Through 2023

Table 4

Amounts in millions of USD

(modified accrual basis of accounting)

	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023
Revenues										
Tax Revenue	3,370.8	3,397.1	3,632.7	3,761.3	4,112.4	4,345.2	4,359.3	4,173.5	4,936.4	5,160.6
Locally Generated Non-Tax Revenue	387.1	376.6	367.3	400.5	417.1	448.0	447.5	436.5	481.6	525.7
Revenue from Other Governments	2,169.0	2,280.2	2,245.2	2,466.1	2,440.6	2,409.2	2,552.6	2,915.2	3,320.8	3,322.8
Other Revenues	20.2	16.9	19.6	18.6	20.7	16.5	24.9	19.3	27.1	18.5
Total Revenues	5,947.1	6,070.8	6,264.8	6,646.5	6,990.8	7,218.9	7,384.3	7,544.5	8,765.9	9,027.6
Expenditures										
Current Operating:										
Economic Development	83.7	82.5	101.1	100.5	104.2	102.0	113.5	58.1	90.8	115.3
Transportation:										
Streets & Highways	98.1	96.2	105.1	98.7	108.4	139.8	137.2	132.4	131.8	169.9
Mass Transit	67.5	71.7	76.1	79.9	82.0	84.9	86.6	85.2	91.7	101.2
Judiciary and Law Enforcement:										
Police	1,164.9	1,104.6	1,162.5	1,169.7	1,237.6	1,256.9	1,306.9	1,223.1	1,316.8	1,358.6
Prisons	346.3	343.9	365.1	372.6	375.1	336.9	361.1	305.6	324.3	340.7
Courts	317.9	321.5	329.9	339.6	339.5	350.3	358.1	343.6	374.7	421.1
Conservation of Health:										
Emergency Medical Services	65.8	66.1	64.9	75.8	68.7	70.0	74.1	79.1	102.6	103.0
Health Services	1,510.3	1,419.8	1,573.1	1,608.3	1,656.5	1,646.4	1,837.3	1,983.7	2,102.1	2,171.5
Housing and Neighborhood Development	80.3	80.9	80.1	81.4	94.3	106.7	132.0	123.9	232.8	170.8
Cultural and Recreational:										
Recreation	98.6	103.9	104.8	107.1	112.3	117.9	112.8	114.2	123.9	166.4
Parks	1.2	1.8	1.5	3.4	2.9	2.7	2.2	2.5	1.4	2.1
Libraries and Museums	74.9	79.1	81.4	84.4	91.9	100.3	104.0	90.9	86.2	108.5
Improvements to General Welfare:										
Social Services	655.3	687.8	687.1	731.7	730.6	726.7	735.9	726.5	779.9	928.9
Education	167.5	126.0	134.5	134.2	134.7	213.3	263.2	294.2	297.9	331.0
Inspections and Demolitions	40.8	41.5	64.0	44.5	53.1	56.3	56.3	54.7	61.3	64.8
Service to Property:										
Sanitation	144.8	146.9	152.4	154.3	153.5	150.3	161.9	159.6	194.8	210.1
Fire	344.2	346.4	355.0	353.5	399.4	471.8	467.7	463.2	508.4	530.6
General Management and Support	646.7	662.3	686.4	718.1	789.9	810.1	929.2	1,053.8	1,077.5	1,364.6
Capital Outlay	140.1	189.7	206.1	145.5	455.7	208.0	211.0	219.9	206.8	300.5
Debt Service:										
Principal	120.3	339.8	139.5	145.0	152.6	139.7	198.0	214.0	164.9	168.9
Interest	118.0	120.7	107.5	106.2	112.7	114.2	107.4	114.4	106.5	100.5
Bond Issuance Cost	5.0	7.2	3.3	3.2	3.9	3.4	18.6	1.6	4.1	1.4
Total Expenditures	6,292.2	6,440.3	6,581.4	6,657.6	7,259.5	7,208.6	7,775.0	7,844.2	8,381.2	9,230.4
Excess of Revenues Over (Under) Expenditures	(345.1)	(369.5)	(316.6)	(11.1)	(268.7)	10.3	(390.7)	(299.7)	384.7	(202.8)
Other Financing Sources (Uses)										
Issuance of Debt	293.8	30.0	191.6	-	314.1	119.5	293.4	-	393.3	99.5
Issuance of Refunding Debt	363.6	195.7	234.2	346.1	108.3	188.7	326.2	137.0	132.1	24.6
Bond Issuance Premium	31.4	21.3	53.9	40.7	60.2	33.5	93.8	-	75.7	2.5
Capital Lease Proceeds	-	-	-	-	252.5	-	2.2	0.4	-	-
Payment to Refunded Bonds Escrow Agent	(382.2)	-	(259.6)	(383.5)	(123.1)	(212.5)	(305.7)	(20.0)	(130.9)	-
Leases (as lessee)	-	-	-	-	-	-	-	-	0.4	62.8
Transfers In	616.3	661.9	686.3	731.4	802.5	925.5	819.7	864.2	1,160.2	1,583.8
Transfers Out	(587.9)	(631.6)	(654.7)	(702.9)	(769.2)	(885.6)	(785.0)	(827.0)	(1,111.6)	(1,526.4)
Total Other Financing Sources (Uses)	335.0	277.3	251.7	31.8	645.3	169.1	444.6	154.6	519.2	246.8
Net Change in Fund Balances	(10.1)	(92.2)	(64.9)	20.7	376.6	179.4	53.9	(145.1)	903.9	44.0
Debt Service as a Percentage of Non-capital Expenditures	3.9%	7.4%	3.9%	3.9%	3.9%	3.6%	4.0%	4.3%	3.3%	3.0%

City of Philadelphia **Table 5**

Comparative Schedule of Operations

Municipal Pension Fund

For the Fiscal Years 2014 through 2023

Amounts in millions of USD

	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023
Additions:										
Contributions:										
Employee Contributions	53.7	58.7	67.1	73.6	83.3	99.1	111.8	111.3	110.4	120.7
Employer's:										
City of Philadelphia	533.4	556.1	629.4	678.8	756.1	772.6	747.4	768.2	844.6	1,147.8
Quasi-Governmental Agencies	19.8	21.1	30.8	27.4	25.9	25.2	21.4	20.3	15.2	17.2
Total Employer's Contributions	553.2	577.2	660.2	706.2	782.0	797.8	768.8	788.5	859.8	1,165.0
Total Contributions	606.9	635.9	727.3	779.8	865.3	896.9	880.6	899.8	970.2	1,285.7
Interest & Dividends	102.2	98.4	101.5	108.5	127.9	132.7	130.0	127.7	175.2	195.6
Net Gain (Decline) in Fair Value of Investments	585.4	(76.8)	(239.8)	462.9	318.2	176.6	(38.1)	1,521.8	(646.9)	387.9
(Less) Investment Expenses	(10.2)	(9.8)	(9.1)	(8.0)	(7.5)	(7.5)	(6.7)	(7.2)	(8.9)	(14.5)
Net Securities Lending Revenue	4.2	2.2	1.9	1.8	1.8	2.2	2.1	1.2	1.0	2.1
(Less) Securities Lending Expenses	(0.6)	(0.3)	(0.3)	(0.3)	(0.3)	(0.3)	(0.3)	(0.2)	(0.2)	(0.4)
Net Investment Income (Loss)	681.0	13.7	(145.8)	564.9	440.1	303.7	87.0	1,643.3	(479.8)	570.7
Miscellaneous Operating Revenue	0.5	0.1	0.1	1.8	0.2	0.1	0.1	0.2	0.1	0.3
Total Additions	1,288.4	649.7	581.6	1,346.5	1,305.6	1,200.7	967.7	2,543.3	490.5	1,856.7
Deductions:										
Pension Benefits	802.6	876.4	882.0	813.3	819.8	832.4	854.0	883.6	953.3	963.5
Refunds to Members	6.0	5.3	7.4	8.2	8.5	10.0	8.3	7.9	13.4	16.0
Administrative Costs	8.3	10.4	8.4	8.8	10.0	11.1	10.8	9.7	9.0	8.9
Other Operating Expenses	-	0.1	0.1	0.1	0.1	0.1	0.1	-	-	-
Total Deductions	816.9	892.1	897.9	830.4	838.4	853.6	873.2	901.2	975.7	988.4
Net Increase (Decrease)	471.5	(242.4)	(316.3)	516.1	467.2	347.1	94.5	1,642.1	(485.2)	868.3
Net Assets: Adjusted Opening	4,445.2	4,916.7	4,674.3	4,358.0	4,874.1	5,341.3	5,688.4	5,782.9	7,425.0	6,939.8
Closing	4,916.7	4,674.3	4,358.0	4,874.1	5,341.3	5,688.4	5,782.9	7,425.0	6,939.8	7,808.1
Ratios:										
Pension Benefits Paid as a Percent of Net Members Contributions	1682.60%	1640.28%	1477.39%	1243.58%	1095.99%	934.23%	825.12%	854.55%	982.78%	920.25%
Closing Net Assets	16.32%	18.75%	20.24%	16.69%	15.35%	14.63%	14.77%	11.90%	13.74%	12.34%
Coverage of Additions over Deductions	157.72%	72.83%	64.77%	162.15%	155.73%	140.66%	110.82%	282.21%	50.27%	187.85%
Investment Earnings as % of Pension Benefits	84.85%	1.56%	-16.53%	69.46%	53.68%	36.48%	10.19%	185.98%	-50.33%	59.23%

City of Philadelphia

Table 6

Wage and Earnings Tax Taxable Income
For the Calendar Years 2013 Through 2022

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
2013	24,320.8	57.50%	3.92600%	17,974.3	42.50%	3.49675%	42,295.1	3.74358%
2014	25,602.1	57.70%	3.92200%	18,767.3	42.30%	3.49325%	44,369.4	3.74065%
2015	26,668.6	57.62%	3.91510%	19,611.3	42.38%	3.48715%	46,279.9	3.73375%
2016	28,609.5	58.69%	3.90530%	20,140.1	41.31%	3.47845%	48,749.6	3.72895%
2017	30,461.1	59.19%	3.89555%	21,005.2	40.81%	3.46975%	51,466.3	3.72177%
2018	32,170.7	59.88%	3.88580%	21,550.3	40.12%	3.46105%	53,721.0	3.71541%
2019	34,119.7	60.10%	3.87605%	22,649.7	39.90%	3.45240%	56,769.4	3.70702%
2020	34,431.6	63.67%	3.87120%	19,649.9	36.33%	3.47500%	54,081.5	3.72725%
2021	35,756.8	67.69%	3.83980%	17,065.2	32.31%	3.44810%	52,822.0	3.71325%
2022	38,895.6	62.98%	3.79000%	22,866.3	37.02%	3.44000%	61,761.9	3.66042%

Note:

The Wage and Earnings Tax is a tax on salaries, wages and commissions and other compensation paid to an employee who is employed by or renders services to an employer. All Philadelphia residents owe this tax regardless of where they perform services. Non-residents who perform services in Philadelphia must also pay this tax.

[1] In 2013 to 2015, the rate changed on July 1st. The direct rate is an average of the two rates involved during that calendar year.

City of Philadelphia
Direct and Overlapping Tax Rates
For the Ten Fiscal Years 2014 through 2023

Table 7

Tax Classification	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023
Wage and Earnings Tax:										
[a] City Residents	3.9240%	3.9200%	3.9102%	3.9004%	3.8907%	3.8809%	3.8712%	3.8712%	3.8398%	3.7900%
Non-City Residents	3.4950%	3.4915%	3.4828%	3.4741%	3.4654%	3.4567%	3.4481%	3.5019%	3.4481%	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	0.602%	0.602%	0.632%	0.632%	0.632%	0.632%	0.632%	0.632%	0.632%	0.632%
School District of Philadelphia	0.738%	0.738%	0.768%	0.768%	0.768%	0.768%	0.768%	0.768%	0.768%	0.768%
Total Real Property Tax	1.340%	1.340%	1.400%	1.400%	1.400%	1.400%	1.400%	1.400%	1.400%	1.400%
[d] Assessment Ratio	224.40%	213.95%	167.26%	167.14%	167.14%	132.88%	125.08%	124.89%	119.13%	NA
Effective Tax Rate (Real Property Rate x Assessment Ratio)	3.007%	2.867%	2.341%	2.340%	2.340%	1.860%	1.751%	1.748%	1.668%	NA
The City and the School District impose a tax on all real estate in the City. Real Estate Tax bills are sent out in December and are due and payable March 31st without penalty or interest. If you pay your bill on or before the last day of February, you receive a 1% discount.										
Real Property Transfer Tax										
City	3.0%	3.0%	3.0%	3.1%	3.1%	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%	4.0%	4.0%	4.1%	4.1%	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)	6.4300%	6.4100%	6.3900%	6.3500%	6.3000%	6.2500%	6.2000%	6.2000%	5.9900%	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	3.9200%	3.9102%	3.9004%	3.8907%	3.8809%	3.8712%	3.8712%	3.8398%	3.7900%	3.7500%
Non-City Residents	3.4915%	3.4828%	3.4741%	3.4654%	3.4567%	3.4481%	3.5019%	3.4481%	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 2014 through 2023

Tax Classification	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023
Sales Tax										
City	2.0%	2.0%	2.0%	2.0%	2.0%	2.0%	2.0%	2.0%	2.0%	2.0%
Commonwealth of Pennsylvania	6.0%	6.0%	6.0%	6.0%	6.0%	6.0%	6.0%	6.0%	6.0%	6.0%
Total Sales Tax	8.0%	8.0%	8.0%	8.0%	8.0%	8.0%	8.0%	8.0%	8.0%	8.0%
Amusement Tax	5.0%	5.0%	5.0%	5.0%	5.0%	5.0%	5.0%	5.0%	5.0%	5.0%
	Imposed on the admission fee charged for attending any amusement in the City. Included are concerts, movies, athletic contests, night clubs and convention shows for which admission is charged.									
Parking Lot Tax	20.0%	20.0%	22.5%	22.5%	22.5%	22.5%	22.5%	25.0%	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	2022 # of Remitters (Employers)	2022 Total Amount Remitted	2022 Percentage of Total Remitted	2013 # of Remitters (Employers)	2013 Total Amount Remitted	2013 Percentage of Total Remitted
Greater then $10 million	20	$640.6	28.20%	16	$408.2	25.78%
Between $1 million & $10 million	226	575.9	25.35%	161	387.9	24.50%
Between $100,000 & $1 million	2,385	630.1	27.74%	1,661	425.6	26.88%
Between $10,000 & $100,000	13,009	387.6	17.06%	9,137	269.2	17.00%
Less then $10,000	69,645	37.2	1.65%	40,133	92.4	5.84%
Total	85,285	$2,271.4	100.00%	51,108	$1,583.3	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 2014 through 2023

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)
2014	137,404	37,462	5,429	94,513	(2,590)	91,923	0.602%	224.40%	42,118	90.48%	104,457
2015	136,341	37,223	6,411	92,707	(1,777)	90,930	0.602%	213.95%	43,331	90.60%	102,326
2016	136,295	38,386	6,372	91,537	(1,369)	90,168	0.632%	167.26%	54,727	92.96%	98,469
2017	136,682	38,552	6,389	91,741	105	91,846	0.632%	167.14%	54,889	94.20%	97,390
2018	152,995	41,738	6,268	104,989	(811)	104,178	0.632%	167.14%	62,815	95.78%	109,615
2019	164,672	42,767	6,349	115,556	(3,313)	112,243	0.632%	132.88%	86,963	106.00%	109,015
2020	168,263	44,095	8,592	115,576	(1,225)	114,351	0.632%	125.08%	92,402	98.80%	116,980
2021	170,224	44,356	9,714	116,154	(641)	115,513	0.632%	124.89%	93,005	97.09%	119,635
2022	171,347	45,325	10,058	115,964	(56)	115,908	0.632%	119.13%	97,342	98.01%	118,319
2023	204,602	49,547	18,402	136,653	1,514	138,167	0.632%	NA	NA	NA	NA

[1] Real property tax bills are normally sent out in December and are payable by March 31 without penalty or interest.

[2] Bill #1130, approved February 8, 1978, provides relief from real estate taxes on improvements to deteriorated industrial, commercial or other business property for a period of five years. Bill #982, approved July 9, 1990, changed the exemption period from five years to three years. Bill #225, approved October 4, 2000, extended the exemption period from three years to ten years.

Bill #1456A, approved January 28, 1983, provides for a maximum three year tax abatement for owner-occupants of newly constructed residential property. Bill #226, approved September 12, 2000, extended the exemption period from three years to ten years.

Legislative Act #5020-205 as amended, approved October 11, 1984, provides for a maximum thirty month tax abatement to developers of residential property.

Bill #274, approved July 1, 1997, provides a maximum ten year tax abatement for conversion of eligible deteriorated commercial or other business property to commercial non-owner occupied residential property.

Bill #788A, approved December 30, 1998, provides a maximum twelve year tax exemption, abatement or credit of certain taxes within the geographical area designated as the Philadelphia Keystone Opportunity Zone.

[3] Source: Office of Property Assessment. Beginning in 2014:

a) the Assessed Value Certification Date was moved up to 3/31/2013; in prior years, the Certification Date occurred on or slightly before the Billing Date (in November)

b) the City re-evaluated all real property at its current market value, based upon the Actual Value Initiative (AVI).

[4] Total Direct Tax Rate is City portion only and excludes the School District portion (see statistical table #7 for breakdown).

[5] The State Tax Equalization Board (STEB) annually determines a ratio of assessed valuation to true value for each municipality in the Commonwealth of Pennsylvania. See Table 13.

[6] This ratio is compiled by the Office of Property Assessment based on sales of property during the year.

[7] The City provides for a $80,000 Homestead Exemption (amount subject to change) to all homeowners.

City of Philadelphia

Table 10

Principal Property Tax Payers
Current Year and Nine Years Ago

Amounts in millions of USD

	2023			2014		
Taxpayer	Assessment [1]	Rank	Percentage of Total Assessments	Assessment [1]	Rank	Percentage of Total Assessments
EQC Nine Penn Center Prop.	422.2	1	0.31	232.6	2	0.23
Kim Sub Cira Square LP	370.6	2	0.27	-	-	-
Liberty Property Phila	368.1	3	0.27	-	-	-
NG 1500 Market St. LLC	362.6	4	0.27	265.7	1	0.27
Phila Liberty Pla E LP	335.3	5	0.25	207.7	3	0.21
Brandywine Cira Walnut 1	298.1	6	0.22	-	-	-
PRU 1901 Market LLC	278.0	7	0.20	-	-	-
Brandywine Cira LP	272.1	8	0.20	-	-	-
Commerce Square Partners	268.3	9	0.20	178.2	6	0.18
Phila Plaza Phaze II	259.0	10	0.19	170.1	7	0.17
Philadelphia Market	-	-	-	203.7	4	0.20
Tenet Health System Hahnem	-	-	-	192.1	5	0.19
Franklin Mills Associates	-	-	-	163.2	8	0.16
Brandywine Operating	-	-	-	159.4	9	0.16
NNN 1818 Market Street 37	-	-	-	146.8	10	0.15
	3,234.3		2.38	1,919.5		1.92
Taxable Assessments (before Homestead) [2]	155,054.7		100.00	99,941.6		100.00
Less Homestead Exemption [2]	18,402.0			0.0		
Total Taxable Assessments	136,652.7			99,941.6		

[1] Source: Office of Property Assessment.
a) 2023 Assessment as of March 2022.
b) 2014 Assessment as of March 2013.

[2] In calendar year 2014,
a) the City re-evaluated all real property at its current market value, based upon the Actual Value Initiative (AVI).
b) The City provides for a $80,000 Homestead Exemption (amount subject to change) to all homeowners.

City of Philadelphia
Real Property Tax Levied and Collected
For the Calendar Years 2014 through 2023
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
2014	553.2	512.2	482.1	94.1%	31.0	513.1	100.2%
2015	547.4	516.4	489.1	94.7%	28.1	517.2	100.2%
2016	569.9	548.3	525.2	95.8%	22.6	547.8	99.9%
2017	580.5	564.7	542.9	96.1%	22.5	565.4	100.1%
2018 **6	658.1	626.6	604.4	96.5%	3.9	608.3	97.1%
2019	709.4	680.4	660.4	97.1%	15.6	676.0	99.4%
2020	722.7	701.0	672.3	95.9%	24.4	696.7	99.4%
2021	729.7	715.3	692.2	96.8%	19.9	712.1	99.6%
2022	732.2	723.2	705.7	97.6%	8.5	714.2	98.8%
2023	872.8	852.4	755.2	NA	NA	755.2	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. For 2014, adjustment include the Longtime Owner Occupants Program (LOOP), since the program was implemented after the initial bills were sent. Starting with tax year 2021, the 1% discount is no longer in effect. It is however included for all prior years.

**3 For 2023, "collections in the calendar year of levy" does not include the full 12 months; it only includes collections through the end of June 2023.

**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 2023, 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 2023.

**6 As a result of Duffield House Assocs. v. City of Philadelphia legal case, commercial properties in Philadelphia saw reduced payments for 2018 that have not yet been reflected in the assessment data provided by OPA. Once the reduced assessments are reflected in Column B, the collection figures for 2018 will be in line with historical trends.

Note that all amounts in this table pertain to the General Fund only and do not include amounts levied and collected for the school district.

The collection percentages for the school district are the same as for the General Fund.

City of Philadelphia **Table 12**

Ratios of Outstanding Debt by Type

For the Fiscal Years 2014 through 2023

Amounts in millions of USD (except per capita)

	Governmental Activities										
Fiscal Year	General Obligation Bonds	Leases (2)	Pension Service Agreement	City Service Agreement	Neighborhood Transformation Initiative	One Parkway Agreement	Sports Stadia Agreement	Central Library Project	Cultural & Commercial Corridor	PAID School District	Affordable Housing Project
2014	2,139.7	16.9	1,121.4	299.8	225.5	39.6	300.6	7.2	116.0	27.3	-
2015	1,996.0	12.9	1,063.2	299.8	216.4	37.3	291.9	6.7	111.8	43.3	-
2016	2,073.6	8.8	997.5	299.8	205.8	34.9	277.2	6.7	108.5	29.1	-
2017	1,953.1	4.4	927.2	299.8	195.8	32.4	263.6	6.0	102.2	14.7	-
2018	2,078.4	249.3	852.3	299.8	185.3	30.4	248.9	5.3	96.3	-	60.2
2019	1,927.2	244.2	772.3	299.8	213.3	27.1	234.3	4.6	90.4	-	57.7
2020	2,091.8	239.0	687.0	299.8	199.4	24.0	241.1	3.8	84.4	-	55.1
2021	1,950.5	233.4	631.2	394.6	185.2	20.8	221.6	3.1	78.3	-	52.6
2022	2,166.4	580.6	566.8	394.6	271.4	17.5	201.6	2.3	72.0	-	49.9
2023	2,016.1	611.0	543.4	329.9	351.2	14.2	181.0	1.6	65.7	-	47.3

	Governmental Activities			Business-Type Activities				Ratios			
Fiscal Year	Museum of Arts	PAID Rebuild Project	Total Governmental Activities	Water Revenue Bonds	Airport Revenue Bonds	Leases (2)	Total Business-Type Activities	Total Primary Government	Percentage of Personal Income (1)	Population (1)	Per Capita
2014	-	-	4,294.0	1,935.3	1,291.7	-	3,227.0	7,521.0	11.49%	1,553,165	4,842
2015	-	-	4,079.3	2,110.8	1,225.3	-	3,336.1	7,415.4	11.15%	1,560,297	4,753
2016	-	-	4,041.9	1,967.1	1,160.9	-	3,128.0	7,169.9	9.20%	1,567,442	4,574
2017	-	-	3,799.2	2,152.5	1,218.5	-	3,371.0	7,170.2	8.86%	1,567,872	4,573
2018	11.5	-	4,117.7	1,993.2	1,625.4	-	3,618.6	7,736.3	8.78%	1,580,863	4,894
2019	11.0	87.2	3,969.1	2,175.8	1,651.1	-	3,826.9	7,796.0	8.83%	1,584,138	4,921
2020	10.6	83.5	4,019.5	2,360.3	1,573.9	-	3,934.2	7,953.7	8.77%	1,584,064	5,021
2021	10.1	79.8	3,861.2	2,500.9	1,595.5	-	4,096.4	7,957.6	8.55%	1,578,487	5,041
2022	9.7	75.9	4,408.7	2,684.1	1,739.0	29.0	4,452.1	8,860.8	9.24%	1,576,251	5,621
2023	9.2	72.0	4,242.6	2,973.6	1,664.1	27.0	4,664.7	8,907.3	10.01%	1,567,258	5,683

(1) See Table 17 for Personal Income and Population Amounts
(2) Following implementation of GASB 87 in fiscal year 2022, the lease liability was restated

City of Philadelphia **Table 13**

Ratios of General Bonded Debt Outstanding

For the Fiscal Years 2014 through 2023

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]
2014	2,139.7	94,513.0	224.40%	42,118.1	5.08%	1,371.34
2015	1,996.0	92,707.0	213.95%	43,331.2	4.61%	1,273.41
2016	2,073.6	91,536.5	167.26%	54,727.1	3.79%	1,322.56
2017	1,953.1	91,741.2	167.14%	54,888.8	3.56%	1,235.46
2018	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	NA	NA	NA	NA

Note: Details regarding the City's outstanding debt can be found in the notes to the financial statement.

[1] Source: Office of Property Assessment

[2] The State Tax Equalization Board (STEB) annually determines a ratio of assessed valuation to true value for each municipality in the Commonwealth of Pennsylvania. The ratio is used for the purpose of equalizing certain state school aid distribution.

[3] See Table 17 for Population Amounts

City of Philadelphia

Table 14

Direct and Overlapping Governmental Activities Debt

June 30, 2023

Amounts in millions of USD

	Debt Outstanding	Estimated Percentage Applicable	Estimated Share of Direct and Overlapping Debt
Governmental Unit			
School District of Philadelphia	3,330.1	100.00%	3,330.1
[1] **City Direct Debt**			4,244.9
Total Direct and Overlapping Debt			7,575.0

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 2014 through 2023

Table 15

Amounts in Millions of USD

Legal Debt Margin Calculation for FY2023

Assessed Value	120,418.7
Debt Limit	16,256.5
[1] Debt Applicable to Limit:	
Tax Supported General Obligation Debt:	
Issued & Outstanding	1,732.7
Authorized but Unissued	690.4
Total	2,423.1
Less: Amount set aside for repayment of general obligation debt	-
Total Net Debt Applicable to Limit	2,423.1
Legal Debt Margin	13,833.4

	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023
Debt Limit (notes 2 and 3)	3,011.1	4,288.7	5,454.0	6,629.5	8,001.0	9,534.0	11,052.1	12,607.9	14,163.0	16,256.5
Total Net Debt Applicable to Limit	1,673.4	1,751.0	1,841.4	1,952.0	2,051.3	2,130.8	2,228.8	2,284.5	2,316.5	2,423.1
Legal Debt Margin	1,337.7	2,537.7	3,612.6	4,677.5	5,949.7	7,403.2	8,823.3	10,323.4	11,846.5	13,833.4
Total Net Debt Applicable to the Limit as a Percent of Total Debt	55.57%	40.83%	33.76%	29.44%	25.64%	22.35%	20.17%	18.12%	16.36%	14.91%

[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
2013	2014	107,209,023,547
2014	2015	106,062,882,977
2015	2016	98,268,051,621
2016	2017	99,343,238,214
2017	2018	114,493,581,457
2018	2019	126,865,207,235
2019	2020	125,555,031,478
2020	2021	128,770,069,988
2021	2022	128,790,111,318
2022	2023	168,829,528,524
	Ten Year average	120,418,672,636
	Limit per art. 9	13.50%
	Legal Debt Limit	16,256,520,806

City of Philadelphia **Table 16**

Pledged Revenue Coverage

For the Fiscal Years 2014 through 2023

Amounts in millions of USD

No.		2014	2015	2016	2017	2018	2019	2020	2021	2022	2023
	Water and Sewer Revenue Bonds										
1	Total Revenue and Beginning Fund Balance	680.4	-	-	-	-	-	-	-	-	-
1a	Total Revenue	-	676.8	678.9	720.6	750.1	741.6	746.7	730.5	753.6	809.1
2	Net Operating Expenses	410.8	422.3	433.0	480.3	506.2	522.4	543.7	545.1	547.2	603.8
2a	Commitments Cancelled (formally Beg. Fund Bal.)	-	(19.4)	(24.1)	(24.6)	(32.4)	(30.4)	(26.9)	(23.9)	(36.8)	(29.2)
3	Transfer To (From) Rate Stabilization Fund	22.9	21.4	(1.6)	(4.6)	(24.6)	(4.3)	(33.1)	(27.0)	15.0	(7.8)
4	Net Revenues	246.7	252.5	271.6	269.5	300.9	253.9	263.0	236.3	228.2	242.3
	Debt Service:										
5	Revenue Bonds Outstanding	201.7	205.3	219.3	206.1	218.4	190.9	206.2	186.2	177.0	199.3
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	201.7	205.3	219.0	215.9	237.2	190.9	206.4	186.3	177.0	199.8
9	Net Revenue after Debt Service	45.0	47.2	52.6	53.6	63.7	63.0	56.6	50.0	51.2	42.5
10	Transfer to General Fund	-	-	-	-	-	-	-	-	-	-
11	Transfer to Capital Fund	20.2	20.7	21.5	22.3	34.8	24.9	26.6	27.8	29.2	30.1
12	Transfer to Residual Fund	24.8	26.5	31.1	31.3	28.9	38.1	30.0	22.2	22.0	12.4
13	Ending Fund Balance	-	-	-	-	-	-	-	-	-	-
	Debt Service Coverage:										
	Coverage A (Line 4/Line 5)	1.22	1.23	1.24	1.31	1.38	1.33	1.28	1.27	1.29	1.22
	Coverage B (Line 4/(Line 5 + Line 11))	1.11	1.12	1.13	1.13	1.19	1.18	1.13	1.10	1.11	1.06
	Airport Revenue Bonds										
1	Fund Balance	66.5	66.3	71.2	87.9	107.8	126.8	144.2	160.9	173.7	173.7
2	Project Revenues	316.9	322.8	341.2	362.0	381.7	393.4	390.2	331.8	356.0	535.6
3	Passenger Facility Charges	31.2	31.2	31.2	33.7	31.2	31.2	31.2	49.6	32.0	25.6
4	Total Fund Balance and Revenue	414.6	420.3	443.6	483.6	520.7	551.4	565.6	542.3	561.7	734.9
5	Net Operating Expenses	117.3	126.0	132.1	136.5	151.0	161.2	151.7	130.1	150.0	149.3
6	Interdepartmental Charges	103.9	108.7	106.8	116.7	116.7	121.1	123.0	109.8	103.0	117.6
7	Total Expenses	221.2	234.7	238.9	253.2	267.7	282.3	274.7	239.9	253.0	266.9
	Available for Debt Service:										
8	Revenue Bonds (Line 4-Line 5)	297.3	294.3	311.5	347.1	369.7	390.2	413.9	412.2	411.7	585.6
9	All Bonds (Line 4-Line 7)	193.4	185.6	204.7	230.4	253.0	269.1	290.9	302.4	308.7	468.0
	Debt Service:										
10	Revenue Bonds	125.4	125.2	120.6	122.6	127.8	126.0	127.9	124.3	118.0	160.4
11	General Obligation Bonds	-	-	-	-	-	-	-	-	-	-
12	Total Debt Service	125.4	125.2	120.6	122.6	127.8	126.0	127.9	124.3	118.0	160.4
	Debt Service Coverage:										
	Revenue Bonds Only - Test "A" (Line 8/Line 10)	2.37	2.35	2.58	2.83	2.89	3.10	3.24	3.32	3.49	3.65
	Total Debt Service - Test "B" (Line 9/Line 12)	1.54	1.48	1.69	1.88	1.98	2.14	2.27	2.43	2.62	2.92

Note:

The rate covenant of the Aviation issues permit inclusion of Fund Balance at the beginning of the period with project revenues for the period to determine adequacy of coverage.

Coverage "A" requires that Net Revenues equal at least 120% of the Debt Service Requirements while Coverage "B" requires that Net Revenues equal at least 100% of the Debt Service Requirements plus Required Capital Account Transfers. Test "A" requires that Project Resources be equal to Net Operating Expenses plus 150% of Revenue Bond Debt Service for the year. Test "B" requires Project Resources be equal to Operating Expenses for the year plus all debt service requirements for the year except any General Obligation Debt Service not applicable to the project.

Amounts in the above statement have been extracted from reports submitted to the respective Fiscal Agents in accordance with the reporting requirements of the General Ordinance and Supplemental Ordinance relative to rate covenants. Water and Sewer Coverage is calculated on the modified accrual basis; Aviation Fund on the accrual basis.

Prior to FY 2015, Commitments Cancelled were included as part of Total Revenue and Beginning Fund Balance. Commitments Cancelled represent the liquidation of encumbrances. An encumbrance is an expense that is anticipated to be charged to the Water Fund. Beginning in FY 2015 these amounts were reclassified as contra-expenses and reported under Net Operating Expenses.

Prior to FY 2017, Water and Sewer Revenue Bonds Debt Service Coverage B was calculated as (Line4/(Line 8 + Line 11)).

City of Philadelphia

Table 17

Demographic and Economic Statistics

For the Calendar Years 2013 through 2022

Calendar Year	Population [1]	Personal Income [2] (thousands of USD)	Per Capita Personal Income (USD)	Unemployment Rate [3]
2013	1,553,165	65,473,002	42,155	10.0%
2014	1,560,297	66,495,223	42,617	8.0%
2015	1,567,442	77,903,831	49,701	6.9%
2016	1,567,872	80,973,410	51,645	6.8%
2017	1,580,863	88,081,991	55,718	6.2%
2018	1,584,138	88,311,658	55,747	5.5%
2019	1,584,064	90,711,866	57,265	5.5%
2020	1,578,487	93,038,320	58,941	12.4%
2021	1,576,251	95,944,257	60,869	9.2%
2022	1,567,258	88,964,392	56,764	5.4%

[1] US Census Bureau

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

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

City of Philadelphia

Table 18

Principal Employers

Current Calendar Year and Nine Years Ago

Listed Alphabetically

2022	2013
Albert Einstein Medical	Albert Einstein Medical
Children's Hospital of Philadelphia	Children's Hospital of Philadelphia
City of Philadelphia	City of Philadelphia
Comcast Corporation	Comcast Corporation
School District of Philadelphia	School District of Philadelphia
SEPTA (Southeastern Pennsylvania Transit Authority)	SEPTA (Southeastern Pennsylvania Transit Authority)
Temple University	Temple University
Thomas Jefferson University Hospitals	Thomas Jefferson University Hospitals
University Of Pennsylvania	University Of Pennsylvania
Hospital of the University of Pennsylvania	Hospital of the University of Pennsylvania

City of Philadelphia Table 19

Full Time Employees by Function

For the Fiscal Years 2014 through 2023

	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023
Governmental Activities:										
Economic Development	29	33	43	39	47	69	63	40	37	53
Transportation:										
Streets & Highways	525	506	512	538	609	655	669	627	636	680
Mass Transit	15	12	12	1	1	1	2	1	3	3
Judiciary and Law Enforcement:										
Police	7,177	7,267	7,750	7,213	7,276	7,336	7,201	6,847	6,681	6,335
Prisons	2,257	2,286	2,280	2,257	2,208	2,084	1,882	1,556	1,319	1,288
Courts	3,234	3,255	3,276	3,367	3,317	3,364	3,428	3,301	3,109	3,172
Conservation of Health:										
Emergency Medical Services	494	576	534	592	416	467	533	419	414	430
Health Services	1,097	1,084	1,062	1,105	1,132	1,161	1,206	1,169	1,150	1,134
Housing and Neighborhood Development	72	74	66	67	73	71	76	75	83	90
Cultural and Recreational:										
Parks and Recreation	587	628	636	630	670	682	678	667	633	699
Libraries and Museums	637	674	666	677	659	670	688	648	619	738
Improvements to General Welfare:										
Social Services	1,809	1,801	1,779	1,837	1,860	1,804	1,827	1,765	1,755	1,683
Inspections and Demolitions	288	319	323	336	378	421	394	371	352	328
Service to Property:										
Sanitation	1,158	1,155	1,159	1,153	1,094	1,179	1,144	1,163	1,298	1,266
Fire	1,643	1,719	1,871	1,896	2,036	2,187	2,227	2,259	2,258	2,356
General Management and Support	2,456	2,497	2,601	2,749	2,744	3,164	2,911	2,749	2,760	2,956
Total Governmental Activities	23,478	23,886	24,570	24,457	24,520	25,315	24,929	23,657	23,107	23,211
Business Type Activities:										
Water and Sewer	2,302	2,347	2,358	2,481	2,519	2,217	2,498	2,428	2,403	2,421
Aviation	1,040	1,021	1,032	1,035	1,056	1,071	1,048	977	840	833
Total Business-Type Activities	3,342	3,368	3,390	3,516	3,575	3,288	3,546	3,405	3,243	3,254
Fiduciary Activities:										
Pension Trust	50	55	56	56	60	56	54	55	58	57
Total Primary Government	26,870	27,309	28,016	28,029	28,155	28,659	28,529	27,117	26,408	26,522

City of Philadelphia **Table 20**
Operating Indicators by Function
For the Fiscal Years 2014 through 2023

	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023
Governmental Activities:										
Transportation:										
Streets & Highways										
Street Resurfacing (miles)	34	40	43	56	77	95	65	42	49	51
Potholes Repaired	45,077	48,274	35,541	31,589	57,002	59,514	37,971	22,815	59,164	38,136
Judiciary and Law Enforcement:										
Police										
Arrests	71,650	71,661	55,693	46,268	45,531	42,444	40,702	30,697	27,496	28,486
Calls to 911	2,879,620	2,978,527	3,703,809	2,760,452	2,432,404	2,616,735	2,390,540	2,335,370	2,862,919	2,960,592
Prisons										
Average Inmate Population	8,759	8,254	7,685	6,925	6,158	4,815	4,190	4,709	4,396	4,421
Inmate Beds (city owned)	8,417	8,417	8,428	6,991	6,085	5,019	4,047	4,903	4,903	5,053
Conservation of Health:										
Emergency Medical Services										
Medic Unit Runs	239,403	243,127	263,754	267,266	271,450	274,659	266,090	271,494	251,501	268,332
First Responder Runs	60,296	49,529	48,965	47,456	48,797	49,526	47,864	49,321	48,440	52,890
Health										
Patient Visits	309,911	290,000	72,479	336,445	335,937	350,948	324,388	300,073	332,000	300,691
Cultural and Recreational:										
Parks										
Athletic Field Permits Issued	873	1,634	2,501	2,579	2,120	1,351	1,892	571	1,062	1,096
Libraries										
Items borrowed	6,502,087	6,511,582	5,926,481	5,419,516	5,293,138	6,482,481	5,207,069	4,002,577	5,241,011	4,155,752
[3] Visitors to all libraries	5,563,015	5,891,382	5,839,145	5,128,715	4,973,288	4,915,649	3,841,395	176,619	1,829,104	-
Visitors to library website	8,194,626	9,907,573	7,971,946	5,029,713	6,361,655	6,699,581	6,099,144	4,071,281	4,827,886	5,300,000
Improvements to General Welfare:										
Social Services										
Children Receiving Services	17,761	18,982	19,697	18,955	18,798	17,002	13,369	11,533	10,465	14,430
Children in Placement	8,548	7,809	8,463	8,782	8,731	8,230	7,125	6,355	5,730	5,112
Emergency Shelter Beds (average)	2,544	2,708	2,196	2,143	2,170	3,725	3,855	2,526	2,501	2,747
Transitional Housing Units (new placements)	509	509	517	415	284	728	374	419	404	415
Service to Property:										
Sanitation										
Refuse Collected (tons per day)	2,132	2,139	2,270	2,311	2,310	2,475	2,351	2,841	2,645	2,430
Recyclables Collected (tons per day)	490	442	425	444	404	355	327	207	242	308
Fire										
Fires Handled	6,120	6,364	6,143	5,901	6,614	7,810	7,350	3,413	7,161	8,314
Fire Marshall Investigations	1,943	2,183	1,715	2,242	2,099	1,969	1,889	1,954	1,783	2,093
Business Type Activities:										
[2] **Water and Sewer**										
Millions of gallons of treated water	90,213	86,416	84,573	82,846	81,485	80,943	78,239	84,424	84,342	85,817
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	775	637	682	1,022	742	747	796	560	478	1,141
Water main breaks repaired	918	907	703	655	977	754	596	759	779	606
Average time to repair a water main break upon crew arrival at site (hours)	6.2	5.7	6.8	6.7	6.5	6.7	6.2	6.7	6.9	7
Percent of hydrants available	99.68%	99.61%	99.60%	99.60%	99.57%	99.43%	99.15%	98.91%	98.95%	99.00%
Number of storm drains cleaned	94,653	103,056	98,105	107,784	103,535	103,053	84,640	97,849	64,427	80,909
[1] **Aviation**										
Passengers Handled (PIA)	30,539,430	30,601,985	31,336,138	29,641,556	30,553,378	32,244,112	23,782,297	13,039,500	23,204,502	26,824,404
Air Cargo Tons (PIA)	395,661	402,194	414,891	424,009	487,086	554,606	573,499	582,469	575,274	532,198
Aircraft Movements (PIA and NPA)	493,272	487,096	456,269	434,707	427,214	455,352	385,403	287,679	380,979	392,595

[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.

City of Philadelphia **Table 21**

Capital Assets Statistics by Function

For the Fiscal Years 2014 through 2023

	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023
Governmental Activities:										
Transportation:										
Streets & Highways										
[1] Total Miles of Streets	2,575	2,575	2,575	2,575	2,550	2,550	2,550	2,550	2,552	2,552
Streetlights	105,151	105,151	105,151	104,595	106,092	106,092	124,846	126,924	141,554	141,518
Judiciary and Law Enforcement:										
Police										
Stations and Other Facilities	39	40	50	48	55	55	55	58	56	57
Prisons										
Major Correctional Facilities	6	6	6	6	5	4	3	3	3	4
Conservation of Health:										
Health Services										
Health Care Centers	9	9	8	8	8	8	8	8	8	8
Cultural and Recreational:										
Recreation										
[4] Recreation Centers	184	155	164	313	313	721	717	731	738	742
[2] Athletic Venues	1,107	1,108	1107	1030	1030	1129	1120	1118	1112	1101
Parks										
Parks	177	209	209	211	211	405	409	410	414	406
Baseball/Softball Fields	403	403	404	412	404	414	411	411	410	410
Libraries										
Branch & Regional Libraries	54	54	54	54	54	54	57	57	57	54
Service to Property:										
Fire										
Stations and Other Facilities	68	69	63	69	67	73	73	73	73	73
Business Type Activities:										
Water and Sewer:										
Water System Piping (miles)	3,176	3,176	3,187	3,184	3,185	3,183	3,178	3,180	3,179	3,179
Fire Hydrants	25,364	25,364	25,398	25,419	25,419	25,234	25,020	25,192	25,142	25,142
Treated Water Storage Capacity (x 1000 gallons)	1,065,400	1,065,000	1,065,000	1,065,000	950,000	950,000	1,010,000	1,010,000	1,010,000	973,000
Sanitary Sewers (miles)	762	762	763	765	766	767	761	767	767	767
Stormwater Conduits (miles)	737	737	740	747	744	752	755	756	757	759
Sewage Treatment Capacity (x 1000 gallons)	1,044,000	1,044,000	1,044,000	1,044,000	1,044,000	1,059,000	1,059,000	1,059,000	1,059,000	1,059,000
[3] **Aviation**										
Passenger Gates (PIA)	126	126	126	126	126	126	126	126	126	126
Terminal Buildings (square footage) (PIA)	3,254,354	3,254,354	3,254,354	3,240,537	3,240,537	3,240,537	3,240,537	3,240,537	3,254,354	3,254,354
Runways (length in feet) (PIA & NPA)	43,500	43,500	43,500	43,500	43,500	43,500	43,500	43,500	43,500	43,500

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

[2] Includes baseball fields, football/soccer fields, tennis, basketball and hockey courts, skating rinks and indoor and outdoor pools

[3] PIA (Philadelphia International Airport)-passenger aircraft and cargo. NPA (Northeast Philadelphia Airport)-private aircraft and cargo.

[4] Includes playgrounds and spraygrounds

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APPENDIX D

SUMMARY OF CERTAIN PROVISIONS OF THE NPI INDENTURE AND THE NPI SERVICE AGREEMENT

The following sets forth the definitions of certain terms used in the NPI Indenture and the NPI Service Agreement and elsewhere in this Official Statement, and a summary of certain provisions of the NPI Indenture and the NPI Service Agreement. Capitalized terms used herein but not defined herein shall have the meanings set forth in the forepart of this Official Statement.

These summaries should not be regarded as full statements of the legal documents themselves or of the portions summarized. For a complete statement of the provisions of the NPI Indenture and the NPI Service Agreement, reference should be made to those documents in their entirety, copies of which are available from the Authority, and, prior to closing, from the senior managing underwriter, and, after closing, from the NPI Trustee, at the offices of the NPI Trustee set forth under "INTRODUCTION – Trustees" in the forepart of this Official Statement.

DEFINITIONS OF CERTAIN TERMS

"**Account**" shall mean any account authorized to be established by the NPI Indenture.

"**Additional Obligations**" shall mean all bonds, notes, evidences of indebtedness, lines of credit or other credit facility or liquidity facility (other than a Credit Facility), or other obligations issued under the NPI Indenture (including all payment and reimbursement obligations in connection therewith) other than the 2021 Bonds, in each case with respect to which the City has agreed to pay the NPI Service Fee.

"**Administrative Expenses**" shall mean the reasonable fees and expenses of the Authority and the NPI Trustee and any paying agent, remarketing agent or other fiduciary or agent appointed under the NPI Indenture, including reasonable legal fees and expenses, in connection with the issuance of any Obligations, the administration of the NPI Indenture, the performance of the Authority's obligations under the NPI Service Agreement, or in connection with inquiring into, or enforcing the performance of, the City's obligations under the NPI Service Agreement or the NPI Indenture. "Administrative Expenses" do not include annual fees or any other amounts required to be paid by the City to the Authority pursuant to the Intergovernmental Cooperation Agreement between the Authority and the City relating to the NPI Program.

"**Annual Debt Service Requirement**" shall mean, with respect to each Fiscal Year, the sum of the amounts required to be paid by the Authority in such Fiscal Year for (i) the payment of principal and mandatory sinking fund redemptions of and interest on, or any other payments with respect to, the Obligations and (ii) the payment of any Credit Facility Payment Obligations.

"**Authorized Representative of the Authority**" shall include the Chair, Vice Chair, Executive Director, Director of Finance & Administration, Director of Housing Finance, Secretary and Assistant Secretary of the Authority.

"**Authorized Representative of the City**" shall include the City Treasurer, the Director of Finance or any other Person designated as such in a writing signed by the City Treasurer or the Director of Finance.

"Best" shall mean A.M. Best Rating Services, Inc. and any successor thereto.

“**Certified Resolution**” shall mean one or more resolutions of the governing body of the Authority, certified by the Secretary or Assistant Secretary of the Authority, under its seal, to have been duly adopted or enacted and to be in full force and effect as of the date of certification.

“**Cost**” or “**Costs**” shall mean all costs of the NPI Program which the City or the Authority or either of them is authorized to incur under applicable law (including the Act, the Redevelopment Cooperation Law and the NPI Ordinance) and includes Costs of Issuance; provided, that if such Obligations were issued as tax-exempt obligations for purposes of federal income taxation, an opinion of nationally-recognized bond counsel, selected by the Authority at the direction of the City, shall be delivered to the NPI Trustee to the effect that the payment of principal of and/or interest on such Obligations will not, in and of itself, adversely affect the exclusion of interest thereon from gross income for purposes of federal income taxation.

“**Costs of Issuance**” shall mean the costs of issuance of Obligations, including without limitation underwriting fees; costs of financial, legal, professional and other advice; costs related to a Credit Facility payable in connection with the issuance of such Obligations; and any other expenses as may be necessary or incident to the issuance of such Obligations.

“**Counsel**” shall mean an attorney at law or law firm (which may include counsel to the Authority or the City) not unsatisfactory to the Authority or the City.

“**Credit Facility**” shall mean any letter of credit, surety bond, insurance policy, standby bond purchase agreement, line of credit or other credit facility or liquidity facility issued or entered into for the benefit of the Holders of the Obligations of any series or any portion thereof to further secure payment of the principal of (including any mandatory sinking fund redemptions), purchase price of, if applicable, and interest on such Obligations.

“**Credit Facility Payment Obligations**” shall mean all payment and reimbursement obligations of the Authority to a Credit Issuer in connection with any Credit Facility securing all or a portion of any series of Obligations. The Authority’s obligations to pay the principal of (including any mandatory sinking fund redemptions) and interest on Obligations held by a Credit Issuer (whether by purchase, subrogation, foreclosure of a pledge of such Obligations or otherwise) shall be Payment Obligations and shall not be Credit Facility Payment Obligations. The NPI Trustee may conclusively rely upon a certificate furnished by the applicable Credit Issuer as to amounts owing to the Credit Issuer as Payment Obligations.

“**Credit Issuer**” shall mean each provider of a Credit Facility.

“**Event of Default**” shall mean any of the events described under the caption “THE NPI INDENTURE – Events of Default and Remedies under the NPI Indenture – Events of Default Defined” and “THE NPI SERVICE AGREEMENT – Events of Default under the NPI Service Agreement” below.

“**Fiscal Year**” shall mean the annual accounting year of the City, which currently begins on July 1 of each year.

“**Fund**” shall mean any fund authorized to be established by the NPI Indenture.

“**Government Obligations**” shall mean direct obligations of, or obligations the timely payment of the principal of and interest on which is fully and unconditionally guaranteed by, the United States of America.

"**Holders**" or "**Holder**" (when used with respect to Obligations) shall mean the Person in whose name any Obligation is registered pursuant to the NPI Indenture. A Credit Issuer which owns Obligations by purchase or which is subrogated to the rights of Holders of the Obligations is a Holder of the Obligation for purposes of the NPI Indenture.

"**Independent**" shall mean, with respect to any Person, a Person (i) who is not a member of the Board of the Authority or an elected official of the City; (ii) who is not an officer or employee of the Authority or the City; (iii) which is not a partnership, corporation or association having a partner, director, or officer, who is a member of the Board of the Authority or an elected official of the City, or who is an officer or employee of the Authority or the City; provided, however, that the fact that such Person or entity is retained regularly by or transacts business with the Authority or the City shall not make such Person or entity an employee of the Authority or the City.

"**Independent Certified Public Accountant**" shall mean an Independent accountant or accounting firm which is appointed by the Authority for the purpose of examining and reporting on or passing on questions relating to the financial statements of the Authority or the City, has all certifications necessary for the performance of such services and has a favorable reputation for skill and experience in performing similar services in respect of entities engaged in reasonably comparable endeavors.

"**Interest Payment Date**" shall (i) with respect to the 2021 Bonds and the 2023 Bonds be September 1 and March 1, (ii) with respect to the 2024A Bonds and the 2024B Bonds be as described in the front portion of the Official Statement, as the "NPI Interest Payment Date," and (iii) for any Additional Obligations be as set forth in a Supplemental Indenture providing for the issuance thereof.

"**Investment Securities**" shall mean:

(1) Government Obligations.

(2) Any bond, debenture, note, participation certificate or other similar obligation issued by any one or combination of the following agencies: Government National Mortgage Association, Federal Land Banks, Federal Home Loan Banks, Federal Intermediate Credit Banks, Banks for Cooperatives, Tennessee Valley Authority, United States Postal Service, Farmers Home Administration, the Student Loan Marketing Association and Export-Import Bank of the United States.

(3) Any bond, debenture, note, participation certificate or other similar obligation issued by the Federal National Mortgage Association to the extent such obligations are guaranteed by the Government National Mortgage Association or issued by any other Federal agency and backed by the full faith and credit of the United States of America.

(4) Deposits in interest-bearing time or demand deposits, or certificates of deposit, fully insured by the Federal Deposit Insurance Corporation, or its successors, or fully secured by any of the obligations described in paragraphs (1), (2) or (3) above to the extent not so insured.

(5) Repurchase agreements relating to, or investment agreements secured by or providing for the acquisition of and, if applicable, resale of, obligations described in paragraphs (1) or (2) above, with: (i) banks or trust companies (which may include any banking entity or depository); (ii) brokers or broker-dealers registered under the Securities Exchange Act of 1934 which are members of the Securities Investors' Protection Corporation and which are acceptable to the City; or (iii) insurance companies rated A+ or better by Best's having a net capital and surplus of at least $25,000,000; provided that any such repurchase agreement or investment agreement shall meet the following requirements: (A) the repurchase or investment agreement must be secured in the principal amount thereof by securities

described in paragraphs (1) or (2) above having at all times a fair market value of at least 100% of such agreement and deposited with the NPI Trustee or its agents as collateral therefor, (B) the NPI Trustee shall have a perfected first security interest in such collateral securities, and (C) the collateral securities shall be owned by the pledgor free and clear of any liens or security interests other than that of the NPI Trustee.

(6) Certificates of deposit with such banks or trust companies as described in paragraph (5)(i) above fully secured as to principal and accrued interest by obligations described in paragraphs (1) through (4) deposited with or subject to the control of the Authority or the NPI Trustee.

(7) Money market deposit accounts of banks or trust companies having a net capital and surplus of at least $25,000,000 (which may include the NPI Trustee or any affiliate thereof).

The authorized investments described above in paragraphs (5), (6) and (7) shall only be made if they provide for the repayment of the principal amount invested at an amount not less than that so invested. Whenever security is required as set forth in an applicable preceding paragraph, such security shall be deposited with the NPI Trustee or other agent of the NPI Trustee satisfactory to the NPI Trustee and the City.

(8) Direct and general obligations of any state of the United States, for which the full faith and credit of such state is pledged, if at the time of their purchase such obligations are rated in any of the two highest rating categories by either S&P or Moody's or upon the discontinuance of either or both of such services, such other nationally recognized rating service or services, as the case may be, as shall be determined by an Authorized Representative of the City.

(9) Shares of open-end, diversified investment companies (i) registered under the Investment Company Act of 1940, (ii) investing exclusively in Investment Securities of the types described in subparagraph (1) or (2) of the definition of "Investment Securities" above, (iii) maintaining a constant net asset value per share in accordance with regulations of the Securities and Exchange Commission, and (iv) individually having aggregate net assets of not less than $10,000,000 on the date of purchase; provided that the purchase of shares of any particular investment company shall be limited to an aggregate amount of not more than 5% of the aggregate net assets of that investment company on the date of purchase.

(10) Commercial paper rated, at the time of purchase, in the highest category by S&P and Moody's.

(11) Investment agreements with, or which are guaranteed by, a financial institution or financial services company which has an unsecured, uninsured and unguaranteed obligation rated, at the time such agreement is entered into, in one of the three highest rating categories by Moody's or S&P, or is the lead bank of a parent bank holding company with an uninsured, unsecured and unguaranteed obligation meeting such rating requirements, or is an insurance company or insurance holding company with a claims paying ability rated in one of the three highest categories, provided (i) interest is paid at least semi-annually at a fixed rate during the entire term of the agreement, consistent with Interest Payment Dates, (ii) moneys invested thereunder may be withdrawn without any penalty, premium or charge upon not more than seven days' notice (provided such notice may be amended or cancelled at any time prior to the withdrawal date); (iii) the agreement is not subordinated to any other obligations of such financial institution or bank, (iv) the same guaranteed interest rate will be paid on any future deposits permitted to be made under such investment agreement, and (v) the NPI Trustee receives an opinion of counsel that such agreement is an enforceable obligation of such financial institution.

(12) Any other investment permitted under the then-current Investment Policy of the City.

"**Moody's**" shall mean Moody's Investors Service, Inc. and any successor thereto.

"**Obligation**" or "**Obligations**" shall mean the 2021 Bonds and any Additional Obligations, including the 2023 Bonds, the 2024A Bonds and the 2024B Bonds.

"**Outstanding**" shall mean, with respect to the Obligations, all Obligations authenticated and delivered under the NPI Indenture, except: (a) all Obligations theretofore cancelled or required to be cancelled under the NPI Indenture; (b) Obligations for the payment of which provision has been made in accordance with the NPI Indenture; and (c) Obligations in substitution for which other Obligations have been authenticated and delivered pursuant to the NPI Indenture.

"**Paying Agent**" or "**Co-Paying Agent**" means any national banking association, bank and trust company or trust company appointed by the Authority pursuant to the NPI Indenture.

"**Payment Date**" shall mean a date on which a payment of principal (including any mandatory sinking fund redemptions) or interest or any other amounts with respect to any Obligations or payment of any Credit Facility Payment Obligations shall be due and payable.

"**Payment Obligations**" shall mean the Authority's obligation to repay the Obligations.

"**Person**" shall mean an individual, a corporation, a partnership, an association, a joint stock company, a joint venture, a limited liability company, a trust, an unincorporated organization, a governmental unit or an agency, political subdivision or instrumentality thereof, or any other group or organization of individuals.

"**Register**" shall mean the register maintained by the Registrar for the Obligations which provides for the registration of Obligations and of their transfer.

"**Registrar**" shall mean a person or persons designated by the Authority to act as registrar and transfer agent for the Obligations. (The NPI Trustee has been designated initially as Registrar.)

"**Reserved Rights**" shall mean the rights of the Authority to receive payments, and the right to enforce each of the same, of Administrative Expenses and certain rights of the Authority under the NPI Service Agreement including: certain indemnification rights of the Authority; defenses and immunities which the Authority has under the Pennsylvania Political Subdivision Tort Claims Act or the Commonwealth Agency Act; and certain limitations on the liability of the Authority providing that no provision of the NPI Service Agreement shall give rise to a charge upon the general credit of the Authority, including without limitation in respect of general liability for repayment of the Obligations or Credit Facility Payment Obligations.

"**Responsible Officer**" shall mean, when used with respect to the NPI Trustee, any officer within the corporate trust department of the NPI Trustee, including any vice president, assistant vice president, assistant secretary, assistant treasurer, trust officer or any other officer of the NPI Trustee who customarily performs functions similar to those performed by the persons who at the time shall be such officers, respectively, or to whom any corporate trust matter is referred because of such person's knowledge of and familiarity with the particular subject and who shall have direct responsibility for the administration of the NPI Indenture.

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

"**S&P**" shall mean S&P Global Ratings, a business unit of Standard & Poor's Financial Services LLC, a division of S&P Global Inc. and any successor thereto.

"**Supplemental Indenture**" or "indenture supplemental thereto" shall mean any indenture amending or supplementing the NPI Indenture which may be entered into in accordance with the provisions of the NPI Indenture.

"2021 Bonds" shall mean collectively, the Authority's (i) $89,685,000 City Service Agreement Revenue Bonds, Series A of 2021 (Federally Taxable Social Bonds) and (ii) $8,875,000 City Service Agreement Revenue Bonds, Series B of 2021 (Tax-Exempt Social Bonds).

"2023 Bonds" shall mean collectively, the Authority's (i) $79,470,000 City Service Agreement Revenue Bonds, Series A of 2023 (City of Philadelphia Neighborhood Preservation Initiative) (Federally Taxable Social Bonds) and (ii) $19,985,000 City Service Agreement Revenue Bonds, Series B of 2023 (City of Philadelphia Neighborhood Preservation Initiative) (Tax-Exempt Social Bonds).

"**2024 Project**" shall mean the financing of additional costs of the NPI Program and the payment of Costs of Issuance of the 2024A Bonds and 2024B Bonds.

THE NPI INDENTURE

Pledge of the NPI Trust Estate

The pledge of the NPI Trust Estate is described in the forepart of this Official Statement under "SECURITY AND SOURCES OF PAYMENT FOR THE 2024/25 BONDS – Indentures – NPI Indenture."

Issuance of Additional Obligations

Additional Obligations may be issued upon the satisfaction of the conditions set forth in the Supplemental Indenture providing for the issuance thereof; provided that no Additional Obligation may be issued under the NPI Indenture unless the City executes and delivers to the Authority an amendment or supplement to the NPI Service Agreement acknowledging the issuance of such Additional Obligations and confirming the obligations of the City to pay the NPI Service Fee in amounts sufficient to pay the Payment Obligations with respect to such Additional Obligations. Proceeds of Additional Obligations shall be deposited as set forth in the Supplemental Indenture providing for the issuance thereof.

Project Fund

Establishment of Project Fund; Accounts within Fund. The NPI Trustee shall establish a Project Fund. For the payment of Costs of the 2024 Project (including Costs of Issuance), the NPI Trustee shall deposit into the Project Fund the specified proceeds of the 2024A Bonds and the 2023B Bonds in accordance with the written directions delivered pursuant to the NPI Indenture. Separate Accounts within the Project Fund will be established for the proceeds of the 2024A Bonds and 2024B Bonds respectively. All amounts deposited or transferred into the Project Fund shall be held for the security of all Outstanding Obligations and Credit Facility Payment Obligations in the order described under "Events of Default and Remedies under the NPI Indenture – Application of Moneys in Event of Default." Further, accounts and subaccounts within the Project Fund shall be maintained by the NPI Trustee at the written direction of an Authorized Representative of the City if the City determines that such separate account or subaccount is desirable with respect to designated portions of the 2024 Project.

The Authority shall promptly transfer, or cause to be transferred, to the NPI Trustee for deposit to the Project Fund any original unspent proceeds of Obligations once the Authority reasonably determines that such proceeds will not be able to be applied for their requisitioned purposes.

Payments from Project Fund. Payments from the respective Accounts of the Project Fund established under the NPI Indenture for proceeds of the 2024 Bonds shall be made in respect of Costs of the 2024 Project (including Costs of Issuance) upon compliance with the requirements of the NPI Indenture.

Revenues of the Authority, and the Application Thereof to Funds

Revenues to Be Paid Over to NPI Trustee. The Revenues and all moneys, securities and funds held or set aside or to be held or set aside pursuant to the NPI Indenture by the NPI Trustee or in any Fund, Account or subaccount created by the NPI Indenture and all other pledged property comprising the NPI Trust Estate are pledged and a security interest is therein granted, to secure the payment of the Payment Obligations and Credit Facility Payment Obligations; provided, however, that the pledge and security interest granted in the NPI Indenture to secure the Authority's obligation to pay Credit Facility Payment Obligations shall be subject and subordinate to the pledge and security interest therein granted to secure Payment Obligations. The pledge of the NPI Trust Estate under the NPI Indenture as security for the performance of all obligations of the Authority under the NPI Indenture shall be valid and binding from the time such pledge is made. The NPI Trust Estate shall immediately be subject to the lien of the NPI Indenture without any physical delivery thereof or further act. The Authority shall pay or cause to be paid the Revenues directly to the NPI Trustee. Upon receipt of any Revenues, or other amounts forming a part of the NPI Trust Estate under the NPI Indenture, the NPI Trustee shall deposit the same in the appropriate Fund or Funds established under the NPI Indenture. Except as otherwise provided in the NPI Indenture, the NPI Trust Estate under the NPI Indenture shall be collected, held and applied for the equal and ratable benefit and security of all Holders of the Obligations.

Revenue Fund; Application Thereof. The NPI Trustee shall establish a Revenue Fund, into which it shall deposit all Revenues received by it. Amounts on deposit in the Revenue Fund shall be deposited, on each Payment Date, first, to the Debt Service Fund, to the extent (if any) needed to increase the amount in the Debt Service Fund so that it equals the Payment Obligations due on such Payment Date, and second, into the Subordinated Payment Obligations Fund, the amount of any Credit Facility Payment Obligations due on such Payment Date.

Debt Service Fund, Application Thereof. The NPI Trustee shall establish and maintain a Debt Service Fund. Moneys on deposit in the Debt Service Fund shall be applied on each Payment Date as follows:

(a) to the payment, when due, of interest on all Outstanding Obligations (including accrued interest due upon redemption); and

(b) to the payment, when due, of the principal of Obligations then payable at maturity or mandatory sinking fund redemption (but, except as otherwise provided in the NPI Indenture, only upon surrender of such Obligations), subject to reduction by the principal amount of Obligations of the same series, maturity and interest rate purchased by the Authority at the direction of the City and surrendered to the NPI Trustee for cancellation or purchased for cancellation by the NPI Trustee as described in subparagraph (c) below.

(c) during the 12-month period preceding each principal maturity or mandatory sinking fund redemption date, the NPI Trustee shall, at the written request of the Authority at the direction of the City, accept the purchase of Obligations of the series, maturity and interest rate becoming due or subject to mandatory redemption on such date from funds in the Debt Service Fund; provided, however, that no such purchase shall be made unless the purchase price does not exceed 100% of the principal amount of the Obligations so to be purchased plus accrued interest.

Payments from the Debt Service Fund shall be made ratably (to the extent payable on the same date) by the NPI Trustee according to amounts due in respect of each Obligation without preference of one Obligation over another.

Subordinated Payment Obligations Fund; Application Thereof. The NPI Trustee shall establish a Subordinated Payment Obligations Fund into which the NPI Trustee shall deposit for each series of Obligations amounts required to be deposited therein with respect to any Credit Facility Payment Obligations. The NPI Trustee shall withdraw from the Subordinated Payment Obligations Fund on each Payment Date the amount of any Credit Facility Payment Obligations due on such date and shall cause the same to be paid to the applicable Credit Issuer. Payments from the Subordinated Payment Obligations Fund shall be made ratably (to the extent payable on the same date) by the NPI Trustee according to the amounts due in respect of each Credit Facility Payment Obligation without priority or preference of one Credit Facility Payment Obligation over another.

Procedure When Funds Are Sufficient to Pay All Obligations. If at any time the amounts held by the NPI Trustee in the Funds (other than the Project Fund) established under the NPI Indenture are sufficient to pay principal of and interest on all Obligations then Outstanding to maturity or prior redemption, together with any amounts due the NPI Trustee, the NPI Trustee shall so notify the Authority and the City and, if so directed by the City, the NPI Trustee shall apply the amounts in the Funds to the payment of the aforesaid Obligations to effect a defeasance of the Obligations in accordance with the NPI Indenture.

Moneys to Be Held for All Holders of the Obligations, With Certain Exceptions. Until applied as provided in the NPI Indenture, moneys and investments held in all Funds and Accounts established and held under the lien of the NPI Indenture shall be held in trust for the benefit of the holders of all Outstanding Obligations and each Credit Issuer, except that: (a) on and after the date on which the interest on and principal (including any mandatory sinking fund redemptions) of any particular Obligation or Obligations is due and payable from the Debt Service Fund, the unexpended balance of the amount deposited or reserved in such Fund for the making of such payments shall, to the extent necessary therefor, be held for the benefit of the Holder of the Obligations or Holders of the Obligations entitled thereto; and (b) the rights of any Holders of the Obligations with respect to principal or interest payments extended beyond their due dates pursuant to the NPI Indenture shall be subordinate to the rights of Holders of the Obligations with respect to payments not so extended.

Security for and Investment or Deposit of Funds

Deposits and Security Therefor. All moneys received by the NPI Trustee under the NPI Indenture for deposit in any Fund or Account established thereunder shall be considered trust funds, shall not be subject to lien or attachment and shall, except as hereinafter described, be deposited in the trust department of the NPI Trustee, until or unless invested or deposited as provided in the provisions of the NPI Indenture described under "Investment or Deposit of Funds" below. All deposits in the trust department of the NPI Trustee (whether or not original deposits under the NPI Indenture) shall be secured as provided by law for such trust deposits. If at any time the trust department of the NPI Trustee is unwilling to accept such deposits or unable to secure them as provided above, the NPI Trustee may at the direction of an Authorized Representative of the City, deposit such moneys with any other depository which is authorized to receive them and which is able to secure them as described above.

Investment or Deposit of Funds. Moneys on deposit in the Funds established pursuant to the NPI Indenture shall be invested and reinvested by the NPI Trustee at the direction of an Authorized Representative of the City. All investments shall constitute Investment Securities and shall mature, or be subject to repurchase, withdrawal without penalty or redemption at the option of the holder on or before the dates on which the amounts invested are reasonably expected to be needed for the purposes of the NPI Indenture.

The principal of the Investment Securities and the earnings thereon, including interest, income and net profits received in respect thereof, shall be applied upon receipt as follows: (i) earnings on the Revenue Fund, the Settlement Fund, the Project Fund, the Subordinated Payment Obligations Fund, and the Debt Service Fund shall in each case be retained in such Fund or Account; and (ii) whenever any other transfer or payment is required to be made from any particular Fund, such transfer or payment shall be made from such combination of maturing principal, redemption or repurchase prices, liquidation proceeds and withdrawals of principal as the Authority at the direction of the City deems appropriate for such purpose, after taking into account such factors as future transfers or payments from the Fund or Account in question, the reinvestment opportunities for maturing principal, the current yield on any Investment Securities to be redeemed, withdrawn or sold, and any penalties, gains or losses to be realized upon any such redemption, withdrawal or sale.

The NPI Trustee shall not be accountable for any depreciation in the value of the Investment Securities or any losses incurred upon any authorized disposition thereof.

Valuation of Funds. The NPI Trustee shall value the assets in each of the Funds or Account established under the NPI Indenture as of June 30 of each year, or more frequently at the direction of the City or the Authority, at their amortized cost, not including accrued interest, after taking into account all transfers or payments then required to be made from each Fund or Account. As soon as practicable after each such date of valuation, the NPI Trustee shall furnish to the Authority and the City a report of the status of each Fund or Account as of such date. In computing the assets of any Fund or Account, investments, not including accrued interest thereon, shall be deemed a part thereof, subject to the provisions of the NPI Indenture.

Covenants of Authority

The covenants of the Authority under the NPI Indenture include:

Payment of Obligations. The Authority shall promptly pay the interest on and the principal and redemption price of Obligations, but only out of the NPI Trust Estate.

Corporate Existence and Maintenance of Power and NPI Service Agreement. The Authority shall (a) maintain its corporate existence, (b) maintain its power to perform its obligations under the NPI Indenture, and (c) maintain the NPI Service Agreement in full force and effect.

Compliance with NPI Service Agreement. The Authority covenants and agrees that (i) it shall comply with all applicable provisions of the NPI Service Agreement, as if contained in the NPI Indenture; (ii) it shall enforce against the City the obligations of the City under the NPI Service Agreement, including, without limitation, the obligation to pay the NPI Service Fee when due; (iii) it shall cause a true and correct copy of the NPI Service Agreement to be filed with the NPI Trustee, and a true and correct copy of any amendment to the NPI Service Agreement to be filed with the NPI Trustee; and (iv) it shall furnish to the NPI Trustee such documents, certificates and reports as it may be required under the terms of the NPI Service Agreement to deliver to the City from time to time, whether or not otherwise specifically required under the NPI Indenture.

Extension of Time for Payment. The Authority shall not directly or indirectly extend or assent to the extension of the time for payment of the principal of or interest on any Obligations and shall not directly or indirectly be a party to or approve any arrangement therefor. Notwithstanding the foregoing, the Holder of any Obligation may extend the time for payment of the principal of or interest on such Obligation; provided, however, that upon the occurrence of an Event of Default, funds available under the NPI Indenture for the payment of the principal of and interest on the Obligations shall not be applied to any payment so extended until all principal and interest payments which have not been extended have first been paid in full.

Further Assurances; Additional Revenues. The Authority shall not enter into any contract or take any action by which the rights under the NPI Indenture of the NPI Trustee or the Holders of the Obligations, or Credit Issuers may be impaired and shall, from time to time, execute and deliver such further instruments and take such further action as may be required to carry out the purposes of the NPI Indenture and each Supplemental Indenture and for the better assuring, transferring, conveying, pledging, assigning and confirming unto the NPI Trustee the NPI Trust Estate. If at any time the Authority receives any Revenues which are not assigned to the NPI Trustee, it shall promptly pay the same to the NPI Trustee for deposit in the Revenue Fund and, at the request of the NPI Trustee, shall execute and deliver an assignment of its right, title and interest in and to future income or payments of the same type to the NPI Trustee to be held as part of Revenues and file or record such assignment as may be appropriate to perfect the security interest created by the NPI Indenture.

Creation of Liens. The Authority shall not issue any bonds, notes, debentures or other evidences of indebtedness of a similar nature, other than the Obligations, and Credit Facility Payment Obligations, payable out of or secured by a pledge or assignment of the NPI Trust Estate and shall not create or cause to be created any lien or charge on the NPI Trust Estate.

Events of Default and Remedies under the NPI Indenture

Events of Default Defined. Each of the following shall be an Event of Default under the NPI Indenture:

(i) if payment of any installment of interest on the Obligations is not made when it becomes due and payable; or

(ii) if payment of the principal of any Obligation is not made when it becomes due and payable at maturity or mandatory sinking fund redemption; or

(iii) if the Authority defaults in the due and punctual performance of any other covenant in the Obligations or in the NPI Indenture and such default continues for sixty (60) days after written notice requiring the same to be remedied shall have been given to the Authority and the City by the NPI Trustee, which may give such notice in its discretion and shall give such notice at the written request of any Credit Issuer or the Holders of not less than 25% in principal amount of Obligations then Outstanding; provided, however, that if such performance requires work to be done, actions to be taken, or conditions to be remedied, which by their nature cannot reasonably be done, taken or remedied, as the case may be, within such sixty (60)-day period, no Event of Default shall be deemed to have occurred or exist if and so long as the Authority or the City shall commence such performance within such sixty (60)-day period and shall diligently and continuously prosecute the same to completion and provides the NPI Trustee with a certification to that effect; or

(iv) if the City fails to pay the NPI Service Fee at the times and in the amounts required under the NPI Service Agreement and any grace period with respect to such failure under the NPI Service Agreement shall have lapsed.

The NPI Trustee shall notify the Authority, the City, each Credit Issuer and all Holders of the Obligations in accordance with the provisions of the NPI Indenture of the occurrence of any Event of Default.

The NPI Service Agreement provides that an acceleration of the Authority's payment obligations with respect to the Obligations or with respect to any Credit Facility Payment Obligation shall not cause an acceleration of the payment of the NPI Service Fee thereunder.

Acceleration and Annulment Thereof. If any Event of Default described under paragraphs (i), (ii), or (iii) of the caption "Events of Default Defined" above has occurred and is continuing, the NPI Trustee may, and at the written direction of the Holders of a majority in principal amount of the Obligations then Outstanding the NPI Trustee shall, by notice in writing to the Authority, declare the principal of all Obligations then Outstanding to be immediately due and payable, and upon such declaration the said principal, together with interest accrued thereon, shall become due and payable immediately at the place of payment provided therein, anything in the NPI Indenture or in the Obligations to the contrary notwithstanding; provided, however, that no such declaration shall be made, if the Authority or the City cures such Event of Default prior to the date of the declaration.

If after the principal of the Obligations has been so declared to be due and payable, all arrears of principal and interest upon the Obligations are paid by the Authority, and the Authority also performs all other things in respect to which the Authority may have been in default under the NPI Indenture and pays the reasonable charges of the NPI Trustee and the Holders of the Obligations, including reasonable attorney's fees, then, and in every such case, the NPI Trustee may annul such declaration and its consequences and such annulment shall be binding upon the NPI Trustee and upon all Holders of Obligations issued under the NPI Indenture; but no such annulment shall extend to or affect any subsequent default or impair any right or remedy consequent thereon.

Legal Proceedings by NPI Trustee. If any Event of Default has occurred and is continuing, the NPI Trustee in its discretion may, and upon the written request of the Holders of a majority in principal amount of the Obligations then Outstanding and receipt of indemnity to its satisfaction shall, in its own name: (a) by mandamus, or other suit, action or proceeding at law or in equity, enforce all rights of the Holders of the Obligations including the right to require the Authority to enforce collection of all amounts due and payable under the NPI Service Agreement (other than with respect to the Reserved Rights) and to require the Authority to carry out any other agreements with, or for the benefit of, the Holders of the Obligations and to perform its duties under the Act; (b) bring suit upon the Obligations; (c) by action or suit in equity require the Authority to account as if it were the trustee of an express trust for the Holders of the Obligations; and (d) by action or suit in equity enjoin any acts or things which may be unlawful or in violation of the rights of the Holders of the Obligations and the Credit Issuers.

Discontinuance of Proceedings by NPI Trustee. If any proceeding taken by the NPI Trustee on account of any default is discontinued or is determined adversely to the NPI Trustee, then the Authority, the NPI Trustee, the Credit Issuers and the Holders of the Obligations shall be restored to their former positions and rights under the NPI Indenture as though no such proceeding had been taken.

Holders of the Obligations May Direct Proceedings. The Holders of a majority in principal amount of the Obligations then Outstanding under the NPI Indenture shall have the right to direct the method and place of conducting all remedial proceedings by the NPI Trustee under the NPI Indenture, provided such directions shall not be otherwise than in accordance with law or the provisions of the NPI Indenture, and that the NPI Trustee shall have the right to decline to follow any such direction which in the opinion of the NPI Trustee would be unjustly prejudicial to Holders of the Obligations not parties to such direction.

Limitations on Actions by Holders of the Obligations. No Holder of the Obligations shall have any right to pursue any remedy under the NPI Indenture unless (a) the NPI Trustee shall have been given written notice of an Event of Default, (b) the Holders of at least a majority in principal amount of the Obligations then Outstanding shall have requested the NPI Trustee, in writing, to exercise the powers granted as described above or to pursue such remedy in its or their name or names, (c) the NPI Trustee shall have been offered indemnity and security satisfactory to it against fees, costs, expenses and liabilities, including reasonable attorneys' fees, and (d) the NPI Trustee shall have failed to comply with such request within a reasonable time.

NPI Trustee May Enforce Rights Without Possession of Obligations. All rights under the NPI Indenture and the Obligations may be enforced by the NPI Trustee without the possession of any Obligations or the production thereof at the trial or other proceedings relative thereto, and any proceeding instituted by the NPI Trustee shall be brought in its name for the ratable benefit of the Holders of the Obligations.

Remedies Not Exclusive. Except as limited under certain provisions of the NPI Indenture, no remedy conferred in the NPI Indenture is intended to be exclusive of any other remedy or remedies, and each remedy is in addition to every other remedy given under the NPI Indenture or now or hereafter existing at law or in equity or by statute, including, without limitation, all remedies given under the Act.

Delays and Omissions Not To Impair Rights. No delay or omission in respect of exercising any right or power accruing upon any default shall impair such right or power or be a waiver of such default, and every remedy given by the NPI Indenture may be exercised from time to time and as often as may be deemed expedient.

Application of Moneys in Event of Default. Subject to the provisions of the NPI Indenture described above under the caption "Revenues of the Authority, and the Application Thereof to Funds – Moneys to be Held for All Holders of the Obligations, With Certain Exceptions" any moneys on deposit in any Fund or Account established under the NPI Indenture and any moneys received by the NPI Trustee under the provisions of the NPI Indenture described under the caption "Events of Default and Remedies under the NPI Indenture" shall be applied after the occurrence of an Event of Default under the NPI Indenture,

First: To the payment of the costs of the NPI Trustee, including counsel fees, any disbursements of the NPI Trustee with interest thereon and its reasonable compensation and the creation of a reasonable reserve for anticipated fees, costs and expenses;

Second: Subject to the provisions of the NPI Indenture permitting the Holders of Obligations to extend the time for payment of the principal of or interest on Obligations, to the payment of all interest on Outstanding Obligations then due or, if the amount available is insufficient for such purpose, to the payment of interest ratably in accordance with the amount due in respect of each Obligation;

Third: Subject to the provisions of the NPI Indenture permitting the Holders of Obligations to extend the time for payment of the principal of or interest on Obligations, to the payment of the outstanding principal amount of all Obligations or, if the amount available for the payment of principal is insufficient for such purpose, to the payment of principal ratably in accordance with the amount due in respect of each Obligation;

Fourth: To the payment to any Credit Issuer of any Credit Facility Payment Obligation then due or, if the amount available is insufficient for such purpose, to the payment of Credit Facility Payment Obligations ratably in accordance with the amount due in respect of each Credit Facility Payment Obligation; and

Fifth: To the payment of any accrued and unpaid Administrative Expenses due under the NPI Service Agreement.

The surplus, if any, shall be paid to the City or the person lawfully entitled to receive the same or as a court of competent jurisdiction may direct.

<u>NPI Trustee's Right to Receiver; Compliance with Act</u>. To the extent provided by Section 1717 or any other provision of the Act, the NPI Trustee shall be entitled as of right to the appointment of a receiver if an Event of Default under the NPI Indenture shall have occurred and be continuing; and the NPI Trustee, the Credit Issuers, the Holders of the Obligations, any persons entitled to payment under any Related Obligations and any receiver so appointed shall have such rights and powers and be subject to such limitations and restrictions as are contained in the Act or other applicable law.

<u>NPI Trustee and Holders of the Obligations Entitled to All Remedies Under Act</u>. It is the purpose of the NPI Indenture to provide such remedies to the NPI Trustee and Holders of the Obligations as may be lawfully granted under the Section 1716 or any other provision of the Act; but should any remedy granted in the NPI Indenture be held unlawful, the NPI Trustee, and the Holders of the Obligations shall nevertheless be entitled to every other remedy provided by the Act. It is further intended that, insofar as lawfully possible, the provisions of the NPI Indenture described above under the caption "Events of Default and Remedies under the NPI Indenture" shall apply to and be binding upon the trustee or receiver appointed under the Act.

<u>Direction of Remedies by a Credit Issuer</u>. Except as otherwise specifically provided in the provisions of the NPI Indenture described above under the caption "Events of Default and Remedies under the NPI Indenture," each Credit Issuer issuing a Credit Facility securing Obligations shall have the right to direct the NPI Trustee in the exercise of remedies under the provisions of the NPI Indenture described above under the caption "Events of Default and Remedies under the NPI Indenture" (including, without limitation, the declaration of the acceleration of the maturity of such Obligations or any annulment of such declaration) on behalf of and in lieu of the Holders of the Obligations Outstanding that are entitled to the benefit of the Credit Facility issued by it so long as the Credit Issuer shall not be in default of its payment obligations under the Credit Facility issued by it and provided that the Credit Facility issued by it remains in full force and effect.

The NPI Trustee

Acceptance of Trust. The NPI Trustee accepts and agrees to execute the trusts created by the NPI Indenture, but only upon the additional terms set forth therein, to all of which the parties to the NPI Indenture and the Holders of the Obligations agree. The NPI Trustee, in acting in any other capacity under the NPI Indenture, shall be afforded the same protections as though acting as the NPI Trustee. The NPI Trustee before the occurrence of an Event of Default and after the curing of all Events of Default which may have occurred, undertakes to perform such duties and only such duties as are specifically set forth in the NPI Indenture. In case an Event of Default has occurred (which has not been cured or waived) the NPI Trustee shall exercise such of the rights and powers vested in it by the NPI Indenture, and use the same degree of care and skill in their exercise, as a prudent Person would exercise or use under the circumstances in the conduct of such Person's own affairs.

Notice of Default; Right to Investigate. The NPI Trustee shall give written notice to all Holders of the Obligations and to each Credit Issuer by first class mail of each Event of Default known to the NPI Trustee within 90 days (30 days in the case of notices to the Credit Issuers) after a responsible officer of the NPI Trustee obtains actual knowledge of such Event of Default; provided that, except in the case of a default in payment of principal, redemption price or interest, the NPI Trustee may withhold such notice to the Holders of the Obligations (but not to any Credit Issuer) so long as it in good faith determines that such withholding is in the interest of the Holders of the Obligations. The NPI Trustee shall not be deemed to have notice of any Event of Default unless it has actual knowledge of such Event of Default or it has been notified in writing of such Event of Default by the Authority or by the holders of at least a majority in principal amount of the Obligations then Outstanding or any Credit Issuer. The NPI Trustee may, however, at any time require of the Authority full information as to the performance of any covenant under the NPI Indenture; and if information satisfactory to it is not forthcoming, the NPI Trustee may make or cause to be made, at the expense of the Authority, an investigation into the affairs of the Authority related to the NPI Indenture.

Obligation to Act on Defaults. The NPI Trustee shall be under no obligation to take any action in respect of any default or otherwise, except a default with respect to the payment of principal or interest as the same shall become due and payable upon maturity or mandatory sinking fund redemption, unless it is requested in writing to do so by the Holders of at least a majority in principal amount of the Obligations then Outstanding and, if in its opinion such action may tend to involve expense or liability, unless it is also furnished with indemnity and security satisfactory to it.

NPI Trustee May Deal in Obligations. The NPI Trustee may in good faith buy, sell, own, hold and deal in any of the Obligations and may join in any action which any Holders of the Obligations may be entitled to take with like effect as if the NPI Trustee were not a party to the NPI Indenture. The NPI Trustee may also engage in or be interested in financial or other transactions with the Authority; provided that such transactions are not in conflict with its duties under the NPI Indenture.

Resignation of NPI Trustee. The NPI Trustee may resign and be discharged of the trusts created by the NPI Indenture by written resignation filed with the Secretary of the Authority not less than sixty (60) days before the date when such resignation is intended to take effect; provided that notice of any such resignation shall be mailed by the resigning NPI Trustee to the Holders of all Outstanding Obligations at their registered addresses, all persons entitled to payment under any Related Obligations and each Credit Issuer not less than 30 days prior to the intended effective date of the resignation, and that no resignation shall take effect until a successor NPI Trustee has been appointed and has accepted such appointment. In case at any time the NPI Trustee shall resign and no appointment of a successor NPI Trustee shall be made pursuant to the provisions of the NPI Indenture prior to the date specified in the notice of resignation as the date when such resignation shall take effect, the retiring NPI Trustee or any

Holder of the Obligations may forthwith apply to a court of competent jurisdiction for the appointment of a successor NPI Trustee. Such court may thereupon (after such notice, if any, as it may deem proper and prescribe), appoint a successor NPI Trustee.

Removal of NPI Trustee. Any NPI Trustee under the NPI Indenture may be removed upon thirty (30) days' prior notice at any time by an instrument appointing a successor to the NPI Trustee so removed, executed by the Authority at the written direction of the City (if no Event of Default under the NPI Indenture has occurred and is continuing) or otherwise executed by the Holders of a majority in principal amount of the Obligations then Outstanding and filed with the NPI Trustee, the Authority and each Credit Issuer. Any such removal shall be effective on the date on which a successor NPI Trustee has been appointed and has accepted such appointment. Notice of any such removal shall be mailed promptly by the Authority to the Holders of all Outstanding Obligations at their registered addresses.

Appointment of Successor NPI Trustee. If the NPI Trustee or any successor trustee resigns or is removed or dissolved, or if its property or business is taken under the control of any state or federal court or administrative body, the Authority at the written direction of the City shall appoint a successor and shall mail or cause to be mailed notice of such appointment. If the Authority fails to make such appointment within thirty (30) days, the appointment may be made by the Holders of a majority in principal amount of the Obligations then Outstanding. Notice of any such appointment shall be mailed promptly by the successor NPI Trustee to the Holders of all Outstanding Obligations at their registered addresses.

Qualification of Successor. A successor NPI Trustee shall be a national bank with trust powers, a banking association with trust powers, or a bank and trust company or a trust company organized under the laws of the Commonwealth, in each case having a combined net capital and surplus of at least $50,000,000 (or the obligations and liabilities of which are irrevocably and unconditionally guaranteed by an affiliated company having a combined net capital and surplus of at least $50,000,000).

Amendments and Supplements to the NPI Indenture

Amendments and Supplements without the Consent of the Holders of the Obligations. The NPI Indenture may be amended or supplemented from time to time, without the consent of the Holders of the Obligations, but with the consent of the City by a Supplemental Indenture authorized by a Certified Resolution of the Authority filed with the NPI Trustee, for one or more of the following purposes: (a) to add additional covenants of the Authority or to surrender any right or power conferred in the NPI Indenture upon the Authority; (b) to cure any ambiguity or to cure any defect in the NPI Indenture in such manner as shall not be inconsistent with the provisions thereof; (c) to modify, supplement, alter or amend the provisions of the NPI Indenture in such manner as may be requested by a securities rating service in order to obtain a securities rating or ratings for any Obligations or to maintain or improve any such rating or ratings previously obtained; (d) to modify, supplement, alter or amend the provisions of the NPI Indenture in such manner as may be necessary or appropriate to conform the provisions of the NPI Indenture to the provisions of the NPI Service Agreement as it may be amended from time to time; (e) to set forth such matters (not inconsistent with the provisions of the NPI Indenture) as may be necessary or appropriate in connection with the issuance of any series of Obligations or the incurrence of any Related Obligations; or (f) to make such other changes in the NPI Indenture as the Authority deems appropriate; provided that the provision described in the foregoing clause (f) shall not permit amendments or supplements to be made which materially adversely affect the security of the NPI Indenture or the rights of Holders of the Obligations under the NPI Indenture.

Amendments with the Consent of the Holders of the Obligations. The NPI Indenture may be amended from time to time, with the consent of the City, by a Supplemental Indenture approved by the

Holders of at least a majority in aggregate principal amount of the Obligations then Outstanding; provided, that (a) no amendment shall be made which adversely affects the rights of some but less than all series of Obligations without the consent of the Holders of at least a majority of the then Outstanding Obligations so affected, and (b) no amendment which alters the interest rates on or principal amounts of any Obligations, the maturities, mandatory redemption provisions or Interest Payment Dates of any Obligations or the provisions of the NPI Indenture described under the caption "Amendments and Supplements to the NPI Indenture" may be made without the consent of the Holders of all Outstanding Obligations adversely affected thereby.

A Credit Issuer of a Credit Facility securing a series of Obligations shall have the right to consent to amendments on behalf of and in lieu of the Holders of the Obligations of such Series (except with respect to the matters referred to in the proviso of the immediately preceding paragraph), so long as such Credit Issuer shall not be in default of its obligations under such Credit Facility and provided the Credit Facility remains in full force and effect.

NPI Trustee Authorized to Join in Amendments and Supplements; Reliance on Counsel. The NPI Trustee is authorized to join with the Authority in the execution and delivery of any Supplemental Indenture or amendment permitted by the NPI Indenture and in so doing shall be fully protected by an opinion of Counsel that such Supplemental Indenture or amendment is so permitted and has been duly authorized by the Authority and that all things necessary to make it a valid and binding agreement have been done.

Effect of Supplemental Indenture. Upon the execution of any Supplemental Indenture pursuant to the provisions of the NPI Indenture, the NPI Indenture shall be and be deemed to be modified and amended in accordance therewith and the respective rights, limitation of rights, obligations, duties and immunities under the NPI Indenture of the NPI Trustee, the Authority and the Holders of Obligations issued under the NPI Indenture shall thereafter be determined, exercised and enforced under the NPI Indenture subject in all respects to the applicable provisions of the Supplemental Indenture so executed.

Amendments to NPI Service Agreement. The Authority may amend or supplement the NPI Service Agreement in connection with the issuance of Additional Obligations and to make such changes therein as may be deemed appropriate by the Authority and the City; provided, however, that the approval by the Holders of at least a majority in aggregate principal amount of the Obligations then Outstanding shall be required for any amendment or supplement to the NPI Service Agreement that would materially adversely affect the security of the NPI Service Agreement or of the NPI Indenture or the rights of Holders of the Obligations under the NPI Indenture; and provided further, that the Authority shall not amend or supplement the NPI Service Agreement in any manner which would adversely affect the validity or enforceability of the NPI Service Agreement.

A Credit Issuer of a Credit Facility securing a series of Obligations shall have the right to consent to amendments of the NPI Service Agreement on behalf of and in lieu of the Owners of the Obligations of such series, so long as such Credit Issuer shall not be in default of its obligations under such Credit Facility and provided such Credit Facility remains in full force and effect.

The NPI Trustee may require that the Authority provide an opinion of Counsel that such amendment or supplement to the NPI Service Agreement is permitted by the NPI Indenture and by the NPI Service Agreement and that all things necessary to make it a valid and binding agreement have been done, and the NPI Trustee shall be fully protected in relying on such opinion.

Defeasance

Defeasance. When all interest on and principal or redemption price (as the case may be) of, all Obligations issued under the NPI Indenture have been paid, or there shall have been deposited with the NPI Trustee an amount, evidenced by moneys or "escrowed obligations" (as defined below) the principal of and interest on which, when due, will provide sufficient moneys to fully pay the Obligations at the maturity date (including any mandatory sinking fund redemptions) or date fixed for redemption thereof, as well as all other sums payable under the NPI Indenture by the Authority, and all Credit Facility Payment Obligations have been paid or provided for, the right, title and interest of the NPI Trustee shall thereupon cease and the NPI Trustee, on demand of the Authority at the direction of the City, shall release the NPI Indenture and all Supplemental Indentures and shall execute such documents to evidence such release as may be reasonably required by the Authority and shall turn over to the City or to such person, body or authority as may be entitled to receive the same all balances remaining in any Funds under the NPI Indenture.

For the purposes of the NPI Indenture, "escrowed obligations" shall mean the following, but only to the extent they are Investment Securities at the time of delivery to the NPI Trustee: (a) Government Obligations; (b) rights to receive the principal of or the interest on Government Obligations through (i) direct ownership, as evidenced by physical possession of such Government Obligations or unmatured interest coupons thereof or by registration as to ownership thereof on the books of the issuer or its duly authorized paying agent or transfer agent, or (ii) purchase of certificates or other instruments evidencing an undivided ownership interest in payments of the principal of or interest on Government Obligations; (c) debt obligations of any state or political subdivision thereof or any agency or instrumentality of such a state or political subdivision, provided that (i) the principal of and interest on such obligations are secured by and payable from amounts received (without reinvestment) in respect of the principal of and interest on non-callable Government Obligations, and (ii) such debt obligations are rated "AAA" by S&P, if S&P has assigned a rating to the Obligations, and "Aaa" by Moody's, if Moody's has assigned a rating to the Obligations (or, upon the discontinuation of both of the foregoing rating services, by such other nationally recognized rating service or services as may be acceptable to the Authority and the NPI Trustee).

In the event the Authority deposits "escrowed obligations" with the NPI Trustee as provided in the NPI Indenture, the lien of the NPI Indenture shall not be defeased unless the NPI Trustee shall have received a report of an Independent Certified Public Accountant or Independent nationally recognized financial consultant verifying the sufficiency of such "escrowed obligations" for the purposes of the defeasance provisions of the NPI Indenture.

Deposit of Funds for Payment of Obligations. If the Authority deposits with the NPI Trustee moneys or "escrowed obligations" (as described above) the principal of and interest on which, when due, are sufficient to pay the principal or redemption price of any particular Obligation or Obligations becoming due, either at maturity (including any mandatory sinking fund redemptions) or by call for redemption or otherwise, together with all interest accruing thereon to the due date, interest on the Obligation or Obligations shall cease to accrue on the due date and all liability of the Authority with respect to such Obligation or Obligations shall likewise cease, except as described in the paragraph below; provided that if such Obligations are to be redeemed prior to maturity thereof, there shall have been taken all action necessary to call such Obligations for redemption and notice of such redemption shall have been duly given or provision satisfactory to the NPI Trustee shall have been made for the giving of such notice. Thereafter such Obligation or Obligations shall be deemed not to be Outstanding under the NPI Indenture and the Holder or Holders of such Obligation or Obligations shall be restricted exclusively to the funds so deposited for any claim of whatsoever nature with respect to such Obligation or Obligations, and the NPI Trustee shall hold such funds in trust for such Holder or Holders.

Moneys deposited with the NPI Trustee pursuant to the NPI Indenture which remain unclaimed six (6) years after the date payment thereof becomes due shall, at the direction of the Authority or the City, if the Authority is not at the time to the knowledge of the NPI Trustee in default with respect to any covenant in the NPI Indenture or the Obligations contained, be paid to the Authority for and on account of the City; and the Holders of the Obligations for which the deposit was made shall thereafter be limited to a claim against the Authority; provided, however, that before making any such payment to the Authority, the NPI Trustee shall, at the expense of the Authority, give notice to Holders of such Obligations by first class mail stating that moneys remain unclaimed and that, after a date named in said notice, which date shall be not less than thirty (30) days after the date of mailing of such notice, the balance of such moneys then unclaimed will be paid to the Authority.

Miscellaneous Provisions

Limitations on Recourse. No personal recourse shall be had for any claim based on the NPI Indenture or the Obligations or any Credit Facility against any member, officer or employee, past, present or future, of the Authority or of any successor body as such, either directly or through the Authority or any such successor body, under any constitutional provision, statute or rule of law or by the enforcement of any assessment or penalty or otherwise. The Obligations and the Credit Facility Payment Obligations are payable solely from the NPI Trust Estate held under the NPI Indenture for such purpose.

References to the Credit Issuer. References to any Credit Issuer in the NPI Indenture or in any Supplemental Indenture shall be deemed inapplicable at any time that (A)(i) no Credit Facility issued by such Credit Issuer is in effect with respect to Obligations and (ii) no amount is owing to such Credit Issuer by the Authority or (B) such Credit Issuer is in default of its payment obligations under the Credit Facility issued by it.

THE NPI SERVICE AGREEMENT

Additional Obligations

Upon the written request of the Director of Finance of the City, the Authority may issue Additional Obligations to refund Outstanding Obligations and to finance Costs of the NPI Program, including amounts necessary for Costs of Issuance of such Additional Obligations, costs of credit or liquidity enhancement, and other amounts necessary to effect any refunding and may also incur Credit Facility Payment Obligations. In connection with the issuance of Additional Obligations and any incurrence of Credit Facility Payment Obligations, the Authority and the City shall enter into an appropriate supplement to the NPI Service Agreement, subject to the provisions of the NPI Ordinance.

NPI Service Fee

In consideration of the undertakings by the Authority under the NPI Service Agreement with respect to the NPI Program, the City agrees to pay as a NPI Service Fee in each Fiscal Year directly to the NPI Trustee, as the assignee of the Authority, the following sums:

(a) The Annual Debt Service Requirement for such Fiscal Year, payable as follows: (i) on the business day immediately preceding the date such amount is required to be paid to the Holders of the Obligations, the amount which is equal to the principal or redemption price of the Obligations becoming due on such principal maturity or mandatory redemption date, subject to credit for other available funds in the manner provided in the NPI Indenture; (ii) on the business day immediately preceding each Interest Payment Date, the amount which is equal to interest on the Obligations becoming due on such Interest Payment Date, subject to credit for other available funds in the manner provided in the NPI Indenture; (iii) on the business day immediately preceding the date such amount is required to be paid to the Holders of the Obligations, any other payment due to the Holders of the Obligations becoming due on such date, subject to credit for other available funds in the manner provided in the NPI Indenture; and (iv) on or before the dates specified in any Credit Facility, the amounts which are equal to any Credit Facility Payment Obligations becoming due on such dates, subject to credit for other available funds in the manner provided in the NPI Indenture.

(b) Notwithstanding any other provision of the NPI Service Agreement, an acceleration of the Authority's payment obligations with respect to the Obligations or any Credit Facility Payment Obligation shall not cause an acceleration of the payment of the NPI Service Fee under the NPI Service Agreement.

(c) In lieu of the portion of the payments due under (a)(i) as described above, the City, or at its written direction, the NPI Trustee, may purchase for cancellation Obligations of the series and maturity next becoming due at maturity or upon mandatory sinking fund redemption, subject to the applicable requirements set forth in the NPI Indenture.

The NPI Service Fee shall be payable only out of the current revenues of the City, and the City agrees to provide for the payment of the NPI Service Fee and include the same in its annual operating budget for each Fiscal Year. If the current revenues are insufficient to pay the total NPI Service Fee in any Fiscal Year as the same becomes due and payable, the City covenants to include amounts not so paid in its operating budget for the ensuing Fiscal Year in order to provide sufficient current revenues to pay in each ensuing Fiscal Year such balance due in addition to the amount of NPI Service Fee due for such ensuing Fiscal Year.

The City covenants to make appropriations in each of its Fiscal Years in such amounts as shall be required in order to make all NPI Service Fee payments (and all Administrative Expense payments) due and payable under the NPI Service Agreement in each of the City's Fiscal Years.

No Set-Off

The obligation of the City to make the payments required under the NPI Service Agreement shall be absolute and unconditional. The City will pay without suspension, abatement, reduction, abrogation, waiver or diminution all payments required thereunder regardless of any cause or circumstance whatsoever, which may then exist or may thereafter arise, including, without limitation, any defense, setoff, recoupment or counterclaim which the City may have or assert against the Authority, the NPI Trustee, any Holder of the Obligations, any Credit Issuer or any other person.

City to Perform Certain Covenants under NPI Indenture

The City acknowledges that it has received an executed copy of the NPI Indenture, and that it is familiar with its provisions, and agrees to be bound to the fullest extent permitted by law to all provisions thereof directly or indirectly relating to it, and that, in consideration of the service of the Authority rendered to the City under the NPI Service Agreement, it will take all such actions as are required of it under the NPI Indenture to preserve and protect the rights of the NPI Trustee, the Holders of the Obligations and Credit Issuers thereunder and that it will not take or effect any action which would cause a default thereunder or impair such rights. The City assumes and agrees to perform all of the covenants and other obligations of the Authority under the NPI Indenture, excepting only any approvals or consents required to be given by the Authority thereunder, and those covenants contained in the NPI Indenture which are not within the control of the City.

Events of Default under the NPI Service Agreement

Each of the following shall constitute an Event of Default under the NPI Service Agreement: (a) the failure of the City to make any payment to the NPI Trustee of the NPI Service Fee due; (b) the failure of the City to make any other payment or to perform any other covenant, condition or agreement in the NPI Service Agreement on its part to be performed; and (c) if the City proposes or makes an assignment for the benefit of creditors or a composition agreement with all or a material part of its creditors, or a trustee, receiver, executor, conservator, liquidator, sequestrator or other judicial representative, similar or dissimilar, is appointed for the City or any of its assets or revenues, or there is commenced any proceeding in liquidation, bankruptcy, reorganization, arrangement of debts, debtor rehabilitation, creditor adjustment or insolvency, state or federal, by or against the City and if such is not vacated, dismissed or stayed on appeal within 60 days (provided that any such assignment, agreement, appointment or proceeding commenced under the First Class City Revenue Bond Act or the Municipal Utility Inventory and Receivables Financing Act, and/or any acceleration of the payment obligations in respect of any bonds, notes or other evidence of indebtedness issued under either aforementioned act, shall not be an Event of Default under the NPI Service Agreement).

Notice of Defaults; Opportunity to Cure Such Defaults

No default described under clause (b) of the preceding paragraph shall constitute an Event of Default under the NPI Service Agreement until actual notice of such default by registered or certified mail shall be given to the City by the Authority or the NPI Trustee and the City shall have had 30 days after receipt of such notice to correct the default and shall not have corrected it; provided, however, if the default cannot be corrected within such 30-day period, it shall not constitute an Event of Default under the NPI Service Agreement if corrective action is instituted by the City within the period and diligently pursued until the default is corrected.

Remedies

If any Event of Default under the NPI Service Agreement shall occur and be continuing, the Authority (or the NPI Trustee as assignee of the Authority) may at its option exercise any one or more of the following remedies: (a) by mandamus, or other suit, action or proceeding at law or in equity, enforce all rights of the Authority, and require the City to perform its duties and obligations under the NPI Service Agreement; (b) by action or suit in equity require the City to account as if it were the trustee of an express trust for the Authority; or (c) by action or suit in equity enjoin any acts or things which may be unlawful or in violation of the rights of the Authority. In no event (including an acceleration of the Authority's payment obligations under the Obligations or with respect to any or Credit Facility Payment Obligation) shall the due dates for payments of the NPI Service Fee be accelerated.

Termination

The NPI Service Agreement shall terminate on such date as the principal of and interest on, and any other payments due with respect to, all Obligations and all other amounts required under the NPI Indenture to be paid and all other expenses payable by the City under the NPI Service Agreement shall have been paid (or provision for such payment shall have been made as provided in the NPI Indenture) and all other conditions of the NPI Service Agreement and the NPI Indenture shall have been fully satisfied.

Amendments and Supplements to the NPI Service Agreement

The City and the Authority may enter into any written amendments or supplements to the NPI Service Agreement as shall not adversely affect the rights of or the security of the Holders of the Obligations or persons entitled to payments on Related Obligations, only for the following purposes: (i) to cure any ambiguity, defect, or inconsistency or omission therein or in any amendment or supplement thereto; (ii) to grant to or confer upon the Authority or the NPI Trustee any additional rights, remedies, powers, authority or security that lawfully may be granted to or conferred upon the Authority or the NPI Trustee; (iii) to reflect a change in applicable law; (iv) as appropriate in connection with the issuance of Additional Obligations; or (v) to provide terms not inconsistent with the NPI Indenture or the NPI Service Agreement; provided, however, that the NPI Service Agreement as so amended or supplemented shall provide at least the same security for Holders of the Obligations as the NPI Service Agreement in its existing form.

All other amendments must be approved by the NPI Trustee and, to the extent required by the NPI Indenture, by the Holders of the Obligations in the manner as is set forth in the NPI Indenture.

Any amendment or supplement to the NPI Service Agreement (other than an amendment or supplement described in clauses (i) through (v) above under this caption) shall be approved by ordinance of the City Council and a copy of any such amendment or supplement, together with a copy of such ordinance, certified by the Clerk of the City Council, shall be filed with the NPI Trustee.

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APPENDIX E

SUMMARY OF CERTAIN PROVISIONS OF THE NTI INDENTURE AND THE NTI SERVICE AGREEMENT

The following sets forth the definitions of certain terms used in the NTI Indenture and the NTI Service Agreement and elsewhere in this Official Statement, and a summary of certain provisions of the NTI Indenture and the NTI Service Agreement. Capitalized terms used herein but not defined herein shall have the meanings set forth in the forepart of this Official Statement.

These summaries should not be regarded as full statements of the legal documents themselves or of the portions summarized. For a complete statement of the provisions of the NTI Indenture and the NTI Service Agreement, reference should be made to those documents in their entirety, copies of which are available from the Authority, and, prior to closing, from the senior managing underwriter, and, after closing, from the NTI Trustee, at the offices of the NTI Trustee set forth under "INTRODUCTION – Trustees" in the forepart of this Official Statement.

DEFINITIONS OF CERTAIN TERMS

"Account" shall mean any account authorized to be established by the NTI Indenture.

"Additional Bonds" shall mean Bonds issued under the NTI Indenture other than the Initial NTI Bonds.

"Administrative Expenses" shall mean the reasonable fees and expenses of the Authority (including the Authority's initial fee) and the NTI Trustee and any paying agent, remarketing agent or other fiduciary or agent appointed under the NTI Indenture, including reasonable legal fees and expenses, in connection with the funding and administration of the NTI Program, the issuance of any Bonds, the administration of the NTI Indenture, the performance of the Authority's obligations under the NTI Service Agreement, or in connection with inquiring into, or enforcing the performance of, the City's obligations under the NTI Service Agreement or the NTI Indenture. Administrative Expenses shall not include Costs of the NTI Program.

"Annual Debt Service Requirement" shall mean, with respect to each Fiscal Year: (a) the sum of the amounts required to be paid by the Authority in such Fiscal Year for (i) the payment of principal or mandatory Redemption Price of and interest on the Bonds and (ii) the payment of any Credit Facility Payment Obligations or Swap Payment Obligations; less (b) an amount equal to earnings on the debt service reserve fund, if any is established under the NTI Indenture, in such Fiscal Year. (No debt service reserve fund has been established under the NTI Indenture).

"**Authorized Representative of the Authority**" shall include the Chairman, Vice Chairman, Executive Director, Director of Finance, Director of Housing Finance, Secretary and Assistant Secretary of the Authority.

"**Authorized Representative of the City**" shall include the Director of Finance, the Treasurer of the City, or any other Person designated as such in a writing signed by the Director of Finance of the City.

"Bondholder" or **"holder"** (when used with respect to Bonds) shall mean the Person in whose name any Bond is registered pursuant to Article II of the NTI Indenture. A Credit Issuer which owns Bonds by purchase or which is subrogated to the rights of Bondholders is a Bondholder for purposes of the NTI Indenture.

“Bond” or **“Bonds”** shall mean the Initial NTI Bonds and all Additional Bonds issued by the Authority under the NTI Indenture to finance the NTI Program, including bonds issued to refund Bonds in accordance with the Act and the NTI Service Agreement, including the 2015 Bonds, the 2023C Bonds, and the 2025A Bonds.

“Bond Payment Obligation” shall mean the Authority’s obligation to pay the principal or Redemption Price of and interest on the Bonds, including Bonds held by Credit Issuers.

“Certified Resolution” shall mean one or more resolutions of the governing body of the Authority, certified by the Secretary or Assistant Secretary of the Authority, under its seal, to have been duly adopted or enacted and to be in full force and effect as of the date of certification.

“Cost” or **“Costs”** shall mean all costs of the NTI Program which the City or the Authority or either of them is authorized to incur under applicable law (including the Act, the Pennsylvania Redevelopment Cooperation Law and the Original NTI Ordinance).

“**Costs of Issuance**” shall mean the costs of issuance of the Bonds of any series, including without limitation underwriting fees; costs of financial, legal, professional and other advice; costs related to Swap Payment Obligations and Credit Facility Payment Obligations payable in connection with the issuance of such Bonds; and any other expenses as may be necessary or incident to the issuance of such Bonds.

“Counsel” shall mean an attorney at law or law firm (which may include counsel to the Authority or the City).

“Credit Facility” shall mean any letter of credit, surety bond, insurance policy, standby bond purchase agreement, line of credit or other credit facility or liquidity facility (other than a Swap) issued or entered into for the benefit of the holders of Bonds of any series or any portion thereof to further secure payment of the principal or Redemption Price or purchase price of and interest on such Bonds.

“Credit Facility Payment Obligations” shall mean all payment and reimbursement obligations of the Authority to a Credit Issuer in connection with any Credit Facility securing all or a portion of any series of Bonds. The Authority’s obligations to pay the principal or Redemption Price of and interest on Bonds held by a Credit Issuer (whether by purchase, subrogation, foreclosure of a pledge of such Bonds or otherwise) shall be Bond Payment Obligations and shall not be Credit Facility Payment Obligations.

“Credit Issuer” shall mean each provider of a Credit Facility.

“Director of Finance” shall mean the Director of Finance of the City.

“Event of Default” shall mean any of the events described under the caption “The NTI Indenture - Events of Default and Remedies under the NTI Indenture – Events of Default Defined” and “THE NTI SERVICE AGREEMENT – Events of Default under the NTI Service Agreement” below.

“Fiscal Year” shall mean the period of twelve (12) months beginning on July 1 and ending on June 30 of the following calendar year.

“Fund” shall mean any fund authorized to be established by the NTI Indenture.

"Government Obligations" shall mean direct obligations of, or obligations the timely payment of the principal of and interest on which is fully and unconditionally guaranteed by, the United States of America.

"Independent Certified Public Accountant" shall mean an independent accounting firm which is appointed by the Authority for the purpose of examining and reporting on or passing on questions relating to the financial statements of the Authority, has all certifications necessary for the performance of such services and has a favorable reputation for skill and experience in performing similar services in respect of entities engaged in reasonably comparable endeavors.

"**Initial NTI Bonds**" shall mean collectively, the Authority's Revenue Bonds, Series 2002A (City of Philadelphia Neighborhood Transformation Initiative) and Taxable Revenue Bonds, Series 2002B (City of Philadelphia Neighborhood Transformation Initiative) issued under the Original NTI Indenture. (The Initial NTI Bonds are no longer Outstanding.)

"Investment Securities" shall mean:

(1) Government Obligations.

(2) Any bond, debenture, note, participation certificate or other similar obligation issued by any one or combination of the following agencies: Government National Mortgage Association, Federal Land Banks, Federal Home Loan Banks, Federal Intermediate Credit Banks, Banks for Cooperatives, Tennessee Valley Authority, United States Postal Service, Farmers Home Administration, the Student Loan Marketing Association and Export-Import Bank of the United States.

(3) Any bond, debenture, note, participation certificate or other similar obligation issued by the Federal National Mortgage Association to the extent such obligations are guaranteed by the Government National Mortgage Association or issued by any other Federal agency and backed by the full faith and credit of the United States of America.

(4) Deposits in interest-bearing time or demand deposits, or certificates of deposit, fully insured by the Federal Deposit Insurance Corporation, or its successors, or fully secured by any of the obligations described above to the extent not so insured.

(5) Repurchase agreements relating to, or investment agreements secured by or providing for the acquisition of and, if applicable, resale of obligations described in paragraphs (1) or (2) above, with: (i) banks or trust companies (which may include any banking entity or depository); (ii) brokers or broker-dealers registered under the Securities Exchange Act of 1934 which are members of the Securities Investors' Protection Corporation and which are acceptable to the Authority; or (iii) insurance companies rated A+ or better by Best's having a net capital and surplus of at least $25,000,000; provided that any such repurchase agreement or investment agreement shall meet the following requirements: (A) the repurchase or investment agreement must be secured in the principal amount thereof by securities listed in subsections (1) or (2) above having at all times a fair market value of at least 100% of such agreement and deposited with the NTI Trustee or its agents as collateral therefor, (B) the NTI Trustee shall have a perfected first security interest in such collateral securities, and (C) the collateral securities shall be owned by the pledgor free and clear of any liens or security interests other than that of the NTI Trustee.

(6) Certificates of deposit with such banks or trust companies as described in paragraph (5)(i) above fully secured as to principal and accrued interest by obligations described in paragraphs (1) through (4) deposited with or subject to the control of the Authority or the NTI Trustee.

(7) Money market deposit accounts of banks or trust companies having a net capital and surplus of at least $25,000,000 (which may include the NTI Trustee or any affiliate thereof).

The authorized investments set forth in paragraphs (5), (6) and (7) shall only be made if the agreements referenced therein provide for the repayment of the principal amount invested at an amount not less than that so invested. Whenever security is required as set forth in paragraphs (4) through (7), such security shall be deposited with the NTI Trustee or other agent of the NTI Trustee satisfactory to the NTI Trustee and the Authority.

(8) Direct and general obligations of any state of the United States, for which the full faith and credit of such state is pledged, if at the time of their purchase such obligations are rated in any of the two highest rating categories by either S&P or Moody's, upon the discontinuance of either or both of such services, such other nationally recognized rating service or services, as the case may be, as shall be determined in a certified resolution of the Authority.

(9) Shares of open-end, diversified investment companies (i) registered under the Investment Company Act of 1940, (ii) investing exclusively in Investment Securities of the types set forth in paragraphs (1) or (2) above, (iii) maintaining a constant net asset value per share in accordance with regulations of the Securities and Exchange Commission, and (iv) individually having aggregate net assets of not less than $10,000,000 on the date of purchase; provided that the purchase of shares of any particular investment company shall be limited to an aggregate amount of not more than 5% of the aggregate net assets of that investment company on the date of purchase.

(10) Commercial paper rated in the highest category by S&P and Moody's.

(11) Investment agreements with, or which are guaranteed by, a financial institution or financial services company which has an unsecured, uninsured and unguaranteed obligation rated, at the time such agreement is entered into, in one of the three highest rating categories by Moody's or S&P, or is the lead bank of a parent bank holding company with an uninsured, unsecured and unguaranteed obligation meeting such rating requirements, or is an insurance company or insurance holding company with a claims paying ability rated in one of the three highest categories, provided (i) interest is paid at least semi-annually at a fixed rate during the entire term of the agreement, consistent with interest Payment Dates, (ii) moneys invested thereunder may be withdrawn without any penalty, premium or charge upon not more than seven days' notice (provided such notice may be amended or cancelled at any time prior to the withdrawal date); except with regard to an investment agreement relating to capitalized interest held in the Debt Service Fund, which may provide that moneys may be withdrawn only on the interest Payment Dates on which such capitalized interest is to be paid, (iii) the agreement is not subordinated to any other obligations of such financial institution or bank, (iv) the same guaranteed interest rate will be paid on any future deposits permitted to be made under such investment agreement, and (v) the NTI Trustee receives an opinion of counsel that such agreement is an enforceable obligation of such financial institution.

"Moody's" shall mean Moody's Investors Service, Inc., and any successor thereto.

"Outstanding" shall mean, with respect to the Bonds, all Bonds authenticated and delivered under the NTI Indenture and any Supplemental Indenture as of the time in question, except: (a) all Bonds theretofore cancelled or required to be cancelled under the NTI Indenture; (b) Bonds for the payment or redemption of which provision has been made in accordance with the NTI Indenture; provided that, if such Bonds are being redeemed, the required notice of redemption shall have been given or provision satisfactory to the NTI Trustee shall have been made therefor; and (c) Bonds in substitution for which other Bonds have been authenticated and delivered.

"Parity Swap Payment Obligations" shall mean Swap Payment Obligations exclusive of all Swap Termination Payments except Swap Termination Payments which (i) are payable by the Authority with respect to Swap Agreements pursuant to which the Swap Provider will have all of the payment obligations prior to any payment obligations of the Authority thereunder; and (ii) are payable only after all of the Swap Provider's payments are due.

"Paying Agent" or **"Co-Paying Agent"** means any national banking association, bank, bank and trust company or trust company appointed by the Authority pursuant to the NTI Indenture.

"Payment Date" shall mean a date on which a payment of principal or Redemption Price or interest with respect to any Bonds or payment of any Swap Payment Obligations or Credit Facility Payment Obligations shall be due and payable. The semi-annual interest Payment Date with respect to the 2025A Bonds shall be as described in the front portion of the Official Statement, as the "NTI Regular Interest Payment Dates."

"Person" shall mean an individual, a corporation, a partnership, an association, a joint stock company, a joint venture, a limited liability company, a trust, an unincorporated organization, a governmental unit or an agency, political subdivision or instrumentality thereof, or any other group or organization of individuals.

"Redemption Price" shall mean the principal amount of any Bond to be redeemed pursuant to the NTI Indenture, plus the applicable premium, if any, payable upon redemption.

"Reserved Rights" shall mean the rights of the Authority to receive payments of Administrative Expenses and certain indemnities and immunities provided to it under the NTI Service Agreement.

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

"S&P" shall mean Standard & Poor's Ratings Services, a Division of The McGraw-Hill Companies, Inc., and any successor thereto.

"Subordinated Swap Payment Obligations" shall mean all Swap Payment Obligations payable by the Authority except Parity Swap Payment Obligations.

"Supplemental Indenture" shall mean any indenture amending or supplementing the NTI Indenture which may be entered into in accordance with the provisions of the NTI Indenture.

"Swap Agreement" or **"Swap"** shall mean any agreement between the Authority and a Swap Provider confirming a transaction which is a rate swap transaction, basis swap, forward rate transaction, bond option, interest rate option, foreign exchange transaction, cap transaction, floor transaction, collar transaction, corridor transaction, currency swap transaction, cross-currency rate swap transaction, currency option or any other similar transaction (including any option with respect to any of the foregoing transactions) or any combination of these transactions.

"Swap Payment Obligations" shall mean, for any period of time and with respect to any Bonds to which a Swap relates, all net amounts payable by the Authority (including Swap Termination Payments payable by the Authority) under any Swap in respect of such Bonds.

"Swap Provider" shall mean the Authority's counterparty under a Swap Agreement.

"Swap Revenues" shall mean all amounts received by the Authority or the NTI Trustee pursuant to any Swap Agreement, including, without limitation, any Swap Termination Payment.

"Swap Termination Payment" shall mean, with respect to any Swap Agreement, any settlement amount payable by the applicable Swap Provider or the Authority by reason or on account of the early termination of such Swap Agreement. The term "Swap Termination Payment" shall not include net unpaid amounts up to the Swap termination date which would have been payable by the Swap Provider or the Authority pursuant to the terms of the applicable Swap Agreement irrespective of the early termination of such Swap Agreement.

THE NTI INDENTURE

Pledge of the NTI Trust Estate

The pledge of the NTI Trust Estate is described in the forepart of this Official Statement under "SECURITY AND SOURCES OF PAYMENT FOR THE 2024/25 BONDS – Indentures – NTI Indenture."

Issuance of Bonds

At the request of the City, the Authority may issue a series of Bonds under the NTI Indenture to pay the Costs of the NTI Program (including the refunding of Bonds previously issued under the NTI Indenture) and Costs of Issuance of such Bonds, upon execution of a Supplemental Indenture authorizing such series of Bonds and delivery to the NTI Trustee of the following:

(a) An opinion or opinions of Counsel addressed to the NTI Trustee to the effect that (i) the Bonds have been duly issued for a permitted purpose under the NTI Indenture, (ii) all consents and approvals of the Director of Finance and City Council required to be obtained for the issuance of the Bonds pursuant to the NTI Service Agreement have been obtained, (iii) the issuance of the Bonds and execution and delivery of related documents will not constitute a breach or default on the part of the Authority under the Act, its By-Laws, or any applicable laws, or regulations, (iv) the Bonds of such series and all documents delivered by the Authority in connection with the issuance of such Bonds have been duly and validly authorized, executed and delivered and such execution and delivery and all other actions taken by the Authority in connection with the issuance of such Bonds have been duly authorized by all necessary corporate actions, and (v) all conditions precedent to the issuance of such Bonds pursuant to the NTI Service Agreement, the NTI Indenture and any Supplemental Indenture have been satisfied.

(b) A Certified Resolution of the Authority authorizing the Bonds.

(c) An amendment or supplement to the NTI Service Agreement, acknowledging the issuance of such series of Bonds and confirming the obligations of the City to pay the NTI Service Fee in amounts sufficient to pay the Bond Payment Obligations with respect to the Bonds, including the Bonds of the series then proposed to be issued.

(d) In the case of any Bonds issued for the purpose of a refunding, the following additional documents: (i) executed counterparts of such documents as are necessary or appropriate for the purposes of the refunding, including, if appropriate, an escrow deposit agreement providing for the deposit and application of funds for the refunding and irrevocable instructions with respect to any required redemption of refunded Bonds; (ii) a certified resolution of the Authority authorizing the refunding and the taking of all necessary actions in connection therewith; and (iii) unless all refunded Bonds are to be redeemed or otherwise retired on the date of settlement for the refunding Bonds, such schedules, verified as to mathematical accuracy by an Independent Certified Public Accountant, as are necessary to demonstrate the adequacy of funds deposited for the refunding and the income thereon for the purpose of paying, when due, the principal or redemption price of and interest on the refunded Bonds.

Program Fund

Establishment of Program Fund; Accounts within Fund. The NTI Trustee shall establish under the NTI Indenture, a Program Fund for the payment of Costs of the NTI Program and Costs of Issuance of Bonds and shall deposit into the Program Fund the specified Bond proceeds and Revenues in accordance with the NTI Indenture. All amounts deposited into the Program Fund (in addition to the Costs of Issuance Account) shall be held for the security of all Outstanding Bonds. One or more separate accounts within the Program Fund shall be maintained by the NTI Trustee at the written direction of the Authority if the Authority determines that such separate account is desirable with respect to designated portions of the NTI Program.

Payments from Program Fund. Payments from the Program Fund established under the NTI Indenture (including the Costs of Issuance Account) shall be made in respect of Costs of the NTI Program (including Costs of Issuance) upon compliance with the following:

(a) On or after the date on which any Bond proceeds are deposited into the Program Fund, the NTI Trustee shall pay such Costs of the NTI Program and Costs of Issuance as are authorized by a closing statement signed by an Authorized Representative of the Authority and by an Authorized Representative of the City, and delivered at settlement for such Bonds.

(b) Except as provided above, all payments from the Program Fund shall be made only upon receipt by the NTI Trustee of a requisition signed by an Authorized Representative of the Authority and an Authorized Representative of the City.

Revenues of the Authority, and the Application Thereof to Funds

Revenues to Be Paid Over to NTI Trustee. The Revenues and all moneys, securities and funds held or set aside or to be held or set aside pursuant to the NTI Indenture by the NTI Trustee or in any Fund or Account created by the NTI Indenture and all other pledged property comprising the NTI Trust Estate under the NTI Indenture are pledged and a security interest is therein granted, to secure the payment of the Bond Payment Obligations, Swap Payment Obligations and Credit Facility Payment Obligations; provided, however, that the pledge and security interest granted to Secure the Authority's obligation to pay Subordinate Swap Payment Obligations and Credit Facility Payment Obligations shall be subject and subordinate to the pledge and security interest granted to secure Bond Payment Obligations and Parity Swap Payment Obligations. The pledge of the NTI Trust Estate under the NTI Indenture as security for the performance of all obligations of the Authority under the NTI Indenture shall be valid and binding from the time such pledge is made. The NTI Trust Estate shall immediately be subject to the lien of the NTI Indenture without any physical delivery thereof or further act. The Authority shall pay or cause to be paid the Revenues directly to the NTI Trustee. Upon receipt of any Revenues, or other amounts forming a part of the NTI Trust Estate under the NTI Indenture, the NTI Trustee shall deposit the same in the appropriate Fund or Funds established under the NTI Indenture. Except as otherwise provided in the

NTI Indenture and in any Supplemental Indenture, the NTI Trust Estate under the NTI Indenture shall be collected, held and applied for the equal and ratable benefit and security of all Bondholders.

Revenue Fund; Application Thereof. The NTI Trustee shall establish a Revenue Fund, into which it shall deposit all Revenues received by it. Amounts on deposit in the Revenue Fund shall be deposited, on each Payment Date, first to the Debt Service Fund, to the extent (if any) needed to increase the amount in the Debt Service Account so that it equals the Bond Payment Obligations then due and the amount of Parity Swap Payment Obligations, if any, due on such Payment Date, second, into the Subordinated Payment Obligations Fund, the amount of any Subordinated Swap Payment Obligations or Credit Facility Payment Obligations due on such Payment Date, and third, at the written direction of the Authority, to the Program Fund; provided, however, that the NTI Service Fee shall be deposited only into the Debt Service Fund.

Debt Service Fund, Application Thereof. The NTI Trustee shall establish and maintain a Debt Service Fund. The NTI Trustee shall deposit into the Debt Service Fund proceeds of Bonds in an amount equal to accrued interest and capitalized interest, if any, in accordance with the NTI Indenture and the applicable Supplemental Indenture. Moneys on deposit in the Debt Service Fund shall be applied on each Payment Date as follows:

(a) to the payment of interest, when due, on all Outstanding Bonds, including any accrued interest due in connection with purchases or redemptions of Bonds pursuant to the NTI Indenture;

(b) to the payment, when due, of each Parity Swap Payment Obligation due on each such Payment Date, such amount to be paid to the applicable Swap Provider;

(c) to the payment, when due, of the principal or Redemption Price of Bonds then payable at maturity or upon mandatory redemption (but, except as otherwise provided in the NTI Indenture, only upon surrender of such Bonds), subject to reduction by the principal amount of Bonds of the same series and maturity purchased by the Authority and surrendered to the NTI Trustee for cancellation or purchased for cancellation by the NTI Trustee pursuant to subsection (d) below; and

(d) during the 12-month period preceding each principal maturity or mandatory redemption date, the NTI Trustee shall, at the request of the Authority, purchase Bonds of the series and maturity becoming due on such principal maturity or mandatory redemption date from funds in the Debt Service Fund; provided, however, that no such purchase shall be made unless (i) the purchase price does not exceed 100% of the principal amount of the Bonds so to be purchased plus accrued interest, and (ii) in the case of any purchase of Bonds which are subject to mandatory redemption, the Authority certifies to the NTI Trustee that firm commitments for the purchase of such Bonds have been accepted by the Authority prior to the giving of notice of such redemption by the NTI Trustee.

Payments from the Debt Service Fund shall be made ratably by the NTI Trustee according to amounts due in respect of each Bond and Parity Swap Payment Obligation without preference of one Bond or Parity Swap Payment Obligation over another.

Subordinated Payment Obligations Fund; Application Thereof. The NTI Trustee shall establish a Subordinated Payment Obligations Fund into which the NTI Trustee shall deposit for each series of Bonds amounts required to be deposited therein with respect to any Subordinated Swap Payment Obligations or Credit Facility Payment Obligations. The NTI Trustee shall withdraw from the Subordinated Payment Obligations Fund on or before each Payment Date the amount of any Subordinated Swap Payment Obligations or Credit Facility Payment Obligations due on such date and shall cause the same to be paid to the applicable Swap Provider or Credit Issuer. Payments from the Subordinated

Payment Obligations Fund shall be made ratably by the NTI Trustee according to the amounts due in respect of each Subordinated Swap Payment Obligation and Credit Facility Payment Obligation without priority or preference of one Subordinated Swap Payment Obligation or Credit Facility Payment Obligation over another.

Procedure When Funds Are Sufficient to Pay All Bonds. If at any time the amounts held by the NTI Trustee in the Funds established under the NTI Indenture are sufficient to pay principal or Redemption Price of and interest on all Bonds then Outstanding to maturity or prior redemption, together with any amounts due the NTI Trustee, the NTI Trustee shall so notify the Authority and the City and, if so directed by the City, the NTI Trustee shall apply the amounts in the Funds to the payment of the aforesaid obligations to effect a defeasance of the Bonds.

Moneys to Be Held for All Bondholders, With Certain Exceptions. Moneys and investments held in all Funds and Accounts established and held under the lien of the NTI Indenture shall be held in trust for the benefit of the holders of all Outstanding Bonds, each Credit Issuer and Swap Provider, except that: (a) on and after the date on which the interest on or principal or Redemption Price of any particular Bond or Bonds is due and payable from the Debt Service Fund, the unexpended balance of the amount deposited or reserved in such Fund for the making of such payments shall, to the extent necessary therefor, be held for the benefit of the Bondholder or Bondholders entitled thereto; (b) any special redemption fund established in connection with the issuance of any series of Bonds for a refunding shall be held for the benefit of the holders of Bonds being refunded; (c) the rights of any Bondholders with respect to principal or interest payments extended beyond their due dates, as described under "The NTI Indenture - Covenants of Authority – Extension of Time for Payment" below, shall be subordinate to the rights of Bondholders with respect to payments not so extended; (d) the Rebate Fund shall not be held as part of the NTI Trust Estate under the NTI Indenture; and (e) any debt service reserve fund established pursuant to a Supplemental Indenture shall be held solely for the benefit of the holders of the Bonds for which such debt service reserve fund was established.

Rebate Fund

The NTI Trustee shall establish and thereafter hold and maintain so long as the Bonds are Outstanding, and for sixty (60) days thereafter, a Rebate Fund for the purpose of paying to the United States Treasury the amount required to be rebated pursuant to Section 148(f) of the Code, which Rebate Fund shall be held by the NTI Trustee separate and apart from all other funds and accounts established under the NTI Indenture and from all other moneys of the NTI Trustee. All amounts in the Rebate Fund, including income earned from investment of amounts in the Rebate Fund, shall be held by the NTI Trustee free and clear of the lien of the NTI Indenture. Upon the direction of the Authority, the NTI Trustee shall deposit amounts into or withdraw amounts from the Rebate Fund in order to pay any rebatable earnings to the United States Treasury when due.

Security for and Investment or Deposit of Funds

Deposits and Security Therefor. All moneys received by the NTI Trustee under the NTI Indenture for deposit in any Fund or Account established under the NTI Indenture shall be considered trust funds, shall not be subject to lien or attachment and shall, except as hereinafter provided, be deposited in the trust department of the NTI Trustee, until or unless invested or deposited as provided below. All deposits in the trust department of the NTI Trustee shall be secured as provided by law for such trust deposits. If at any time the trust department of the NTI Trustee is unwilling to accept such deposits or unable to secure them as provided above, the NTI Trustee may at the direction of the Authority with the approval of the City, deposit such moneys with any other depository which is authorized to receive them provided that such are fully insured by the Federal Deposit Insurance Corporation, or its successors. All deposits in any depository in excess of the amount covered by such insurance shall, to the extent permitted by law, be fully secured as to both principal and interest by Government Obligations in such manner as may be required or permitted under applicable law in order to grant to the NTI Trustee a perfected security interest in such Government Obligations, free and clear of the claims of third parties. If the deposit of the Government Obligations with the NTI Trustee or a depository acting on its behalf is required for such purpose under applicable law, the deposit shall be made with a Federal Reserve Bank for the account of the NTI Trustee, with the trust department of the NTI Trustee, or with a bank or trust company (other than the obligor) which is acting solely as agent for the NTI Trustee and has a combined net capital and surplus of not less than $50,000,000.

Investment or Deposit of Funds. Moneys on deposit in the Funds established pursuant to the NTI Indenture shall be invested and reinvested by the NTI Trustee at the direction of an Authorized Representative of the City as follows: (a) all investments shall constitute Investment Securities and shall mature, or be subject to repurchase, withdrawal without penalty or redemption at the option of the holder on or before the dates on which the amounts invested are reasonably expected to be needed; (b) the principal of the Investment Securities and the earnings thereon, including interest, income and net profits received in respect thereof, shall be applied upon receipt as follows: (i) except as otherwise provided in a Supplemental Indenture, earnings on Program Fund (including the Costs of Issuance Account) and the Debt Service Fund shall in each case be retained in such Fund or Account; and (ii) whenever any other transfer or payment is required to be made from any particular Fund, such transfer or payment shall be made from such combination of maturing principal, redemption or repurchase prices, liquidation proceeds and withdrawals of principal as the Authority deems appropriate for such purpose, after taking into account such factors as future transfers or payments from the Fund in question, the reinvestment opportunities for maturing principal, the current yield on any Investment Securities to be redeemed, withdrawn or sold, and any penalties, gains or losses to be realized upon any such redemption, withdrawal or sale; and (c) the NTI Trustee shall not be accountable for any depreciation in the value of the Investment Securities or any losses incurred upon any authorized disposition thereof.

Valuation of Funds. The NTI Trustee shall value the assets in each of the Funds established under the NTI Indenture as of June 30 of each year, or more frequently at the direction of the City or the Authority, at their amortized cost, not including accrued interest, after taking into account all transfers or payments then required to be made from each Fund. As soon as practicable after each such date of valuation, the NTI Trustee shall furnish to the Authority and the City a report of the status of each Fund as of such date. In computing the assets of any Fund or Account, investments, not including accrued interest thereon, shall be deemed a part thereof, subject to the provisions of the NTI Indenture.

Covenants of Authority

The covenants of the Authority under the NTI Indenture include:

Payment of Principal and Interest on Bonds. The Authority shall promptly pay the interest on and the principal or Redemption Price of Bonds, but only out of the NTI Trust Estate.

Corporate Existence and Maintenance of Properties. The Authority shall (a) maintain its corporate existence, (b) maintain its power to perform its obligations under the NTI Indenture, and (c) maintain the NTI Service Agreement in full force and effect.

Compliance with NTI Service Agreement. The Authority covenants and agrees that (i) it shall comply with all applicable provisions of the NTI Service Agreement, as if contained in the NTI Indenture; (ii) it shall enforce against the City the obligations of the City under the NTI Service Agreement, including, without limitation, the obligation to pay the NTI Service Fee when due; (iii) it shall cause a copy of the NTI Service Agreement certified by an Authorized Officer of the Authority to be filed with the NTI Trustee, and a copy of any amendment to the NTI Service Agreement certified by an Authorized Officer of the Authority to be filed with the NTI Trustee; and (iv) it shall furnish to the NTI Trustee such documents, certificates and reports as it may be required under the terms of the NTI Service Agreement to deliver to the City from time to time.

Extension of Time for Payment. The Authority shall not directly or indirectly extend or assent to the extension of the time for payment of the principal of or interest on any Bonds and shall not directly or indirectly be a party to or approve any arrangement therefor. Notwithstanding the foregoing, the holder of any Bond may extend the time for payment of the principal of or interest on such Bond; provided, however, that upon the occurrence of an Event of Default, funds available under the NTI Indenture for the payment of the principal of and interest on the Bonds shall not be applied to any payment so extended until all principal and interest payments which have not been extended have first been paid in full.

Further Assurances; Additional Revenues. The Authority covenants that it will not enter into any contract or take any action by which the rights of the NTI Trustee or the Bondholders or Credit Issuers may be impaired and shall, from time to time, execute and deliver such further instruments and take such further action as may be required to carry out the purposes of the NTI Indenture and each Supplemental Indenture and for the better assuring, transferring, conveying, pledging, assigning, and confirming unto the NTI Trustee the NTI Trust Estate. If at any time the Authority receives any Revenues which are not assigned to the NTI Trustee, the Authority covenants to promptly pay the same to the NTI Trustee for deposit in the Revenue Fund and, at the request of the NTI Trustee, covenants to execute and deliver an assignment of its right, title and interest in and to future income or payments of the same type to the NTI Trustee to be held as part of Revenues and to file or record such assignment as may be appropriate to perfect the security interest created thereby and by the NTI Indenture.

Compliance with Internal Revenue Code. The Authority covenants that it will make no investment or other use of the proceeds of any series of Bonds which would cause such series of Bonds to be "arbitrage bonds" as that term is defined in Section 148(a) of the Code and that it will comply with the requirements thereof throughout the term of such series of Bonds. The Authority covenants that it will not take any action or permit any action to be taken on its behalf or cause or permit any circumstances within its control to arise or continue, if such action or circumstances would adversely affect the validity of the Bonds or cause the interest paid by the Authority on the Bonds not to be excluded from gross income for Federal income tax purposes in the hands of the holders thereof.

Swap Agreements and Credit Facilities. The Authority shall maintain in full force and effect, and duly and punctually perform its obligations under, any Swap Agreements, or any agreement entered into by it in connection with the issuance of any Credit Facility, including the payment when due, but solely from the NTI Trust Estate, of all Swap Payment Obligations and Credit Facility Payment Obligations; provided, however, that nothing in the NTI Indenture shall be construed to limit in any way any right of the Authority to terminate a Swap Agreement or Credit Facility in accordance with the terms thereof.

Obligation to Enforce Swap Agreements and Credit Facility. Whether or not an Event of Default shall have occurred or be continuing, the Authority and the NTI Trustee shall take any and all action necessary or appropriate to enforce, on behalf of the Authority and for the benefit of the Bondholders, the rights of the Authority under any Swap Agreement or Credit Facility to which the Authority or the NTI Trustee is a party. In the event of the transfer, assignment or other conveyance of any Swap Agreement in accordance with its terms by the Swap Provider to any new Swap Provider, the NTI Trustee shall promptly notify the Authority, S&P, Moody's and any other firm or agency then rating the Bonds of the name and address of the new Swap Provider and any modifications, amendments or supplements to the terms of the existing Swap Agreement, to the extent the NTI Trustee has knowledge of such information.

Creation of Liens. The Authority shall not issue any bonds, notes, debentures or other evidences of indebtedness of a similar nature, other than the Bonds and other than Swap Payment Obligations and Credit Facility Payment Obligations, payable out of or secured by a pledge or assignment of the NTI Trust Estate and shall not create or cause to be created any lien or charge on the NTI Trust Estate.

Events of Default and Remedies under the NTI Indenture

Events of Default Defined. Each of the following shall be an Event of Default under the NTI Indenture:

(i) if payment of any installment of interest on the Bonds is not made when it becomes due and payable;

(ii) if payment of the principal or Redemption Price of any Bond is not made when it becomes due and payable at maturity or upon call for redemption;

(iii) if the Authority shall fail to pay when due any Parity Swap Payment Obligation;

(iv) if the Authority defaults in the due and punctual performance of any other covenant in the Bonds or in the NTI Indenture and such default continues for sixty (60) days after written notice requiring the same to be remedied shall have been given to the Authority and the City by the NTI Trustee, which may give such notice in its discretion and shall give such notice at the written request of any Credit Issuer or the holders of not less than 25% in principal amount of Bonds then Outstanding, provided, however, that if such performance requires work to be done, actions to be taken, or conditions to be remedied, which by their nature cannot reasonably be done, taken or remedied, as the case may be, within such sixty (60) day period, no Event of Default shall be deemed to have occurred or exist if and so long as the Authority or the City shall commence such performance within such sixty (60) day period and shall diligently and continuously prosecute the same to completion;

(v) if the City fails to pay the NTI Service Fee at the times and in the amounts required under the NTI Service Agreement and any grace period with respect to such failure under the NTI Service Agreement shall have lapsed; or

(vi) if any other event or condition occurs which has been specified to be an Event of Default in a Supplemental Indenture.

The NTI Service Agreement provides that in no event (including an acceleration of the Authority's payment obligations under any Bonds issued pursuant to the NTI Indenture or with respect to any Credit Facility Payment Obligation or Swap Payment Obligation thereunder) shall the due dates for payments of the NTI Service Fee under the NTI Service Agreement be accelerated.

Acceleration and Annulment Thereof. If any Event of Default described under paragraphs (i), (ii), (iii), or (v) of the caption "Events of Default Defined" above has occurred and is continuing, the NTI Trustee may, and at the written direction of the holders of 50% in principal amount of the Bonds then Outstanding the NTI Trustee shall, by notice in writing to the Authority, declare the principal of all Bonds then Outstanding to be immediately due and payable, and upon such declaration the said principal, together with interest accrued thereon, shall become due and payable immediately at the place of payment provided therein, anything in the NTI Indenture or in the Bonds to the contrary notwithstanding; provided, however, that no such declaration shall be made, if the Authority or the City cures such Event of Default prior to the date of the declaration.

If after the principal of the Bonds has been so declared to be due and payable, all arrears of interest upon the Bonds and all arrears of payments due with respect to Parity Swap Payment Obligations are paid by the Authority, and the Authority also performs all other things in respect to which the Authority may have been in default under the NTI Indenture and pays the reasonable charges of the NTI Trustee and the Bondholders, including reasonable attorney's fees, then, and in every such case, the NTI Trustee may annul such declaration and its consequences and such annulment shall be binding upon the NTI Trustee and upon all holders of Bonds issued under the NTI Indenture; but no such annulment shall extend to or affect any subsequent default or impair any right or remedy consequent thereon.

Legal Proceedings by NTI Trustee. If any Event of Default has occurred and is continuing, the NTI Trustee in its discretion may, and upon the written request of the holders of 50% in principal amount of the Bonds then Outstanding and receipt of indemnity to its satisfaction shall, in its own name: (a) by mandamus, or other suit, action or proceeding at law or in equity, enforce all rights of the Bondholders including the right to require the Authority to enforce collection of all amounts due and payable under the NTI Service Agreement (other than with respect to the Reserved Rights) and to require the Authority to carry out any other agreements with, or for the benefit of the Bondholders and the Credit Issuers and to perform its duties under the Act; (b) bring suit upon the Bonds; (c) by action or suit in equity require the Authority to account as if it were the trustee of an express trust for the Bondholders; and (d) by action or suit in equity enjoin any acts or things which maybe unlawful or in violation of the rights of the Bondholders and the Credit Issuers.

Discontinuance of Proceedings by NTI Trustee. If any proceeding taken by the NTI Trustee on account of any default is discontinued or is determined adversely to the NTI Trustee, then the Authority, the NTI Trustee, the Credit Issuers and the Bondholders shall be restored to their former positions and rights under the NTI Indenture as though no such proceeding had been taken.

Bondholders May Direct Proceedings. The holders of a majority in principal amount of the Bonds then Outstanding under the NTI Indenture shall have the right to direct the method and place of conducting all remedial proceedings by the NTI Trustee under the NTI Indenture, provided such directions shall not be otherwise than in accordance with law or the provisions of the NTI Indenture, and that the NTI Trustee shall have the right to decline to follow any such direction which in the opinion of the NTI Trustee would be unjustly prejudicial to Bondholders not parties to such direction.

Limitations on Actions by Bondholders. No Bondholder shall have any right to pursue any remedy under the NTI Indenture unless (a) the NTI Trustee shall have been given written notice of an Event of Default, (b) the holders of at least 50% in principal amount of the Bonds then Outstanding shall have requested the NTI Trustee, in writing, to exercise the powers hereinabove described or to pursue such remedy in its or their name or names, (c) the NTI Trustee shall have been offered indemnity and security satisfactory to it against fees, costs, expenses and liabilities, including reasonable attorneys' fees, and (d) the NTI Trustee shall have failed to comply with such request within a reasonable time.

NTI Trustee May Enforce Rights Without Possession of Bonds. All rights under the NTI Indenture and the Bonds may be enforced by the NTI Trustee without the possession of any Bonds or the production thereof at the trial or other proceedings relative thereto, and any proceeding instituted by the NTI Trustee shall be brought in its name for the ratable benefit of the holders of the Bonds.

Remedies Not Exclusive. Except for the limitations described under "The NTI Indenture – Limitations on Recourse" below, no remedy conferred by the NTI Indenture is intended to be exclusive of any other remedy or remedies, and each remedy is in addition to every other remedy given under the NTI Indenture or now or hereafter existing at law or in equity or by statute.

Delays and Omissions Not To Impair Rights. No delay or omission in respect of exercising any right or power accruing upon any default shall impair such right or power or be a waiver of such default, and every remedy given by the NTI Indenture may be exercised from time to time and as often as may be deemed expedient.

Application of Moneys in Event of Default. Any moneys on deposit in any Fund or Account, except the Rebate Fund, established under the NTI Indenture and any moneys received by the NTI Trustee under the NTI Indenture shall be applied after the occurrence of an Event of Default under the NTI Indenture,

First: To the payment of the costs of the NTI Trustee, including counsel fees, any disbursements of the NTI Trustee with interest thereon and its reasonable compensation;

Second: Subject to the provisions described under "The NTI Indenture – Covenants of Authority – Extension of Time for Payment," to the payment of all interest then due on Outstanding Bonds and all Parity Swap Payment Obligations then due or, if the amount available is insufficient for such purpose, to the payment of interest and Parity Swap Obligations ratably in accordance with the amount due in respect of each Bond and Parity Swap Payment Obligation;

Third: Subject to the provisions described under "The NTI Indenture – Covenants of Authority – Extension of Time for Payment," to the payment of the outstanding principal amount of all Bonds or, if the amount available for the payment of principal is insufficient for such purpose, to the payment of principal ratably in accordance with the amount due in respect of each Bond; and

Fourth: To the payment to any Credit Issuer of any Credit Facility Payment Obligation then due and to any Swap Provider of any Subordinated Swap Payment Obligation then due or, if the amount available is insufficient for such purpose, to the payment of Credit Facility Payment Obligations and Subordinated Swap Payment Obligations ratably in accordance with the amount due in respect of each Credit Facility Payment Obligation and Subordinated Swap Payment Obligations.

The surplus, if any, shall be paid to the City or the person lawfully entitled to receive the same or as a court of competent jurisdiction may direct.

NTI Trustee's Right to Receiver; Compliance with Act. As provided by the Act, the NTI Trustee shall be entitled as of right to the appointment of a receiver if an Event of Default under the NTI Indenture shall have occurred and be continuing; and the NTI Trustee, the Credit Issuers, the Swap Providers, the Bondholders and any receiver so appointed shall have such rights and powers and be subject to such limitations and restrictions as are contained in the Act.

NTI Trustee and Bondholders Entitled to All Remedies Under Act. Should any remedy under the NTI Indenture be held unlawful, the NTI Trustee, and the Bondholders shall nevertheless be entitled to every other remedy provided by the Act. It is further intended that, insofar as lawfully possible, the provisions of the NTI Indenture shall apply to and be binding upon the NTI Trustee or receiver appointed under the Act.

Direction of Remedies by Credit Issuer. Except as otherwise specifically provided in the NTI Indenture, each Credit Issuer shall have the same right to direct the NTI Trustee in the exercise of remedies under the NTI Indenture as though it were the holder of all Bonds Outstanding that are entitled to the benefit of the Credit Facility issued by it. No Credit Issuer shall be entitled to direct the exercise of remedies under the NTI Indenture if it shall then be in default of its payment obligations under the Credit Facility issued by it or if the Credit Facility issued by it is no longer in full force and effect.

The NTI Trustee

Acceptance of Trust. The NTI Trustee accepts and agrees to execute the trusts created by the NTI Indenture, but only upon the additional terms set forth therein, to all of which the parties to the NTI Indenture and the Bondholders agree.

Notice of Default; Right to Investigate. The NTI Trustee shall give written notice to all Bondholders, any Swap Provider and to each Credit Issuer by first class mail of each Event of Default known to the NTI Trustee within 90 days (30 days in the case of notices to the Credit Issuers) after the NTI Trustee obtains actual knowledge of such Event of Default; provided that, except in the case of a default in payment of principal, interest or Redemption Price, the NTI Trustee may withhold such notice to the Bondholders (but not to any Swap Provider or the Credit Issuers) so long as it in good faith determines that such withholding is in the interest of the Bondholders. The NTI Trustee shall not be deemed to have notice of any Event of Default unless it has actual knowledge of such Event of Default or it has been notified in writing of such Event of Default by the Authority or by the holders of at least 50% in principal amount of the Bonds then Outstanding, any Swap Provider or any Credit Issuer. The NTI Trustee may, however, at any time require of the Authority full information as to the performance of any covenant under the NTI Indenture; and if information satisfactory to it is not forthcoming, the NTI Trustee may make or cause to be made, at the expense of the Authority, an investigation into the affairs of the Authority related to the NTI Indenture.

Obligation to Act on Defaults. The NTI Trustee shall be under no obligation to take any action in respect of any default or otherwise, except a default with respect to the payment of principal or interest as the same shall become due and payable at redemption or upon maturity, unless it is requested in writing to do so by the holders of at least 50% in principal amount of the Bonds then Outstanding and, if in its opinion such action may tend to involve expense or liability, unless it is also furnished with indemnity and security satisfactory to it.

NTI Trustee May Deal in Bonds. The NTI Trustee may in good faith buy, sell, own, hold and deal in any of the Bonds and may join in any action which any Bondholders may be entitled to take with like effect as if the NTI Trustee were not a party to the NTI Indenture. The NTI Trustee may also engage in or be interested in financial or other transactions with the Authority; provided that such transactions are not in conflict with its duties under the NTI Indenture.

Resignation of NTI Trustee. The NTI Trustee may resign and be discharged of the trusts created by the NTI Indenture by written resignation filed with the Secretary of the Authority not less than sixty (60) days before the date when such resignation is intended to take effect; provided that notice of any such resignation shall be mailed by the resigning NTI Trustee to the holders of all Outstanding Bonds at their registered addresses and each Credit Issuer not less than 30 days prior to the intended effective date of the resignation, and that no resignation shall take effect until a successor NTI Trustee has been appointed and has accepted such appointment. In case at any time the NTI Trustee shall resign and no appointment of a successor NTI Trustee shall be made pursuant to the foregoing provisions prior to the date specified in the notice of resignation as the date when such resignation shall take effect, the retiring NTI Trustee or any Bondholder may forthwith apply to a court of competent jurisdiction for the appointment of a successor NTI Trustee. Such court may thereupon (after such notice, if any, as it may deem proper and prescribe), appoint a successor NTI Trustee.

Removal of NTI Trustee. Any NTI Trustee may be removed at any time by an instrument appointing a successor to the NTI Trustee so removed, executed by the holders of a majority in principal amount of the Bonds then Outstanding and filed with the NTI Trustee, the Authority and each Credit Issuer. Any such removal shall be effective on the date on which a successor NTI Trustee has been appointed and has accepted such appointment. Notice of any such removal shall be mailed promptly by the Authority to the holders of all Outstanding Bonds at their registered addresses.

Appointment of Successor NTI Trustee. If the NTI Trustee or any successor NTI Trustee resigns or is removed or dissolved, or if its property or business is taken under the control of any state or federal court or administrative body, the Authority shall appoint a successor and shall mail or cause to be mailed notice of such appointment. If the Authority fails to make such appointment within 30 days, the appointment may be made by the holders of a majority in principal amount of the Bonds then Outstanding. Notice of any such appointment shall be mailed promptly by the successor NTI Trustee to the holders of all Outstanding Bonds at their registered addresses.

Qualification of Successor. A successor NTI Trustee shall be a national bank with trust powers, a banking association with trust powers, or a bank and trust company or a trust company organized under the laws of the Commonwealth, in each case having a combined net capital and surplus of at least $50,000,000 (or the obligations and liabilities of which are irrevocably and unconditionally guaranteed by an affiliated company having a combined net capital and surplus of at least $50,000,000).

Amendments and Supplements to the NTI Indenture

Amendments and Supplements Without Bondholders' Consent. The NTI Indenture may be amended or supplemented from time to time, without the consent of the Bondholders, but with the consent of the City by a Supplemental Indenture authorized by a certified resolution of the Authority filed with the NTI Trustee, for one or more of the following purposes: (a) to set forth such matters not inconsistent with the provisions of the NTI Indenture as may be necessary or appropriate in connection with the issuance of any series of Bonds; (b) to add additional covenants of the Authority or to surrender any right or power conferred upon the Authority; (c) to cure any ambiguity or to cure any defect in such manner as shall not be inconsistent with the provisions of the NTI Indenture; (d) to modify, supplement, alter or amend the provisions of the NTI Indenture in such manner as may be requested by a securities rating service in order to obtain a securities rating or ratings for any Bonds or to maintain or improve any such rating or ratings previously obtained; (e) to modify, supplement, alter or amend the provisions of the NTI Indenture in such manner as may be necessary or appropriate to conform the provisions of the NTI Indenture to the provisions of the NTI Service Agreement as it may be amended from time to time; or (f) to make such other changes as the Authority and the NTI Trustee deem appropriate; provided that the foregoing clause (f) shall not permit amendments or supplements to be made which materially adversely affect the security or the rights of Bondholders under the NTI Indenture.

Amendments with Bondholders' Consent. The NTI Indenture may be amended from time to time, with the consent of the City, by a Supplemental Indenture approved by the holders of at least 51% in aggregate principal amount of the Bonds then Outstanding; provided, that (a) no amendment shall be made which adversely affects the rights of some but less than all series of Bonds without the consent of the holders of at least 51% of the then Outstanding Bonds so affected, and (b) no amendment which alters the interest rates on or principal amounts of any Bonds, the maturities, interest Payment Dates, sinking fund payment dates or redemption provisions of any Bonds or the amendment and supplement provisions of the NTI Indenture may be made without the consent of the holders of all Outstanding Bonds adversely affected thereby.

Unless otherwise provided in an applicable Supplemental Indenture, a Credit Issuer of a Credit Facility securing a series of Bonds shall have the right to consent to amendments on behalf of and in lieu of the Owners of the Bonds of such Series (except with respect to the matters referred to in the proviso of the immediately preceding paragraph), so long as such Credit Issuer shall not be in default of its obligations under such Credit Facility.

NTI Trustee Authorized to Join in Amendments and Supplements; Reliance on Counsel. The NTI Trustee is authorized to join with the Authority in the execution and delivery of any Supplemental Indenture or amendment permitted by the NTI Indenture and in so doing shall be fully protected by an opinion of Counsel that such Supplemental Indenture or amendment is so permitted and has been duly authorized by the Authority and that all things necessary to make it a valid and binding agreement have been done.

Effect of Supplemental Indenture. Upon the execution of any Supplemental Indenture pursuant to the provisions of the NTI Indenture, the NTI Indenture shall be and be deemed to be modified and amended in accordance therewith and the respective rights, limitation of rights, obligations, duties and immunities under the NTI Indenture of the NTI Trustee, the Authority and the holders of Bonds issued under the NTI Indenture shall thereafter be determined, exercised and enforced under the NTI Indenture subject in all respects to the applicable provisions of the Supplemental Indenture so executed.

Amendments to NTI Indenture Requiring Consent of Swap Providers. Notwithstanding any provision to the contrary and whether or not an Event of Default shall have occurred or be continuing under the NTI Indenture, no provision of the NTI Indenture which affects the rights of Swap Providers may be amended without the prior written consent of each affected Swap Provider.

Amendments to NTI Service Agreement. The Authority may amend or supplement the NTI Service Agreement, to make such changes therein as may be deemed appropriate by the Authority and the City; provided, however, that the approval by the holders of at least 51% in aggregate principal amount of the Bonds then Outstanding shall be required for any amendment or supplement to the NTI Service Agreement that would materially adversely affect the security of the NTI Service Agreement or of the NTI Indenture or the rights of Bondholders under the NTI Indenture; and provided further, that the Authority shall not amend or supplement the NTI Service Agreement in any manner which would adversely affect the validity or enforceability of the NTI Service Agreement or the tax-exempt status of the interest on any Bonds issued under the NTI Indenture.

Unless otherwise provided in an applicable Supplemental Indenture, a Credit Issuer of a Credit Facility securing a series of Bonds shall have the right to consent to amendments on behalf of and in lieu of the Owners of the Bonds of such Series (except with respect to the matters referred to in the proviso of the immediately preceding paragraph), so long as such Credit Issuer shall not be in default of its obligations under such Credit Facility.

The NTI Trustee may require that the Authority provide an opinion of Counsel that such amendment or supplement to the NTI Service Agreement is permitted by the NTI Indenture and by the NTI Service Agreement and that all things necessary to make it a valid and binding agreement have been done, and the NTI Trustee shall be fully protected in relying on such opinion.

Defeasance

Defeasance. When all interest on, and principal or Redemption Price (as the case may be) of, all Bonds issued under the NTI Indenture have been paid, or there shall have been deposited with the NTI Trustee an amount, evidenced by moneys or “escrowed obligations” (as defined below) the principal of and interest on which, when due, will provide sufficient moneys to fully pay the Bonds at the maturity date or date fixed for redemption thereof, as well as all other sums payable under the NTI Indenture by the Authority, the right, title and interest of the NTI Trustee shall thereupon cease and the NTI Trustee, on demand of the Authority, shall release the NTI Indenture and all Supplemental Indentures and shall execute such documents to evidence such release as may be reasonably required by the Authority and shall turn over to the Authority or to such person, body or authority as may be entitled to receive the same all balances remaining in any funds under the NTI Indenture. For the purposes of the NTI Indenture, "escrowed obligations" shall mean the following, but only to the extent they are Investment Securities at the time of delivery to the NTI Trustee: (a) Government Obligations; (b) rights to receive the principal of or the interest on Government Obligations through (i) direct ownership, as evidenced by physical possession of such Government Obligations or unmatured interest coupons thereof or by registration as to ownership thereof on the books of the issuer or its duly authorized paying agent or transfer agent, or (ii) purchase of certificates or other instruments evidencing an undivided ownership interest in payments of the principal of or interest on Government Obligations; (c) debt obligations of any state or political subdivision thereof or any agency or instrumentality of such a state or political subdivision, provided that (i) the principal or redemption price of and interest on such obligations are secured by and payable from amounts received (without reinvestment) in respect of the principal of and interest on non-callable Government Obligations, (ii) such debt obligations are rated "AAA" by S&P, if S&P has assigned a rating to the Bonds, and "Aaa" by Moody's, if Moody's has assigned a rating to the Bonds (or, upon the discontinuation of both of the foregoing rating services, by such other nationally recognized rating service or services as may be acceptable to the NTI Trustee); and (d) with respect to the Bonds of any series such other Investment Securities as shall be specified as "escrowed obligations" in the Supplemental Indenture applicable thereto.

In the event the Authority deposits "escrowed obligations" with the NTI Trustee as provided in the NTI Indenture, the lien of the NTI Indenture shall not be defeased unless the NTI Trustee shall have received a report of an independent Certified Public Accountant verifying the sufficiency of such escrowed obligations.

The Authority may provide in a Supplemental Indenture for additional conditions to be satisfied in order to accomplish the defeasance of the lien of the NTI Indenture.

<u>Deposit of Funds for Payment of Bonds</u>. If the Authority deposits with the NTI Trustee moneys or "escrowed obligations" the principal of and interest on which, when due, are sufficient to pay the principal or Redemption Price of any particular Bond or Bonds becoming due, either at maturity or by call for redemption or otherwise, together with all interest accruing thereon to the due date, interest on the Bond or Bonds shall cease to accrue on the due date and all liability of the Authority with respect to such Bond or Bonds shall likewise cease, except as provided below; provided that if such Bonds are to be redeemed prior to maturity thereof, there shall have been taken all action necessary to call such Bonds for redemption and notice of such redemption shall have been duly given or provision satisfactory to the NTI Trustee shall have been made for the giving of such notice. Thereafter such Bond or Bonds shall be deemed not to be Outstanding under the NTI Indenture and the holder or holders of such Bond or Bonds shall be restricted exclusively to the funds so deposited for any claim of whatsoever nature with respect to such Bond or Bonds, and the NTI Trustee shall hold such funds in trust for such holder or holders.

Moneys deposited with the NTI Trustee which remain unclaimed six (6) years after the date payment thereof becomes due shall, at the direction of the Authority, if the Authority is not at the time to the knowledge of the NTI Trustee in default with respect to any covenant in the NTI Indenture or the Bonds contained, be paid to the Authority for and on account of the City; and the holders of the Bonds for which the deposit was made shall thereafter be limited to a claim against the Authority; provided, however, that before making any such payment to the Authority, the NTI Trustee shall, at the expense of the Authority, give notice to holders of such Bonds by first class mail stating that moneys remain unclaimed and that, after a date named in said notice, which date shall be not less than thirty (30) days after the date of mailing of such notice, the balance of such moneys then unclaimed will be paid to the Authority.

Miscellaneous Provisions

Limitations on Recourse. No personal recourse shall be had for any claim based on the NTI Indenture or the Bonds or any Credit Facility or Swap Agreement against any member, officer or employee, past, present or future, of the Authority or of any successor body as such, either directly or through the Authority or any such successor body, under any constitutional provision, statute or rule of law or by the enforcement of any assessment or penalty or otherwise. The Bonds, the Credit Facility Payment Obligations and the Swap Payment Obligations are payable solely from the NTI Trust Estate held under the NTI Indenture for such purpose. There shall be no other recourse under the Bonds, the NTI Indenture, any Credit Facility, any Swap Agreement or otherwise against the Authority or any other property now or hereafter owned by it and, upon entry of any judgment, the judgment creditor or creditors shall request the Prothonotary (or any successor official) to mark the judgment index accordingly.

References to the Credit Issuer. References to any Credit Issuer in the NTI Indenture or in any Supplemental Indenture shall be deemed inapplicable at any time that (A)(i) no Credit Facility issued by such Credit Issuer is in effect with respect to Bonds and (ii) no amount is owing to such Credit Issuer by the Authority or (B) such Credit Issuer is in default of its payment obligations under the Credit Facility issued by it.

THE NTI SERVICE AGREEMENT

Appointment of Authority as Agent

Under the NTI Service Agreement, the City appoints and designates the Authority as the City's agent within the Authority's field of operation to administer the NTI Program and to perform any element thereof in accordance with the terms of the NTI Service Agreement, and the Authority accepts the foregoing appointment and designation and, in consideration of the NTI Service Fee, agrees to administer the NTI Program and implement such elements thereof as the City shall from time to time direct.

Additional Bonds

Upon the written request of the Director of Finance of the City, the Authority may, but shall have no obligation to, issue Additional Bonds to pay Costs of the NTI Program, including Costs of Issuance of such Additional Bonds. In connection with the issuance of Additional Bonds, the Authority and the City shall enter into a supplement to the NTI Service Agreement providing for an increase in the NTI Service Fee payable thereunder to pay the amounts required for principal or Redemption Price of and interest on such Additional Bonds, subject to the provisions of the Original NTI Ordinance or any ordinance subsequently enacted by City Council relating to the financing of the NTI Program.

NTI Service Fee

In consideration of the undertakings by the Authority under the NTI Service Agreement with respect to the NTI Program, the City agrees to pay as a NTI Service Fee in each Fiscal Year directly to the NTI Trustee, as the assignee of the Authority, the following sums:

(a) The Annual Debt Service Requirement for such Fiscal Year, payable as follows:

(i) On or before the second Business Day prior to the date such amount is required to be paid to the holders of the Bonds, the amount which is equal to the principal or mandatory Redemption Price of the Bonds becoming due on the immediately succeeding principal maturity or mandatory redemption date, subject to credit for other available funds in the manner provided in the NTI Indenture.

(ii) On or before the second Business Day prior to the date such amount is required to be paid to the holders of the Bonds, the amount which is equal to interest on the Bonds becoming due on the immediately succeeding interest Payment Date, subject to credit for other available funds in the manner provided in the NTI Indenture.

(iii) On or before the dates specified in any Credit Facility or Swap Agreement, the amounts which are equal to any Credit Facility Payment Obligations or Swap Payment Obligations becoming due on such dates, subject to credit for other available funds in the manner provided in the NTI Indenture.

(iv) Notwithstanding any other provision of the NTI Service Agreement, an acceleration of the Authority's payment obligations with respect to the Bonds, including any Additional Bonds, issued pursuant to the NTI Indenture shall not cause an acceleration of the payment of the NTI Service Fee or with respect to any Credit Facility Payment Obligation or Swap Payment Obligation thereunder.

(b) On or before the dates required by the NTI Indenture, the amounts which are necessary to restore any deficiency in the debt service reserve fund, if any, established under the NTI Indenture.

In lieu of the portion of the payments due under subsection (a)(i) above, the City, or at its written direction, the NTI Trustee, may purchase for cancellation Bonds of the Series and term next becoming due at maturity or upon mandatory redemption, subject to the applicable requirements set forth in the NTI Indenture.

In no event shall the portion of the NTI Service Fee payable with respect to the Annual Debt Service Requirement in accordance with subsection (a) above in any Fiscal Year exceed $20,000,000 for any Bonds issued by the Authority for the NTI Program unless a higher Annual Debt Service Requirement shall have been approved by an ordinance of the City in accordance with the terms of the NTI Service Agreement.

The NTI Service Fee shall be payable only out of the current revenues of the City, and the City agrees to provide for the payment of the NTI Service Fee and include the same in its annual operating budget for each year. If the current revenues are insufficient to pay the total NTI Service Fee in any Fiscal Year as the same becomes due and payable, the City covenants to include amounts not so paid in its operating budget for the ensuing Fiscal Year in order to provide sufficient current revenues to pay in each ensuing year such balance due in addition to the amount of NTI Service Fee due for such ensuing year.

The City covenants to make appropriations in each of its Fiscal Years in such amounts as shall be required in order to make all NTI Service Fee payments due and payable under the NTI Service Agreement in each of the City's Fiscal Years.

No Set-Off

The obligation of the City to make the payments required under the NTI Service Agreement shall be absolute and unconditional. The City will pay without suspension, abatement, reduction, abrogation, waiver or diminution all payments required thereunder regardless of any cause or circumstance whatsoever, which may now exist or may hereafter arise, including, without limitation, any defense, set-off, recoupment or counterclaim which the City may have or assert against the Authority, the NTI Trustee, any Bondholder or any other person.

City to Perform Certain Covenants Under NTI Indenture

The City acknowledges that it has received an executed copy of the NTI Indenture, and that it is familiar with its provisions, and agrees to be bound to the fullest extent permitted by law to all provisions thereof directly or indirectly relating to it, and that, in consideration of the service of the Authority rendered to the City under the NTI Service Agreement, it will take all such actions as are required of it under the NTI Indenture to preserve and protect the rights of the NTI Trustee, the Bondholders, the Credit Issuers and the Swap Providers thereunder and that it will not take or effect any action which would cause a default thereunder or impair such rights. Under the NTI Service Agreement, the City assumes and agrees to perform all of the covenants and other obligations of the Authority under the NTI Indenture, excepting only any approvals or consents required to be given by the Authority, and those covenants contained in the NTI Indenture which are not within the control of the City.

Events of Default under the NTI Service Agreement

Each of the following shall constitute an Event of Default under the NTI Service Agreement: (a) the failure of the City to make any payment to the NTI Trustee of the NTI Service Fee due pursuant to the NTI Service Agreement; (b) the failure of the City to make any other payment or to perform any other covenant, condition or agreement in the NTI Service Agreement on its part to be performed; and (c) if the City proposes or makes an assignment for the benefit of creditors or a composition agreement with all or a material part of its creditors, or a trustee, receiver, executor, conservator, liquidator, sequestrator or other judicial representative, similar or dissimilar, is appointed for the City or any of its assets or revenues, or there is commenced any proceeding in liquidation, bankruptcy, reorganization, arrangement of debts, debtor rehabilitation, creditor adjustment or insolvency, state or federal, by or against the City and if such is not vacated, dismissed or stayed on appeal within sixty (60) days (provided that any such assignment, agreement, appointment or proceeding commenced under the First Class City Revenue Bond Act or the Municipal Utility Inventory and Receivables Act, and/or any acceleration of the payment obligations in respect of any bonds, notes or other evidence of indebtedness issued under either aforementioned Act, shall not be an Event of Default under the NTI Service Agreement).

Notice of Defaults; Opportunity to Cure Such Defaults

No default under clause (a) of the previous section shall constitute an Event of Default if the City's failure to make any payment due under the NTI Service Agreement is cured within two (2) Business Days after the due date of the payment; provided, however, that in no event shall such cure period extend beyond the date and time the payment is due to the Bondholders or any Credit Issuer or Swap Provider.

No default under clause (b) of the previous section shall constitute an Event of Default until actual notice of such default by registered or certified mail shall be given to the City by the Authority or the NTI Trustee and the City shall have had 30 days after receipt of such notice to correct the default and shall not have corrected it; provided, however, if the default cannot be corrected within such 30-day period, it shall not constitute an Event of Default if corrective action is instituted by the City within the period and diligently pursued until the default is corrected.

Remedies

If any Event of Default shall occur and be continuing, the Authority (or the NTI Trustee as assignee of the Authority) may at its option exercise any one or more of the following remedies: (a) by mandamus, or other suit, action or proceeding at law or in equity, enforce all rights of the Authority, and require the City to perform its duties and obligations under the NTI Service Agreement; (b) by action or suit in equity require the City to account as if it were the trustee of an express trust for the Authority; or (c) by action or suit in equity enjoin any acts or things which may be unlawful or in violation of the rights of the Authority.

In no event (including an acceleration of the Authority's payment obligations under the Bonds or any Additional Bonds issued under the NTI Indenture or with respect to any Credit Facility Payment Obligation or Swap Payment Obligation) shall the due dates for payments of the NTI Service Fee be accelerated.

Termination

The NTI Service Agreement shall terminate on such date as the principal or redemption price of and interest on all Bonds and all other amounts required under the NTI Indenture to be paid and all other expenses payable by the City under the NTI Service Agreement shall have been paid (or provision for such payment shall have been made as provided in the NTI Indenture) and all other conditions of the NTI Service Agreement and the NTI Indenture shall have been fully satisfied.

Amendments and Supplements to the NTI Service Agreement

If the Authority issues Additional Bonds as contemplated by the NTI Indenture, the Authority and the City shall execute an appropriate supplement or amendment to the NTI Service Agreement. In addition, the parties from time to time may enter into any written amendments (which thereafter shall form a part of the NTI Service Agreement) as shall not adversely affect the rights of or the security of the holders of the Bonds, only for the following purposes: (a) to cure any ambiguity, defect, or inconsistency or omission in the NTI Service Agreement or in any amendment; (b) to grant to or confer upon the Authority or the NTI Trustee any additional rights, remedies, powers, authority or security that lawfully may be granted to or conferred upon the Authority or the NTI Trustee; (c) to reflect a change in applicable law; (d) to modify the NTI Program; or (e) to provide terms not inconsistent with the NTI Indenture or the NTI Service Agreement; provided, however, that the NTI Service Agreement as so amended or supplemented shall provide at least the same security for holders of Bonds issued under the NTI Indenture as the NTI Service Agreement in its current form.

All other amendments must be approved by the NTI Trustee and, to the extent required by the NTI Indenture, by the Bondholders also, in the same manner and to the same extent as is set forth in the NTI Indenture.

Any amendment or supplement to the NTI Service Agreement (other than an amendment or supplement relating to a series of Additional Bonds which does not cause the Annual Debt Service Requirement to exceed $20,000,000) shall be approved by ordinance of the City Council of the City and a copy of any such amendment or supplement, together with a copy of such ordinance, certified by the Clerk of the City Council, shall be filed with the NTI Trustee.

APPENDIX F

PROPOSED FORMS OF APPROVING OPINIONS OF CO-BOND COUNSEL

December __, 2024

RE: PHILADELPHIA REDEVELOPMENT AUTHORITY
$127,775,000 City Service Agreement Revenue Bonds, Series A of 2024 (City of Philadelphia Neighborhood Preservation Initiative) (Federally Taxable Social Bonds) and
$21,330,000 City Service Agreement Revenue Bonds, Series B of 2024 (City of Philadelphia Neighborhood Preservation Initiative) (Tax-Exempt Social Bonds)

TO THE PURCHASERS OF THE 2024 BONDS:

We have served as Co-Bond Counsel to the Philadelphia Redevelopment Authority (the "Authority") in connection with the issuance of $127,775,000 aggregate principal amount of its City Service Agreement Revenue Bonds, Series A of 2024 (City of Philadelphia Neighborhood Preservation Initiative) (Federally Taxable Social Bonds) (the "2024A Bonds") and $21,330,000 aggregate principal amount of its City Service Agreement Revenue Bonds, Series B of 2024 (City of Philadelphia Neighborhood Preservation Initiative) (Tax-Exempt Social Bonds) (the "2024B Bonds," and together with the 2024A Bonds, the "2024 Bonds"). The 2024 Bonds are being issued under and pursuant to the Pennsylvania Urban Redevelopment Law, Act No. 385 of the General Assembly of the Commonwealth of Pennsylvania (the "Commonwealth") approved May 24, 1945 (P.L. 991), as amended and supplemented (the "Act"), and a Trust Indenture dated as of October 1, 2021 (the "Original NPI Indenture"), as previously supplemented, and as further supplemented by a Second Supplemental Indenture dated as of December 1, 2024 (the "Second Supplemental NPI Indenture," and together with the Original NPI Indenture, as previously supplemented, the "NPI Indenture"), each between the Authority and U.S. Bank Trust Company, National Association, successor in interest to U.S. Bank National Association, as trustee (the "NPI Trustee"), and pursuant to a resolution of the Authority adopted on October 9, 2024 authorizing the issuance of the 2024 Bonds (the "Resolution"). Simultaneously with the sale of the 2024 Bonds, the Authority sold its $68,820,000 City Service Agreement Revenue Refunding Bonds, Series A of 2025 (City of Philadelphia Neighborhood Transformation Initiative) (Tax-Exempt) (the "2025A Bonds," and together with the 2024B Bonds, the "Tax-Exempt Bonds"). The 2025A Bonds are being issued and secured pursuant to a separate trust indenture but are part of the same issue of bonds as the 2024B Bonds for purposes of Sections 103 and 141 through 150 of the Code (hereafter defined).

The 2024 Bonds of each series will bear interest at fixed rates and will be issued only as fully registered bonds in denominations of $5,000 and any integral multiples of $5,000 in excess thereof. The 2024 Bonds are subject to redemption as described in the NPI Indenture.

The 2024 Bonds are being issued to finance portions of a project (the "2024 NPI Project") consisting of the (a) payment of certain costs of housing, small business, commercial corridors, and neighborhood infrastructure programs referred to as the "Neighborhood Preservation Initiative" in the City of Philadelphia (the "City") as further described in the Ordinance (as defined herein); and (b) payment of costs of issuance of the 2024 Bonds.

Pursuant to a Service Agreement dated as of October 1, 2021 (the "Original NPI Service Agreement"), as previously supplemented, and as further supplemented by a Second Supplemental Service Agreement dated as of December 1, 2024 (the "Second Supplemental NPI Service Agreement," and together with the Original NPI Service Agreement, as previously supplemented, the "NPI Service Agreement"), each between the Authority and the City, the City is required to pay to the NPI Trustee, as assignee of the Authority, service fee payments sufficient to pay, among other things, debt service on the 2024 Bonds when due and payable. Under the NPI Indenture, the Authority has assigned to, and granted to the NPI Trustee, a security interest in, all of the right, title and interest of the Authority in and to, among other things, such service fee payments.

The City Council of the City by Ordinance (Bill No. 210203), adopted May 13, 2021, and approved by the Mayor of the City on May 27, 2021 (the "Ordinance"), authorized and approved, among other things, the execution and delivery of the NPI Service Agreement and approved the issuance by the Authority of Obligations (as defined in the Ordinance), which Obligations include the 2024 Bonds, for the purposes further described in the Ordinance.

We have examined the proceedings relating to the authorization and issuance of the 2024 Bonds, including, among other things: (a) the Act, the Pennsylvania Redevelopment Cooperation Law, Act No. 383 of the General Assembly of the Commonwealth approved May 24, 1945 (P.L. 982), as amended and supplemented, and the Articles of Incorporation and By-Laws of the Authority; (b) a certified copy of the Resolution; (c) executed counterparts of the NPI Indenture and the NPI Service Agreement; (d) a certified copy of the Ordinance; (e) the opinion of Turner Law, P.C., Special Counsel to the Authority, and the opinion of Renee Garcia, City Solicitor, each dated the date hereof and on each of which we have relied; (f) various certificates executed by the Authority, the City and/or the NPI Trustee including certificates as to the authentication and delivery of the 2024 Bonds and a certificate with regard to Sections 103 and 141 through 150 of the Internal Revenue Code of 1986, as amended (the "Code") with respect to the Tax-Exempt Bonds; (g) the Form 8038-G of the Authority with respect to the 2024B Bonds; (h) the Amended and Restated Intergovernmental Cooperation Agreement, dated December __, 2024, between the City and the Authority with respect to expenditures related to the 2024 NPI Project; and (i) such other constitutional and statutory provisions and such other agreements, resolutions, certificates, instruments and documents as we have deemed necessary or appropriate in order to enable us to render the opinions set forth herein. We have also examined a fully executed and authenticated 2024 Bond of each series, and we assume all other 2024 Bonds are in such respective forms and are similarly executed and authenticated.

In rendering our opinion, we have assumed the accuracy of, and have not undertaken to verify by investigation the factual matters set forth in such agreements, resolutions, certificates, instruments, and other documents which are referred to above and have relied on the covenants, warranties and representations made by the Authority, the NPI Trustee and the City in such certificates and in the NPI Indenture, the NPI Service Agreement and other financing documents, and no inference as to our knowledge of the existence or absence of those facts should be drawn from our representation of the Authority.

In addition, we have assumed the genuineness of all signatures, the authenticity of all documents submitted to us as originals, the conformity with originals of all documents submitted to us as copies and the authenticity of certificates of public officials. We have also assumed that the NPI Indenture has been duly authorized by the NPI Trustee and is a legally binding obligation of, and enforceable in accordance with its terms against, the NPI Trustee.

From our examination of the foregoing and such other items as we deem relevant, we are of the opinion that:

1. The Authority is validly existing under the Act and has the power to issue the 2024 Bonds for the purpose of financing the 2024 NPI Project.

2. The 2024 Bonds have been duly authorized, executed and delivered by the Authority, are entitled to the benefit and security of the NPI Indenture, and are valid and binding special limited obligations of the Authority, payable as to principal, interest and all other obligations thereunder solely from, and enforceable only against, the revenues and receipts derived from the Trust Estate (as defined in the NPI Indenture and which includes the Revenues described therein), except as such enforcement may be limited by laws relating to bankruptcy, insolvency, reorganization, receivership, arrangement, moratorium and other laws affecting creditors' rights, by equitable principles, whether considered at law or in equity, and by the exercise of judicial discretion in appropriate cases.

3. The Authority has the power to enter into the Second Supplemental NPI Indenture and the Second Supplemental NPI Service Agreement, each of which has been duly authorized, executed and delivered by the Authority, and which are enforceable against the Authority in accordance with their respective terms, except as such enforcement may be limited by laws relating to bankruptcy, insolvency, reorganization, receivership, arrangement, moratorium and other laws affecting creditors' rights, by equitable principles, whether at law or in equity, and by the exercise of judicial discretion in appropriate cases.

4. The City has the power to enter into the Second Supplemental NPI Service Agreement, which has been duly authorized, executed and delivered by the City, and which is enforceable against the City in accordance with its terms, except as such enforcement may be limited by laws relating to bankruptcy, insolvency, reorganization, receivership, arrangement, moratorium and other laws affecting creditors' rights, by equitable principles, whether at law or in equity, and by the exercise of judicial discretion in appropriate cases.

5. Interest on the 2024B Bonds will be excluded from gross income for purposes of federal income taxation under existing statutes, regulations, rulings and court decisions. The opinion set forth in the preceding sentence is subject to the condition that each of the Authority and the City complies with all applicable federal income tax law requirements that must be satisfied subsequent to the respective dates of issuance of the Tax-Exempt Bonds in order that interest on the 2024B Bonds continues to be excluded from gross income for purposes of federal income taxation. The Authority and the City have covenanted to comply with all such requirements. Failure to comply with certain of such requirements could cause the interest on the 2024B Bonds to be includable in gross income retroactive to the date of issuance of the 2024B Bonds. Interest on the 2024B Bonds is not treated as an item of tax preference under Section 57 of the Code for purposes of the federal alternative minimum tax; however, such interest is taken into account in determining the annual adjusted financial statement income of "applicable corporations" (as defined in Section 59(k) of the Code) for the purpose of computing the alternative minimum tax imposed on applicable corporations.

6. Under the laws of the Commonwealth, as enacted and construed on the date hereof, the interest on the 2024 Bonds is exempt from Pennsylvania personal income tax and Pennsylvania corporate net income tax.

We express no opinion regarding any other tax consequences related to the ownership or disposition of, or the amount, accrual or receipt of interest on, the 2024 Bonds.

We express no opinion herein on the adequacy, completeness or accuracy of any official statement, placement memorandum or other disclosure document pertaining to the offering of the 2024 Bonds. We also express no opinion as to the validity or enforceability of any provision which purports to require that provisions of an agreement may be amended or waived only in writing or as to the availability of specific performance or other equitable relief.

We call to your attention that the 2024 Bonds do not pledge the general credit or taxing power of the Commonwealth or any political subdivision, agency or instrumentality of the Commonwealth, nor shall the Commonwealth or any political subdivision, agency or instrumentality thereof be liable for the payment of the principal of or interest on the 2024 Bonds (other than the Authority, to the limited extent described herein).

This opinion is limited to the laws of the United States and the Commonwealth as in effect on the date hereof, and we express no opinion with respect to the laws of any other state or jurisdiction.

This opinion is limited to the matters expressly stated herein. No implied opinions are to be inferred to extend this opinion beyond the matters expressly stated herein. This opinion is expressed as of the date hereof, and we express no opinion as to any matter not set forth in the numbered paragraphs herein. We do not assume any obligation to update or supplement this opinion to reflect, or to otherwise advise you of, any facts or circumstances which may hereafter come to our attention or any changes in facts, circumstances or law which may hereafter occur. This opinion is rendered solely for your benefit and may be relied upon by you solely in connection with the issuance of the 2024 Bonds and may not be relied upon by you for any other purpose, or by any other person for any purpose, in each case without our written consent.

Very truly yours,

January ___, 2025

RE: PHILADELPHIA REDEVELOPMENT AUTHORITY
$68,820,000 City Service Agreement Revenue Refunding Bonds, Series A of 2025 (City of Philadelphia Neighborhood Transformation Initiative) (Tax-Exempt)

TO THE PURCHASERS OF THE 2025A BONDS:

We have served as Co-Bond Counsel to the Philadelphia Redevelopment Authority (the "Authority") in connection with the issuance of $68,820,000 aggregate principal amount of its City Service Agreement Revenue Refunding Bonds, Series A of 2025 (City of Philadelphia Neighborhood Transformation Initiative) (Tax-Exempt) (the "2025A Bonds"). The 2025A Bonds are being issued under and pursuant to the Pennsylvania Urban Redevelopment Law, Act No. 385 of the General Assembly of the Commonwealth of Pennsylvania (the "Commonwealth") approved May 24, 1945 (P.L. 991), as amended and supplemented (the "Act"), and a Trust Indenture dated as of April 15, 2002, as supplemented (the "Original NTI Indenture"), including by a Seventh Supplemental Indenture dated as of January 1, 2025 (the "Seventh Supplemental NTI Indenture," and together with the Original NTI Indenture, the "NTI Indenture"), each between the Authority and TD Bank N.A., as successor to Commerce Bank/Pennsylvania, National Association, as trustee (the "NTI Trustee"), and pursuant to a resolution of the Authority adopted on October 9, 2024 authorizing the issuance of the 2025A Bonds (the "Resolution"). Simultaneously with the sale of the 2025A Bonds, the Authority sold its $127,775,000 City Service Agreement Revenue Bonds, Series A of 2024 (City of Philadelphia Neighborhood Preservation Initiative) (Federally Taxable Social Bonds) (the "2024A Bonds") and $21,330,000 City Service Agreement Revenue Bonds, Series B of 2024 (City of Philadelphia Neighborhood Preservation Initiative) (Tax-Exempt Social Bonds) (the "2024B Bonds," and together with the 2024A Bonds, the "2024 NPI Bonds"). The 2024 NPI Bonds were issued by the Authority on December ___, 2024. The 2025A Bonds and the 2024B Bonds are collectively referred to herein as the "Tax-Exempt Bonds." The 2024 NPI Bonds have been issued and are secured pursuant to a separate trust indenture but the 2024B Bonds are part of the same issue of bonds as the 2025A Bonds for purposes of Sections 103 and 141 through 150 of the Code (hereafter defined).

The 2025A Bonds will bear interest at fixed rates and will be issued only as fully registered bonds in denominations of $5,000 and any integral multiples of $5,000 in excess thereof. The 2025A Bonds are not subject to redemption prior to their stated maturities.

The 2025A Bonds are being issued to finance a project (the "Refunding Project") consisting of the (a) current refunding of the Authority's outstanding City Service Agreement Revenue Refunding Bonds, Series 2015A (Non-AMT) maturing on April 15 in the years 2027 through 2031, inclusive (the "Refunded Bonds"), and (b) payment of costs of issuance of the 2025A Bonds.

Pursuant to a Service Agreement dated as of April 15, 2002 (the "Original NTI Service Agreement"), as previously supplemented and as further supplemented by a Sixth Supplemental Service Agreement dated as of January 1, 2025 (the "Sixth Supplemental NTI Service Agreement," and together with the Original NTI Service Agreement, as previously supplemented, the "NTI Service Agreement"), each between the Authority and The City of Philadelphia (the "City"), the City is required to pay to the NTI Trustee, as assignee of the Authority, service fee payments sufficient to pay, among other things, debt service on the 2025A Bonds when due and payable. Under the NTI Indenture, the Authority has assigned to, and granted to the NTI Trustee, a security interest in, all of the right, title and interest of the Authority in and to, among other things, such service fee payments.

The City Council of the City: (i) by Ordinance (Bill No. 020036) passed by City Council on February 28, 2002 and approved by the Mayor of the City on March 13, 2002 (the "Original NTI Ordinance") authorized and approved, among other things, the execution and delivery of the Original NTI Service Agreement and certain supplements thereto; (ii) by Ordinance (Bill No. 110733) passed by City Council on December 8, 2011 and approved by the Mayor of the City on December 21, 2011 (the "2011 Ordinance"), authorized and approved the issuance by the Authority of certain refunding bonds and the execution and delivery of one or more supplements to the Original NTI Service Agreement; and (iii) by Ordinance (Bill No. 230251) passed by the City Council on May 11, 2023 and approved by the Mayor on May 15, 2023 (the "Refunding Ordinance," and together with the Original NTI Ordinance and 2011 Ordinance, the "NTI Ordinances"), authorized and approved the issuance by the Authority of certain refunding bonds, including the 2025A Bonds, and the execution and delivery of one or more supplements to the Original NTI Service Agreement in connection with the issuance of the 2025A Bonds.

We have examined the proceedings relating to the authorization and issuance of the 2025A Bonds, including, among other things: (a) the Act, the Pennsylvania Redevelopment Cooperation Law, Act No. 383 of the General Assembly of the Commonwealth approved May 24, 1945 (P.L. 982), as amended and supplemented, and the Articles of Incorporation and By-Laws of the Authority; (b) a certified copy of the Resolution; (c) executed counterparts of the NTI Indenture and the NTI Service Agreement; (d) certified copies of the NTI Ordinances; (e) the opinion of Turner Law, P.C., Special Counsel to the Authority, and the opinion of Renee Garcia, City Solicitor, each dated the date hereof and on each of which we have relied; (f) various certificates executed by the Authority, the City and/or the NTI Trustee including certificates as to the authentication and delivery of the 2025A Bonds and a certificate with regard to Sections 103 and 141 through 150 of the Internal Revenue Code of 1986, as amended (the "Code") with respect to the Tax-Exempt Bonds; (g) the Escrow Deposit Agreement, dated the date hereof, among the Authority, the City and the NTI Trustee, as escrow agent, and the verification report of Terminus Analytics, LLC, dated the date hereof, each with respect to the refunding of the Refunded Bonds; (h) the Form 8038-G of the Authority with respect to the 2025A Bonds; and (h) such other constitutional and statutory provisions and such other agreements, resolutions, certificates, instruments and documents as we have deemed necessary or appropriate in order to enable us to render the opinions set forth herein. We have also examined a fully executed and authenticated 2025A Bond, and we assume all other 2025A Bonds are in such form and are similarly executed and authenticated.

In rendering our opinion, we have assumed the accuracy of, and have not undertaken to verify by investigation the factual matters set forth in such agreements, resolutions, certificates, instruments, and other documents which are referred to above and have relied on the covenants, warranties and representations made by the Authority, the NTI Trustee and the City in such certificates and in the NTI Indenture, the NTI Service Agreement and other financing documents, and no inference as to our knowledge of the existence or absence of those facts should be drawn from our representation of the Authority.

In addition, we have assumed the genuineness of all signatures, the authenticity of all documents submitted to us as originals, the conformity with originals of all documents submitted to us as copies and the authenticity of certificates of public officials. We have also assumed that the NTI Indenture has been duly authorized by the NTI Trustee and is a legally binding obligation of, and enforceable in accordance with its terms against, the NTI Trustee.

From our examination of the foregoing and such other items as we deem relevant, we are of the opinion that:

1. The Authority is validly existing under the Act and has the power to issue the 2025A Bonds for the purpose of financing the Refunding Project.

2. The 2025A Bonds have been duly authorized, executed and delivered by the Authority, are entitled to the benefit and security of the NTI Indenture, and are valid and binding special limited obligations of the Authority, payable as to principal, interest and all other obligations thereunder solely from, and enforceable only against, the revenues and receipts derived from the Trust Estate (as defined in the NTI Indenture and which includes the Revenues described therein), except as such enforcement may be limited by laws relating to bankruptcy, insolvency, reorganization, receivership, arrangement, moratorium and other laws affecting creditors' rights, by equitable principles, whether considered at law or in equity, and by the exercise of judicial discretion in appropriate cases.

3. The Authority has the power to enter into the Seventh Supplemental NTI Indenture and the Sixth Supplemental NTI Service Agreement, each of which has been duly authorized, executed and delivered by the Authority, and which are enforceable against the Authority in accordance with their respective terms, except as such enforcement may be limited by laws relating to bankruptcy, insolvency, reorganization, receivership, arrangement, moratorium and other laws affecting creditors' rights, by equitable principles, whether at law or in equity, and by the exercise of judicial discretion in appropriate cases.

4. The City has the power to enter into the Sixth Supplemental NTI Service Agreement, which has been duly authorized, executed and delivered by the City, and which is enforceable against the City in accordance with its terms, except as such enforcement may be limited by laws relating to bankruptcy, insolvency, reorganization, receivership, arrangement, moratorium and other laws affecting creditors' rights, by equitable principles, whether at law or in equity, and by the exercise of judicial discretion in appropriate cases.

5. Interest on the 2025A Bonds will be excluded from gross income for purposes of federal income taxation under existing statutes, regulations, rulings and court decisions. The opinion set forth in the preceding sentence is subject to the condition that each of the Authority and the City complies with all applicable federal income tax law requirements that must be satisfied subsequent to the respective dates of issuance of the Tax-Exempt Bonds in order that interest on the 2025A Bonds continues to be excluded from gross income for purposes of federal income taxation. The Authority and the City have covenanted to comply with all such requirements. Failure to comply with certain of such requirements could cause the interest on the 2025A Bonds to be includable in gross income retroactive to the date of issuance of the 2025A Bonds. Interest on the 2025A Bonds is not treated as an item of tax preference under Section 57 of the Code for purposes of the federal alternative minimum tax; however, such interest is taken into account in determining the annual adjusted financial statement income of "applicable corporations" (as defined in Section 59(k) of the Code) for the purpose of computing the alternative minimum tax imposed on applicable corporations.

6. Under the laws of the Commonwealth, as enacted and construed on the date hereof, the interest on the 2025A Bonds is exempt from Pennsylvania personal income tax and Pennsylvania corporate net income tax.

We express no opinion regarding any other tax consequences related to the ownership or disposition of, or the amount, accrual or receipt of interest on, the 2025A Bonds.

We express no opinion herein on the adequacy, completeness or accuracy of any official statement, placement memorandum or other disclosure document pertaining to the offering of the 2025A Bonds. We also express no opinion as to the validity or enforceability of any provision which purports to require that provisions of an agreement may be amended or waived only in writing or as to the availability of specific performance or other equitable relief.

We call to your attention that the 2025A Bonds do not pledge the general credit or taxing power of the Commonwealth or any political subdivision, agency or instrumentality of the Commonwealth, nor shall the Commonwealth or any political subdivision, agency or instrumentality thereof be liable for the payment of the principal of or interest on the 2025A Bonds (other than the Authority, to the limited extent described herein).

This opinion is limited to the laws of the United States and the Commonwealth as in effect on the date hereof, and we express no opinion with respect to the laws of any other state or jurisdiction.

This opinion is limited to the matters expressly stated herein. No implied opinions are to be inferred to extend this opinion beyond the matters expressly stated herein. This opinion is expressed as of the date hereof, and we express no opinion as to any matter not set forth in the numbered paragraphs herein. We do not assume any obligation to update or supplement this opinion to reflect, or to otherwise advise you of, any facts or circumstances which may hereafter come to our attention or any changes in facts, circumstances or law which may hereafter occur. This opinion is rendered solely for your benefit and may be relied upon by you solely in connection with the issuance of the 2025A Bonds and may not be relied upon by you for any other purpose, or by any other person for any purpose, in each case without our written consent.

Very truly yours,

APPENDIX G

FORM OF CONTINUING DISCLOSURE AGREEMENT

This Continuing Disclosure Agreement (the "Agreement") dated as of December 19, 2024, is entered into by and between The City of Philadelphia, Pennsylvania ("City") and Digital Assurance Certification, L.L.C., as dissemination agent ("Dissemination Agent"), in connection with the issuance and sale by the Philadelphia Redevelopment Authority (the "Authority") of its (i) $127,775,000 aggregate principal amount City Service Agreement Revenue Bonds, Series A of 2024 (City of Philadelphia Neighborhood Preservation Initiative) (Federally Taxable Social Bonds) (the "2024A Bonds"), (ii) $21,330,000 aggregate principal amount City Service Agreement Revenue Bonds, Series B of 2024 (City of Philadelphia Neighborhood Preservation Initiative) (Tax-Exempt Social Bonds) (the "2024B Bonds"), and (iii) $68,820,000 aggregate principal amount City Service Agreement Revenue Refunding Bonds, Series A of 2025 (City of Philadelphia Neighborhood Transformation Initiative) (Tax-Exempt) (the "2025A Bonds," and together with the 2024A Bonds and 2024B Bonds, the "Bonds"). Capitalized terms used in this Agreement which are not otherwise defined herein shall have the meanings given to such terms in the Official Statement (as defined herein) or the Indentures (as defined in the Official Statement), as applicable.

The Bonds are being issued pursuant to the provisions of (i) the Act, (ii) the Ordinances, (iii) the Resolution, and (iv) the Indentures.

In consideration of the mutual covenants, promises and agreements contained herein and intending to be legally bound hereby, the parties hereto agree as follows:

ARTICLE I

The Undertaking

Section 1.1. Purpose. This Agreement is being executed and delivered by the City solely to assist the Underwriters in complying with subsection (b)(5) of the Rule.

Section 1.2. Annual Financial Information. (a) Commencing with the Fiscal Year ending June 30, 2024, the Disclosure Representative shall deliver to the Dissemination Agent no later than February 28, 2025, and no later than each succeeding February 28 thereafter, Annual Financial Information with respect to each Fiscal Year of the City. The Dissemination Agent shall promptly upon receipt thereof file the Annual Financial Information with EMMA.

(b) The Dissemination Agent shall provide, in a timely manner, notice of any failure of the City to provide the Annual Financial Information by the date specified in subsection (a) hereof.

Section 1.3. Audited Financial Statements. If not provided as part of Annual Financial Information by the date required by Section 1.2(a) hereof, the Disclosure Representative shall provide Audited Financial Statements, when and if available, to the Dissemination Agent. The Dissemination Agent shall promptly upon receipt thereof file such Audited Financial Statements with EMMA.

Section 1.4. Notice Events. (a) If a Notice Event occurs, the Disclosure Representative shall provide through the Dissemination Agent, in a timely manner not in excess of ten (10) business days after the occurrence of such Notice Event, notice of such Notice Event to EMMA.

(b) Any notice of a defeasance of the Bonds shall state whether the Bonds have been escrowed to maturity or to an earlier redemption date and the timing of such maturity or redemption.

(c) Each Notice Event notice relating to the Bonds shall include the CUSIP numbers of the Bonds to which such Notice Event notice relates or, if the Notice Event notice relates to all bond issues of the Authority or the City including the Bonds, such Notice Event notice need only include the CUSIP number of the Authority or the City.

(d) The Dissemination Agent shall promptly advise the City whenever, in the course of performing its duties as Dissemination Agent under this Agreement, the Dissemination Agent has actual notice of an occurrence which, if material, would require the City to provide notice of a Notice Event hereunder; provided, however, that the failure of the Dissemination Agent so to advise the City shall not constitute a breach by the Dissemination Agent of any of its duties and responsibilities under this Agreement.

Section 1.5. Additional Information. Nothing in this Agreement shall be deemed to prevent the City from disseminating any other information, using the means of dissemination set forth in this Agreement or any other means of communication, or including any other information in any Annual Financial Information or notice of Notice Event hereunder, in addition to that which is required by this Agreement. If the City chooses to do so, the City shall have no obligation under this Agreement to update such additional information or include it in any future Annual Financial Information or notice of a Notice Event hereunder.

Section 1.6. Additional Disclosure Obligations. The City acknowledges and understands that other state and federal laws, including but not limited to the Securities Act of 1933, as amended, and Rule 10b-5 promulgated under the Securities Exchange Act of 1934, as amended, may apply to the City and that, under some circumstances, compliance with this Agreement without additional disclosures or other action may not fully discharge all duties and obligations of the City under such laws.

ARTICLE II

Operating Rules

Section 2.1. Reference to Other Filed Documents. It shall be sufficient for purposes of Section 1.2 hereof if the City provides Annual Financial Information by specific reference to documents (a) available to the public on the MSRB Internet Web site (currently, www.emma.msrb.org) or (b) filed with the SEC. The provisions of this Section shall not apply to notices of Notice Events pursuant to Section 1.4 hereof.

Section 2.2. Submission of Information. Annual Financial Information may be set forth or provided in one document or a set of documents, and at one time or in part from time to time.

Section 2.3. Dissemination Agent. The City has designated the Dissemination Agent as its agent to act on its behalf in providing or filing notices, documents and information as required of the City under this Agreement. The City may revoke or modify such designation. Upon any revocation of such designation, the City shall comply with its obligation to provide or file notices, documents and information as required under this Agreement or may designate another agent to act on its behalf.

Section 2.4. Transmission of Notices, Documents and Information. (a) Unless otherwise required by the MSRB, all notices, documents and information provided to the MSRB shall be provided to the MSRB's Electronic Municipal Markets Access ("EMMA") system, the current Internet Web address of which is www.emma.msrb.org.

(b) All notices, documents and information provided on EMMA shall be provided in an electronic format as prescribed by the MSRB and shall be accompanied by identifying information as prescribed by the MSRB.

Section 2.5. Fiscal Year. (a) The City's current Fiscal Year begins July 1 and ends June 30, and the City shall promptly file a notification on EMMA, through the Dissemination Agent, of each change in its Fiscal Year.

(b) Annual Financial Information shall be provided at least annually notwithstanding any Fiscal Year longer than 12 calendar months.

ARTICLE III

Effective Date, Termination, Amendment and Enforcement

Section 3.1. Effective Date; Termination. (a) This Agreement shall be effective upon the issuance of the Bonds.

(b) The City's and the Dissemination Agent's obligations under this Agreement shall terminate upon a legal defeasance, prior redemption or payment in full of all of the Bonds.

Section 3.2. Amendment. (a) This Agreement may be amended, by written agreement of the parties, without the consent of the holders of the Bonds (except to the extent required under clause (4)(ii) below), if all of the following conditions are satisfied:

(1) such amendment is made in connection with a change in circumstances that arises from a change in legal (including regulatory) requirements, a change in law (including rules or regulations) or in interpretations thereof, or a change in the identity, nature or status of the City or the type of business conducted thereby, (2) this Agreement as so amended would have complied with the requirements of the Rule as of the date of this Agreement, after taking into account any amendments or interpretations of the Rule, as well as any change in circumstances, (3) the City shall have delivered to the Dissemination Agent an opinion of Counsel, addressed to the City and the Dissemination Agent, to the same effect as set forth in clause (2) above, (4) either (i) the City shall have delivered to the Dissemination Agent an opinion of Counsel or a determination by an entity, in each case unaffiliated with the City (such as bond counsel or the Dissemination Agent), addressed to the City and the Dissemination Agent, to the effect that the amendment does not materially impair the interests of the holders of the Bonds, or (ii) the holders of the Bonds consent to the amendment to this Agreement pursuant to the same procedures as are required for amendments to the applicable Indenture with consent of holders of Bonds pursuant to such indenture as in effect at the time of the amendment, and (5) the Disclosure Representative shall have delivered copies of such opinion(s) and amendment to the Dissemination Agent. Such amendment shall be promptly filed by the Dissemination Agent on EMMA and sent to each Registered Owner.

(b) This Agreement may be amended, by written agreement of the parties, without the consent of the holders of the Bonds, if all of the following conditions are satisfied: (1) an amendment to the Rule is adopted, or a new or modified official interpretation of the Rule is issued, after the effective date of this Agreement which is applicable to this Agreement, (2) the City shall have delivered to the Dissemination Agent an opinion of Counsel, addressed to the City and the Dissemination Agent, to the effect that performance by the City and the Dissemination Agent under this Agreement as so amended will not result in a violation of the Rule and (3) the Disclosure Representative shall have delivered copies of such opinion and amendment to the Dissemination Agent. Such amendment shall be promptly filed by the Dissemination Agent on EMMA and sent to each Registered Owner.

(c) This Agreement may be amended by written agreement of the parties, without the consent of the holders of the Bonds, if all of the following conditions are satisfied: (1) the City shall have delivered to the Dissemination Agent an opinion of Counsel, addressed to the City and the Dissemination Agent, to the effect that the amendment is permitted by rule, order or other official pronouncement, or is consistent with any interpretive advice or no-action positions of Staff, of the SEC, and (2) the Disclosure Representative shall have delivered copies of such opinion and amendment to the Dissemination Agent. Such amendment shall be promptly filed by the Dissemination Agent on EMMA and sent to each Registered Owner.

(d) To the extent any amendment to this Agreement results in a change in the type of financial information or operating data provided pursuant to this Agreement, the first Annual Financial Information provided thereafter shall include a narrative explanation of the reasons for the amendment and the impact of the change in the type of operating data or financial information being provided.

(e) If an amendment is made pursuant to this Section 3.2 hereof to the accounting principles to be followed by the City in preparing its financial statements, the Annual Financial Information for the Fiscal Year in which the change is made shall present a comparison between the financial statements or information prepared on the basis of the new accounting principles and those prepared on the basis of the former accounting principles. Such comparison shall include a qualitative and, to the extent reasonably feasible, quantitative discussion of the differences in the accounting principles and the impact of the change in the accounting principles on the presentation of the financial information.

Section 3.3. Benefit; Third-Party Beneficiaries; Enforcement. (a) The provisions of this Agreement shall constitute a contract with and inure solely to the benefit of the holders from time to time of the Bonds, except that beneficial owners of Bonds shall be third-party beneficiaries of this Agreement. The provisions of this Agreement shall create no rights in any person or entity except as provided in this subsection (a) and in subsection (b) of this Section.

(b) The obligations of the City to comply with the provisions of this Agreement shall be enforceable by any holder of outstanding Bonds. The holders' rights to enforce the provisions of this Agreement shall be limited solely to a right, by action in mandamus or for specific performance, to compel performance of the City's obligations under this Agreement. In consideration of the third-party beneficiary status of beneficial owners of Bonds pursuant to subsection (a) of this Section 3.3, beneficial owners shall be deemed to be holders of Bonds for purposes of this subsection (b).

(c) Any failure by the City or the Dissemination Agent to perform in accordance with this Agreement shall not constitute a default or an Event of Default under the Indentures and the rights and remedies provided by the Indentures upon the occurrence of a default or an Event of Default shall not apply to any such failure.

(d) This Agreement shall be construed and interpreted in accordance with the laws of the Commonwealth, and any suits and actions arising out of this Agreement shall be instituted in a court of competent jurisdiction in the Commonwealth; provided, however, that to the extent this Agreement addresses matters of federal securities laws, including the Rule, this Agreement shall be construed in accordance with such federal securities laws and official interpretations thereof.

ARTICLE IV

Definitions

Section 4.1. Definitions. The following terms used in this Agreement shall have the following respective meanings:

(1) "Annual Financial Information" means, collectively, (i) the City's Annual Comprehensive Financial Report ("ACFR"), which contains the Audited Financial Statements, (ii) to the extent such information is not contained in the ACFR, the financial information or operating data with respect to the City, substantially similar to the types of information set forth in Tables 1-52 in APPENDIX A attached to the Official Statement (with the exception of Tables 19, 36, 37, and 48), and (iii) the information regarding amendments to this Agreement required pursuant to Sections 3.2(d) and (e) of this Agreement. As set forth in clause (i) above, Annual Financial Information shall include Audited Financial Statements, if available, or Unaudited Financial Statements.

Annual Financial Information shall be delivered at least annually pursuant to Section 1.2(a) hereof. In connection with Section 4.1(1), it is the City's intention to satisfy all or a portion of the obligations set forth therein by submitting to EMMA (A) its ACFR and (B) to the extent not otherwise updated in the ACFR, (1) an APPENDIX A that includes annual updates to the tables specified in clause (ii) above, or (2) if the City does not have such an APPENDIX A prepared, annual updates to the Tables specified in clause (ii) above. If at any time the City deletes, for purposes of a then-current APPENDIX A, certain financial information or operating data from APPENDIX A as attached to the Official Statement that is included in one of the tables specified above, such deleted information will be submitted separately from the updated APPENDIX A.

The descriptions contained in Section 4.1(1)(ii) hereof of financial information and operating data constituting Annual Financial Information are of general categories of financial information and operating data. When such descriptions include information that no longer can be generated because the operations to which it related have been materially changed or discontinued, a statement to that effect shall be provided in each affected Annual Financial Information filing in lieu of such information. Any Annual Financial Information containing modified financial information or operating data shall explain, in narrative form, the reasons for the modification and the impact of the modification on the type of financial information or operating data being provided.

(2) "Audited Financial Statements" means the annual financial statements, if any, of the City, audited by such auditor as shall then be required or permitted by Commonwealth law or the City Charter. Audited Financial Statements shall be prepared in accordance with GAAP; provided, however, that pursuant to Section 3.2 hereof, the City may from time to time, if required by federal or Commonwealth legal requirements, modify the accounting principles to be followed in preparing its financial statements. The notice of any such modification required by Section 3.2 hereof shall include a reference to the specific federal or Commonwealth law or regulation describing such accounting principles, or other description thereof.

(3) "City Charter" means the Home Rule Charter authorized by the General Assembly in the First Class City Home Rule Act (Act of April 21, 1949, P.L. 665, Section 17) and adopted by the voters of the City, as amended and supplemented.

(4) "Commonwealth" means the Commonwealth of Pennsylvania.

(5) "Counsel" means any nationally recognized bond counsel or counsel expert in federal securities laws.

(6) "Disclosure Representative" means the Director of Finance of the City, the City Treasurer or such other official or employee of the City as the Director of Finance or the City Treasurer shall designate in writing to the Dissemination Agent.

(7) "Financial Obligation" means "financial obligation" as such term is defined in the Rule.

(8) "GAAP" means generally accepted accounting principles as prescribed from time to time for governmental units by the Governmental Accounting Standards Board, the Financial Accounting Standards Board, or any successor to the duties and responsibilities of either of them.

(9) "MSRB" means the Municipal Securities Rulemaking Board established pursuant to Section 15B(b)(1) of the Securities Exchange Act of 1934, as amended, or any successor thereto or to the functions of the MSRB contemplated by this Agreement.

(10) "Notice Event" means any of the following events with respect to the Bonds, whether relating to the City or otherwise:

(i) principal and interest payment delinquencies;

(ii) non-payment related defaults, if material;

(iii) unscheduled draws on debt service reserves reflecting financial difficulties;

(iv) unscheduled draws on credit enhancements reflecting financial difficulties;

(v) substitution of credit or liquidity providers, or their failure to perform;

(vi) adverse tax opinions, the issuance by the Internal Revenue Service of proposed or final determinations of taxability, Notices of Proposed Issue (IRS Form 5701-TEB) or other material notices or determinations with respect to the tax status of the Bonds, or other material events affecting the tax status of the Bonds;

(vii) modifications to rights of Bondholders, if material;

(viii) Bond calls, if material, and tender offers;

(ix) defeasances;

(x) release, substitution, or sale of property securing repayment of the Bonds, if material;

(xi) rating changes;

(xii) bankruptcy, insolvency, receivership or similar event of the City;

(xiii) the consummation of a merger, consolidation, or acquisition involving the City or the sale of all or substantially all of the assets of the City, other than in the ordinary course of business, the entry into a definitive agreement to undertake such an action or the termination of a definitive agreement relating to any such actions, other than pursuant to its terms, if material;

(xiv) appointment of a successor or additional trustee or the change of name of a trustee, if material;

(xv) incurrence of a Financial Obligation of the City, if material, or agreement to covenants, events of default, remedies, priority rights, or other similar terms of a Financial Obligation of the City, any of which affect security holders, if material; and

(xvi) default, event of acceleration, termination event, modification of terms, or other similar events under the terms of a Financial Obligation of the City, any of which reflect financial difficulties.

(11) "Official Statement" means the Official Statement dated December 10, 2024 of the City relating to the Bonds.

(12) "Registered Owner" or "Registered Owners" means the person or persons in whose name a Bond is registered on the books of the Authority maintained by the Trustee in accordance with the Indenture. For so long as the Bonds shall be registered in the name of the Securities Depository or its nominee, the term "Registered Owner" or "Registered Owners" also means and includes, for the purposes of this Agreement, the owners of book-entry credits in the Bonds evidencing an interest in the Bonds; provided, however, that the Dissemination Agent shall have no obligation to provide notice hereunder to owners of book-entry credits in the Bonds except those who have filed their names and addresses with the Dissemination Agent for the purposes of receiving notices or giving direction under this Agreement.

(13) "Rule" means Rule 15c2-12 promulgated by the SEC under the Securities Exchange Act of 1934 (17 CFR Part 240, §240.15c2-12), as amended, as in effect on the date of this Agreement, including any official interpretations thereof issued either before or after the effective date of this Agreement which are applicable to this Agreement.

(14) "SEC" means the United States Securities and Exchange Commission.

(15) "Securities Depository" means The Depository Trust Company, New York, New York, or its nominee, Cede & Co., or any successor thereto appointed pursuant to the applicable Indenture.

(16) "Unaudited Financial Statements" means the same as Audited Financial Statements, except that they shall not have been audited.

(17) "Underwriters" means the financial institutions named on the cover of the Official Statement.

ARTICLE V

Miscellaneous

Section 5.1. Duties, Immunities and Liabilities of the Dissemination Agent. The Dissemination Agent shall have only such duties under the Agreement as are specifically set forth in this Agreement, and the City agrees to indemnify and save the Dissemination Agent, its officers, directors, employees and agents, harmless against any loss, expense and liabilities which it may incur arising out of or in the exercise or performance of its powers and duties hereunder, including the costs and expenses (including attorney's fees) of defending against any claim of liability, but excluding liabilities due to the Dissemination Agent's negligence or willful misconduct in the performance of its duties hereunder. The obligations of the City under this Section shall survive resignation or removal of the Dissemination Agent and payment of the Bonds.

Section 5.2. Counterparts. This Agreement may be executed in several counterparts, each of which shall be an original and all of which shall constitute but one and the same instrument.

IN WITNESS WHEREOF, THE CITY OF PHILADELPHIA, PENNSYLVANIA, has caused this Agreement to be executed by the Director of Finance and DIGITAL ASSURANCE CERTIFICATION, L.L.C., as Dissemination Agent, has caused this Agreement to be executed by one of its authorized officers, all as of the day and year first above written.

THE CITY OF PHILADELPHIA, PENNSYLVANIA

By:______________________________
Name: Rob Dubow
Title: Director of Finance

DIGITAL ASSURANCE CERTIFICATION, L.L.C.,
as Dissemination Agent

By:______________________________
Name:
Title:

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APPENDIX H

BOOK-ENTRY ONLY SYSTEM

General

The information set forth herein concerning The Depository Trust Company ("DTC") and the book-entry system described below has been extracted from materials provided by DTC for such purpose, is not guaranteed as to accuracy or completeness and is not to be construed as a representation by the Authority, the City, the Trustees, or the Underwriters. The websites referenced below are included for reference only and the information contained therein is not incorporated by reference in this Official Statement.

DTC will act as securities depository for the 2024/25 Bonds under a book-entry system with no physical distribution of the 2024/25 Bonds made to the public. The 2024/25 Bonds will initially be issued as fully-registered securities registered in the name of Cede & Co. (DTC's partnership nominee), or such other name as may be requested by an authorized representative of DTC. One fully-registered bond certificate will be issued for each series and maturity of the 2024/25 Bonds, each in the principal amount of such maturity, and will be deposited with DTC.

DTC, the world's largest depository, is a limited-purpose trust company organized under the New York Banking Law, a "banking organization" within the meaning of the New York Banking Law, a member of the Federal Reserve System, a "clearing corporation" within the meaning of the New York Uniform Commercial Code, and a "clearing agency" registered pursuant to the provisions of Section 17A of the Securities Exchange Act of 1934, as amended. DTC holds and provides asset servicing for over 3.5 million issues of U.S. and non-U.S. equity issues, corporate and municipal debt issues, and money market instruments (from over 100 countries) that DTC's participants ("Direct Participants") deposit with DTC. DTC also facilitates the post-trade settlement among Direct Participants of sales and other securities transactions in deposited securities, through electronic computerized book-entry transfers and pledges between Direct Participants' accounts. This eliminates the need for physical movement of securities certificates. Direct Participants include both U.S. and non-U.S. securities brokers and dealers, banks, trust companies, clearing corporations, and certain other organizations. DTC is a wholly-owned subsidiary of The Depository Trust & Clearing Corporation ("DTCC"). DTCC is the holding company for DTC, National Securities Clearing Corporation and Fixed Income Clearing Corporation, all of which are registered clearing agencies. DTCC is owned by the users of its regulated subsidiaries. Access to the DTC system is also available to others such as both U.S. and non-U.S. securities brokers and dealers, banks, trust companies, and clearing corporations that clear through or maintain a custodial relationship with a Direct Participant, either directly or indirectly ("Indirect Participants"). DTC has a Standard & Poor's rating of "AA+". The DTC rules applicable to its Participants are on file with the Securities and Exchange Commission. More information about DTC can be found at www.dtcc.com.

Purchases of the 2024/25 Bonds under the DTC system must be made by or through Direct Participants, which will receive a credit for the 2024/25 Bonds on DTC's records. The ownership interest of each actual purchaser of each 2024/25 Bond ("Beneficial Owner") is in turn to be recorded on the Direct and Indirect Participants' records. Beneficial Owners will not receive written confirmation from DTC of their purchase. Beneficial Owners are, however, expected to receive written confirmations providing details of the transaction, as well as periodic statements of their holdings, from the Direct or Indirect Participant through which the Beneficial Owner entered into the transaction. Transfers of ownership interests in the 2024/25 Bonds are to be accomplished by entries made on the books of Direct and Indirect Participants acting on behalf of Beneficial Owners. Beneficial Owners will not receive certificates representing their ownership interests in the 2024/25 Bonds, except in the event that use of the book-entry system for the 2024/25 Bonds is discontinued.

To facilitate subsequent transfers, all 2024/25 Bonds deposited by Direct Participants with DTC are registered in the name of DTC's partnership nominee, Cede & Co., or such other name as may be requested by an authorized representative of DTC. The deposit of 2024/25 Bonds with DTC and their registration in the name of Cede & Co. or such other DTC nominee does not effect any change in beneficial ownership. DTC has no knowledge of the actual Beneficial Owners of the 2024/25 Bonds; DTC's records reflect only the identity of the Direct Participants to whose accounts such 2024/25 Bonds are credited, which may or may not be the Beneficial Owners. The Direct and Indirect Participants will remain responsible for keeping account of their holdings on behalf of their customers.

Conveyance of notices and other communications by DTC to Direct Participants, by Direct Participants to Indirect Participants, and by Direct and Indirect Participants to Beneficial Owners will be governed by arrangements among them, subject to any statutory or regulatory requirements as may be in effect from time to time. Beneficial Owners of 2024/25 Bonds may wish to take certain steps to augment transmission to them of notices of significant events with respect to the 2024/25 Bonds, such as redemptions, defaults and proposed amendments to the bond documents. For example, Beneficial Owners of 2024/25 Bonds may wish to ascertain that the nominee holding the 2024/25 Bonds for their benefit has agreed to obtain and transmit notices to Beneficial Owners. In the alternative, Beneficial Owners may wish to provide their names and addresses to the applicable Trustee and request that copies of the notices be provided directly to them.

Redemption notices shall be sent to DTC. If less than all of the 2024/25 Bonds within a maturity of a series are being redeemed (except for a partial redemption of the 2024A Bonds, which shall be subject to DTC's operational arrangements for redemption on a pro-rata pass through distribution of principal basis, to the extent available), DTC's practice is to determine by lot the amount of the interest of each Direct Participant in such maturity of the 2024/25 Bonds to be redeemed.

Neither DTC nor Cede & Co. (nor such other DTC nominee) will consent or vote with respect to the 2024/25 Bonds unless authorized by a Direct Participant in accordance with DTC's MMI Procedures. Under its usual procedures, DTC mails an Omnibus Proxy to the Authority as soon as possible after the record date. The Omnibus Proxy assigns Cede & Co.'s consenting or voting rights to those Direct Participants to whose accounts the 2024/25 Bonds are credited on the record date (identified in a listing attached to the Omnibus Proxy).

Payments of principal and redemption price of, and interest on, the 2024/25 Bonds will be made to Cede & Co., or such other nominee as may be requested by an authorized representative of DTC. DTC's practice is to credit Direct Participants' accounts upon DTC's receipt of funds and corresponding detail information from the Authority or the applicable Trustee, on the payable date in accordance with their respective holdings shown on DTC's records. Payments by Direct and Indirect Participants to Beneficial Owners will be governed by standing instructions and customary practices, as is the case with securities held for the accounts of customers in bearer form or registered in "street name," and will be the responsibility of such Direct and Indirect Participants and not of DTC (or its nominee), the Authority, the City or the applicable Trustee, subject to any statutory or regulatory requirements as may be in effect from time to time. Payment of principal and redemption price of, and interest on, the 2024/25 Bonds to Cede & Co. (or such other nominee as may be requested by an authorized representative of DTC) is the responsibility of the Authority or the applicable Trustee, disbursement of such payments to Direct Participants shall be the responsibility of DTC, and disbursement of such payments to the Beneficial Owners shall be the responsibility of Direct and Indirect Participants.

THE AUTHORITY, THE CITY, THE TRUSTEES, AND THE UNDERWRITERS CANNOT AND DO NOT GIVE ANY ASSURANCES THAT DTC WILL DISTRIBUTE TO ITS PARTICIPANTS OR THAT DIRECT PARTICIPANTS OR INDIRECT PARTICIPANTS WILL DISTRIBUTE TO BENEFICIAL OWNERS OF THE 2024/25 BONDS (A) PAYMENTS OF PRINCIPAL OR REDEMPTION PRICE OF, OR INTEREST ON, THE 2024/25 BONDS, OR (B) CONFIRMATION OF OWNERSHIP INTERESTS IN THE 2024/25 BONDS, OR (C) REDEMPTION OR OTHER NOTICES, OR THAT THEY WILL DO SO ON A TIMELY BASIS, OR THAT DTC, DIRECT PARTICIPANTS OR INDIRECT PARTICIPANTS WILL SERVE AND ACT IN THE MANNER DESCRIBED IN THIS OFFICIAL STATEMENT. THE CURRENT "RULES" APPLICABLE TO DTC ARE ON FILE WITH THE SECURITIES AND EXCHANGE COMMISSION AND THE CURRENT "PROCEDURES" OF DTC TO BE FOLLOWED IN DEALING WITH ITS PARTICIPANTS ARE ON FILE WITH DTC.

NONE OF THE AUTHORITY, THE CITY, THE TRUSTEES, OR THE UNDERWRITERS WILL HAVE ANY RESPONSIBILITY OR OBLIGATION TO DTC PARTICIPANTS, BENEFICIAL OWNERS OR OTHER NOMINEES OF SUCH BENEFICIAL OWNERS FOR: (A) SENDING TRANSACTION STATEMENTS; (B) MAINTAINING, SUPERVISING OR REVIEWING THE ACCURACY OF ANY RECORDS MAINTAINED BY DTC OR ANY DTC PARTICIPANT OR OTHER NOMINEES OF SUCH BENEFICIAL OWNERS; (C) PAYMENT OR THE TIMELINESS OF PAYMENT BY DTC TO ANY DTC PARTICIPANT, OR BY ANY DTC PARTICIPANT OR OTHER NOMINEES OF BENEFICIAL OWNERS TO ANY BENEFICIAL OWNER, OF ANY AMOUNT DUE IN RESPECT OF THE PRINCIPAL OR REDEMPTION PRICE OF, OR INTEREST ON, THE 2024/25 BONDS; (D) DELIVERY OR TIMELY DELIVERY BY DTC TO ANY DTC PARTICIPANT, OR BY ANY DTC PARTICIPANT OR OTHER NOMINEES OF BENEFICIAL OWNERS TO ANY BENEFICIAL OWNERS, OF ANY NOTICE (INCLUDING NOTICE OF REDEMPTION) OR OTHER COMMUNICATION WHICH IS REQUIRED TO BE GIVEN TO HOLDERS OR OWNERS OF THE 2024/25 BONDS; (E) THE SELECTION OF THE BENEFICIAL OWNERS TO RECEIVE PAYMENT IN THE EVENT OF ANY PARTIAL REDEMPTION OF 2024/25 BONDS; OR (F) ANY ACTION TAKEN BY DTC OR ITS NOMINEE AS THE REGISTERED OWNER OF THE 2024/25 BONDS.

Discontinuation of Book-Entry Only System

DTC may discontinue providing its services as depository with respect to the 2024/25 Bonds at any time by giving reasonable notice to the Authority or the Trustees. Under such circumstances, in the event that a successor depository is not obtained, 2024/25 Bond certificates are required to be printed and delivered.

The Authority may decide to discontinue use of the system of book-entry-only transfers through DTC (or a successor securities depository). In that event, 2024/25 Bond certificates will be printed and delivered.

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APPENDIX I

FORM OF SOCIAL BONDS REPORTING

Sample Reporting Template: Neighborhood Preservation Initiative (NPI)
Report Date: ___________

Project Name	Description	Target Populations[a]	Proceeds Allocated[d]	Proceeds Spent to Date	Indicator 1[b]	Indicator 2[b]	Indicator 3[b]
Rental Assistance	Help owners keep housing affordable	1,3,6,8	$0		Number of households served	Total number of households at or below 60% AMI (Area Median Income) assisted	
Basic System Repair	Home repair grants	1,2,3,5,8	$18,000,000		Number of minority households served at or below household income of 50% AMI	Number of females headed households served at or below household income of 50% AMI	Number of senior citizens served at or below household income of 50% AMI
Adaptive Modification	Grants for home adaptation projects	1,3,6,8	$5,300,000		Number of minority households served at or below household income of 50% AMI	Number of females headed households served at or below household income of 50% AMI	Number of senior citizens served at or below household income of 50% AMI
PhillyFirstHome	Down payment and closing cost assistance	1,3,6,8	$3,000,000		Number of 1st time buyers assisted	Number of households at or below 80% AMI	Number of minority households
Tangled Title	Assist low-income homeowners in obtaining a clear title to their home	1,3,6,8	$1,900,000		Number of titles cleared	Number of households at or below 200% Federal Poverty Level	Number of minority households
Eviction Diversion	Funding for housing counseling, legal and mediation services	1,3,6,8	$2,850,000		Number of agreements reached through landlord/tenant mediation	Number of tenants receiving full legal representation	Number of tenants receiving legal representation at/or below 200% Federal Poverty Level

(a) Eligible target populations may include:

1. Households/census tracts below poverty level
2. Excluded and/or marginalized populations/communities
3. People with disabilities
4. Migrants and/or displaced persons
5. Underserved residents in documented food deserts
6. Unemployed residents
7. Women and/or sexual and/or gender minorities
8. Residents that are at least 62 years of age and vulnerable youth (the former is based on HUD Section 202 Supportive Housing for the Elderly Program eligibility)
9. Other vulnerable groups in neighborhoods, including those at risk as a result of natural disasters such as flooding and/or aging infrastructure

(b) AMI set by federal guidelines

Small Landlord Loans	Loans to small landlords for maintenance	1,3,6,8	$15,000,000		Number of loans issued	Total number of households at or below 60% AMI impacted	
Affordable Housing Production	Additional funding source for the development of affordable housing	1,2,3,4,5,7,8	$54,885,000		Number of units produced	Number of accessible units produced	Number of units produced for households at or below 30% AMI
Affordable Housing Preservation	Funding to preserve existing affordable housing	1,2,3,4,5,7,8	$40,765,000		Number of units preserved	Number of accessible units preserved	Number of units preserved for households at or below 30% AMI
Permanent Homeless Housing	Supportive housing for formerly homeless residents	1,2,3,5,6,7,8	$3,800,000		Number of permanent housing units added to portfolio	Number of Office of Homeless Services (OHS) clients placed in permanent housing	
Neighborhood Infrastructure Improvement	Grants or loans to property owners for improvement or enhancement of privately owned neighborhood infrastructure which may include retaining walls and other assets in disrepair (e.g., driveways, alleys, sidewalks, trees, and sewers)	2,5,9	$2,000,000		Number of parcels receiving safety enhancements		
Neighborhood Small Business Programs[c]	Investments in neighborhood businesses and commercial corridors, via forgivable loans or grants directly to businesses and local community development corporations	1,2,5,9	$0		Number of small businesses served		
Administrative Costs			$2,500,000				
Total			**$150,000,000**				

[c] Comprised of the Direct Support to Small Businesses and Investment in Neighborhood Commercial Corridors programs

[d] Subject to change, including reallocations among component programs at the discretion of the Authority and the City.

APPENDIX J

SCHEDULE OF REFUNDED BONDS

PHILADELPHIA REDEVELOPMENT AUTHORITY
City Service Agreement Revenue Refunding Bonds, Series 2015A (Non-AMT)

Maturity Date (April 15)	Par Amount Refunded	Amount Outstanding	Redemption Date	Interest Rate	Redemption Price	CUSIP†
2027	$10,080,000	$10,080,000	4/15/2025	5.000%	100.000	717868EW9
2028	14,640,000	14,640,000	4/15/2025	5.000	100.000	717868EX7
2029	15,370,000	15,370,000	4/15/2025	5.000	100.000	717868EY5
2030	16,145,000	16,145,000	4/15/2025	5.000	100.000	717868EZ2
2031	16,950,000	16,950,000	4/15/2025	5.000	100.000	717868FA6

† CUSIP is a registered trademark of the American Bankers Association (the "ABA"). CUSIP data herein are provided by CUSIP Global Services ("CGS"), which is managed on behalf of the ABA by FactSet Research Systems Inc. These data are not intended to create a database and do not serve in any way as a substitute for the CGS database. The CUSIP numbers listed above are being provided solely for the convenience of the holders of the Refunded Bonds. The City, the Authority, the NTI Trustee, and the Underwriters do not make any representation with respect to such CUSIP numbers or undertake any responsibility for their accuracy.

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SEAL OF THE CITY OF PHILADELPHIA