

**City of Philadelphia
Pennsylvania**

The seal of the City of Philadelphia is a circular emblem. It features a central shield with a balance scale, flanked by two female figures representing Liberty and Justice. The shield is surrounded by a banner with the word 'PHILADELPHIA'. The entire seal is set within a larger circular border containing the text 'SEAL OF THE CITY OF PHILADELPHIA'.

**Comprehensive
Annual
Financial
Report**

Fiscal Year Ended June 30, 2002

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 COMPREHENSIVE ANNUAL FINANCIAL REPORT
 For the Fiscal Year Ended June 30, 2002**

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INTRODUCTORY SECTION

Letter of Transmittal

GFOA Certificate of Achievement

Organizational Chart

List of Elected and Appointed Officials



CITY OF PHILADELPHIA

OFFICE OF THE DIRECTOR OF FINANCE
1401 John F. Kennedy Blvd.
Suite 1330, Municipal Services Building
Philadelphia, PA 19102-1693

JANICE D. DAVIS
Secretary of Financial Oversight
and Director of Finance

February 28, 2003

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

The Comprehensive Annual Financial Report of the City of Philadelphia for the fiscal year ended June 30, 2002 is hereby submitted. The financial statements were prepared in accordance with Generally Accepted Accounting Principles (GAAP) in the United States of America. Responsibility for both the accuracy of the data, and the completeness and fairness of the presentation, including all disclosures, rests with the City. The City has implemented the Governmental Accounting Standard Board's (GASB) Statement No. 34, *Basic Financial Statements and Management's Discussion and Analysis for State and Local Governments*. To the best of our knowledge and belief, the enclosed data are accurate in all material respects and are reported in a manner designed to present fairly the financial position and results of operations of the various funds of the City. All disclosures necessary to enable the reader to gain an understanding of the City's financial activities have been included.

The Comprehensive Annual Financial Report is presented in three sections: Introductory, Financial and Statistical. The Financial section includes Management's Discussion and Analysis, Basic Financial Statements, Required Supplementary Information and the Combining and Individual Fund Statements. The Statistical section includes selected financial and demographic information, generally presented on a multiyear basis.

The Philadelphia Home Rule Charter (Charter) requires an annual audit of all City accounts by the City Controller, an independently elected official. The Charter further requires that the City Controller appoint a Certified Public Accountant in charge of auditing. These requirements have been complied with and the audit done in accordance with Generally Accepted Governmental Auditing Standards (GAGAS).

Management has provided a narrative to accompany the basic financial statements. This narrative is known as Management's Discussion and Analysis (MD&A). The letter of transmittal is designed to complement MD&A and should be read in conjunction with it.

PROFILE OF THE GOVERNMENT

The City of Philadelphia was founded in 1682 and was merged with the County of Philadelphia in 1854. The City currently occupies an area of 129 square miles along the Delaware River, serves a population in excess of 1.5 million, and is the hub of a five county metropolitan area including Bucks, Chester, Delaware and Montgomery Counties. Since 1951 the City has been governed largely under the 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. The Charter provides for a strong mayoral form of government with the Mayor and members of the City Council elected every four years. The mayor is prohibited from serving more than two consecutive terms.

This report includes all the funds of the City as well as the funds of the Philadelphia Municipal Authority and the Pennsylvania Intergovernmental Cooperation Authority. It also incorporates the discretely

presented statements of the School District of Philadelphia, the Philadelphia Gas Works, the Redevelopment Authority of Philadelphia, the Philadelphia Housing Development Corporation, the Philadelphia Parking Authority, the Community College of Philadelphia, the Pennsylvania Convention Center Authority, Penn's Landing Corporation, the Philadelphia Housing Authority, and Community Behavioral Health, Inc. A component unit was considered to be part of the City's reporting entity when it was concluded that the City was financially accountable for the entity or that the nature and significance of the relationship between the City and the entity was such that exclusion would cause the City's financial statements to be misleading or incomplete. The relationship between the City and its component units is explained further in the *Notes to the Financial Statements*.

Reflected in this report is the extensive range of services provided by the City of Philadelphia. These services include 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, as well as the activities of the previously mentioned public agencies and authorities. The City operates water and wastewater systems that service the citizens of Philadelphia and two airports that service the entire Delaware Valley.

City government is responsible for establishing and maintaining internal control designed to protect the assets of the City from loss, theft or misuse and to ensure that adequate accounting data are compiled to allow for the preparation of financial statements in conformity with Generally Accepted Accounting Principles in the United States of America. This internal control is subject to periodic evaluation by management and the City Controller's Office in order to determine its adequacy. The concept of reasonable assurance recognizes that: (1) the cost of a control should not exceed the benefits likely to be derived; and (2) the valuation of costs and benefits requires estimates and judgments by management.

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 1. Activities of the General Fund and certain City Related Special Revenue Funds and the City Capital Improvement Fund 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 for the Capital Improvement Fund. 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 and appropriations that have not been expended or encumbered at year-end are lapsed.

FACTORS AFFECTING FINANCIAL CONDITION

Philadelphia, like every other major city across the country, faces a number of problems created by local and national economic downturns. This year the City experienced the first decline in the general fund balance since FY 1991 that was not the result of changes in accounting practice. Employment has been slow to recover from the national recession that began in 2001, negatively effecting tax revenue at the same time service demands for basic needs grow. However, the local economy has weathered the recession and jobless recovery relatively well compared to the previous two recession's, demonstrating the City's successful transition from a declining manufacturing centered economy to a more stable service based economy.

The recent demographic trends have severe consequences for the fiscal health of the City. The population of the City declined 4.3% during the decade of the 1990's and the median household income declined 5.1% over the same period. The public service needs are at least as high as any other major city, yet these services are supported by an increasingly weak tax base.

The City's economic development strategy is to create, maintain, and develop jobs within the City in order to grow the tax base. The City's economic development efforts will focus on Philadelphia's strengths and capitalize on private sector initiatives, using a combination of targeted marketing, professional support and effective financing tools to create and retain jobs. Development and promotion of the City's quality of life amenities will play an increasingly important role as we compete for new knowledge based jobs.

AWARDS AND ACKNOWLEDGEMENTS

For the twenty second consecutive year, the Government Finance Officers Association of the United States and Canada (GFOA) awarded its prestigious Certificate of Achievement for Excellence in Financial Reporting to the City for its Comprehensive Annual Financial Report for the fiscal year ended June 30, 2001. The City received this recognition by publishing a report that was well organized and readable and satisfied both generally accepted accounting principles and applicable legal requirements. A Certificate of Achievement is valid for a period of one year only. We believe that our current Comprehensive Annual Financial Report continues to meet the Certificate of Achievement Program's requirements and we are submitting it to the GFOA to determine its eligibility for another certificate.

The preparation of the Comprehensive Annual Financial Report on a timely basis was made possible by the dedicated service of the entire staff of the Office of the Director of Finance. Each member of the office has my sincere appreciation for their valuable contributions.

Respectfully submitted,

Janice D. Davis (Signed)
Secretary of Financial Oversight and Director of Finance

Certificate of Achievement for Excellence in Financial Reporting

Presented to

City of Philadelphia,
Pennsylvania

For its Comprehensive Annual
Financial Report
for the Fiscal Year Ended
June 30, 2001

A Certificate of Achievement for Excellence in Financial Reporting is presented by the Government Finance Officers Association of the United States and Canada to government units and public employee retirement systems whose comprehensive annual financial reports (CAFRs) achieve the highest standards in government accounting and financial reporting.

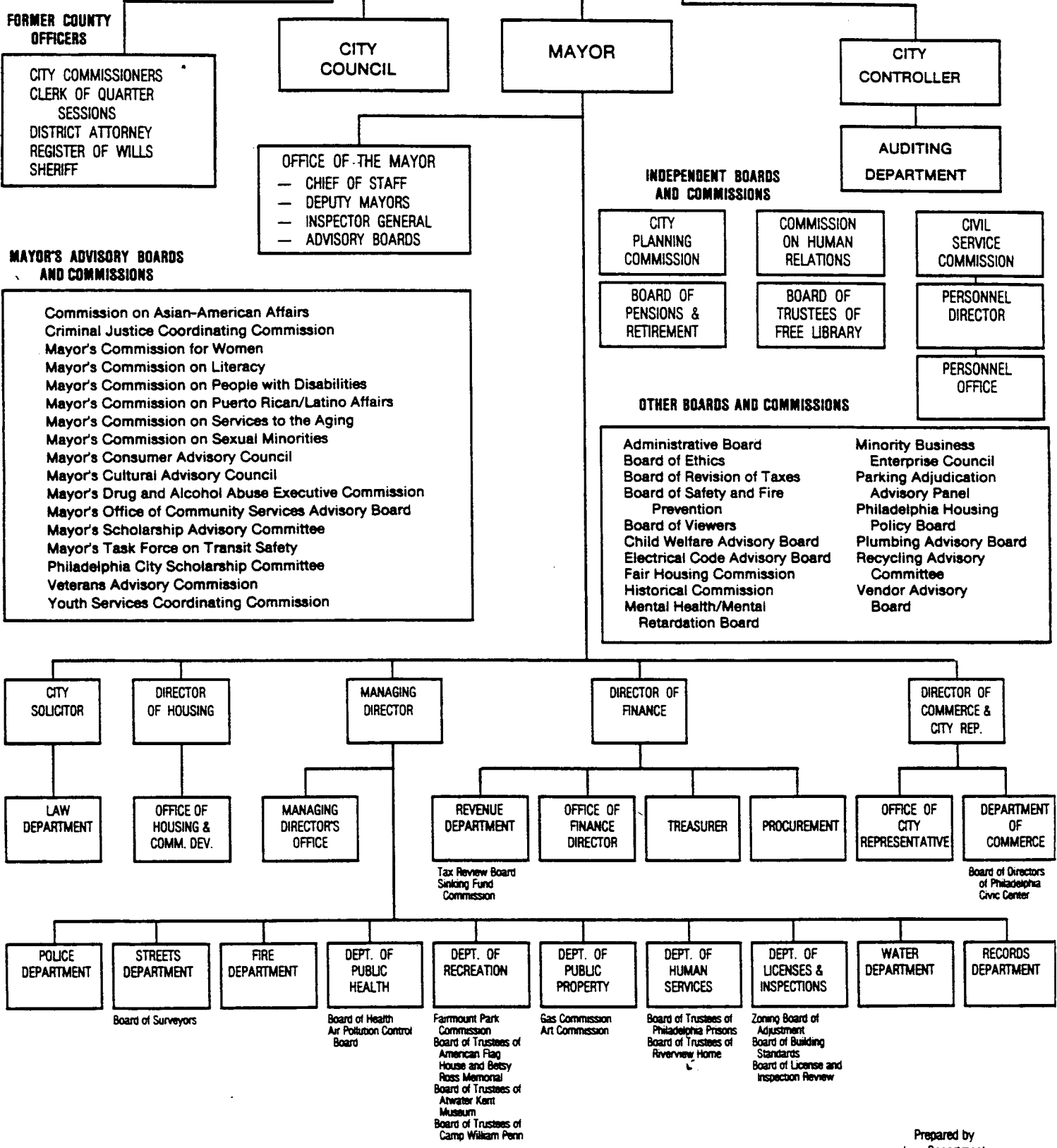


William Patrick Pate
President

Jeffrey L. Esser
Executive Director

ORGANIZATION OF PHILADELPHIA'S CITY GOVERNMENT

VOTERS



Prepared by
Law Department
Designed and Composed by
Department of Records
May 1992

CITY OF PHILADELPHIA
Listing of Principal Officials
June 30, 2002

Elected Officials

Mayor	John F. Street
<u>City Council</u>	
Council President, 2nd District	Anna Cibotti Verna
Councilperson, 1st District	Frank DiCicco
Councilperson, 3rd District	Jannie L. Blackwell
Councilperson, 4th District	Michael A. Nutter
Councilperson, 5th District	Darrell L. Clarke
Councilperson, 6th District	Joan L. Krajewski
Councilperson, 7th District	Rick Mariano
Councilperson, 8th District	Donna Reed Miller
Councilperson, 9th District	Marian B. Tasco
Councilperson, 10th District	Brian J. O'Neill
Councilperson-at-Large	David Cohen
Councilperson-at-Large	W. Wilson Goode, Jr.
Councilperson-at-Large	James F. Kenney
Councilperson-at-Large	W. Thacher Longstreth
Councilperson-at-Large	Angel Ortiz
Councilperson-at-Large	Blondell Reynolds Brown
Councilperson-at-Large	Frank Rizzo
District Attorney	Lynne M. Abraham
City Controller	Jonathan A. Saidel
<u>City Commissioners</u>	
Chairperson	Margaret M. Tartaglione
Commissioner	Joseph Duda
Commissioner	Vacant
Register of Wills	Ronald R. Donatucci
Clerk of Quarter Sessions	Vivian T. Miller
Sheriff	John Green
<u>First Judicial District of Pennsylvania</u>	
President Judge Court of Common Pleas	Federica A. Massiah-Jackson
President Judge Municipal Court	Louis J. Prezenza
President Judge Traffic Court	Frank J. Little

Appointed City Officials

Secretary of Strategic Planning and Initiatives	Joyce Wilkerson
Secretary of Financial Oversight and Director of Finance	Janice D. Davis
Managing Director	Estelle Richman
City Representative and Director of Commerce	James Cuorato
Acting City Solicitor	Nelson Diaz
Secretary of External Affairs	George R. Burrell, Jr.
Secretary of Education	Debra A. Kahn
Secretary of Authorities, Boards and Commissions	Augusta Clark
City Planning Commissioner	Maxine Griffith
Director of Housing	Deborah McColloch
City Treasurer	Corey Kemp
Revenue Commissioner	Nancy A. Kammerdeiner
Procurement Commissioner	William Gamble
Secretary of Public Safety	Sylvester Johnson
Streets Commissioner	William Johnson
Fire Commissioner	Harold B. Hairston
Health Commissioner	John Domzalski
Recreation Commissioner	Victor Richard III
Public Property Commissioner	Andres Perez, Jr.
Human Services Commissioner	Alba Martinez
Licenses and Inspections Commissioner	Edward J. McLaughlin
Water Commissioner	Kumar Kishinchand
Records Commissioner	Joan T. Decker
Personnel Director	Linda Orfanelli

FINANCIAL SECTION

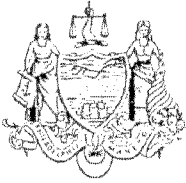
Independent Auditor's Report

Management's Discussion and Analysis

Basic Financial Statements

Required Supplementary Information

Other Supplementary Information



CITY OF PHILADELPHIA

OFFICE OF THE CONTROLLER
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JONATHAN A. SAIDEL
City Controller
ALBERT F. SCAPEROTTO
Deputy City Controller

INDEPENDENT AUDITOR'S REPORT

To the Mayor, City Council and
Citizens of the City of Philadelphia

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, 2002, which collectively comprise the City of Philadelphia's basic financial statements as listed in the table of contents. These financial statements are the responsibility of the City of Philadelphia's management. Our responsibility is to express opinions on these financial statements based on our audit. We did not audit the financial statements of the entities whose percentage of assets and revenues are disclosed in Note I-1C. Those financial statements were audited by other auditors whose reports thereon have been furnished to us, and our opinion, insofar as it relates to the amounts included for those entities, is based on the reports of the other auditors.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. The financial statements of the Pennsylvania Intergovernmental Cooperation Authority, Penn's Landing Corporation, Pennsylvania Convention Center Authority, Philadelphia Parking Authority, Community Behavioral Health, and the Philadelphia Gas Works discussed in Note I-1, were not audited in accordance with *Government Auditing Standards*. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit and the reports of other auditors provide a reasonable basis for our opinions.

In our opinion, based on our audit and the reports of 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, 2002, and the respective changes in financial position and cash flows, where applicable, thereof for the year then ended in conformity with accounting principles generally accepted in the United States of America.

CITY OF PHILADELPHIA
OFFICE OF THE CONTROLLER

As discussed in Note I-14 to the financial statements, the City of Philadelphia and its component units have implemented a new financial reporting model, as required by the provisions of Governmental Accounting Standards Board Statement No. 34, *Basic Financial Statements – and Management’s Discussion and Analysis – For State and Local Governments*, as of July 1, 2001.

In accordance with *Government Auditing Standards*, we have also issued our report dated February 14, 2003 on our consideration of the City of Philadelphia’s internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grants. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be read in conjunction with this report in considering the results of our audit.

The management’s discussion and analysis on pages 9 through 24, and the major funds budgetary comparison schedules, the pension plans-schedule of funding progress, and the related notes to required supplementary information, on pages 92 through 96 are not a required part of the basic financial statements but are supplementary information required by the Governmental Accounting Standards Board. The management’s discussion and analysis, the major funds budgetary comparison schedules, the pension plans-schedule of funding progress and the related notes to required supplementary information have been subjected to the auditing procedures applied by us and the other auditors in the audit of the basic financial statements and, in our opinion, based on our audit and the reports of other auditors, are fairly stated in all material respects in relation to the basic financial statements taken as a whole.

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the City of Philadelphia’s basic financial statements. The introductory section, combining non-major fund statements, individual fund schedules and statistical tables are presented for purposes of additional analysis and are not a required part of the basic financial statements. The combining non-major fund statements and individual fund schedules have been subjected to the auditing procedures applied by us and the other auditors in the audit of the basic financial statements and, in our opinion, based on our audit and the reports of other auditors, are fairly stated in all material respects in relation to the basic financial statements taken as a whole. The introductory section and statistical tables have not been subjected to the auditing procedures applied in the audit of the basic financial statements and, accordingly, we express no opinion on them.

February 14, 2003


ALBERT F. SCAPEROTTO, CPA
Deputy City Controller


JONATHAN A. SAIDEL, CPA
City Controller

City of Philadelphia, Pennsylvania Management's Discussion and Analysis

This narrative overview and analysis of the financial statements of the City of Philadelphia, Pennsylvania for the fiscal year ended June 30, 2002 has been prepared by the city's management. 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. Amounts are presented in thousands of dollars, unless otherwise indicated.

Comparative analyses are not reflected for the government wide financial statements in this discussion because this is the first year the statements are being presented in this format. In future years, comparative data for the government wide financial statements will be reflected.

Financial Highlights

- At the end of the current fiscal year, the City of Philadelphia's *net assets* were \$506,814 resulting from an excess of its assets over its liabilities, however, its *unrestricted net assets* showed a deficit of \$1,401,812. This deficiency will have to be funded from resources generated in future years.
- The city's total net assets decreased by \$168,230 during the current fiscal year. This is primarily attributable to lower than anticipated wage tax collections, increased spending for law enforcement and security programs and an increased contribution to the School District of Philadelphia.
- For the current fiscal year, the city's governmental funds reported a combined ending fund balance of \$984,822, an increase of \$99,986 over the prior year. \$156,837 of this year's ending balance represents *unreserved fund balance* which is available for spending in accordance with approved budgetary ordinances.
- The unreserved fund balance of the city's general fund at the end of the fiscal year was \$139,025, a decrease of \$90,984 from last fiscal year's. General fund revenues for the current fiscal year were \$2,691,007 as compared to \$2,724,216 for the prior year, while current year expenditures amounted to \$2,859,439 compared to \$2,623,449 for last year.

City of Philadelphia, Pennsylvania

Management's Discussion and Analysis

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 assets which includes all of the city's assets and liabilities, with the difference between the two reported as net assets. Over time, increases or decreases in net assets are an indicator of whether the city's financial position is improving or deteriorating.

The statement of activities presents revenues and expenses and their effect on the change in the city's net assets during the current fiscal year. These changes in net assets 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:

- *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; streets, highways and sanitation; and the financing activities of the city's two blended component units - the Pennsylvania Intergovernmental Cooperation Authority and Philadelphia Municipal Authority.
- *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 waste water systems, airport and industrial land bank are all included as business type activities.

These two activities comprise the primary government of Philadelphia.

City of Philadelphia, Pennsylvania Management's Discussion and Analysis

▪ *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 eleven distinct component units; the Philadelphia School District, Community College of Philadelphia, Community Behavioral Health, the Convention Center Authority, Gas Works, Housing Authority, Housing Development Corporation, Parking Authority, Penn's Landing Corporation, Philadelphia Authority for Industrial Development and the 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.

- ***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 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 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 individual governmental funds. Financial information is presented 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 seventeen 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.

City of Philadelphia, Pennsylvania Management's Discussion and Analysis

- **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 waste water 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.
- **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 assets* and *changes in fiduciary net assets*. 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.

<u>Summary of the City of Philadelphia's Government-wide and Fund Financial Statements</u>				
	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, such as the airport and water/waste water system	Activities for which the city is trustee for someone else's assets, such as the employees' pension plan
Required Financial Statements	Statement of net assets Statement of activities	Balance Sheet Statement of revenues, expenditures and changes in fund balances	Statement of net assets Statement of revenues, expenses and changes in net assets Statement of cash flows	Statement of fiduciary net assets Statement of changes in fiduciary net assets
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 and liability information	All assets and liabilities, financial and capital, short and long term	Only assets expected to be used up and liabilities that come due during the current year or soon thereafter; no capital assets are included	All assets and liabilities, 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

City of Philadelphia, Pennsylvania Management's Discussion and Analysis

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 funds and 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 and demographic data are presented in the statistical section. This information is located immediately after the supplementary information.

Government-wide Financial Analysis

Net assets. As noted earlier, net assets are useful indicators of a government's financial position. At the close of the current fiscal year, the City of Philadelphia's assets exceeded its liabilities by \$506,814.

Capital assets (land, buildings, roads, bridges and equipment) less any outstanding debt issued to acquire these assets comprises a large portion of the City of Philadelphia's net assets, \$480,008. Although these capital assets assist the city in providing services to its citizens, they are generally not available to fund the operations of future periods.

A portion of the city's net assets, \$1,428,618 are subject to external restrictions as to how they may be used. The remaining component of net assets is the unrestricted net assets which ended the fiscal year with a deficit of \$1,401,812. This deficit will have to be funded from future revenues.

City of Philadelphia, Pennsylvania Management's Discussion and Analysis

At the end of the fiscal year, both the governmental and business-type activities reported a negative *unrestricted net assets* of \$1,295,501 and \$106,311 respectively.

Following is a summary of the city's assets, liabilities and net assets:

City of Philadelphia's Net Assets			
	<u>Governmental Activities</u>	<u>Business-type Activities</u>	<u>Total Primary Government</u>
	2002	2002	2002
Current and other assets	1,845,675	1,252,549	3,098,224
Capital assets	<u>2,257,976</u>	<u>2,879,717</u>	<u>5,137,693</u>
Total assets	4,103,651	4,132,266	8,235,917
Long-term liabilities outstanding	4,264,055	2,885,484	7,149,539
Other liabilities	<u>427,154</u>	<u>152,410</u>	<u>579,564</u>
Total liabilities	4,691,209	3,037,894	7,729,103
Net assets:			
Invested in capital assets, net of related debt	280,921	199,087	480,008
Restricted	427,022	1,001,596	1,428,618
Unrestricted	<u>(1,295,501)</u>	<u>(106,311)</u>	<u>(1,401,812)</u>
Total net assets	<u>(587,558)</u>	<u>1,094,372</u>	<u>506,814</u>

Changes in net assets. The total cost of all city services and programs this year was \$5,244,657. These expenses cover a wide range of services, of which approximately 58% are related to the health, welfare and safety of the general public.

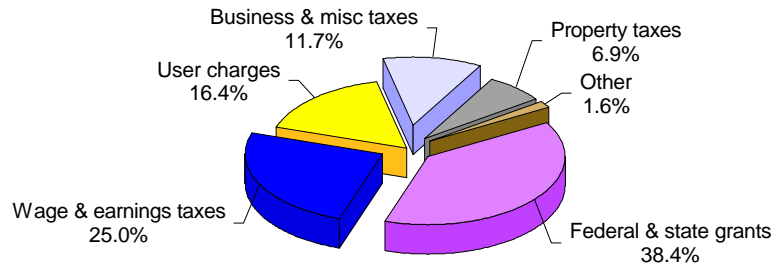
The city's total revenues and transfers this year were \$5,076,427 which fell short of total costs by \$168,230. Approximately 32% of all revenue comes from property, wage and earnings taxes. State, Federal and local grants account for another 38%, with the remainder of the revenue coming from user charges, fines, fees and various other sources.

Overall, net assets for the city decreased by \$168,230 primarily due to the increased spending for law enforcement, homeland security and educational subsidies previously described.

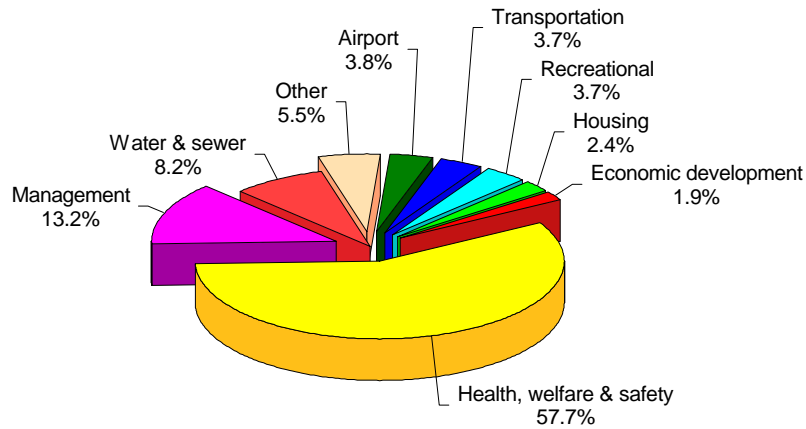
The following graphs show the revenue sources and functional expenses of the city in more detail.

City of Philadelphia, Pennsylvania Management's Discussion and Analysis

Governmental & Business Activities Revenue Sources - Fiscal Year 2002



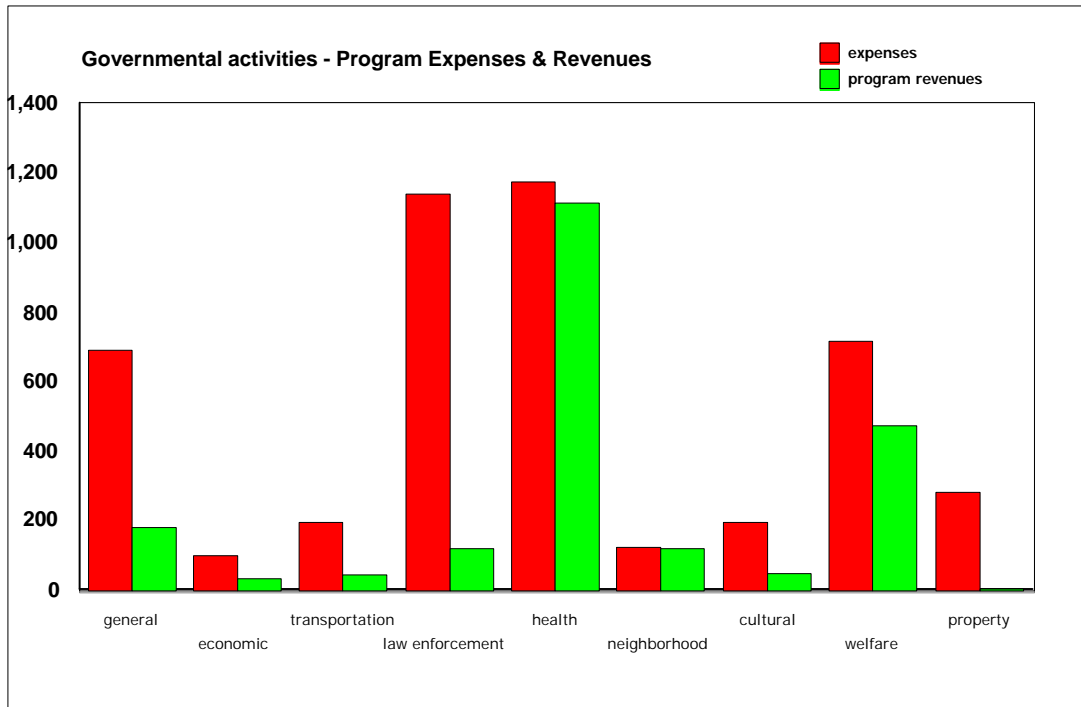
Governmental & Business Activities Functional Expenses - Fiscal Year 2002



City of Philadelphia, Pennsylvania Management's Discussion and Analysis

Governmental Activities

Of the \$168,230 decline in the city's overall net assets, the governmental activities accounted for \$167,440, or virtually all of the decline. Reasons for the decline have been previously described.



The following table summarizes the city's five largest governmental programs. Costs, program revenues and net cost are shown in the table. The net cost shows the financial burden that was placed on the city's taxpayer by each of these functions.

	Program Costs	Program Revenues	Net Cost
General Welfare	712,700	472,998	239,702
Judiciary & Law Enforcement	1,141,742	117,976	1,023,766
Public Health	1,173,407	1,112,329	61,078
General Governmental	691,436	178,604	512,832
Services to Property	282,150	4,429	277,721
Other	<u>613,865</u>	<u>244,133</u>	<u>369,732</u>
	<u>4,615,300</u>	<u>2,130,469</u>	<u>2,484,831</u>

City of Philadelphia, Pennsylvania
Management's Discussion and Analysis

The cost of all governmental activities this year was \$4,615,300, however the amount that taxpayers paid for these programs through tax payments was only \$2,216,957. The federal and state governments and other charitable organizations subsidized certain programs with grants and contributions in the amount of \$1,854,131, while those who benefited from the programs paid \$276,338 through fees and charges. Unrestricted grants and contributions and other general types of revenues accounted for the balance of revenues in the amount of \$96,296.

The following chart shows a more detailed breakdown of program costs and related revenues for both the governmental and business-type activities of the city.

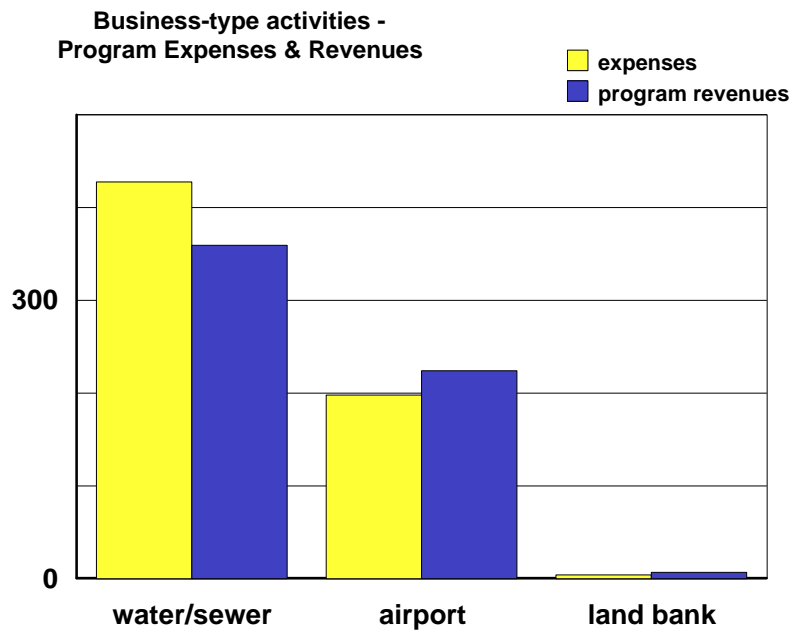
	Governmental Activities	Business-type Activities	Total
Revenues:			
Program revenues:			
Charges for services	276,338	555,338	831,676
Operating grants and contributions	1,834,217	11,010	1,845,227
Capital grants and contributions	19,914	23,763	43,677
General revenues:			
Wage and earnings taxes	1,271,195	-	1,271,195
Property taxes	351,724	-	351,724
Other taxes	594,038	-	594,038
Unrestricted grants and contributions	61,098	-	61,098
Other	35,198	45,394	80,592
Total revenues	4,443,722	635,505	5,079,227
Expenses:			
Economic development	97,289	-	97,289
Transportation	196,176	-	196,176
Judiciary & law enforcement	1,141,742	-	1,141,742
Conservation of health	1,173,407	-	1,173,407
Housing & neighborhood development	124,800	-	124,800
Cultural & recreational	195,600	-	195,600
Improvement of the general welfare	712,700	-	712,700
Services to taxpayer property	282,150	-	282,150
General management	521,764	-	521,764
Interest on long term debt	169,672	-	169,672
Water & waste water	-	427,691	427,691
Airport	-	197,876	197,876
Industrial land bank	-	3,790	3,790
Total expenses	4,615,300	629,357	5,244,657
Increase (decrease) in net assets before transfers & special items	(171,578)	6,148	(165,430)
Special items	-	-	-
Transfers	4,138	(6,938)	(2,800)
Increase (decrease) in net assets	(167,440)	(790)	(168,230)
Net Assets - July 1, 2001	(420,118)	1,095,162	675,044
Net Assets - June 30, 2002	(587,558)	1,094,372	506,814

City of Philadelphia, Pennsylvania Management's Discussion and Analysis

Business-type Activities

Business-type activities decreased the city's net assets by \$790 accounting for only a fraction of the total decline in the government's net assets. Some of the key reasons for this decrease are:

- Increased costs to meet new and higher standards of water and waste water treatment plants.
- Increased spending to renew and replace the vast infrastructure of the water and waste water systems.

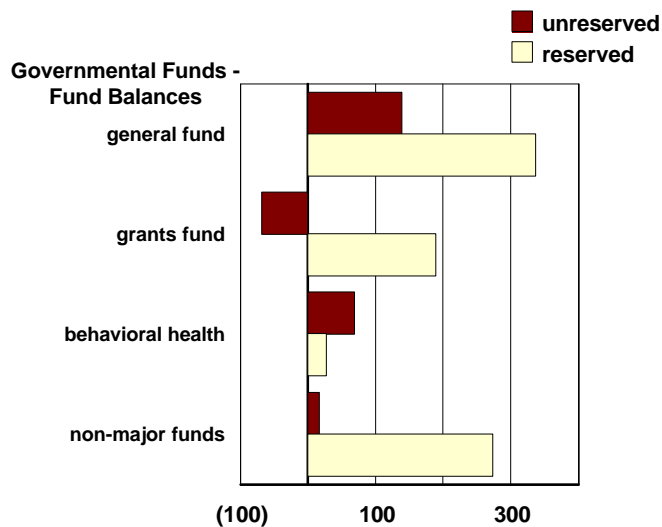


Financial Analysis of the Government's Funds

Governmental funds. The purpose of the city's governmental funds is to provide financial information on the *short term inflow, outflow and balance* of spendable resources. This information is useful in assessing the city's ability to meet its near-term financing requirements. *Unreserved fund balance* serves as a useful measure of the city's net resources available for spending at the end of the fiscal year.

City of Philadelphia, Pennsylvania Management's Discussion and Analysis

At the end of the fiscal year the city's governmental funds reported a *combined fund balance* of \$984,822 - an increase of \$99,986 over last year. Of the total fund balance, \$827,985 represents *reserved fund balance* which indicates that it is not available for new spending because it has already been committed to: liquidate purchase orders and contracts of the prior period (\$227,421); neighborhood revitalization (\$144,139); pay debt service (\$92,898); support programs funded by independent agencies (\$93,214); fund a portion of the city's managed care programs (\$27,662); fund a portion of new sports stadiums (\$186,914); and, a variety of other restricted purposes (\$55,737). The remaining fund balance of \$156,837 constitutes *unreserved fund balance* which is available for future spending in accordance with approved budgetary ordinances.



The general fund, the primary operating fund of the city, reported an *unreserved fund balance* of \$139,025 at the end of the current fiscal year, or 89% of the total unreserved fund balance for all governmental funds combined. Ratios of the general fund's unreserved fund balance and total fund balance to its total expenditures can be useful indicators of the general fund's liquidity. These ratios for the year just ended were 5% and 17%, respectively.

City of Philadelphia, Pennsylvania Management's Discussion and Analysis

The total fund balance, reserved and unreserved, of the general fund increased by \$85,062 during the current fiscal year. This increase was primarily due to proceeds of \$346,790 received from the sale of conduit obligations for the financing of two new sports stadiums, the balance of which are reserved for this purpose. The unreserved fund balance of the general fund decreased by \$90,984 during the current fiscal year. Some of the key factors for this decrease are:

- Wage tax collections increased by only 1.5% compared to the previous fiscal year, well under the 2.5% increase projected in fiscal year 2002.
- Since the terrorist attacks on September 11, 2001, a number of unanticipated expenditures have resulted: increased security activity; an augmented police presence; activation of a 24-hour emergency operations center; deployment of rapid assessment personnel; and extensive security at the airport and other public facilities.
- As part of the agreement with the Commonwealth of Pennsylvania for a “full partnership” to manage the School District of Philadelphia, the city increased its annual contribution to the district by \$45,000.
- The city’s criminal justice costs continue to rise. Police, prison, sheriff’s and the public defenders association costs were a combined \$28,000 over budget.

The health choices behavioral health fund ended the fiscal year with a total fund balance of \$96,717, of which \$27,662 is reserved for a contractually required equity reserve and reinvestment initiatives. The unreserved portion of \$69,055 is available to be used to pay ongoing expenses of the managed care program. The total fund balance increased during the fiscal year by \$8,119 primarily due to improved cost containment measures.

The grants revenue fund has a total fund balance in the amount of \$121,005 which is comprised of a positive reserved fund balance of \$189,281 (earmarked for neighborhood revitalization, productivity and emergency telephone system programs) and a deficit unreserved fund balance of \$68,276. Because most programs accounted for in the grants revenue fund are reimbursement based, it is not unusual for this fund to end the fiscal year with a deficit unreserved fund balance. The overall fund balance actually increased during the current fiscal year in the amount of \$137,913 due to the influx of bond proceeds for the neighborhood revitalization program.

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 assets* of the proprietary funds decreased by \$790 during the current fiscal year. This overall decrease is attributable to the water and waste water operations which experienced a \$43,093 decrease for the year, while the airport operations had an increase of \$39,595. The remaining increase of \$2,708 is attributable to the operations of the industrial land bank.

City of Philadelphia, Pennsylvania Management's Discussion and Analysis

The *unrestricted nets assets* of the proprietary funds reported a deficit of \$106,311, comprised of a negative \$148,978 for the water and waste water operations, and positive balances of \$14,329 for the airport and \$28,338 for the industrial land bank. These unrestricted net asset balances represent an overall decrease of \$115,702 from the previous year comprised of a decrease of \$149,499 for the water and waste water operations and increases of \$31,089 and \$2,708 for the airport and land bank, respectively. Factors attributing to these changes have already been addressed in the discussion of the city's business-type activities.

General Fund Budgetary Highlights

Differences between the original budget and the final amended budget resulted primarily from changes in appropriations. These changes are comprised of the following key elements:

- \$45,000 increased support to the School District of Philadelphia
- \$20,000 increased demolition costs caused by the delay of the issuance of neighborhood revitalization bonds.

The general fund's budgetary unreserved fund balance of \$139,025 is the same as that which was reported in the fund financial statements for the general fund.

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 \$5,137,693, 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. Major capital asset events occurring during the current fiscal period included the following:

- Infrastructure improvements of \$38,700 for streets and \$77,900 for the water and waste water systems
- City Hall complex exterior renovations in the amount of \$90,000
- Construction of a new police station for \$11,000
- Recreational facility improvements in the amount of \$16,500
- Sports stadium renovations costing \$7,300

City of Philadelphia, Pennsylvania
Management's Discussion and Analysis

City of Philadelphia's Capital Assets (net of depreciation)			
	Governmental	Business-type	
	<u>activities</u>	<u>activities</u>	<u>Total</u>
	<u>2002</u>	<u>2002</u>	<u>2002</u>
Land	616,610	77,898	694,508
Buildings	816,117	1,166,111	1,982,228
Improvements other than buildings	101,492	45,591	147,083
Machinery & equipment	259,817	30,149	289,966
Infrastructure	454,955	1,042,827	1,497,782
Construction in progress	8,985	517,141	526,126
Total	<u>2,257,976</u>	<u>2,879,717</u>	<u>5,137,693</u>

More detailed information about the city's capital assets can be found in the notes to the financial statements.

Long-term debt. At year end the city had \$7,149,539 in long term debt outstanding. Of this amount, \$4,880,059 represents bonds outstanding (comprised of \$2,026,873 of debt backed by the full faith and credit of the city, and \$2,853,186 of debt secured solely by specific revenue sources) while \$2,269,480 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			
	Governmental	Business-type	
	<u>activities</u>	<u>activities</u>	<u>Total</u>
	<u>2002</u>	<u>2002</u>	<u>2002</u>
Bonds Outstanding:			
General obligation bonds	2,007,673	19,200	2,026,873
Revenue bonds	-	2,853,186	2,853,186
Total Bonds Outstanding	<u>2,007,673</u>	<u>2,872,386</u>	<u>4,880,059</u>
Other Long Term Obligations:			
Service agreements	1,951,172	-	1,951,172
Employee related obligations	263,215	4,155	267,370
Indemnities	41,995	50	42,045
Other	-	8,893	8,893
Total Other Long Term Obligations	<u>2,256,382</u>	<u>13,098</u>	<u>2,269,480</u>
Total Long Term Debt Outstanding	<u>4,264,055</u>	<u>2,885,484</u>	<u>7,149,539</u>

City of Philadelphia, Pennsylvania Management's Discussion and Analysis

Significant events related to bonded debt during the current fiscal year include the following new debt issuances:

- \$285,920 water revenue bonds, a portion of which were used to refund \$59,374 of outstanding revenue bond principal and interest;
- \$227,800 airport revenue bonds for terminal and other airport related improvements;
- \$346,790 lease revenue bonds to be used for the construction of two sports stadiums. The debt service on the bonds, which were issued through the Philadelphia Authority for Industrial Development, is payable by the city under a lease and service agreement;
- \$124,125 revenue and \$18,520 taxable revenue bonds to be used for neighborhood revitalization. The city is responsible for the debt service on the bonds under a service agreement with the Redevelopment Authority of Philadelphia which was the issuer of the bonds.

The city's bonds are rated by Moody's, Standard & Poor's and Fitch. The following chart shows the latest ratings assigned to the city's debt.

City of Philadelphia's Bond Ratings General Obligation and Revenue Bonds			
	Moody's Investors Service	Standard & Poors Corporation	Fitch IBCA
General obligation bonds	Baa1	BBB	A-
Water and sewer revenue bonds	A3	A-	A-
Aviation revenue bonds	A3	A	A

The City of Philadelphia is limited by state statute as to the amount of tax supported general obligation debt it may issue. The limitation is equal to 13% of the average assessed valuations of properties over the past ten years. As of July 1, 2002, the date on which the calculation was performed, the legal debt limit was \$1,253,161. There is \$1,119,224 of outstanding tax supported debt leaving a legal debt margin of \$133,937.

Additional information about the city's long-term debt can be found in the notes to the financial statements.

City of Philadelphia, Pennsylvania Management's Discussion and Analysis

Economic Factors and Next Year's Budgets and Rates

The following factors have all been considered in preparing the City of Philadelphia's budget for the 2003 fiscal year:

- Continuation of the wage and business tax reduction program which began in fiscal year 1995.
- An inflation rate of 2.5%.
- City's employment levels will remain static relative to national levels.

Fiscal year 2003 marks year two of a three year rate adjustment for water and sewer charges. Residential rates are expected to rise by an average of 2.8%. Commercial rates will typically rise an average of 10% to 15% depending on the size of the meter and the water usage. The larger percentage increase in the commercial sector is partially due to reallocation of storm water costs based on actual land use in Philadelphia and the higher amount of storm water run-off from commercial properties.

Requests for information

This financial report is designed to provide a general overview of the City of Philadelphia's finances for all interested parties. Questions concerning any of the information provided in this report or requests for additional financial information should be addressed to the Office of the Director, 1401 John F. Kennedy Boulevard, Philadelphia, PA, 19102.

BASIC FINANCIAL STATEMENTS

**CITY OF PHILADELPHIA
STATEMENT OF NET ASSETS**

June 30, 2002

(Amounts in thousands of USD)

Exhibit I

	Primary Government			Component Units
	Governmental Activities	Business Type Activities	Total	
Assets				
Cash on Deposit and on Hand	44,555	-	44,555	452,249
Equity in Treasurer's Account	531,927	121,089	653,016	-
Investments	154,675	-	154,675	348,541
Due from Component Units	67,299	-	67,299	-
Due from Primary Government	-	-	-	10,698
Amounts Held by Fiscal Agent	331,054	-	331,054	10
Notes Receivable - Net	1,388	-	1,388	80,586
Accounts Receivable - Net	270,850	77,723	348,573	280,967
Interest and Dividends Receivable	4,704	-	4,704	9,431
Due from Other Governments - Net	425,644	8,178	433,822	139,058
Inventories	13,567	34,932	48,499	122,054
Other Current Assets	12	-	12	21,979
Restricted Assets:				
Cash and Cash Equivalents	-	773,829	773,829	333,861
Other Assets	-	236,798	236,798	197,969
Capital Assets (Net of Accumulated Depreciation)	2,257,976	2,879,717	5,137,693	3,540,907
Total Assets	<u>4,103,651</u>	<u>4,132,266</u>	<u>8,235,917</u>	<u>5,538,310</u>
Liabilities				
Notes Payable	1,425	-	1,425	94,670
Vouchers Payable	56,610	7,863	64,473	-
Accounts Payable	158,358	52,935	211,293	250,654
Salaries and Wages Payable	45,632	4,811	50,443	63,680
Accrued Expenses	28,492	50,450	78,942	43,022
Due to Primary Government	-	-	-	94,602
Due to Component Units	9,149	-	9,149	-
Funds Held in Escrow	14,093	-	14,093	11,107
Due to Other Governments	4,806	-	4,806	10,237
Deferred Revenue	90,390	36,351	126,741	50,319
Overpayment of Taxes	8,057	-	8,057	2,277
Other Current Liabilities	10,142	-	10,142	45,339
Non-Current Liabilities:				
Due within one year	183,923	95,687	279,610	199,085
Due in more than one year	4,080,132	2,789,797	6,869,929	3,672,900
Total Liabilities	<u>4,691,209</u>	<u>3,037,894</u>	<u>7,729,103</u>	<u>4,537,892</u>
Net Assets				
Invested in Capital Assets, Net of Related Debt	280,921	199,087	480,008	1,114,259
Restricted For:				
Capital Projects	8,084	559,876	567,960	86,800
Debt Service	92,898	305,437	398,335	174,613
Behavioral Health	121,473	-	121,473	-
Intergovernmental Finance	38,452	-	38,452	-
Neighborhood Revitalization	144,139	-	144,139	-
Grant Programs	6,690	-	6,690	34,157
Rate Stabilization	-	136,283	136,283	-
Educational Programs	-	-	-	47,644
Other	15,286	-	15,286	433
Unrestricted(Deficit)	(1,295,501)	(106,311)	(1,401,812)	(457,488)
Total Net Assets	<u>(587,558)</u>	<u>1,094,372</u>	<u>506,814</u>	<u>1,000,418</u>

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

CITY OF PHILADELPHIA
STATEMENT OF ACTIVITIES
For the Fiscal Year Ended June 30, 2002
(Amounts in thousands of USD)

Exhibit II

Programs/Functions	Expenses	Program Revenues			Net (Expense) Revenue and Changes in Net Assets			Component Units
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Primary Government		Total	
					Governmental Activities	Business Type Activities		
Primary Government:								
Governmental Activities:								
Economic Development	97,289	15,117	18,902	-	(63,270)		(63,270)	
Transportation:								
Streets & Highways	110,936	1,262	29,282	10,162	(70,230)		(70,230)	
Mass Transit	85,240	421	-	-	(84,819)		(84,819)	
Judiciary and Law Enforcement:								
Police	674,912	1,379	9,225	-	(664,308)		(664,308)	
Prisons	200,987	698	578	18	(199,693)		(199,693)	
Courts	265,843	72,396	33,682	-	(159,765)		(159,765)	
Conservation of Health:								
Emergency Medical Services	25,657	18,596	575	-	(6,486)		(6,486)	
Health Services	1,147,750	10,035	1,083,123	-	(54,592)		(54,592)	
Housing and Neighborhood Development:								
Development	124,800	2,293	116,590	-	(5,917)		(5,917)	
Cultural and Recreational:								
Recreation	84,522	14,460	6,960	580	(62,522)		(62,522)	
Parks	44,216	1,556	12,640	1,580	(28,440)		(28,440)	
Libraries and Museums	66,862	326	11,870	132	(54,534)		(54,534)	
Improvements to General Welfare:								
Social Services	580,411	8,835	462,091	-	(109,485)		(109,485)	
Education	81,768	-	-	-	(81,768)		(81,768)	
Inspections and Demolitions	50,521	483	1,589	-	(48,449)		(48,449)	
Service to Property:								
Sanitation	109,156	1,240	2,905	-	(105,011)		(105,011)	
Fire	172,994	284	-	-	(172,710)		(172,710)	
General Management and Support	521,764	126,957	44,205	7,442	(343,160)		(343,160)	
Interest on Long Term Debt	169,672	-	-	-	(169,672)		(169,672)	
Total Governmental Activities	<u>4,615,300</u>	<u>276,338</u>	<u>1,834,217</u>	<u>19,914</u>	<u>(2,484,831)</u>		<u>(2,484,831)</u>	
Business Type Activities:								
Water and Sewer	427,691	350,953	8,747	-	-	(67,991)	(67,991)	
Aviation	197,876	201,229	2,263	20,569	-	26,185	26,185	
Industrial and Commercial Development:								
Commercial Development	3,790	3,156	-	3,194	-	2,560	2,560	
Total Business Type Activities	<u>629,357</u>	<u>555,338</u>	<u>11,010</u>	<u>23,763</u>	<u>-</u>	<u>(39,246)</u>	<u>(39,246)</u>	
Total Primary Government	<u>5,244,657</u>	<u>831,676</u>	<u>1,845,227</u>	<u>43,677</u>	<u>(2,484,831)</u>	<u>(39,246)</u>	<u>(2,524,077)</u>	
Component Units:								
Gas Operations	769,235	731,322	31,067	-				(6,846)
Housing	391,167	47,179	340,127	108,854				104,993
Parking	107,665	111,142	-	-				3,477
Education	2,145,001	35,167	485,985	408				(1,623,441)
Health	444,011	-	442,444	-				(1,567)
Economic Development	165,071	29,220	121,903	22,943				8,995
Total Component Units	<u>4,022,150</u>	<u>954,030</u>	<u>1,421,526</u>	<u>132,205</u>				<u>(1,514,389)</u>
General Revenues:								
Taxes:								
Property Taxes					351,724	-	351,724	455,829
Wage & Earnings Taxes					1,271,195	-	1,271,195	-
Business Taxes					307,937	-	307,937	-
Other Taxes					286,101	-	286,101	134,728
Grants & Contributions Not Restricted to Specific Programs					61,098	-	61,098	941,252
Unrestricted Interest & Investment Earnings					35,198	45,394	80,592	14,565
Miscellaneous					-	-	-	4,396
Special Item-Gain (Loss) on Sale of Capital Assets					-	-	-	10,690
Transfers					4,138	(6,938)	(2,800)	20,463
Total General Revenues, Special Items and Transfers					<u>2,317,391</u>	<u>38,456</u>	<u>2,355,847</u>	<u>1,581,923</u>
Change in Net Assets					(167,440)	(790)	(168,230)	67,534
Net Assets - July 1, 2001					(420,118)	1,095,162	675,044	932,884
Net Assets - June 30, 2002					<u>(587,558)</u>	<u>1,094,372</u>	<u>506,814</u>	<u>1,000,418</u>

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

CITY OF PHILADELPHIA
BALANCE SHEET
Governmental Funds
June 30, 2002
(Amounts in thousands of USD)

Exhibit III

	General Fund	HealthChoices Behavioral Health Fund	Grants Revenue Fund	Other Governmental Funds	Total Governmental Funds
Assets					
Cash on Deposit and on Hand	3,964	-	83	40,508	44,555
Equity in Treasurer's Account	191,737	103,988	78,908	157,294	531,927
Investments	-	-	-	154,675	154,675
Due from Other Funds	13,924	-	-	434	14,358
Due from Component Units	66,889	-	-	410	67,299
Amounts Held by Fiscal Agent	186,914	-	144,139	-	331,053
Notes Receivable	13,875	-	-	-	13,875
Taxes Receivable	429,841	-	-	10,508	440,349
Accounts Receivable	134,113	-	1,201	11,842	147,156
Allowance for Doubtful Accounts	(343,386)	-	-	(684)	(344,070)
Interest and Dividends Receivable	909	469	226	1,189	2,793
Due from Other Governmental Units	294,770	36,661	83,888	31,245	446,564
Other Assets	-	-	-	12	12
Total Assets	993,550	141,118	308,445	407,433	1,850,546
Liabilities and Fund Balances					
Liabilities:					
Notes Payable	-	-	-	1,425	1,425
Vouchers Payable	40,494	-	6,957	7,597	55,048
Accounts Payable	78,320	19,645	33,523	32,403	163,891
Salaries and Wages Payable	43,017	-	2,088	527	45,632
Due to Other Funds	785	-	-	14,363	15,148
Due to Component Units	-	-	4,725	5,973	10,698
Funds Held in Escrow	4,406	-	6,329	3,367	14,102
Due to Other Governmental Units	699	-	-	29	728
Deferred Revenue	339,873	24,756	133,818	51,161	549,608
Overpayment of Taxes	8,057	-	-	-	8,057
Other Liabilities	1,387	-	-	-	1,387
Total Liabilities	517,038	44,401	187,440	116,845	865,724
Fund Balances:					
Reserved for:					
Encumbrances	105,573	-	-	121,848	227,421
Neighborhood Revitalization	-	-	144,139	-	144,139
Behavioral Health	-	27,662	-	-	27,662
Intergovernmental Financing	-	-	-	54,762	54,762
Intergovernmentally Financed Programs	-	-	38,452	-	38,452
Public Safety Emergency Phone System	-	-	6,690	-	6,690
Debt Service	-	-	-	92,898	92,898
Trust Purposes	-	-	-	4,047	4,047
Long Term Loan	45,000	-	-	-	45,000
Stadium Financing	186,914	-	-	-	186,914
Unreserved, reported in:					
General Fund	139,025	-	-	-	139,025
Special Revenue Funds	-	69,055	(68,276)	6,024	6,803
Debt Service Funds	-	-	-	1,832	1,832
Capital Projects Funds	-	-	-	6,762	6,762
Permanent Funds	-	-	-	2,415	2,415
Total Fund Balances	476,512	96,717	121,005	290,588	984,822
Total Liabilities and Fund Balances	993,550	141,118	308,445	407,433	

Amounts Reported for governmental activities in the statement of net assets are different because:

a. Capital Assets used in governmental activities are not reported in the funds	2,257,976
b. Unearned Receivables are deferred in the funds	459,218
c. Long Term Liabilities are not reported in the funds	(4,272,809)
d. Other	(16,765)

Net Assets of Governmental Activities (587,558)

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

CITY OF PHILADELPHIA
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
Governmental Funds
For the Fiscal Year Ended June 30, 2002
(Amounts in thousands of USD)

Exhibit IV

	General Fund	HealthChoices Behavioral Health Fund	Grants Revenue Fund	Other Governmental Funds	Total Governmental Funds
Revenues					
Tax Revenue	1,945,440	-	-	310,154	2,255,594
Locally Generated Non-Tax Revenue	209,567	3,195	49,845	35,806	298,413
Revenue from Other Governments	522,444	457,477	695,651	114,600	1,790,172
Other Revenues	13,556	-	-	30	13,586
Total Revenues	2,691,007	460,672	745,496	460,590	4,357,765
Expenditures					
Current Operating:					
Economic Development	60,829	-	1,191	29,651	91,671
Transportation:					
Streets & Highways	47,062	-	-	24,712	71,774
Mass Transit	56,879	-	-	-	56,879
Judiciary and Law Enforcement:					
Police	656,545	-	8,617	-	665,162
Prisons	193,020	-	578	1,219	194,817
Courts	225,968	-	39,769	-	265,737
Conservation of Health:					
Emergency Medical Services	25,082	-	575	-	25,657
Health Services	131,223	452,553	562,192	-	1,145,968
Housing and Neighborhood Development	3,978	-	41,912	77,616	123,506
Cultural and Recreational:					
Recreation	55,456	-	7,693	1,281	64,430
Parks	18,355	-	54	14,096	32,505
Libraries and Museums	50,549	-	11,810	196	62,555
Improvements to General Welfare:					
Social Services	539,286	-	39,340	-	578,626
Education	81,768	-	-	-	81,768
Inspections and Demolitions	49,299	-	1,601	-	50,900
Service to Property:					
Sanitation	106,182	-	2,905	-	109,087
Fire	170,320	-	-	-	170,320
General Management and Support	387,638	-	24,043	9,147	420,828
Capital Outlay	-	-	-	277,856	277,856
Debt Service:					
Principal	-	-	-	129,961	129,961
Interest	-	-	-	116,014	116,014
Total Expenditures	2,859,439	452,553	742,280	681,749	4,736,021
Excess of Revenues Over (Under) Expenditures	(168,432)	8,119	3,216	(221,159)	(378,256)
Other Financing Sources (Uses)					
Proceeds from Lease & Service Agreements	448,620	-	-	19,558	468,178
Transfers In	188,158	-	143,414	371,948	703,520
Transfers Out	(383,284)	-	(8,717)	(301,455)	(693,456)
Total Other Financing Sources (Uses)	253,494	-	134,697	90,051	478,242
Net Change in Fund Balances	85,062	8,119	137,913	(131,108)	99,986
Fund Balances - July 1, 2001	405,095	88,598	(16,908)	421,751	898,536
Adjustment	(13,645)	-	-	(55)	(13,700)
Adjusted Fund Balances - July 1, 2001	391,450	88,598	(16,908)	421,696	884,836
Fund Balances - June 30, 2002	476,512	96,717	121,005	290,588	984,822

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

**CITY OF PHILADELPHIA
RECONCILIATION OF STATEMENT OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCES OF GOVERNMENTAL FUNDS TO THE STATEMENT OF ACTIVITIES
For the Fiscal Year Ended June 30, 2002**

(Amounts in thousands of USD)

Exhibit V

Net Change in Fund Balances - Total Governmental Funds	99,986
Amounts reported for governmental activities in the statment 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 outlays (243,706) exceeded depreciation (136,454) in the current period.	107,252
b. Revenues in the statment of activities that do not provide current financial resources are not reported as revenues in the funds.	79,256
c. Proceeds from debt obligations provide current financial resources to governmental funds, but issuing debt increases long-term liabilities in the statement of net assets. Repayment of principal is an expenditure in the governmental funds, but the repayment reduces long-term liabilities in the statement of net assets. This is the amount by which proceeds exceeded repayments.	(337,139)
d. 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.	<u>(116,795)</u>
Change in net assets of governmental activities	<u><u>(167,440)</u></u>

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

CITY OF PHILADELPHIA
STATEMENT OF NET ASSETS
Proprietary Funds
June 30, 2002
(Amounts in thousands of USD)

Exhibit VI

	Business Type Activities - Enterprise Funds			Total
	Water and Sewer	Aviation	Other Non-Major Industrial & Commercial Development	
Assets				
Current Assets:				
Equity in Treasurer's Account	38,464	75,722	6,903	121,089
Due from Other Governments	8,107	71	-	8,178
Accounts Receivable	170,669	13,523	1,985	186,177
Allowance for Doubtful Accounts	(106,803)	(1,651)	-	(108,454)
Inventories	13,347	2,135	19,450	34,932
Total Current Assets	123,784	89,800	28,338	241,922
Non-Current Assets:				
Restricted Assets:				
Equity in Treasurer's Account	413,306	169,599	-	582,905
Amounts Held by Fiscal Agent	-	190,924	-	190,924
Sinking Funds and Reserves	159,515	57,825	-	217,340
Grants for Capital Purposes	-	4,849	-	4,849
Receivables	6,076	8,533	-	14,609
Total Restricted Assets	578,897	431,730	-	1,010,627
Capital Assets:				
Land	5,919	71,979	-	77,898
Infrastructure	1,507,326	397,774	-	1,905,100
Construction in Progress	101,755	415,386	-	517,141
Buildings and Equipment	1,310,241	958,098	-	2,268,339
Less: Accumulated Depreciation	(1,322,964)	(565,797)	-	(1,888,761)
Total Capital Assets, Net	1,602,277	1,277,440	-	2,879,717
Total Non-Current Assets	2,181,174	1,709,170	-	3,890,344
Total Assets	2,304,958	1,798,970	28,338	4,132,266
Liabilities				
Current Liabilities:				
Vouchers Payable	5,835	2,028	-	7,863
Accounts Payable	5,696	4,174	-	9,870
Salaries and Wages Payable	3,715	1,096	-	4,811
Construction Contracts Payable	4,162	38,903	-	43,065
Accrued Expenses	26,115	24,335	-	50,450
Deferred Revenue	5,758	30,593	-	36,351
Bonds Payable-Current	65,374	30,313	-	95,687
Total Current Liabilities	116,655	131,442	-	248,097
Non-Current Liabilities:				
Bonds Payable	1,816,791	1,129,202	-	2,945,993
Unamortized Discount and Loss	(148,486)	(20,808)	-	(169,294)
Other Non-Current Liabilities	8,636	4,462	-	13,098
Total Non-Current Liabilities	1,676,941	1,112,856	-	2,789,797
Total Liabilities	1,793,596	1,244,298	-	3,037,894
Net Assets				
Invested in Capital Assets, Net of Related Debt	116,236	82,851	-	199,087
Restricted For:				
Capital Projects	246,199	313,677	-	559,876
Debt Service	161,622	143,815	-	305,437
Rate Stabilization	136,283	-	-	136,283
Unrestricted	(148,978)	14,329	28,338	(106,311)
Total Net Assets	511,362	554,672	28,338	1,094,372

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

CITY OF PHILADELPHIA
STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN FUND NET ASSETS
Proprietary Funds
For the Fiscal Year Ended June 30, 2002
(Amounts in thousands of USD)

Exhibit VII

	Business-Type Activities - Enterprise Funds			Totals
	Water and Sewer	Aviation	Other Non-Major Industrial & Commercial Development	
Operating Revenues:				
Charges for Goods and Services	346,138	50,599	-	396,737
Sales of Land and Improvements	-	-	3,020	3,020
Rentals and Concessions	-	102,146	-	102,146
Miscellaneous Operating Revenues	4,815	2,016	136	6,967
Total Operating Revenues	350,953	154,761	3,156	508,870
Operating Expenses:				
Personal Services	101,548	44,151	-	145,699
Purchase of Services	55,336	44,205	888	100,429
Materials and Supplies	25,181	4,146	-	29,327
Employee Benefits	40,385	17,163	-	57,548
Indemnities and Taxes	3,815	1,449	-	5,264
Depreciation and Amortization	82,326	55,352	-	137,678
Cost of Goods Sold	-	-	3,585	3,585
Total Operating Expenses	308,591	166,466	4,473	479,530
Operating Income (Loss)	42,362	(11,705)	(1,317)	29,340
Non-Operating Revenues (Expenses):				
Operating Grants	8,747	2,263	-	11,010
Passenger Facility Charges	-	46,468	-	46,468
Interest Income	31,835	13,411	148	45,394
Debt Service - Interest	(96,948)	(31,146)	-	(128,094)
Other Expenses	(22,152)	(264)	683	(21,733)
Total Non-Operating Revenues (Expenses)	(78,518)	30,732	831	(46,955)
Income (Loss) Before Contributions & Transfers	(36,156)	19,027	(486)	(17,615)
Transfers Out	(6,937)	-	-	(6,937)
Capital Contributions	-	20,568	3,194	23,762
Change in Net Assets	(43,093)	39,595	2,708	(790)
Net Assets - July 1, 2001	554,455	515,077	25,630	1,095,162
Net Assets - June 30, 2002	511,362	554,672	28,338	1,094,372

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

CITY OF PHILADELPHIA
STATEMENT OF CASH FLOWS
Proprietary Funds
June 30, 2002
(Amounts in thousands of USD)

Exhibit VIII

	Business Type Activities - Enterprise Funds			
	Water and Sewer	Aviation	Other Non-Major Industrial & Commercial Development	Totals
CASH FLOWS FROM OPERATING ACTIVITIES				
Receipts from Customers	348,305	139,460	1,102	488,867
Payments to Suppliers	(84,157)	(48,951)	(3,470)	(136,578)
Payments to Employees	(140,738)	(59,949)	-	(200,687)
Internal Activity-Payments to Other Funds	-	(2,450)	-	(2,450)
Claims Paid	(3,542)	-	-	(3,542)
Other Receipts (Payments)	995	(203)	136	928
Net Cash Provided (Used)	<u>120,863</u>	<u>27,907</u>	<u>(2,232)</u>	<u>146,538</u>
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES				
Operating Grants Received	8,554	-	-	8,554
Operating Subsidies and Transfers (to) from Other Funds	(6,936)	15,327	-	8,391
Net Cash Provided (Used)	<u>1,618</u>	<u>15,327</u>	<u>-</u>	<u>16,945</u>
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES				
Proceeds from Sale of Bonds	230,581	226,221	-	456,802
Contributions Received	3	23,116	-	23,119
Acquisition and Construction of Capital Assets	(92,513)	(249,123)	-	(341,636)
Interest Paid on Debt Instruments	(83,890)	(58,414)	-	(142,304)
Principal Paid on Debt Instruments	(63,512)	(23,817)	-	(87,329)
Passenger Facility Charges	-	46,469	-	46,469
Other Receipts (Payments)	(995)	4,458	-	3,463
Net Cash Provided (Used)	<u>(10,326)</u>	<u>(31,090)</u>	<u>-</u>	<u>(41,416)</u>
CASH FLOWS FROM INVESTING ACTIVITIES				
Interest and Dividends on Investments	28,930	26,285	158	55,373
Net Cash Provided (Used)	<u>28,930</u>	<u>26,285</u>	<u>158</u>	<u>55,373</u>
Net Increase (Decrease) in Cash and Cash Equivalents	141,085	38,429	(2,074)	177,440
Cash and Cash Equivalents, July 1 (including 271,214 for Water & Sewer and 324,890 for Aviation reported in restricted accounts)	<u>310,685</u>	<u>397,816</u>	<u>8,977</u>	<u>717,478</u>
Cash and Cash Equivalents, June 30 (including 413,306 for Water & Sewer and 360,523 for Aviation reported in restricted accounts)	<u>451,770</u>	<u>436,245</u>	<u>6,903</u>	<u>894,918</u>
Reconciliation of Operating Income (Loss) to Net Cash Provided (Used) by Operating Activities:				
Operating Income (Loss)	42,362	(27,032)	(1,317)	14,013
Adjustments to Reconcile Operating Income to Net Cash Provided (Used) by Operating Activities:				
Depreciation Expense	82,326	55,352	-	137,678
Changes in Assets and Liabilities:				
Receivables, Net	(1,249)	(1,403)	(1,600)	(4,252)
Deferred Revenue	-	2,459	-	2,459
Inventories	908	(286)	685	1,307
Accounts and Other Payables	(3,484)	(575)	-	(4,059)
Accrued Expenses	-	(608)	-	(608)
Net Cash Provided by Operating Activities	<u>120,863</u>	<u>27,907</u>	<u>(2,232)</u>	<u>146,538</u>

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

CITY OF PHILADELPHIA
STATEMENT OF FIDUCIARY NET ASSETS
Fiduciary Funds
June 30, 2002
(Amounts in thousands of USD)

Exhibit IX

	Pension Trust Funds			Agency Funds
	Gas Works Retirement Reserve Fund	Municipal Pension Fund	Total	
Assets				
Cash on Deposit and on Hand	-	-	-	61,168
Equity in Treasurer's Account	368,794	4,015,094	4,383,888	30,616
Investments	-	-	-	30,903
Securities Lending Collective Investment Pool	1,216	214,944	216,160	-
Accounts Receivable	-	6,226	6,226	-
Due from Brokers for Securities Sold	-	56,312	56,312	-
Interest and Dividends Receivable	1,092	11,743	12,835	-
Due from Other Governmental Units	3,697	1,152	4,849	-
Due from Other Funds	-	-	-	792
Other Assets	-	11	11	-
Total Assets	374,799	4,305,482	4,680,281	123,479
Liabilities				
Vouchers Payable	-	12	12	360
Accounts Payable	429	1,854	2,283	-
Salaries and Wages Payable	-	50	50	-
Payroll Taxes Payable	-	-	-	12,663
Funds Held in Escrow	-	-	-	110,456
Due on Return of Securities Loaned	1,216	214,944	216,160	-
Due to Brokers for Securities Purchased	7,967	123,835	131,802	-
Accrued Expenses	-	941	941	-
Deferred Revenue	-	4,948	4,948	-
Other Liabilities	-	388	388	-
Total Liabilities	9,612	346,972	356,584	123,479
Net Assets	365,187	3,958,510	4,323,697	-

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

CITY OF PHILADELPHIA
STATEMENT OF CHANGES IN FIDUCIARY NET ASSETS
Fiduciary Funds
For the Fiscal Year Ended June 30, 2002
(Amounts in thousands of USD)

Exhibit X

	Pension Trust Funds		Total
	Gas Works Retirement Reserve Fund	Municipal Pension Fund	
<u>Additions (Reductions):</u>			
Contributions:			
Employer's Contributions	7,588	178,240	185,828
Employees' Contributions	-	50,079	50,079
Total Contributions	<u>7,588</u>	<u>228,319</u>	<u>235,907</u>
Investment Income:			
Interest and Dividends	14,174	109,267	123,441
Net Decline in Fair Value of Investments	(38,194)	(347,607)	(385,801)
(Less) Investments Expenses	(1,775)	(11,948)	(13,723)
Securities Lending Revenue	65	10,808	10,873
(Less) Securities Lending Expenses	(48)	(8,657)	(8,705)
Net Investment Loss	<u>(25,778)</u>	<u>(248,137)</u>	<u>(273,915)</u>
Miscellaneous Operating Revenues	-	699	699
Total Additions (Reductions)	<u>(18,190)</u>	<u>(19,119)</u>	<u>(37,309)</u>
<u>Deductions</u>			
Personal Services	-	2,725	2,725
Purchase of Services	-	1,022	1,022
Materials and Supplies	-	85	85
Employee Benefits	-	1,055	1,055
Pension Benefits	29,617	450,222	479,839
Refunds of Members' Contributions	-	7,145	7,145
Other Operating Expenses	-	230	230
Total Deductions	<u>29,617</u>	<u>462,484</u>	<u>492,101</u>
Net Increase(Decrease)	<u>(47,807)</u>	<u>(481,603)</u>	<u>(529,410)</u>
Net Assets - July 1, 2001	412,994	4,440,113	4,853,107
Net Assets - June 30, 2002	<u>365,187</u>	<u>3,958,510</u>	<u>4,323,697</u>

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

CITY OF PHILADELPHIA
STATEMENT OF NET ASSETS
Component Units
June 30, 2002

(Amounts in thousands of USD)

Exhibit XI

	Philadelphia Gas Works*	Philadelphia Redevelopment Authority	Philadelphia Housing Development Corporation	Philadelphia Housing Authority	Philadelphia Parking Authority*	School District of Philadelphia	Community College of Philadelphia	Community Behavioral Health**	Pennsylvania Convention Center Authority	Penn's Landing Corporation	Philadelphia Authority for Industrial Development*	Total
Assets												
Cash on Deposit and on Hand	510	48,356	4,619	53,268	14,156	275,482	1,414	16,596	1,101	12,202	24,545	452,249
Investments	-	-	6,286	41,525	174,074	60,002	28,283	-	44,657	-	-	348,541
Due from Primary Government	-	-	-	-	-	-	-	-	4,412	-	-	10,698
Amounts Held by Fiscal Agent	10	-	-	-	-	-	-	-	-	-	-	10
Notes Receivable	386	33,673	-	37,670	-	-	857	-	-	8,000	-	80,586
Accounts Receivable	280,020	1,412	398	1,399	2,352	212,840	1,653	24,771	1,443	591	16,400	543,279
Allowance for Doubtful Accounts	(184,324)	-	-	-	-	(77,626)	(362)	-	-	-	-	(262,312)
Interest and Dividends Receivable	-	7,486	-	569	-	1,344	32	-	-	-	-	9,431
Due from Other Governments	-	15,309	2,519	48,038	-	38,176	996	25,968	-	-	8,052	139,058
Inventories	91,234	18,628	2,656	5,806	-	3,730	-	-	-	-	-	122,054
Other Current Assets	4,852	3,353	6	1,034	2,301	6,391	221	3,208	-	178	435	21,979
Restricted Assets:												
Cash and Cash Equivalents	194,797	1,262	-	403	-	119,237	15,465	-	-	-	2,697	333,861
Other Assets	84,626	59,761	-	17,163	-	-	-	-	2,649	-	33,770	197,969
Capital Assets, Net of Accumulated Depreciation	883,727	2,537	372	902,976	212,249	1,127,466	92,569	1,153	268,812	9,886	39,160	3,540,907
	1,355,838	191,777	16,856	1,109,851	405,132	1,767,042	141,128	71,696	323,074	30,857	125,059	5,538,310
Liabilities												
Notes Payable	78,000	14,431	2,195	-	-	-	-	-	-	44	-	94,670
Accounts Payable	51,849	6,979	5,990	17,686	14,394	66,341	8,057	60,943	1,255	663	16,497	250,654
Salaries and Wages Payable	2,761	1,145	-	-	513	55,853	2,909	-	499	-	-	63,680
Accrued Expenses	17,092	528	1,423	12,865	2,205	1,094	1,094	-	7,168	647	-	43,022
Funds Held in Escrow	-	3,860	-	683	-	-	137	-	-	-	6,427	11,107
Due to Other Governmental Units	-	2,475	271	-	-	446	3,953	-	17,712	-	3,092	10,237
Due to Primary Government	45,000	-	410	-	21,040	-	-	-	-	-	10,440	94,602
Deferred Revenue	11,145	11,679	-	-	-	18,947	1,868	-	1,134	-	5,546	50,319
Overpayment of Taxes	-	-	-	-	-	2,277	-	-	-	-	-	2,277
Other Current Liabilities:												
Non-Current Liabilities:												
Due within one year	40,355	2,814	389	16	35,862	109,874	2,155	-	7,620	-	-	199,085
Due in more than one year	905,182	84,028	125	97,658	312,444	1,964,235	53,515	-	238,386	15,016	2,311	3,672,900
Total Liabilities	1,151,384	127,939	12,996	140,487	386,458	2,239,905	73,688	70,543	273,774	16,405	44,313	4,537,892
Net Assets												
Invested in Capital Assets, Net of Related Debt	40,261	2,537	372	902,976	-	80,271	51,698	-	-	-	36,144	1,114,259
Restricted For:												
Capital Projects	-	-	-	-	-	86,340	460	-	-	-	-	86,800
Debt Service	96,598	6,239	-	-	18,674	53,102	-	-	-	-	-	174,613
Educational Programs	-	-	-	-	-	37,456	10,188	-	-	-	-	47,644
Grant Programs	-	-	-	-	-	-	-	-	-	-	34,157	34,157
Other	-	-	-	433	-	-	-	-	-	-	-	433
Unrestricted	67,595	55,062	3,488	65,955	-	(730,032)	5,094	1,153	49,300	14,452	10,445	(457,488)
Total Net Assets	204,454	63,838	3,860	969,364	18,674	(472,863)	67,440	1,153	49,300	14,452	80,746	1,000,418

* The Philadelphia Gas Works is presented as of the close of their fiscal year, August 31, 2001. The Community Behavioral Health Fund and the Philadelphia Authority for Industrial Development Fund are presented as of the close of their fiscal year, December 31, 2001. The Philadelphia Parking Authority is presented as of the close of their fiscal year, March 31, 2002.

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, 2002
(Amounts in thousands of USD)

Exhibit XII

	Net (Expense) Revenue and Changes in Net Assets													
	Program Revenues		Changes in Net Assets									Total		
	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Philadelphia Gas Works*	Philadelphia Redevelopment Authority	Philadelphia Housing Development Corporation	Philadelphia Housing Authority	Philadelphia Parking Authority*	School District of Philadelphia	Community College of Philadelphia	Community Behavioral Health*	Philadelphia Convention Center Authority	Penn's Landing Corporation	Philadelphia Authority for Industrial Development*
Programs/Functions														
Gas Operations														
Gas Works	769,235	31,067	-	(6,846)	-	-	-	-	-	-	-	-	-	(6,846)
Housing														
Redevelopment Authority	59,550	51,535	-	(6,031)	-	-	-	-	-	-	-	-	-	(6,031)
Housing Development Corporation	35,077	10,309	-	-	(750)	-	-	-	-	-	-	-	-	(750)
Housing Authority	296,540	278,283	108,854	-	-	111,774	-	-	-	-	-	-	-	111,774
Total	391,167	340,127	108,854	-	-	-	-	-	-	-	-	-	-	-
Parking														
Parking Authority	107,665	111,142	-	-	-	-	3,477	-	-	-	-	-	-	3,477
Education														
School District	2,034,755	15,111	454,302	24	-	-	-	-	(1,565,318)	-	-	-	-	(1,565,318)
Community College	110,248	20,056	31,683	384	-	-	-	-	(58,123)	-	-	-	-	(58,123)
Total	2,145,001	35,167	485,985	408	-	-	-	-	-	-	-	-	-	-
Health														
Community Behavioral Health	444,011	-	442,444	-	-	-	-	-	(1,567)	-	-	-	-	(1,567)
Economic Development														
Convention Center Authority	51,308	10,625	31,991	-	-	-	-	-	-	-	(8,692)	-	-	(8,692)
Penn's Landing Corporation	9,944	4,093	6,332	-	-	-	-	-	-	-	-	481	-	481
Authority for Industrial Development	103,819	14,502	83,580	22,943	-	-	-	-	-	1,191	2,285	-	17,206	17,206
Total	165,071	29,220	121,903	22,943	-	-	-	-	-	1,191	2,285	-	17,206	17,206
Total Component Units	4,022,150	954,030	1,421,526	132,205	-	-	-	-	-	-	-	-	-	(1,514,389)
General Revenues:														
Property Taxes	-	-	-	-	-	-	-	-	455,829	-	-	-	-	-
Other Taxes	-	-	-	-	-	-	-	-	134,728	-	-	-	-	134,728
Grants & Contributions Not Restricted to Specific Programs	-	-	-	-	-	-	-	-	890,897	50,355	-	-	-	941,252
Unrestricted Interest & Investment Earnings	-	-	-	-	-	-	-	-	814	-	-	-	273	14,565
Miscellaneous	-	-	-	-	6,437	-	-	-	953	443	-	-	-	4,396
Special Item-Gain(Loss) on Sale of Capital Assets	-	-	-	-	-	-	11,245	-	-	-	-	-	(1,898)	10,690
Transfers	-	-	-	-	-	-	-	-	-	-	-	-	-	20,463
Total General Revenues, Special Items and Transfers	-	-	-	-	6,437	-	11,245	-	1,482,407	51,612	1,191	2,285	(1,625)	1,581,923
Change in Net Assets	(6,846)	406	(750)	-	406	(750)	123,019	9,607	(82,911)	(6,511)	(376)	(6,407)	(1,144)	39,447
Net Assets - July 1, 2001	211,300	63,432	4,610	204,454	63,838	3,860	846,345	9,067	(389,952)	73,951	1,529	55,707	15,596	41,299
Net Assets - June 30, 2002	204,454	63,838	3,860	204,454	63,838	3,860	969,364	18,674	(472,863)	67,440	1,153	49,300	14,452	80,746

* The Philadelphia Gas Works is presented as of the close of their fiscal year, August 31, 2001. The Community Behavioral Health Fund and the Philadelphia Authority for Industrial Development Fund are presented as of the close of their fiscal year, December 31, 2001. The Philadelphia Parking Authority is presented as of the close of their fiscal year, March 31, 2002.

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



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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 generally accepted accounting principles, 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.

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

A. BLENDED COMPONENT UNITS

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

B. DISCRETELY PRESENTED COMPONENT UNITS

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

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

Penn's Landing Corporation (PLC) - Penn's Landing Corporation was established to assist the City and the Commonwealth of Pennsylvania and their agencies in the rehabilitation, renewal and management of the historic site on the bank of the Delaware River known as Penn's Landing. The Corporation is governed by a 20 member board with 10 members appointed by the City. It receives substantial subsidies from the City and its budgets must be approved by the City.

Pennsylvania Convention Center Authority (PCCA) - The Pennsylvania Convention Center Authority was established to develop, promote and operate a convention center facility in the Philadelphia metropolitan area. Under a Lease & Service agreement, the City is obligated to pay an annual service fee sufficient to cover the debt service on PCCA's outstanding bonded debt.

Philadelphia Housing Authority (PHA) - PHA was established to provide low cost housing and other social services to the residents of the City. It is governed by a five member board with four members appointed by the City. Its fiscal year ends on March 31. PHA provides significant services to the City's residents.

Philadelphia Housing Development Corporation (PHDC) - PHDC was established to promote the development of low cost housing within the City. It is governed by a 35 member board with 25 members appointed by the City and the remaining 10 designated by virtue of their City position.

Philadelphia Parking Authority (PPA) - 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.

Legislation was enacted in June 2001, by the Commonwealth of Pennsylvania, adding six new board member positions, in addition to the existing five board members. These six new members were appointed by the Governor. The City has filed suit to overturn this legislation. If the City's litigation fails, the Parking Authority's relationship to the City will be evaluated in accordance with GASB 14 to determine if their financial statements should be included in the City's reporting entity.

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

School District of Philadelphia (SDP) - SDP was established by the Educational Supplement to the Philadelphia Home Rule Charter to provide free public education for the City's residents.

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

Philadelphia Authority for Industrial Development (PAID) - PAID was formed under the Industrial Development Authority Law to issue debt to finance eligible industrial and commercial development projects. PAID is the delegate agency responsible for administration of certain state grants and acts in the City's behalf on major development projects in the City.

Philadelphia Gas Works (PGW) - PGW was established by the City to provide gas service to residential and commercial customers within the City of Philadelphia.

Individual financial statements can be obtained directly from their administrative offices by writing to the addresses provided:

Administrative Offices

Pennsylvania Intergovernmental Cooperation Authority
 1429 Walnut Street, 14th Floor
 Philadelphia, PA 19102

Philadelphia Municipal Authority
 Land Title Building
 100 South Broad Street, Suite 1525
 Philadelphia, Pa 19110

Community College of Philadelphia
 1700 Spring Garden Street
 Philadelphia, PA 19130

Philadelphia Parking Authority
 3101 Market Street, 2nd Floor
 Philadelphia, PA 19104

Penn's Landing Corporation
 121 North Columbus Boulevard
 Philadelphia, PA 19106

Redevelopment Authority of the City of Philadelphia
 1234 Market Street, 16th Floor
 Philadelphia, PA 19107

Pennsylvania Convention Center Authority
 1101 Arch Street
 Philadelphia, PA 19107

School District of Philadelphia
 2120 Winter Street
 Philadelphia, PA 19103

Philadelphia Housing Authority
 2012 Chestnut Street, 4th Floor
 Philadelphia, PA 19103

Community Behavioral Health, Inc.
 Philadelphia Department of Public Health
 1101 Market Street
 Philadelphia, PA 19107

Philadelphia Housing Development Corporation
 1234 Market Street
 Philadelphia, PA 19107

Philadelphia Authority for Industrial Development
 2600 Centre Square West
 1500 Market Street
 Philadelphia, PA 19102

Philadelphia Gas Works
 800 West Montgomery Avenue
 Philadelphia, PA 19122

C. AUDIT RESPONSIBILITY

The financial statements of the above component units, except for the School District of Philadelphia, as well as the financial statements of the Municipal Pension Fund and the Gas Works Retirement Reserve Fund have been audited by auditors other than the Office of the Controller of the City of Philadelphia. The table below indicates the percentage of certain financial information that was subject to audit by those other auditors :

	Governmental Activities	Business-type Activities	Aggregate Discretely Presented Component Units	Major Funds	Aggregate Remaining Fund Information
Total Assets	10%	0%	68%	0%	93%
Total Revenues	7%	0%	52%	0%	83%

D. RELATED ORGANIZATIONS

Hospitals & Higher Education Facilities Authority (HHEFA) - HHEFA was created to provide funds through the issuance of revenue or special obligation bonds and notes to assist nonprofit hospitals, nonprofit religious or hospital-affiliated sub-acute care facilities, nonprofit nursing homes, and higher education facilities in projects determined to be primarily for the health and safety of the citizens of the Philadelphia area. HHEFA is administered by a five member board appointed by the mayor. Management of the HHEFA is not designated by the City nor does the City have the ability to significantly influence operations. The City does not subsidize the operations of the HHEFA and does not guarantee its debt service. HHEFA has not been included as a component unit of the City's reporting entity because there is no accountability for fiscal matters to the City.

Private Industry Council of Philadelphia (PIC) - PIC was created to provide a training-based bridge connecting the City's unemployed with its area employers and prepares them for permanent unsubsidized employment through various types of training programs. PIC is governed by a 29 member board selected from the private sector by elected City officials. However, financial dependency rests with the Commonwealth of Pennsylvania. Management of PIC is not designated by the City nor does the City have the ability to significantly influence operations. PIC has not been included as a component unit of the City's reporting entity because there is no accountability for fiscal matters to the City.

2. GOVERNMENT-WIDE AND FUND FINANCIAL STATEMENTS

The City's *government wide* financial statements (i.e. the Statement of Net Assets 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 particular 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 privilege, net profits and earnings taxes are recognized when the underlying exchange transaction has taken place. Grant and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider have been met.

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

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

As a general rule, 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 remain intact and only the earnings are allowed to be used for the program.

The City reports on the following pension trust 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** accounts for contributions made by the Philadelphia Gas Works to provide pension benefit payments to its qualified employees under its noncontributory pension plan.

The City reports the following major proprietary funds:

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

The **Aviation Fund** accounts for the activities of the City's airports.

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

Proprietary funds distinguish operating revenues and expenses from nonoperating 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 nonoperating revenues and expenses.

B. COMPONENT UNITS

The **School District of Philadelphia** 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 **Community College of Philadelphia** have been prepared in accordance with GASB Statement No. 35 - Basic financial Statements - and Management's Discussion and Analysis - For Public Colleges and Universities.

The remaining component units prepare their financial statements in a manner similar to that of proprietary funds.

4. CASH AND INVESTMENTS

A. PRIMARY GOVERNMENT

The City utilizes a pooled Cash and Investments Account to provide efficient management of the cash of most City funds. In addition, separate cash accounts are maintained by various funds due to either legal requirements or operational needs. For Proprietary and Non-Expendable Trust 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.

Cash and investments are reflected as follows in the financial statements and related footnotes:

(Amounts In Thousands)

<u>Statement Presentation</u>		<u>Footnote Presentation</u>	
Cash On Deposit and On Hand	\$ 105,723	Cash & Cash Equivalents (Note III.1)	\$ 365,205
Equity In Treasurer's Account	5,067,520		
Investments	185,578	Investments (Note III.3)	6,531,998
Amounts Held by Fiscal Agent	331,053		
Included In Restricted Assets	991,169		
Other Assets	<u>216,160</u>		
			<u> </u>
Total Cash & Investments	<u>\$ 6,897,203</u>	Total Cash & Investments	<u>\$ 6,897,203</u>

B. COMPONENT UNITS

The **School District of Philadelphia** utilizes a pooled Cash and Investments Account to provide efficient management of the cash of most School District funds. In addition, cash balances are maintained in separate accounts by various funds due to either legal requirements or operational needs.

The investments of the various component units are carried at amortized cost or cost that approximates fair value as prescribed by GASB Statement 31.

Combined cash and investments and amounts held by fiscal agents of the component units are reflected as follows in the financial statements and related footnotes:

(Amounts In Thousands)			
<u>Statement Presentation</u>		<u>Footnote Presentation</u>	
Cash On Deposit and On Hand	\$ 452,249	Cash & Cash Equivalents (Note III.1)	\$ 505,177
Equity In Treasurer's Account	--		
Investments	348,541		
Held by Fiscal Agent	10		
Included in Restricted Assets	385,524	Investments (Note III.3)	681,147
Other Assets	<u>--</u>		
Total Cash & Investments	<u>\$ 1,186,324</u>	Total Cash & Investments	<u>\$ 1,186,324</u>

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 not shown on the Statement of Net Assets. 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 the lower of average cost or market.
- The **School District of Philadelphia** 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.
- **PHDC** inventory represents properties held for disposition or sale and are valued at the lower of cost or market.
- **RDA** inventory represents real estate held for resale and is valued at appraised value.
- **PHA** inventories are valued at cost using the average cost method.

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 in excess of three years. 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 fair market value 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 Fund which uses 80% as the determining percentage), (2) when the expenditures are for existing facilities or (3) when they relate to specific identifiable items completed during the year which were part of a larger project.

Cost of construction for proprietary fund capital assets includes all direct contract costs plus overhead costs. Overhead costs include direct and indirect engineering costs and interest incurred during the construction period for projects financed with bond proceeds. Interest is capitalized on proprietary fund assets acquired with tax-exempt debt. The amount of interest to be capitalized is calculated by offsetting interest expense incurred from the date of the borrowing until completion of the project with interest on invested proceeds over the same period.

Depreciation on the capital assets for all City funds is provided on the straight line method over their estimated useful lives: buildings - 20 to 50 years; equipment and storage facilities - 3 to 25 years; and transmission and distribution lines - 50 years.

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 Ryerss Museum & Library, Loudoun Mansion, Fort Mifflin, Atwater Kent Museum and the Betsy Ross House. The city also has sculptures, painting, 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 - 15 to 50 years; equipment and storage facilities - 3 to 25 years; and transmission and distribution lines - 50 years.

7. BONDS AND RELATED PREMIUMS, DISCOUNTS & ISSUANCE COSTS

In the *government wide* financial statements and in the proprietary fund statements, bond premiums and discounts are deferred and amortized over the life of the bonds using the effective interest method. Bonds payable are reported net of the applicable bond premium or discount. Bond issuance costs are reported as deferred charges and amortized over the life of the related debt.

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 worker's compensation, unemployment benefits, and health and welfare to its employees through a self-insured plan.

9. RECEIVABLE AND PAYABLES

Activity 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".

All trade and property receivables in the *governmental wide* financial statements are shown net of allowance for uncollectibles. The real estate tax receivable allowance is equal to 33.7 percent of outstanding real estate taxes at June 30. Property taxes are levied on a calendar year basis. The City's property taxes, levied on assessed valuation as of January 1, are due and payable on or before March 31. Taxes levied are intended to finance the fiscal year in which they become due. Current real estate rates are \$8.264 on each \$100 assessment; \$4.519 for the School district and \$3.745 for the City. Delinquent charges are assessed at 1.5% per month on all unpaid balances as of April 1. Real estate tax delinquents are subject to lien as of the following January 1. The City has established real estate improvement programs that abate, for limited periods, tax increases that result from higher assessments for improved properties. Certain incremental tax assessments are earmarked to repay loans from the City to developers who improve properties under Tax Increment Financing agreements.

10. DEFERRED REVENUES

A. PRIMARY GOVERNMENT

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

B. COMPONENT UNITS

Deferred revenue of the **School District of Philadelphia** consists primarily of uncollected real estate taxes which were levied in the current and prior years but will not be available to pay liabilities of the current period. It is estimated that substantially all of the year-end balance will be received and recognized as revenue in the subsequent year.

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

11. COMPENSATED ABSENCES

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

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. COMPONENT UNIT ACCRUED LIABILITIES, NOTES PAYABLE AND FIXED LIABILITIES

Accrued liabilities, notes payable and fixed liabilities of the **Philadelphia Housing Authority** are comprised primarily of accrued interest and notes or bonds payable which are the obligations of HUD. Such obligations were issued by HUD to finance the acquisition, construction or rehabilitation of housing units utilized by PHA in the Public Housing Program. HUD pays the annual debt service on these obligations through annual contribution contracts.

14. NEW ACCOUNTING STANDARDS

With this report, the City and its' Component Units have changed their financial reporting to comply with the Government Accounting Standards Board's Statement No. 34 "Basic Financial Statements - and Management's Discussion and Analysis - for State and Local Governments" . As part of the implementation of GASB Statement No. 34, the City has opted for early implementation of infrastructure reporting. In doing so, the historical cost of infrastructure assets (retroactive to 1980) is included as part of the governmental assets reported in the *government wide* financial statements. Therefore, the depreciated value of construction costs for roads, curbs and gutters, streets and sidewalk is reported. Other pronouncements were also implemented in conjunction with the GASB 34 implementation that did not materially affect the comparability of the financial statements from that of the prior year. The pronouncements included: GASB Statement No. 38, "Certain Financial Statement Note Disclosures" which rescinds some and modifies other financial statement disclosure requirements and GASB Statement No. 37 "Basic Financial Statements—and Management's Discussion and Analysis—for State and Local Governments: Omnibus—an amendment of GASB Statements No. 21 and No. 34" which clarifies certain provisions that, in retrospect, were not sufficiently clear for consistent application and modifies other provisions that the Board believes may have unintended consequences in some circumstances. GASB interpretations No. 6, "Recognition and measurement of Certain Liabilities and Expenditures in Governmental Fund Financial Statements", which clarifies certain provisions of NCGA Statements 1,4 and 5, NCGA Interpretation 8, and GASB Statements No. 10, 16 and 18. Implementation of these GASB Statements did not result in a change in beginning fund balance as reported in the fund financial statements on the modified accrual basis of accounting.

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, seven Special Revenue Funds (County Liquid Fuels Tax, Special Gasoline Tax, HealthChoices Behavioral Health, Hotel Room Rental Tax, Grants Revenue, Community Development and Car Rental Tax 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 councilmanic approval. Appropriations that are not expended or encumbered at year end are lapsed. Comparisons of budget to actual activity at the legal level of compliance are located in the City's *Supplemental Report of Revenues and Obligations*, a separately published report.

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

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

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

III. DETAILED NOTES ON ALL FUNDS AND ACCOUNTS

1. CASH

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 in the City's name by the Federal Reserve Bank or the trust department of a commercial bank other than the pledging bank.

At year-end, the carrying amount (book balance) of deposits for the City and the bank balance were \$365.2 million and \$360.9 million, respectively. The amount of the total cash balance per bank records is classified into three categories of custodial credit risk: (1) cash that is insured or collateralized with securities held by the City or by its agent in the City's name, (2) cash collateralized with securities held by the pledging financial institution's trust department or agent in the City's name, and (3) uncollateralized bank accounts.

The deposits of the City and its component units are classified as follows at year-end:

(Amounts In Thousands)

	<u>Custodial Credit Risk Category</u>			Total Bank <u>Balance</u>	Book <u>Balance</u>
	<u>1</u>	<u>2</u>	<u>3</u>		
Primary Government	\$ 100	\$ 76,132	\$ 284,676	\$ 360,908	\$ 365,205
Component Units	\$ 52,502	\$ 216	\$ 467,450	\$ 520,168	\$ 505,177

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

2. SECURITIES LENDING

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

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

3. INVESTMENTS

A. PRIMARY GOVERNMENT

Statutes authorize the City to invest in obligations of the Treasury, agencies, and instruments of the United States, repurchase agreements, collateralized certificates of deposit, bank acceptance or mortgage obligations, certain corporate bonds, and money market funds. The Pension Trust Fund is

CITY OF PHILADELPHIA
NOTES TO THE FINANCIAL STATEMENTS
For the Fiscal Year Ended June 30, 2002

Exhibit XIII

also authorized to invest in corporate bonds rated AA or better by Moody's Bond Ratings, common stocks and real estate.

The investments of the City are categorized below to give an indication of the level of risk assumed by the entity at year-end. Category 1 includes investments that are insured or registered or for which the securities are held by the City or its agent in the City's name. Category 2 includes uninsured and unregistered investments for which the securities are held by the counterparty's trust department or agent in the City's name. Category 3 includes uninsured and unregistered investments for which the securities are held by the counterparty, or by its trust department or agent, but not in the City's name. Investments at year-end consist of:

(Amounts In Thousands)

Investment Type	Category			Fair
	1	2	3	Value
Repurchase Agreements	\$ 13,103	\$ --	\$ 289,551	\$ 302,654
U.S. Government Securities	604,703	1,688	7,566	613,957
U.S. Government Agency Securities	696,044	--	40,410	736,454
Corporate Bonds	640,363	--	--	640,363
Corporate Equities				
Not On Securities Loan	2,874,315	--	2,165	2,876,480
On Loan For Securities Collateral	1,770	--	--	1,770
Closed-Ended Mutual Funds	--	--	--	--
Other Investments	165,687	--	167,771	333,458
Total Categorized Investments	<u>\$ 4,995,985</u>	<u>\$ 1,688</u>	<u>\$ 507,463</u>	5,505,136
Short Term Investment Pools				398,200
Mortgages				35,494
Real Estate				736
Partnerships				36,318
Financial Agreements				130,088
Investments Held By Broker-Dealers Under Securities Loans With Cash Collateral:				
U.S. Government Securities				101,787
Corporate Bonds				17,571
Corporate Equities				90,508
Securities Lending Investment Pool				216,160
Total Investments				<u>\$ 6,531,998</u>

Securities lent at year end by the Municipal Pension Fund and the PGW Retirement Reserve Fund for cash collateral are presented as unclassified in the schedule above. Securities lent for securities collateral are classified according to the category for the collateral. The Municipal Pension Fund owns approximately 64.5% of total investments and 79.4% of the investments in Category 1.

B. COMPONENT UNITS

The investments of the City's component units are categorized below, based on the criteria described above, to give an indication of the level of risk assumed by the entity at year-end and consist of:

Investment Type	(Amounts In Thousands)			Fair Value
	Category			
	<u>1</u>	<u>2</u>	<u>3</u>	
Repurchase Agreements	\$ 182,031	\$ --	\$ --	\$ 182,031
U.S. Government & Agency Securities	235,743	--	49,660	285,403
Corporate Bonds	1,043	--	--	1,043
Corporate Equity	1,549	--	--	1,549
Other Investments	87,986	--	44,963	132,949
Total Categorized Investments	<u>\$ 508,352</u>	<u>\$ --</u>	<u>\$ 94,623</u>	602,975
Short-Term Investment Pools				<u>78,172</u>
Total Investments				<u>\$ 681,147</u>

4. AMOUNTS HELD BY FISCAL AGENT

Two of the City's component units (PAID and RDA) have issued debt, that in accordance with GASB interpretation No. 2 is considered conduit debt. Therefore, no asset related to the bond proceeds or liability related to the bonds are 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. These cash and investment balances are included in the amounts categorized in Notes III.1 and III.3 above.

A. GOVERNMENTAL FUNDS

General Fund - Consists of cash and investment balances related to the net proceeds of PAID's Sports Stadium Financing Lease Revenue Bonds Series A & B of 2001.

Grants Revenue Fund - Consists of cash and investment balances related to the net proceeds of the Redevelopment Authority's City of Philadelphia Neighborhood Transformation Initiative Bonds Series 2002 A & B.

B. PROPRIETARY FUNDS

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

5. 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.

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For the Fiscal Year Ended June 30, 2002**

Exhibit XIII

(Amounts in Thousands)

	<i>Interfund Receivables Due to:</i>			
	Nonmajor Governmental			Total
	General	Special	Other	
		Revenue	Funds	
<i>Interfund Payables Due From:</i>				
General	\$ -	\$ -	\$ 786	\$ 786
Nonmajor Special Revenue Funds	13,924	-	6	13,930
Nonmajor Debt Service Funds	-	434	-	434
Total	\$ 13,924	\$ 434	\$ 792	\$ 15,150

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 balances are expected to be settled during the subsequent year. During fiscal 2001, the City approved loaning up to \$45 million to the Philadelphia Gas Works to meet an unanticipated emergency created by a cash flow crisis. As of June 30, 2002 the entire \$45 million was outstanding. Interfund receivable and payable balances among the Primary Government and Component Units at year end are as follows:

(Amounts in Thousands)

	<i>Interfund Receivables Due to:</i>							Total
	General	Capital	Airport	PHDC	PCCA	CBH	Timing Difference	
<i>Interfund Payables Due From:</i>								
Behavioral Health	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 25,968	\$ (25,968)	\$ -
Grants Revenue	-	-	-	4,725	-	-	-	4,725
Nonmajor Special Revenue Funds	-	-	-	1,562	4,412	-	-	5,974
PGW	45,000	-	-	-	-	-	-	45,000
PHDC	-	410	-	-	-	-	-	410
PCCA	17,712	-	-	-	-	-	-	17,712
PPA	4,177	-	16,862	-	-	-	-	21,039
Timing Differences	-	-	(16,862)	-	-	-	-	(16,862)
Total	\$ 66,889	\$ 410	\$ -	\$ 6,287	\$ 4,412	\$ 25,968	\$ (25,968)	\$ 77,998

6. CAPITAL ASSET ACTIVITY

A. PRIMARY GOVERNMENT

Capital Asset activity for the year ended June 30 was as follows:

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NOTES TO THE FINANCIAL STATEMENTS
For the Fiscal Year Ended June 30, 2002**

Exhibit XIII

(A mounts In Millions)

	Beginning				Ending
	Balance	Increases	Decreases		Balance
Governmental Activities:					
Capital assets not being depreciated:					
Land	\$ 515	\$ 106	\$ (4)		\$ 617
Construction In Process	13	6	(10)		9
Total capital assets not being depreciated	<u>528</u>	<u>112</u>	<u>(14)</u>		<u>626</u>
Capital assets being depreciated:					
Buildings	1,568	66	(48)		1,586
Other Improvements	246	11	(3)		254
Equipment	386	17	--		403
Infrastructure	987	34	--		1,021
Transit	292	--	--		292
Total capital assets being depreciated	<u>3,479</u>	<u>128</u>	<u>(51)</u>		<u>3,556</u>
Less accumulated depreciation for:					
Buildings	(737)	(48)	16		(769)
Other Improvements	(145)	(8)	1		(152)
Equipment	(276)	(28)	5		(299)
Infrastructure	(522)	(44)	--		(566)
Transit	(129)	(9)	--		(138)
Total accumulated depreciation :	<u>(1,809)</u>	<u>(137)</u>	<u>22</u>		<u>(1,924)</u>
Total capital assets being depreciated, net	<u>1,670</u>	<u>(9)</u>	<u>(29)</u>		<u>1,632</u>
Governmental activities capital assets, \$	<u><u>2,198</u></u>	<u><u>103</u></u>	<u><u>(43)</u></u>		<u><u>2,258</u></u>

(A mounts In Millions)

	Beginning				Ending
	Balance	Increases	Decreases		Balance
Business-type activities					
Capital assets not being depreciated:					
Land	\$ 78	\$ --	\$ --		\$ 78
Construction In Process	365	274	(122)		517
Total capital assets not being depreciated	<u>443</u>	<u>274</u>	<u>(122)</u>		<u>595</u>
Capital assets being depreciated:					
Buildings	2,030	90	(4)		2,116
Other Improvements	68	1	--		69
Equipment	102	10	(29)		83
Infrastructure	1,799	169	(63)		1,905
Total capital assets being depreciated	<u>3,999</u>	<u>270</u>	<u>(96)</u>		<u>4,173</u>
Less accumulated depreciation for:					
Buildings	(880)	(72)	2		(950)
Other Improvements	(19)	(4)	--		(23)
Equipment	(62)	(9)	18		(53)
Infrastructure	(819)	(44)	1		(862)
Total accumulated depreciation :	<u>(1,780)</u>	<u>(129)</u>	<u>21</u>		<u>(1,888)</u>
Total capital assets being depreciated, net	<u>2,219</u>	<u>141</u>	<u>(75)</u>		<u>2,285</u>
Business-type activities capital assets, \$	<u><u>2,662</u></u>	<u><u>415</u></u>	<u><u>(197)</u></u>		<u><u>2,880</u></u>

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

(Amounts in Thousands)	
Governmental Activities:	
Economic Development	\$ 3,615
Transportation:	
Streets & Highways	30,315
Mass Transit	28,361
Judiciary and Law Enforcement:	
Police	7,619
Prisons	3,532
Courts	888
Conservation of Health:	
Health Services	1,865
Housing and Neighborhood Development	
	8
Cultural and Recreational:	
Recreation	11,291
Parks	6,812
Libraries and Museums	3,971
Improvements to General Welfare:	
Social Services	2,029
Inspections and Demolitions	163
Service to Property:	
Fire	3,852
General Management and Support	32,133
Total Governmental Activities	<u>\$ 136,454</u>
Business Type Activities:	
Water and Sewer	\$ 73,326
Aviation	55,352
Total Business Type Activities	<u>\$ 128,678</u>

B. DISCRETELY PRESENTED COMPONENT UNITS

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

CITY OF PHILADELPHIA
NOTES TO THE FINANCIAL STATEMENTS
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Exhibit XIII

(A mounts In Millions)

	Beginning			Ending Balance
	Balance	Increases	Decreases	
Governmental Activities:				
Capital assets not being depreciated:				
Land	\$ 91	\$ 14	\$ --	\$ 105
Construction In Process	135	57	(61)	131
Total capital assets not being depreciated	<u>226</u>	<u>71</u>	<u>(61)</u>	<u>236</u>
Capital assets being depreciated:				
Buildings	686	85	--	771
Other Improvements	764	12	(6)	770
Equipment	176	40	(14)	202
Infrastructure	1	--	(0)	1
Total capital assets being depreciated	<u>1,627</u>	<u>138</u>	<u>(21)</u>	<u>1,744</u>
Less accumulated depreciation for:				
Buildings	(455)	(20)	--	(475)
Other Improvements	(275)	(35)	6	(304)
Equipment	(75)	(15)	14	(76)
Infrastructure	(1)	(0)	0	(1)
Total accumulated depreciation :	<u>(806)</u>	<u>(70)</u>	<u>21</u>	<u>(856)</u>
Total capital assets being depreciated, net	<u>821</u>	<u>67</u>	<u>--</u>	<u>888</u>
Capital assets, net	<u>\$ 1,047</u>	<u>\$ 138</u>	<u>\$ (61)</u>	<u>\$ 1,124</u>

(A mounts In Millions)

	Beginning			Ending Balance
	Balance	Increases	Decreases	
Business-type activities				
Capital assets not being depreciated:				
Land	\$ 60	\$ 34	\$ --	\$ 94
Fine Arts	3	--	--	3
Construction In Process	156	100	(105)	152
Total capital assets not being depreciated	<u>219</u>	<u>134</u>	<u>(105)</u>	<u>248</u>
Capital assets being depreciated:				
Buildings	2,115	170	(13)	2,272
Other Improvements	18	--	--	18
Equipment	380	51	(83)	348
Infrastructure	920	56	(1)	975
Total capital assets being depreciated	<u>3,432</u>	<u>277</u>	<u>(96)</u>	<u>3,613</u>
Less accumulated depreciation for:				
Buildings	(865)	(65)	11	(919)
Other Improvements	(7)	(1)	--	(8)
Equipment	(143)	(15)	68	(90)
Infrastructure	(404)	(22)	1	(425)
Total accumulated depreciation :	<u>(1,419)</u>	<u>(103)</u>	<u>80</u>	<u>(1,442)</u>
Total capital assets being depreciated, net	<u>2,013</u>	<u>174</u>	<u>(16)</u>	<u>2,171</u>
Capital assets, net	<u>\$ 2,232</u>	<u>\$ 308</u>	<u>\$ (121)</u>	<u>\$ 2,419</u>

7. NOTES PAYABLE

A. PRIMARY GOVERNMENT

The City, through the Office of Housing and Community Development (OHCD) has entered into an agreement with the Philadelphia Housing Authority (PHA) whereby PHA will loan the City an amount not to exceed \$4.5 million which will be secured with a non interest bearing Promissory Note for which the City is liable. The City will draw down against the authorized loan on an "as needed" basis to fund the Blight Removal Program. The City anticipates that the expenditures will be reimbursed through future Community Development Block Grants. To date, the City has drawn down \$2.7 million of which \$1.3 million has been repaid leaving a June 30, 2002 outstanding balance of \$1.4 million.

B. COMPONENT UNITS

PGW, pursuant to the provisions of certain ordinances and Resolutions, may sell short-term notes in a principal amount which, together with the interest thereon, will not exceed \$100 million outstanding at any one time. These notes are intended to provide additional working capital. They are supported by an irrevocable letter of credit and a subordinated security interest in the Fund's revenues. The notes outstanding at year end (August 31, 2001) had an average weighted interest rate of approximately 2.42% and terms to maturity of 4 to 53 days. The principal amount outstanding was \$78.0 million.

RDA has issued a series of Mortgage Notes Payable with an outstanding balance at year end of \$32.0 million related to various projects of the Authority. These notes have interest rates ranging from 0% to 10.56%. Aggregate minimum principal payments on these notes are as follows:

<u>Fiscal Year</u>	<u>Amount</u>
2003	\$ 11,756,029
2004	249,759
2005	701,956
2006	664,032
2007	1,357,754
2008-2012	431,155
2013-2017	--
2018-2022	13,113,957
2023-2027	839,500
2028-2032	1,000,000
2033-2036	<u>1,950,000</u>
Total	<u>\$ 32,064,142</u>

In October 2001, **Community College of Philadelphia** entered a loan agreement with the Hospitals and Higher Education Facilities Authority to borrow \$26.6 million to purchase land, construction and outfitting for the Business and Industry/Technology Center. The note will be repaid over 20 years at interest rates ranging from 2.8% to 5.17% and an annual debt service payment of \$2,096,845.

The College borrowed \$30.6 million under an agreement with the Hospitals and Higher Education Facilities Authority dated June 1, 1994. Of the proceeds, \$14.9 million was used to retire Series 1989 bonds. This debt is considered to be defeased and the liability has been removed from the College's Plant Fund. This portion of the obligation is payable over 15 years at interest rates ranging from 3.75% to 6.15% with an average annual debt service payment of \$1.5 million. The remaining \$15.7 million was used to fund capital projects. This portion of the debt was refinanced by the note described below. The remaining payments are scheduled through fiscal year 2006 at interest rates ranging from 5.3% to 5.95% with average annual debt service of \$844,228.

In May, 1999 the College entered a loan agreement with the Hospitals and Higher Education Facilities Authority to borrow \$9.6 million. Of the proceeds of \$9.3 million (net of bond discount and issuance costs), \$300,000 was used for capital improvements. The remaining \$9.1 million was used to purchase US Government Securities which were deposited with an escrow agent to provide for future debt service payments on the 1994 Series Bonds for the years 2007-2014. As a result, that portion of the 1994 Bonds are considered defeased and the related debt has been removed from the College's Plant Fund. The 1999 series debt is payable over 15 years at interest rates ranging from 3.4% to 4.88% with average annual debt service of \$1.0 million. The call date on these bonds is May 1, 2004.

In July, 1998 the College entered a loan agreement with the Hospitals and Higher Education Facilities Authority to borrow \$9.4 million to fund capital projects. This obligation is payable over 20 years at interest rates ranging from 3.9% to 5.23% with an average annual debt service payment of \$757,324.

The combined principal balance outstanding at year end for all notes was \$55.7 million with combined repayments as follows:

<u>Period</u>	<u>Amount</u>
2002 to 2003	\$ 2,155,000
2003 to 2004	3,120,000
2004 to 2005	3,265,000
2005 to 2006	3,435,000
2006 to 2007	3,615,000
2008 to 2012	16,100,000
2013 to 2017	12,420,000
2018 to 2022	9,525,000
2023 to 2027	2,035,000
2027 to 2032	--
	<hr/>
Total	\$ <u>55,670,000</u>

PPA, in prior years, borrowed a total of \$11.7 million in the form of bank notes ranging in maturity from 3-15 years and in interest rates from 5.9-6.5%. The proceeds of these notes were used to finance the purchase of automobiles to be used in operations, a parking facility, building improvements and the development of a records department.

The total outstanding principal balance of these notes at March 31, 2002 was \$10,280,000 subject to the following repayment schedule:

<u>Fiscal Year</u>	<u>Amount</u>
2003	\$ 382,000
2004	5,107,000
2005	433,000
2006	461,000
2007	491,000
2008-2012	3,332,000
2013-2017	74,000
	<u>10,280,000</u>
Total	<u>10,280,000</u>

8. 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 (City General Obligation Bonds) payable principally from property taxes. The statutory limit for the City is \$1.2 billion. The City General Obligation Debt net of deductions authorized by law is \$1.1 billion, leaving a legal debt borrowing capacity of \$133.9 million.

The following schedule reflects the changes in long-term liabilities for Governmental Activity for the fiscal year:

(A amounts in Millions)

	<u>Beginning</u>			<u>Ending</u>	<u>Due Within</u>
	<u>Balance</u>	<u>Additions</u>	<u>Reductions</u>	<u>Balance</u>	<u>One Year</u>
Governmental Activities					
Bonds Payable					
Term Bonds	\$ 1,420.3	\$ --	\$ (65.3)	\$ 1,355.0	\$ 40.9
Refunding Bonds	252.9	--	(30.7)	222.2	30.4
Serial Bonds	464.4	--	(32.1)	432.3	35.5
Total Bonds Payable	<u>2,137.6</u>	<u>--</u>	<u>(128.1)</u>	<u>2,009.5</u>	<u>106.8</u>
Obligations Under Lease & Service Agreements					
Pension Service Agreement	1,296.8	89.8	--	1,386.6	11.4
Neighborhood Transformation	--	142.6	--	142.6	3.4
One Parkway	58.8	--	(3.0)	55.8	1.1
Sports Stadium	--	346.8	--	346.8	4.8
Indemnity Claims	53.3	19.5	(30.8)	42.0	11.5
Worker's Compensation Claims	64.5	66.8	(32.5)	98.8	12.4
Termination Compensation Payable	152.0	12.4	--	164.4	13.1
Governmental Activity Long-term Liabilities	<u>\$ 3,763.0</u>	<u>\$ 677.9</u>	<u>\$ (194.4)</u>	<u>\$ 4,246.5</u>	<u>\$ 164.5</u>

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

	Interest		(Amounts In Millions)	
	Rates		Principal	Due Dates
	Governmental Funds:			
City	1.0 % to 6.25 %	\$ 858.9	Fiscal 2003 to 2032	
Municipal Authority	2.35 % to 8.625 %	309.9	Fiscal 2003 to 2019	
PICA	4.00 % to 6.00 %	840.7	Fiscal 2003 to 2023	
		<u>\$ 2,009.5</u>		

The City has General Obligation Bonds authorized and unissued at year end of \$357.4 million for Governmental Funds.

The debt service through maturity for the Governmental General Obligation Debt is as follows:

Fiscal Year	City Fund		Blended Component Units			
	General Fund		Municipal Authority		PICA	
	Principal	Interest	Principal	Interest	Principal	Interest
2003	\$ 44.6	\$ 42.9	\$ 25.6	\$ 20.6	\$ 36.6	\$ 42.6
2004	43.3	40.7	24.7	19.5	35.6	40.8
2005	27.9	38.4	21.6	18.5	47.0	39.0
2006	17.1	37.1	20.5	17.6	49.1	37.0
2007	19.1	36.3	21.4	16.7	51.7	34.5
2008-2012	129.3	164.6	88.7	85.8	202.7	137.3
2013-2017	157.8	128.0	107.4	30.6	221.3	85.1
2018-2022	164.3	86.8	--	--	177.1	29.8
2023-2027	155.8	46.6	--	--	19.6	0.9
2028-2032	99.7	11.6	--	--	--	--
Totals	<u>\$ 858.9</u>	<u>\$ 633.0</u>	<u>\$ 309.9</u>	<u>\$ 209.3</u>	<u>\$ 840.7</u>	<u>\$ 447.0</u>

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

(Amounts In Millions)

Lease and Service Agreements									
Fiscal Year	Pension Service Agreement		Neighborhood Transformation		One Parkway		Sports Stadium		
	Principal	Interest	Principal	Interest	Principal	Interest	Principal	Interest	
2003	\$ 11.4	\$ 51.7	\$ 3.5	\$ 7.5	\$ 1.1	\$ 3.0	\$ 4.8	\$ 18.2	
2004	15.8	51.1	3.5	7.4	1.2	2.9	0.2	18.2	
2005	26.9	50.2	3.7	7.2	1.3	2.9	0.8	18.2	
2006	33.3	48.7	3.8	7.1	1.3	2.8	1.5	18.1	
2007	40.0	46.8	4.0	6.9	1.4	2.7	5.6	18.0	
2008-2012	301.3	231.1	21.8	31.2	8.0	12.5	35.6	84.4	
2013-2017	240.9	410.3	28.2	24.8	10.4	10.1	52.0	72.4	
2018-2022	162.5	511.1	36.8	16.2	13.5	7.0	68.1	56.0	
2023-2027	215.6	459.2	37.3	5.0	17.6	2.9	88.7	35.4	
2028-2032	338.9	29.3	--	--	--	--	89.5	9.7	
Totals	<u>\$ 1,386.6</u>	<u>\$ 1,889.5</u>	<u>\$ 142.6</u>	<u>\$ 113.3</u>	<u>\$ 55.8</u>	<u>\$ 46.8</u>	<u>\$ 346.8</u>	<u>\$ 348.6</u>	

(2) Business Type Debt Payable

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

(A mounts In Millions)

Business Type Activities	Beginning	Additions	Reductions	Ending	Due Within
	Balance			Balance	One Year
Bonds Payable					
General Obligation Bonds	\$ 24.5	\$ --	\$ (5.3)	\$ 19.2	\$ 3.7
Revenue Bonds	2,622.5	516.4	(124.1)	3,014.8	96.0
Less Deferred Amounts					
Unamortized Discounts and Loss	(183.9)	--	14.3	(169.6)	--
Total Bonds Payable	<u>2,463.1</u>	<u>516.4</u>	<u>(115.1)</u>	<u>2,864.4</u>	<u>99.7</u>
Indemnity Claims	2.7	3.4	(3.7)	2.4	0.8
Worker's Compensation Claims	2.7	4.6	(3.1)	4.2	0.5
Termination Compensation Payable	13.3	0.8	--	14.1	1.6
Arbitrage	6.7	2.2	--	8.9	6.3
Business-type Activity Long-term Liabilities	<u>\$ 2,488.5</u>	<u>\$ 527.4</u>	<u>\$ (121.9)</u>	<u>\$ 2,894.0</u>	<u>\$ 108.9</u>

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

Enterprise Funds	Interest		(Amounts In Millions)	
	Rates		Principal	Due Dates
Water Fund	1.0 %		11.5	Fiscal 2003 to 2012
Aviation Fund	5.125 % to 6.25 %		<u>7.7</u>	Fiscal 2003 to 2005
			19.2	

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

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

(A mounts In Millions)					
<u>City Enterprise Funds</u>					
Fiscal Year	Water Fund		Aviation Fund		
	Principal	Interest	Principal	Interest	
2003	\$ 1.1	\$ 0.1	\$ 2.6	\$ 0.4	
2004	1.1	0.1	2.7	0.2	
2005	1.1	0.1	2.4	0.1	
2006	1.2	0.1	--	--	
2007	1.2	0.1	--	--	
2008-2012	5.8	0.1	--	--	
2013-2017	--	--	--	--	
2018-2022	--	--	--	--	
2023-2027	--	--	--	--	
2028-2032	--	--	--	--	
Totals	<u>\$ 11.5</u>	<u>\$ 0.6</u>	<u>\$ 7.7</u>	<u>\$ 0.7</u>	

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

	Interest		(Amounts In Millions)	
	Rates		Principal	Due Dates
Water Fund	1.41 % to 10.00 %		\$ 1,870.7	Fiscal 2003 to 2032
Aviation Fund	4.0 % to 6.10 %		<u>1,144.1</u>	Fiscal 2003 to 2031
Total Revenue Debt Payable			<u>\$ 3,014.8</u>	

**CITY OF PHILADELPHIA
NOTES TO THE FINANCIAL STATEMENTS
For the Fiscal Year Ended June 30, 2002**

Exhibit XIII

- In July, 2001, the City issued \$187.6 million in Airport Revenue Bonds, Series 2001 GARB to secure the payment of the Series 2001A bonds issued by the Philadelphia Authority for Industrial Development. The proceeds of the PAID Bonds are being used to fund capital improvements to the airport system. Interest rates range from 4.0% to 5.5% and mature through 2028.
- In July, 2001, the City issued \$40.1 million in Airport Revenue Bonds, Series 2001B with interest rates ranging from 4.0% to 5.5 % and maturity dates of 2004 through 2031. The proceeds of the bonds will be used to finance capital improvements to the Airport System.
- In November, 2001, the City issued \$250 million in Water and Wastewater Revenue Bonds, Series 2001A. The proceeds of the bonds will be used to finance capital improvements to the City's water and wastewater systems. Interest rates range from 4.8% to 5.5% and mature through 2031.

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

(A mounts In Millions)

Fiscal Year	Water Fund		Aviation Fund	
	Principal	Interest	Principal	Interest
2003	\$ 64.3	\$ 95.4	\$ 31.8	\$ 59.8
2004	67.0	92.8	34.2	60.2
2005	69.5	90.0	36.0	58.3
2006	75.3	84.9	38.0	56.3
2007	79.1	81.1	32.2	54.2
2008-2012	455.9	345.3	189.5	242.9
2013-2017	518.3	199.5	234.6	185.8
2018-2022	203.4	106.8	235.3	121.4
2023-2027	156.6	62.5	260.7	53.8
2028-2032	181.3	23.5	51.8	3.5
Totals	<u>\$ 1,870.7</u>	<u>\$ 1,181.8</u>	<u>\$ 1,144.1</u>	<u>\$ 896.2</u>

(3) Defeased Debt

As of the current fiscal year end, the City had defeased certain bonds by placing the proceeds of new bonds in irrevocable trusts to provide for all future debt service payments on the old bonds. Accordingly, the trust account assets and the liability for the defeased bonds are not included in the City's financial statements. At year end, \$1,108.6 million of bonds outstanding pertaining to the following funds are considered defeased:

(A mounts In Thousands)

Governmental Funds:	
General Fund	\$ 31,375
PICA	669,830
PMA	161,845
Enterprise Funds:	
Water Fund Revenue Bonds	<u>245,540</u>
Total	<u>\$ 1,108,590</u>

- In November, 2001, the City issued \$35.9 million of Water and Wastewater Revenue Refunding Series 2001B Bonds. The proceeds of these bonds were used to refund a portion of the 1993 Series Water and Wastewater Revenue Bonds maturing from 2012 through 2015 in the amount of \$35.7 million. The cash flows required by the new bonds are \$ 2.8 million less than the cash flow required by the refunded bonds. The economic gain on the refunding (the adjusted present value of these reduced cash flows) was \$ 1.6 million. This early extinguishment of debt resulted in an accounting loss of approximately \$ 3.5 million, representing the difference between the reacquisition price of \$38.9 million and the amount of debt extinguished of 35.7 million (less .3 million unamortized discount). The resulting loss will be amortized over the life of the refunded bonds at a rate of \$163,270 annually through June, 2023.

(4) Short -Term Borrowings

The City has statutory authorizations to negotiate temporary loans for periods not to extend beyond the fiscal year. The City borrows funds to pay debt service and required pension contributions due before the receipt of the real estate taxes. The City borrowed and repaid \$270.0 million in Tax and Revenue Anticipation Notes by June 2002 plus interest. In accordance with statute there are no temporary loans outstanding at year end.

Beginning Balance	Additions	Deductions	Ending Balance
0	270,000,000	-270,000,000	0

(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. The present value of the estimated liability at year end has been calculated for each issue independently and recorded in the appropriate fund. At June 30, the Water Fund and Aviation Fund had recorded liabilities of \$5.5 and \$3.4 million respectively.

(6) Interest Rate Swap

Approximately \$184 million of Aviation Fund Series 1995 A are callable on 6/15/2005 at 102% of par. A brokerage house agreed to pay an upfront premium for an interest rate "swaption" that represents savings of 3% of the refunded par amount of the bonds. An advance refund is not available since the bonds are subject to Alternative Minimum Tax. Executing the swaption allowed the City to synthetically capture the debt service savings of the refunding. The brokerage house paid the City for the right, but not the obligation to swap the interest rates. The brokerage house must notify the City of their intention to exercise the swaption. The City realized \$6.5 million from the transaction.

(7) Pension Service Agreement

In Fiscal 1999, the Philadelphia Authority for Industrial Development issued \$1.291 billion in Pension Funding Bonds. These bonds were issued pursuant to the provisions of the Pennsylvania Economic Development Financing Law and the Municipal Pension Plan Funding Standard and Recovery Act (Act 205). The bonds are special and limited obligations of PAID. The City entered into a Service Agreement with PAID agreeing to make yearly payments equal to the debt service on the bonds. PAID assigned its interest in the service agreement to the parties providing the financing and in accordance with GASB Interpretation No. 2, PAID treats this as conduit debt and does not include conduit debt transactions in its financial statements. The Pension Service Agreement of \$1.387 billion is reflected in the City's financial statements as an Other Long Term Obligation.

The net proceeds of the bond sale of \$1.25 Billion were deposited with the Municipal Pension Fund. The deposit of the proceeds reduced the Unfunded Actuarial Accrued Liability by that amount. The deposit resulted in reductions to the City's actuarially determined pension plan payments for Fiscal Year 2002 and the City expects that it will also reduce the actuarially required payments in future fiscal years.

(8) Neighborhood Transformation Initiative Service Agreement

In Fiscal 2002, RDA issued \$142.6 million in City of Philadelphia Neighborhood Transformation Initiative (NTI) Bonds. These bonds were issued to finance a portion of the initiative undertaken by the Authority and the City to revitalize, renew and redevelop blighted areas of the City. The bonds are obligations of RDA. The City entered into a service agreement with RDA, agreeing to make yearly payments equal to the debt service on the bonds. RDA assigned its interest in the service agreement to the parties providing the financing and in accordance with GASB Interpretation No. 2, RDA treats this as conduit debt and therefore does not include these transactions on its financial statements. The NTI Neighborhood Transformation Initiative Service Agreement liability of \$142.6 million is reflected in the City's financial statements as an Other Long Term Obligation.

(9) Sports Stadium Financing Agreement

In FY 2002, PAID issued \$346.8 million in Lease Revenue Bonds Series A and B of 2001 to be used to help finance the construction of two new sports stadiums. The bonds are special limited obligations of PAID. The City entered into a series of lease agreements as lessee to the Authority. The lease agreements are known as (1) the Veterans Stadium Sublease, (2) the Phillies Prime Lease and (3) the Eagles Prime Lease. PAID assigned its interest in the lease agreements to the parties providing the financing and in accordance with GASB Interpretation No. 2, PAID treats this as conduit debt and therefore does not include these transactions on its financial statements. The Sports Stadium Financing Agreement liability of \$346.8 million is reflected in the City's financial statements as an Other Long Term Obligation.

B. COMPONENT UNIT LONG-TERM DEBT PAYABLE

(1) Governmental Debt Payable

One discretely presented component unit, the School District of Philadelphia, has debt that is classified as General Obligation debt payable. The General Obligation Bonds outstanding at year end total \$1,440.5 million in principal, with interest rates from 3.6% to 6.2% and have due dates from 2006 to 2031.

The following schedule reflects the changes in long-term liabilities for the School District

Governmental Activities	Beginning Balance	Additions	Reductions	Ending Balance	Due Within One Year
Bonds Payable	\$ 1,017.8	\$ 456.0	\$ (33.3)	\$ 1,440.5	\$ 34.6
Add: Bond Premium	--	20.1	--	20.1	0.9
Total Bonds Payable	<u>1,017.8</u>	<u>476.1</u>	<u>(33.3)</u>	<u>1,460.6</u>	<u>35.5</u>
Loans Payable	1.8	--	(0.4)	1.4	0.3
Termination Compensation Payable	285.8	53.4	(41.4)	297.8	24.1
Severance Payable	152.7	26.9	(9.2)	170.4	4.1
Other Liabilities	72.0	26.5	(23.4)	75.1	--
Life Insurance Benefits	16.4	3.5	(0.5)	19.4	--
Due to Other Governments					
Deferred Reimbursement	45.3	--	--	45.3	45.3
Deferred Revenue	4.6	--	(0.6)	4.0	0.5
Governmental Activity Long-term Liabilities	<u>\$ 1,596.4</u>	<u>\$ 586.4</u>	<u>\$ (108.8)</u>	<u>\$ 2,074.0</u>	<u>\$ 109.8</u>

Debt service to maturity on the School District's general obligation bonds at year end is summarized as follows:

(Amounts in Millions)

Fiscal Year	Principal	Interest
2003	\$ 34.6	\$ 70.2
2004	45.0	74.0
2005	47.2	71.8
2006	50.0	69.0
2007	52.5	66.6
2008-2012	280.4	289.0
2013-2017	248.0	217.7
2018-2022	266.5	153.6
2023-2027	230.4	85.7
2028-2032	185.9	24.9
Totals	<u>\$ 1,440.5</u>	<u>\$ 1,122.5</u>

(2) Business Type Debt Payable

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

(Amounts in Millions)

	Interest Rates	Principal	Due Dates
PCCA	5.75 % to 6.875 %	\$ 253.8	Fiscal 2003 to 2020
PPA	3.5 % to 5.75 %	343.1	Fiscal 2003 to 2029
PGW	4.4 % to 7.7 %	927.1	Fiscal 2002 to 2026
RDA	4.05 % to 10.25 %	<u>54.2</u>	Fiscal 2003 to 2029
Total Revenue Debt Payable		<u>\$ 1,578.2</u>	

In prior years **PPA** issued Series 1999A Parking Revenue Bonds in the amount of \$47.4 million and Series 1999 Airport Parking Revenue Bonds in the amount of \$155.6 million. The bonds have interest rates from 4.0% - 5.625% maturing through 2029. These bonds were issued to retire \$10.3 million in existing bank notes, fund the acquisition and development of various parking facilities and other capital projects at the airport.

In June 2001, **PGW** issued \$120.2 million of new debt for the purpose of providing funds to finance various capital projects. The revenue bonds are the third issued in Series 1998 and consist of serial and term bonds maturing at various dates through 2031. As of PGW's August 31, 2001 fiscal year-end, the principal amount of \$92.9 million raised to support capital construction activity remains on deposit in a restricted account for capital purposes.

In July 2001, **PAID** issued \$187.6 million in Airport Revenue Bonds, Series 2001A. The bonds have interest rates from 4.0% to 5.5% and mature through 2028. The proceeds of the bonds will be used to finance certain capital improvements to the Philadelphia Airport System.

**CITY OF PHILADELPHIA
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Exhibit XIII

In December 2001, **PAID** issued \$346.8 million of Lease Revenue Bonds Series 2001A and B. Interest rates range from 2.0% to 5.5% and mature through 2030. The proceeds of the bonds will be used to refund the Authority's 2001 Lease Revenue Notes, repairs to the City's existing stadiums, and to contribute to the construction of two new sports stadiums.

In April 2002, **RDA** issued Series 2002A Revenue Bonds in the amount of \$124.1 million and Series 2002A Taxable revenue Bonds in the amount of \$18.5 million. The bonds have interest rates ranging from 2.91% - 5.5% maturing through 2026. These bonds were issued to fund the City's Neighborhood Transformation Initiative and in accordance with GASB interpretation No. 2 is considered conduit debt of the Redevelopment Authority.

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

(Amounts in Millions)

Fiscal Year	Pennsylvania Convention Center Authority		Philadelphia Parking Authority †		Philadelphia Gas Works †		Philadelphia Redevelopment Authority	
	Principal	Interest	Principal	Interest	Principal	Interest	Principal	Interest
2003	\$ 7.6	\$ 16.7	\$ 35.5	\$ 16.4	\$ 35.1	\$ 24.8	\$ 0.9	\$ 3.2
2004	8.1	16.2	8.6	16.0	32.9	46.6	1.1	3.1
2005	8.6	15.6	9.1	15.6	31.7	45.1	1.5	3.1
2006	9.2	15.1	9.5	15.1	37.2	43.6	1.5	3.0
2007	9.8	14.4	9.9	14.7	34.5	41.9	0.7	2.9
2008-2012	60.3	61.1	56.0	64.9	164.2	180.5	1.7	14.3
2013-2017	84.2	37.2	60.7	49.2	159.2	137.8	11.5	13.3
2018-2022	66.0	6.9	58.8	32.5	156.7	93.8	11.6	7.8
2023-2027	--	--	62.9	17.7	159.5	50.3	6.3	6.5
2028-2032	--	--	32.1	2.7	108.2	12.9	17.4	1.7
2033-2036	--	--	--	--	7.9	0.2	--	--
Totals	<u>\$ 253.8</u>	<u>\$ 183.2</u>	<u>\$ 343.1</u>	<u>\$ 244.8</u>	<u>\$ 927.1</u>	<u>\$ 677.5</u>	<u>\$ 54.2</u>	<u>\$ 58.9</u>

† - Gas Works amounts are presented as of its fiscal year ended August 31, 2001.

‡ - Parking Authority amounts are presented as of its fiscal year March 31, 2002.

(3) Defeased Debt

At year end, \$572.0 million of defeased bonds are outstanding from the following Component Units of the City as shown below:

	(A mounts In Millions)	
Pennsylvania Convention Center Authority	\$	262.5
Philadelphia Gas Works †		176.3
School District of Philadelphia		<u>133.2</u>
Total	\$	<u><u>572.0</u></u>

† - Gas Works amounts are presented as of August 31, 2001.

(4) Other Long-Term Debt

The **School District of Philadelphia** had loans payable of \$1.4 million at year-end consisting of an interest free federal asbestos loan expected to be repaid over the next six years.

9. LEASE COMMITMENTS AND LEASED ASSETS

A. CITY AS LESSOR

The City's operating leases consist principally of leases of airport facilities, recreation facilities, certain transit facilities and various other real estate and building sites.

Rental income for all operating leases for the year was as follows:

	(A mounts In Thousands)		
	<u>Primary Government</u>		<u>Component Units</u>
	Governmental Funds	Proprietary Funds	
Minimum Rentals	\$ 8,527	\$ 35,225	\$ 888
Additional Rentals	<u>6,718</u>	<u>62,075</u>	<u>--</u>
Total Rental Income	<u><u>\$ 15,246</u></u>	<u><u>\$ 97,300</u></u>	<u><u>\$ 888</u></u>

**CITY OF PHILADELPHIA
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For the Fiscal Year Ended June 30, 2002**

Exhibit XIII

As of year end, future minimum rentals receivable under noncancelable operating leases are as follows:

(Amounts In Thousands)

Fiscal Year Ending <u>June 30</u>	Primary Government		Component Units
	Governmental	Proprietary	
	Funds	Funds	
2003	\$ 13,334	\$ 14,174	\$ 1,450
2004	7,748	13,552	1,374
2005	6,555	13,511	1,286
2006	6,309	13,312	969
2007	6,119	11,416	959
2008-2012	7,726	51,791	4,156
2013-2017	9,015	18,343	3,088
2018-2022	5,545	14,597	2,958
2023-2027	151	9,116	1,663
2028-2032	--	--	444
2033-2037	--	--	398
2038-2042	--	--	398
2043-2047	--	--	398
2048-2052	--	--	398
2053-2057	--	--	398
2058-2062	--	--	398
2063-2067	--	--	398
2068-2072	--	--	398
2073-2077	--	--	398
2078-2082	--	--	398
2083-2087	--	--	324
2088-2092	--	--	122
	\$ 62,502	\$ 159,811	\$ 22,774

B. CITY AS LESSEE

(1) OPERATING LEASES

The City's operating leases consist principally of leases for office space, data processing equipment, duplicating equipment and various other items of property and equipment to fulfill temporary needs.

Rental expense for all operating leases for the year was as follows:

(Amounts In Thousands)

	Primary Government		Component Units
	Governmental	Proprietary	
	Funds	Funds	
Minimum Rentals	\$ 32,221	\$ 10,625	\$ 34,526
Total Rental Expense	\$ 32,221	\$ 10,625	\$ 34,526

**CITY OF PHILADELPHIA
NOTES TO THE FINANCIAL STATEMENTS
For the Fiscal Year Ended June 30, 2002**

Exhibit XIII

As of year end, future minimum rental commitments for operating leases having an initial or remaining noncancelable lease term in excess of one year are as follows:

(Amounts In Thousands)

Fiscal Year Ending	Primary Government		Component Units
	Governmental	Proprietary	
	Eunds	Eunds	
<u>June 30</u>			
2003	\$ 16,806	\$ 196	\$ 17,704
2004	13,128	170	10,509
2005	13,166	59	8,890
2006	9,410	--	6,537
2007	9,529	--	2,758
2008-2012	17,289	--	7,474
2013-2017	1,755	--	1,112
2018-2022	396	--	316
2023-2027	--	--	--
Total	<u>\$ 81,478</u>	<u>\$ 425</u>	<u>\$ 55,301</u>

(2) Capital Leases

Capital leases consist of leased real estate. As of year end, future minimum rental commitments of the City under capital leases are as follows:

(Amounts In Thousands)

Fiscal Year Ending	Primary Government
	General Long
	Term Debt
<u>June 30</u>	
2003	\$ 4,105
2004	4,103
2005	4,106
2006	4,106
2007	4,101
2008-2012	20,517
2013-2017	20,517
2018-2022	20,514
2023-2027	<u>20,519</u>
Future Minimum Rental Payments	102,588
Interest Portion of Payments	<u>(46,798)</u>
Obligation Under Capital Leases	<u>\$ 55,790</u>

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 Internal Revenue Code and Pennsylvania laws in effect at June 30, 2002, 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*, the City does not include the assets or activity of the plan in its financial statements.

B. COMPONENT UNITS

PGW offers its employees a deferred compensation plan in accordance with Internal Revenue Code section 457. As of the Gas Works' fiscal year ended August 31, 2001 the Plan was amended to comply with subsection (g) of the code through the creation of trust in which all assets and income of the Plan are to be held for the exclusive benefit of participants and their beneficiaries. As a result, the company no longer owns the assets of the Plan nor has a contractual liability to Plan participants.

11. FUND BALANCE RESERVATIONS

The City has reserved portions of several funds' Fund Balances. Following is a description of all such reservations:

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

Reserved for Intergovernmentally Financed Programs - An account used to segregate a portion of Fund Balance legally restricted to programs to improve the City's financial status.

Reserved for Behavioral Health - An account used to segregate a portion of Fund Balance that is required to be held in reserve to ensure adequate funding for costs of managed behavioral health care.

Reserved for Long Term Loan - An account used to segregate a portion of Fund Balance that represents amounts that were loaned and are not due to be repaid in the next fiscal year.

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

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

Reserved for Stadium Financing - An account used to segregate a portion of Fund Balance for the purpose of funding new stadium construction.

A. PRIMARY GOVERNMENT

The following is a summary of fund balance reservations of the Major Funds:

	(Amounts in Thousands)			
	Health Choices			
	General	Behavioral Health	Grants Revenue	
	Fund	Funds	Funds	Total
Reserved Fund Balance:				
Reserved for Encumbrances	\$ 105,573	\$ --	\$ --	\$ 105,573
Reserved for Intergov Financed Programs	--	--	38,452	38,452
Reserved for Behavioral Health	--	27,662	--	27,662
Reserved for Long Term Loan	45,000	--	--	45,000
Reserved for Neighborhood Revitalization	--	--	144,139	144,139
Reserved for Emergency Phone System	--	--	6,690	6,690
Reserved for Stadium Financing	186,914	--	--	186,914
Total Reserved Fund Balance	<u>\$ 337,487</u>	<u>\$ 27,662</u>	<u>\$ 189,281</u>	<u>\$ 554,430</u>

12. INTERFUND TRANSACTIONS

During the course of normal operations the City has numerous transactions between funds including expenditures and transfer of resources to provide services. These transactions are recorded as operating transfers and are reported as other financial sources (uses) in the Governmental Funds and as transfers in the Proprietary Funds. Transfers between fund types during the year were:

A. PRIMARY GOVERNMENT

	<i>Transfers To:</i>				
	Nonmajor Governmental				
	General	Special Revenue	Debt Service	Capital Improvement	Total
(Amounts in Thousands)					
<i>Transfers From:</i>					
General	\$ --	\$ 144,198	\$ 131,626	\$ 107,460	\$ 383,284
Grants	6,926	--	--	1,790	8,716
Nonmajor Special Revenue Funds	177,094	1,850	97,891	24,435	301,270
Nonmajor Capital Improvement Funds	--	--	186	--	186
Water	4,138	--	--	--	4,138
Total	\$ 188,158	\$ 146,048	\$ 229,703	\$ 133,685	\$ 697,594

13. PRIOR PERIOD ADJUSTMENTS

A. PRIMARY GOVERNMENT

General Fund-Decrease Fund Balances-July 1, 2001 by \$13,645,000 for removal of inventories.

Special Revenue Funds-Decrease Fund Balances-July 1, 2001 by \$55,000 for removal of inventories.

IV. OTHER INFORMATION

1. PENSION PLANS

The City maintains two single employer defined benefit plans for its employees and several of its component units. One blended component unit, PICA, and three discretely presented component units - the School District of Philadelphia, the Pennsylvania Convention Center Authority, and the Community College - participate in state administered cost-sharing multiple employer plans. In addition, two discretely presented component units - PHA and RDA - maintain their own single employer defined benefit plans.

A. SINGLE EMPLOYER PLANS

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

Financial statements for the City and PGW pension plans are prepared using the accrual basis of accounting. Employee and employer contributions are recognized as revenues in the period in which employee services are performed. All assets of the PHA pension plan are invested in an Immediate Participating Guaranteed (IPG) contract.

Required Supplementary Information calculated in accordance with GASB Statement No. 25 is presented in audited financial statements of the respective pension plans. Copies of these financial statements may be obtained by contacting the Director of Finance of the City of Philadelphia.

(1) City Plan

(a) Plan Description

The Philadelphia Home Rule Charter (the Charter) mandates that the City maintain an actuarially sound pension and retirement system. To satisfy that mandate, the City's Board of Pensions and Retirement maintains the single-employer Municipal Pension Plan (the Plan). The plan covers all officers and employees of the City and officers and employees of five other governmental and quasi-governmental organizations. By authority of two Ordinances and related amendments passed by City Council, the Plan provides retirement benefits as well as death and disability benefits. Benefits vary by the class of employee. The plan has two major classes of members - those covered under the 1967 Plan and those covered under the 1987 Plan. Each of these two plans has multiple divisions.

Retirement Benefits

An employee who meets the age and service requirements of the particular division in which he participates is entitled to an annual benefit, payable monthly for life, equal to the employee's average final compensation multiplied by a percentage that is determined by the employee's years of credited service. The formula for determining the percentage is different for each division. If fund earnings exceed the actuarial assumed rate by a sufficient amount, an enhanced benefit distribution to retirees, their beneficiaries, and their survivors shall be considered. A deferred vested benefit is available to an employee who has 10 years of credited service, has not withdrawn contributions to the system and has attained the appropriate service retirement age. Members of both plans may opt for early retirement with a reduced benefit. The **Deferred Retirement Option Plan (DROP)** was initiated on October 1, 1999. Under this plan employees that reach retirement age may accumulate their monthly service retirement benefit in an interest bearing account at the Board of Pensions for up to four (4) years and continue to be employed by the City of Philadelphia.

Death Benefits

If an employee dies from the performance of duties, his/her spouse, children or dependent parents may be eligible for an annual benefit ranging from 15% to 80% of the employee's final average compensation. Depending on age and years of service, the beneficiary of an employee who dies other than from the performance of duties will be eligible for either a lump sum benefit only or a choice between a lump sum or an annual pension.

Disability Benefits

Employees disabled during the performance of duties are eligible for an immediate benefit equal to contributions plus a yearly benefit. If the employee subsequently becomes employed, the benefit is reduced by a percentage of the amount earned. Certain employees who are disabled other than during the performance of duties are eligible for an ordinary disability payment if they apply for the benefit within one year of termination. If the employee subsequently becomes employed, the benefit is reduced by a percentage of the amount earned.

Membership

Membership in the plan as of July 1, 2001 was as follows:

Retirees and beneficiaries currently receiving benefits	33,746
Terminated members entitled to benefits but not yet receiving them	709
Active members	<u>29,322</u>
Total Members	<u><u>63,777</u></u>

The Municipal Pension Fund issues a separate annual financial report. To obtain a copy, contact the Director of Finance of the City of Philadelphia.

(b) Funding Policy

Employee contributions are required by City Ordinance. For Plan 67 members, employees contribute 3¾% of their total compensation that is subject to Social Security Tax and 6% of compensation not subject to Social Security Tax. Plan 87 contribution rates are defined for the membership as a whole by Council ordinance. Rates for individuals are then determined annually by the actuary so that total individual contributions satisfy the overall rate set by Council.

The City is required to contribute the remaining amounts necessary to fund the Plan, using an acceptable actuarial basis as specified by the Home Rule Charter, City Ordinance and State Statute. Court decisions require that the City's annual employer contributions are sufficient to fund:

The accrued actuarially determined normal costs

Amortization of the unfunded actuarial accrued liability determined as of July 1, 1985. The portion of that liability attributable to a class action lawsuit by pension fund beneficiaries (the Dombrowski suit) is amortized in level installments, including interest, over 40 years through June 30, 2009. The remainder of the liability is amortized over 34 years with increasing payments expected to be level as a percentage of each year's aggregate payroll.

Amortization in level dollar payments of the changes to the July 1, 1985 liability due to the following causes over the stated period:

- non active member's benefit modifications (10 years)
- experience gains and losses (15 years)
- changes in actuarial assumptions (20 years)
- active members' benefit modifications (20 years)

The total required employer contribution for the City and other participating employers for the current year was 14% of covered payroll of \$1,215.7 million.

Administrative costs of the Plan are paid out of the Plan's assets.

(c) Annual Pension Cost

The actuarial valuation used to compute the current year's required contribution was performed as of July 1, 2000. Methods and assumptions used for that valuation include:

- the entry age actuarial cost method
- a five-year smoothed market value method for valuing investments
- a level percentage closed method for amortizing the unfunded liability
- an annual investment rate of return of 9%
- projected annual salary increases of 5% (including inflation)
- annual inflation of 3.5%
- no post-retirement benefit increases

For the current year, the City contributed the Annual Pension Cost of \$174.2 million.

The Annual Pension Cost and related percentage contributed for the three most recent fiscal years are as follows:

Fiscal Year Ended <u>June 30</u>	Annual Required <u>Contribution</u> (In Millions)	Percentage <u>Contributed</u>
2000	\$164.5	100.00%
2001	\$163.5	100.00%
2002	\$174.2	100.00%

(d) Summary of Significant Accounting Policies

Financial statements of the Plan are prepared using the accrual basis of accounting. Contributions of employees and employers are recognized as revenues in the period in which employee services are performed. Benefits and refunds paid are recognized when due and payable in accordance with the terms of the plan. Investments are valued as described in Footnote I.4.A.

(2) Gas Works Plan

(a) Plan Description

PGW sponsors a public employee retirement system (PERS), a single-employer defined benefit plan to provide benefits for all its employees. The PGW Pension Plan provides retirement benefits as well as death and disability benefits. Retirement benefits vest after 10 years of credited service. Employees who retire at or after age 65 are entitled to receive an annual retirement benefit, payable monthly, in an amount equal to the greater of:

- 1.25% of the first \$6,600 of Final Average Earnings plus 1.75% of the excess of Final Average Earnings over \$6,600, times years of credited service, with a maximum of 60% of the highest annual earnings during the last 10 years of credited service, applicable to all participants

OR

- 2% of total earnings received during the period of credited service plus 22.5% of the first \$1200 of such amount, applicable only to participants who were employees on or prior to March 24, 1967.

Final-average earnings is the employee's average pay, over the highest 5 years of the last 10 years of credited service. Employees with 15 years of credited service may retire at or after age 55 and receive a reduced retirement benefit.

Total membership of the PGW plan as of September 1, 2000 consisted of:

Retirees and beneficiaries currently receiving benefits and terminated members entitled to benefits but not yet receiving them	2,168
Current Employees	<u>1,794</u>
Total Members	<u><u>3,962</u></u>

(b) Funding Policy

Benefit and contribution provisions are established by City ordinance and may be amended only as allowed by City ordinance. Covered employees are not required to contribute to the PGW Pension Plan. The Gas Works is required by statute to contribute the amounts necessary to finance the Plan.

The funding policy of the PGW Plan 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 percentage of employer contribution rates are based on the actuarial accrued liability as determined by using the Projected Unit Credit actuarial funding method. The actuarial asset value is equal to the value of fund assets. The unfunded actuarial accrued liability is being amortized over 10 years. Contributions of \$2,301,000 (approximately 2.0% of covered payroll) were made to the PGW Plan during the year.

Historically, payments to beneficiaries of the PGW Plan are made by the Fund and not from the assets of the Plan. During the year, payments to beneficiaries exceeded the Fund's actuarially computed pension contribution and a withdrawal of \$26.1 million from the pension assets was necessary to meet beneficiary payment obligations.

(c) Annual Pension Cost

PGW's annual pension cost for the current year was \$2,301,000 equal to its required contribution. The annual required contribution for the current year was determined based on an actuarial study completed May, 2001, using the projected credit unit method. Significant actuarial assumptions used include an annual rate of return on investments of 8.25%, projected salary increases of 4.25% per year (both of which include an inflation component of 3% and do not include post-retirement benefit increases) and age 62 as the assumed retirement age

The Annual Pension Cost and related percentage contributed for the three most recent fiscal years is as follows:

Fiscal Year Ended August 31	Annual Required Contribution (In Thousands)	Percentage Contributed
1999	\$787	100%
2000	\$1,096	100%
2001	\$2,301	100%

(d) Summary of Significant Accounting Policies

The financial statements of the Plan are prepared on the accrual basis of accounting. Employer contributions are recognized as revenues in the period in which employee services are performed. Investment income is recognized as earned. Gains and losses on sales and exchanges are recognized on the transaction date. Plan investments are reported at fair value based on quoted market price for those similar investments.

(3) Component Unit - Philadelphia Housing Authority Plan

(a) Plan Description

The PHA contributes to a single-employer Public Employees' Retirement System (PERS), administered by an insurance company (the PHA Pension Plan) covering all permanent employees. The PERS issues separate, stand-alone financial statements. The Authority's payroll for employees covered by the PHA Plan for the year was approximately \$72.2

million. The PHA Pension Plan provides retirement benefits as well as death and disability benefits. Employees who retire at or after age 65 receive an annual retirement benefit equal to 2.5% of average earnings multiplied by the years of service not to exceed 25 years, plus 1.25% of average earnings multiplied by years of service in excess of 25 years.

(b) Funding Policy

Funding policies are determined by collective bargaining agreements and employment policies. Covered employees are required to contribute 5.5% of pre tax salary to the PHA Pension Plan. The Philadelphia Housing Authority is required to contribute an amount equal to employee contributions.

(c) Annual Pension Cost

Actuarially determined contributions are required to provide sufficient assets to pay benefits when due. The Authority's funding policy is set by collective bargaining agreements and employment policies. The policy is to contribute 5.5% to the PERS along with the employees' required contributions of 5.5% of total salary. Significant methods and assumptions used to calculate the actuarially required contributions are:

- the entry-age normal method
- annual rate of return on investments of 8%
- projected salary increases of 5.5% per year
- no post-retirement benefit increases

The Authority's actuarially required contributions and percentage contributed for the last three fiscal years of the Plan are summarized below. The required contribution for the current year was approximately 5.5% of covered payroll.

Fiscal Year Ended October 31	Annual Required Contribution	Percent Contributed
1999	\$3,274,378	122.5%
2000	\$3,784,527	112.9%
2001	\$5,283,161	77.0%

(4) Component Unit - Redevelopment Authority Plan

(a) Plan Description

The RDA contributes to the Redevelopment Authority of the City of Philadelphia Retirement Plan (the Plan) which is a single-employer defined benefit pension plan.

Substantially all full time Authority employees are eligible to participate in the Plan. Benefits vest after five years of service. Authority employees who retire at or after age 55 with five years of credited service are entitled to an annual retirement benefit, payable monthly for life, in an amount equal to 2.5% of their final monthly salary multiplied by the number of months of credited service up to 240 months plus 2% of final monthly compensation multiplied by months of credited service in excess of 240 months up to a maximum of 420 months. The Plan also provides death and disability benefits which are determined in a manner similar to the retirement benefits.

(b) Funding Policy

The plan's funding policy provides for actuarially determined periodic employer contributions which account for benefits that increase gradually over time so that sufficient assets will be available to pay benefits when due. The rate for the Authority's employee group as a whole has tended to remain level as a percentage of annual covered payroll. Authority employees are required to contribute 6% of their salary to the Plan. The Authority is required to contribute the remaining amounts necessary to fund the Plan as defined under Act 205 of the Commonwealth of Pennsylvania Code.

(c) Annual Pension Cost

The contribution for the Plan for fiscal 2002 of \$1.1 million (approximately 14% of covered payroll, representing normal cost) was determined in accordance with actuarially determined requirements computed through the actuarial valuation performed as of January 1, 2002, using the aggregate cost method. The Authority contributed \$730,182 (approximately 9% of current covered payroll) and the employees contributed \$365,995 (5% of current covered payroll).

Significant actuarial assumptions include a 7.75% rate of return on investment assets, projected salary increases of 6% per year (4% for merit and promotion, 2% for inflation) and no post-retirement benefit increases. The net pension obligation at year end was \$91,985 computed as follows:

Annual Required Contribution	\$ 774,509
Interest On Net Pension Obligation	3,877
Adjustment to Annual Required Contribution	<u>(6,246)</u>
Annual Pension Cost	772,140
Contributions Made	<u>(730,182)</u>
Increase In Net Pension Obligation	41,958
Net Pension Obligation - Beginning of Year	<u>50,027</u>
Net Pension Obligation - End of Year	<u>\$ 91,985</u>

The Authority's actuarially required contributions and percentage contributed for the last three years are summarized below.

Fiscal Year Ended <u>June 30</u>	Annual Required <u>Contribution</u>	Percent <u>Contributed</u>	Net Pension <u>Obligation</u>
2000	\$594,172	95%	\$61,724
2001	\$634,209	102%	\$50,027
2002	\$772,140	95%	\$91,985

B. MULTIPLE EMPLOYERS PLANS

One of the City's blended component units and three of its discretely presented component units participate in two defined benefit plans (PSERS and SERS) and one (CCP) participates in two defined contribution plans (TIAA-CREF and Fidelity Investments) as described below.

The payroll for CCP employees covered by any of the four multiple employer plans was \$40.3 million and the total payroll was \$57.6 million. Contributions to the four plans by the College during the fiscal year totaled approximately \$3.8 million representing 9.53% of covered payroll. College employees contributed approximately \$2.0 million representing 5% of covered payroll.

(1) Public School Employee Retirement System (PSERS)

(a) Plan Description

School Districts and Community Colleges in the Commonwealth of Pennsylvania participate in the State administered Public School Employees Retirement System (PSERS) which is a cost-sharing multiple-employer defined benefit plan. PSERS provides retirement and disability benefits, legislatively mandated ad hoc cost-of-living adjustments and health care insurance premium assistance to qualifying annuitants. Authority to establish and amend benefit provisions rests in the Public School Employees' Retirement Code (the Code).

PSERS issues a comprehensive annual financial report which includes financial statements and required supplementary information for the plan. A copy of the report can be obtained by writing to :

Public School Employees' Retirement System
 P.O. Box 125
 Harrisburg, PA 17108-0125

(b) Funding Policy

Contribution policy is established by the Code and requires contributions from active members, employers and the Commonwealth. Most active members contribute at 5.25% of qualifying compensation. Members joining the PSERS on or after July 22, 1983 contribute at 6.25% (class TC) or 7.50% (class TD). The employer rate is actuarially determined. The rate for fiscal year 2002 was 1.09%, and is entirely attributed to actuarial requirements for health insurance premium.

The School District's contributions for the last three years are as follows:

Fiscal Year Ended June 30	Annual Required Contribution	Percentage Contributed
2000	\$47,875,041	100%
2001	\$21,104,050	100%
2002	\$11,694,823	100%

(2) State Employees Retirement System (SERS)

(a) Plan Description

PICA and Convention Center Authority employees and certain Community College employees are eligible to participate in the Pennsylvania State Employees Retirement System (SERS), which is a cost sharing multiple employer plan. The SERS provides pension, death and disability benefits. Retirement benefits vest after 5 years of credited service. Employees who retire at age 60 after 3 years of service or with 35 years of service if under age 60, are entitled to a normal annual retirement benefit. The general annual benefit is 2% to 2.5% of the member's highest three year average salary times years of service. The General Assembly has the authority to establish and amend benefits of the SERS. Ad hoc cost-of-living adjustments are provided at the discretion of the General Assembly.

(b) Funding Policy

The SERS funding policy is set by the SERS Board. Active members are required to contribute periodically at statutory rates, generally 5 to 6.25% of gross pay. The amount is recorded in an individually identified account that accumulates interest at 4% per year as mandated by statute. Accumulated employee contributions and credited interest vest

immediately and are returned to the employee upon termination of service if the employee is not eligible for other benefits.

Employer contributions are an actuarially determined percentage of payroll such that they, along with employee contributions and an actuarially determined investment rate of return, are adequate to accumulate assets to pay benefits when due.

In May 2001, the Convention Center Authority initiated Act 2001-9 which created a new Class AA membership, changed the vesting requirements of all members from 10 to 5 years, increased the member contribution rate from 5% to 6.25% and increased the benefit formula to 2.5% of final average salary. New members are automatically enrolled as Class AA. However, election for current members at the time of enactment was voluntary.

Contributions of the PCCA for the last three years were as follows:

Fiscal Year Ended <u>June 30</u>	Annual Required <u>Contribution</u>	Percentage <u>Contributed</u>
2000	\$152,255	100%
2001	\$23,109	100%
2002	None Required	

Contributions of PICA over the past three years were as follows:

Fiscal Year Ended <u>June 30</u>	Annual Required <u>Contribution</u>	Percentage <u>Contributed</u>
2000	\$23,745	100%
2001	\$3,587	100%
2002	None Required	

According to the retirement code, all obligations of the SERS will be assumed by the Commonwealth should the SERS terminate.

During the year and as of year end, the SERS did not hold securities issued by the City or other related parties.

The SERS issues a publicly available financial report that includes financial statements and required supplementary information which may be obtained by writing to:

State Employees' Retirement Board
 Commonwealth of Pennsylvania
 30 North Third Street
 Harrisburg, PA 17108-1147

(3) Teacher's Insurance and Annuity Association-College Retirement Equities Fund (TIAA-CREF) and Fidelity Investments

(a) Plan Description

Community College employees are also eligible to participate in the Teacher's Insurance and Annuity Association - College Retirement Equities Fund (TIAA-CREF). TIAA-CREF is a

defined contribution plan and, as such, benefits depend solely on amounts contributed to the plan plus investment earnings. Full-time faculty and administrative employees are eligible to participate from the date of employment, and clerical employees have a one year waiting period. Part-time faculty may participate after earning four (4) seniority units, as defined in the Collective Bargaining Agreement. College policy and collective bargaining agreements require that both the employee and the college contribute amounts, as set forth below, based on the employees earnings.

The College's contributions for each employee (and interest allocated to the employee's account) are fully vested. Death benefits in the amount of the full current value of accumulation is provided to the beneficiary of participants who die prior to retirement. A variety of payment options are available. The College has 888 employees participating in this plan.

(b) Funding Policy

The employer's contribution requirement for full-time faculty and administrators and other staff is 10% of the base contract amount. For visiting lecturers, the rate is 5% of the base contract. For Part-time faculty, the rate is 5% of all earnings. For all employees, the employee's contribution requirement is 5% of base salary.

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. School District employees have an unlimited maximum accumulation and Gas Works' employees' sick leave is noncumulative. Non-uniformed employees (upon retirement only) and uniformed employees (upon retirement or in case of death while on active duty) are paid varying amounts ranging from 25% to 50% of unused sick time, not to exceed predetermined amounts. Employees who separate for any reason other than indicated above, forfeit their entire sick leave. The City budgets for and charges the cost of sick leave as it is taken.

3. POST EMPLOYMENT BENEFITS

A. PRIMARY GOVERNMENT

In addition to providing pension benefits, the City provides certain post-employment health care and life insurance benefits for retired employees, dependents and/or beneficiaries through provisions of City ordinances, civil service regulations and agreements with its various employee bargaining units. The City provides these benefits for from one to five years after retirement depending upon the classification of the employee at his/her retirement. Substantially all of the City's employees may become eligible for those benefits if they reach normal retirement age while working for the City. These and similar benefits for active employees are provided through a combination of a self-insurance program and insurance companies whose premiums are based on the benefits paid during the year. The cost of providing these health benefits and life insurance for approximately 2360 eligible retirees amounted to \$15.2 million and \$3.7 million, respectively.

B. COMPONENT UNIT

The **School District of Philadelphia** provides life insurance benefits for approximately 10,039 retired employees through a self-insurance program. 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 any age with 35 years of service. Benefits are recognized as expenditures in the General Fund when claims are paid. Total coverage as of year end amounted to \$19.3 million and the cost of life insurance for the year for retirees was \$394,844.

PGW provides certain health care and life insurance benefits for approximately 1,987 retired employees and their dependents. PGW recognizes the cost of providing these benefits by charging the annual insurance premiums to expense. Total premiums incurred for health care amounted to \$27.4 million, of which approximately 46% relates to retirees and their dependents. Total premiums for group life insurance amounted to \$1.7 million of which approximately 79% relates to retirees.

4. PENNSYLVANIA INTERGOVERNMENTAL COOPERATION AUTHORITY (PICA)

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, the Authority 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, the President Pro Tempore of the Senate, the Minority Leader of the Senate, the Speaker of the House of Representatives and the Minority Leader of the House of Representatives each appoints one voting member of the Board.

The Act provides that, upon PICA's approval of a request of the City to PICA for financial assistance, PICA shall have certain financial and oversight functions. First, PICA shall have the power to issue bonds and grant or lend the proceeds thereof to the City. Second, PICA also shall have the power, in its oversight capacity, to exercise certain advisory and review powers with respect to the City's financial affairs, including the power to review and approve five-year financial plans prepared at least annually by the City, and to certify noncompliance by the City with its current five-year financial plan (which certification would require the Secretary of the Budget of the Commonwealth 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 2002 this transfer amounted to \$177.1 million.

5. RELATED PARTY TRANSACTIONS

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

A. SOUTHEASTERN PENNSYLVANIA TRANSPORTATION AUTHORITY (SEPTA)

During the year the City provided an operating subsidy of \$51.8 million to SEPTA. In addition, the City received \$2.8 million in fixed rental payments on certain properties leased to SEPTA. Through various agreements executed in 1968, SEPTA purchased the properties of Philadelphia Transportation Company (PTC). SEPTA issued \$55.0 million of revenue bonds principally to finance the acquisition and then leased the PTC properties to the City for annual rentals equivalent to the debt service on the SEPTA bonds. The City then leased these properties back to SEPTA together with all the City's transit properties for the same rentals (equivalent to the debt service on the SEPTA bonds). SEPTA is not obligated to pay the rent if they have insufficient earnings. The debt service on the SEPTA bonds paid by the City during the year amounted to \$4.7 million. The unpaid principal balance at year end was \$3.6 million. The SEPTA bonds require annual debt service payments through fiscal year 2003.

B. OTHER ORGANIZATIONS

The City provides varying levels of subsidy and other support payments (which totaled \$47.1 million during the year) to the following organizations:

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

6. RISK MANAGEMENT

A. PRIMARY GOVERNMENT

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

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

At June 30, the amount of these liabilities was \$153.0 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, 2000 resulted from the following:

(A mounts in Millions)

	Beginning Liability	Current Year Claims and Changes In Estimates	Claim Payments	Ending Liability
Fiscal 2001	\$139.0	\$56.4	(\$70.4)	\$125.0
Fiscal 2002	\$125.0	\$98.2	(\$70.2)	\$153.0

The City's Unemployment Compensation and Workers' Compensation coverages are provided through its General Fund. Unemployment Compensation coverage is funded by a pro rata charge to the various funds. Payments for the year were \$1.9 million for Unemployment Compensation claims and \$32.8 million for Workers' Compensation claims.

The City's estimated outstanding workers' compensation liabilities are \$103.9 million discounted at 6%. On an undiscounted basis, these liabilities total \$151.9 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 \$95.2 million (discounted) and \$140.8 million (undiscounted).

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

B. COMPONENT UNITS

The City's Component Units are 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. They are principally insured through insurance carriers. Each entity has coverage considered by management to be sufficient to satisfy loss claims. 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, the combined amount of these liabilities was \$85.3 million for the City's Component Units. This liability is the best estimate based on available information. Changes in the reported liability since June 30, 2000 resulted from the following:

(A mounts in Millions)

	Beginning	Current Year	Claim	Ending
	<u>Liability</u>	<u>Claims and Changes</u>	<u>Payments</u>	<u>Liability</u>
		<u>In Estimates</u>		
Fiscal 2001	\$83.3	\$30.8	(\$57.2)	\$56.9
Fiscal 2002	\$56.9	\$56.8	(\$28.4)	\$85.3

The School District Weekly Indemnity, Unemployment Compensation and Workers' Compensation coverages are provided through its General Fund. The cost of Weekly Indemnity coverage is shared equally by the School District and covered employees. Unemployment Compensation coverage is funded by a pro rata charge to the various funds. Payments for the year were \$16.0 million for Weekly Indemnity, \$0.4 million for Unemployment Compensation claims and \$19.8 million for Workers' Compensation claims. Amounts collected in excess of claims incurred for the School District's Weekly Indemnity Plan are included in the School District General Fund as a Reservation of Fund Balance.

During the last three (3) fiscal years, no claim settlements have exceeded the level of insurance coverage for those components using third party carriers. None of the losses of any of the Component Units have been settled with the purchase of annuity contracts.

7. COMMITMENTS

A. PRIMARY GOVERNMENT

The City entered into a Lease and Service agreement with the Pennsylvania Convention Center Authority in December 1989 for a term of 50 years. Under the terms of this agreement, the City leases to the Authority the land on which the Authority constructed and operates a Convention Center. To this end, the Authority issued \$296.0 million in 1994 Series A Revenue Bonds, due September 1, 2019. Under its terms, the agreement cannot be terminated by the City and the obligation of the City to pay an annual service fee, out of current revenues, is absolute and unconditional as long as the Revenue Bonds are outstanding. Said service fee, which began in July 1992, will be sufficient to cover the debt service on the above-mentioned bonds net of certain other amounts and credits permitted. Without consideration for the additional payments and credits permitted, future Lease and Service payments by the City over the life of the bonds are as follows:

Fiscal Year Ended	(A mounts In Millions)
<u>June 30</u>	<u>Commitments</u>
2003	\$ 24.3
2004	24.3
2005	24.3
2006	24.3
2007	24.3
2008 - 2012	121.4
2013 - 2017	121.3
2018 - 2022	<u>72.8</u>
Total	<u>\$ 437.0</u>

B. COMPONENT UNITS

- The **School District of Philadelphia's** outstanding contractual commitments at year end for construction of new facilities, purchase of new equipment, and various alterations and improvements to facilities totaled \$86.3 million.
- The **School District of Philadelphia** is also an Intermediate Unit (IU) established by the Commonwealth to provide programs for special education and certain non-public school services. Conceptually, the cost of operating an IU for a fiscal year is partially financed by Commonwealth appropriation. In certain instances (transportation and institutionalized special education) the School District reimburses the Commonwealth for the funds advanced in the previous year. The amount advanced for transportation of special education students is reimbursed in full less the Commonwealth's share of such cost as determined by a formula based on the number of students transported, route distances, and efficiency of vehicle utilization. The Commonwealth has agreed to defer a scheduled payment of \$44.5 million.
- In April 1992 the Federal Energy Regulatory Commission (FERC) issued order No. 636 which requires **PGW's** suppliers to, among other things, unbundle all services performed and to implement a straight fixed-variable rate design. FERC Order No. 636 also requires PGW to pay transition costs. At August 31, 1993 the pipelines had received FERC authorization to commence billing a portion of their costs. PGW's total exposure to costs stemming from this order is now fully determinable based on the Tetco Rate Case Settlement. Based on their approved filing and in anticipation of future filings for known costs, it is estimated that PGW's liability for transition costs on August 31, 2000 is approximately \$809,000. Therefore, PGW has recorded both a deferred debit and deferred credit on the Balance Sheet in that amount. Payments related to these transition costs are recovered through the normal Gas Cost Rate (GCR). As of August, 2001, the liability for transition cost was totally satisfied.

8. CONTINGENCIES

A. PRIMARY GOVERNMENT

(1) Claims and Litigation

Generally, claims against the City are payable out of the General Fund, except claims against the City Water Department, City Aviation Division, or Component Units which are paid out of their respective funds and only secondarily out of the General Fund which is then reimbursed for the expenditure. Unless specifically noted otherwise, all claims hereinafter discussed are payable out of the General Fund or the individual Enterprise Fund. The Act of October 5, 1980, P.L. 693, No. 142, known as the "Political Subdivision Tort Claims Act", established a \$500,000 aggregate limitation on

damages arising from the same cause of action or transaction or occurrence or series of causes of action, transactions or occurrences with respect to governmental units in the Commonwealth such as the City. The constitutionality of that aggregate limitation has been upheld by the United States Supreme Court. There is no such limitation under federal law.

Various claims have been asserted against the City and in some cases lawsuits have been instituted. Many of these claims are reduced to judgment or otherwise settled in a manner requiring payment by the City. At year end the aggregate estimate of loss deemed to be probable is approximately \$142.0 million. Of this amount, \$7.7 million is charged to current operations of the Enterprise Funds. The remaining \$134.3 million pertaining to the General Fund is reflected in the Government Wide Full Accrual Statements.

In addition to the above, there are other lawsuits against the City in which some amount of loss is reasonably possible. These lawsuits relate to General Fund and Enterprise Fund operations. The aggregate estimates of the loss which could result if unfavorable legal determinations were rendered against the City with respect to those lawsuits is approximately \$97.7 million to the General Fund and \$7.0 million to the Enterprise Funds.

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

- In June, 2000, the Pennsylvania Supreme Court struck down the exemption set forth in Pennsylvania's personal property tax for stock holdings in corporations that pay Pennsylvania capital stock or franchise tax. The Court severed the exemption, and directed Montgomery County (the lead defendant) to provide the taxpayer with meaningful backward-looking relief, which could include, refunds or reassessment of the tax without the exemption against all taxpayers. The City of Philadelphia had previously imposed this tax until 1996, and is subject to timely refund claims for the years 1993 through 1996 totaling approximately \$36 million tax principal (total collections for those years was approximately \$64 million). The City is also a defendant in two putative class actions, which challenge the City's implementation of the Supreme Court's order. The City has entered into a settlement agreement, which received preliminary court approval and which will, if approved dispose of both of these cases. Pursuant to the settlement, the City had assessed the tax on previously exempt property for tax years 1993 through 1996, but then entered into mutual releases with taxpayers freeing them from any payment obligation on the aforementioned assessment and freeing the City from any refund obligations for those years. Any tax previously exempt property that had been paid pursuant to the City's prior remedial program (approximately \$3.4 million) will be refunded.

Notice to the class will be mailed this fall, and a final approval hearing is anticipated early in 2003.

(2) Guaranteed Debt

The City has guaranteed certain debt payments of three of its component units. As such, the City's General Fund has a potential financial obligation toward the extinguishment of this debt, either by replacing the various reserve funds, if used, or the actual payment of principal or interest. At June 30, principal balances outstanding were as follows:

(Amounts In Thousands)	
Redevelopment Authority of the City of Philadelphia	\$ 2,655
Philadelphia Parking Authority	107,350
Philadelphia Authority for Industrial Development	<u>9,790</u>
	<u>\$ 119,795</u>

(3) Single Audit

The City and School District receive 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 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 unresolved and questioned costs in the City's Single Audit of Federal Financial Assistance for the fiscal year ended June 30, 2002, which amounted to \$546.2 million for all open program years as of December 20, 2002. Of this amount, \$472.6 million represents unresolved cost due to the inability to obtain audit reports from subrecipients for the year ended June 30, 2002 due to timing differences in audit requirements, \$52.5 million represents questioned costs due to the inability to obtain subrecipient audit reports for the fiscal years June 30, 2001 and prior and \$21.1 million represents questioned costs related to specific compliance requirements which have yet to be resolved.

(4) HUD Section 108 Loans

As of the end of the fiscal year, the Federal Department of Housing and Urban Development (HUD) had disbursed \$181.0 million in loans to the Philadelphia Industrial Development Corporation (PIDC). The funds, which were used to establish a loan pool pursuant to a contract between the City and HUD, are being accounted for and administered by PIDC on behalf of the City. Pool funds are loaned to businesses for economic development purposes. Loan repayments and investment proceeds from unloaned funds are used to repay HUD. Collateral for repayment of the funds includes future Community Development Block Grant entitlements due to the City from HUD. The total remaining principal to be repaid to HUD for all loans at the end of the year was \$163.5 million.

B. COMPONENT UNITS

- The **School District of Philadelphia** is a party to various claims, legal actions, arbitration and complaints arising in the ordinary course of business which aggregate to a total potential liability of \$5.8 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. 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. In addition, the School District has recorded in its Government Wide Full Accrual Statements the total cumulative potential liability of \$65.3 million for Workers' Compensation, \$4.8 million for Unemployment Compensation claims and \$5.0 million for claims and judgments.
- In Mosaica Academy Charter School, et al. V. Commonwealth of Pennsylvania, School District of Philadelphia et.al. The Commonwealth Court rendered adversely to the School District in July, 2000 after determination that the School District lacked standing to challenge the Bensalem School District's granting of a charter. In August, 2000, the District appealed the decision to the Pennsylvania Supreme Court. In December, 2002, the Supreme Court upheld the Commonwealth's decision. Based on the charter school's Philadelphia resident student population, this charter school will cost the School District \$1.8 million in fiscal year 2002. The Charter will expire in June, 2003, and there are no prospects for renewal at this time.
- In 1973 the Pennsylvania Human Relations Commission (PHRC) brought suit against the **School District** in Pennsylvania Commonwealth court to end historical de facto racial segregation. Over the next 20 years the District implemented various reform plans, which the Court determined, from time to time, were inadequate to cure the problem of racial isolation in the schools.

In late 1995, the Commonwealth Court joined the Commonwealth as a defendant. In 1996 the Court found that the Commonwealth was liable for substantial and ongoing financial contributions to the School District to the extent that the School District was unable to support the desegregation mandates. However, the Commonwealth Court's Order was vacated by the Pennsylvania Supreme Court when it assumed plenary jurisdiction of the case in the fall of 1996. After three years, the

Supreme Court determined that the Commonwealth Court lacked authority to add defendants or claims to the case after its commencement by the Commission in 1973. The Commonwealth was dismissed from the case and jurisdiction returned to the Commonwealth Court.

The School District has continued to operate in accordance with the remedial plan and to report periodically on its progress toward satisfying the Court's mandates. In May and September 2001, respectively, at the request of the Court, the School District submitted a Comprehensive School Safety and Security Plan and a Curriculum Renewal Plan intended to guide the District's work in the areas of curriculum and instruction. Following a hearing in 2001 to review the Plans and the District's compliance with the other components of the Remedial Order, in September 2001, the Court issued an Opinion and Order concluding that the School District has made significant and continued effort to comply with the Remedial Order, accepting the Plans, and directing the Human Relations Commission to monitor their implementation. The Court further directed the Commission to request the Court to close the case when it is satisfied that the District has demonstrated that it can and will provide an equal educational opportunity to all students.

In December, 2001, the Court held a conference in the case to reiterate its position that the Plans approved by the Court in September, 2001, are to be implemented by the School District notwithstanding any change in management structure unless there is a modification through court order.

It does not appear that the School District will be compelled to undertake expensive new programs or to incur significant costs in this matter going forward that it would not have done absent of the litigation.

- The **School District of Philadelphia** was notified by the Pennsylvania Department of Education (PDE) that the results of an audit conducted by the Auditor General for the years ending June 30, 1991, 1992 and 1993 revealed that the School District over-reported student enrollment in Fiscal Year 1991 which established the base for all school subsidies through Fiscal Year 1999. The determination of subsidy reimbursement from the PDE's Director, Bureau of Budget and Fiscal Management, was \$20 million after appeal through fiscal year 1999. The Commonwealth has agreed to a repayment schedule that results in periodic deductions from amounts paid by the Commonwealth to the School District. A similar audit was undertaken which concluded with the PDE asserting an additional \$20 million per year claim for alleged over reporting of enrollment in school years 1994-95 through 1996-97. The district denies the claim and has produced documentation. The Commonwealth has postponed collections of this category in order to assist the District through a funding shortfall. Both matters remain pending.
- The Einstein Academy Charter School or T.E.A.C.H., a cyber school, was granted a charter by the Morrisville School District and enrolled Philadelphia-resident students in on-line classes in September, 2001. The Philadelphia School Board, which had denied T.E.A.C.H. a charter in February 2001, has refused the school's demands for payment for Philadelphia students.

In December, 2001, the Secretary of Education notified the SDP that the Department of Education would deduct \$121,245 for the months July through October and \$25,008 for the month of November from the SDP's unipay. In both instances, the Secretary notified the SDP that the amounts would be transferred to T.E.A.C.H. The SD intends to vigorously dispute those payments. The likelihood of an unfavorable outcome for this case is remote.

9. SUBSEQUENT EVENTS

A. PRIMARY GOVERNMENT

- (1) In July 2002, the City issued \$300 million of Tax and Revenue Anticipation Notes to supplement the receipts of the General Fund of the City for the purpose of paying general expenses of the City prior to the receipt of taxes and other revenues to be received in the current fiscal year. The proceeds will be invested until needed and repaid by June 30, 2003.

- (2) In July 2002, the City defeased a portion of Water and Wastewater Revenue Bonds, series 1995. The term bonds have an interest rate of 5.6% with the remaining bonds maturing in 2018. The defeasance was \$9.5 million.
- (3) Approximately \$467 million of Water and Wastewater Series 1993 and 1995 Bonds are callable on 3/18/03 and 5/4/05 at 102% of par. A brokerage house agreed to pay an upfront premium for an interest rate "swaption" that represents savings of 5.5% of the refunded par amount of the bonds. An advance refund is not available since the bonds are subject to Alternative Minimum Tax. Executing the swaption allowed the City to synthetically capture the debt service savings of the refunding. The brokerage house paid the City for the right, but not the obligation to swap the interest rates. The brokerage house must notify the City of their intention to exercise the swaption. The City realized \$29.0 million from the transaction in December 2002.
- (4) In August 2002, Philadelphia International Airport's largest airline (PHL), US Airways, filed for Chapter 11 bankruptcy protection. Since filing, US Airways has secured cost savings from its employees, aircraft lessors and lenders and has further reduced costs by cutting flight capacity. In February 2003, the company stated its intentions to emerge from Chapter 11 bankruptcy protection at the end of March 2003 and has projected a return to profitability in 2004. US Airways continues to lease and operate from Airport terminal facilities and remit monthly rental payments and fees pursuant to the Airline - Airport Use and Lease Agreement with the City.

US Airways is also the project manager for the construction of the new International Terminal at PHL. All construction contracts are with US Airways. However, the Philadelphia Authority for Industrial Development (PAID) is responsible for paying all contractor invoices for this construction project from funds generated by the sale of Airport Revenue Bonds in July 1998 and July 2001.

B. COMPONENT UNITS

- (1) In July 2002, **PAID** sold the option rights relating to \$225 million of Pension Funding Bonds for \$9.3 million. The option rights permit the owner to direct the mandatory tender for purchase prior to the maturity of the bonds, beginning on or after January 15, 2004 on the specified bonds only. The rights option transfers PAID's right to require tender for purchase to the holder of the rights options.
- (2) In September 2002, the **School District of Philadelphia** issued \$175 million of Tax and Revenue Anticipation Notes. The proceeds of the notes will be invested until needed and repaid by June 30, 2003.
- (3) In December 2002, the Governor of Pennsylvania signed a bill that dilutes the City's representation on the board of the **Pennsylvania Convention Center Authority**. The enacted legislation changes City representation from its current four of nine members to four of thirteen members. In January 2003, the City filed suit in the Pennsylvania Supreme Court asking that the law be declared unconstitutional. In February 2003, a Commonwealth Court judge issued an injunction blocking implementation of the bill until it's constitutionality can be determined.
- (4) In December 2002, **PGW** issued \$125.0 million in Gas Works Revenue Bonds, Fourth Series with interest rates ranging from 3% to 5.25% and maturity dates of 2004 to 2032. The proceeds of the bonds will be used for capital projects.
- (5) During Fiscal Year 2003, **PPA** defeased 27.2 million in Series 1999A Parking System Revenue Bonds.

**REQUIRED
SUPPLEMENTARY
INFORMATION**

(Other than Management Discussion and Analysis)

**CITY OF PHILADELPHIA
REQUIRED SUPPLEMENTARY INFORMATION
BUDGETARY COMPARISON SCHEDULE
General Fund
For the Fiscal Year Ended June 30, 2002
(Amounts in thousands of USD)**

Exhibit XIV

	Budgeted Amounts			Final Budget to Actual Positive (Negative)
	Original	Final	Actual*	
Revenues				
Tax Revenue	1,919,446	1,942,783	1,945,440	2,657
Locally Generated Non-Tax Revenue	200,794	197,205	209,112	11,907
Revenue from Other Governments	753,179	762,300	687,712	(74,588)
Revenue from Other Funds	25,057	24,208	24,619	411
Total Revenues	2,898,476	2,926,496	2,866,883	(59,613)
Expenditures and Encumbrances				
Personal Services	1,162,638	1,201,302	1,188,297	13,005
Pension Contributions	205,300	196,582	196,582	-
Other Employee Benefits	307,700	289,617	289,245	372
Sub-Total Employee Compensation	1,675,638	1,687,501	1,674,124	13,377
Purchase of Services	933,207	934,560	920,495	14,065
Materials and Supplies	55,184	54,883	51,425	3,458
Equipment	29,722	29,577	28,530	1,047
Contributions, Indemnities and Taxes	77,921	127,921	123,784	4,137
Debt Service - Principal	52,215	43,283	43,283	-
Debt Service - Interest	51,731	48,147	48,147	-
Short-Term Interest	15,850	10,386	10,386	-
Payments to Other Funds	29,578	51,045	50,658	387
Advances, Subsidies, Miscellaneous	30,772	30,772	30,303	469
Total Expenditures and Encumbrances	2,951,818	3,018,075	2,981,135	36,940
Operating Surplus (Deficit) for the Year	(53,342)	(91,579)	(114,252)	(22,673)
Fund Balance Available for Appropriation, July 1, 2001	152,829	230,010	230,009	(1)
Operations in Respect to Prior Fiscal Years				
Commitments Cancelled - Net	23,000	25,000	23,202	(1,798)
Revenue Adjustments - Net	5,000	7,000	-	(7,000)
Prior Period Adjustments	-	-	66	66
Funding for Future Obligations	(127,487)	-	-	-
Adjusted Fund Balance, July 1, 2001	53,342	262,010	253,277	(8,733)
Fund Balance Available for Appropriation, June 30, 2002	-	170,431	139,025	(31,406)

* 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, 2002
(Amounts in thousands of USD)

Exhibit XV

	Budgeted Amounts		Actual*	Final Budget to Actual Positive (Negative)
	Original	Final		
Revenues				
Locally Generated Non-Tax Revenue	7,500	5,000	3,259	(1,741)
Revenue from Other Governments	518,250	475,000	457,477	(17,523)
Total Revenues	525,750	480,000	460,736	(19,264)
Other Sources				
Decrease in Unreimbursed Commitments	-	-	(7,370)	(7,370)
Increase in Financed Reserves	-	-	(2,091)	(2,091)
Total Revenues and Other Sources	525,750	480,000	451,275	(28,725)
Expenditures and Encumbrances				
Purchase of Services	547,950	547,950	447,791	100,159
Equipment	100	100	-	100
Payments to Other Funds	950	950	598	352
Total Expenditures and Encumbrances	549,000	549,000	448,389	100,611
Operating Surplus (Deficit) for the Year	(23,250)	(69,000)	2,886	71,886
Fund Balance Available for Appropriation, July 1, 2001	62,118	63,027	63,027	-
Operations in Respect to Prior Fiscal Years				
Commitments Cancelled - Net	-	-	3,206	3,206
Revenue Adjustments - Net	-	-	(64)	(64)
Adjusted Fund Balance, July 1, 2001	62,118	63,027	66,169	3,142
Fund Balance Available for Appropriation, June 30, 2002	38,868	(5,973)	69,055	75,028

* Refer to the notes to required supplementary information.

**CITY OF PHILADELPHIA
REQUIRED SUPPLEMENTARY INFORMATION
BUDGETARY COMPARISON SCHEDULE
Grants Revenue Fund
For the Fiscal Year Ended June 30, 2002
(Amounts in thousands of USD)**

Exhibit XVI

	Budgeted Amounts			Final Budget to Actual Positive (Negative)
	Original	Final	Actual*	
Revenues				
Locally Generated Non-Tax Revenue	79,463	42,253	49,845	7,592
Revenue from Other Governments	914,883	772,226	599,888	(172,338)
Total Revenues	994,346	814,479	649,733	(164,746)
Other Sources				
Decrease in Unreimbursed Commitments	-	-	(546)	(546)
Increase in Financed Reserves	-	-	(8,458)	(8,458)
Total Revenues and Other Sources	994,346	814,479	640,729	(173,750)
Expenditures and Encumbrances				
Personal Services	78,911	86,385	69,891	16,494
Pension Contributions	6,333	5,837	4,323	1,514
Other Employee Benefits	11,058	11,952	10,765	1,187
Sub-Total Employee Compensation	96,302	104,174	84,979	19,195
Purchase of Services	718,944	732,353	563,265	169,088
Materials and Supplies	17,557	16,000	12,047	3,953
Equipment	9,178	7,591	3,619	3,972
Contributions, Indemnities and Taxes	35,100	35,146	114	35,032
Payments to Other Funds	17,265	17,643	9,545	8,098
Advances, Subsidies, Miscellaneous	100,000	15,182	-	15,182
Total Expenditures and Encumbrances	994,346	928,089	673,569	254,520
Operating Surplus (Deficit) for the Year	-	(113,610)	(32,840)	80,770
Fund Balance Available for Appropriation, July 1, 2001	-	(54,316)	(54,316)	-
Operations in Respect to Prior Fiscal Years				
Commitments Cancelled - Net	-	-	15,915	15,915
Revenue Adjustments - Net	-	-	2,965	2,965
Prior Period Adjustments	-	54,316	-	(54,316)
Adjusted Fund Balance, July 1, 2001	-	-	(35,436)	(35,436)
Fund Balance Available for Appropriation, June 30, 2002	-	(113,610)	(68,276)	45,334

* Refer to the notes to required supplementary information.

CITY OF PHILADELPHIA
REQUIRED SUPPLEMENTARY INFORMATION
PENSION PLANS - SCHEDULE OF FUNDING PROGRESS
(Amounts in thousands of USD)

Exhibit **XVII**

Actuarial Valuation Date	Actuarial Value of Assets (a)	Actuarial Accrued Liability (AAL) (b)	Unfunded AAL (UAAL) (b - a)	Funded Ratio (a / b)	Covered Payroll (c)	UAAL as a Percent of Covered Payroll (b - a) / c
<u>City of Philadelphia Municipal Pension Plan</u>						
07/01/1999	4,496,800	5,862,100	1,365,300	76.71%	1,178,600	115.84%
07/01/2000	4,765,000	6,193,400	1,428,400	76.94%	1,142,800	124.99%
07/01/2001	4,943,400	6,379,800	1,436,400	77.49%	1,180,400	121.69%
<u>Philadelphia Gas Works Plan</u>						
09/01/1996	330,829	329,591	(1,238)	100.38%	94,104	-1.32%
09/01/1998	393,878	356,367	(37,511)	110.53%	89,902	-41.72%
09/01/2000	418,768	385,892	(32,876)	108.52%	97,746	-33.63%

CITY OF PHILADELPHIA
NOTES TO REQUIRED SUPPLEMENTARY INFORMATION
For the Fiscal Year Ended June 30, 2002
(Amounts in thousands of USD)

Exhibit XVIII

I. BASIS OF BUDGETING

The City of Philadelphia maintains a basis of budgeting that differs from GAAP in that transfers are reported as revenue and encumbrances are reported as obligations.

II. BASIS OF BUDGETING TO GAAP BASIS RECONCILIATION

The schedule below shows the differences between Budgetary and GAAP revenues and expenditures:

	<u>General Fund</u>	HealthChoices Behavioral Health <u>Fund</u>	Grants Revenue <u>Fund</u>
<u>Revenues</u>			
Revenue from the Budgetary Comparison Schedule	2,866,883	460,736	649,733
Transfers	(188,158)	-	-
Program Income	-	-	92,798
Adjustments applicable to Prior Years Budgets	-	(64)	2,965
Other	12,282	-	-
Revenue from the Statement of Revenues, Expenditures and Changes in Fund Balance	<u>2,691,007</u>	<u>460,672</u>	<u>745,496</u>
<u>Expenditures and Encumbrances</u>			
Obligations from the Budgetary Comparison Schedule	2,981,135	448,389	673,569
Transfers	(142,913)	-	(8,717)
Expenditures applicable to Prior Years Budgets	78,598	5,193	41,846
Other	33,617	-	92,798
Current Year Encumbrances	(90,998)	(1,029)	(57,216)
Expenditures from the Statement of Revenues, Expenditures and Changes in Fund Balance	<u>2,859,439</u>	<u>452,553</u>	<u>742,280</u>

**OTHER
SUPPLEMENTARY
INFORMATION**



NON-MAJOR GOVERNMENTAL FUNDS

SPECIAL REVENUE FUNDS

Special Revenue Funds are used to account for the proceeds of specific revenue sources that are restricted by law or administrative action to specific purposes.

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.

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 with 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 Fairmount Park.

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.

DEBT SERVICE FUNDS

Debt Service Funds are used for the purpose of accumulating resources for the payment of principal on general obligation term bonds and to function as a conduit for the debt service payments to fiscal agents.

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 financial resources to be used for the acquisition or construction of the major capital facilities other than those financed by proprietary fund operations.

CITY - Established to account for capital additions and improvements to the City's facilities and infrastructure and finance 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 financial resources that are legally restricted to the extent that only earnings, not principal, may be used for purposes that support the government's programs.

DEPARTMENTAL - Established to account for trust of the Free Library and Fairmount Park.

**CITY OF PHILADELPHIA
COMBINING BALANCE SHEET
Non-Major Governmental Funds
June 30, 2002**
(Amounts in thousands of USD)

Schedule I

	Special Revenue											Total
	County Liquid Fuels Tax	Special Gasoline Tax	Hotel Room Rental Tax	Community Development	Car Rental Tax	Riverview Residents	Philadelphia Prisons	Arbitration Appeals	Departmental	Municipal Authority Administrative	PICA Administrative	
Assets												
Cash on Deposit and on Hand	-	-	-	-	-	-	-	-	1,818	440	29,308	31,566
Equity in Treasurer's Account	359	698	4,791	-	7,789	228	1,899	-	304	-	-	16,068
Investments	-	-	-	-	-	-	-	-	789	112	54,147	55,048
Due from Other Funds	-	-	-	-	-	-	-	-	-	-	434	434
Due from Component Units	-	-	-	-	-	-	-	-	-	-	-	-
Taxes Receivable	-	-	3,349	-	-	-	-	-	-	-	6,797	10,508
Accounts Receivable	-	-	-	3,405	-	-	-	-	2,109	2,217	-	7,731
Allowance for Doubtful Accounts	-	-	(337)	(160)	(1)	-	-	-	-	-	-	(498)
Interest and Dividends Receivable	1	4	5	-	10	-	-	-	-	4	149	173
Due from Other Governmental Units	-	-	-	11,344	-	-	-	-	-	-	-	11,344
Other Assets	-	-	-	-	-	-	-	-	-	-	12	12
Total Assets	360	702	7,808	14,589	8,160	228	1,899	-	5,020	2,773	90,847	132,386
Liabilities and Fund Balances												
Liabilities:												
Notes Payable	-	-	-	1,425	-	-	-	-	-	-	-	1,425
Vouchers Payable	43	107	-	113	-	1	16	-	89	-	-	369
Accounts Payable	72	177	3,355	4,711	-	5	37	-	2,693	2,641	107	13,798
Salaries and Wages Payable	-	-	-	70	-	-	-	-	-	-	290	360
Due to Other Funds	-	-	-	6,692	-	-	6	-	-	-	7,231	13,929
Due to Component Units	-	-	4,411	1,562	-	-	-	-	-	-	-	5,973
Funds Held in Escrow	-	-	-	-	-	-	683	-	254	9	-	946
Due to Other Governmental Units	-	-	-	16	-	13	-	-	-	-	-	29
Deferred Revenue	-	-	42	7,700	-	-	-	-	-	-	26,235	33,977
Total Liabilities	115	284	7,808	22,289	-	19	742	-	3,036	2,650	33,863	70,806
Fund Balances:												
Reserved for:												
Encumbrances	165	338	-	-	-	17	199	-	75	-	-	794
Intergovernmental Financing	-	-	-	-	-	-	-	-	-	-	54,762	54,762
Debt Service Principal	-	-	-	-	-	-	-	-	-	-	-	-
Trust Purposes	-	-	-	-	-	-	-	-	-	-	-	-
Unreserved:												
Designated for Trust Purposes	-	-	-	-	-	192	958	-	1,909	-	-	3,059
Undesignated	80	80	-	(7,700)	8,160	-	-	-	-	123	2,222	2,965
Total Fund Balances	245	418	-	(7,700)	8,160	209	1,157	-	1,984	123	56,984	61,580
Total Liabilities and Fund Balances	360	702	7,808	14,589	8,160	228	1,899	-	5,020	2,773	90,847	132,386

CITY OF PHILADELPHIA
COMBINING BALANCE SHEET
Non-Major Governmental Funds(Continued)
June 30, 2002
(amounts in thousands of USD)

Schedule I

	Debt Service			Capital Improvement			Permanent		Total Non-Major Governmental Funds
	City	Municipal Authority	PICA	Total	City	Municipal Authority	Total	Departmental	
Assets									
Cash on Deposit and on Hand	-	-	8,808	8,808	-	-	-	134	40,508
Equity in Treasurer's Account	-	-	-	-	141,226	-	141,226	-	157,294
Investments	-	6,068	80,398	86,466	-	6,908	6,908	6,253	154,675
Due from Other Funds	-	-	-	-	-	-	-	-	434
Due from Component Units	-	-	-	-	410	-	410	-	410
Taxes Receivable	-	-	-	-	-	-	-	-	10,508
Accounts Receivable	-	3,775	-	3,775	186	-	186	150	11,842
Allowance for Doubtful Accounts	-	-	-	-	(186)	-	(186)	-	(684)
Interest and Dividends Receivable	-	3	441	444	557	15	572	-	1,189
Due from Other Governmental Units	-	-	-	-	19,901	-	19,901	-	31,245
Other Assets	-	-	-	-	-	-	-	-	12
Total Assets	-	9,846	89,647	99,493	162,094	6,923	169,017	6,537	407,433
Liabilities and Fund Balances									
Liabilities:									
Notes Payable	-	-	-	-	-	-	-	-	1,425
Vouchers Payable	-	-	-	-	7,228	-	7,228	-	7,597
Accounts Payable	-	4,329	-	4,329	13,227	974	14,201	75	32,403
Salaries and Wages Payable	-	-	-	-	167	-	167	-	527
Due to Other Funds	-	-	434	434	-	-	-	-	14,363
Due to Component Units	-	-	-	-	-	-	-	-	5,973
Funds Held in Escrow	-	-	-	-	2,421	-	2,421	-	3,367
Due to Other Governmental Units	-	-	-	-	-	-	-	-	29
Deferred Revenue	-	-	-	-	17,184	-	17,184	-	51,161
Total Liabilities	-	4,329	434	4,763	40,227	974	41,201	75	116,845
Fund Balances:									
Reserved for:									
Encumbrances	-	-	-	-	121,054	-	121,054	-	121,848
Intergovernmental Financing	-	-	-	-	-	-	-	-	54,762
Debt Service Principal	-	5,517	87,381	92,898	-	-	-	-	92,898
Trust Purposes	-	-	-	-	-	-	-	4,047	4,047
Unreserved:									
Designated for Trust Purposes	-	-	-	-	-	-	-	2,415	5,474
Undesignated	-	-	1,832	1,832	813	5,949	6,762	-	11,559
Total Fund Balances	-	5,517	89,213	94,730	121,867	5,949	127,816	6,462	290,588
Total Liabilities and Fund Balances	-	9,846	89,647	99,493	162,094	6,923	169,017	6,537	407,433

**CITY OF PHILADELPHIA
COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
Non-Major Governmental Funds
For the Fiscal Year Ended June 30, 2002**
(Amounts in thousands of USD)

Schedule II

	Special Revenue												Total
	County Liquid Fuels Tax	Special Gasoline Tax	Hotel Room Rental Tax	Community Development	Car Rental Tax	Riverview Residents	Philadelphia Prisons	Arbitration Appeals	Departmental	Municipal Authority Administrative	PICA Administrative		
Revenues													
Tax Revenue	-	-	29,584	-	3,892	-	-	-	-	-	276,678	310,154	
Locally Generated Non-Tax Revenue	25	48	67	1,579	131	45	864	648	13,311	7,078	4,048	27,844	
Revenue from Other Governments	4,760	19,266	-	73,965	-	-	-	-	-	-	-	97,991	
Other Revenues	-	-	-	-	-	-	-	-	-	-	-	-	
Total Revenues	4,785	19,314	29,651	75,544	4,023	45	864	648	13,311	7,078	280,726	435,989	
Expenditures													
Current Operating:													
Economic Development	-	-	29,651	-	-	-	-	-	-	-	-	29,651	
Transportation:													
Streets & Highways	5,208	19,504	-	-	-	-	-	-	-	-	-	24,712	
Judiciary and Law Enforcement:													
Prisons	-	-	-	-	-	-	1,219	-	-	-	-	1,219	
Housing and Neighborhood Development	-	-	-	77,616	-	-	-	-	-	-	-	77,616	
Cultural and Recreational:													
Recreation	-	-	-	-	-	-	-	-	1,281	-	-	1,281	
Parks	-	-	-	-	-	-	-	-	13,444	-	-	13,444	
Libraries and Museums	-	-	-	-	-	-	-	-	196	-	-	196	
General Management and Support	-	-	-	-	-	56	-	648	51	7,346	1,046	9,147	
Capital Outlay	-	-	-	-	-	-	-	-	-	-	-	-	
Debt Service:													
Principal	-	-	-	-	-	-	-	-	-	-	-	-	
Interest	-	-	-	-	-	-	-	-	-	-	-	-	
Total Expenditures	5,208	19,504	29,651	77,616	-	56	1,219	648	14,972	7,346	1,046	157,266	
Excess of Revenues Over (Under) Expenditures	(423)	(190)	-	(2,072)	4,023	(11)	(355)	-	(1,661)	(268)	279,680	278,723	
Other Financing Sources (Uses)													
Proceeds from Lease & Service Agreements	-	-	-	-	-	-	-	-	-	-	-	-	
Transfers In	-	-	-	-	-	-	-	-	784	282	1,850	2,916	
Transfers Out	-	-	-	-	-	-	-	-	-	-	(301,269)	(301,269)	
Total Other Financing Sources (Uses)	-	-	-	-	-	-	-	-	784	282	(299,419)	(298,353)	
Net Change in Fund Balances	(423)	(190)	-	(2,072)	4,023	(11)	(355)	-	(877)	14	(19,739)	(19,630)	
Fund Balances - July 1, 2001	668	608	-	(5,628)	4,137	225	1,562	-	2,861	109	76,723	81,265	
Adjustment	-	-	-	-	-	(5)	(50)	-	-	-	-	(55)	
Adjusted Fund Balances - July 1, 2001	668	608	-	(5,628)	4,137	220	1,512	-	2,861	109	76,723	81,210	
Fund Balances - June 30, 2002	245	418	-	(7,700)	8,160	209	1,157	-	1,984	123	56,984	61,580	

**CITY OF PHILADELPHIA
COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
Non-Major Governmental Funds(Continued)
For the Fiscal Year Ended June 30, 2002**
(amounts in thousands of USD)

Schedule II

	Debt Service				Capital Improvement			Permanent	Total Non-Major Governmental Funds
	Municipal Authority		PICA	Total	City	Municipal Authority	Total		
	City								
Revenues									
Tax Revenue	-	-	-	-	-	-	-	-	310,154
Locally Generated Non-Tax Revenue	7	-	7,327	7,334	310	241	77	551	35,806
Revenue from Other Governments	-	-	-	-	16,609	-	-	16,609	114,600
Other Revenues	-	-	-	-	30	-	-	30	30
Total Revenues	7	-	7,327	7,334	16,949	241	77	17,190	460,590
Expenditures									
Current Operating:									
Economic Development	-	-	-	-	-	-	-	-	29,651
Transportation:									
Streets & Highways	-	-	-	-	-	-	-	-	24,712
Judiciary and Law Enforcement:									
Prisons	-	-	-	-	-	-	-	-	1,219
Housing and Neighborhood Development	-	-	-	-	-	-	-	-	77,616
Cultural and Recreational:									
Recreation	-	-	-	-	-	-	-	-	1,281
Parks	-	-	-	-	-	-	652	-	14,096
Libraries and Museums	-	-	-	-	-	-	-	-	196
General Management and Support	-	-	-	-	-	-	-	-	9,147
Capital Outlay	-	-	-	-	276,232	1,624	-	277,856	277,856
Debt Service:									
Principal	42,133	26,653	61,175	129,961	-	-	-	-	129,961
Interest	48,080	21,811	46,123	116,014	-	-	-	-	116,014
Total Expenditures	90,213	48,464	107,298	245,975	276,232	1,624	652	277,856	681,749
Excess of Revenues Over (Under) Expenditures	(90,206)	(48,464)	(99,971)	(238,641)	(259,283)	(1,383)	(575)	(260,666)	(221,159)
Other Financing Sources (Uses)									
Proceeds from Lease & Service Agreements	-	-	-	-	19,558	-	-	19,558	19,558
Transfers In	89,548	47,909	97,890	235,347	133,685	-	-	133,685	371,948
Transfers Out	-	-	-	-	-	(186)	-	(186)	(301,455)
Total Other Financing Sources (Uses)	89,548	47,909	97,890	235,347	153,243	(186)	-	153,057	90,051
Net Change in Fund Balances	(658)	(555)	(2,081)	(3,294)	(106,040)	(1,569)	(575)	(107,609)	(131,108)
Fund Balances - July 1, 2001	658	6,072	91,294	98,024	227,907	7,518	7,037	235,425	421,751
Adjustment	-	-	-	-	-	-	-	-	(55)
Adjusted Fund Balances - July 1, 2001	658	6,072	91,294	98,024	227,907	7,518	7,037	235,425	421,696
Fund Balances - June 30, 2002	-	5,517	89,213	94,730	121,867	5,949	6,462	127,816	290,588

**CITY OF PHILADELPHIA
CITY RELATED FUND TYPES AND ACCOUNTS
SUMMARY SCHEDULE OF INVESTMENTS**

June 30, 2002

(Amounts in USD)

Schedule III

	<u>Par Value</u>	<u>Cost</u>	<u>Fair Value 6-30-2002</u>
Permanent Funds:			
U.S. Government Securities	-	1,388,160	1,470,099
U.S. Government Agencies	-	649,819	923,531
Common Stock	-	2,447,507	2,448,349
Other Investments	-	315,816	1,411,681
<u>Total</u>	-	4,801,302	6,253,660
Special Revenue Funds:			
U.S. Government Securities	-	110,369	114,822
Corporate Bonds	-	24,792	26,595
Common Stock	-	901,329	619,113
Other Investments	-	28,195	28,195
<u>Total</u>	-	1,064,685	788,725
Agency Funds:			
U.S. Government Securities	27,086,161	27,086,161	27,255,804
U.S. Government Agencies	3,529,799	3,529,799	3,647,155
<u>Total</u>	30,615,960	30,615,960	30,902,959
Treasurer's Account:*			
U.S. Government Securities	699,013,544	696,447,440	704,905,252
U.S. Government Agency Securities	714,943,902	689,903,218	696,044,305
Corporate Bonds	659,699,909	674,331,577	697,210,224
Common Stock	6,209,723	3,160,792,629	2,964,368,140
Mortgage Obligations	34,433,203	34,814,606	35,493,531
Short Term Investments	399,021,768	398,858,321	399,213,331
Non-Catergorized Mutual Funds	15,247	245,608	392,309
Real Estate	56,180,485	56,180,485	36,317,745
Repurchase Agreements	13,102,897	13,102,897	-
Financial Agreements	159,484,616	165,401,732	130,087,575
Other Bonds and Investments	92,808,219	165,698,281	165,687,484
<u>Total</u>	2,834,913,513	6,055,776,794	5,829,719,896
<u>Total All Fund Types and Accounts</u>	<u>2,865,529,473</u>	<u>6,092,258,741</u>	<u>5,867,665,240</u>

* Investments of the Treasurer's Account represent a portion of the Equity in Treasurer's Account Balances of the City Funds.

CITY OF PHILADELPHIA
 CITY RELATED SCHEDULE OF BONDED DEBT OUTSTANDING
 June 30, 2002
 (Amounts in USD)

Schedule IV

	Original Authorization	Date of Issuance	Issued	Fiscal 2002 Outstanding	Maturities	Interest Rates	Fiscal 2003	
							Debt Service Interest	Requirements Principal
General Obligation Bonds:								
Term Bonds	34,966,006	(1) 12/01/1995	28,516,101	28,516,101	05/2014 to 05/2025	5.00	1,425,805	\$ -
	(1) 11/15/1998		6,449,905	6,449,905	03/2019 to 03/2028	5.00	322,495	-
	72,135,877	(1) 12/01/1995	36,358,899	36,358,899	05/2014 to 05/2025	5.00	1,817,945	-
	(1) 11/15/1998		35,776,978	35,776,978	03/2019 to 03/2028	5.00	1,788,849	-
	68,194,869	(1) 11/15/1998	68,194,869	68,194,869	03/2019 to 03/2028	5.00	3,409,744	-
	22,303,248	(1) 11/15/1998	22,303,248	22,303,248	03/2019 to 03/2028	5.00	1,115,162	-
	51,328,447	(1) 01/01/2001	51,328,447	51,328,447	09/2022 to 09/2031	5.00 to 5.25	2,610,226	-
	98,974,271	(1) 01/01/2001	96,961,553	96,961,553	09/2022 to 09/2031	5.00 to 5.25	4,930,824	-
Total Term Bonds	347,902,718		345,890,000	345,890,000			17,421,050	-
Refunding Issues	97,645,000	07/15/1993	97,645,000	54,020,000	05/2003 to 05/2005	5.125 to 6.00	2,839,793	22,000,000
	101,505,000	06/15/1994	101,505,000	14,300,000	11/2002 to 11/2004	5.30 to 6.25	691,153	4,505,000
	178,240,000	12/01/1998	178,240,000	161,585,000	05/2003 to 05/2020	5.00 to 5.25	8,076,081	6,525,000
Total Refunding Bonds	377,390,000		377,390,000	229,905,000			11,607,027	33,030,000
Serial Bonds	6,000,000	02/16/1956	6,000,000	480,000	01/2003 to 01/2006	1.00 to 2.75	6,900	120,000
	20,000,000	NA	20,000,000	11,486,534	07/2002 to 06/2013	1.00	109,754	1,117,228
	73,033,994	06/15/1994	47,500,000	19,000,000	11/2002 to 11/2014	5.30 to 6.00	1,035,682	1,940,000
	(1) 12/01/1995		19,834,899	8,081,210	05/2003 to 05/2025	4.90 to 6.00	433,847	971,416
	(1) 11/15/1998		5,699,095	5,160,408	03/2003 to 03/2018	4.10 to 5.25	259,304	253,428
	56,902,420	(1) 12/01/1995	25,290,101	10,303,790	05/2003 to 05/2025	4.90 to 6.00	553,168	1,238,584
	(1) 11/15/1998		31,612,319	28,624,278	03/2003 to 03/2018	4.10 to 5.25	1,438,334	1,405,741
	60,256,571	(1) 11/15/1998	60,256,571	54,561,034	03/2003 to 03/2018	4.10 to 5.25	2,741,623	2,679,497
	19,707,015	(1) 11/15/1998	19,707,015	17,844,280	03/2003 to 03/2018	4.10 to 5.25	896,652	876,334
	50,781,553	(1) 01/01/2001	50,781,553	50,781,553	09/2002 to 03/2021	3.40 to 5.50	2,389,462	1,628,568
	97,919,719	(1) 01/01/2001	95,928,447	95,928,447	09/2002 to 03/2021	3.40 to 5.50	4,513,793	3,076,432
Total Serial Bonds	384,601,272		382,610,000	302,251,534			14,378,519	15,307,228
Total General Obligation Bonds	1,109,893,990		1,105,890,000	878,046,534			43,406,596	48,337,228

CITY OF PHILADELPHIA
 CITY RELATED SCHEDULE OF BONDED DEBT OUTSTANDING(Continued)
 June 30, 2002
 (Amounts in USD)

Schedule IV

	Original Authorization	Date of Issuance	Issued	Fiscal 2002 Outstanding	Maturities	Interest Rates	Fiscal 2003	
							Debt Service Interest	Requirements Principal
Revenue Bonds:								
Water and Sewer Revenue Bonds:								
14th Series	158,265,000	(2) 05/15/1989	158,265,000	60,400,000	10/2005 to 10/2008	NA	-	-
15th Series	176,005,000	(2) 05/15/1989	176,005,000	45,840,000	10/2002 to 10/2004	NA	-	15,335,000
Series 1993	1,157,585,000	08/01/1993	1,010,025,000	661,250,000	06/2003 to 06/2023	5.00 to 7.00	37,893,981	34,835,000
Series 1993		08/26/1993	147,560,000	111,960,000	06/2004 to 06/2012	5.15 to 10.00	7,827,800	-
Series 1995	221,630,000	04/15/1995	221,630,000	201,465,000	08/2002 to 08/2018	5.30 to 6.75	11,785,122	7,210,000
Series 1997 A	350,000,000	10/15/1997	250,000,000	237,660,000	08/2002 to 08/2027	5.00 to 5.25	11,951,144	4,500,000
Series 1997 B		(3) 11/25/1997	100,000,000	94,600,000	08/2002 to 08/2027	Variable rates	2,619,914	2,000,000
Series 1998	135,185,000	12/25/1998	135,185,000	135,185,000	12/2011 to 12/2014	5.25	7,097,213	-
Series 1999	33,040,000	07/07/1999	33,040,000	33,040,000	12/2004 to 12/2006	5.00	1,652,000	-
Series 1999 A	6,700,000	N.A.	6,700,000	3,358,555	07/2002 to 04/2019	1.41	44,800	376,725
Series 2001 A and B	500,000,000	11/15/2001	285,920,000	285,920,000	11/2011 to 11/2031	3.8 to 5.50	14,565,901	-
Revenue Bonds	2,738,410,000		2,524,330,000	1,870,678,555			95,437,875	64,256,725
Aviation Revenue Bonds:								
5th Series	209,690,000	06/15/1995	209,690,000	197,545,000	06/2003 to 06/2025	5.20 to 6.10	11,799,567	4,320,000
Series 1997 A and B	222,265,000	07/01/1997	222,265,000	175,935,000	06/2003 to 06/2027	5.00 to 6.00	9,802,750	11,330,000
Series 1998 A	123,405,000	03/17/1998	123,405,000	108,115,000	06/2003 to 06/2018	5.25 to 6.00	5,993,481	4,325,000
Series 1998 B	443,700,000	07/01/1998	443,700,000	434,765,000	06/2003 to 06/2028	4.50 to 5.375	22,192,168	8,410,000
Series 2001 A	187,680,000	07/01/2001	187,680,000	187,615,000	06/2003 to 06/2028	4.00 to 5.50	7,984,070	3,405,000
Series 2001 B	40,120,000	07/01/2001	40,120,000	40,120,000	06/2004 to 06/2031	4.00 to 5.50	2,058,294	-
Total Aviation Revenue Bonds	1,226,860,000		1,226,860,000	1,144,095,000			59,830,330	31,790,000
Total Revenue Bonds	3,965,270,000		3,751,190,000	3,014,773,555			155,268,205	96,046,725
Total All Bonds	5,075,163,990		4,857,080,000	3,892,820,089	(4)		198,674,801	\$ 144,383,953

NOTES:

- (1) These General Obligation Authorizations were issued as both Term and Serial Bonds.
- (2) The balance outstanding on these issues includes zero discount bonds and compound interest bonds as follows:

Outstanding	Maturity Value	Discount
60,400,000	60,400,000	43,268,160
45,840,000	45,840,000	37,238,298

- (3) Based on latest available estimated rates.
- (4) A summary of all Bonds Outstanding is as follows:

General Fund Types:	General Obligation Bonds	Revenue Bonds	Total Bonds
General Fund	858,909,779	-	858,909,779
Proprietary Fund Types:			
Water Fund	11,486,534	1,870,678,555	1,882,165,089
Aviation Fund	7,650,221	1,144,095,000	1,151,745,221
Total Proprietary Funds	19,136,755	3,014,773,555	3,033,910,310
Total All Funds	878,046,534	3,014,773,555	3,892,820,089

CITY OF PHILADELPHIA
BUDGETARY COMPARISON SCHEDULE
Water Operating Fund
For the Fiscal Year Ended June 30, 2002
(Amounts in thousands of USD)

Schedule V

	Budgeted Amounts			Final Budget to Actual Positive (Negative)
	Original	Final	Actual	
Revenues				
Locally Generated Non-Tax Revenue	361,680	357,093	350,546	(6,547)
Revenue from Other Governments	7,800	9,007	8,554	(453)
Revenue from Other Funds	63,228	58,051	45,181	(12,870)
Total Revenues	432,708	424,151	404,281	(19,870)
Expenditures and Encumbrances				
Personal Services	97,825	97,225	93,124	4,101
Pension Contributions	15,400	15,400	14,842	558
Other Employee Benefits	25,969	25,969	24,366	1,603
Sub-Total Employee Compensation	139,194	138,594	132,332	6,262
Purchase of Services	69,751	70,351	64,438	5,913
Materials and Supplies	29,534	29,570	27,852	1,718
Equipment	4,544	4,508	3,333	1,175
Contributions, Indemnities and Taxes	6,522	6,522	3,737	2,785
Debt Service - Principal	63,825	63,825	63,512	313
Debt Service - Interest	93,557	93,557	83,890	9,667
Short-Term Interest	500	500	-	500
Payments to Other Funds	35,281	35,281	36,853	(1,572)
Total Expenditures and Encumbrances	442,708	442,708	415,947	26,761
Operating Surplus (Deficit) for the Year	(10,000)	(18,557)	(11,666)	6,891
Fund Balance Available for Appropriation, July 1, 2001	-	-	-	-
Operations in Respect to Prior Fiscal Years				
Commitments Cancelled - Net	10,000	10,000	11,668	1,668
Prior Period Adjustments	-	-	(2)	(2)
Adjusted Fund Balance, July 1, 2001	10,000	10,000	11,666	1,666
Fund Balance Available for Appropriation, June 30, 2002	-	(8,557)	-	8,557

CITY OF PHILADELPHIA
BUDGETARY COMPARISON SCHEDULE
Water Residual Fund
For the Fiscal Year Ended June 30, 2002
(Amounts in thousands of USD)

Schedule VI

	Budgeted Amounts		Actual	Final Budget to Actual Positive (Negative)
	Original	Final		
Revenues				
Locally Generated Non-Tax Revenue	800	600	1,114	514
Revenue from Other Funds	10,000	11,561	10,746	(815)
Total Revenues	10,800	12,161	11,860	(301)
Expenditures and Encumbrances				
Debt Service	10,000	10,000	9,600	400
Payments to Other Funds	4,138	4,138	4,138	-
Total Expenditures and Encumbrances	14,138	14,138	13,738	400
Operating Surplus (Deficit) for the Year	(3,338)	(1,977)	(1,878)	99
Fund Balance Available for Appropriation, July 1, 2001	11,086	22,482	22,482	-
Fund Balance Available for Appropriation, June 30, 2002	7,748	20,505	20,604	99

CITY OF PHILADELPHIA
BUDGETARY COMPARISON SCHEDULE
County Liquid Fuels Tax Fund
For the Fiscal Year Ended June 30, 2002
(Amounts in thousands of USD)

Schedule VII

	Budgeted Amounts		Actual	Final Budget to Actual Positive (Negative)
	Original	Final		
Revenues				
Locally Generated Non-Tax Revenue	45	45	25	(20)
Revenue from Other Governments	4,840	4,840	4,760	(80)
Total Revenues	4,885	4,885	4,785	(100)
Expenditures and Encumbrances				
Personal Services	3,084	3,084	3,084	-
Purchase of Services	1,716	1,748	1,735	13
Materials and Supplies	460	433	405	28
Equipment	75	70	64	6
Payments to Other Funds	15	15	15	-
Total Expenditures and Encumbrances	5,350	5,350	5,303	47
Operating Surplus (Deficit) for the Year	(465)	(465)	(518)	(53)
Fund Balance Available for Appropriation, July 1, 2001	415	523	523	-
Operations in Respect to Prior Fiscal Years				
Commitments Cancelled - Net	50	250	75	(175)
Adjusted Fund Balance, July 1, 2001	465	773	598	(175)
Fund Balance Available for Appropriation, June 30, 2002	-	308	80	(228)

CITY OF PHILADELPHIA
BUDGETARY COMPARISON SCHEDULE
Special Gasoline Tax Fund
For the Fiscal Year Ended June 30, 2002
(Amounts in thousands of USD)

Schedule VIII

	Budgeted Amounts		Actual	Final Budget to Actual Positive (Negative)
	Original	Final		
Revenues				
Locally Generated Non-Tax Revenue	151	150	48	(102)
Revenue from Other Governments	19,725	19,206	19,266	60
Total Revenues	19,876	19,356	19,314	(42)
Expenditures and Encumbrances				
Personal Services	12,109	12,109	12,109	-
Pension Contributions	500	500	500	-
Other Employee Benefits	500	500	500	-
Sub-Total Employee Compensation	13,109	13,109	13,109	-
Purchase of Services	2,679	2,888	2,483	405
Materials and Supplies	4,301	4,115	4,074	41
Equipment	36	12	12	-
Payments to Other Funds	31	31	31	-
Total Expenditures and Encumbrances	20,156	20,155	19,709	446
Operating Surplus (Deficit) for the Year	(280)	(799)	(395)	404
Fund Balance Available for Appropriation, July 1, 2001	30	282	282	-
Operations in Respect to Prior Fiscal Years				
Commitments Cancelled - Net	250	250	193	(57)
Adjusted Fund Balance, July 1, 2001	280	532	475	(57)
Fund Balance Available for Appropriation, June 30, 2002	-	(267)	80	347

CITY OF PHILADELPHIA
BUDGETARY COMPARISON SCHEDULE
Hotel Room Rental Tax Fund
For the Fiscal Year Ended June 30, 2002
(Amounts in thousands of USD)

Schedule IX

	Budgeted Amounts		Actual	Final Budget to Actual Positive (Negative)
	Original	Final		
Revenues				
Taxes	37,922	32,390	29,584	(2,806)
Locally Generated Non-Tax Revenue	150	150	67	(83)
Total Revenues	38,072	32,540	29,651	(2,889)
Expenditures and Encumbrances				
Personal Services	72	72	72	-
Contributions, Indemnities and Taxes	38,000	38,000	29,579	8,421
Total Expenditures and Encumbrances	38,072	38,072	29,651	8,421
Operating Surplus (Deficit) for the Year	-	(5,532)	-	5,532
Fund Balance Available for Appropriation, July 1, 2001	-	-	-	-
Fund Balance Available for Appropriation, June 30, 2002	-	(5,532)	-	5,532

CITY OF PHILADELPHIA
BUDGETARY COMPARISON SCHEDULE
Aviation Operating Fund
For the Fiscal Year Ended June 30, 2002
(Amounts in thousands of USD)

Schedule X

	Budgeted Amounts		Actual	Final Budget to Actual Positive (Negative)
	Original	Final		
Revenues				
Locally Generated Non-Tax Revenue	239,492	228,000	181,676	(46,324)
Revenue from Other Governments	-	-	2,203	2,203
Revenue from Other Funds	450	450	286	(164)
Total Revenues	239,942	228,450	184,165	(44,285)
Expenditures and Encumbrances				
Personal Services	41,962	44,818	42,526	2,292
Pension Contributions	6,750	6,750	6,337	413
Other Employee Benefits	11,054	11,054	9,493	1,561
Sub-Total Employee Compensation	59,766	62,622	58,356	4,266
Purchase of Services	70,327	69,971	61,162	8,809
Materials and Supplies	7,842	7,842	5,540	2,302
Equipment	8,366	6,866	679	6,187
Contributions, Indemnities and Taxes	4,430	4,430	1,598	2,832
Debt Service - Principal	28,318	28,318	30,356	(2,038)
Debt Service - Interest	46,833	45,833	41,507	4,326
Short-Term Interest	250	250	-	250
Payments to Other Funds	20,207	20,207	5,802	14,405
Advances, Subsidies, Miscellaneous	500	500	-	500
Total Expenditures and Encumbrances	246,839	246,839	205,000	41,839
Operating Surplus (Deficit) for the Year	(6,897)	(18,389)	(20,835)	(2,446)
Fund Balance Available for Appropriation, July 1, 2001	11,723	36,175	36,175	-
Operations in Respect to Prior Fiscal Years				
Commitments Cancelled - Net	4,800	4,800	8,065	3,265
Adjusted Fund Balance, July 1, 2001	16,523	40,975	44,240	3,265
Fund Balance Available for Appropriation, June 30, 2002	9,626	22,586	23,405	819

CITY OF PHILADELPHIA
BUDGETARY COMPARISON SCHEDULE
Community Development Fund
For the Fiscal Year Ended June 30, 2002
(Amounts in thousands of USD)

Schedule **XI**

	Budgeted Amounts		Actual	Final Budget to Actual Positive (Negative)
	Original	Final		
Revenues				
Locally Generated Non-Tax Revenue	1,200	1,200	1,579	379
Revenue from Other Governments	102,776	71,676	64,359	(7,317)
Total Revenues	103,976	72,876	65,938	(6,938)
Other Sources				
Increase in Unreimbursed Commitments	-	-	2,636	2,636
Total Revenues and Other Sources	103,976	72,876	68,574	(4,302)
Expenditures and Encumbrances				
Personal Services	5,765	5,765	5,192	573
Pension Contributions	748	748	605	143
Other Employee Benefits	1,558	1,558	1,343	215
Sub-Total Employee Compensation	8,071	8,071	7,140	931
Purchase of Services	75,565	75,400	63,656	11,744
Materials and Supplies	220	377	180	197
Equipment	70	78	24	54
Payments to Other Funds	50	50	26	24
Advances, Subsidies, Miscellaneous	20,000	20,000	-	20,000
Total Expenditures and Encumbrances	103,976	103,976	71,026	32,950
Operating Surplus (Deficit) for the Year	-	(31,100)	(2,452)	28,648
Fund Balance Available for Appropriation, July 1, 2001	-	(5,628)	(5,628)	-
Operations in Respect to Prior Fiscal Years				
Commitments Cancelled - Net	-	11,100	380	(10,720)
Revenue Adjustments - Net	-	5,628	-	(5,628)
Adjusted Fund Balance, July 1, 2001	-	11,100	(5,248)	(16,348)
Fund Balance Available for Appropriation, June 30, 2002	-	(20,000)	(7,700)	12,300

CITY OF PHILADELPHIA
BUDGETARY COMPARISON SCHEDULE
Car Rental Tax Fund
For the Fiscal Year Ended June 30, 2002
(Amounts in thousands of USD)

Schedule **XII**

	Budgeted Amounts		Actual	Final Budget to Actual Positive (Negative)
	Original	Final		
Revenues				
Taxes	5,000	3,865	3,892	27
Locally Generated Non-Tax Revenue	25	75	131	56
Total Revenues	5,025	3,940	4,023	83
Expenditures and Encumbrances				
Debt Service - Interest	6,188	6,188	-	6,188
Operating Surplus (Deficit) for the Year	(1,163)	(2,248)	4,023	6,271
Fund Balance Available for Appropriation, July 1, 2001	4,525	4,137	4,137	-
Fund Balance Available for Appropriation, June 30, 2002	3,362	1,889	8,160	6,271

CITY OF PHILADELPHIA
BUDGETARY COMPARISON SCHEDULE
General Capital Improvement Funds
For the Fiscal Year Ended June 30, 2002
(Amounts in thousands of USD)

Schedule XIII

	Budgeted Amounts		Actual	Final Budget to Actual Positive (Negative)
	Original	Final		
Revenues				
Locally Generated Non-Tax Revenue	388,516	407,221	12,660	(394,561)
Revenue from Other Governments	408,186	409,261	60,602	(348,659)
Total Revenues	796,702	816,482	73,262	(743,220)
Other Sources				
Decrease in Unreimbursed Commitments	-	-	(12,084)	(12,084)
Total Revenues and Other Sources	796,702	816,482	61,178	(755,304)
Expenditures and Encumbrances				
Capital Outlay	796,702	816,482	168,578	647,904
Operating Surplus (Deficit) for the Year	-	-	(107,400)	(107,400)
Fund Balance Available for Appropriation, July 1, 2001	-	-	103,999	103,999
Operations in Respect to Prior Fiscal Years				
Commitments Cancelled - Net	-	-	7,044	7,044
Prior Period Adjustments	-	-	(2,803)	(2,803)
Other Adjustments	-	-	(27)	(27)
Adjusted Fund Balance, July 1, 2001	-	-	108,213	108,213
Fund Balance Available for Appropriation, June 30, 2002	-	-	813	813

CITY OF PHILADELPHIA
SCHEDULE OF BUDGETARY ACTUAL AND ESTIMATED REVENUES AND OBLIGATIONS
General Fund
For the Fiscal Year Ended June 30, 2002
(Amounts in thousands of USD)

Schedule XIV

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Final Budget to Actual Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
Revenue				
Taxes				
Real Property Tax:				
Current	326,994	338,513	333,168	(5,345)
Prior Years	38,974	41,974	40,432	(1,542)
Total Real Property Tax	365,968	380,487	373,600	(6,887)
Wage and Earnings Taxes:				
Current	1,001,197	991,040	981,782	(9,258)
Prior Years	18,000	22,000	24,204	2,204
Total Wage and Earnings Taxes	1,019,197	1,013,040	1,005,986	(7,054)
Business Taxes:				
Business Privilege Taxes:				
Current	261,601	265,976	273,766	7,790
Prior Years	27,000	35,000	22,033	(12,967)
Total Business Privilege Tax	288,601	300,976	295,799	(5,177)
Net Profits Tax:				
Current	10,340	9,705	11,358	1,653
Prior Years	2,400	1,100	1,992	892
Total Net Profits Tax	12,740	10,805	13,350	2,545
Total Business Taxes	301,341	311,781	309,149	(2,632)
Other Taxes:				
Sales Tax	109,479	109,804	108,094	(1,710)
Amusement Tax	12,424	13,000	13,832	832
Real Property Transfer Tax	74,569	77,000	96,733	19,733
Parking Lot Tax	35,957	36,671	37,938	1,267
Miscellaneous Taxes	511	1,000	108	(892)
Total Other Taxes	232,940	237,475	256,705	19,230
Total Taxes	1,919,446	1,942,783	1,945,440	2,657

CITY OF PHILADELPHIA
SCHEDULE OF BUDGETARY ACTUAL AND ESTIMATED REVENUES AND OBLIGATIONS(Continued)
General Fund
For the Fiscal Year Ended June 30, 2002
(Amounts in thousands of USD)

Schedule XIV

	<u>Budgeted Amounts</u>			<u>Final Budget</u>
	<u>Original</u>	<u>Final</u>	<u>Actual</u>	<u>to Actual</u> <u>Positive</u> <u>(Negative)</u>
<u>Revenue (Continued)</u>				
<u>Locally Generated Non-Tax Revenue</u>				
Rentals from Leased City-Owned Properties	23,066	21,583	18,492	(3,091)
Licenses and Permits	34,013	33,738	29,835	(3,903)
Fines, Forfeits, Penalties, Confiscated Money and Property	25,120	27,705	29,900	2,195
Interest Income	27,400	20,250	27,259	7,009
Service Charges and Fees	71,645	73,328	75,518	2,190
Other	19,550	20,601	28,108	7,507
Total Locally Generated Non-Tax Revenue	200,794	197,205	209,112	11,907
<u>Revenue from Other Governments</u>				
United States Government:				
Grants and Reimbursements	256,088	268,055	224,598	(43,457)
Commonwealth of Pennsylvania:				
Grants and Other Payments	287,914	274,596	239,665	(34,931)
Other Governmental Units	209,177	219,649	223,449	3,800
Total Revenue from Other Governments	753,179	762,300	687,712	(74,588)
<u>Revenue from Other Funds of the City</u>	25,057	24,208	24,619	411
Total Revenues	2,898,476	2,926,496	2,866,883	(59,613)
<u>Obligations</u>				
<u>General Government</u>				
City Council	13,242	13,392	12,413	979
Mayor's Office:				
Mayor's Office	4,696	4,668	4,382	286
Scholarships	200	200	200	-
Labor Relations	591	591	501	90
Mayor's Office of Information Services	13,188	13,188	12,947	241
Capital Program Office	2,408	2,433	2,269	164
Mayor's Office of Community Services	355	691	629	62
Law	15,776	19,276	18,040	1,236
City Planning Commission	2,987	3,111	2,741	370
Commission on Human Relations	2,123	2,228	2,124	104
Board of Revision of Taxes	7,655	7,655	7,379	276
Total General Government	63,221	67,433	63,625	3,808

CITY OF PHILADELPHIA
SCHEDULE OF BUDGETARY ACTUAL AND ESTIMATED REVENUES AND OBLIGATIONS(Continued)
General Fund
For the Fiscal Year Ended June 30, 2002
(Amounts in thousands of USD)

Schedule XIV

	Budgeted Amounts			Final Budget
	Original	Final	Actual	to Actual Positive (Negative)
Obligations (Continued)				
<u>Operation of Service Departments</u>				
Housing	4,145	4,145	4,038	107
Managing Director	17,653	17,669	15,738	1,931
Police	431,589	463,945	464,152	(207)
Streets	116,821	121,506	119,991	1,515
Fire	150,349	158,504	155,596	2,908
Public Health	121,396	118,330	115,476	2,854
Recreation	38,866	41,398	41,071	327
Fairmount Park Commission	13,330	14,737	14,582	155
Atwater Kent Museum	226	264	264	-
Camp William Penn	326	366	335	31
Public Property	167,672	174,110	166,936	7,174
Department of Human Services	479,179	478,040	474,037	4,003
Philadelphia Prisons	145,011	159,939	158,547	1,392
Office of Emergency Services	15,101	15,180	14,906	274
Office of Fleet Management	57,036	57,167	55,972	1,195
Licenses and Inspections	23,498	44,117	43,851	266
Board of L & I Review	208	173	169	4
Board of Building Standards	117	107	97	10
Zoning Board of Adjustment	518	448	437	11
Records	5,569	6,109	5,833	276
Philadelphia Historical Commission	257	257	243	14
Art Museum	2,250	2,250	2,250	-
Philadelphia Civic Center	290	276	244	32
Philadelphia Free Library	36,101	36,136	34,214	1,922
Total Operations of Service Departments	1,827,508	1,915,173	1,888,979	26,194
<u>Financial Management</u>				
Office of Director of Finance	50,613	27,565	22,628	4,937
Department of Revenue	18,032	23,055	22,724	331
Sinking Fund Commission	192,558	148,579	148,578	1
Procurement	5,116	5,452	5,452	-
City Treasurer	936	936	833	103
Audit of City Operations	7,099	7,099	7,066	33
Total Financial Management	274,354	212,686	207,281	5,405
<u>City-Wide Appropriations Under the Director of Finance</u>				
Fringe Benefits	513,000	486,200	485,827	373
Community College of Philadelphia	21,768	21,768	21,768	-
Legal Services	27,485	29,457	29,313	144
Hero Award	37	36	2	34
Refunds	876	156	19	137
Witness Fees	236	236	163	73
Contribution to School District	15,000	60,000	60,000	-
Total City-Wide Under Director of Finance	578,402	597,853	597,092	761

CITY OF PHILADELPHIA
SCHEDULE OF BUDGETARY ACTUAL AND ESTIMATED REVENUES AND OBLIGATIONS(Continued)
General Fund
For the Fiscal Year Ended June 30, 2002
(Amounts in thousands of USD)

Schedule XIV

	Budgeted Amounts			Final Budget to Actual Positive (Negative)
	Original	Final	Actual	
<u>Obligations (Continued)</u>				
<u>Promotion and Public Relations</u>				
City Representative	40,711	41,725	41,199	526
<u>Personnel</u>				
Civic Service Commission	159	159	150	9
Personnel Director	5,007	5,011	4,890	121
Total Personnel	5,166	5,170	5,040	130
<u>Administration of Justice</u>				
Clerk of Quarter Sessions	4,317	4,317	4,237	80
Register of Wills	2,831	2,951	2,923	28
District Attorney	28,407	28,414	28,420	(6)
Sheriff	11,500	13,079	13,066	13
First Judicial District	105,669	119,516	119,516	-
Total Administration of Justice	152,724	168,277	168,162	115
<u>City-Wide Appropriations Under the First Judicial District</u>				
Juror Fees	1,600	1,510	1,510	-
<u>Conduct of Elections</u>				
City Commissioners	8,132	8,248	8,247	1
Total Obligations	2,951,818	3,018,075	2,981,135	36,940
Operating Surplus (Deficit) for the Year	(53,342)	(91,579)	(114,252)	(22,673)

**CITY OF PHILADELPHIA
SCHEDULE OF BUDGETARY ACTUAL AND ESTIMATED REVENUES AND OBLIGATIONS**

Water Fund

For the Fiscal Year Ended June 30, 2002

Schedule XV

(Amounts in thousands of USD)

	Budgeted Amounts		Actual	Final Budget
	Original	Final		to Actual Positive (Negative)
Revenue				
Locally Generated Non-Tax Revenue				
Sales and Charges - Current	264,378	270,401	268,515	(1,886)
Sales and Charges - Prior Years	42,978	32,450	29,598	(2,852)
Fire Service Connections	627	596	980	384
Surcharges	7,212	7,215	5,518	(1,697)
Miscellaneous Charges	2,814	2,613	2,707	94
Charges to Other Municipalities	20,503	20,150	21,120	970
Licenses and Permits	1,000	1,015	887	(128)
Interest Income	14,033	14,033	10,038	(3,995)
Fleet Management - Sale of Vehicles & Equipment	135	120	120	-
Contributions from Sinking Fund Reserve	8,000	8,500	11,063	2,563
Total Locally Generated Non-Tax Revenue	361,680	357,093	350,546	(6,547)
Revenue from Other Governments				
State	7,800	9,007	8,419	(588)
Federal	-	-	135	135
Total Revenue from Other Governments	7,800	9,007	8,554	(453)
Revenue from Other Funds	63,228	58,051	45,181	(12,870)
Total Revenues	432,708	424,151	404,281	(19,870)
Obligations				
Mayor's Office of Information Services	980	980	942	38
Public Property	3,270	3,270	3,270	-
Office of Fleet Management	6,753	6,753	4,310	2,443
Water Department	203,447	206,977	199,325	7,652
Office of the Director of Finance	163	163	128	35
City-Wide Appropriation Under the Director of Finance:				
Pension Contributions	15,400	15,400	14,842	558
Other Employee Benefits	25,969	25,969	24,366	1,603
Contributions, Indemnities and Taxes	6,500	2,970	205	2,765
Department of Revenue	19,486	19,486	18,297	1,189
Sinking Fund Commission	157,883	157,883	147,402	10,481
Procurement Department	54	54	53	1
Law	2,803	2,803	2,807	(4)
Total Obligations	442,708	442,708	415,947	26,761
Operating Surplus (Deficit) for the Year	(10,000)	(18,557)	(11,666)	6,891

CITY OF PHILADELPHIA
SCHEDULE OF BUDGETARY ACTUAL AND ESTIMATED REVENUES AND OBLIGATIONS

Aviation Fund

For the Fiscal Year Ended June 30, 2002

(Amounts in thousands of USD)

Schedule XVI

	Budgeted Amounts		Actual	Final Budget
	Original	Final		to Actual Positive (Negative)
Revenue				
<u>Locally Generated Non-Tax Revenue</u>				
Concessions	18,400	17,517	17,219	(298)
Space Rentals	80,700	80,000	49,491	(30,509)
Landing Fees	53,000	50,000	37,654	(12,346)
Parking	23,000	23,000	15,327	(7,673)
Car Rentals	15,500	16,000	13,770	(2,230)
Payment in Aid - Terminal Building	19,000	11,012	739	(10,273)
Interest Earnings	3,900	3,100	12,295	9,195
Sale of Utilities	5,500	4,600	3,353	(1,247)
Passenger Facility charge	-	-	16,796	16,796
Overseas Terminal Facility Charges	250	250	256	6
Terminal Unit A	11,500	10,500	9,427	(1,073)
Other Locally Generated Revenue	8,742	12,021	5,349	(6,672)
	<u>239,492</u>	<u>228,000</u>	<u>181,676</u>	<u>(46,324)</u>
Total Locally Generated Non-Tax Revenue				
<u>Revenue from Other Governments</u>				
Federal	-	-	2,203	2,203
	<u>450</u>	<u>450</u>	<u>286</u>	<u>(164)</u>
<u>Revenue from Other Funds</u>				
	<u>239,942</u>	<u>228,450</u>	<u>184,165</u>	<u>(44,285)</u>
Total Revenues				
<u>Obligations</u>				
Police	8,129	10,915	10,862	53
Fire	4,397	4,397	4,151	246
Public Property	17,583	17,583	17,439	144
Office of Fleet Management	7,435	5,935	1,736	4,199
City-Wide Appropriation Under the Director of Finance:				
Pension Contributions	6,750	6,750	6,337	413
Other Employee Benefits	11,054	11,054	9,493	1,561
Purchase of Services	1,000	1,750	1,581	169
Contributions, Indemnities and Taxes	2,500	2,289	-	2,289
Sinking Fund Commission	75,401	74,401	71,863	2,538
Commerce	111,531	110,636	80,427	30,209
Law	1,059	1,129	1,111	18
	<u>246,839</u>	<u>246,839</u>	<u>205,000</u>	<u>41,839</u>
Total Obligations				
Operating Surplus (Deficit) for the Year	<u>(6,897)</u>	<u>(18,389)</u>	<u>(20,835)</u>	<u>(2,446)</u>



Statistical Section

Statistical Section

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CITY OF PHILADELPHIA
GENERAL GOVERNMENTAL EXPENDITURES BY FUNCTION
For the Fiscal Years 1993 Through 2002
(Amounts in millions of USD)

Table 1

Function:	<u>1993(b)</u>	<u>1994(b)</u>	<u>1995(b)</u>	<u>1996(b)</u>	<u>1997(b)</u>	<u>1998(b)</u>	<u>1999(b)</u>	<u>2000(b)</u>	<u>2001(b)</u>	<u>2002</u>
Economic Development	34.5	66.1	54.9	59.6	53.9	77.0	105.7	112.7	128.9	91.2
Transportation:(a)										
Streets & Highways										71.8
Mass Transit										56.9
	<u>118.1</u>	<u>109.1</u>	<u>109.4</u>	<u>118.8</u>	<u>122.4</u>	<u>126.5</u>	<u>127.6</u>	<u>131.5</u>	<u>131.1</u>	<u>128.7</u>
Judiciary and Law Enforcement:(a)										
Police										665.2
Prisons										194.8
Courts										265.7
	<u>757.7</u>	<u>746.3</u>	<u>771.7</u>	<u>832.8</u>	<u>907.8</u>	<u>919.3</u>	<u>964.4</u>	<u>1,002.6</u>	<u>1,072.9</u>	<u>1,125.7</u>
Conservation of Health:(a)										
Emergency Medical Services										25.7
Health Services										1,146.0
	<u>395.3</u>	<u>425.2</u>	<u>454.4</u>	<u>455.8</u>	<u>543.4</u>	<u>720.0</u>	<u>870.0</u>	<u>1,040.5</u>	<u>1,080.7</u>	<u>1,171.7</u>
Housing and Neighborhood Development	81.8	73.3	97.2	123.8	136.8	110.7	137.4	131.7	129.9	123.5
Cultural and Recreational:(a)										
Recreation										64.4
Parks										32.5
Libraries and Museums										62.6
	<u>116.8</u>	<u>114.0</u>	<u>114.4</u>	<u>117.3</u>	<u>122.1</u>	<u>127.7</u>	<u>139.4</u>	<u>142.1</u>	<u>158.2</u>	<u>159.5</u>
Improvements to General Welfare:(a)										
Social Services										578.6
Education										81.8
Inspections and Demolitions										50.9
	<u>336.9</u>	<u>355.3</u>	<u>394.2</u>	<u>435.4</u>	<u>452.6</u>	<u>475.2</u>	<u>556.7</u>	<u>550.8</u>	<u>591.1</u>	<u>711.3</u>
Service to Property:(a)										
Sanitation										109.1
Fire										170.3
	<u>293.0</u>	<u>287.9</u>	<u>261.9</u>	<u>268.7</u>	<u>268.9</u>	<u>269.9</u>	<u>264.7</u>	<u>266.7</u>	<u>280.3</u>	<u>279.4</u>
General Management and Support	328.4	450.1	368.2	365.0	388.8	403.5	411.0	396.6	375.6	420.8
Capital Outlay	116.5	196.2	245.1	176.5	149.9	147.8	153.4	160.4	188.9	288.3
Debt Service:										
Principal	107.7	136.5	112.9	80.6	107.3	107.4	105.8	120.0	125.8	130.0
Interest	133.8	127.1	129.1	115.8	121.9	115.8	96.6	115.6	104.9	116.0
Bond Issuance Costs	-	3.6	-	-	-	-	10.7	-	-	-
	<u>241.5</u>	<u>267.2</u>	<u>242.0</u>	<u>196.4</u>	<u>229.2</u>	<u>223.2</u>	<u>213.1</u>	<u>235.6</u>	<u>230.7</u>	<u>246.0</u>
Total General Government	<u>2,820.5</u>	<u>3,090.7</u>	<u>3,113.4</u>	<u>3,150.1</u>	<u>3,375.8</u>	<u>3,600.8</u>	<u>3,943.4</u>	<u>4,171.2</u>	<u>4,368.3</u>	<u>4,746.1</u>
Fund Types:										
General Fund	2,106.7	2,177.2	2,072.5	2,178.2	2,298.9	2,354.7	2,502.5	2,557.4	2,686.5	2,859.0
Special Revenue Funds	355.4	450.0	553.6	595.8	697.7	875.0	1,074.2	1,217.7	1,261.3	1,352.1
Debt Service Funds	241.5	267.2	242.0	196.4	229.2	223.2	213.1	235.6	230.7	246.0
Capital improvement Funds	116.5	196.2	245.1	179.5	149.9	147.8	153.4	160.4	188.9	288.3
Permanent Funds	0.4	0.1	0.2	0.2	0.1	0.1	0.2	0.1	0.9	0.7
Total General Government	<u>2,820.5</u>	<u>3,090.7</u>	<u>3,113.4</u>	<u>3,150.1</u>	<u>3,375.8</u>	<u>3,600.8</u>	<u>3,943.4</u>	<u>4,171.2</u>	<u>4,368.3</u>	<u>4,746.1</u>

NOTE:

- (a) The lower level of function was not available until FY 2002
- (b) Restated to reflect GASB Statement #34

**CITY OF PHILADELPHIA
GENERAL GOVERNMENTAL REVENUE BY SOURCE
For the Fiscal Years 1993 Through 2002**
(Amounts in millions of USD)

Table 2

	<u>1993(a)</u>	<u>1994(a)</u>	<u>1995(a)</u>	<u>1996(a)</u>	<u>1997(a)</u>	<u>1998(a)</u>	<u>1999(a)</u>	<u>2000(a)</u>	<u>2001(a)</u>	<u>2002</u>
Source:										
Taxes	1,710.6	1,776.6	1,819.4	1,858.9	1,913.4	1,962.8	2,030.9	2,141.6	2,289.3	2,255.6
Locally Generated Non-Tax Revenue	193.7	209.4	231.9	251.8	242.7	275.7	301.9	285.3	302.3	298.4
Revenue From Other Governments	717.8	812.1	933.6	990.0	1,159.8	1,355.7	1,473.5	1,658.6	1,750.8	1,790.2
Other Revenue	<u>11.4</u>	<u>17.9</u>	<u>7.5</u>	<u>9.0</u>	<u>13.6</u>	<u>12.0</u>	<u>12.3</u>	<u>19.2</u>	<u>14.8</u>	<u>13.6</u>
Total General Government	<u>2,633.5</u>	<u>2,816.0</u>	<u>2,992.4</u>	<u>3,109.7</u>	<u>3,329.5</u>	<u>3,606.2</u>	<u>3,818.6</u>	<u>4,104.7</u>	<u>4,357.2</u>	<u>4,357.8</u>
Fund Types:										
General Fund	2,052.9	2,139.0	2,165.6	2,247.2	2,303.0	2,358.4	2,446.7	2,621.1	2,770.9	2,691.0
Special Revenue Funds	537.2	637.1	755.1	819.2	994.1	1,216.8	1,333.4	1,438.7	1,542.6	1,642.2
Debt Service Funds	13.2	11.5	11.6	17.6	13.5	14.8	13.9	17.3	15.5	7.3
Capital improvement Funds	29.9	28.0	59.8	25.3	16.5	14.9	23.9	27.5	27.9	17.2
Permanent Funds	<u>0.3</u>	<u>0.4</u>	<u>0.3</u>	<u>0.4</u>	<u>2.4</u>	<u>1.3</u>	<u>0.7</u>	<u>0.1</u>	<u>0.3</u>	<u>0.1</u>
Total General Government	<u>2,633.5</u>	<u>2,816.0</u>	<u>2,992.4</u>	<u>3,109.7</u>	<u>3,329.5</u>	<u>3,606.2</u>	<u>3,818.6</u>	<u>4,104.7</u>	<u>4,357.2</u>	<u>4,357.8</u>

NOTE:

(a) Restated to reflect GASB Statement #34

CITY OF PHILADELPHIA
ASSESSED AND MARKET VALUE OF TAXABLE REALTY IN PHILADELPHIA
For the Calendar Years 1993 Through 2002
(Amounts in millions of USD)

Table 3

Calendar Year	Assessed Value Adjusted to 6-30-2002(a)		Market Value on Basis of STEB Ratio			Estimated Market Value Based on Sales		
	Amount	Percentage Increase (Decrease) Over Prior Year	Assessment Ratio of State Tax Equalization Board (b)	Amount	Percentage Increase (Decrease) Over Prior Year	Assessment Ratio as Determined by Sales (c)	Amount	Percentage Increase (Decrease) Over Prior Year
1993	8,865	-0.66%	0.300	29,570	-0.66%	0.251	35,291	-0.46%
1994	9,008	1.61%	0.300	30,047	1.61%	0.273	33,057	-6.33%
1995	8,896	-1.24%	0.299	29,753	-0.98%	0.270	32,912	-0.44%
1996	8,896	-	0.300	29,673	-0.27%	0.271	32,863	-0.15%
1997	8,968	0.81%	0.303	29,617	-0.19%	0.264	33,918	3.21%
1998	9,039	0.79%	0.302	29,940	1.09%	0.244	37,060	9.26%
1999	9,196	1.74%	0.304	30,300	1.20%	0.230	39,983	7.89%
2000	9,351	1.69%	0.304	30,811	1.69%	0.237	39,439	-1.36%
2001	9,615	2.82%	0.303	31,712	2.93%	0.255	37,765	-4.24%
2002 (d)	9,911	3.08%	0.303	32,677	3.04%	NA	NA	NA
Total Increase 1993 - 2002	1,046	11.80%						
Compounded Annual Average Rate of Increase		1.25%						

NOTES:

- (a) The adjustment reflects reductions in assessments pursuant to established procedures for review of assessments.
- (b) The State Tax Equalization Board (STEB) annually determines a ratio of assessed valuation to true value for each municipality in the Commonwealth. The ratio is used for the purpose of equalizing certain state school aid distribution.
- (c) The Assessment Ratio as presented has not been adjusted to allow for the effects of large or unusual sales.
- (d) At June 30, 2002

**CITY OF PHILADELPHIA
REAL PROPERTY TAXES LEVIED AND COLLECTED
For the Calendar Years 1993 through 2002**

(Amounts in millions of USD)

Table 4

Calendar Year of Levy (a)	Original Assessed Value (b)	Assessed Value of Taxable Real Property Adjusted to 6-30-2002(c)	Amount Collectible in Year of Levy (3)	Amount Collected in Year of Levy (d)	Collections Within Year of Levy as a Percent of Amount Collectible (4) / (3)	Net Levy Adjusted to 6-30-2002 (6)	Net Collections of Delinquent Taxes Relating to Year of Levy (7)	Total Collections (4) + (7)	Total Collections as a Percent of Adjusted Amount Collectible (8) / (6)
	(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)
1993	9,676	8,865	337.2	307.1	91.1%	338.0	24.7	331.8	98.2%
1994	9,516	9,008	335.6	305.9	91.2%	337.0	22.5	328.4	97.5%
1995	9,410	8,896	338.5	307.1	90.7%	336.4	23.2	330.3	98.2%
1996	9,266	8,896	337.7	308.2	91.3%	338.5	19.5	327.7	96.8%
1997	9,275	8,968	336.2	310.8	92.4%	337.3	18.1	328.9	97.5%
1998	9,220	9,039	338.6	311.9	92.1%	341.2	18.2	330.1	96.8%
1999	9,273	9,196	343.6	316.2	92.0%	346.2	15.6	331.8	95.8%
2000	9,527	9,351	349.3	322.0	92.2%	352.1	12.8	334.8	95.1%
2001	9,867	9,615	356.6	326.7	91.6%	359.6	7.9	334.6	93.1%
2002	10,300	9,911	367.6	324.9 (e)	88.4%	NA	NA	NA	NA

NOTES:

- (a) Real property tax bills are sent out in November and are payable at one percent discount until February 28, and the face amount is due on or before March 31, without interest or penalty.
- (b) Includes \$334.1 million in 1993, \$189.8 million in 1994, \$95.2 million in 1995, \$64.9 million in 1996, \$ 52.7 million in 1997, \$13.7 million in 1998, \$23.3 million in 1999, \$57.7 million in 2000, \$84.0 million in 2001 and \$ 68.1 million in 2002 classified as exempt under ordinance (Bill 1130) approved February 8, 1978 which 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. Also Includes, \$35.8 million in 1993, \$11.8 million in 1994, \$13.1 million in 1995, \$10.4 million in 1996, \$4.3 million in 1997, \$5.9 million in 1998, \$9.0 million in 1999, \$15.3 million in 2000, \$16.1 million in 2001 and \$ 26.9 million in 2002 classified as exempt under ordinance (Bill 1456-A) as approved January 28, 1983 which provides for a maximum three year tax abatement for owner-occupants of newly constructed residential property; and Legislative Act 5020-205 as amended, approved October 11, 1984 which provides for a maximum thirty month tax abatement to developers of residential property. Includes \$2.3 million in 2000, \$9.0 million in 2001 and 19.4 million in 2002 classified as exempt under ordinance (Bill #970274) approved July 1, 1997 which provides a maximum ten year tax abatement for conversion of eligible deteriorated commercial, or other business property to commercial non-owner occupied residential property. Also includes, \$17.1 million in 2001 and \$ 26.7 million in 2002 classified as exempt under ordinance (Bill 980788A) approved December 30, 1998 which provides a maximum twelve year tax exemption, abatement, or credit of certain taxes within the geographical area designated as the Philadelphia Keystone Opportunity Zone.
- (c) The adjustment reflects reductions or increases in assessments pursuant to established procedures for review of assessments.
- (d) Amounts shown as collected include amounts allowed as discounts for payments during the discount period.
- (e) Includes collections through June 30, 2002, while the other years include collection through December 31, of the year of the levy. It is estimated that approximately 91% of the net levy for Fiscal 2002 will be collected within the year of levy, resulting in approximately \$334.5 million by December 31, 2002.

**CITY OF PHILADELPHIA
TAX RATES
For the Ten Year Period 1993 through 2002**

Table 5

	<u>1993</u>	<u>1994</u>	<u>1995</u>	<u>1996</u>	<u>1997</u>	<u>1998</u>	<u>1999</u>	<u>2000</u>	<u>2001</u>	<u>2002</u>
Tax Classification										
Real Property: (% on Assessed Valuation)										
City	3.745%	3.745%	3.745%	3.745%	3.745%	3.745%	3.745%	3.745%	3.745%	3.745%
School District	4.519%	4.519%	4.519%	4.519%	4.519%	4.519%	4.519%	4.519%	4.519%	4.519%
Total Real Property Tax	8.264%	8.264%	8.264%	8.264%	8.264%	8.264%	8.264%	8.264%	8.264%	8.264%
Assessment Ratio as Determined by Sale:	25.10%	27.30%	27.00%	27.07%	26.44%	24.39%	23.00%	23.70%	25.46%	NA
Effective Tax Rate (Real Estate Tax Rate x Assessment Ratio)	2.074%	2.256%	2.231%	2.237%	2.185%	2.016%	1.901%	1.959%	2.104%	NA
Wage, Earnings and Net Profits Taxes:										
Residents (a)	4.96%	4.96%	4.96%	4.86% (b)	4.84% (c)	4.79% (h)	4.6869% (i)	4.6135% (j)	4.5630% (k)	4.5385% (s)
Non-Residents	4.3125%	4.3125%	4.3125%	4.2256% (b)	4.2082% (c)	4.1647% (h)	4.075% (i)	4.0112% (j)	3.9672% (k)	3.9462% (s)
Real Property Transfer Tax (l)	3.46%	3.23%	3.00%	3.00%	3.00%	3.00%	3.00%	3.00%	3.00%	3.00%
Personal Property Tax (% on Taxable Intangible Items) (m)	0.4%	0.4%	0.4%	0.4%	-	-	-	-	-	-
Business Privilege Taxes (% on Gross Receipts)	0.325%	0.325%	0.325%	0.300% (b)	0.295% (c)	0.2875% (d)	0.2775% (e)	0.2650% (f)	0.2525% (g)	0.2400% (t)
(% on Net Income) (n)	6.50%	6.50%	6.50%	6.50%	6.50%	6.50%	6.50%	6.50%	6.50%	6.50%
Sales and Use Tax	1.00%	1.00%	1.00%	1.00%	1.00%	1.00%	1.00%	1.00%	1.00%	1.00%
Amusement Tax	5.0%	5.0%	5.0%	5.0%	5.0%	5.0%	5.0%	5.0%	5.0%	5.0%
Parking Lot Tax (% on Gross Receipts)	15.0%	15.0%	15.0%	15.0%	15.0%	15.0%	15.0%	15.0%	15.0%	15.0%
Mechanical Amusement Device Tax(o)	\$100	-	-	-	-	-	-	-	-	-
Hotel Room Rental Tax	5.0%	6.0% (p)	6.0%	6.0%	6.0%	6.0%	6.0%	7.0% (r)	7.0%	7.0%
Vehicle Rental Tax(q)	-	-	-	-	-	-	-	-	2.0%	2.0%

NOTES:

- (a) Pursuant to an agreement with the Pennsylvania Intergovernmental Cooperation Authority (PICA), PICA's share of the Wage, Earnings and Net Profits Taxes for City residents is 1.5%.
- (b) Tax decrease effective January 1, 1996.
- (c) Tax decrease effective January 1, 1997.
- (d) Tax decrease effective January 1, 1998.
- (e) Tax decrease effective January 1, 1999.
- (f) Tax decrease effective January 1, 2000.
- (g) Tax decrease effective January 1, 2001.
- (h) Tax decrease effective July 1, 1997.
- (i) Tax decrease effective July 1, 1998.
- (j) Tax decrease effective July 1, 1999.
- (k) Tax decrease effective July 1, 2000.
- (l) Phased decreases effective July 1, 1990.
- (m) The City ceased the collection of the Personal Property Tax during FY 1997.
- (n) 60% of Net Income Tax portion paid is credited against Net Profits Tax Payable.
- (o) The City converted this tax to a Licensing Fee in Fiscal 1994.
- (p) Tax Increase effective July, 1993.
- (q) Effective July 1, 2000
- (r) Tax increase effective July 1, 1999.
- (s) Tax decrease effective July 1, 2001.
- (t) Tax decrease effective January 1, 2002.

**CITY OF PHILADELPHIA
CITY AND SCHOOL DISTRICT NET TAX SUPPORTED DEBT AND DEBT SERVICE RATIOS
For the Fiscal Years 1993 through 2002**

Table 6

Line No.	1993	1994	1995	1996	1997	1998	1999	2000	2001	2002	
<u>Net Tax Supported Debt (millions of USD)</u>											
<u>City:</u>											
1	Bonded Debt (a)	792.6	490.2	451.4	522.6	486.1	453.7	674.7	640.2	895.4	855.3
2	Other Long-Term Obligations (b)	1,817.3	1,754.1	1,796.3	1,799.8	1,836.3	734.1	3,124.9	3,113.8	3,112.7	3,615.0
3	Total City	2,609.9	2,244.3	2,247.7	2,322.4	2,322.4	1,187.8	3,799.6	3,754.0	4,008.1	4,470.3
<u>Overlapping School District Debt:</u>											
4	Bonded Debt	400.7	533.1	498.7	628.2	704.0	697.2	784.3	870.4	995.1	1,410.9
5	Other Long-Term Obligations (c)	381.3	403.3	420.6	436.5	436.2	458.2	447.2	483.7	516.5	547.3
6	Total School District	782.0	936.4	919.3	1,064.7	1,140.2	1,155.4	1,231.5	1,354.1	1,511.6	1,958.2
7	<u>Overlapping PICA Bonded Debt:</u>	-	1,156.7	1,237.5	1,146.2	1,102.4	1,055.0	1,014.1	959.4	901.8	840.7
8	Total Debt	3,391.9	4,337.4	4,404.5	4,533.3	4,565.0	3,398.2	6,045.2	6,067.5	6,421.5	7,269.2
9	Estimated Population (thousands) (d)	1,539	1,524	1,499	1,478	1,451	1,436	1,418	1,518	1,492	1,492
10	Assessed Valuation (millions of USD) (e)	8,865	9,008	8,896	8,896	8,968	9,039	9,196	9,351	9,615	9,911
11	Estimated Market Value (millions of USD) (e)	35,291	33,057	32,912	32,863	33,918	37,060	39,983	39,439	37,765	NA
<u>City Net Tax Supported Annual Debt Service</u>											
12	Bonded Debt (millions of USD)	176.4	168.0	69.1	67.6	68.1	61.4	62.6	73.0	71.9	87.9
13	Other Long-Term Obligations (millions of USD)	96.1	132.2	115.0	87.2	104.4	108.1	64.1	120.9	73.0	125.0
14	Total (Line 12 and Line 13)	272.5	300.2	184.1	154.8	172.5	169.5	126.7	193.9	144.9	212.9
15	City General Governmental Obligations (f) (millions of USD)	2,462.1	2,627.2	2,626.1	2,774.0	2,996.6	3,229.7	3,576.7	3,775.1	3,947.8	4,211.1
<u>Net Tax Supported Debt per Capita (USD)</u>											
16	City Bonded Debt (Line 1/Line 9)	515.0	321.7	301.1	353.6	335.0	315.9	475.8	421.7	600.1	573.3
17	City Total Long-Term Debt (Line 3/Line 9)	1,695.8	1,472.6	1,499.5	1,571.3	1,600.6	827.2	2,679.5	2,473.0	2,686.4	2,996.2
18	School District Total (Line 6/Line 9)	508.1	614.4	613.3	720.4	785.8	804.6	868.5	892.0	1,013.1	1,312.5
19	PICA Bonded Debt (Line 7/Line 9)	-	759.0	825.6	775.5	759.8	734.7	715.2	632.0	604.4	563.5
20	Total (Line 8/Line 9)	2,204.0	2,846.1	2,938.3	3,067.2	3,146.1	2,366.4	4,263.2	3,997.0	4,304.0	4,872.1
<u>Net Tax Supported Debt as a Percentage of Assessed Valuation:</u>											
21	City Bonded Debt (Line 1/Line 10)	8.94	5.44	5.07	5.87	5.42	5.02	7.34	6.85	9.31	8.63
22	City Total Long-Term Debt (Line 3/Line 10)	29.44	24.91	25.27	26.11	25.90	13.14	41.32	40.15	41.69	45.10
23	School District Total (Line 6/Line 10)	8.82	10.40	10.33	11.97	12.71	12.78	13.39	14.48	15.72	19.76
24	Total (Lines 3 & 6/Line 10)	38.26	35.31	35.60	38.07	38.61	25.92	54.71	54.63	57.41	64.86
<u>Net Tax Supported Debt as a Percentage of Estimated Market Value:</u>											
25	City Bonded Debt (Line 1/Line 11)	2.25	1.48	1.37	1.59	1.43	1.22	1.69	1.62	2.37	NA
26	City Total Long-Term Debt (Line 3/Line 11)	7.40	6.79	6.83	7.07	6.85	3.21	9.50	9.52	10.61	NA
27	School District Total (Line 6/Line 11)	2.22	2.83	2.79	3.24	3.36	3.12	3.08	3.43	4.00	NA
28	Total (Lines 3 & 6/Line 11)	9.61	9.62	9.62	10.31	10.21	6.32	12.58	12.95	14.62	NA
<u>City Net Tax Supported Debt Service as a Percentage of City General Governmental Obligations:</u>											
29	City Bonded Debt (Line 12/Line 15)	7.16	6.39	2.63	2.44	2.27	1.90	1.75	1.93	1.82	2.09
30	City Total Long-Term Obligation (Line 14/Line 15)	11.07	11.43	7.01	5.58	5.76	5.25	3.54	5.14	3.67	5.06

NOTES:

- (a) See Table 8
- (b) Consists of leasing obligations, payments on contingent liabilities, accrued compensated absences, and the pension funding service agreement.
- (c) Consists of amounts due the Commonwealth of PA for vocational education, the State Public Building Authority and leasing obligations and accrued Terminal and Severance Pays.
- (d) Source: U.S. Department of Commerce, Bureau of the Census and Wharton Econometric Forecasting Associates
- (e) See Table 3
- (f) Consists of General Fund and Special Revenue Funds, all of which account for general governmental functions. See Table 1.

CITY OF PHILADELPHIA
CITY RELATED SCHEDULE OF DEBT INCURRING CAPACITY
July 1, 2002
(Amounts in thousands of USD)

Table 7

		Authorized		
		Issued and Outstanding	Unissued	Total
General Obligation Bonded Debt:				
Tax Supported (Note 1)		855,264	308,364	1,163,628
Self-Sustaining		22,690	352,614	375,304
<u>Total General Obligation Bonded Debt (Note 2)</u>		<u>877,954</u>	<u>660,978</u>	1,538,932
		Applicable to Self-Sustaining	Net Deductions	
	<u>Total</u>			
Deductions Authorized by Law:				
Appropriation for Maturing Serials (Fiscal 2003)	<u>48,245</u>	<u>3,841</u>	44,404	
Total Self-Sustaining Debt			<u>375,304</u>	
Total Net Deductions Authorized by Law				<u>419,708</u>
Total Amount of Debt Applicable to Debt Limit				<u>1,119,224</u>
Legal Debt Limit (Note 3)				<u>1,253,161</u>
Legal Debt Margin				<u>133,937</u>

NOTES:

- (1) Included in the Issued and Outstanding Total is \$9.1 million relating to the Philadelphia Port Corporation which has ceased operations. The City is using the proceeds from the sale of the Port Corporation assets for economic stimulus projects.
- (2) This statement does not reflect \$3,951.2 million of Revenue Bonds, secured by a pledge of Water Revenues, Airport Revenues and Gas Works Revenues, respectively, as listed below:

Water and Sewer Revenue Bonds, Fourteenth Series, dated May 15, 1989	60,400
Water and Sewer Revenue Bonds, Fifteenth Series, dated May 15, 1989	45,840
Water and Sewer Revenue Bonds, Series 1993, dated August 1, 1993	661,250
Water and Sewer Revenue Bonds, Series 1993, dated August 26, 1993	111,960
Water and Sewer Revenue Bonds, Series 1995, dated April 15, 1995	201,465
Water and Sewer Revenue Bonds, Series 1997 A, dated October 15, 1997	237,660
Water and Sewer Revenue Bonds, Series 1997 B, dated November 25, 1997	94,600
Water and Sewer Revenue Bonds, Series 1998, dated December 15, 1998	135,185
Water and Sewer Revenue Bonds, Series 1999, dated July 7, 1999	33,040
Water and Sewer Revenue Bonds, Series 1999 A, dated April 7, 1999	3,358
Water and Sewer Revenue Bonds, Series 2001 A and B dated November 15, 2001	285,920
Airport Revenue Bonds, Fifth Series, dated June 15, 1995	197,545
Airport Revenue Bonds, Series 1997 A and B dated July 1, 1997	175,935
Airport Revenue Bonds, Series 1998 A dated March 17, 1998	108,115
Airport Revenue Bonds, Series 1998 B dated July 1, 1998	434,765
Airport Revenue Bonds, Series 2001 A and B dated July 10, 2001	227,735
Gas Works Revenue Bonds, Eleventh Series C, dated January 1, 1989	39,497
Gas Works Revenue Bonds, Twelfth Series A, dated March 1, 1990	18,625
Gas Works Revenue Bonds, Fourteenth Series, dated February 1, 1993	217,130
Gas Works Revenue Bonds, Fifteenth Series, dated January 1, 1994	94,565
Gas Works Revenue Bonds, First Series, dated June 1, 1998	274,630
Gas Works Revenue Bonds, Sixteenth Series, dated June 1, 1999	61,320
Gas Works Revenue Bonds, Second Series, dated June 1, 1999	110,455
Gas Works Revenue Bonds, Third Series, dated June 1, 2001	120,225
	<u>3,951,220</u>

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

CITY OF PHILADELPHIA
CITY RELATED TAX SUPPORTED BONDED DEBT
For the Fiscal Years 1993 through 2002
(Amounts in millions of USD)

Table 8

Line No.		1993	1994	1995	1996	1997	1998	1999	2000	2001	2002
1	General Obligation Bonds	1,010.1	643.5	589.3	639.5	586.7	535.1	740.5	687.2	925.6	878.1
2	Revenue Bonds	2,405.6	2,736.7	2,689.6	2,819.7	2,739.4	3,227.1	3,698.8	3,594.6	3,597.8	3,951.2
3	Gross Bonded Debt	3,415.7	3,380.2	3,278.9	3,459.2	3,326.1	3,762.2	4,439.3	4,281.8	4,523.4	4,829.3
	Less Self-Supporting Debt and Available Assets:										
4	Self-Supporting General Obligation Bonds	148.6	151.4	135.9	116.9	100.6	81.4	65.8	47.0	30.2	22.8
5	Self-Supporting Bond Anticipation Notes	-	-	-	-	-	-	-	-	-	-
6	Revenue Bonds	2,405.6	2,736.7	2,689.6	2,819.7	2,739.4	3,227.1	3,698.8	3,594.6	3,597.8	3,951.2
7	Gross Self-Supporting Debt	2,554.2	2,888.1	2,825.5	2,936.6	2,840.0	3,308.5	3,764.6	3,641.6	3,628.0	3,974.0
8	Gross Tax Supported Bonded Debt (Line 3 less Line 7)	861.5	492.1	453.4	522.6	486.1	453.7	674.7	640.2	895.4	855.3
9	Less Sinking Funds of Tax Supported Bonds	1.9	1.9	2.0	-	-	-	-	-	-	-
10	Less Sinking Fund Assets Held by Fiscal Agent	67.0	-	-	-	-	-	-	-	-	-
11	Net Tax Supported Bonded Debt (Line 8 less Line 9 less Line 10)	792.6	490.2	451.4	522.6	486.1	453.7	674.7	640.2	895.4	855.3

**CITY OF PHILADELPHIA
CITY AND GAS WORKS RELATED ANNUAL DEBT SERVICE ON LONG-TERM DEBT
June 30, 2002**
(Amounts in millions of USD)

Table 9

Fiscal Year	General Obligation Bonds																					
	Tax Supported			Self-Supporting			Total			Water and Sewer			Gas Works			Aviation Fund			Total			
	Principal	Interest	Total	Principal	Interest	Total	Principal	Interest	Total	Principal	Interest	Total	Principal	Interest	Total	Principal	Interest	Total	Principal	Interest	Total	
2003	44.4	42.8	87.2	3.9	4.6	8.5	48.3	43.5	91.8	64.3	95.4	159.7	43.3	46.6	89.9	31.8	59.8	91.6	139.4	201.8	341.2	
2004	43.1	40.5	83.6	4.0	0.5	4.5	47.1	41.0	88.1	67.0	92.8	159.8	40.1	45.0	85.1	34.2	60.2	94.4	141.3	198.0	339.3	
2005	27.6	38.3	65.9	3.7	0.3	4.0	31.3	38.6	69.9	69.5	90.0	159.5	32.0	43.5	75.5	36.0	58.3	94.3	137.5	191.8	329.3	
2006	16.8	36.9	53.7	1.4	0.2	1.6	18.2	37.1	55.3	75.3	84.9	160.2	40.2	41.9	82.1	38.0	56.3	94.3	153.5	183.1	336.6	
2007	19.0	36.2	55.2	1.2	0.2	1.4	20.2	36.4	56.6	79.1	81.1	160.2	32.9	40.0	72.9	32.3	54.2	86.5	144.3	175.3	319.6	
2008	23.3	35.3	58.6	1.3	0.2	1.5	24.6	35.5	60.1	82.5	77.7	160.2	37.0	38.1	75.1	34.0	52.4	86.4	153.5	168.2	321.7	
2009	24.4	34.1	58.5	1.4	0.1	1.5	25.8	34.2	60.0	85.9	74.4	160.3	36.9	36.1	73.0	35.8	50.6	86.4	158.6	161.1	319.7	
2010	25.5	32.9	58.4	1.4	0.1	1.5	26.9	33.0	59.9	89.4	70.9	160.3	36.2	34.1	70.3	37.8	48.7	86.5	163.4	153.7	317.1	
2011	26.9	31.6	58.5	1.5	0.1	1.6	28.4	31.7	60.1	95.4	64.9	160.3	46.3	32.2	78.5	39.8	46.6	86.4	181.5	143.7	325.2	
2012	28.2	30.2	58.4	1.3	0.1	1.4	29.5	30.3	59.8	102.7	57.5	160.2	38.4	30.6	69.0	42.0	44.5	86.5	183.1	132.6	315.7	
2013	29.7	28.7	58.4	0.3	0.1	0.4	30.0	28.8	58.8	108.7	51.8	160.5	20.4	29.4	49.8	44.3	42.2	86.5	173.4	123.4	296.8	
2014	31.3	27.2	58.5	0.2	0.1	0.3	31.5	27.3	58.8	114.7	45.8	160.5	33.2	27.8	61.0	46.7	39.8	86.5	194.6	113.4	308.0	
2015	32.9	25.5	58.4	0.2	0.1	0.3	33.1	25.6	58.7	121.0	39.6	160.6	33.5	26.0	59.5	49.3	37.2	86.5	203.8	102.8	306.6	
2016	30.7	23.9	54.6	0.2	0.1	0.3	30.9	24.0	54.9	126.5	34.4	160.9	33.7	24.1	57.8	45.9	34.5	80.4	206.1	93.0	299.1	
2017	32.2	22.3	54.5	0.2	-	0.2	32.4	22.3	54.7	127.3	27.9	160.9	30.9	22.2	53.1	48.4	32.1	80.5	126.6	82.2	208.8	
2018	33.8	20.8	54.6	0.2	-	0.2	34.0	20.8	54.8	128.4	25.4	160.9	31.1	20.5	51.6	50.2	29.4	79.6	131.1	75.3	206.4	
2019	35.4	19.1	54.5	0.2	-	0.2	35.6	19.1	54.7	130.1	23.1	160.9	31.3	18.8	50.1	42.7	26.6	69.3	137.1	68.5	205.6	
2020	37.2	17.3	54.5	0.2	-	0.2	37.4	17.3	54.7	131.8	21.2	160.9	31.6	17.0	48.6	45.0	24.3	69.3	141.6	62.5	204.1	
2021	38.0	15.4	53.4	0.2	-	0.2	38.2	15.4	53.6	133.5	19.5	160.9	31.8	15.3	47.1	47.4	21.9	69.3	146.0	56.7	202.7	
2022	39.4	14.1	53.5	-	-	-	39.4	14.1	53.5	135.2	17.7	160.9	32.0	13.5	45.5	50.0	19.3	69.3	150.7	50.5	201.2	
2023	40.9	12.6	53.5	-	-	-	40.9	12.6	53.5	136.9	15.7	160.9	32.2	11.8	44.6	52.7	16.6	69.3	155.4	44.1	200.5	
2024	42.4	11.0	53.4	-	-	-	42.4	11.0	53.4	138.6	13.7	160.9	32.4	10.0	43.0	55.6	13.8	69.4	160.3	37.5	197.8	
2025	44.1	9.3	53.4	-	-	-	44.1	9.3	53.4	140.3	12.4	160.9	32.6	8.3	41.7	58.6	10.7	69.3	165.2	31.4	196.6	
2026	45.9	7.6	53.5	-	-	-	45.9	7.6	53.5	142.0	11.0	160.9	32.8	6.6	39.9	61.4	7.5	69.3	170.1	25.1	195.2	
2027	47.8	6.1	53.9	-	-	-	47.8	6.1	53.9	143.7	9.6	160.9	33.0	5.2	37.7	64.1	5.2	69.3	175.0	20.0	195.0	
2028	49.8	4.6	54.4	-	-	-	49.8	4.6	54.4	145.4	8.1	160.9	33.2	3.7	35.9	66.8	2.7	69.3	180.0	14.5	194.5	
2029	51.9	3.0	54.9	-	-	-	51.9	3.0	54.9	147.1	6.6	160.9	33.4	2.3	34.7	69.4	0.4	69.3	185.0	9.3	194.3	
2030	54.1	2.2	56.3	-	-	-	54.1	2.2	56.3	148.8	4.8	160.9	33.6	1.2	34.0	72.1	0.3	69.3	190.0	6.3	196.3	
2031	56.4	1.4	57.8	-	-	-	56.4	1.4	57.8	150.5	2.9	160.9	33.8	0.6	33.4	74.8	0.1	69.3	195.0	3.6	198.6	
2032	58.8	0.5	59.3	-	-	-	58.8	0.5	59.3	152.2	1.0	160.9	34.0	0.2	32.8	77.5	-	69.3	200.0	1.2	201.2	
Total	855.3	(a) 631.4	1,486.7	22.8	(b) 2.9	25.7	878.1	634.3	1,512.4	1,870.7	1,181.8	(c) 3,052.5	936.4	652.6	1,589.0	1,144.1	896.2	2,040.3	3,951.2	2,730.6	6,681.8	
Sinking Fund Assets Held by Fiscal Agent	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Available City Sinking Fund Assets	-	-	-	-	-	-	-	-	-	160.9	0.7	(d) 161.6	99.4	-	99.4	57.9	6.5	64.4	(e) 318.2	7.2	325.4	
Net Debt	855.3	631.4	1,486.7	22.8	2.9	25.7	878.1	634.3	1,512.4	1,709.8	1,181.1	2,890.9	837.0	652.6	1,489.6	1,086.2	899.7	1,975.9	3,633.0	2,723.4	6,356.4	

**CITY OF PHILADELPHIA
CITY AND GAS WORKS RELATED ANNUAL DEBT SERVICE ON LONG-TERM DEBT(Continued)
June 30, 2002**
(amounts in millions of USD)

Table 9

Fiscal Year	Total General Obligation and Revenue Bonds			Other Long-Term Obligations			Total Long-Term Debt		
	Principal	Interest	Total	Principal	Interest	Total	Principal	Interest	Total
2003	187.7	245.3	433.0	93.5	96.1	189.6	281.2	341.4	622.6
2004	188.4	239.0	427.4	73.7	94.1	167.8	262.1	333.1	595.2
2005	168.8	230.4	399.2	79.1	92.0	171.1	247.9	322.4	570.3
2006	171.7	220.2	391.9	84.4	89.3	173.7	256.1	309.5	565.6
2007	164.5	211.7	376.2	94.0	85.8	179.8	258.5	297.5	556.0
2008	178.1	203.7	381.8	90.7	81.8	172.5	268.8	285.5	554.3
2009	184.4	195.3	379.7	98.8	77.9	176.7	283.2	273.2	556.4
2010	190.3	186.7	377.0	116.7	73.4	190.1	307.0	260.1	567.1
2011	209.9	175.4	385.3	127.5	67.7	195.2	337.4	243.1	580.5
2012	212.6	162.9	375.5	138.2	61.5	199.7	350.8	224.4	575.2
2013	203.4	152.2	355.6	145.1	59.8	204.9	348.5	212.0	560.5
2014	226.1	140.7	366.8	148.0	57.9	205.9	374.1	198.6	572.7
2015	236.9	128.4	365.3	259.1	56.0	315.1	496.0	184.4	680.4
2016	237.0	117.0	354.0	143.5	54.0	197.5	380.5	171.0	551.5
2017	159.0	104.5	263.5	144.8	51.8	196.6	303.8	156.3	460.1
2018	165.1	96.1	261.2	150.9	49.7	200.6	316.0	145.8	461.8
2019	152.7	87.6	240.3	137.8	47.2	185.0	290.5	134.8	425.3
2020	149.0	79.8	228.8	128.6	45.8	174.4	277.6	125.6	403.2
2021	144.0	72.1	216.1	130.0	44.3	174.3	274.0	116.4	390.4
2022	150.1	64.6	214.7	131.4	43.0	174.4	281.5	107.6	389.1
2023	157.1	56.7	213.8	132.7	41.6	174.3	289.8	98.3	388.1
2024	147.9	48.5	196.4	134.2	40.0	174.2	282.1	88.5	370.6
2025	154.3	40.7	195.0	135.8	38.4	174.2	290.1	79.1	369.2
2026	132.2	32.7	164.9	137.4	36.8	174.2	269.6	69.5	339.1
2027	138.8	26.1	164.9	130.6	34.2	164.8	269.4	60.3	329.7
2028	135.7	19.1	154.8	134.6	26.2	160.8	270.3	45.3	315.6
2029	81.4	12.3	93.7	246.8	10.4	257.2	328.2	22.7	350.9
2030	70.3	8.5	78.8	22.9	1.9	24.8	93.2	10.4	103.6
2031	65.7	5.0	70.7	24.2	0.6	24.8	89.9	5.6	95.5
2032	66.2	1.7	67.9	-	-	-	66.2	1.7	67.9
Total	4,829.3	3,364.9	8,194.2	3,615.0	1,559.2	5,174.2	8,444.3	4,924.1	13,368.4
Sinking Fund Assets Held by Fiscal Agent	-	-	-	-	-	-	-	-	-
Available City Sinking Fund Assets	318.2	7.2	325.4	-	-	-	318.2	7.2	325.4
Net Debt	4,511.1	3,357.7	7,868.8	3,615.0	1,559.2	5,174.2	8,126.1	4,916.9	13,043.0

NOTES:

- (a) Included in this amount is \$1.8 million issued for Port purposes which has been reclassified as Tax-Supported due to the sale of the Port Corporation.
- (b) Of this amount, Bonds have been issued for the following major purposes: Water and Sewer, \$11.5 million; Airport, \$7.7 million; Veterans Stadium, \$4 million and Subways, \$2.5 million. Issues for five other purposes account for the balance of \$7 million.
- (c) Interest on \$94.6 million Water and Sewer Variable Rate Bonds is based on the estimated short-term interest rate of 2.8241%.
- (d) In addition to the \$161.6 million available in Sinking Fund Assets, \$136.3 million has been reserved in the Water and Sewer Rate Stabilization Fund in accordance with the Seventh Supplemental Amendment to the General, Water and Sewer Revenue Bond Ordinance of 1974 as amended by Bill No. 544 dated June 24, 1993.
- (e) In addition to the \$64.4 million available in Sinking Fund Assets, \$2.5 million has been reserved in a Renewal, Replacement and Contingency Fund, which has been funded by the proceeds of the Series 1978 Aviation Revenue Bonds.

**CITY OF PHILADELPHIA
CITY AND GAS WORKS RELATED SCHEDULE OF REVENUE BOND RATE COVENANT COMPLIANCE
AS REQUIRED BY AUTHORIZING ORDINANCES
For the Fiscal Years 1993 through 2002
(Amounts in millions of USD)**

Table 10

No.		1993	1994	1995	1996	1997	1998	1999	2000	2001	2002
Water and Sewer Revenue Bonds											
1	Total Revenue and Beginning Fund Balance		379.2	376.8	387.4	394.4	411.1	393.9	391.8	380.6	390.8
2	Net Operating Expenses		209.3	197.9	216.8	228.7	228.6	233.9	237.8	242.6	242.9
3	Transfer To (From) Rate Stabilization Fund		42.6	25.9	24.3	20.9	30.7	(15.4)	(22.4)	(39.4)	(26.3)
4	Net Revenues		127.3	153.0	146.3	144.8	151.8	175.4	176.4	177.4	174.2
Debt Service:											
5	Revenue Bonds Outstanding		102.7	127.1	121.2	120.8	126.5	146.2	147.0	147.8	145.2
6	General Obligation Bonds Outstanding		7.4	6.1	5.2	3.9	3.1	2.3	1.5	1.3	0.6
7	Pennvest Loan		0.3	1.1	1.1	1.3	1.1	1.2	1.2	1.3	1.6
8	Total Debt Service		110.4	134.3	127.5	126.0	130.7	149.7	149.7	150.4	147.4
9	Net Revenue after Debt Service		16.9	18.7	18.8	18.8	21.1	25.7	26.7	27.0	26.8
10	Transfer to General Fund		2.4	4.1	4.1	4.1	4.1	4.1	4.1	4.1	4.1
11	Transfer to Capital Fund		14.5	14.6	14.8	14.8	15.0	15.6	15.9	15.9	16.0
12	Transfer to Residual Fund		-	-	-	-	1.9	6.0	6.6	7.0	6.6
Debt Service Coverage:											
	Coverage A (Line 4/Line 5)		-	1.24	1.20	1.21	1.20	1.20	1.20	1.20	1.20
	Coverage B (Line 4/Line 8 + Line 11)		-	1.02	1.03	1.03	1.04	1.06	1.07	1.07	1.07
Prior Rate Covenant Compliance											
Debt Service Coverage:											
	Revenue Bonds Only - Test "A"	1.68	-	-	-	-	-	-	-	-	-
	Total Debt Service - Test "B"	1.28	-	-	-	-	-	-	-	-	-
Airport Revenue Bonds											
1	Project Revenues	97.7	102.4	96.6	103.9	109.4	108.2	124.5	130.4	148.0	146.5
2	Net Operating Expenses	36.6	38.3	33.4	38.8	41.2	41.2	47.0	51.8	59.6	56.3
3	Interdepartmental Charges	26.3	28.6	30.2	28.8	31.6	32.3	41.5	35.3	36.0	39.7
4	Total Expenses	62.9	66.9	63.6	67.6	72.8	73.5	88.5	87.1	95.6	96.0
Available for Debt Service:											
5	Revenue Bonds (Line 1-Line 2)	61.1	64.1	63.2	65.1	68.2	67.0	77.5	78.6	88.4	90.2
6	All Bonds (Line 1-Line 4)	34.8	35.5	33.0	36.3	36.6	34.7	36.0	43.3	52.4	50.5
Debt Service:											
7	Revenue Bonds	27.5	28.1	26.8	27.4	27.6	25.3	29.7	36.5	44.8	47.3
8	General Obligation Bonds	7.3	7.3	5.6	7.2	6.2	7.2	5.2	5.7	5.7	2.0
9	Total Debt Service	34.8	35.4	32.4	34.6	33.8	32.5	34.9	42.2	50.5	49.3
Debt Service Coverage:											
	Revenue Bonds Only - Test "A" (Line 5/Line 7)	2.22	2.28	2.36	2.38	2.47	2.65	2.61	2.15	1.97	1.91
	Total Debt Service - Test "B" (Line 6/Line 9)	1.00	1.00	1.02	1.05	1.08	1.07	1.03	1.03	1.04	1.02
Gas Works Revenue Bonds											
1	Funds Provided by Operations and Other Income	501.4	539.5	580.0	509.6	583.1	557.5	503.8	495.2	574.7	758.1
2	Funds Applied to Operations	385.9	425.4	479.3	397.7	458.3	445.6	409.9	407.0	472.8	648.4
3	Internally Generated Funds Available to Cover Debt Service	115.5	114.1	100.7	111.9	124.8	111.9	93.9	88.2	101.9	109.7
4	Revenue Bond Debt Service	74.5	71.4	68.9	77.2	80.9	74.5	61.9	57.7	59.3	86.1
Debt Service Coverage:											
	Revenue Bonds Only - Test "A" (Line 3/Line 4)	1.55	1.60	1.46	1.45	1.54	1.50	1.52	1.53	1.72	1.27
	Total Debt Service - Test "B" (Line 3/Line 4)	1.55	1.60	1.46	1.45	1.54	1.50	1.52	1.53	1.72	1.27

(1) In Fiscal 1994, the City issued \$1,158 million in Water Revenue Bonds. Part of this sale was used to defease debt secured under a 1974 Ordinance. The new bonds are governed by a 1989 Ordinance that changed the rate covenant requirements for the Water Revenue Bonds. The rate covenant for the Water issue permits inclusion of Unencumbered Fund Balance along with Total Revenues. The rate covenant of the Aviation issues permit inclusion of Unencumbered Project Fund Balances at the beginning of the period with Project Revenues for the period to determine adequacy of coverage; Gas Works rate covenants do not permit this item.

(2) Coverage "A" requires that Net Revenues equal 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 and Gas Works Fund on the accrual basis. Airport Revenues and Expenses have been reduced by amounts applicable to the Outside Terminal Area and the Overseas Terminal as prescribed by the indenture.

**CITY OF PHILADELPHIA
COMPARATIVE SCHEDULE OF OPERATIONS
Municipal Pension Fund
For the Fiscal Years 1993 through 2002**
(Amounts in millions of USD)

Table 11

	1993	1994	1995	1996	1997	1998	1999	2000	2001	2002
	Amount	%	Amount	%	Amount	%	Amount	%	Amount	%
Revenue:										
Contributions:										
Employees:										
Members' Contributions	45.0	10.7	44.2	10.1	47.0	4.9	49.2	2.5	49.3	14.1
Less: Refunds to Members	4.9	1.2	4.3	0.8	3.8	0.4	4.2	0.2	4.7	1.3
Net Members' Contributions	40.1	9.5	40.0	9.2	43.2	4.5	45.0	2.3	44.6	12.8
Employer's:										
City of Philadelphia	174.3	41.3	233.7	(2) 50.5	237.0	24.8	1,506.8	(5) 77.7	163.5	46.9
Commonwealth of Pennsylvania	35.1	8.3	-	-	-	-	-	-	-	-
Through City of Philadelphia	3.6	0.9	2.8	0.6	5.2	0.5	4.9	0.3	4.1	1.3
Quasi Governmental Agencies	-	-	-	-	-	-	-	-	-	-
Total Employer's Contributions	213.0	50.5	236.5	51.1	242.2	25.3	1,511.7	78.0	167.6	48.2
Commonwealth of Pennsylvania	6.5	1.5	2.7	0.6	0.7	-	-	-	-	-
Total Contributions	259.6	61.6	279.2	60.4	285.4	29.8	1,556.6	80.3	212.2	61.0
Investment Earnings	161.6	38.3	182.9	39.5	178.9	18.6	383.0	19.7	135.8	39.0
Other	0.5	0.1	0.5	0.1	0.3	0.1	0.3	0.2	0.6	0.7
Total Revenue	421.7	100.0	462.6	100.0	955.6	100.0	1,939.9	100.0	348.6	100.0
Deductions:										
For Pension Benefits	312.5		326.2		372.0		434.0		456.8	
Net Decline in Fair Value of Investments	-		-		-		-		422.8	
For Other Purposes, Excluding Refunds	43.2	(1)	26.8	(1)	13.6	2.9	4.4	4.8	5.3	5.2
Total Deductions	355.7		353.0		385.6		438.4		884.9	
Excess of Revenue Over Deductions	66.0		109.6		570.0		1,501.5		(536.3)	
Net Assets: Opening	1,847.1		1,913.1		2,085.0		3,248.8		4,976.4	
Closing	1,913.1		2,022.7		2,921.0		4,750.3		4,440.1	
Increase (Decrease) During the Year	66.0		109.6		570.0		1,501.5		(536.3)	
EXHIBIT:										
1. Pension Benefits Paid as a Percent of										
A. Net Contributions of Members	779.3		815.5	836.0	845.5	861.1	855.6	964.4	965.9	1,024.2
B. Revenue	74.1		70.5	77.1	56.0	38.9	53.7	22.4	65.8	131.0
C. Closing Net Assets	16.3		16.1	16.2	15.0	12.7	11.8	9.1	8.9	10.3
2. The Closing Assets as a Percent of										
Total Disbursements	537.8		573.0	571.3	627.3	757.5	841.2	1,083.6	1,108.1	501.8
3. Coverage of Revenues Over Disbursements	118.6		131.0	119.7	168.3	247.8	184.9	442.5	150.3	39.4
4. Investment Earnings as a Percent of										
Pension Benefits	51.7		56.1	52.8	100.8	180.1	107.4	88.2	100.2	29.7

Notes:

- (1) Disbursements for Other Purposes include losses due to the permanent decline in market value of some investments. These losses amounted to \$34.2 million in Fiscal 1993, \$14.4 million in Fiscal 1994, \$15.2 million in Fiscal 1995 and \$9.3 million in Fiscal 1996.
- (2) Includes additional payments toward the Unfunded Actuarial Accrued Liability of \$10.0 million in Fiscal 1994 and \$15.0 million in Fiscal 2000.
- (3) Included in this figure is \$354.2 million attributable to the recognition of the fair value of the investments at June 30, 1997 according to generally accepted accounting principles.
- (4) Disbursements for Other Purposes includes a reduction of \$1 million due to the reversal of charges made in previous fiscal years.
- (5) Includes \$1,250 million from the sale of Pension Funding obligations.

CITY OF PHILADELPHIA
PROPERTY VALUES, AUTHORIZED CONSTRUCTION AND BANK DEPOSITS
For the Calendar Years 1993 through 2002
(Amounts in millions of USD)

Table 12

Calendar Year	Property Values		Authorized Construction (1)				Bank Deposits (2)		
	Original Assessed (3)	Estimated Market (4)	Residential	Commercial & Industrial	Other(5)	Total	New Housing Units	Commercial	Mutual Savings
1993	9,676	35,295	81.8	319.5	54.3	455.6	307	19,879	2,277
1994	9,516	33,061	89.7	304.9	54.3	448.9	262	20,195	1,979
1995	9,410	32,915	82.5	298.6	53.7	434.8	253	19,077	3,627
1996	9,266	32,870	124.5	457.6	163.2	745.3	636	20,587	3,703
1997	9,275	33,930	101.9	382.2	176.7	660.8	509	26,351	3,848
1998	9,220	37,077	316.2	753.9	196.3	1,266.4	594	25,906	3,326
1999	9,273	40,017	N/A	N/A	N/A	N/A	N/A	22,922	4,405
2000	9,527	39,528	N/A	N/A	N/A	N/A	N/A	18,531	4,576
2001	9,527	39,528	N/A	N/A	N/A	N/A	N/A	21,101	4,690
2002	9,527	39,528	N/A	N/A	N/A	N/A	N/A	N/A	N/A

NOTES:

(1) Source: City of Philadelphia Department of Licenses and Inspections

(2) Source: Federal Deposit Insurance Corporation

(3) See Table 7

(4) See Table 5

(5) Includes construction by Government, Industrial, Medical and Educational Units

**CITY OF PHILADELPHIA
DEMOGRAPHIC STATISTICS
For the Calendar Years 1992 through 2001**

Table 13

<u>Year</u>	<u>Population</u> (1)	<u>Per Capita Personal Income</u> (2)	<u>Unemployment Rate</u> (3)
1992	1,552,572	20,183	8.8%
1993	1,539,148	20,000	9.5%
1994	1,524,249	19,945	8.0%
1995	1,498,971	20,513	7.7%
1996	1,478,002	21,338	7.1%
1997	1,451,372	21,916	7.0%
1998	1,436,287	23,116	6.3%
1999	1,417,601	23,856	6.1%
2000	1,517,550	25,544	6.1%
2001	1,491,812	N/A	6.4%

**POPULATION TREND
1940 to 2000 (4)**

<u>Year</u>	<u>Population</u>
1940	1,931,334
1950	2,071,605
1960	2,002,512
1970	1,850,000
1980	1,688,210
1990	1,585,577
2000	1,517,550

Sources:

(1) U.S. Department of Commerce, Bureau of the Census and Wharton Econometric Forecasting Associates

(2) U.S. Dept. of Commerce, Bureau of Economic Analysis. *Amounts in USD.*

(3) U.S. Department of Labor, Bureau of Labor Statistics, Local Area Unemployment Statistics

(4) U.S. Department of Commerce, Bureau of the Census

CITY OF PHILADELPHIA
TEN LARGEST REAL ESTATE ASSESSMENTS
January 1, 2002
(Amounts in thousands of USD)

Table 14

<u>Location</u>	<u>Owner</u>	<u>Assessment</u>	<u>Percentage of Total Assessments</u>
1650 Market Street	Phila. Liberty Place	64,320	0.63%
1500-42 Market Street	Center Square Partners	59,520	0.59%
1735 Market Street	Nine Penn Center Associates	51,968	0.51%
50 S. 16th Street	Two Liberty Place	51,840	0.51%
4301 Byberry Road	PMI Associates	48,096	0.47%
1717 Arch Street	Bell Atlantic	43,320	0.43%
1901-19 Market Street	PRU 1901 Market LLC	32,896	0.32%
2005 Market Street	Commerce Square Partners	32,320	0.32%
2001 Market Street	Maguire/Thomas	32,000	0.32%
1201 Market Street	Philadelphia Market Street	30,400	0.30%
		<u>446,680</u>	<u>4.40%</u>
Total Taxable Assessments		<u>10,158,592</u>	100.00%

CITY OF PHILADELPHIA
LARGEST NON-GOVERNMENTAL EMPLOYERS IN PHILADELPHIA
December 31, 2002
(Listed Alphabetically)

Table 15

Albert Einstein Medical
Aramark Food & Support Services Group
Cardone Industries, Inc.
Children's Hospital of Philadelphia
Delaware Management Business Trust
Drexel University
Everen Capital Corporation
Frankford Hospital
Independence Blue Cross
PA. Hospital of Univ of Penn Health Systems
Philadelphia Gas Works
Philadelphia Newspapers, Inc.
SEPTA
Smith Kline Beecham Corporation
Sunoco, Inc.
Temple University
Temple University Hospital Inc.
Tenet Health System Philadelphia Inc.
Tenet Phila Health & Ed (MCP Hahnemann)
Thomas Jefferson University
Thomas Jefferson University Hospitals
Towers, Perrin, Forster & Crosby, Inc.
University of Pennsylvania Hospital
University of Pennsylvania
Verizon Services Corporation

Source:
Philadelphia Department of Revenue

Date Founded	1682
Form of Government	Council-Mayor
Area of City - Square Miles	129
Fire Protection:	
Number of Stations	63
Number of Firefighters	2,084
Emergency Medical Service:	
Number of Rescue Units	40
Number of Medical Personnel	320
Police Protection:	
Number of Districts	25
Number of Police Officers	6,879
Water System:	
Number of Accounts	477,752
Average Daily Consumption - Gallons	180,000,000
Average Daily Production - Gallons	264,700,000
Miles of Water Mains	3,300
Area Served - Square Miles (1)	130
Wastewater System:	
Number of Accounts	472,921
Miles of Sewer	2,963
Area Served - Square Miles (1)	360
Philadelphia International Airport:	
Passengers Handled	24,030,686
Air Cargo Tons	544,875
Aircraft Movements	456,879
Air Mail Tons	30,279
Northeast Philadelphia Airport:	
Aircraft Movements	133,684
Recreation and Culture:	
Recreation Centers (3)	189
Swimming Pools	83
Ice Rinks	5
Other Recreational Facilities	353
Special Facilities (2)	13
School Gyms throughout Fall and Spring	140

(1) Service Area extends into the suburbs.
(2) Includes Stadia, Museums, Open Air Theatres, etc.
(3) Includes 144 playgrounds